



**GEMINIA
INSURANCE
CO.LTD.**



Annual Report
FINANCIAL
Statements **2025**

TABLE OF CONTENTS

CONTENTS	PAGE
Company Information	4 - 6
Chairpersons Statement	7
Board of Directors	8
Key Management Team	9
Report of the Directors	10 - 11
Statement of Directors' Responsibilities	12
Report of the Consulting Actuary	13
Independent Auditor's Report	14 - 18
Financial Statements:	
Statement of Profit or Loss and other Comprehensive Income	19
Statement of Financial Position	20
Company Statement of Changes in Equity	21
Statement of Cash Flows	22
Notes	23 - 81

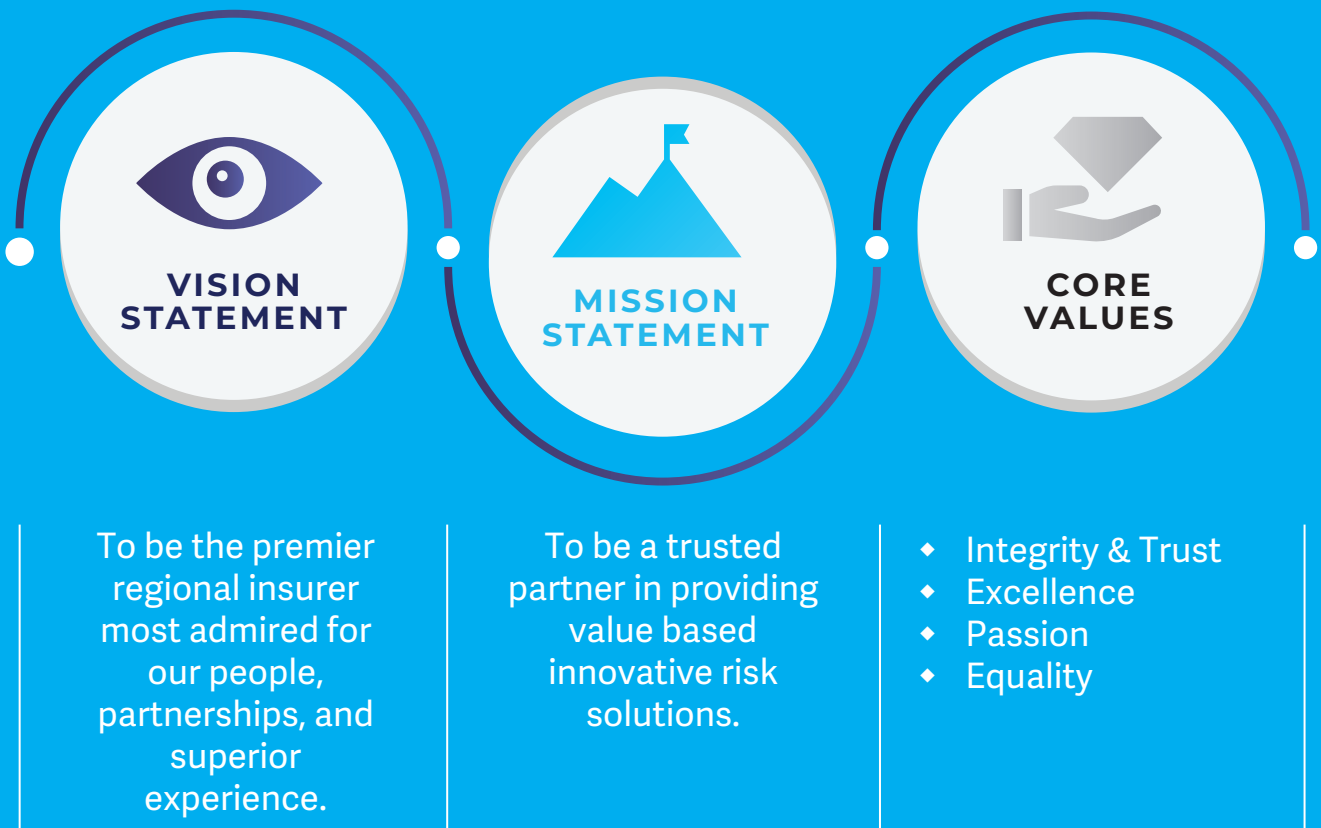
COMPANY INFORMATION

About Geminia Insurance Company

Geminia Insurance Company Limited is a locally-owned insurance Company providing innovative insurance products and services in general insurance. The Company has a strong heritage dating back to 1981, when it started its operations.

Throughout our long history, we have been committed to helping our clients preserve and protect what they earn, build, own, and cherish. As a Company with a long-term perspective, we have established a track record in the market for rendering exemplary and efficient services to all our clients.

The Company has distinguished itself in the market for its intimacy with the clients, especially through delivery of personalized services for over 40 years.



COMPANY INFORMATION (Cont.)

BOARD OF DIRECTORS

B. Ndegwa
T.N. Kimani
H. Vaya
L. Githunguri
P. Gathuri
K. Muoki
A. Njoroge
J. Karanu
N. Shah

KEY MANAGEMENT

B. Ndegwa	Managing Director
J. Muketha	General Manager (Retired 12.09.2025)
S. Reel	Head of Finance
N. Mwathi	Head of Corporate affairs
E. Muhungi	Head of Business Development & Marketing
F. Nango	Head of Underwriting
M. Mbuciri	Head of Reinsurance
L. Kamura	Head of Claims
J. Ngida	Actuarial Manager
R. Mwangi	Risk Manager
J.Waititu	I.C.T. Manager
J. Tama	Head of Internal Audit
L. Munyiri	Legal Manager
M. Wahome	Finance Manager
A. Kosgey	Investment Manager
J. Njoroge	Human Resource Manager

REGISTERED OFFICE

Plot No. L.R. 1870/V/271
Lemac Building, 5th Floor
Church Road, Westlands
P.O. Box 61316, 00200
NAIROBI

PRINCIPAL PLACE OF BUSINESS

Le' Mac Building, Fifth Floor
Church Road, Westlands
P.O. Box 61316, 00200
NAIROBI

COMPANY INFORMATION (Cont.)

INDEPENDENT AUDITOR

Grant Thornton LLP
Avocado Towers
75 Muthithi Road, Westlands
P.O. Box 46986 00100 GPO
NAIROBI

COMPANY SECRETARY

Commercial Registrars
Certified Public Secretary
P.O. Box 49925, 00100
Nairobi

PRINCIPAL BANKERS

I&M Bank Limited
Ground Floor, Sarit Centre, Westlands
P.O Box 30238-00100
Nairobi GPO, Kenya

Victoria Commercial Bank Limited
P.O Box 4114-00100
Nairobi, Kenya

Prime Bank Limited
Head Office, Riverside Drive
P.O Box 43825-00100
Nairobi, Kenya

Diamond Trust Bank Kenya Limited
DTB Centre, Mombasa road
P.O Box 61711-00200
Nairobi, Kenya

Kenya Commercial Bank Limited
Sarit Centre Branch
P.O Box 14959-00800
Nairobi, Kenya

CHAIRPERSONS STATEMENT



On behalf of the Board of Directors, I am honored to present the Annual Report and Financial Statements for Geminia Insurance Company for the year ended 31 December 2025.

Over the years, the Company has made significant strides in positioning itself as an insurer of choice within the Kenyan insurance industry. Despite an operating environment characterized by consolidation, evolving regulatory frameworks, and shifting market dynamics, Geminia has remained resilient, focused, and committed to delivering sustainable value to its policyholders and shareholders.

In line with our strategic priorities, we undertook a deliberate review of our performance against previously set objectives, including our topline target of KES 7.2 billion. While growth remains important, we have sharpened our strategic focus towards optimizing profitability and enhancing shareholder value through improved operational efficiency and disciplined cost management.

Financial Performance – 2025

During the year under review, Geminia Insurance Company Limited recorded insurance revenue of KES 5.28 billion. Notably, the Company delivered a strong improvement in profitability, with the bottom line increasing by 46% year-on-year, reflecting prudent underwriting practices, enhanced risk selection, and effective expense management. Share capital remained stable, providing a solid foundation for continued growth.

Outlook for 2026

As we look ahead, innovation remains a key driver of our growth strategy. We continue to refine our product offerings while accelerating the digitization of our operations, with the strategic objective of achieving full automation. I am pleased to note that we have already digitized approximately 80% of our core processes. This progress has enabled us to optimize our operational footprint, including the rationalization of our branch network from eight to six locations, without compromising service delivery.

Sustainability is increasingly central to our long-term value creation agenda. In anticipation of upcoming mandatory sustainability and climate-related disclosure requirements, we are embedding responsible, forward-looking practices across our operations and decision-making frameworks.

In the year ahead, we remain firmly committed to strengthening our profitability. This will be driven by the disciplined execution of a risk-based underwriting approach, ensuring balanced growth while safeguarding the interests of our clients and stakeholders.

Together, we are confident in delivering a year of enhanced performance, continued innovation, and sustainable progress for Geminia Insurance Company Limited.

Appreciation

On behalf of the Board of Directors, I extend our sincere appreciation to all our stakeholders - shareholders, customers, partners, regulators, and employees for their unwavering support and confidence throughout 2025. Your trust and collaboration have been instrumental as we navigated a period of transformation aimed at enhancing service delivery and operational excellence.

We remain committed to building a resilient and enduring brand that will stand the test of time.

T.N. KIMANI
CHAIRPERSON

BOARD OF DIRECTORS



T.N. KIMANI
Chairperson



B.J. NDEGWA
Managing Director



L.N. GITHUNGURI
Director



P.N. GATHURI
Director



H.D. VAYA
Director



K.M. MUOKI
Director



A.M. NJOROGE
Director



J. KARANU
Director



N. SHAH
Director

KEY MANAGEMENT TEAM



B.J. NDEGWA
Managing Director



J. MUKETHA
General Manager



S. REEL
Head of Finance



N. MWATHI
*Head of Legal &
Corporate Affairs*



E. MUHUNGI
*Head of Marketing &
Business Development*



F. NANGO
Head of Underwriting



M. MBUCIRI
Head of Reinsurance



M. WAHOME
Finance Manager



L. KAMURA
Head of Claims



L. MUNYIRI
Legal Manager



J. NGIDA
Actuarial Manager



R. MWANGI
Risk & Compliance Manager



J. TAMA
Head of Internal Audit



J. WAITITU
Head of I.C.T.



A. KOSGEY
Investment Manager



J. NJOROGE
*Human Resources
Manager*

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2025, which disclose the state of affairs of the company.

COUNTRY OF INCORPORATION

The company is incorporated in Kenya under the Kenyan Companies Act 2015, as a private limited liability company and is domiciled in Kenya.

PRINCIPAL ACTIVITIES

The company conducts all classes of general insurance as defined by the Kenyan Insurance Act.

COMPANY'S BUSINESS REVIEW

During the year, the company's insurance revenue decreased from Shs. 6,386,497,000 to Shs. 5,275,447,000 representing a 17% decline. The decline was as a result of reduced underwriting performance and competition in the market.

Total assets decreased by 1% from Shs 6,739,716,000 to Shs. 6,692,207,000. The loss before tax decreased by 38% from Shs 726,495,000 to Shs 447,484,000 reflecting the net effects of increase in investment income, decreased insurance service results and decrease in other income. The decrease in loss before tax is due to increased claims reserves, claims paid as a result of natural calamities like flooding, fires, political violence and increased reinsurance expenses given the nature of risks taken in 2025 compared 2024.

	2025 Shs'000	2024 Shs'000
Key performance indicators		
Insurance revenue	5,275,447	6,386,497
Insurance service expenses	(5,070,853)	(6,450,620)
Investment return	333,233	83,554
Loss before tax	(447,484)	(726,495)
Total assets	6,692,207	6,739,716
Net assets	1,570,954	1,803,748
Claims ratio (%)	(96%)	(101%)
Expense ratio (%)	(6%)	(9%)

REPORT OF THE DIRECTORS (Cont.)

PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging and this has a resultant effect on overall performance of the company. The company's strategic focus is to enhance revenue growth whilst maintaining profit margins, the success of which remains dependent on overall market conditions, marketing strategies and innovativeness to obtain market share. The directors continue to monitor this situation closely with a view to assessing and mitigating its impact on the company.

In addition to the business risks discussed above, the company's activities expose it to a number of financial risks which are described in detail in Note 5 to the financial statements.

DIVIDEND

The directors do not recommend the declaration of a dividend for the year.

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 1.

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

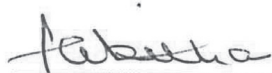
With respect to each director at the time this report was approved:

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

TERMS OF APPOINTMENT OF THE AUDITOR

Grant Thornton LLP continues 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. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

BY ORDER OF THE BOARD



TABITHA N. KIMANI
CHAIRPERSON
NAIROBI

07TH MARCH 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company that disclose, with reasonable accuracy, the financial position of the company that enable them to prepare financial statements of the company that comply with IFRS Accounting Standards as issued by the International Accounting Standards Boards and the requirements of the Kenyan Companies Act, 2015. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting standards as issued by the International Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting and applying appropriate accounting policies; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances.

