2024

ZEP-RE
PTA REINSURANCE COMPANY

Annual Report
& Financial Statements

Despite persistent macroeconomic volatility, currency depreciations, regulatory shifts, and climate-related disruptions across our markets ZEP-RE delivered one of its strongest and most resilient performances in recent years. Managing Director's Report

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Corporate Information

Board of Directors

Chileshe Mpundu Kapwepwe	– Chairperson
Admassu Tadesse	– Vice Chairperson (Elected on 16th May 2024)
Hope Murera	– Managing Director
Abdul-Razaq Badru	– Elected on 16th May 2024
Hon. Dr. Catherine Kimura	– Elected on 4th April 2024
Dr. Frederic Ntimarubusa	
Jeanette Rwigamba	– Elected on 13th March 2024
Namakau Mundai Ntini	
Nnenna Lily Mwabufo	
Pritesh Modi	
Simon Putsai Chikumbu	
Dr. Hillary Maina Wachinga	– Retired on 4th April 2024
Hosea Kashimba	– Retired on 16th May 2024
Mohammed Satti	– Retired in August 2024
Rehemah Namutebi	– Retired on 13th March 2024

Alternate Directors

Kaimu Abdi Abdallah Mkeyenge	Alt. to Abdul-Razaq Badru
Jacqueline Njui (Retired on 14th May 2024)	Alt. to Dr. Catherine Kimura
Kennedy Siamuwele	Alt. to Namakau Mundai Ntini
Ahmed Attout	Alt. to Nnenna Lily Mwabufo
Jean Pacifique Niragira	Alt. to Frederic Ntimarubusa
Jan Gross	Alt. to Pritesh Modi
Dev Anand Haman	Alt. to Chileshe Mpundu Kapwepwe
Joy Uwinema Ntare	Alt. to Admassu Tadesse
Zuheir Hassan Ibrahim	Alt. to Mohammed Satti

Management

Ms. Hope Murera	Managing Director & CEO
Mr. Jephita Gwatipedza	Chief Operating Officer
Mr. Benjamin Kamanga	Director, Public Sector & Inclusive Solutions
Ms. Albena Melin	Director, Partnerships
Dr. Rachael Gitonga	Chief Finance Officer
Ms. Miriam Magala	Company Secretary/Head of Legal & Regulatory Affairs
Ms. Deniese Imoukhuede	Chief Risk Officer
Ms. Jean Mutabazi	Chief Officer, People & Culture
Mr. Alexio Manyonde	Chief Technology & Digitisation Officer
Mr. Bernard Katambala	Chief Underwriting Officer
Ms. Jaskiran Sandhu	Chief of Staff

Head Office

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ZEP-RE Place, 8th Floor
Longonot Road, Upper Hill
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Nairobi, Kenya
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Email:mail@zep-re.com
Website:www.zep-re.com

Regional Hubs

Abidjan, Côte d'Ivoire
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Tel: +225 22 40 27 85

Harare, Zimbabwe
Joina City, 16th Floor -North Wing
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Reinsurance House Building
P. O. Box 3224
Khartoum, Sudan
Telephone: +249 183 799357/8

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5th Floor, ZEP-RE Business Park
Alick Nkhata Road, Mass Media
P. O. Box 36966
Lusaka, Zambia
Telephone:+260 211 252586

Addis Ababa, Ethiopia
UNDP Regional Services Building, Ground Floor
Near Bole Olympia Roundabout
P. O. Box 873–1110
Telephone:+251 911 977970/+ 251 73049409

Kampala, Uganda
Lourdel Towers, 5th Floor
Plot 1 Lourdel Road, Nakasero
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6è Etage, Gombe, Kinshasa, RDC
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Kigali, Rwanda
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P.O. Box 7049 Kigali, Rwanda
Tel: +250 788 328 188

Subsidiary

ACRE Africa
ZEP-RE Place, 1st Floor
Longonot Road, Upper Hill
P. O. Box 45277 – 00100
Nairobi, Kenya
Telephone: +254 719 249 615

Independent Auditor

Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Deloitte Place, Waiyaki Way,Muthangari
P.O. Box 40092 – 00100
Nairobi, Kenya

Bankers

Standard Chartered Bank Kenya Limited
Standard Chartered, Westlands Road
P.O. Box 40984–00100
Nairobi, Kenya

Stanbic Bank Kenya Limited
Stanbic Centre, Chiromo Road
P.O. Box 72833–00200
Nairobi, Kenya.

Kenya Commercial Bank Limited
University Way Branch
P.O. Box 7206–00300
Nairobi, Kenya

Stanbic Bank Zambia Limited
Woodgate House, Nairobi Place, Cairo Road
P.O. Box 319555
Lusaka, Zambia

Stanbic Bank Uganda Limited
Crested Towers, Plot 17 Hannington Road
P.O. Box 7131
Kamplala, Uganda

Sudanese French Bank
P.O. Box 2775
Khartoum, Sudan

Commercial Bank of Ethiopia
P.O Box 255
Addis Ababa, Ethiopia

SCB Cameroon
530, Rue du Roi George
B. P. 300
Douala, Cameroon

Stanbic Bank Zimbabwe Limited
Parklane Branch
Harare, Zimbabwe

Board of Directors

Chileshe Mpundu Kapwepwe
Chairperson

Chileshe Mpundu Kapwepwe is the Secretary General of the Common Market for Eastern and Southern Africa (COMESA). She was sworn in as Secretary General in July 2018 and became the first woman to serve in this role. She has extensive experience in both the public and private sectors spanning over 30 years in both local and international organisations. She has a proven track record in leadership, business and operations management with a strong financial and commercial background, and experience in economic development, policy formulation and implementation at regional, continental and global level.

She was the first Zambian woman to serve as Executive Director on the Board of the International Monetary Fund representing 23 African Countries. She was nominated as Member of Parliament and served as Deputy Minister of Finance and the first female Managing Director of the National Airports Corporation Limited, Zambia. She has served and continues to serve on numerous boards including as the first female to Chair the Zambia Revenue Authority Board and the Board of the Zambia Air Services Training Institute.

Internationally, she became the first woman and first African to Chair the Board of CABI, an international non-profit organisation for agriculture and environmental research, based in the United Kingdom. She also served on the Boards of Bank of Zambia, Ecobank Zambia Limited, BP Zambia Limited, Zambia Privatisation Trust Fund, ZEP-RE, Global Water Partnership Southern Africa, FSD Zambia, Airports Council International and the African Civil Aviation Commission as the first female Vice President representing Southern Africa.

Ms. Kapwepwe is a Chartered Accountant and holds a Master's Degree in Business Administration from the University of Bath, United Kingdom. She was awarded the Knight of the Order of the Star of Italy by the President of Italy and received the Individual Achievement Award in Aviation in Africa from the Aviation and Allied Business Journal. In 2023, she was listed by Forbes Magazine as one of the 50 most inspirational women leaders aged over 50 in Africa. On 6th March 2025, Ms. Kapwepwe was installed as Chancellor of Eden University.

Admassu Tadesse
Vice-Chairperson

Admassu Tadesse is a Non-Executive Director and the Vice-Chairperson of the Board. He represents the Trade and Development Bank on the Board.

Admassu Tadesse has been serving as Trade and Development Bank Group President and Managing Director since 2022. Prior, he led PTA Bank, and its evolution into TDB, and previously served as Executive Vice President for International Finance and Corporate Strategy with the Development Bank of Southern Africa.

Under his leadership, TDB Group has expanded into several new and under-served markets, with new strategic business units and subsidiaries to bolster impact, reach and sustainability, and total assets growing about 10-fold to USD 10 billion in 2023. Its equity capital has also multiplied manifold, with its investor base more than doubling.

A recipient of several distinctions and awards, including African Banker of the Year twice in 2019 and 2024, Tadesse also serves on several boards of directors and industry bodies, in various capacities, mainly in Africa, but also Europe, the U.S. and Asia. He is an alumnus of the London School of Economics, Western University, Wits Business School, and Harvard Business School.

Hope Murera

Hope Murera is the Managing Director & CEO of ZEP-RE, a position she currently holds after previously serving as the Company's General Manager and Company Secretary.

With over 30 years of experience in the industry, having started as the CEO of SONARWA, Hope has been at the forefront of pioneering insurance and reinsurance solutions that address some of the continent's most pressing challenges.

She currently chairs the Board of ACRE Africa, an agri-tech and climate resilience subsidiary of ZEP-RE that empowers smallholder farmers through innovative insurance. She is a member of the Steering Committee of the Insurance Development Forum (IDF) and sits on the Board of the Global Give Back Circle, a mentorship platform that empowers at-risk girls through education and career readiness. She has previously served on the Board of ATIDI (of The African Trade and Investment Development Insurance, as the Vice Chairperson.

Hope holds an MBA from IMD, Lausanne (Switzerland), a Bachelor of Laws degree from Makerere University (Uganda). and is an alumnus of Stanford Graduate School of Business. She also holds the FT Non-Executive Director Diploma (Financial Times Board Director Programme).

Abdul-Razaq Badru

Abdul-Razaq was elected to the Board on 16th May 2024 and serves as a Non- Executive Director. He is the Director General (DG) of Public Service Social Security Fund (PSSSF) and Secretary to the Board of Trustees (BoTs). He has over 20 years of professional and technical experience, with extensive management, strategy, planning, capacity development and business development experience across the public, non-profit and commercial sectors. He is a Certified Director of the Institute of Directors-Tanzania. He serves on varied boards, including the Board of CRDB Bank, Tanzania.

He holds a BA. in Sociology from the University of Dar es Salaam, MBA. International Business Management from the Indian Institute for Foreign Trade and a Postgraduate diploma in Leadership from Aalto University Executive Education.

Hon. Dr. Catherine Kimura

Hon. Dr. Catherine Kimura was elected to the Board on 16th May 2024, as a representative of Kenya Re. She serves as the Chairperson of the Kenya Re Board. Hon. Kimura has held various positions in the Government of Kenya and public service including Investment Secretary - Ministry of Finance, Member of Parliament - East African Legislative Assembly (EALA) and was the first Chancellor of Multimedia University of Kenya. She has held various positions in the Ministries of Finance, Health and Tourism & Wildlife.

She has also served on Boards of various institutions, including KCB Bank Kenya, Kenya Tea Development Agency (KTDA), Kenya Sugar Authority, Kenya Sugar Development Fund, Mumias Sugar Company, Busia Sugar Company, KEPHIS. She currently serves as a Director/ Chairman of Old Mutual Securities Limited.

Hon. Kimura is a specialist in Public Finance and policy and management with over 37 years' experience. She holds a Bachelor of Arts degree from the University of Nairobi, a Diploma in Tourism and International Relations (University of Paris), and a Certificate in Public Finance (University of Connecticut).

Dr. Frederic Ntimarubusa

Dr. Ntimarubusa is a Non-Executive Director on the Board of ZEP-RE. He was elected to the Board in June 2022 and is currently the Deputy CEO of Commercial Bank of Burundi. Previously, he served as the CEO of Burundi Insurance Corporation (2020-2024), Secretary General of East and Central Africa Social Security Association (2014-2024), CEO of Burundi National Social Security Fund (2010-2013) and Vice- Chair of Burundi National University. He holds a Law degree from the University of Burundi and a Doctorate of Law from the University of Antwerp, Belgium.

Jeanette Rwigamba

Jeanette Rwigamba was elected to the Board on 16th May 2024 and serves as a Non- Executive Director Jeanette is currently the Head of National Budget Department at the Ministry of Finance and Economic Planning, Rwanda. Prior to that, she was the Director General of Budget Management and Reporting at the Ministry. She specializes in the coordination of the preparation and implementation of the National Budget through formulation, monitoring and evaluation of budgetary policies and procedures in Rwanda. She has managerial experience for over 10 years as a senior official in the Ministry of Finance and Economic Planning especially in the Public Financial Management sector.

Jeanette currently serves on the board of Rwanda Water Resources Board (RWB), King Faisal hospital and East Africa Exchange (EAX). She holds a Master's degree in Project Management from the Oklahoma Christian University with a Bachelor's degree in Finance. Jeanette is a Certified Public Finance Management Accountant (CPFMA) and a Member of American - Global Academy of Finance Management (GAFM).

Namakau Mundai Ntini

Namakau Mundia Ntini was elected to the Board on 20th June 2023. She currently serves as the Registrar and the Chief Executive Officer, Pensions and Insurance Authority, Zambia. She has been with the Authority since 2009 and has served in different roles in Insurance and Pensions Supervision. Prior to her current appointment, she was the Deputy Registrar, Pensions Supervision. Ms. Ntini also serves as the Chairperson of the Insurance, Retirement Funds, Medical Aid Schemes and Intermediary, a sub-committee under CISNA, a structure established under the SADC Protocol on Finance.