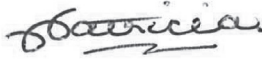
In preparing these financial statements, the directors have assessed the company's ability to continue as a going concern as disclosed in Note 2(a). Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 27TH MARCH 2026 and signed on its behalf by:



Tabitha N. Kimani
Chairperson



Patricia Gathuri
Director



Ben Joel Ndegwa
Principal Officer

REPORT OF THE CONSULTING ACTUARY

I have conducted an actuarial valuation of Geminia Insurance Company Limited as at 31 December 2025.

The valuation was conducted in accordance with generally accepted actuarial principles and in accordance with the requirements of the Kenyan Insurance Act. Those 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 audited financial statements of the company.

In my opinion, the non-life business was financially sound and the value of actuarial liabilities did not exceed the claims and premium reserves held by the Company.



Ezekiel Macharia Mburu
Kenbright Actuarial and Financial Services Ltd

26th March 2026

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Geminia Insurance Company Limited set out on pages 11 to 70, which comprise the statement of financial position as at 31 December 2025, and statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information. 68, which comprise the statement of financial position as at 31 December 2022, and statement of profit or year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of Geminia Insurance Company Limited's financial position as at 31 December 2025, its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting standards as issued by the International Accounting Standards Board and the requirements of 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 Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have 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

This section of the audit report is intended to describe the matters communicated with those charged with governance that we have determined, in our professional judgment, were of most significance in the audit of the financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT (Cont.)

Key Audit Matter	How the matter was addressed in the audit
Valuation of Insurance contract liabilities	
<p>At initial recognition, the Company measures a group of insurance contracts as the total of fulfilment cashflows, which comprise of estimates of future cashflows, adjusted to reflect the time value for money and financial risks, and a risk adjustment for non-financial risk.</p> <p>Significant judgement is required by the Directors in determining the insurance contract liabilities and, for the purposes of our audit, we identified the valuation of liabilities for incurred claims and the components that make up the insurance contract liabilities. When projecting future cashflows for these insurance contract liabilities, the Company primarily uses deterministic projections using best estimate assumptions.</p> <p>The Company estimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions and forecasts of future conditions.</p> <p>The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows.</p> <p>The probability weighted average of the future cash flows is calculated using a deterministic scenario representing the probability weighted mean of a range of scenarios.</p> <p>Liability for incurred claims (LIC): This is made up of:</p> <ul style="list-style-type: none"> • Discounted Best Estimate Liabilities, i.e., IBNR and OCR • Risk Adjustment for Non-Financial Risks 	<p>We evaluated the appropriateness of the relevant controls' directors' have implemented over the determination of insurance contract liabilities. Additionally, our procedures included challenging the directors on the suitability of the approach and methodology adopted by the actuaries to ensure these are consistent with the requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board and the Kenyan Insurance Act.</p> <p>Procedures performed included:</p> <ul style="list-style-type: none"> • Assessing the competence, capabilities and objectivity of the Company's external actuaries including reviewing their terms of engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them; • Evaluating the consistency of the approach and methodology adopted by the actuaries in line with IFRS, local regulation and industry norms; • Involving our in-house actuarial experts in evaluating key assumptions and models adopted in the determination of insurance contract liabilities; and • Reviewing the data used in the computations of reserves for accuracy through a comparison to reported values and testing a selection of data inputs underpinning the insurance contract liabilities valuation to assess the accuracy, reliability and completeness thereof. <p>Based on our procedures, we found that the assumptions and methodology used for the calculation of the insurance contract liabilities were reasonable and in line with the IFRS Accounting Standards as issued by the International Accounting Standards Board and the local regulatory requirements and industry norms. The disclosures pertaining to the insurance contract liabilities were found to be appropriate and comprehensive in the financial statements.</p>

INDEPENDENT AUDITOR'S REPORT (Cont.)

Key Audit Matter	How the matter was addressed in the audit
<p>Specifically, the claims incurred but not reported (IBNR) portion used in the build-up of LIC represents a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the judgement and estimation uncertainty associated with determining the liability.</p> <p>The determination of future contractual cash flows in relation to reported claims and claims incurred but not reported involves a significant estimation process. There are several sources of uncertainty that are considered in the estimate of the liability that the Company will ultimately pay for such claims.</p> <p>The IBNR reserve was estimated by use of triangulation methods based on the historic claims' development pattern of the Company. The claims data was grouped into triangles by accident year. Future expected claims cashflows will be projected based on historic claims development patterns. Future claim settlement cashflows will be extracted from the triangles and discounted accordingly. Further details on the process used to estimate LIC and IBNR are set out in note 4 of the financial statements.</p> <p>Disclosures on the critical accounting estimates and Judgements applied in estimating insurance contract liabilities are set out in note 3 to the financial statements.</p>	
Key Audit Matter	How the matter was addressed in the audit
Allowance for Expected Credit losses	
<p>"The directors exercise significant judgement in making provisions on all financial assets carried at amortised costs including cash and bank balances, other receivables, government securities based on various risk categories and classifications as well as the level of expected credit loss necessary for each category of receivables which is based on the company's past experience and relevant consideration of forward looking factors. Because of the significance of these judgements and the quantum of the financial assets carried at amortised costs, the audit of the expected credit loss provisions is a key audit matter. Key areas of judgement included:</p> <ul style="list-style-type: none"> • the interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Company's expected credit loss model; • the identification of exposures with a significant deterioration in credit quality; 	<p>Our audit procedures included evaluating the design and implementation of key controls over the underwriting process and testing of the ageing of the outstanding receivables. We reviewed the actual history of a sample of past due receivables in order to understand the collection trends of previously aged debtors, as well as the adequacy of the allowance for doubtful accounts, including the appropriateness of the methodology used and assumptions made in- computing the allowance. We also reviewed the completeness of other financial assets with their credit risk ratings. We also assessed the adequacy of the credit risk disclosures as included under Note 4(b) to the financial statements.</p>

INDEPENDENT AUDITOR'S REPORT (Cont.)

Other information

The directors are responsible for the other information. The other information comprises all information included in the annual report and financial statements but excludes the financial statements and report of the independent auditor.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the other reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting standards as issued by the International Accounting Standards Board and the requirements of 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 misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls.

INDEPENDENT AUDITOR'S REPORT (Cont.)

- 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 director's 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's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the to cease to continue as a going concern.
- Conclude on the appropriateness of director's 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's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 matters prescribed by the Kenyan Companies Act, 2015

In our opinion the information given in the report of the directors on pages 3 - 4 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Alfred Siele, Practising certificate No. 1690.


 **Grant Thornton LLP**
 Certified Public Accountants

For and on behalf of Grant Thornton LLP
 Certified Public Accountants (Kenya)
 Nairobi, Kenya
 27th MARCH 2026


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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

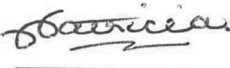
	Notes	2025 Shs'000	2024 Shs'000
Insurance revenue	8(a)	5,275,447	6,386,497
Insurance service expenses	8(b)	(5,070,853)	(6,450,620)
Insurance service result		204,594	(64,123)
Net expenses from reinsurance contracts	8(c)	(638,908)	(185,423)
Net finance income from reinsurance contracts	8(e)	46,468	94,042
Net finance expenses from insurance contracts	8(d)	(207,318)	(347,045)
Net insurance finance expenses		(160,850)	(253,003)
Interest revenue calculated using the effective interest method	9(a)	270,656	277,954
Other investment revenue	9(b)	69,382	65,703
Net impairment loss on financial assets	11(a)	(6,805)	(260,103)
Investment return		333,233	83,554
Other gains	9(c)	111,408	(1,599)
Foreign exchange gain (losses)	9(d)	516	(47,071)
Other Income	9 e)	43,556	300,049
Non attributable operating expenses	10(a)	(332,365)	(549,008)
Other finance costs	11(b)	(8,668)	(9,871)
Loss before tax		(447,484)	(726,495)
Income tax credit	12	191,326	251,842
Loss for the year		(256,159)	(474,653)
Other comprehensive income items that shall not be reclassified subsequently to profit or loss:			
Revaluation gain on buildings	15(c)	36,276	9,040
Fair value gain on equity instruments designated at fair value through other comprehensive income	15(b)	17,139	23,650
Total other comprehensive gain		53,416	32,690
Total comprehensive income for the year		(202,743)	(441,963)

STATEMENT OF FINANCIAL POSITION

	Notes	2025 Shs'000	2024 Shs'000
CAPITAL EMPLOYED			
Share capital	14	1,006,250	1,006,250
Retained earnings	15 (a)	475,147	761,356
Fair value reserve	15 (b)	21,065	3,926
Revaluation reserve	15 (c)	68,492	32,216
Shareholders' funds		1,570,954	1,803,748
REPRESENTED BY:			
Assets			
Property and equipment	16	584,727	568,488
Right-of-use assets	17	32,999	49,529
Intangible assets	18	42,540	53,175
Investment properties	19	994,500	974,500
Deferred tax	20	497,077	305,751
Reinsurance contract assets	21 (b)	1,982,977	2,448,292
Other receivables and prepayments	22 (a)	68,679	66,881
Quoted equity investments at fair value through other comprehensive income	24	71,504	56,237
Unquoted equity investments at fair value through other comprehensive income	25	6,527	6,266
Government securities measured at amortised cost	26 (a)	1,531,864	1,499,058
Government securities measured through other comprehensive income	26 (b)	100,092	-
Corporate bond at amortised cost	27	-	10,000
Commercial paper at amortised cost	28	147,038	8,116
Deposits with financial institutions	29	624,759	663,370
Cash and cash equivalents	30	6,925	30,053
Total assets		6,692,207	6,739,716
Liabilities			
Insurance contract liabilities	21 (a)	4,976,347	4,798,423
Other payables	31	98,759	75,442
Lease liabilities	32	41,391	59,825
Tax payable	13	4,756	2,278
Total liabilities		5,121,253	4,935,968
Net assets		1,570,954	1,803,748

The financial statements were approved and authorised for issue by the Board of Directors on 27th March 2026 and were signed on its behalf by:


Tabitha N. Kimani
Chairperson


Patricia Gathuri
Director


Ben Joel Ndegwa
Principal Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital Shs'000	Retained earnings Shs'000	Fair value reserve Shs'000	Revaluation reserve Shs'000	Total Shs'000
Year ended 31 December 2025					
1 January	1,006,250	761,356	3,926	32,216	1,803,748
Prior year adjustments		(30,050)			(30,050)
Total comprehensive income for the year:					
- Loss for the year	-	(256,159)	-		(256,159)
- Other comprehensive income	-	-	17,139	36,276	53,415
31 December	1,006,250	475,147	21,065	68,492	1,570,954
Year ended 31 December 2024					
1 January	1,006,250	1,193,232	(19,724)	23,176	2,253,246
Prior year adjustment		42,777			42,777
Total comprehensive income for the year:					
- Loss for the year	-	(474,653)	-		(474,653)
- Other comprehensive income	-	-	23,650	9,040	32,690
31 December	1,006,250	761,356	3,926	32,216	1,803,748

STATEMENT OF CASH FLOWS

	Notes	2025 Shs'000	2024 Shs'000
Cashflows from operating activities			
Cash used in operations	33	(123,149)	(608,032)
Tax refunded	13	2,478	130,268
Net cash used in operations		(120,671)	(477,764)
Cashflows from investing activities			
Interest income received	9(a)	194,825	204,560
Dividend received	9(b)	5,717	6,113
Purchase of property and equipment	16	(9,931)	(18,823)
Proceeds from disposal of property and equipment	16	-	208
Additions on Right of use	17	1,377	26,771
Disposal of rightof use	19	(6,200)	-
Disposal of quoted investment at fair value through other comprehensive income	24	210	28,154
Additions of governemnt securities	26 (a)	(280,487)	(284,977)
Disposal of government securities	26 (a)	300,404	53,656
Proceeds/(Purchase) of corporate bond	27	-	(10,000)
Disposal of corporate bond	27	10,000	-
Purchase of commercial paper	28	(140,000)	(8,116)
Disposal of commercial paper	28	8,116	-
Placement of fixed deposits maturing in over 90 days	29	30,999	452,478
Net cash generated from investing activities		119,556	450,024
Cashflows from financing activities			
Payment of principal portion of leases	32	(16,677)	(13,311)
Payment of interest portion of leases	32	(7,297)	(7,145)
Net cash used in financing activities		(23,974)	(20,456)
Decrease in cash and cash equivalents		(25,089)	(48,196)
Movement in cash and cash equivalents			
1 January	30	269,884	318,080
Decrease during the year		(25,089)	(48,196)
31 December	30	244,795	269,884

NOTES

1. General information

The Company is incorporated in Kenya under the Kenyan Companies Act, 2015 as private limited liability Companies and are domiciled in Kenya. The address of their registered offices are:

Plot No. L.R. 1870/V/271
Lemac Building, 5th Floor
Church Road, Westlands
P.O. Box 61316, 00200
NAIROBI

The company conducts all classes of general insurance as defined by the Kenyan Insurance Act.

2. Material accounting policies

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

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. 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 liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 - Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements 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, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

The financial performance of the company is set out in the report of the directors and in the statement of profit or loss and the other comprehensive income. The financial position of the company is set out in the statement of financial position. Disclosures in respect of risk management are set out in Note 4.

These financial statements comply with the requirements of the Kenyan Companies Act, 2015. The statement of profit or loss and other comprehensive income represents the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

NOTES (Cont.)