She has served as the Chairperson of the Financial Education Working Group that developed Zambia's First National Strategy on Financial Inclusion under the auspices of the Financial Sector Development Plan (FSDP) led by the Ministry of Finance. She also has vast experience in governance matters having served as a director in public and private sector institutions, as well as non-governmental organizations. She is a Fellow of the Association of Chartered Certified Accountants (FCCA) and the Zambia Institute of Chartered Accountants (FZICA). She holds a MSC Finance (Financial Sector Management) from the University of London.

Nnenna Lily Mwabufo

Mrs. Nnenna Lily Nwabufo joined the Board in January 2023 representing the African Development Bank where she is currently the Vice President, Regional Development, Integration and Business Delivery. She is responsible for ensuring the Bank's operational effectiveness and relevance across all regional member countries, overseeing the full implementation of regional directorates, and driving sustainable, inclusive growth. Prior to her current appointment effective October 2024, she was the Director General, East Africa Regional Development and Business Delivery Office/ the Country Director (Resident Representative) for the Bank's Country Office in Kenya. She led the Bank Group's strategic objective of achieving developmental impact in the region's 13 countries, ensuring the growth of sovereign and non-sovereign operations. A Nigerian citizen, Nnenna is a versatile and seasoned executive with over 30 years' professional experience in treasury and financial management, budget programming, planning and performance management, human resource management, corporate services, and country/regional operations.

Nnenna holds a Bachelor of Science degree in Economics from the University of Lagos, Nigeria and a Master of Business Administration from Henley Management College, Henley on Thames, United Kingdom.

Pritesh Modi

Pritesh Modi was elected to the Board in June 2022. He is a qualified actuary (Society of Actuaries, 2002) and presently works with DEG, as the Vice President and Actuary responsible for leading insurance and banking investments in emerging markets globally. He previously served as the Director of Investments & Chief Actuary, Leap Frog Investments, Singapore, M&A Actuary, Northstar Financial Services (Hamilton, Bermuda), and Senior Actuarial Consultant, Willis Towers Watson (USA).

Pritesh has 20 years of extensive insurance experience, across various insurance markets, particularly emerging markets. He has served as a Board member as well as in Board advisory capacity for insurance companies in Chile, Peru, the Philippines and India.

He is a graduate of Drake University, USA, and has post-graduate trainings in Microinsurance and Private Equity from the Frankfurt School of Management and the London Business School (UK) respectively.

Simon Putsai Chikumbu

Simon Putsai Chikumbu serves as an Independent Director on the Board of ZEP-RE. He was elected to the Board in June 2019 and re-elected in June 2022. He currently serves as the Non- Executive Chairman of Aon Re Africa Pty Ltd, t/a Aon Reinsurance Solutions, where he worked for more than 25 years. Prior to his current position, he served as CEO & Principal Officer for 13 years. He has also served in the capacity of President of the Insurance Institute of Zimbabwe (IIZ), President and Chairman of the Insurance Institute of South Africa (IISA), Executive Committee member of the African Insurance Organization (AIO) and Chairman of the South Africa Reinsurance Brokers Association (SARBA). Simon sits on the Boards of FBC Reinsurance Company Ltd, Zimbabwe, and other companies in Southern Africa.

He is a Chartered Insurer, a Fellow of the Insurance Institute of South Africa and a Certified Director of the Institute of Directors (South Africa). He holds a BSC degree in Mechanical Engineering (University of Zimbabwe).

Dr. Hillary Maina Wachinga

(Retired on 4th April 2024)

Dr. Hillary Maina Wachinga is the Managing Director of Kenya Reinsurance Corporation Limited (Kenya Re). He was appointed to the Board in June 2023 as a representative of Kenya Re and served until April 4, 2024. Dr. Wachinga holds a doctorate in Business Administration, Masters in Business Administration and undergraduate BSC degree in Computer Science – all from University of Nairobi. He is also a Certified Public Accountant of Kenya (CPA-K), Certified Information Systems Manager (CISM), Certified in Risk and Information Systems Control (CRISC), Certified Information Systems Auditor (CISA), Certified Enterprise Risk Manager (CERM) and Certified Compliance Analyst (CCA).

In addition, he has certificates in insurance proficiency (COP) from College of Insurance, project management from Strathmore University and corporate governance from Centre of Corporate Governance. Prior to his appointment on 28th March 2023, as the Managing Director of Kenya Re, he served as the Chief Risk Officer of the Kenya Re Group.

Hosea Kashimba

(Retired on 16th May 2024)

Hosea Ezekiel Kashimba joined the Board in May 2021 and was re-elected in June 2022 as a non-Executive Director and served as the Vice-Chairperson of ZEP-RE. He retired from the Board on 16th May 2024. Prior to his retirement from the Board, he held the position of Director General of the Public Service Social Security Fund (PSSSF). Hosea holds 20 years' experience in the public sector and served on the Board of Directors of Tanzania Reinsurance Company Ltd (TAN-RE), CRDB Bank Plc and as Chair of CRDB Bank Burundi and Watumishi Housing Investment company in Tanzania.

He is a holder of an MBA in Corporate Management and a Fellow Certified Public Accountant (FCPA) with knowledge and experience in Enterprise Risk Management, Internal Controls and Governance in both the Public and Private Sectors.

Mohammed Satti

(Retired in August 2024)

Mohammed Satti served as a Non-Executive Director on the Board of ZEP-RE until end August 2024. He was elected to the Board in August 2020 and re-elected in June 2022. He is a highly qualified insurance and reinsurance professional with over 30 years' experience in varied components of the sector, including insurance, reinsurance, brokerage and insurance agency in Sudan. Mohammed has served in both Management and Underwriting positions and is currently the Secretary General of the National Insurance Regulatory Authority of Sudan. He holds a BSC (Insurance) from the Cairo University (Egypt).

Rehemah Namutebi

(Retired on 13th March 2024)

Rehemah Namutebi served as a Non-Executive Director on the Board of ZEP-RE until 13th March 2024. She was elected to the Board in June 2019 as an Alternate Director. The 30th and 31stGeneral Assemblies in May 2021 and June 2022 respectively, elected her as a substantive Director representing the Government of Rwanda. At the time of her appointment, she served as the Head of National Budget at the Ministry of Finance and Economic Planning of Rwanda. She holds wide experience in strategic planning, budgeting and public finance management and has held different senior positions in the Government of Rwanda. She has also served as a member of several Boards of public and private organisations in Rwanda and Chairperson of different board committees. She served as the Vice- Chairperson of Prime Holding Limited.

Senior Management Team

Hope Murera
Managing Director & CEO

Jephita Gwatipedza
Chief Operating Officer

Albena Melin
Director, Partnerships

Benjamin Kamanga
Director, Public Sector & Inclusive Solutions

Dr. Rachael Gitonga
Chief Finance Officer

Deniese Imoukhuede
Chief Risk Officer

Miriam Magala
Company Secretary/Head of Legal & Regulatory Affairs

Jean Mutabazi
Chief Officer, People & Culture

Alexio Manyonde
Chief Technology & Digitisation Officer

Bernard Katambala
Chief Underwriting Officer

Jaskiran Sandhu
Chief of Staff

Notice of the 34th Annual General Assembly

NOTICE IS HEREBY GIVEN that the **34th Annual General Assembly** of ZEP-RE (PTA Reinsurance Company) will be held at the Raddison Blu Hotel, Upper Hill, Nairobi, Kenya on Wednesday 25th June 2025 at 0900 hours (EAT), as a hybrid (physical/virtual meeting) to conduct the following business:

1. To note the presence of a quorum.
2. To adopt the agenda.
3. To confirm minutes of the previous Annual General Assembly held on 16th May 2024.
4. To consider and adopt the Financial Statements for the year ended 31st December 2024 together with the Chairperson's Statement, the Directors' Report and Auditor's Report.
5. To approve the Directors' remuneration for the financial year ended 31 December 2024.
6. To declare a dividend in line with the Board of Directors recommendations. The Directors recommend approval of a dividend of US$ 5.5 million for the year ended 31 December 2024.
7. To approve an appropriation to the development impact fund in line with the Board of Directors recommendations. The Directors recommend appropriation of US$ 115,764 to the development impact fund (2023 – US$ 70,935).
8. To consider and if approved, appoint external auditors for 2025 and approve their remuneration.
9. To undertake any other business.

BY ORDER OF THE BOARD

Miriam Magala

Secretary to the Board

Note

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on their behalf. A proxy need not be a member of the Company. To be valid, a proxy form, which is provided with this NOTICE, must be duly completed by the member and lodged with the Company Secretary vide email mmagala@zep-re.com and roginga@zep-re.com and not later than 1700 hours (EAT) on Monday 23rd June 2025.

Chairperson's Report

> *The Board is pleased to report that ZEP-RE achieved strong performance in 2024, with the Company surpassing key financial and operational targets*

Foreword

On behalf of the Board of Directors, I am pleased to present the Chairperson's Report for the year ended 31 December 2024.

The global and regional environments in 2024 were marked by persistent volatility. While inflation began to ease globally and major central banks cautiously shifted towards monetary loosening, geopolitical uncertainty, climate-related shocks, and trade disruptions continued to affect growth dynamics across continents. Africa, in particular, experienced a delicate balance, marked by stronger-than-expected economic recoveries in several markets, yet still weighed down by inflationary pressure, currency instability, and structural reform challenges.

In this complex operating landscape, ZEP-RE demonstrated strong resilience and strategic focus, delivering one of its best financial performances in recent years. As you will read in the Managing Director's Report, the Company exceeded targets in premium growth, profitability, and investment income, all while deepening its relevance through innovation, inclusive insurance, and market development initiatives.

Economic Context and Outlook

Global Trends

The global economy grew by 3.2% in 2024, slightly below the previous year's pace but reflective of stabilising conditions. A reduction in energy prices helped bring inflation down to 4.5%, prompting central banks such as the U.S. Federal Reserve to begin loosening monetary policy. However, the ongoing realignment of global trade relationships, along with conflicts in Europe and the Middle East, continued to introduce macroeconomic uncertainty.

Sub-Saharan Africa

Sub-Saharan Africa (SSA) grew by 3.8% in 2024, supported by recoveries in key economies such as Nigeria, Ghana, Uganda, Tanzania, and Rwanda. Several African sovereigns regained access to international capital markets, reducing the risk of debt distress and supporting currency stability. Reforms in fuel subsidies and exchange rates – though socially challenging, began to yield medium-term benefits.

Inflation moderated in many African markets, enabling central banks to lower interest rates and spur domestic activity. However, fragility persists in conflict-affected regions, and climate risk remains a serious structural threat across the continent.

Looking ahead, the IMF projects SSA growth at 3.8% in 2025, with notable momentum expected in countries like Zambia, Malawi, and Zimbabwe. The weighted average inflation rate for the region is forecast to decline from 18% in 2024 to 12.3% in 2025.

Business Environment

1 Economic and Regulatory Environment

The industry navigated high interest rates and inflation, particularly in Southern Africa, where insurers maintained strong capital positions. The introduction of IFRS 17 significantly impacted financial reporting and analysis

2 Technological Advancements

There was a strong emphasis on digital transformation and innovation across the continent. East African markets, including Kenya, saw rising demand for risk transfer solutions and increased insurance penetration

3 Sustainability and Inclusion

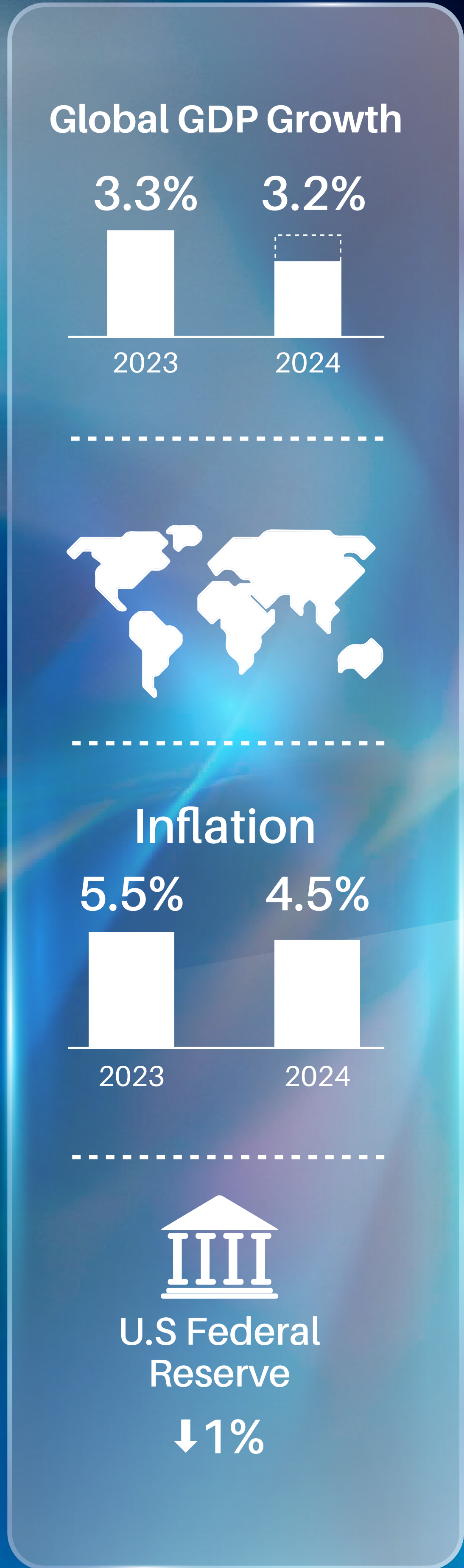
Insurers began aligning financial products with Sustainable Development Goals (SDGs) and fostering innovation for inclusion and resilience. This shift aims to turn challenges into opportunities for sustainable development.