2. Material accounting policies (continued)

(a) Basis of preparation (continued)

Going concern

Based on the financial performance and position of the company and its risk management policies, the directors are of the opinion that the company is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

(b) New Standards and Interpretations

(i) New standards and interpretations adopted by the Company

The following standards and interpretations have been applied by the Company for the first time for the financial reporting year commencing on or after 1 January 2025. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability - Amendments to IAS 21 (effective for annual periods beginning on or after 1 January 2025) In December 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21)

The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. There was no impact on the Company's financial statements arising from the adoption of the amendment.

(ii) New standards and interpretations not adopted by the Company

The following standards and interpretations have been issued but were not mandatory for annual reporting periods ending 31 December 2025:

The Directors do not plan to apply the below standards, until they become effective. Based on their assessment of the potential impact of application of the above, there are no standards that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on near future transactions.

Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)

In May 2024, the Board issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7), which: Clarifies that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Clarifies the treatment of non-recourse assets and contractually linked instruments. Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at

NOTES (Cont.)

2. Material accounting policies (continued)

(b) New Standards and Interpretations (continued)

(ii) New standards and interpretations not adopted by the Company (continued)

fair value through other comprehensive income. The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later. The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments. The Company is assessing the potential impact of these amendments on its financial statements.

Translation to a Hyperinflationary Presentation Currency - Amendments to IAS 21 (effective for annual periods beginning on or after 1 January 2026)

In November 2025, the Board issued Translation to a Hyperinflationary Presentation Currency - Amendments to IAS 21. The amendments require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The Company is assessing the potential impact of these amendments on its financial statements.

Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026)

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendments include: Clarifying the application of the 'own-use' requirements. Permitting hedge accounting if these contracts are used as hedging instruments. Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Early adoption is permitted, but will need to be disclosed. The clarifications regarding the 'own use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application. The Company is assessing the potential impact of these amendments on its financial statements.

IFRS 18 - Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

In April 2024, the Board issued IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1. IFRS 18 introduces new categories and subtotals in the statement of profit or loss. It also requires disclosure of management-defined performance measures (as defined) and includes new requirements for the location, aggregation and disaggregation of financial information.

Statement of profit or loss

An entity will be required to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. In addition, IFRS 18 requires an entity to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'.

Main business activities

For the purposes of classifying its income and expenses into the categories required by IFRS 18, an entity will need to assess whether it has a 'main business activity' of investing in assets or providing financing to customers, as specific classification requirements will apply to such entities. Determining whether an

NOTES (Cont.)

2. Material accounting policies (continued)

(b) New Standards and Interpretations (continued)

(ii) New standards and interpretations not adopted by the Company (continued)

entity has such a specified main business activity is a matter of fact and circumstances which requires judgement. An entity may have more than one main business activity.

Management-defined performance measures

IFRS 18 introduces the concept of a management-defined performance measure (MPM) which it defines as a subtotal of income and expenses that an entity uses in public communications outside financial statements, to communicate management's view of an aspect of the financial performance of the entity as a whole to users. IFRS 18 requires disclosure of information about all of an entity's MPMs within a single note to the financial statements and requires several disclosures to be made about each MPM, including how the measure is calculated and a reconciliation to the most comparable subtotal specified by IFRS 18 or another IFRS accounting standard.

Location of information, aggregation and disaggregation

IFRS 18 differentiates between 'presenting' information in the primary financial statements and 'disclosing' it in the notes, and introduces a principle for determining the location of information based on identified 'roles of the primary financial statements and the notes. IFRS 18 requires aggregation and disaggregation of information to be performed with reference to similar and dissimilar characteristics. Guidance is also provided for determining meaningful descriptions, or labels, for items that are aggregated in the financial statements.

Consequential amendments to other accounting standards

Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method from 'profit or loss' to 'operating profit or loss'. The optionality around classification of cash flows from dividends and interest in the statement of cash flows has also largely been removed. New requirements have been added to IAS 33 Earnings per Share that only permit entities to disclose additional amounts per share, if the numerator used in the calculation meets specified criteria.

The numerator must be:

- An amount attributable to ordinary equity holders of the parent entity; and
- A total or subtotal identified by IFRS 18 or an MPM as defined by IFRS 18.

Some requirements previously included within IAS 1 have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which has been renamed IAS 8 Basis of Preparation of Financial Statements. IAS 34 Interim Financial Reporting has been amended to require disclosure of MPMs. IFRS 18, and the consequential amendments to the other accounting standards, is effective for reporting periods beginning on or after 1 January 2027 and must be applied retrospectively. Early adoption is permitted and must be disclosed. The Company is assessing the potential impact of these amendments on its financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (deferred indefinitely)

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only

NOTES (Cont.)

2. Material accounting policies (continued)

(b) New Standards and Interpretations (continued)

(ii) New standards and interpretations not adopted by the Company (continued)

to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. These amendments are not expected to have any impact on the financial statements of the Company.

IFRS 19 - Subsidiaries without Public Accountability:

Disclosures (effective for annual periods beginning on or after 1 January 2027) In May 2024, the Board issued IFRS 19 Subsidiaries without Public Accountability: Disclosures, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS accounting standards compliance statement. IFRS 19 requires an entity whose financial statements comply with IFRS accounting standards including IFRS 19 to make an explicit and unreserved statement of such compliance.

Eligible entities

An entity may elect to apply IFRS 19 if at the end of the reporting period:

- It is a subsidiary as defined in IFRS 10;
- It does not have public accountability; and
- It has a parent (either ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards

Public accountability

An entity has public accountability if: . Its debt or equity instruments are traded in a public market, or it is in the process of issuing such instruments for trading in a public market; or It holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses (i.e., not for reasons incidental to its primary business).

Disclosure requirements and references to other IFRS Accounting Standards

The disclosure requirements in IFRS 19 are organised into subheadings per IFRS Accounting Standard and where disclosure requirements in other IFRS Accounting Standards remain applicable, these are specified under the subheading of each IFRS accounting standard. IFRS 19 disclosures exclude IFRS 8 Operating Segments, IFRS 17 Insurance Contracts and IAS 33 Earnings per Share. Therefore, if an entity that applies IFRS 19 is required to apply IFRS 17 or elects to apply IFRS 8 and/or IAS 33, that entity would be required to apply all the relevant disclosure requirements in those standards. IFRS 19 is effective for reporting periods beginning on or after 1 January 2027 and earlier adoption is permitted. If an eligible entity chooses to apply the standard earlier, it is required to disclose that fact. An entity is required, during the first period (annual and interim) in which it applies the standard, to align the disclosures in the comparative period with the disclosures included in the current period under IFRS 19, unless IFRS 19 or another IFRS accounting standard permits or requires otherwise. The Company is assessing the potential impact of these amendments on its financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards - Volume 11, effective for annual periods beginning on or after 1 January 2026. These include:

NOTES (Cont.)

2. Material accounting policies (continued)

(b) New Standards and Interpretations (continued)

(ii) New standards and interpretations not adopted by the Company (continued)

- IFRS 7 Financial Instruments: Disclosures
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IAS 7 Statement of Cash Flows

c. Insurance and Re insurance Contracts

(i) Classification of insurance and reinsurance contracts

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include property, marine, and personal accident. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

The Company also holds reinsurance contracts in the normal course of business for business ceded to other entities for claims arising from one or more insurance contracts issued by the company.

(ii) Separating components from insurance and reinsurance contracts

The Company assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

Disclosure requirements and references to other IFRS Accounting Standards

The disclosure requirements in IFRS 19 are organised into subheadings per IFRS Accounting Standard and where disclosure requirements in other IFRS Accounting Standards remain applicable, these are specified under the subheading of each IFRS accounting standard. IFRS 19 disclosures exclude IFRS 8 Operating Segments, IFRS 17 Insurance Contracts and IAS 33 Earnings per Share. Therefore, if an entity that applies IFRS 19 is required to apply IFRS 17 or elects to apply IFRS 8 and/or IAS 33, that entity would be required to apply all the relevant disclosure requirements in those standards. IFRS 19 is effective for reporting periods beginning on or after 1 January 2027 and earlier adoption is permitted. If an eligible entity chooses to apply the standard earlier, it is required to disclose that fact. An entity is required, during the first period (annual and interim) in which it applies the standard, to align the disclosures in the comparative period with the disclosures included in the current period under IFRS 19, unless IFRS 19 or another IFRS accounting standard permits or requires otherwise. The Company is assessing the potential impact of these amendments on its financial statements.

NOTES (Cont.)

2. Material accounting policies (continued)

(c) Insurance and Re insurance Contracts (continued)

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards - Volume 11, effective for annual periods beginning on or after 1 January 2026. These include:

- IFRS 7 Financial Instruments: Disclosures
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IAS 7 Statement of Cash Flows

c. Insurance and Re insurance Contracts

Classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include property, marine, and personal accident. These products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident Company to financial risk. The Company also accepts insurance risk from other insurers.

The Company also holds reinsurance contracts in the normal course of business for business ceded to other entities for claims arising from one or more insurance contracts issued by the company.

(i) Separating components from insurance and reinsurance contracts

At inception, the Company separates the following components from its insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Company separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

NOTES (Cont.)

2. Material accounting policies (continued)

(c) Insurance and Re insurance Contracts (continued)

(ii) 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
- any remaining contracts in the annual cohort.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group. This applies to contracts issued in Europe that are required by regulation to be priced on a gender-neutral basis.

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.
- An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

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 by the Company.

Reinsurance contracts

Groups of reinsurance contracts are established such that each group comprises a single contract. Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Company concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Company's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is 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 Company that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised. This applies to the Company's proportional reinsurance contracts such as quota share and surplus reinsurance arrangements.
- Other reinsurance contracts initiated by the Company: The beginning of the coverage period of the group of reinsurance contracts. However, if the Company 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 (see 'Reinsurance of onerous underlying insurance contracts'. This applies to

NOTES (Cont.)

2. Material accounting policies (continued)

(c) Insurance and Re insurance Contracts (continued)

the Company's non-proportional reinsurance arrangements such as excess of loss and stop loss reinsurance contracts.

(iv) 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	<p>Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services.</p> <p>A substantive obligation to provide services ends when:</p> <ul style="list-style-type: none"> - the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or - the Company 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. <p>The reassessment of risks considers only risks transferred from policyholders to the Company, which may include both insurance and financial risks, but exclude lapse and expense risks.</p>
Reinsurance contracts	<p>Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.</p> <p>A substantive right to receive services from the reinsurer ends when the reinsurer:</p> <ul style="list-style-type: none"> - 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 Company's substantive rights and obligations and, therefore, may change over time.

(v) Measurement – Contracts measured under the PAA

The Company uses the PAA to simplify the measurement of groups of contracts when the following

- Insurance contracts: The coverage period of each contract in the group is one year or less. Some of these contracts provide compensation for the cost of rebuilding or repairing a property after a fire; for these contracts, the Company determines the insured event to be the occurrence of a fire and the coverage period to be the period in which a fire can occur for which a policyholder can make a valid claim.
- Loss-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching reinsurance contracts: The Company reasonably expects that the resulting

NOTES (Cont.)

2. Material accounting policies (continued)

(c) Insurance and reinsurance contracts (continued)

(v) Measurement – Contracts measured under the PAA (continued)

measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies in (v). When comparing the different possible measurements, the Company 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.

However, certain groups of insurance contracts are acquired in their claims settlement period. The claims from some of these groups are expected to develop over more than one year.

Insurance contracts

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date, and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognized for cash flows related to the group (including assets for insurance acquisition cash flows). The Company has chosen not to expense insurance 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 amortization of insurance acquisition cash flows recognized as expenses, and decreased by the amount recognized as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Company 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 Company has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognizes 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.

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

Reinsurance contracts

The Company applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts. If a loss-recovery component created for a group of reinsurance contracts measured under the PAA, then the Company adjusts the carrying amount of the asset for remaining coverage.

NOTES (Cont.)

2. Material accounting policies (continued)

(c) Insurance and reinsurance contracts (continued)

(vi) Derecognition and contract modification

The Company derecognizes a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognizes 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 recognized. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

(vii) Presentation

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

The Company disaggregates amounts recognized in the statement of profit or loss and OCI into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

The Company 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 exclude any investment components and are recognized as follows.

Insurance revenue – Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Company allocates the expected premium receipts to each period on the passage of time.

Loss components

For contracts measured under the PAA, the Company establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for nonfinancial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

NOTES (Cont.)

2. Material accounting policies (continued)

(c) Insurance and reinsurance contracts (continued)

(vii) Presentation (continued)

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- Incurred claims and other insurance service expenses:
- Amortisation of insurance acquisition cash flows: For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Company amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Losses 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.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Company expects to pay consideration.

For a group of reinsurance contracts covering onerous underlying contracts, the Company 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 Company 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 insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items.

Amounts presented in OCI are accumulated in the insurance finance reserve. If the Company derecognises a contract without direct participation features as a result of a transfer to a third party

NOTES (Cont.)

2. Material accounting policies (continued)

(vii) Presentation (continued)

or a contract modification, then any remaining amounts of accumulated OCI for the contract are reclassified to profit or loss as a reclassification adjustment

(d) Interest income and expenses

Interest income comprises amounts calculated using the effective interest method and other methods. These are disclosed separately on the face of the income statement. In its Interest income calculated using the effective interest method the Company only includes interest on financial instruments at amortised cost or FVOCI. Other interest income includes interest on all financial assets measured at FVPL, using the contractual interest rate. The Company calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

(e) Dividend income

Dividend income for financial instruments measured at fair value through other comprehensive income and fair value through profit or loss equities is recognised when the right to receive payment is established – this is the ex-dividend date for equity securities.