4 Currency Issues

Foreign currency volatility and depreciation across African markets posed challenges for cross-border transactions and claims settlement, prompting stronger currency risk management by insurers.

5 Regional Performance

East African markets showed growth potential, with Kenya leading in insurance penetration



Chairperson's Report (Continued)

Business performance

The Board is pleased to report that ZEP-RE achieved strong performance in 2024, with the Company surpassing key financial and operational targets. Despite headwinds in the external environment, management delivered solid growth in reinsurance premiums and investment returns, while maintaining a strong capital base and improving overall underwriting profitability.

The Company continued to deepen its presence in core markets across the COMESA region and beyond, expanding strategically in high-growth countries while exercising prudent portfolio adjustments where necessary. These choices reflect a disciplined growth approach that balances ambition with risk awareness.

Beyond financial results, the Board took particular satisfaction in the continued execution of strategic initiatives and nurturing of strong partnerships aimed at long-term value creation, including:

- The expansion of ZEP-RE's capacity-building agenda through the ZEP-RE Academy;
- The consolidation of the Company's leadership in climate resilience, inclusive insurance, and agricultural risk solutions;
- And the strengthening of its digital innovation platforms, including the Insurtech Innovation Hub and data-driven underwriting enhancements.

These achievements underscore the strength of the Company's leadership, the depth of its technical capabilities, and its clear focus on delivering value to shareholders and stakeholders alike.

The total investment income (Notes 6, and 7) improved by 62% to close at US$ 26.5 million from US$16.3 million in 2023. This was driven by a strong performance of the equity and fixed income markets.

However, foreign exchange risk remains a key risk with the Company reporting foreign exchange losses of US$ 5.6 million in 2024 compared to a loss of US$11.9 million in 2023 arising from fluctuations of African local currencies against the United States Dollar.

Overall, the Company reported a growth in profit of 63% mainly attributable to improvement in underwriting results and a significant increase in investment income.

Our asset base increased from US$ 483.5 million in 2023 to US$ 516.7 million in 2024, a growth of 6.8% while the Shareholders funds increased by 6.7% from US$ 336.6 million in 2023 to US$ 359.3 million in 2024.

Dividend

The Board of Directors recommend a dividend of US$ 5.5 million from the results of 2024 (2023: USD 5.4 million)

Rating

In December 2024, A.M. Best affirmed the Financial Strength Rating of B++ (Good) and the Long-Term Issuer Credit Rating of "bbb+" (Good) of ZEP-RE(PTA Reinsurance Company) (ZEP-RE) (Kenya). The outlook of these Credit Ratings is stable. Similarly in November 2024, GCR Ratings (GCR) affirmed national scale financial strength rating of AAA(KE), with the Stable Outlook maintained

Governance

The 33rd Annual General Assembly held on 16th May 2024 appointed Director Tadesse as Vice-Chair to the Board of the Company following the retirement of Director Kashimba. The other changes to the Board of Directors during the year are as reflected on n 19.

We wish to thank the retired Directors for the service they rendered to the Company during their tenure.

Closing Appreciation

On behalf of the Board of Directors, I wish to thank you – our valued shareholders – for your continued trust and support.

I extend deep appreciation to our cedants, intermediaries, and partners for your confidence in ZEP-RE, which is reflected in our sustained growth. I also recognise and commend my fellow Board members for their strategic stewardship.

To the Management and entire ZEP-RE team, thank you for your professionalism, agility, and unwavering commitment to excellence. The results achieved in 2024 are a testament to your efforts and values.

We look ahead to 2025 with confidence – committed to strengthening ZEP-RE's leadership role in shaping Africa's reinsurance future.

Chileshe Mpundu Kapwepwe

Chairperson

26th March 2025

Sub-Saharan Africa (SSA) registered increased growth in 2024 of 3.8% from a growth of 3.6% in 2023

Managing Director's Report

"Despite persistent macroeconomic volatility, currency depreciations, regulatory shifts, and climate-related disruptions across our markets ZEP-RE delivered one of its strongest and most resilient performances in recent years.

Dear Shareholders,

It is with great pride that I present to you the Annual Report and Financial Statements of ZEP-RE (PTA Reinsurance Company) for the year ended 31 December 2024.

Despite persistent macroeconomic volatility, currency depreciations, regulatory shifts, and climate-related disruptions across our markets ZEP-RE delivered one of its strongest and most resilient performances in recent years. This outcome was not incidental. It reflected deliberate execution, disciplined underwriting, strategic innovation, and a deep commitment to building long-term resilience – both within our organisation and across the markets we serve.

Financial Performance

In 2024, the Company recorded a total reinsurance revenue of USD 338 million, representing a robust 16.6% year-on-year growth. Gross written premiums grew similarly by 15.6% to USD 348 million This was driven by strong expansion in key markets:

Mauritius	+60%
Ethiopia	+51%
Mozambique	+41%
Kenya	+38%
Uganda	+23%
Zimbabwe	+22%

New business contributed 17% of gross written premiums.

We delivered a Reinsurance Service Result of USD 21.2 million, exceeding budget by more than 70%, and achieved a profit for the period of USD 23.2 million. Return on Equity (ROE) stood at 6.6%, and excluding forex losses and one-off impairments, the normalised ROE rose to 9.2%, a strong reflection of the Company's underlying profitability.

Investment income (Notes 6, 7) rose to USD 26.5 million, supported by higher interest rates, improved performance of our investment portfolio, and better occupancy rates in our real estate assets. However, this was partially offset by impairments, notably on a legacy investment exposure, which we continue to actively manage.

Our capital base remained solid, positioning the Company well for continued growth and investment.

Market Dynamics and Strategic Positioning

Global Market Trends

The global insurance market registered moderate growth in 2024, underpinned by easing inflation and continued risk repricing after several years of elevated claims. Non-life underwriting margins improved, while catastrophe losses, totalling USD 156 billion globally – continued to underscore the impact of climate change.

Life insurance remained buoyant, with global premiums projected to reach USD 4.8 trillion by 2035, spurred by higher disposable incomes and stable lapse rates. Elevated fixed-income yields are expected to sustain profitability in the sector.

These trends offer both challenges and opportunities. ZEP-RE continues to respond with solutions tailored to the needs of our markets.

Sub-Saharan Africa

Despite climate shocks, economic fragility, and under-pricing in some lines, Africa remains a region of immense potential. Low insurance penetration (still below 3% across most markets), a growing middle class, and improving regulatory environments point to long-term structural opportunities.

ZEP-RE is well positioned to lead this transformation — through local market presence, strategic partnerships, and focused capacity building.

Market Footprint and Focus Areas

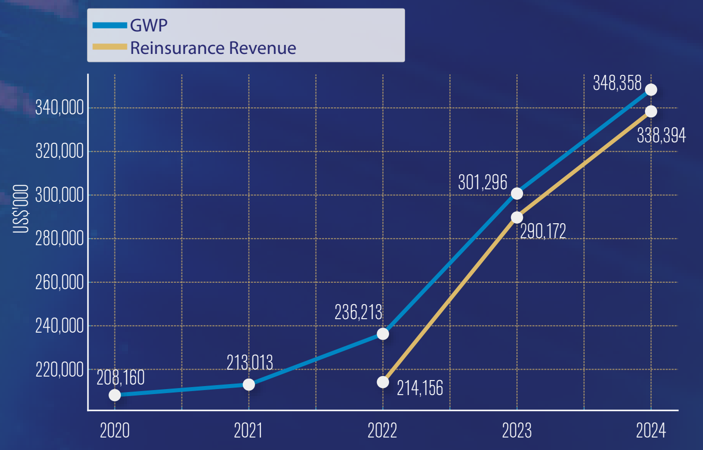
Our business remains anchored in the COMESA region, which accounted for 89% of gross premiums in 2024 (2023: 87%). Our top 10 markets — Kenya, Uganda, Zimbabwe, Ethiopia, Zambia, Tanzania, DRC, Rwanda, Mauritius, and Mozambique — contributed 92% of premiums, up from 86% in 2023.

COMESA contribution	2024	2023
	89%	87%

We continued to expand in high-potential markets and made tough calls in underperforming ones, strengthening our portfolio's profitability and alignment with our long-term strategy.

Financial Highlights

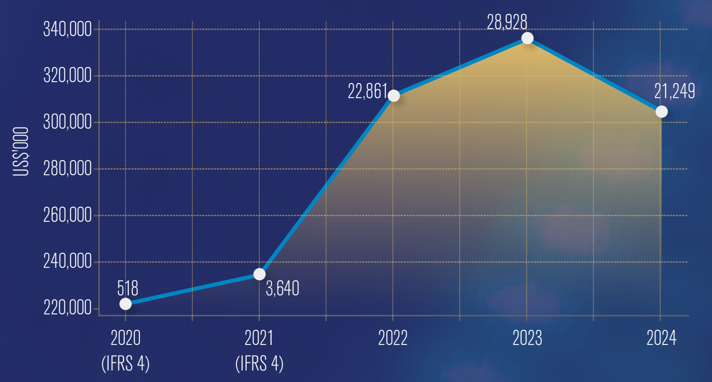
Gross Written Premiums & Reinsurance Revenue



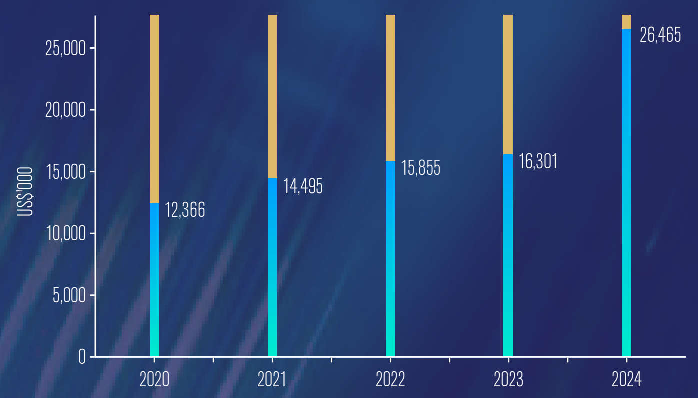
16%
y-o-y

11%
CAGR

Reinsurance Service Result



Investment Income



62%
y-o-y

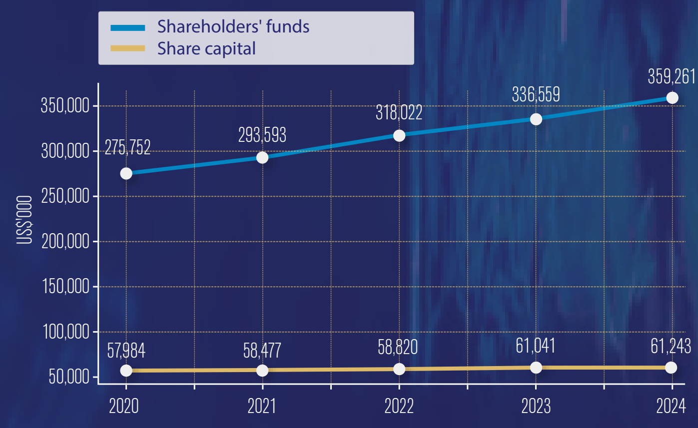
16%
CAGR

Total Assets

Assets
7%
y-o-y

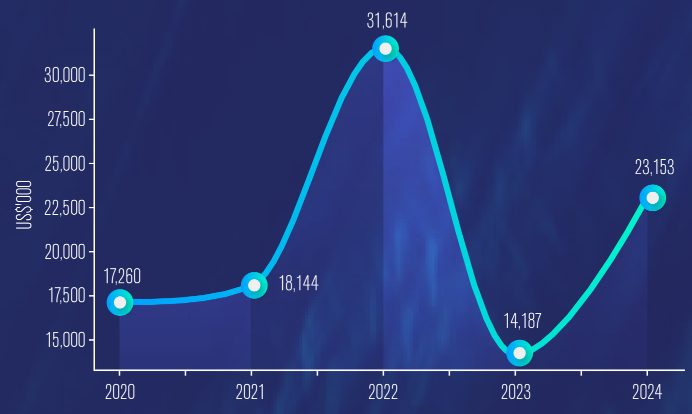
Investments
10%
y-o-y

Shareholders' Funds

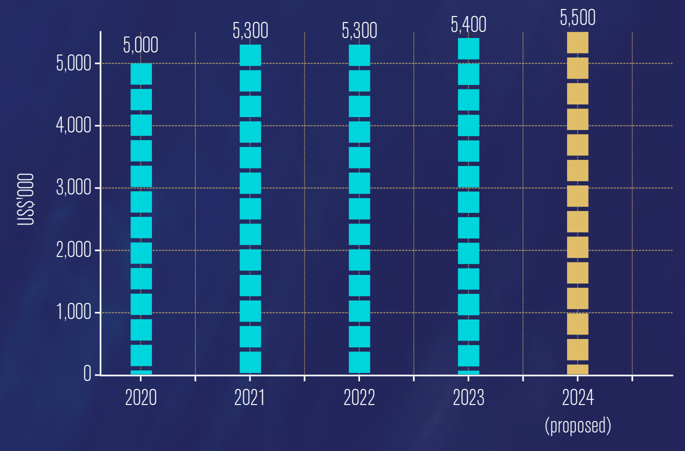


Shareholder funds
7%
y-o-y

Profit for the year



Dividends



Key Markets Highlights

Kenya

Our largest market, contributing 43% (2023: 36%) of total premiums. Growth of 38% was driven by new business wins, and sustained client retention. Kenya is expected to remain a key driver of growth in 2025.