(f) Rental income

Rental income from operating leases is recognized on a straight-line basis over the period of the lease.

(g) Property and equipment

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation and any accumulated impairment losses (except as stated below). Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Leasehold land and buildings are subsequently measured at fair value, based on periodic valuations, less subsequent depreciation.

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 revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and credited to revaluation reserve in equity except to the extent that the increase reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. Decreases that offset previous increases of the same asset are charged to other comprehensive income. All other decreases are charged to profit or loss.

Each year, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised.

NOTES (Cont.)

2. Material accounting policies (continued)

(g) Property and equipment (continued)

All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation is calculated on a reducing balance basis to write down the cost of each asset, to its residual value over its estimated useful life using the following annual rates:

Item	Depreciation method	Rate %
Land		Over the period of the lease
Buildings	Straight line	1.67
Furniture and fittings	Diminishing balance	12.5
Office equipment	Diminishing balance	12.5
Computer equipment	Diminishing balance	20
Motor vehicles	Diminishing balance	25
Generator	Diminishing balance	12.5

Capital work in progress is not depreciated

Assets are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively, if appropriate. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining profit before tax.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

(h) Investment properties

Investment properties are properties held to earn rentals and for capital appreciation. Investment property, which can include right-of-use assets, is initially recognized at cost including the transaction costs. Subsequently, investment properties are carried at fair value representing the open market value at the reporting date determined by annual valuations carried out by external registered values. Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other expenditure is recognised as an expense in the year which it is incurred.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

(i) Intangible assets

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on reducing balance at 20%.

NOTES (Cont.)

2. Material accounting policies (continued)

(h) Investment properties (continued)

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

(j) Impairment of non-financial assets and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually.

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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(k) Financial instruments

Financial instruments are recognised when, and only when, the Company becomes party to the contractual provisions of the instrument.

- Financial assets

All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale.

i) Amortised cost:

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

ii) Fair Value Through Other Comprehensive Income (FVTOCI):

Financial assets that are held for collection of contractual cash flows where these cash flows comprise SPPI and also for liquidating the assets depending on liquidity needs and that are not designated at FVTPL, are classified and measured at value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for recognition of impairment gain or losses, interest revenue and foreign exchange gain and losses. Gains and losses previously recognised in OCI are reclassified from equity to profit or loss on disposal of such instruments. Gains and losses related to equity instruments are not reclassified.

NOTES (Cont.)

2. Material accounting policies (continued)

(k) Financial instruments (continued)

iii) Fair Value Through Profit or Loss (FVTPL):

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit or loss

Notwithstanding the above, the Company may:

- on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income.
- on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Company has transferred substantially all risks and rewards of ownership, or when the company has no reasonable expectations of recovering the asset.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Financial instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Impairment

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment assessment. No impairment loss is recognised on investments measured at FVTPL.

The Company recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments

(FVTPL):

- Other receivables
- Government securities measured through OCI
- Government securities measured at amortised cost
- Deposits with financial institutions
- Cash and cash equivalents

NOTES (Cont.)

2. Material accounting policies (continued)

(k) Financial instruments (continued)

The loss allowance is measured at an amount equal to the lifetime expected credit losses for Insurance contract assets arrangements and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than Insurance contract assets arrangements has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the reporting date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

Financial liabilities

Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

- All other financial liabilities are classified and measured at amortised cost.
- All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
- All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Company's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

NOTES (Cont.)

2. Material accounting policies (continued)

(k) Financial instruments (continued)

- Offsetting financial instruments

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

l) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at 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 other short-term highly liquid investments with original maturities of three months or less.

m) Employee entitlements

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

n) Retirement benefit obligations

The Company operates a defined contribution scheme for its employees. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the Company and employees. 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 employees of the Company are also members of the National Social Security Fund ("NSSF").

The Company's contributions to the defined contribution scheme and NSSF are charged to the profit or loss in the year to which they relate. The Company has no further obligation once the contributions have been paid.

o) Accounting for leases

The Company as lessee

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Company recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used.

For leases that contain non-lease components, the Company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

NOTES (Cont.)

2. Material accounting policies (continued)

o) Accounting for leases (continued)

The Company as lessee (continued)

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

The Company as lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognised as income in the profit or loss on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Assets leased to third parties under operating leases are included in investment property in the statement of financial position.

p) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the other comprehensive income or in equity. In this case, the tax is also recognised in other comprehensive income or equity.

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred 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 amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry forward of unused tax credits and tax credits and unused tax losses can be utilised.

NOTES (Cont.)

2. Material accounting policies (continued)

p) Taxation (continued)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using fair value model, the carrying amounts of such properties are presumed to be recoverable entirely through sale unless presumption is rebutted. The presumption is rebutted when the investment property is depreciable and held within a business model whose objective is to consume substantially all its economic benefits embodied in it over time rather than through sale.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The Company offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

q) Dividends

Proposed dividends are disclosed as a separate component of equity until declared.

Dividends are recognised as a liability in the year in which they are approved by the shareholders.

r) Share capital

Ordinary shares are classified as equity.

s) Comparatives

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

NOTES (Cont.)

3. Significant Accounting Judgements, Estimates And Assumptions

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a material risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Insurance and reinsurance contracts

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage

Insurance acquisition cash flows

For policies that have a coverage of one year or less, the Company is eligible and chooses to recognise insurance acquisition cash flows as an expense immediately as incurred. Where groups are not eligible to recognise an expense immediately, insurance acquisition cash flows are allocated to related groups of insurance contracts recognised in the statement of financial position (including those groups that will include insurance contracts expected to arise from renewals).

An asset for insurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of insurance contracts has been recognised. The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held.

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by Underwriting year, as well as by material business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

NOTES (Cont.)

3. Material Accounting Judgements, Estimates And Assumptions(continued)

(a) Insurance and reinsurance contracts(continued)

Liability for incurred claims(continued)

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., 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 features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

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 Company'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 Company 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 Company'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. When estimating future cash flows, the Company 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. The Company derives cost inflation assumptions from the difference between the yields on nominal and inflation-linked government bonds. Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, 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 Company will incur in providing investment services;
- costs that the Company will incur in performing investment activities to the extent that the Company performs them to enhance benefits from insurance coverage for policyholders by generating an

NOTES (Cont.)

3. Material Accounting Judgements, Estimates And Assumptions (continued)

(a) Insurance and reinsurance contracts (continued)

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 Company generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts within each group. Other costs are recognized in profit or loss as they are incurred.

All 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 Company generally determines the risk-free rates using the Government yield for lack of reliable swap yield markets in Kenya. The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only on significant changes to long-term expectations. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. Illiquidity premiums are generally determined by comparing the spreads on corporate bonds with the costs of CDSs with matching critical terms for the same issuer.

Risk adjustment for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk, separately for the non-life and other contracts, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique. The risk adjustments for non-financial risk are determined using a confidence level technique. To determine the risk adjustments for non-financial risk for reinsurance contracts, the Company applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

Assets for insurance acquisition cash flows

The Company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about the amounts allocated to insurance contracts expected to arise from renewals of existing insurance contracts in a group and the volume of expected renewals from new contracts issued in the period. At the end of each reporting period, the Company revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary revises the amounts of assets for insurance acquisition cash flows accordingly.

NOTES (Cont.)

3. Material Accounting Judgements, Estimates And Assumptions(continued)

b) Measurement of expected credit losses (ECL):

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and material assumption about future economic conditions and credit behaviour.

A number of material judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for material increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL
- Establishing companies of similar financial assets for the purposes of measuring ECL.

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model is applied for financial assets other than trade receivables and contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased materially since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.
- Stage 2 - When there is a material increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a material increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
- Stage 3 - When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

Assessment of material increase in credit risk: The determination of a material increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a material increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The company uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

The carrying amounts of the company's financial assets that are subject to impairment assessment are disclosed in notes 5 (b).

NOTES (Cont.)

3. Significant accounting judgements, estimates and assumptions(continued)

c) Valuation of investment property

The company carries investment properties at fair value, with changes in fair value being recognised through profit or loss. The investment properties were valued based on open market value by independent valuers. The valuation methodologies used referred to properties of similar nature, location and condition among other factors which are highly judgemental.

4. Management of Insurance risk

The company's activities expose it to a variety of risks, including insurance risk and financial risk (credit risk, and the effect changes in debt and equity market prices, foreign currency exchange rates and interest rates). The company's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place which help manage liquidity, and seek to maximise return within an acceptable level of interest rate risk.

The company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the company manages them.

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

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

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

a) Short term insurance contracts

i) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increase in the number of cases coming to court that have been inactive or latent for a long period of time. Estimated inflation is also a significant factor due to the long period typically required to settle these cases.

The company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

The concentration of insurance risk before and after reinsurance by class in relation to the type of casualty insurance risk accepted is summarised below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from casualty insurance contracts:

NOTES (Cont.)**4. Management of Insurance risk (continued)****a) Short term insurance contracts(continued)****i) Frequency and severity of claims****Concentration by class of business and maximum insured loss****Year ended 31 December 2025**

		Maximum insured loss			
		Shs 3 - Shs 15m - Shs'000	Shs 15- Shs 255m Shs'000	Shs 255- Shs 1000m Shs'000	Total Shs'000
Motor	Gross	105,801,833	492,558,459	-	598,360,292
	Net	108,704,742	486,984,028	-	595,688,770
Fire	Gross	16,649,249	227,790,242	153,990,406	398,429,897
	Net	16,406,016	254,501,070	35,088,453	305,995,539
Personal	Gross	6,979,926	21,778,536	12,644,268	41,402,730
	Net	3,727,502	8,504,449	-	12,231,951
Other	Gross	63,631,045	186,766,512	43,440,702	293,838,259
	Net	63,651,276	157,939,034	3,030,000	224,620,310
Total	Gross	193,062,053	928,893,749	210,075,376	1,332,031,178
	Net	192,489,536	907,928,581	38,118,453	1,138,536,570

Year ended 31 December 2024

		Maximum insured loss			
		Shs 3 - Shs 15m - Shs'000	Shs 15- Shs 255m Shs'000	Shs 255- Shs 1000m Shs'000	Total Shs'000
Motor	Gross	133,116,611	426,277,939	-	559,394,550
	Net	134,735,248	421,600,911	-	556,336,159
Fire	Gross	15,882,007	219,805,219	151,961,165	387,648,392
	Net	15,984,206	217,902,910	47,440,060	281,327,176
Personal	Gross	7,926,692	14,991,773	12,134,072	35,052,536
	Net	3,405,529	5,949,215	-	9,354,744
Other	Gross	58,095,245	186,728,838	50,186,077	295,010,159
	Net	58,257,614	156,099,041	3,275,253	217,631,908
Total	Gross	215,020,555	847,803,769	214,281,314	1,277,105,637
	Net	212,382,597	801,552,077	50,715,313	1,064,649,987

NOTES (Cont.)**4. Management of Insurance risk (continued)****a) Short term insurance contracts(continued)****i) Frequency and severity of claims (continued)****Concentration by territory****Year ended 31 December 2025**

Territory		Type of Risks		Total Shs'000
		Employers' liability Shs'000	Public liability Shs'000	
Nairobi	Gross	3,734,656	719,000	4,453,656
	Net	3,734,656	714,500	4,449,156
Mombasa	Gross	12,117,046	7,420,750	19,537,796
	Net	12,117,046	6,498,250	18,615,296
Kisumu	Gross	828,332	384,000	1,212,332
	Net	828,332	384,000	1,212,332
Eldoret	Gross	10,393,301	1,899,300	12,292,601
	Net	10,393,301	1,845,300	12,238,601
Nyeri	Gross	942,880	213,750	1,156,630
	Net	942,880	163,750	1,106,630
Nakuru	Gross	5,005,222	1,034,300	6,039,522
	Net	5,005,222	1,034,300	6,039,522
Head Office	Gross	52,901,291	22,518,087	75,419,378
	Net	51,399,271	19,406,513	70,805,784
Upperhill	Gross	1,936,417	1,345,200	3,281,617
	Net	1,936,417	1,345,200	3,281,617
Meru	Gross	-	-	-
	Net	-	-	-
Total	Gross	87,859,145	35,534,387	123,393,532
Total	Net	86,357,125	31,391,813	117,748,938

Year ended 31 December 2024

Territory		Type of Risks		Total Shs'000
		Employers' liability Shs'000	Public liability Shs'000	
Nairobi	Gross	4,062,500	1,336,500	5,399,000
	Net	4,062,500	832,000	4,894,500
Mombasa	Gross	12,076,624	6,663,050	18,739,674
	Net	12,076,624	6,213,050	18,289,674
Kisumu	Gross	964,482	730,500	1,694,982
	Net	964,482	730,500	1,694,982
Eldoret	Gross	6,567,741	1,597,800	8,165,541
	Net	6,567,741	1,468,800	8,036,541
Nyeri	Gross	319,532	263,250	582,782
	Net	319,532	263,250	582,782
Nakuru	Gross	4,998,090	1,172,800	6,170,890
	Net	4,998,090	1,172,800	6,170,890
Head Office	Gross	64,089,148	24,955,883	89,045,031
	Net	55,046,881	20,487,904	75,534,785
Upperhill	Gross	2,565,770	1,677,000	4,242,770
	Net	2,565,770	1,677,000	4,242,770
Meru	Gross	-	2,500	2,500
	Net	-	2,500	2,500
Total	Gross	95,643,887	38,399,283	134,040,670
Total	Net	86,601,620	32,847,804	119,449,424

NOTES (Cont.)**4. Management of insurance risk(continued)****a) Short term insurance contracts(continued)****i) Frequency and severity of claims(continued)**

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

Year ended 31 December 2025

Industry Sector		Maximum Insured Loss (in Shs'000)		
		10m - 20m	20m - 40m	Total
Others	Gross	581,991,959	103,704,469	685,696,428
	Net	572,851,910	98,339,009	671,190,919
Total	Gross	581,991,959	103,704,469	685,696,428
Total	Net	572,851,910	98,339,009	671,190,919

Year ended 31 December 2024

Industry Sector		Maximum Insured Loss (in Shs'000)		
		10m - 20m	20m - 40m	Total
Others	Gross	509,984,315	104,172,532	614,156,847
	Net	502,486,609	96,874,042	599,360,651
Total	Gross	509,984,315	104,172,532	614,156,847
Total	Net	502,486,609	96,874,042	599,360,651

NOTES (Cont.)