Uganda

Maintained a 9% contribution with 23% growth. Strategic exits from loss-making contracts have the set the stage for improved profitability.

Zimbabwe

Grew by 22%, supported by new agriculture business. Dollar-denominated business remains our focus. Contribution increased to 9% (2023: 8%).

Ethiopia

Recorded 51% growth and rose to 7% of our portfolio. Though pricing pressure and market competition remain, we see long-term promise, especially with ongoing liberalisation.

Zambia

Contribution declined to 7% (2023: 9%) following a 15% revenue drop due to currency depreciation. However, regulatory-driven localisation presents fresh opportunities in motor, marine, agriculture, and microinsurance.

Tanzania

Maintained a 7% share. While new localisation policies slightly impacted growth, the regulatory environment remains supportive.

DRC

Modest 4% growth, with contribution dipping to 5%. DRC remains a promising long-term growth market.

Rwanda

Stable, though modest 2% growth. Regulatory support continues to anchor a positive medium-term outlook.

Market Activities

Kenya Golf Tournament

ZEP-RE Tree Planting Campaign








Strategic Growth Platforms

The ZEP-RE Academy

Since its institutionalisation in 2016, the **ZEP-RE Academy** has become a cornerstone of our strategy to strengthen capacity and deepen insurance development across Africa.

ZEP-RE Academy practical site visit for Risk Survey Workshop held in Tanzania

In 2024, the Academy trained over **9,000 participants** — an 18% increase from the prior year — through 19 in-person sessions across our key markets and more than 40 webinars. Of these, nearly **3,000 participants** were trained under the World Bank-funded **DRIVE Project**, which promotes inclusive, climate-smart insurance across the Horn of Africa.

We expanded our training to include high-demand areas such as **climate risk**, **Insurtech**, and **ESG**. Importantly, the Academy achieved **CII accreditation** for 10 of its training programs, aligning our curriculum with international standards.

DRIVE Training of Trainers (ToT) to community mobilizers in one of the counties in Kenya

Our research work also gained prominence, with a landmark study on **compulsory insurance frameworks across 37 countries**, and a review of Africa's growing **microinsurance potential**. These insights reinforced the Academy's leadership in shaping policy dialogue and market development.

9,000 TRAINED

Advancing Financial Inclusion and Climate Resilience in Zambia

In Zambia, the Academy deepened its impact through two key climate-focused projects.

The **Climate Resilience Project** (with IFC and ACRE Africa), focusing on parametric insurance for smallholder farmers, and

The "**Grain for Premium**" Project (with DEG Impulse), promoting financial inclusion by improved insurance access to smallholder farmers.

Together, these initiatives position the Academy as a regional thought leader on climate risk by empowering stakeholders with knowledge and skills to build awareness and drive resilience in vulnerable communities.

Supporting Somalia's Nascent Takaful Industry

In collaboration with the World Bank, the Academy also played a key role in supporting the Central Bank of Somalia in establishing a regulatory framework for the country's emerging **takaful insurance sector** — including the development of policies, guidelines, and operational tools aligned with the Somalia Takaful Bill.

Innovation and Insurtech

ZEP-RE's innovation agenda remained central in 2024. We launched the second cohort of our Insurtech Innovation Hub, attracting 119 applications, incubating 20 startups, and showcasing 10 scalable solutions at a high-impact Demo Day.

We also adopted advanced technologies — including telematics, satellite risk assessment, and AI-powered underwriting — to deliver smarter, more inclusive products and strengthen risk intelligence.

At the OESAI Conference, our Chief Technology Officer delivered a keynote on Generative AI and its transformative role in insurance — further solidifying ZEP-RE's reputation as a technology thought leader.

Looking ahead, we will expand our Insurtech partnerships and invest in digital platforms that improve pricing, fraud detection, and customer engagement — reinforcing our leadership in Africa's insurance transformation.

second cohort	
119 applications	**20** startups
	10 scalable solutions

Strengthening Regional Integration through COMESA Partnerships

As a specialized institution of the Common Market for Eastern and Southern Africa (COMESA), ZEP-RE was established with a foundational mandate to foster regional economic integration and support the growth of the (re)insurance industry across Member States. In line with this vision, ZEP-RE continues to leverage strategic partnerships with COMESA Member States, the COMESA Secretariat, and sister institutions to advance shared development goals.

These collaborations have positioned ZEP-RE as a key enabler of trade facilitation, financial inclusion, infrastructure development, and climate resilience across the region. Through these engagements, ZEP-RE delivers impactful, sustainable solutions that reinforce regional economic stability and insurance market deepening.

1. Supporting Regional Trade through COMESA Risk Pools

ZEP-RE manages two critical reinsurance pools that underpin cross-border trade within the COMESA region.

a COMESA Yellow Card (CYC) Scheme

The COMESA Yellow Card Scheme, operational since 1994, is a regional third-party motor vehicle insurance programme that provides cross-border cover for visiting motorists. ZEP-RE serves as the Reinsurance Pool Manager, with responsibilities including underwriting, claims settlement, investment management, and financial reporting.

Scheme Coverage: Active in 13 COMESA Member States.

Card Issuance: Over 550,000 cards issued during the 18-month reporting period, generating total premiums of US$ 31.2 million.

Business-to-Business (B2B) Production: 62,255 cards issued, generating US$ 2.4 million in premiums—a 51% increase in card issuance compared to the previous period.

Claims: 814 claims were reserved at US$ 4.8 million, and 558 claims totalling US$ 3.0 million were paid during the period.

CYC Reinsurance Pool Performance

Gross Premium Income: US$ 5.3 million (up from US$ 4.7 million).

Profit: US$ 3.53 million.

Total Assets (2024): US$ 28.6 million.

b COMESA Regional Customs Transit Guarantee (RCTG) Scheme

The COMESA RCTG Scheme facilitates the seamless movement of goods across borders by allowing the use of a single customs bond for transits through participating countries. ZEP-RE manages the scheme's Reinsurance Pool and oversees underwriting, claims, investment, and retrocession structuring.

Operational Corridors: Fully active in the Northern Corridor (Burundi, Kenya, Rwanda, Tanzania, Uganda). The scheme activity during the period under review was as follows: -

Bonds Issued (2024): US$ 699 million (up from US$ 691 million).

Carnets Issued: 477,000.

Participation: Over 1,200 clearing agents and 46 sureties.

RCTG Reinsurance Pool Performance

Gross Premium Income: US$ 1.1 million.

Profit: US$ 307,554.

Total Assets (2024): US$ 2.78 million.

Together, these schemes are instrumental in facilitating over US$ 10 billion in intra-COMESA trade, reinforcing their strategic relevance to regional economic integration.

2. Strategic Collaborations with COMESA Institutions

Beyond the insurance pools, ZEP-RE maintains robust engagement with other COMESA-aligned institutions to enhance development impact:

2.1

Trade and Development Bank (TDB)

ZEP-RE and TDB maintain cross-shareholding arrangements and co-invest in high-impact initiatives such as the Resilient and Inclusive Housing Project, executed in partnership with ShafDB and the World Bank. These efforts focus on affordable housing, trade finance, and risk mitigation.

2.2

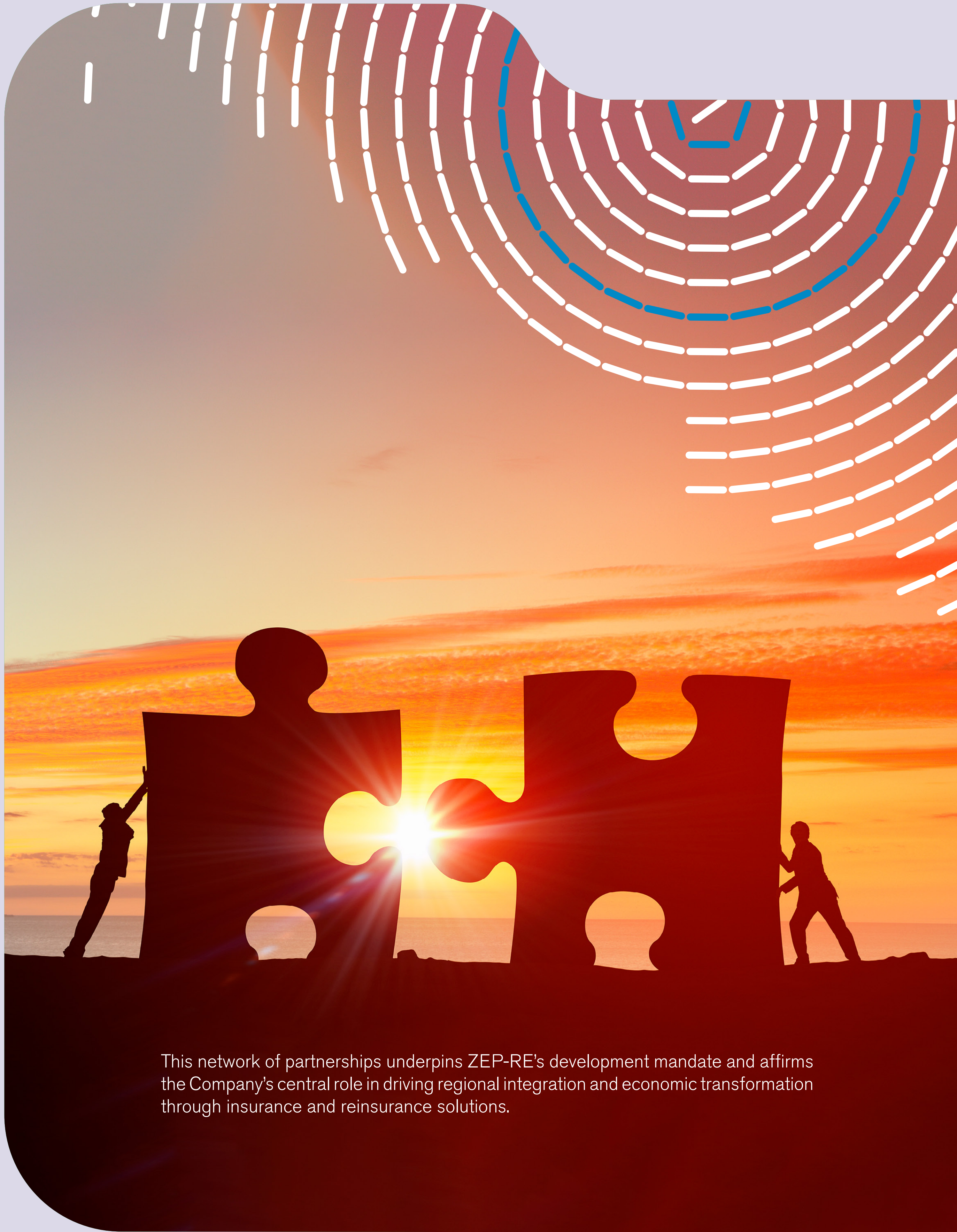
Africa Trade and Investment Development Insurance (ATIDI)

As a shareholder in ATIDI, ZEP-RE benefits from business-sharing arrangements and joint technical initiatives, particularly under the RCTG Scheme. Technical assistance and donor-funded grants (e.g., KfW) have enhanced the scheme's retrocession capacity and training resources.

2.3

COMFWB (COMESA Federation of Women in Business)

In 2024, ZEP-RE partnered with COMFWB on the Capacities of Women and Youth-Led Enterprises for Regional Trade programme. This initiative, supported by UNDP and TDB, promotes access to inclusive finance for MSMEs, with a focus on empowering women and youth-led enterprises.



This network of partnerships underpins ZEP-RE's development mandate and affirms the Company's central role in driving regional integration and economic transformation through insurance and reinsurance solutions.

Our People

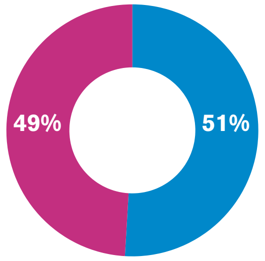
At ZEP-RE, our people remain central to the success of our operations. purpose and progress. In 2024, we significantly elevated our People and Culture agenda, driving forward a future-focused and performance-driven workforce strategy. With the implementation of our 2024–2026 People & Culture Strategy, we laid a strong foundation to attract, retain, and grow talent across the continent.

Count & gender spread

Staff in 2024
106

Staff in 2023
91

Staff Gender Distribution



Gender M F

2024 YPP facts

Participant Breakdown	Demographics	Department Expansion
27	**71%** Female	**Diversification into specialized areas including ICT, Legal, and Academy functions**
Converted to Industry **8**	**29%** Male	

A Growing, Balanced, and Diverse Workforce

Our workforce grew from 91 in 2023 to 106 employees in 2024, underscoring our continued expansion across geographies and business lines. We maintained strong gender parity, with 51% female and 49% male representation. Staff were drawn from multiple countries from COMESA and beyond, reinforcing our regional identity and integration objectives.

Employee Engagement & Wellness

2024 also saw greater emphasis on engagement and work environment:

- Attracted top talent that provided diverse skillset and cultural value-add to the team
- We began implementing personalized learning journeys that are already bearing fruit
- We enhanced data-driven decision-making by consolidating performance data over an extended period and automating the performance management process through a user-friendly system.
- New wellness initiatives and staff feedback channels were introduced to enhance morale, and foster a sense of ownership.
- In 2024, we onboarded a new HRIS that enabled employee self-service, reduced turnaround times, and improved staff engagement with HR tools

Young Professional Programme: A Talent Pipeline for the Industry

The Young Professional Programme (YPP) delivered exceptional results and has continued to be a critical talent development model for industry expertise. YPP had participants spread from 9 nationalities and 71% female participation, with a strategic expansion into ICT, Legal, and Academy functions, beyond the traditional focus on Operations and Investments.

Looking Ahead

As we continue to invest in our teams and culture, we remain confident that our people will be the most enduring driver of ZEP-RE's success.

Our Work on Resilience

DRIVE: Strengthening Climate Resilience and Financial Inclusion in the Horn of Africa

DRIVE
De-risking Inclusion & Value Enhancement of Pastoral Economies in HoA (Horn of Africa)

Introduction

The Horn of Africa faces increasing climate risks, characterised by prolonged droughts that have impacted pastoralist livelihoods and regional economies. Between 2011 and 2022, successive droughts displaced millions, caused massive livestock losses, and deepened food insecurity. In response to these challenges, the **De-Risking, Inclusion, and Value Enhancement (DRIVE) initiative**, supported by the **World Bank**, has emerged as a transformative financial solution for climate resilience.

Key achievements to date

DRIVE integrates **parametric drought insurance**, **savings incentives**, and **de-risked lending** to enhance financial inclusion and economic stability for pastoralist communities. As of 2024, the initiative has achieved the following

- **Insurance coverage**: Underwritten **over 470,000 parametric drought insurance policies**, benefiting **56% women**
- **Financial literacy and inclusion**: Facilitated **savings incentives and financial literacy training**, reaching **over 3 million people** across Kenya, Somalia, and Ethiopia
- **Digital banking adoption**: More than **412,000 digital accounts opened** for seamless transactions and financial access
- **Private capital mobilization**: Mobilized **$254 million in private capital**, reinforcing confidence in sustainable climate risk solutions

DRIVE's Sharia-compliant products, health and life riders, and digital outreach are reshaping risk management in fragile, climate-vulnerable communities.

ACRE Africa: A Decade of Agri-tech Innovation

acre AFRICA

In 2024, ACRE Africa celebrated its 10th anniversary with record performance. For the first time, it reached over 1 million farmers in a calendar year with climate insurance and training — a major milestone supported by the roll-out of Digi-Bima, a digital platform operating in five countries.

ACRE also supported national agricultural insurance schemes in Kenya, DRC, Uganda, Tanzania, Zambia, Zimbabwe, and Malawi. When drought hit southern Africa, over USD 5 million in payouts were delivered swiftly and effectively through ZEP-RE-led reinsurance programs — proving that climate insurance can deliver real protection at scale.

1M FARMERS TRAINED

Corporate Social Responsibility

In 2024, ZEP-RE continued to reinforce its commitment to shared value by actively investing in environmental stewardship, health and education support, and community resilience. Through structured CSR interventions, the Company sought not only to respond to immediate community needs but also to contribute meaningfully to long-term development outcomes across the region.

Environmental Sustainability

Tree planting remained a central pillar of our sustainability agenda. Throughout the year, ZEP-RE led or participated in multiple reforestation efforts:

- In March, the Company participated in a tree-planting event at Green Park, Upper Hill, Nairobi contributing to urban greening
- In July, ZEP-RE joined regulatory stakeholders in Uganda for a symbolic tree-planting ceremony at Chobe Lodge.
- Our flagship initiative – the Annual ZEP-RE Tree Planting Day – was held on 12 December, resulting in the planting of 4,070 trees, with 65% of the labour provided by women. This created both environmental and socioeconomic impact, empowering women through paid involvement in activities such as bush clearing, seedling care, and maintenance.

12,870 TREES PLANTED

Supported by local communities, with initiatives in place for waste management and site protection.

Health and Cancer Support

ZEP-RE deepened its collaboration with the Faraja Cancer Support Trust through a range of initiatives aimed at enhancing the well-being of children undergoing cancer treatment:

In April, we visited paediatric cancer patients at Kenyatta National Hospital, donating educational materials to support their continued learning.

The same month, we hosted a cancer awareness talk at our offices to promote staff understanding of early detection and preventive care.

In June, ZEP-RE participated in the Faraja White Water Rafting competition, raising USD 2,500 in support of treatment and support programs for children with cancer.

Mentorship and Youth Empowerment

In partnership with the Kenya Community Development Foundation (KCDF), ZEP-RE supported the MENTENDA Youth Mentorship Program, aimed at nurturing leadership and civic responsibility among young men aged 14–25.

In 2024, the program reached 288 students at Highway Secondary School in Nairobi. ZEP-RE mentors facilitated five structured mentorship sessions covering identity, discipline, leadership, and values. The program culminated in a community service and graduation event for 267 mentees in July.

Our contribution included the provision of facilitators, content delivery, and a grant of KES 500,000. ZEP-RE also participated in KCDF's annual tree-planting event as part of the give-back initiative.

Emergency Relief

In response to the devastating floods that affected communities in October 2024, ZEP-RE mobilised an internal drive to collect and donate essential items — including food, clothing, and medical supplies — through the Kenya Red Cross Society. Staff also contributed financially, raising USD 568.47 to support displaced families.

Across these initiatives, ZEP-RE reinforced its identity as a purpose-driven institution, committed to supporting the resilience of the communities in which we operate. By aligning our CSR focus areas with broader development goals from environmental sustainability to youth empowerment, we continue to contribute to inclusive growth, shared prosperity, and long-term impact across the region.

Upper Hill Green Park Initiative

The Upper Hill Green Park Initiative by Upper Hill District Association and Nairobi City County reflects a positive stride towards urban sustainability and the enhancement of green spaces in Nairobi. This initiative, supported by the ZEP-RE underscores the growing recognition of the importance of environmental stewardship in urban planning. By attending the groundbreaking ceremony, the members of our CSR committee represented ZEP-RE's commitment to achieving significant environmental milestones.

The development of green spaces like the Upper Hill Green Park is key for the well-being of city residents, offering a respite from the hustle and bustle of city life and contributing to the ecological health of the area. Moreover, these spaces play a role in community building, providing a venue for social interaction and recreational activities. ZEP-RE supports community programs that focus on sustainability and align with global efforts to create more liveable and resilient cities.

Tribute

In 2024, we were deeply saddened by the passing of our colleague, Mr. Reuben Koech, who served as ZEP-RE's Head of Investments. Reuben was a core part of our leadership team for nearly a decade. His technical brilliance, strategic foresight, and steadfast leadership left a lasting impact on the Company and its culture.

We honour his memory and extend our heartfelt condolences to his family and loved ones. His legacy endures — in our systems, in our strategy, and in the values he championed.

In Closing

ZEP-RE remains a mission-driven institution. Our performance in 2024 is a testament to the strength of our people, the trust of our clients & partners, and the clarity of our strategic focus. We are proud of what we've accomplished, but more importantly, we are prepared for what lies ahead.

- I would like to express my gratitude to:
- Our **shareholders**, for their unwavering support;
- Our **clients and partners**, for their continued confidence;
- Our **Board of Directors**, for their strategic guidance; and
- The **ZEP-RE team**, whose dedication, creativity, and resilience made this success possible.

We move forward with confidence — ready to unlock new opportunities, deepen our impact, and deliver even greater value in the years ahead.

OUR CONTROL ENVIRONMENT

Our Enterprise Risk Management (ERM) Framework

A comprehensive Enterprise Risk Management framework is an essential prerequisite for supporting the achievement of ZEP-RE's strategic objectives. The framework facilitates decision-making across the organisation that is consistent with our Board-approved risk appetite objectives.

We seek to ensure the long-term profitability and financial strength of our organisation by employing a robust and comprehensive risk management system, that is closely linked with the process of accepting risks. This requires that responsible persons identify, analyse and measure the level of profitability and risks associated with a business opportunity, whilst measuring, monitoring and reporting on the amount and use of, as well as return on, capital allocated to this opportunity.

The Enterprise Risk Management system supports the company's ability to effectively deal with future uncertainties, thereby reducing the downside implications, whilst allowing for opportunity to cease on upside potential, allowing for sustainable value-creation for our shareholders and the safeguarding of our policyholders.

Roles and Responsibilities

At the heart of any good risk management system, is the governance that underpins it. ZEP-RE employs a 'three lines of defence' model in executing its risk management. This comprises:

Three Lines of Defence

FIRST LINE

The business functions (**the first line**) – where both staff and line management actively control business risks undertaken through day-to-day decisions made within their roles.

SECOND LINE

The oversight function (**the second line**) – where the risk and compliance (and other related) functions validate the integrity and effectiveness of the company's risk management systems and oversee the decisions of the business functions, ensuring that the company's risk appetite objective remain intact.

THIRD LINE

The assurance line (**the third line**) – which consists of the internal and external audit function that are mandated with the responsibility of providing independent assurance on the validity and effectiveness of the company's risk management systems.

Although Executive Management are not directly involved within the lines of defence, they play a key role as the primary stakeholders serviced by the three lines of defence, given their responsibility for the operations of the three lines of defence model.

The Chief Risk officer leads the company's risk management function and is tasked with the responsibility for the overall leadership and co-ordination of the risk management function.

A Risk Management Steering Committee meet periodically to discuss the management of all of the company's material risks. The committee consists of the heads of all business functions and is headed by the Chief Risk officer. All outcomes are reported to Executive Management and the Board.

The Risk and Audit Committee, which meet quarterly, supervises the adequacy and effectiveness of ZEP-RE's risk management capabilities and monitor the risk profile of the company; whilst the Supervisory Board has ultimate control over the company's risk management framework, monitoring the risk profile and capital adequacy of the company and ensuring that risks are being taken within the risk-appetite objectives, as approved.

The Risk Management Framework

The risk management activity of the company incorporates all aspect of risk management, but with specific regards to drivers that can materially impair ZEP-RE's strategic objectives.

In the process of establishing the objectives of the company over the strategic period, Management defines the risks underpinning the strategy and the amount and type of risk that it is willing to take in order to achieve its targets. The impact of these events on the company's objectives is assessed and measures taken to manage the risks, are defined.

To define the events underpinning the company's strategic objectives, identified risks are classified and measured through the use of risk registers, which evaluates the likely impact and the probability of occurrence of the event.

This analysis serves as a basis for Management to consider the risk management approach to utilise, i.e. to accept, mitigate, transfer or avoid, for the purpose of minimizing the potential exposure. From this point onwards, the risks are monitored and controlled, with reporting to the various stakeholders of the company.

The risk appetite statement defines the key indicators for each material risk, as well as their target and threshold values. Of significance is the capital adequacy ratio, defined within ZEP-RE's capital management framework, which defines the target range and tolerances, amongst other things, and is detailed in the internal document regulating the company's capital management. The monitoring of ZEP-RE's capital adequacy position, in relation to the organisation's risk appetite, is an ongoing process, which considers changes in the business decisions that impact the company's risk profile and profitability.