4. Management of Insurance risk (continued)

a) Short term insurance contracts(continued)

ii) Sources of uncertainty in the estimation of future benefit payments and premium receipts

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

Claims development table- Gross

31 December 2025

Accident year	2021 Shs'000	2022 Shs'000	2023 Shs'000	2024 Shs'000	2025 Shs'000
Estimate of ultimate claims costs:					
At end of accident year	2,400,381	2,053,444	2,408,686	2,716,211	2,107,747
one year later	284,234	125,439	188,262	185,236	-
two years later	60,291	53,002	54,273	-	-
three years later	19,667	54,429	-	-	-
four years later	8,511	-	-	-	-
Current estimate of cumulative claims					
At end of accident year	2,400,381	2,053,444	2,408,686	2,716,211	2,107,747
one year later	2,684,615	2,178,883	2,596,948	2,901,447	-
two years later	2,744,906	2,231,885	2,651,221	-	-
three years later	2,764,573	2,286,314	-	-	-
four years later	2,773,084	-	-	-	-
Cumulative payments to date	2,773,084	2,286,314	2,651,221	2,901,447	2,107,747
Incurred But Not Reported (IBNR)	414,998	550,095	692,522	1,004,998	1,195,704
Insurance contract liabilities	4,420,415	2,914,033	3,144,883	4,798,423	4,976,347

The following tables show the undiscounted estimates of cumulative incurred claims, including both claims notified and incurred but not reported claims (IBNR) for each successive year at each reporting date, together with cumulative payments to date from the short-term insurance contracts.

NOTES (Cont.)**4. Management of Insurance risk (continued)****a) Short term insurance contracts(continued)****Claims development table- gross****31 December 2024**

Accident year	2020	2021	2022	2023	2024
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Estimate of ultimate claims costs:					
At end of accident year	3,150,147	2,400,381	2,053,444	2,408,686	2,716,211
one year later	23,879	284,234	125,439	188,262	-
two years later	26,792	60,291	53,002	-	-
three years later	37,804	19,667	-	-	-
four years later	25,722	-	-	-	-
Current estimate of cumulative claims					
At end of accident year	3,150,147	2,400,381	2,053,444	2,408,686	2,716,211
one year later	3,174,026	2,684,615	2,178,883	2,596,948	-
two years later	3,200,818	2,744,906	2,231,885	-	-
three years later	3,238,622	2,764,573	-	-	-
four years later	3,264,344	-	-	-	-
Cumulative payments todate	3,264,344	2,764,573	2,231,885	2,596,948	2,716,211
Incurred But Not Reported (IBNR)	410,046	414,998	550,095	692,522	1,004,998
Insurance contract liabilities	4,402,827	4,420,415	2,914,033	3,144,883	4,798,423

The following tables show how estimates of cumulative claims have developed over time on a gross and net of reinsurance basis. Each table shows how the Company's estimates of total claims for each accident year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position.

NOTES (Cont.)**4. Management of Insurance risk (continued)****a) Short term insurance contracts(continued)****Claims development table- Net****31 December 2025**

Accident year	2021	2022	2023	2024	2025
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Estimate of ultimate claims costs:					
At end of accident year	2,244,958	1,922,230	2,056,777	2,189,958	1,935,151
one year later	137,794	109,928	141,461	145,577	-
two years later	26,450	23,867	28,557	-	-
three years later	18,602	33,474	-	-	-
four years later	5,913	-	-	-	-
Current estimate of cumulative claims					
At end of accident year	2,244,958	1,922,230	2,056,777	2,189,958	1,935,151
one year later	2,382,752	2,032,158	2,198,238	2,335,535	-
two years later	2,409,202	2,056,025	2,226,795	-	-
three years later	2,427,804	2,089,499	-	-	-
four years later	2,433,717	-	-	-	-
Cumulative payments to date	2,433,717	2,089,499	2,226,795	2,335,535	1,935,151
Incurred But Not Reported (IBNR)	362,822	467,018	548,879	782,603	951,913
Insurance payables per the statement of financial position	3,773,402	1,994,839	2,105,751	2,350,131	2,993,369

The following tables show the undiscounted estimates of cumulative incurred claims, including both claims notified and incurred but not reported claims (IBNR) for each successive year at each reporting date, together with cumulative payments to date from the short-term insurance contracts.

NOTES (Cont.)**4. Management of Insurance risk (continued)****a) Short term insurance contracts(continued)****Claims development table - Net****31 December 2024**

Accident year	2020	2021	2022	2023	2024
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Estimate of ultimate claims costs:					
At end of accident year	2,951,775	2,244,958	1,922,230	2,056,777	2,189,958
one year later	2,703	137,794	109,928	141,461	-
two years later	14,187	26,450	23,867	-	-
three years later	17,222	18,602	-	-	-
four years later	10,952	-	-	-	-
Current estimate of cumulative claims					
At end of accident year	2,951,775	2,244,958	1,922,230	2,056,777	2,189,958
one year later	2,954,478	2,382,752	2,032,158	2,198,238	-
two years later	2,968,665	2,409,202	2,056,025	-	-
three years later	2,985,887	2,427,804	-	-	-
four years later	2,996,839	-	-	-	-
Cumulative payments to date	2,996,839	2,427,804	2,056,025	2,198,238	2,189,958
Incurred But Not Reported (IBNR)	364,281	362,822	467,018	548,879	782,603
Insurance payables per the statement of financial position	3,770,509	3,773,402	1,994,839	2,105,751	2,350,131

The following tables show the undiscounted estimates of cumulative incurred claims, including both claims notified and incurred but not reported claims (IBNR) for each successive year at each reporting date, together with cumulative payments to date from the short-term insurance contracts.

NOTES (Cont.)

5. Management of financial risk

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

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

The company manages these positions within an asset liability management (ALM) framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the company's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

a) Market risk

(i) Price risk

The company is exposed to equity securities price risk because of investments in quoted securities classified as fair value through profit or loss. The company is not exposed to commodity price risk. To manage its price risk arising from investments in equity the company diversifies its portfolio on several counters. Diversification of the portfolio is done in accordance with limits set by the company and guidelines per the Kenyan Insurance Act. All quoted shares held by the company are traded on the Nairobi

The table below summarises the impact of increases/decreases of the NSE on the company's post-tax profit for the year. The analysis is based on the assumption that the equity indexes had increased by 5% with all other variables held constant and all the company's equity instruments moved according to the historical correlation with the index:

Index

	Impact on profit for the year	
	2025 Shs'000	2024 Shs'000
Decrease	2,503	1,968

(ii) Cash flow and fair value interest rate risk

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

The company's fixed interest rate financial instruments are government securities, deposits with financial institutions, commercial paper and corporate bond. The company has no variable interest rate instruments.

No limits are placed on the ratio of variable rate financial instruments to fixed rate financial instruments. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

NOTES (Cont.)

5. Management of financial risk (continued)

a) Market risk (continued)

The government securities, cash and equivalents, deposits, corporate bond and commercial paper at year end totalled Shs. 2,410,678,000 (2024: Shs. 2,210,597,000) representing a significant portion of total assets. As at 31st December 2025, if the interest rates had been 5 percentage points higher/lower with all other variables held constant, the effect on the post tax profit for the year would have been an increase by Shs. 84,374,000 (2024: Shs. 77,371,000).

b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, government securities, as well as credit exposures to customers relating to outstanding Insurance contract assets arrangements.

If customers arising from direct insurance arrangements are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

Individual limits are set based on internal information in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

In assessing whether the credit risk on a financial asset has increased significantly, the company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due.

For these purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the company does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis.

For such purposes, the company's financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument;
- industry in which the debtor operates; and
- nature of collateral.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

NOTES (Cont.)

5. Management of financial risk

b) Credit risk (continued)

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

Credit risk relating to Insurance contract assets is managed by setting the credit limit and the credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a regular basis.

Year ended 31 December 2025

Financial assets	Gross Carrying amount Shs '000	Loss Allowance Shs '000	Net Carrying amount Shs '000
Commercial papers	150,726	(3,688)	147,038
Other Receivables	355,062	(286,383)	68,679
Government securities at amortised costs	1,570,290	(38,426)	1,531,864
Government securities through OCI	102,568	(2,476)	100,092
Deposits with financial institutions	673,481	(48,722)	624,759
Cash and cash equivalents	7,357	(432)	6,925
Total	<u>2,859,484</u>	<u>(380,127)</u>	<u>2,479,357</u>

Year ended 31 December 2024

Financial assets	Gross Carrying amount Shs '000	Loss Allowance Shs '000	Net Carrying amount Shs '000
Other Receivables	328,936	(262,055)	66,881
Government securities at amortised costs	1,557,463	(58,405)	1,499,058
Deposits with financial institutions	714,642	(51,272)	663,370
Cash and cash equivalents	31,643	(1,590)	30,053
Total	<u>2,632,684</u>	<u>(373,322)</u>	<u>2,259,362</u>

NOTES (Cont.)

5. Management of financial risk (continued)

b) Credit risk(continued)

Reconciliation of Loss Allowance Accounts

	Bank deposits Shs '000	Bank balances Shs '000	Commercial papers Shs '000	Other receivables Shs '000	Government securities held at amortised costs Shs '000	Government securities through OCI Shs '000	Insurance contract assets Shs '000	Total Shs '000
31 December 2025								
At 1 January 2025	51,272	1,590	-	262,055	58,405	-	-	373,322
Change in loss allowance in the year	(2,550)	(1,158)	3,688	24,328	(19,979)	2,476	-	6,805
At 31 December 2025	48,722	432	3,688	286,383	38,426	2,476	-	380,127
31 December 2024								
At 1 January 2024	56,084.00	1,363.00	-	10,145.00	31,515.00	-	14,112.00	113,219.00
Change in loss allowance in the year	(4,812.00)	227.00	-	251,910.00	26,890.00	(14,112.00)	(14,112.00)	260,103.00
At 31 December 2024	51,272.00	1,590.00	-	262,055.00	58,405.00	-	-	373,322.00

NOTES (Cont.)

5. Management of financial risk (continued)

c) Liquidity risk

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

The company is exposed to daily calls on its available cash for claims settlement and other administration expenses. The company does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. On large claims arrangements are in place to obtain cash calls from reinsurers. The Board sets limits on the minimum level of bank overdraft facilities that should be in place to cover expenditure at unexpected levels of demand.

The table on the following page presents the discounted and undiscounted cash flows payable by the company under financial liabilities by remaining contractual maturities (other than insurance contract liabilities which are based on expected maturities) at the reporting date.

	Interest rate %	0 - 12 months Shs '000	1 - 5 years Shs '000	Over 5 years Shs '000	Total Shs '000
At 31 December 2025					
<u>Non - Interest bearing liabilities</u>					
- Insurance contract liabilities	0%	1,091,180	1,302,535	2,582,632	4,976,347
- Other payables	0%	98,759	-	-	98,759
Total financial liabilities		<u>1,189,939</u>	<u>1,302,535</u>	<u>2,582,632</u>	<u>5,075,106</u>
At 31 December 2024					
<u>Non - Interest bearing liabilities</u>					
- Insurance contract liabilities	0%	1,052,166	1,255,964	2,490,293	4,798,423
- Other payables	0%	75,442	-	-	75,442
Total financial liabilities		<u>1,127,608</u>	<u>1,255,964</u>	<u>2,490,293</u>	<u>4,873,865</u>

NOTES (Cont.)**5. Management of financial risk (continued)****d) Financial assets by category**

Financial assets	Amortised cost Shs '000	Financial assets at fair value through other comprehensive income (FVTOCI) Shs '000	Total Shs '000
As at 31 December 2025			
Government securities	1,531,864	100,092	1,631,957
Commercial papers	147,038	-	147,038
Deposits with financial institutions	624,759	-	624,759
Quoted equity investments at fair value through other comprehensive income	-	71,504	71,504
Unquoted equity investments at fair value through other comprehensive income	-	6,527	6,527
Bank balances	6,925	-	6,925
	<u>2,310,585</u>	<u>178,123</u>	<u>2,488,709</u>
As at 31 December 2024			
Government securities	1,499,058	-	1,499,058
Deposits with financial institutions	663,370	-	663,370
Quoted equity investments at fair value through other comprehensive income	-	56,237	56,237
Unquoted investments at fair value through other comprehensive income	-	6,266	6,266
Bank balances	30,053	-	30,053
	<u>2,192,481</u>	<u>62,503</u>	<u>2,254,984</u>

e) Financial liabilities

Financial liabilities	2025 Shs '000	2024 Shs '000
Insurance contract liabilities	4,976,347	4,798,423
Lease liabilities	41,391	59,825
Other payables	98,759	75,442
	<u>5,116,497</u>	<u>4,933,690</u>

NOTES (Cont.)

6. Capital management objectives, policies and approach

Internally imposed capital requirements

The Company's objectives when managing capital, which is a broader concept than the 'shareholders' funds' on the financial position are to:

- to comply with the capital requirements as set out in the Insurance Act Cap 487;
- to comply with regulatory solvency requirements as set out in the Insurance Act Cap 487;
- to safeguard the 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 maintain a strong asset base to support the development of business;
- to maintain an optimal capital structure to reduce the cost of capital; and
- to provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The insurance capital requirements regulations 2015 under Section 180 of the Insurance Act require that a company, should maintain risk based capital determined by its size and risk profile. Such a Company should achieve the prescribed capital requirement and maintain a capital adequacy ratio which shall at all times be at least 100%.

The capital adequacy status of the company as at the reporting date is as follows:

	2025	2024
	Shs '000	Shs '000
Tier-1 Capital	1,470,852	1,767,606
Tier-2 Capital	89,558	36,142
Deductions	(213,407)	(531,120)
Total Capital Available (TCA)	1,347,003	1,272,628
Absolute Amount Minimum 1	600,000	600,000
Volume of Business Minimum 2	891,877	882,182
Risk Based Capital Minimum	765,562	705,871
Minimum Required Capital (Absolute)	891,877	882,182
Capital Adequacy Ratio	151%	144%

NOTES (Cont.)

7. Fair value measurements

The company specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the organization can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

This hierarchy requires the use of observable market data when available. The company considers relevant and observable market prices in its valuations where possible.

There were no transfers between Level 1 and level 2 during the year.

The table below shows an analysis of the fair value of assets by level in the fair value hierarchy, however, it does not include instruments whose fair value approximates the carrying amount;

2025	Level 1 Shs '000	Level 2 Shs '000	Level 3 Shs '000	Total amount Shs '000
Unquoted Equity Investments at fair value through other comprehensive income	-	6,527	-	6,527
Quoted shares at fair value through other comprehensive income	71,504	-	-	71,504
Investment properties	-	-	994,500	994,500
Buildings	-	-	440,000	440,000
	<u>71,504</u>	<u>6,527</u>	<u>1,434,500</u>	<u>1,512,531</u>
2024				
Unquoted Equity Investments at fair value through other comprehensive income	-	6,266	-	6,266
Quoted Equity Investments at fair value through other comprehensive income	56,237	-	-	56,237
Investment properties	-	-	974,500	974,500
Buildings	-	-	410,000	410,000
	<u>56,237</u>	<u>6,266</u>	<u>1,384,500</u>	<u>1,447,003</u>

NOTES (Cont.)

8. Insurance Revenue and Expenses

The gross earned premium income of the company can be analysed between the main classes of business as shown below:

	2025 Shs'000	2024 Shs'000
(a) Insurance contract revenue		
Insurance revenue from contracts measured under PAA	5,275,447	6,386,497
(b) Insurance service expenses		
Actual claims and expenses over the period	(4,301,748)	(13,460,706)
Expected release of risk adjustment for incurred claims	(110,510)	7,079,895
Amortisation of insurance acquisition flows	(656,565)	(21,918)
Increase in losses on onerous contracts	(2,030)	(47,891)
Total insurance expense	(5,070,853)	(6,450,620)
Total insurance service result	204,594	(64,123)
(c) Reinsurance Expenses		
Net expenses from reinsurance contracts	(638,908)	(185,423)
(d) Insurance finance expenses from insurance contracts issued		
Interest accreted to insurance contracts	(207,318)	(347,045)
(e) Reinsurance finance income from reinsurance contracts held		
Interest accreted to reinsurance contracts	46,468	94,042
9. Investment income		
(a) Interest Income determined using the effective interest rate method		
Interest from government securities	210,856	194,948
Interest from deposits with financial institutions	59,107	82,170
Interest on corporate bonds	693	836
	270,656	277,954
(b) Other investment income		
Rental income	63,665	59,590
Dividend income	5,717	6,113
	69,382	65,703
(c) Other gains/(losses)		
Fair value gain/(loss) on investment properties (Note 19)	20,000	(42,200)
Gain in amortisation of Government bonds	91,408	40,601
	111,408	(1,599)
(d) Foreign exchange losses	516	(47,071)
(e) Other income		
United pharma judgement	30,928	263,047
Shared Services income	11,567	26,773
Miscellaneous Income	1,060	10,229
	43,556	300,049

Miscellaneous income is majorly made up of sale of scrap metals and write backs

NOTES (Cont.)**10(a). Operating and other expenses**

	2025 Shs'000	2024 Shs'000
Directors' remuneration	26,167	37,350
Staff costs	153,525	209,085
Auditors remuneration	2,269	1,354
Depreciation on property and equipment	14,366	13,832
Depreciation on right-of-use assets	4,821	6,229
Amortisation on intangible assets	3,631	5,715
Service Charge	7,366	5,839
Management expense	63,079	72,524
Subscriptions	10,519	15,553
Donations and sponsorships	420	944
Legal fees	6,044	938
Software support contract and licenses	4,193	23,729
Professional fees	25,121	111,126
Administration fees	4,974	31,640
Consultancies	3,957	10,847
Retainer fees	437	838
Bank Charges	1,475	1,465
	<u>332,365</u>	<u>549,008</u>

The above expenses represents the non-insurance operating expenses which has been attributed for 2025 and 2024 to 34% and 43% respectively of the total expenses.

10(b). Staff expense

	2025 Shs'000	2024 Shs'000
Salaries and wages	138,511	191,106
Pension costs:		
- National Social Security Fund	2,496	1,761
- defined contribution scheme	10,175	13,650
- housing levy	2,343	2,568
	<u>153,525</u>	<u>209,085</u>
The average number of persons employed during the year, by category, were:		
- Underwriting	64	65
- Claims	21	20
- Others	64	69
	<u>149</u>	<u>154</u>

NOTES (Cont.)

	2025 Shs'000	2024 Shs'000
11 (a). Movement in expected credit loss allowance		
Insurance contract assets	-	(14,112)
Other receivables	24,328	251,910
Government securities at amortised costs	(19,979)	26,890
Government securities through OCI	2,476	-
Deposits with financial institutions	(2,550)	(4,812)
Commercial papers	3,688	-
Cash and cash equivalents	(1,158)	227
	<u>6,805</u>	<u>260,103</u>
11 (b). Finance costs		
Interest on lease liabilities (Note 32)	7,297	7,145
Bond guarantee charges	1,371	2,726
	<u>8,668</u>	<u>9,871</u>
12. Tax		
Current income tax	-	-
Deferred income tax (Note 20)	191,326	251,842
Income tax expense	<u>191,326</u>	<u>251,842</u>
The company's current income tax charge is computed in accordance with income tax rules applicable to composite insurance companies. A reconciliation of the tax charge is shown below:		
Loss before tax	(447,484)	(726,495)
Tax calculated at the statutory income tax rate of 30%	(134,245)	(217,949)
Deferred tax effect	191,326	251,842
Tax effect of:		
- amounts not allowable for tax purposes	134,245	217,949
Income tax charge	<u>191,326</u>	<u>251,842</u>
13. Tax payable		
The movement in tax payable is as follows:		
At the beginning of the year	(2,278)	127,990
Tax refund	(2,478)	(130,268)
At the end of the year	<u>(4,756)</u>	<u>(2,278)</u>

NOTES (Cont.)**14. Share capital**

	2025 Shs'000	2024 Shs'000
50,312,500 (2024: 50,312,500) ordinary shares of Shs. 20 each	1,006,250	1,006,250
Issued and fully paid share capital:		
50,312,500 (2024: 50,312,500) ordinary shares of Shs. 20 each	1,006,250	1,006,250

15 (a). Retained earnings

1 January	761,356	1,193,232
Loss for the year	(256,159)	(474,653)
31 December	475,147	761,356

15 (b). Fair value reserve

1 January	3,926	(19,724)
Fair value gain on equity instruments designated at fair value through other comprehensive income	17,139	23,650
31 December	21,065	3,926

15 (c). Revaluation Reserve

1 January	32,216	23,176
Revaluation gain on buildings	36,276	9,040
31 December	68,492	32,216

NOTES (Cont.)

16. Property, plant and equipment

Year ended 31 December 2025

	Buildings Shs'000	Furniture and fittings Shs'000	Office equipment Shs'000	Computer equipment Shs'000	Motor vehicle Shs'000	Generator Shs'000	Total Shs'000
1 January	410,000	297,038	6,84	101,302	1,626	4,358	821,171
Additions	-	6,891	-	3,040	-	-	9,931
Revaluation surplus	36,276	-	-	-	-	-	36,276
Reversal of accumulated depreciation on revaluation	(6,276)	-	-	-	-	-	(6,276)
31 December	440,000	303,929	6,847	104,342	1,626	4,358	861,102
Accumulated Depreciation							
1 January	-	172,930	4,796	69,694	1,299	3,964	252,683
Charge for the year	6,276	16,375	256	6,930	82	49	29,968
Reversal of accumulated depreciation on revaluation	(6,276)	-	-	-	-	-	(6,276)
31 December	-	189,305	5,053	76,624	1,380	4,014	276,375
Carrying amount	440,000	114,624	1,794	27,718	246	344	584,727

Buildings were professionally valued on 14 November 2025 by Axis Real Estate Limited on the basis of open market. The carrying amounts of the properties were adjusted to the revalued amounts and the resultant surplus net of deferred tax was credited to other comprehensive income.

The fair valuation of property and equipment is considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets and replacement costs. Management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs. There were no transfers between level 1, 2 or 3 fair values during the year.

NOTES (Cont.)

16. Property, plant and equipment

Year ended 31 December 2024

	Buildings Shs'000	Furniture and fittings Shs'000	Office equipment Shs'000	Computer equipment Shs'000	Motor vehicle Shs'000	Generator Shs'000	Total Shs'000
	Cost/valuation						
1 January	397,500	303,306	6,212	98,317	1,859	4,358	811,552
Additions	-	12,80	723	5,298	-	-	18,823
Revaluation surplus	18,585	-	-	-	-	-	18,585
Reversal of accumulated depreciation on revaluation	(6,085)	-	-	-	-	-	(6,085)
Disposals	-	(19,070)	(88)	(2,313)	(233)	-	(21,704)
31 December	410,000	297,038	6,847	101,302	1,626	4,358	821,171
	Accumulated Depreciation						
1 January	-	165,217	4,575	63,463	1,381	3,908	238,544
Charge for the year	6,085	17,730	293	7,902	109	56	32,175
Disposals	-	(10,017)	(72)	(1,670)	(192)	-	(11,951)
Reversal of accumulated depreciation on revaluation	(6,085)	-	-	-	-	-	(6,085)
31 December	-	189,305	5,053	76,624	1,380	4,014	252,683
Carrying Amount	410,000	107,733	1,794	24,678	246	344	568,488

NOTES (Cont.)

17. Right of use assets

	2025 Shs'000	2024 Shs'000
Cost		
1 January	131,398	104,627
Additions	1,377	26,771
Disposal	(6,200)	-
31 December	126,575	131,398
Accumulated Depreciation		
1 January	81,869	67,379
Charge for the year	14,118	14,490
Disposal	(2,411)	-
31 December	93,576	1,869
Carrying amount	32,999	49,529

The company has a number of lease contracts for office premises used in its operations. The leases have an average lease term of six years. The company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the company is not restricted from assigning and subleasing the leased assets.

18. Intangible assets

Cost		
1 January	201,380	201,380
Additions	-	-
31 December	201,380	201,380
Amortisation		
1 January	148,205	134,911
Charge for the year	10,635	13,294
31 December	158,840	148,205
Carrying amount	42,540	53,175

The intangible assets relates to costs incurred in acquisition of software in use by the company. The costs are amortised on a reducing balance basis at 20%.

NOTES (Cont.)**19. Investment properties**

	2025			2024
	Shs'000			Shs'000
1 January	974,500			1,016,700
Fair value gain/(loss)	20,000			(42,200)
31 December	994,500			974,500

	Capitol Hill- Plot# 209/9769	Eldoret Mun. Block 4/111	Upper Hill Development A/C	Total
1 January 2025	79,500	180,000	715,000	974,500
Fair value (loss)/gain	-	(3,000)	23,000	20,000
31 December 2025	79,500	177,000	738,000	994,500
At 31 December 2025	79,500	177,000	738,000	994,500
At 31 December 2024	79,500	180,000	715,000	974,500

The fair value of investment property was determined by reference to the market prices of similar properties of the type and in the area in which the properties are situated. The valuation was carried out by Axis Real Estate Limited an independent professional valuer on 14 November 2025 with recent experience in the location and category of the investment properties being valued.