The Risk Management Function regular evaluates the ZEP-RE's risk profile relative to the Board-approved risk appetite objectives and communicates breaches to Management, the Risk and Audit Committee and the Supervisory Board. An essential aspect within ZEP-RE's risk management framework is the establishment of an appropriate risk culture across the organisation. This is based on knowledge, cooperation and open communication about the company's risks, with the supervisory Board tasked with setting the tone of the company's risk appetite and Executive Management driving the message across the organisation

Risk Types

Defining ZEP-RE's risk appetite requires the identification of the main risks to which the company is exposed to, as it executes its strategy. The following risk classification are used for internal risk monitoring purposes:

1. **Reinsurance Risk**, which consists of:
   - **Underwriting/Pricing Risk** – Risk of loss due to inappropriate selection or approval of inwards business acceptances and from fluctuations in timing, frequency & severity of insured events, relative to expectations at the time of underwriting/pricing.
   - **Reserving Risk** – Risk of loss due to current reserve provisions being underestimated and hence insufficient to cover their run-off.
   - **Catastrophe Risk** – Risk of loss arising due to a single event or series of events, of major magnitude, usually over a short period, leads to a significant deviation in actual claims from the total expected claims.
2. **Financial Risk**, which includes:
   - **Market Risk** - Risk of loss arising from changes in the market value of assets relative to liabilities, due to adverse financial scenarios. Market risks covers interest rates risk, currency risk, equity risk, credit spread risk, property risk and concentration risk.
   - **Credit Risk** – Risk of loss arising due to the failure of a counterparty to meet its obligations in terms of timing, quality and quantity, either in part of wholly, or due to the inability or unwillingness to meet its obligations.
   - **Liquidity Risk** - Risk of loss due to the proceeds of financial assets being insufficient to fund the obligations of the reinsurance business and other short-term maturing obligations.
3. **Operational Risk** - Risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events and their impact.
4. **Regulatory and Compliance Risk** - Risk of loss arising from failure to comply with existing local, regional or international laws or regulatory policies. This also includes unexpected changes to existing policies or the development, administration and enforcement of regulations in markets where ZEP-RE operates.
5. **Governance Risk** - Risk of loss arising from the system by which ZEP-RE is directed and controlled and the distribution of rights and responsibilities among different participants in the company (such as the general assembly the board of directors, managers, shareholders, creditors, auditors and regulators).
6. **Strategic and Business Risk** - Risk of loss due to adverse business decisions, improper implementation of adopted strategic decisions and insufficient responsiveness to changes in the business environment Strategic and business risk include reputational risk and risk of credit rating downgrade.

Furthermore, ZEP-RE's risk appetite objective for its capital management seeks to ensure that the company can continue in operation following the occurrence of extreme adverse losses arising from its operations in any given year.

Capital Management

ZEP-RE is not subject to any regulatory imposition on capital requirements. However, the company's capital adequacy position at any given time has a significant bearing on its ratings. Therefore, the capital needs of the organisation are determined using the proprietary capital model of the rating agency, A.M. Best. This is a risk-based tool, under which ZEP-RE's capital requirements are calculated according to the level of risks associated with its balance sheet, for example, financial, reserving and pricing risks.

As per the criteria of A.M. Best, ZEP-RE is required to maintain a capital adequacy position at a level that is consistent with the value at risk measure and annual solvency probability of 99.6%. Under this scenario, the company is expected to be able to withstand an exceptional year of losses that statistically occurs once every 250 years. At year-end 2024, ZEP-RE remained strongly capitalised and complaint with the rating agency's requirement, as the capital adequacy position remained supported by retained earnings.

The capital management framework seeks to secure the going concern of the organisation, guarantee the profitability of the business and safeguard the long-term and stable return on shareholders' investments, by paying out dividends based on a defined criterion, as established in the company's dividend policy. In this manner, the risk management function regularly reviews ZEP-RE's prospective capital adequacy position, to ensure capital is optimally allocated, in view of the changes to the business environment.

Financial Strength Ratings of ZEP-RE

During 2024, A.M. Best affirmed ZEP-RE's Financial Strength Rating of B++ and Issuer Credit Rating to 'bbb+', with a stable outlook. GCR also affirmed ZEP-RE's National Scale Financial Strength Rating of AAA, with a stable outlook, during the same period.

According to A.M. Best, ZEP-RE's balance sheet strength is designated as very strong, with the operating performance also considered strong, while the impact of the business profile and enterprise risk management are considered to have a neutral and appropriate contribution, respectively, toward the company's rating assessment.

The agency's opinion regarding ZEP-RE's very strong balance sheet strength is underpinned by the company's risk-adjusted capitalisation, which is evaluated as being held at the strongest level and benefiting from a prudent asset allocation and low underwriting leverage.

Although, A.M. Best points to ZEP-RE's exposure to high-country risk, through the high level of economic, political, and financial system risk associated with the company's operations associated with its operations in its core Eastern, Southern and West African markets, the agency acknowledges the company's good geographic diversification by underwriting and investments, as partially offsetting factors to this risk.

The company's strong operating performance assessment continues to reflect its strong underwriting performance across the cycle, albeit with some volatility. Additionally, A.M. Best recognises ZEP-RE's competitive position within markets that offer attractive profit potential and considers the organisation's enterprise risk management framework to be appropriate, given the size and complexity of operations.

According to GCR, the key factors underpinning ZEP-RE's rating outcome, included the company's diverse membership and influence within the markets of the COMESA region, high levels of risk-adjusted capitalisation and liquidity coverage and its strong financial profile.

CORPORATE GOVERNANCE

Corporate Governance Framework

Governance Statement

ZEP-RE is committed to good principles of Corporate Governance. We adhere to responsible company management and control with specific focus on long term creation of wealth, continued value addition to our shareholders and recognition of the interest of other stakeholders. We place critical importance on promoting and respecting the interests of shareholders, efficient practices at all decision levels and a communication policy that is open and transparent both internally and externally.

The key aspects of our approach to Corporate Governance are as follows: -

Corporate Governance Standards

As a regional organisation, ZEP-RE is not subject or required to comply with any one particular local jurisdiction but has the benefit of drawing upon best practices of corporate governance from different parts of the world, specifically the UK Corporate Governance Code and the King IV Code of Corporate Governance.

Governance Structure

ZEP-RE is a limited liability company governed by the Agreement establishing the Company, a multi-state agreement that established the Company and governs the way it operates. The Company has three main governing organs namely the General Assembly, the Board of Directors and Management team.

General Assembly

The General Assembly is the highest organ of the Company and is constituted by the shareholders. All powers of the Company are vested in the General Assembly.

Share classes

The Company's shareholders are divided into four classes: -

a. Class A shareholders – comprise
(i) Member States/ designated institutions and institutions owned by Member States,
(ii) COMESA institutions,
(iii) Signatory States that hold class A shares as at 16th May 2024
b. Class B shareholders – comprise
(i) Signatory States (other than those holding Class A shares as at 16th May 2024,
(ii) Designated institutions
(iii) institutions owned by Signatory States, African institutions, Regional Economic Organizations
c. Class C - Eligible investors from the within and outside the Region, that is private insurance and reinsurance institutions from the Region, and other legally recognized body or institution.
d. Class D shareholders - Development finance institutions.

Non delegable powers of the General Assembly

Under the Charter, the following key powers are reserved for the General Assembly and may not be delegated under any circumstances: -

- Increasing of the authorised Share Capital of the Company;
- Electing and removing Directors and their Alternates and determining their allowances;
- Appointing and dismissing the Managing Director;
- Selecting external auditors of the Company and to certify the balance sheet and the statement of profit and loss of the Company;
- Allocating and distributing the net income of the Company;
- Terminating the operations of the Company and distribute its assets;
- Admitting new Members.

At ZEP-RE, the principle of "one share, one vote" applies. Shareholders may exercise their voting rights personally or through a proxy appointed in writing.

Board of Directors

Role

The Board of ZEP-RE is responsible for the overall direction of the business of the Company and is accountable to the shareholders for the operations of the Company.

The Charter of the Company outlines the following key functions of the Board:-

a. Administering the organisation structure and determining the responsibilities attaching to all posts within the Company.
b. Determining the terms of service of the Managing Director.
c. Approving the budget of the Company.
d. Provide guidance and ensuring that the Company operates on sound reinsurance principles.
e. Submission to the General Assembly for approval the accounts for each financial year and an annual report.
f. Preparing the work of the General Assembly and disseminate its decisions. The terms of service and remuneration of the Board are determined by the General Assembly.

Appointment

The appointment of the Board Members is done every three years through a formal and transparent election process that involves the entire membership of the company. Each member is given the opportunity to nominate candidates to the vacant positions of Director and Alternate Director and all members participate in the voting and appointment of directors. Mid-term replacements are done through transparent by-elections.

Composition

The current Board comprises 12 directors, that is ten (10) Non-Executive directors', one (01) Independent director and the Managing Director as Executive director. Senior management officials of the company attend Board meetings by invitation.

Access to information and resources

All directors have access to management and to such information as is needed to carry out their duties and responsibilities fully and effectively. The Board is also kept informed of the latest developments regarding the company's business.

During the year, the directors were provided with appropriate and timely information by Management to enable the Board to maintain full and effective control over strategic, financial, operational and compliance issues.

The important issues considered by the Board in 2024 included; review and tracking of the implementation of the Corporate Balanced scorecard, the impact and sustainability initiatives, risk management actions, amendments to the 1990 Agreement Establishing ZEP-RE, scaling up regional and global partnerships, implementation of the new IFRS 17 standard, approval of the 2024 budget and strategy, People & Culture initiatives, Independent evaluation report on the board performance FY 2024.

Implementation of strategy

The Board is responsible for providing strategic direction and strategic oversight. However, the primary responsibility of implementing strategy and day to day operations has been delegated to the Managing Director. The Managing Director is supported in this role by a Management team.

Charter

The Board of Directors is guided by a Charter that steers Board operations and helps Directors take advantage of each member's professional competencies and personal qualities to ensure the effectiveness of Board operations.

Other legal instruments

In addition, the Board has in place other legal instruments including a Code of Business Conduct and Ethics, Rules of Procedure to guide the conduct of meetings and an Evaluation Policy to enable review the board's performance.

Internal Control Framework

The Board acknowledges its overall responsibility for the Company's internal control system and for reviewing its effectiveness. Management is accountable to the Board for monitoring this system and for providing assurance that it has done so. The Company has in place an internal control framework that is meant to ensure that the business, operational, financial and compliance risks are effectively managed.

Board Committees

To assist the Board in the performance of its duties, the Board Risk & Audit Committee, the Board Strategy & Investments Committee and the Nominations, Remuneration & Human Resources Committee have been put in place. The Committees operate under clearly defined mandates which spell out their responsibilities, scope of authority and procedure for reporting to the Board.

The Committees have unlimited access to Company information, the advice and services of Management and may seek independent professional advice on any matter within their purview.

Risk and Audit Committee

The Committee members are: Mr. Simon Chikumbu (Chairmperson), Ms. Namakau M. Ntini (Vice-Chairperson), Ms. Jeanette Rwigamba, Alternate Director Zuheir Hassan.

The Committee's main objective is to perform centralised oversight, policy setting, information gathering and communication to the Board, regarding ZEP-RE's key risks and its related risk management activities & processes by:

a. Ensuring that the Company implements best practice standards in risk management, legal, ethical and moral practices.

b. Ensuring the highest standards in financial reporting.

c. Advising and ensuring that the Board of Directors makes informed decisions regarding risk management issues, accounting and financial policies.

d. Providing guidance to the Company on how to augment the risk management regime.

e. Constantly reviewing Internal and External audit systems and reports.

f. Ensure and maintain shareholder/investor confidence in the Company.

The Risk and Audit Committee held five (05) meetings in 2024.

The External Auditor and Internal Auditor have unrestricted access to and submit formal reports to the Committee.

Strategy and Investments Committee

The Committee comprises of Mr. Tadesse Admassu (Chairperson), Ms. Nnenna Nwabufo (Vice-Chairperson), Mr. Pritesh Modi, Mr. Simon Chikumbu, and Ms. Hope Murera.

The Committee's main objectives are to assist the Board in fulfilling its obligations by providing guidance and making recommendations to the Board on the following matters:

a. Implementation of the company's strategic initiatives.

b. The investment policy of the Company and all major investment transactions,

c. The effectiveness of strategy plans and investment policies.

The Strategy and Investments Committee held five (05) meetings in 2024.

Governance and Human Resources Committee

The Committee is charged with the primary responsibility of

a. Continuous review of the company's corporate governance standards and ensuring adherence to the company's corporate governance standards and best practice, including, examining and review of the selection, appointment of directors, appraisal standards, remuneration incentive proposals, and trainings.

b. Examining and reviewing the selection and appointment of staff, remuneration and incentive models, performance appraisal standards of senior management.

c. Monitoring, evaluating, advising and making recommendations to the Board with regard to staff working conditions.

d. Oversight of ESG, and the activities of the Development Impact Fund.

The members of the committee also form part of the Special Vetting Committee that vet appointments to the Board of ZEP-RE.