These properties include; (i) Capitol Hill Towers - Plot L.R 209/9769 3rd Flr with a Leasehold interest for a term of 99 years, effective from 1/10/1978.

(i) Capitol Hill Towers - Plot L.R 209/9769 3rd Flr with a Leasehold interest for a term of 99 years, effective from 1/10/1978.

(ii) Eldoret Property-ELD/MUN/BLOCK 4/111 with a leasehold interest for a term of 99 years from 1/06/1992

(iii) Geminia Ins Plaza in upperhill L.R 209/6523 (IR42980/5) with a Leasehold Interest for a term of 99 years from 1/3/1987

The fair valuation of investment property is considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the property, consistent with prior periods. Management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs. There were no transfers between level 1, 2 or 3 fair values during the year. Investment property is property held to earn rentals or for capital appreciation or both. Investment property is initially recognised at cost including the transaction costs. The investment properties are carried at fair value representing the open market value at the reporting date determined by annual valuations carried out by independent valuers i.e. Axis Real Estate Limited. Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Investment properties are de recognised when either they have been disposed of (i.e., at the date the recipient obtains control) or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to profit or loss. The date of disposal of an item of investment property is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied. Transfers are made to (or from) investment property only when there is a change in use.

The company has rented out a portion of the building to third parties and is earning rent from it and in management's assessment, the portion that the company is using for administrative purposes is not significant, hence the entire buildings in the respective locations (Eldoret, Upperhill & Capitol Hill) has been classified as investment property.

NOTES (Cont.)

20. Deferred income tax asset

Deferred income tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2024: 30%). The movement on the deferred income tax account is as follows:

	2025 Shs'000	2024 Shs'000
1 January	305,751	53,909
Charge (Note 12)	191,326	251,842
	<hr/>	<hr/>
31 December	<u>497,077</u>	<u>305,751</u>

Deferred income tax assets and liabilities in the statement of financial position and deferred tax charge to profit or loss are attributable to the following items:

2025	At start of year Shs'000	(Charge)/ credit to profit or loss Shs'000	At end of year Shs'000
Deferred income tax assets			
Property, equipment and Intangible assets	8,790	(13,483)	(4,693)
Tax losses	165,290	219,924	385,214
Right to use asset	(14,858)	4,959	(9,899)
Prior year overprovision	-	(2,464)	(2,464)
Unrealized exchange loss	14,121	(14,121)	-
Lease liabilities	17,948	(5,530)	12,417
Gain on revaluation of properties	6,330	-	6,330
Fair value loss on unquoted shares	(3,866)	-	(3,866)
Expected credit loss allowance	111,996	2,041	114,037
	<hr/>	<hr/>	<hr/>
Net deferred tax asset	<u>305,751</u>	<u>191,326</u>	<u>497,077</u>
2024	At start of year Shs'000	Credit to profit or loss Shs'000	At end of year Shs'000
Deferred income tax assets			
Property, equipment and Intangible assets	13,742	(4,952)	8,790
Tax losses	3,751	161,539	165,290
Right to use asset	(11,174)	(3,684)	(14,858)
Investment property fair value gains	(1,500)	1,500	-
Unrealized exchange loss	-	14,121	14,121
Lease liabilities	13,820	4,128	17,948
Gain on revaluation of properties	2,745	3,585	6,330
Fair value loss on unquoted shares	(1,351)	(2,515)	(3,866)
Expected credit loss allowance	33,876	78,120	111,996
	<hr/>	<hr/>	<hr/>
Net deferred tax asset	<u>53,909</u>	<u>251,842</u>	<u>305,751</u>

NOTES (Cont.)

21. INSURANCE AND REINSURANCE CONTRACTS

21. (a) Analysis by insurance remaining coverage and incurred claim

	2025				
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss Component	Loss Component	Excl. Risk Adjustment	Risk Adjustment	
Opening insurance contract liabilities	1,581,482	149,469	2,929,615	137,857	
Opening insurance contract assets	-	-	-	-	-
Net opening balance	(1,581,482)	(149,469)	(2,929,615)	(137,857)	(4,798,423)
Insurance revenue	(5,275,447)	-	-	-	(5,275,447)
Insurance Service expenses					
Risk adjustment release Gross	-	-	-	(74,822)	(74,822)
New Claims Incurred over the Period (PV)	-	-	3,240,004	-	3,240,004
New Claims Incurred over the Period (RA)	-	-	-	124,455	124,455
Incurred Claims Settled In Period	-	-	4,301,748	-	4,301,748
Increase in Incurred Claim Liability (PV)	-	-	(1,189,806)	-	(1,189,806)
Increase in Incurred Claim Liability (RA)	-	-	-	(63,035)	(63,035)
Claims and expenses	-	-	4,301,748	-	4,301,748
Release for Incurred claims expected over the period	-	-	(6,228,034)	-	(6,228,034)
Losses on New Onerous Contracts	-	137,978	-	-	137,978
Reversal of Losses on Existing Onerous Contracts	-	(135,949)	-	-	(135,949)
Commision Expense	620,590	-	-	-	620,590
Change in DAC	35,975	-	-	-	35,975
Insurance service expenses	656,565	2,029	4,425,660	(13,402)	5,070,852
Insurance service result	(4,618,882)	2,029	4,425,660	(13,402)	(204,594)
Interest accreted on insurance contracts	-	-	207,318	-	207,318
Discount Rate Change on PV Incurred Claims Reserves	-	-	-	-	-
Finance expenses from insurance contracts issued	-	-	207,318	-	207,318
Total amounts recognised in profit & loss	(4,618,882)	2,029	4,632,978	(13,402)	2,724
Cash flows					
Premiums received	5,097,537	-	-	-	5,097,537
Claims Paid	-	-	(3,542,403)	-	(3,542,403)
Directly Attributable Expenses	-	-	(759,345)	-	(759,345)
Insurance acquisition cashflows deducted	(620,590)	-	-	-	(620,590)
Total cash flows	4,476,947	-	(4,301,748)	-	175,199
Net closing balance	1,439,548	151,498	3,260,846	124,455	4,976,347
Closing insurance contract liabilities	1,439,548	151,498	3,260,846	124,455	4,976,347
Closing insurance contract assets	-	-	-	-	-
Net closing balance	1,439,548	151,498	3,260,846	124,455	4,976,347

NOTES (Cont.)

21. INSURANCE AND REINSURANCE CONTRACTS (Cont.)

21 (a) Analysis by insurance remaining coverage and incurred claim (Cont.)

	2024				
	Liability for remaining coverage		Liability for incurred claims		
	Excl Loss Component	Loss Component	Loss Excl. Risk Adjustment	Incl Risk Adjustment	Total
	Excluding loss Component	Loss Component	Excl. Risk Adjustment	Risk Adjustment	Total
Opening insurance contract liabilities	793,179	101,778	2,145,800	104,126	3,144,883
Opening insurance contract assets	110,192	-	-	-	110,192
Net opening balance	682,987	101,778	2,145,800	104,126	3,034,691
Insurance revenue	(6,386,497)	-	-	-	(6,386,497)
Insurance Service expenses					
Risk adjustment release Gross	-	-	-	(82,590)	(82,590)
New Claims Incurred over the Period (PV)	-	-	3,701,483	-	3,701,483
New Claims Incurred over the Period (RA)	-	-	-	137,857	137,857
Incurred Claims Settled In Period	-	-	4,201,659	-	4,201,659
Increase in Incurred Claim Liability (PV)	-	-	(469,067)	-	(469,067)
Increase in Incurred Claim Liability (RA)	-	-	-	(21,536)	(21,536)
Claims and expenses	-	-	5,120,362	-	5,120,362
Release for Incurred claims expected over the period	-	-	(6,997,305)	-	(6,997,305)
Losses on New Onerous Contracts	-	137,405	-	-	137,405
Reversal of Losses on Existing Onerous Contracts	-	(89,714)	-	-	(89,714)
Commision Expense	790,148	-	-	-	790,148
Change in DAC	21,918	-	-	-	21,918
Insurance service expenses	812,066	47,691	5,557,132	33,731	6,450,620
Insurance service result	(5,574,431)	47,691	5,557,132	33,731	64,123
Interest accreted on insurance contracts	-	-	347,045	-	347,045
Discount Rate Change on PV Incurred Claims Reserves	-	-	-	-	-
Finance expenses from insurance contracts issued	-	-	347,045	-	347,045
Total amounts recognised in profit & loss	(5,574,431)	47,691	5,904,177	33,731	411,168
Cash flows					
Premiums received	7,263,075	-	-	-	7,263,075
Claims Paid	-	-	(4,201,659)	-	(4,201,659)
Directly Attributable Expenses	-	-	(918,703)	-	(918,703)
Insurance acquisition cashflows deducted	(790,148)	-	-	-	(790,148)
Total cash flows	6,472,927	-	(5,120,362)	-	1,352,565
Net closing balance	1,581,483	149,469	2,929,615	137,857	4,798,424
Closing insurance contract liabilities	1,581,483	149,469	2,929,615	137,857	4,798,423
Closing insurance contract assets	-	-	-	-	-
Net closing balance	1,581,483	149,469	2,929,615	137,857	4,798,423

NOTES (Cont.)**21. INSURANCE AND REINSURANCE CONTRACTS(Cont.)****21. (b) Analysis by reinsurance remaining coverage and incurred claim(Cont.)**

2025

	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding onerous contracts component	Onerous contracts component	PAA Present Value of Cash flows	PAA Risk Adjustment	
Opening reinsurance contract assets	612,625	1,245	1,812,659	21,763	2,448,292
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening balance	(612,625)	(1,245)	(1,812,659)	(21,763)	(2,448,292)
PAA Premium Reserve Release	(1,818,404)	-	-	-	(1,818,404)
PAA Loss recovery Release	-	(1,245)	-	-	(1,245)
	(1,818,404)	(1,245)	-	-	(1,819,649)
Reinsurance Service expenses					
Risk adjustment release Gross	-	-	-	10,952	10,952
New Claims Incurred over the Period (PV)	-	-	(714,885)	-	(714,885)
New Claims Incurred over the Period (RA)	-	-	-	(34,062)	(34,062)
Incurred Claims Settled In Period	-	-	(1,177,719)	-	(1,177,719)
Change in claim payables	-	-	429,706	-	429,706
Increase in Incurred Claim Liability (PV)	-	-	254,796	-	254,796
Increase in Incurred Claim Liability (RA)	-	-	-	10,812	10,812
Claims and Expenses Paid	-	-	(1,177,719)	-	(1,177,719)
Release for Incurred claims expected over the period	-	-	1,637,167	-	1,637,167
Commision Expense	(418,599)	-	-	-	(418,599)
Reversal of Losses on Existing Onerous Contracts	-	(1,191)	-	-	(1,191)
Reinsurance service expenses	(418,599)	(1,191)	(748,654)	(12,298)	(1,180,742)
Reinsurance service result	(1,399,805)	(54)	748,654	12,298	(638,907)
Interest Expense on PV Incurred Claims Reserves	-	-	(46,468)	-	(46,468)
Discount Rate Change on PV Incurred Claims Reserves	-	-	-	-	-
Finance income (expenses) from insurance contracts issued	-	-	(46,468)	-	(46,468)
Total amounts recognised in profit & loss	(1,399,805)	(54)	795,122	12,298	(592,439)
Cash flows					
Reinsurance Premiums paid	(1,743,891)	-	-	-	(1,743,891)
Claims & Other Expenses Paid, including investment component	-	-	1,198,168	-	1,198,168
Insurance acquisition cashflows deducted	418,599	-	-	-	418,599
Total cash flows	(1,325,292)	-	1,198,168	-	(127,124)
Net closing balance	538,112	1,191	1,409,613	34,061	1,982,977
Closing reinsurance contract assets	538,112	1,191	1,409,613	34,061	1,982,977
Closing reinsurance contract liabilities	-	-	-	-	-
Net closing balance	(538,112)	(1,191)	(1,409,613)	(34,061)	(1,982,977)

NOTES (Cont.)

21. INSURANCE AND REINSURANCE CONTRACTS(Cont.)

21. (b) Analysis by reinsurance remaining coverage and incurred claim(Cont.)