The Committee comprises Ms. Namakau Ntini (Chairperson), Dr. Frederic Ntimarubusa (Vice-Chairperson), Ms. Jeanette Rwigamba, Alternate Director Zuheir Hassan.

The Governance and Human Resources Committee held four (04) meetings in 2024.

Committees reporting to the Board

The Committees through their respective Chairpersons submitted reports to the Board.

Directors' Remuneration

For services on the Board and Board Committees, Directors received remuneration in line with terms approved by the General Assembly. In 2024, the aggregate amount of emoluments paid to by Directors' is shown in Note 34 (ii) to the financial statements.

Board Attendance in 2024

The table below shows Board and General Meetings attendance by substantive Directors or through their Alternates.

	Attendance of Board and AGM Meetings in 2024				
Directors	**113th Board**	**114th Board**	**33rd AGM**	**115th Board**	**116th Board**
Ms Chileshe Kapwepwe	✓	✓	✓	✓	✓
Ms Hope Murera	✓	✓	✓	✓	✓
Mr. Hosea Kashimba/ Mr. Abdul – Razaq Badru*	✓	✓	✓	✓	✓
Mr Admassu Tadesse*	✓			✓	
Dr. Frederic Ntimarubusa	✓	✓	✓	✓	
Ms. Catherine Kimura*			✓	✓	✓
Ms. Namakau M Ntini	✓	✓	✓	✓	✓
Mr. Pritesh Modi	✓	✓	✓	✓	✓
Ms Rehemah Namutebi/Ms. Jeanette Rwigamba*			✓	✓	✓
Mr. Simon Chikumbu	✓	✓	✓	✓	✓
Mr. Mohammed Satti/Alternate Director Zuheir Hassan*	✓	✓		✓	✓
Mrs. Nnenna Nwabufo	✓	✓	✓	✓	✓

**Through a by-election, Mr. Badru was appointed to replace Director Kashimba, who retired from the Board at the same meeting.*

**At the 33rd AGM, Director Tadesse was appointed a Vice- Chair , following the retirement of Director Kashimba, who also served as Vice- Chair*

**Through a by-election, Hon. Kimura was elected as a representative of Kenya Re on the Board. Director Wachinga retired on 4th April 2024*

**Ms. Namutebi retired from the Board on 13th March 2024, and Ms. Rwigamba was via a by-election, appointed to the Board.*

** Mr. Satti retired from the Board in August 2024, and thereafter the seat was occupied by Alternate Director Zuheir Hassan*

Managing Director and the Management team

The Managing Director is responsible for the day to day running of the Company. She is appointed by the General Assembly upon recommendation of the Board of Directors on a fixed term renewable contract. She reports regularly to the Board on the operations of the Company.

The Managing Director is assisted in her role by a management team. The members of the team are appointed on fixed term renewable contracts. Rules and policy documents issued by the Board of Directors determine the manner in which the Company is managed, and decisions executed.

The Board monitors the performance of Management and gives counsel and direction where necessary. Certain issues and transactions such as strategy direction, major investments or capital expenditure require the approval of the Board.

The Board does not engage in the day-to-day operational issues.

Chileshe Mpundu Kapwepwe

Chairperson

Hope Murera

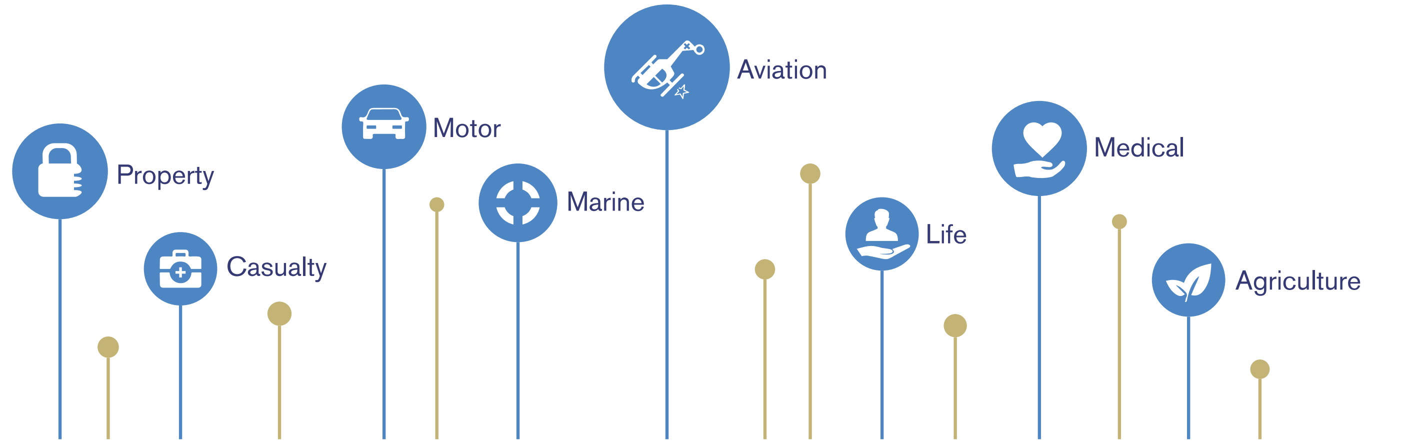
Managing Director

Report of the Directors

The Board of Directors hereby submit their report together with the audited financial statements for the year ended 31 December 2024, which disclose the state of affairs of the Company. The report is made in accordance with the provisions of Article 31 of the Agreement Establishing ZEP-RE (PTA Reinsurance Company).

Principal activities

The Company underwrites all classes of life and non-life reinsurance risks as mandated under Article 5 paragraph 1 of the Agreement establishing ZEP-RE (PTA Reinsurance Company). The business is divided into the following business classes:



Results and dividend for the year

The profit for the year of US$ 23.15 million (2023: US$ 14.19 million) has been transferred to retained earnings. The Directors recommend a dividend of US$ 5,500,000 for the year ended 31 December 2024 (2023: US$ 5,400,000).

Directors

The current Directors of the Company are shown on page 1. This Board was elected by the 31st Annual General Assembly held in Nairobi, Kenya on 24th June 2022 for a term of three years and its term ends in June 2025.

Changes to the Board

The 33rd Annual General Assembly held on 16th May 2024 appointed Director Tadesse as Vice-Chairperson to the Board of the Company following the retirement of Director Kashimba.

The other changes to the Board of Directors during the year are as reflected on page 62.

Secretary

Miss Miriam Magala continued in service as the Company Secretary.

Terms and appointment of the auditors

Deloitte & Touche LLP were appointed as auditors during the year and have expressed willingness to continue in office and a specific resolution will be submitted to the 34th Annual General Assembly in this respect.

By order of the Board

Miriam Magala
Secretary
26th March 2025

Statement of Directors' responsibilities

Article 31 of the Agreement establishing ZEP-RE (PTA Reinsurance Company) requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company at the end of the financial year and its financial performance for the year then ended. The directors are responsible for ensuring that the Company keep proper accounting records that are sufficient to show and explain the transactions of the Company; disclose with reasonable accuracy at any time the financial position of the Company; and that enables them to prepare financial statements of the Company that comply with prescribed financial reporting standards and the requirements of the Agreement establishing ZEP-RE (PTA Reinsurance Company). They 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 presentation of these financial statements in accordance with IFRS® accounting standards as issued by the International Accounting Standards Board and as per the Agreement establishing ZEP-RE (PTA Reinsurance Company). They also accept responsibility for:

i) Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;

ii) Selecting suitable accounting policies and then apply them consistently; and

iii) Making judgements and accounting estimates that are reasonable in the circumstances. Having made an assessment of the Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

Having made an assessment of the Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

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

Approved by the Board of Directors on 26th March 2025 and signed on its behalf by:

Chileshe Mpundu Kapwepwe	Hope Murera
Chairperson	Managing Director

Deloitte.

Independent Auditor's Report to the Shareholders of ZEP-RE (PTA Reinsurance Company)

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of ZEP-RE (PTA Reinsurance Company) (the "Company") set out on pages 67 to 152 which comprise the statement of financial position at 31 December 2024, the statements of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of ZEP-RE (PTA Reinsurance Company) "(the Company)" as at 31 December 2024 and of 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 Article 31 of the Agreement establishing ZEP-RE (PTA Reinsurance Company).

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 other ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of ZEP-RE (PTA Reinsurance Company) for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion for those financial statements on 7 May 2024.

Other information

The directors are responsible for the other information which comprises the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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.

MAKING AN IMPACT THAT MATTERS since 1845

Partners: D.M. Mbogho; A.N. Muraya; F. O. Aloo; B.W. Irungu; I. Karim; F. Okwiri; F.O Omondi; F. Mitambo; P. Seroney; D. Waweru; C Luo, J Mureithi, Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Independent Auditor's Report to the Shareholders of ZEP-RE (PTA Reinsurance Company) (Continued)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of 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 Article 31 of the Agreement establishing ZEP-RE (PTA Reinsurance Company), and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of management'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA Freda Mitambo Practising certificate Number 2174.**

Freda Mitambo

For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Nairobi

9 June **2025**

Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December	Notes	2024 US $	2023 US$ Restated
Total Reinsurance Revenue*	3	338,394,331	290,172,447
Ceded commissions	3	(64,793,825)	(52,038,301)
Reinsurance revenue	3	**273,600,506**	**238,134,146**
Reinsurance service expenses	4	(115,237,982)	(140,860,167)
Net expenses from retrocession contracts held	5	(137,113,307)	(68,346,385)
Reinsurance service result		**21,249,217**	**28,927,594**
Interest income - calculated using the effective interest method**	6(a)	19,517,562	15,017,722
Other investment income **	6(b)	4,042,828	273,527
Impairment loss on financial assets **	10	(5,385,141)	(7,805,408)
Net investment income		**18,175,249**	**7,485,841**
Finance expense from reinsurance contracts issued	8	(7,242,285)	(8,297,362)
Finance income from retrocession contracts held	9	2,094,295	1,870,742
Net reinsurance finance expenses		**(5,147,990)**	**(6,426,620)**
Net reinsurance and investment result		**34,276,476**	**29,986,815**
Other income **		1,593,617	986,936
Other operating expenses	10	(9,985,672)	(5,928,477)
Net foreign exchange loss	10	(5,635,878)	(11,867,676)
Share of results of associates	7	2,904,314	1,009,427
Profit for the year		**23,152,857**	**14,187,025**
Other comprehensive income for year			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain/(loss) on revaluation of property	26(ii)	398,925	(262,687)
Fair value gain on revaluation of quoted equity investments	26(i)	1,464,534	1,341,534
Fair value loss on revaluation of unquoted equity investments	26(i)	(664,387)	-
Fair value loss on investment in associate	26(i)	(623,959)	-
Foreign exchange loss on revaluation of equity investments	26(i)	(456,973)	(6,009,326)
Fair value gain on revaluation of offshore investments	26(i)	806,561	375,773
Fair value gain on revaluation of corporate bond	26(i)	1,275,130	417,500
Fair value loss on revaluation of government securities	26(i)	(166,594)	(349,845)
Fair value gain/(loss) on revaluation of investment in affiliated companies	26(iii)	1,502,651	(1,454,871)
Total other comprehensive income/(loss) for the year		**3,535,888**	**(5,941,922)**
Total comprehensive income for year		**26,688,745**	**8,245,103**
Earnings per share:			
- Basic and diluted	12	**0.379**	**0.235**

**Refer to note 3 for the change in presentation*

*** Refer to note 40 for the restatement*

Statement of Financial Position

As at 31 December	Notes	2024	2023
		US$	US$
ASSETS			
Property and equipment	13(a)	2,537,072	2,133,997
Right of use assets	13(b)	525,903	336,609
Intangible assets	14	681,868	761,799
Investment properties	15	56,024,001	55,228,231
Equity investments at FVOCI			
- Quoted equity investments	16	20,074,925	19,429,137
- Unquoted equity investments	16	3,426,045	3,507,977
- Investment in affiliated companies	16	17,688,388	26,463,373
Equity accounted investments			
- Investment in Associate	17(a)	15,900,970	13,516,495
- Investment in subsidiary	17(b)	500,000	-
Retrocession contract assets	29	20,375,174	42,588,570
Other receivables	18	19,087,179	13,206,599
Government securities			
- Amortised cost	19	203,980,264	215,563,928
- FVOCI	19	1,724,035	1,887,665
Offshore investments			
- FVOCI	20	10,424,298	9,617,737
Deposits with financial institutions	21	98,846,420	65,597,157
Corporate Bonds			
- Amortised cost	22	-	768,847
- FVOCI	22	31,885,745	5,342,500
Cash and bank balances	23	12,889,503	7,585,014
Total assets		**516,571,790**	**483,535,635**
EQUITY AND LIABILITIES			
Capital AND reserves			
Share capital	25	61,242,511	61,040,788
Share premium	25	75,356,788	74,073,837
Property revaluation reserve	26	1,513,743	1,114,818
Investments revaluation reserve	26	(16,548,673)	(18,182,985)
Investment in affiliated companies revaluation reserve	26	13,775,538	12,272,887
Retained earnings	27	223,921,467	206,239,545
Total Equity		**359,261,374**	**336,558,890**
LIABILITIES			
Reinsurance contract liabilities	28	133,482,490	127,772,182
Retrocession contract liabilities	29	6,847,750	-
Deferred income	30	55,420	56,235
Other payables	31(i)	9,498,138	13,595,159
Lease liabilities	31(ii)	600,363	533,894
Dividends payable	32	6,826,255	5,019,275
Total liabilities		**157,310,416**	**146,976,745**
Total equity and liabilities		**516,571,790**	**483,535,635**