2024

	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding onerous contracts component	Onerous contracts component	PAA Present Value of Cash flows	PAA Risk Adjustment	
Opening reinsurance contract assets	428,734	957	581,468	27,973	1,039,132
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening balance	(428,734)	(957)	(581,468)	(27,973)	(1,039,132)
PAA Premium Reserve Release	(1,883,485)	-	-	-	(1,883,486)
PAA Loss recovery Release	-	(957)	-	-	(957)
	(1,883,485)	(957)	-	-	(1,884,443)
Reinsurance Service expenses					
Risk adjustment release Gross	-	-	-	23,786	23,786
New Claims Incurred over the Period (PV)	-	-	(672,584)	-	(672,584)
New Claims Incurred over the Period (RA)	-	-	-	(21,763)	(21,763)
Incurred Claims Settled In Period	-	-	(13,305)	-	(13,305)
Change in claim payables	-	-	(1,140,075)	-	(1,140,075)
Increase in Incurred Claim Liability (PV)	-	-	85,102	-	85,102
Increase in Incurred Claim Liability (RA)	-	-	-	4,187	4,187
Claims and Expenses Paid	-	-	(13,305)	-	(13,305)
Release for Incurred claims expected over the period	-	-	603,713	-	603,713
Commision Expense	(553,530)	-	-	-	(553,530)
Reversal of Losses on Existing Onerous Contracts	-	(1,245)	-	-	(1,245)
Reinsurance service expenses	(553,530)	(1,245)	(1,150,454)	6,210	(1,699,019)
Reinsurance service result	(1,329,955)	288	1,150,454	(6,210)	(185,424)
Interest Expense on PV Incurred Claims Reserves	-	-	(94,042)	-	(94,042)
Discount Rate Change on PV Incurred Claims Reserves	-	-	-	-	-
Finance income (expenses) from insurance contracts issued	-	-	(94,042)	-	(94,042)
Total amounts recognised in profit & loss	(1,329,955)	288	1,244,496	(6,210)	(91,382)
Cash flows					
Reinsurance Premiums paid	(2,067,376)	-	-	-	(2,067,376)
Claims & Other Expenses Paid, including investment component	-	-	13,305	-	13,305
Insurance acquisition cashflows deducted	553,530	-	-	-	553,530
Total cash flows	(1,513,846)	-	13,305	-	(1,500,541)
Net closing balance	612,625	1,245	1,812,659	21,763	2,448,291
Closing reinsurance contract assets	612,625	1,245	1,812,659	21,763	2,448,292
Closing reinsurance contract liabilities	-	-	-	-	-
Net closing balance	(612,625)	(1,245)	(1,812,659)	(21,763)	(2,448,292)

NOTES (Cont.)**22. Other Receivables and Prepayments**

	2025	2024
	Shs'000	Shs'000
Prepayments	26,050	27,963
Rent receivables and deposits	16,210	21,477
Other receivables (see below)	18,950	11,213
Receivable from related parties (Note 34)	(123)	5,236
Accrued income	293,975	263,047
Less: expected credit losses	(286,383)	(262,055)
	<u>68,679</u>	<u>66,881</u>
Other receivables;		
Bond Deposit Guarantees (Sidian)	-	(1,444)
Dyer & Blair Investment Bank	288	80
Staff Advances A/C	506	774
Comesa Card	13,343	9,443
Value Added Tax	4,813	2,360
	<u>18,950</u>	<u>11,213</u>

In the opinion of the directors, the carrying amount of other receivables approximate to their fair value.

The directors are of the opinion that the company's exposure is limited because the debt is widely held.

The carrying amounts of the company's other receivables and prepayments are denominated in Kenya shillings.

The maximum exposure to credit risk at the reporting date is the fair value of other receivables mentioned above.

The company does not hold any collateral as security.

NOTES (Cont.)

23. Weighted average effective interest rates

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

	2025 %	2024 %
Treasury bonds	13.20	12.90
Fixed deposits	6.88	9.43

24. Quoted equity Investment at fair value through other comprehensive income

	2025 Shs'000	2024 Shs'000
1 January	56,237	58,620
Additions during the year	24,628	-
Disposals during the year	(27,128)	(22,573)
Gain on disposal	2,290	(5,582)
Fair value gain	15,477	25,772
31 December	<u>71,504</u>	<u>56,23</u>

25. Unquoted equity Investments at fair value through other comprehensive income

	2025 Shs'000	2024 Shs'000
M-Oriental Commercial Bank	6,527	6,266
	<u>6,527</u>	<u>6,266</u>

311,115 (2024: 311,115) Ordinary shares of Shs 20.98 (2024: 20.14) in M-Oriental Commercial Bank

Movement	2025 Shs'000	2024 Shs'000
1 January	6,26	8,388
Fair value gain/(loss)	261	(2,122)
31 December	<u>6,527</u>	<u>6,266</u>

The company computes the fair value from of the above from the audited financial statements by dividing the results by the number of shares to get the value per share. The revaluation is then computed from this amount and the amount of shares invested

NOTES (Cont.)**26. Government securities****(a) Government securities measured at amortised cost**

	2025 Shs'000	2024 Shs'000
Maturity analysis:		
Between 1 and 5 years of the reporting date	1,570,290	1,557,463
Less: expected credit loss allowance	(38,426)	(58,405)
	<u>1,531,864</u>	<u>1,499,058</u>
Breakdown for the government securities is as follows;		
1 January	1,499,058	1,256,391
Reclassification to fair value through other comprehensive income	(99,000)	-
Disposals	(300,404)	(53,656)
Additions	280,487	284,977
Accrued interest	52,470	52,563
Discount Value	(31,505)	(42,376)
Premium Value	59,658	41,445
Amortisation	109,526	18,119
Less: expected credit loss allowance	(38,426)	(58,405)
31 December	<u>1,531,864</u>	<u>1,499,058</u>
The movement in the provisions for the expected credit losses is as below;		
1 January	(58,405)	(31,515)
Credit charge for the year	19,979	(26,890)
31 December	<u>(38,426)</u>	<u>(58,405)</u>

Treasury bonds amounting to Shs 368,000,000 (2024: Shs 388,000,000) are held under lien in favour of the Insurance Regulatory Authority in accordance with Section 32 of the Kenyan Insurance Act.

The carrying amounts of the company's government securities are denominated in Kenya Shillings.

(b) Government securities measured through other comprehensive income

	2025 Shs'000	2024 Shs'000
1 January	-	-
Reclassification from Amortised costs	99,000	-
Accrued interest	2,165	-
Fair value gains	1,403	-
Less: expected credit loss allowance	(2,476)	-
31 December	<u>100,092</u>	<u>-</u>
The movement in the provisions for the expected credit losses is as below;		
1 January	-	-
Charge for the year	(2,476)	-
31 December	<u>(2,476)</u>	<u>-</u>

NOTES (Cont.)

27. Corporate bond

	2025 Shs'000	2024 Shs'000
Corporate bond	-	10,000
Movement is shown below		
1 January	10,000	-
Additions	-	10,000
Disposal	(10,000)	
-		
31 December	-	10,000

The above corporate bond relates to Izwe MTN purchased on 24 April 2024 at Ksh. 100 and matured on 23 April 2025. The coupon rate for the bond was 20%.

28. Commercial paper

	2025 Shs'000	2024 Shs'000
Commercial paper	150,726	8,116
Less: expected credit loss allowance	(3,688)	-
	147,038	8,116
Breakdown for the commercial papers is as follows;		
1 January	8,116	-
Disposals	(8,116)	-
Additions	140,000	8,116
Accrued interest	10,726	-
Less: expected credit loss allowance	(3,688)	-
31 December	147,038	8,116

The movement in the provisions for the expected credit losses is as below;

	2025 Shs'000	2024 Shs'000
1 January	-	-
Provision for the year	3,688	-
31 December	3,688	-

The above commercial paper relates to the issue and subscription to Infutureweb Technologies of 8 fixed rate commercial paper notes of nominal value of Ksh. 1,000,000 with an interest rate of 23% per annum. The fixed rate commercial papers had a maturity period of 91 days from the issue date. Additional commercial paper during the year relates to Cytek Solar Receivables Limited and Container Deposit Enterprise Ltd

NOTES (Cont.)**29. Deposits with financial institutions**

	2025 Shs'000	2024 Shs'000
Deposits with financial institutions	624,759	663,370
Maturity analysis		
Below three months from the reporting date	237,870	239,831
After three months from the reporting date	422,979	453,978
Accrued interest	12,632	20,833
Less: expected credit loss allowance	(48,722)	(51,272)
	<u>624,759</u>	<u>663,370</u>

Deposits with financial institutions have a maturity period of below 90 days for short term deposits and between 91days to 1 year for long term deposits from the acquisitions date

Term deposits of Shs 239,669,957 (2024: Shs 239,669,957) are held under lien in Middle East Bank in the name of the company supported by letters of Lien and set off.

The movement in the provisions for the expected credit losses is as below;

	2025 Shs'000	2024 Shs'000
1 January	(51,272)	(56,084)
Write back for the year	2,550	4,812
31 December	<u>(48,722)</u>	<u>(51,272)</u>

The carrying amounts of the company's deposits with approximate to their fair value financial institutions are denominated in Kenya Shillings. In the opinion of the directors, the carrying amount of deposits with financial institutions

NOTES (Cont.)

30. Cash and cash equivalents

	2025 Shs'000	2024 Shs'000
Cash at bank and in hand	7,357	31,643
Expected credit loss allowance	(432)	(1,590)
	<u>6,925</u>	<u>30,053</u>
The movement in the provisions for the expected credit losses is as below;		
1 January	(1,590)	(1,363)
Write back/(Charge) for the year	1,158	(227)
31 December	<u>(432)</u>	<u>(1,590)</u>

For the purposes of the statement of cash flows, cash and cash equivalents, comprise the following:

a) Cash at bank and in hand

Cash at bank and in hand	6,925	30,053
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b) Deposits with financial institutions maturing:

Deposits with financial institutions maturing in below three months from the reporting date	237,870	239,831
	<u>244,795</u>	<u>269,884</u>

31. Other payables

Other accrued expenses	9,080	6,967
Other liabilities	70,273	49,069
Payable to related parties (Note 34)	19,406	19,406
	<u>98,759</u>	<u>75,442</u>

32. Lease liabilities

The company leases various offices with options to renew. The lease liabilities represent the financial obligation for the payments required under the leases, discounted to present value. Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2025 Shs'000	2024 Shs'000
1 January	59,825	46,065
Interest expense accrued	7,297	7,145
Payments during the year	(23,974)	(20,456)
Adjustments as per signed lease agreements	-	300
New leases	1,377	26,771
Terminated leases	(3,134)	-
31 December	<u>41,391</u>	<u>59,825</u>
Interest Expense	<u>7,297</u>	<u>7,145</u>
Cashflows on lease liabilities		
Payments of principal portion of lease liabilities	(16,677)	(13,311)
Payments of interest portion of lease liabilities	(7,297)	(7,145)
	<u>(23,974)</u>	<u>(20,456)</u>

NOTES (Cont.)**33. Cash from operations**

Reconciliation of loss before tax to cash from operations:

	Note		
Loss before tax		(447,484)	(726,495)
Adjustments for:			
Interest income	9(a)	(270,656)	(277,954)
Dividend income	9(b)	(5,717)	(6,113)
Fair value (gain)/loss on investment properties (Note 9)	9(c)	(20,000)	42,200
Amortisation on treasury bonds	9(c)	(91,408)	(40,601)
Movement in expected credit losses	11(a)	(6,805)	(260,103)
Depreciation on property and equipments	16	29,968	32,175
Depreciation on right-of-use assets	17	14,118	14,490
Amortisation of intangible assets	18	10,635	13,294
Changes in:			
- Reinsurance contract assets		465,315	(1,409,160)
- other receivables and prepayments		(1,798)	(8,053)
- insurance contract liabilities		177,924	1,763,732
- other payables		23,317	(69,230)
		<u>(123,149)</u>	<u>(608,032)</u>

34. Related party disclosures

Related parties are defined as entities which are related to the company through common shareholdings or common directorships. In the normal course of business, insurance policies are sold to related parties at terms and conditions similar to those offered to major clients.

a) Key management compensation

The remuneration of directors and other key management during the year were as follows:

	2025	2024
	Shs'000	Shs'000
Salaries and other short term employment benefits	<u>76,633</u>	<u>86,880</u>
Amount due from Geminia Holdings Limited (Note 22)	<u>442</u>	<u>408</u>
Amount due from Geminia Life Insurance Company Limited (Note 22)	<u>(565)</u>	<u>4,828</u>
Amount due to S.M Githunguri (Note 31)	<u>19,406</u>	<u>9,406</u>
b) Other transactions with related parties		
Expenses paid on behalf of related party	<u>33</u>	<u>30</u>
Claims paid to Geminia Life Insurance Company Limited	<u>75,713</u>	<u>69,336</u>

NOTES (Cont.)

35. Contingent assets

There were no contingent assets at the end of the year.

36. Contingent liabilities

As is common with the insurance industry, the company is subject to litigation arising in the normal course of insurance business. The directors are of the opinion that this litigation will not have a material effect on the financial position or profits of the company.

The company has issued various custom bonds. No material loss is anticipated from these.

The company has a bank guarantee with Middle East Bank amounting to shs.88,669,957 (2024: shs 66,540,775).

37. Earnings per share

Basic earnings per share is calculated on the profit attributable to the shareholders and on the weighted average number of shares outstanding during the year adjusted for the effect of the bonus shares issued if any.

	2025 Shs'000	2024 Shs'000
Net loss for the year attributable to shareholders	(202,743)	(441,963)
Adjusted weighted average number of ordinary shares in issue (Note 14)	50,313	50,313
Earnings per share - basic and diluted (Shs.)	(4.03)	(8.78)

There were no potentially dilutive shares outstanding as at 31 December 2025 and 31 December 2024

38. Dividend

The directors do not recommend the declaration of a dividend for the year.

39. Country of incorporation

Geminia Insurance Company Limited is incorporated in Kenya under the Kenyan Companies Act, 2015 as a private limited liability company and is domiciled in Kenya.

40. Presentation currency

The financial statements are presented in Kenya Shillings (Shs'000').

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