The financial statements on pages 67 to 152 were approved and authorised for issue by the Board of Directors on 26th March 2025 and were signed on its behalf by:

Chileshe Mpundu Kapwepwe
Chairperson

Hope Murera
Managing Director

Statement of Changes in Equity

	Notes	Share capital	Share premium	Property revaluation reserve	Investments revaluation reserve	Investment in affiliated companies revaluation reserve	Retained earnings	Total
		US$	US$	US$	US$	US$	US$	US$
AT 1 JANUARY 2023		58,820,232	60,594,253	1,377,505	(13,958,621)	13,727,758	197,460,812	**318,021,939**
Total comprehensive income for the year		-	-	(262,687)	(4,224,364))	(1,454,871)	14,187,025	**8,245,103**
Transactions with owners								
Shares issued during the year	25	2,124,644	12,875,356	-	-	-	-	**15,000,000**
Transactions with owners								
Dividends declared - 2022	32	-	-	-	-	-	(5,300,000)	**(5,300,000)**
Transfer to development impact fund	31(iii)	-	-	-	-	-	(108,292)	**(108,292)**
Issue of shares through capitalisation of 2022 dividends	32	95,912	604,228	-	-	-	-	**700,140**
AT 31 DECEMBER 2023		**61,040,788**	**74,073,837**	**1,114,818**	**(18,182,985)**	**12,272,887**	**206,239,545**	**336,558,890**
AT 1 JANUARY 2024		61,040,788	74,073,837	1,114,818	(18,182,985)	12,272,887	206,239,545	**336,558,890**
Total comprehensive income for the year		-	-	398,925	1,634,312	1,502,651	23,152,857	**26,688,745**
Transactions with owners								
Dividends declared - 2023	32	-	-	-	-	-	(5,400,000)	**(5,400,000)**
Transfer to development impact fund	31(iii)	-	-	-	-	-	(70,935)	**(70,935)**
Issue of shares through capitalisation of 2023 dividends	32	201,723	1,282,951	-	-	-	-	**1,484,674**
AT 31 DECEMBER 2024		**61,242,511**	**75,356,788**	**1,513,743**	**(16,548,673)**	**13,775,538**	**223,921,467**	**359,261,374**

Statement of Cash Flows

For the year ended 31 December	Notes	2024	2023
		US$	**US$ Restated***
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in)/generated from operating activities*	35	(37,257,159)	3,397,228
Interest received*		17,176,187	12,032,856
Net cash (used in)/generated from operating activities*		**(19,811,043)**	**15,430,084**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment*	13(a)	(187,387)	(204,204)
Purchase of investment properties	15	(345,760)	(3,451,935)
Purchase of unquoted equity investments	16	(582,455)	(1,357,480)
Purchase of shares in associate*	17(a)	(394,107)	(176,325)
Dividends received from associate*	17(a)	289,987	75,739
Purchase of shares in affiliated companies	16	-	(148,597)
Purchase of shares in subsidiary	17(b)	(500,000)	-
Proceeds from disposal of investment in affiliated companies	16	10,277,636	-
Proceeds of disposal of property and equipment		-	1,218
Proceeds of disposal of unquoted equity investments		-	143,769
Net cash used in investing activities		**8,557,914**	**(5,117,815)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of issue of shares	25(ii)	-	15,000,000
Dividends paid	32	(2,108,346)	(1,513,015)
Interest paid on lease liabilities*	31(ii)	(24,034)	(31,646)
Payment of the principal portion of lease liability	31(ii)	(136,602)	(130,471)
Net cash (used in) / generated from financing activities*		**(2,268,982)**	**13,324,868**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(13,792,040)	22,050,670
CASH AND CASH EQUIVALENTS AT 1 JANUARY		44,537,468	23,161,491
Effects of Movement in exchange rate on cash and cash equivalents		(1,474,142)	(674,693)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	36	**29,271,286**	**44,537,468**

** Refer to note 40 for the restatement*

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2024

1 ESTABLISHMENT

The Company was established by member states of the then Preferential Trade Area for Eastern and Southern Africa (now COMESA) for purposes of:

i. Fostering the development of the Insurance and Reinsurance industry in the COMESA sub-region;
ii. Promotion of the growth of national, sub-regional and regional underwriting and retention capacities; and
iii. Supporting sub-regional economic development.

The company is domiciled in Kenya and has regional offices in Cote D'Voire and Zimbabwe and country offices in Zambia, Ethiopia, Uganda, Democratic Republic of Congo, Rwanda and a Retakaful Window in Sudan.

2 MATERIAL ACCOUNTING POLICIES

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

For the purposes of reporting under the Article 31 of the Agreement establishing ZEP–RE (PTA Reinsurance Company), in these financial statements the balance sheet is equivalent to the statement of financial position and the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

The financial statements have been prepared on a going concern basis.

a. Basis of preparation

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

i) Compliance with IFRS

The financial statements have been prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the interpretations issued by the IFRS Interpretations Committee of the IASB (IFRS IC) applicable to companies reporting under IFRS and the requirements of the Kenyan Companies Act, 2015. The financial statements are presented in thousands of Kenya shillings rounded to the nearest thousand (Shs '000) and are prepared under the historical cost convention except where otherwise stated in the accounting policies below. For those assets at fair value, 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.

Having made an assessment of the Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

ii) Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires the directors to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 37.

iii) Changes in accounting policies and disclosures

Standards, amendments and interpretations to existing standards that are effective in the year

The following amendments became effective during the year:

These amendments apply for the first time in the year, but do not have significant impact on the audited financial statements of the Company

Amendments to IAS 1-Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants.

The amendment is effective for annual periods beginning on or after 1 January 2024.

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer

to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

The adoption of the amendment did not have an impact on the financial statements of the Company.

Amendments to IFRS 16- Lease Liability in a Sale and Leaseback

The amendment is effective for annual periods beginning on or after 1 January 2024.

The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16.

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

The adoption of the amendment did not have an impact on the financial statements of the Company.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements.

The amendment is effective for annual periods beginning on or after 1 January 2024.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The adoption of the amendment did not have an impact on the financial statements of the Company.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

a. Basis of preparation (continued)

iii) Changes in accounting policies and disclosures (continued)

International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

The adoption of the amendment did not have an impact on the financial statements of the Company.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below:

New standards or amendments	Effective for annual period beginning on or after
Amendments to IAS 21-Lack of exchangeability	1 Jan 2025
Amendments to IFRS 9 and IFRS 7-Classification and Measurement of Financial Instruments	1 Jan 2026
Annual Improvements to IFRS Accounting Standards—Volume 11	1 Jan 2026
Amendments to IFRS 9 and IFRS 7- Contracts Referencing Nature-dependent Electricity	1 Jan 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	1 Jan 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 Jan 2027
Amendments to IFRS 10 and IAS 28-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

a. Basis of preparation (continued)

iii) Changes in accounting policies and disclosures (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued)

Amendments to IAS 21 - Lack of Exchangeability

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

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

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.

Amendments to IFRS 9 and IFRS 7 -Classification and Measurement of Financial Instruments -

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.

Key requirements

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 terms that 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 fair value through other comprehensive income reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income

The publication of the amendments concludes the classification and measurement phase of the IASB's post implementation review (PIR) of IFRS 9 Financial Instruments. 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 directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.

Notes to the Financial Statements (Continued)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

a. Basis of preparation (continued)

iii) Changes in accounting policies and disclosures (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued)

Annual Improvements to IFRS Accounting Standards—Volume 11

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11.

The following is a summary of the amendments from the Annual Improvements to IFRS Accounting Standards—Volume 11:

IFRS 1 First-time Adoption of International Financial Reporting Standards	Hedge Accounting by a First-time Adopter Paragraphs B5 and B6 of IFRS 1 have been amended to include cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9. These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.
IFRS 7 Financial Instruments: Disclosures	Gain or Loss on Derecognition The amendments update the language on unobservable inputs in paragraph B38 of IFRS 7 and include a cross reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.
Guidance on implementing IFRS 7 Financial Instruments: Disclosures	Introduction The amendments to paragraph IG1 of the Guidance on implementing IFRS 7 clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, nor does it create additional requirements.
Guidance on implementing IFRS 7 Financial Instruments: Disclosures	Disclosure of Deferred Difference between Fair Value and Transaction Price Paragraph IG14 of the Guidance on implementing IFRS 7 has been amended mainly to make the wording consistent with the requirements in paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13.
Guidance on implementing IFRS 7 Financial Instruments: Disclosures	Credit Risk Disclosures Paragraph IG20B of the Guidance on implementing IFRS 7 has been amended to simplify the explanation of which aspects of the IFRS requirements are not illustrated in the example.
IFRS 9 Financial Instruments	Transaction Price Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to 'transaction price as defined by IFRS 15 Revenue from Contracts with Customers' with 'the amount determined by applying IFRS 15'. The use of the term 'transaction price' in relation to IFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of IFRS 9. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

Notes to the Financial Statements (Continued)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

a. Basis of preparation (continued)

iii) Changes in accounting policies and disclosures (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued)

IFRS 10 Consolidated Financial Statements	Determination of a 'De Facto Agent' Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in paragraph B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor. The amendments are intended to remove the inconsistency with the requirement in paragraph B73 for an entity to use judgement to determine whether other parties are acting as de facto agents. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.
IAS 7 Statement of Cash Flows	Cost Method Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

Amendments to IFRS 9 and IFRS 7- Contracts Referencing Nature-dependent Electricity

The amendment is effective for annual periods beginning on or after 1 January 2026.

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 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 directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.

IFRS 18 – Presentation and Disclosure in Financial Statements

The standard is effective for annual periods beginning on or after 1 January 2027.

FRS 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

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'.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

a. Basis of preparation (continued)

iii) Changes in accounting policies and disclosures (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued)

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.

The directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

The standard is 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.

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

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 directors do not expect that the adoption of the amendment will have a material impact on the financial statements of the Company.

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

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

b. Interest income

Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the effective interest rate (EIR) method. Interest income is recognised using EIR method for all financial assets measured at amortised cost. Interest income on interest bearing financial assets measured at fair value through OCI is also recorded using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore the amortised cost of the financial asset) is calculated taking into account transaction costs and any discount or premium on acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Company recognises interest income using the EIR method.

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 asset.

c. Cash and cash equivalents

Cash and cash equivalents include short term liquid investments which are readily convertible into known amounts of cash, and with original maturities of three months or less from the date of acquisition.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for purposes of the statement of cash flows.

d. Realised / unrealised gains and losses

Realised / unrealised gains and losses recorded in the statement of profit or loss on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transactions. More details on the on how the gains have been arrived has been discussed in the specific policies relating to the assets.

e. Dividend income

Dividend receivables are recognised as income in the period in which the right to receive payment is established.

f. Rental income

Rental income is recognised on a straight line basis over the period of the lease.

All investment income is stated net of investment expenses.

g. Operating and other expenses

Expenses are recognised in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably and is independent from transactions with equity participants. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets (for example, the accrual of employee entitlements or the depreciation of equipment).

i. When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined expenses are recognised in the statement of profit or loss on the basis of systematic and rational allocation procedures. This is often necessary in recognising the equipment associated with the using up of assets such as property and equipment. In such cases the expense is referred to as a depreciation or amortisation. These allocation procedures are intended to recognise expenses in the accounting periods in which the economic benefits associated with these items are consumed or expire.

ii. An expense is recognised immediately in profit or loss when expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

h. Currency translation

i. Functional and Presentation Currency

Even though the Company is domiciled in Kenya whose functional currency is Kenya Shilling, the Company operates in many countries and has significant activities of the Company being conducted in United States Dollars (US$). As such the Company's functional currency is the United States Dollars (US$). The financial statements are presented in United States Dollars (US$) which is the Company's Functional and Presentation Currency.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

h. Currency translation (continued)

ii. Transactions and balances

Transactions during the year in currencies other than the US Dollar are translated using the exchange rates prevailing at the dates such transactions occur. The resultant gains or losses from such translation are recognised in profit or loss.

Monetary assets and liabilities expressed in the various functional currencies of member states are translated into United States Dollars (US$) using the closing rate. Non-monetary items carried at fair value that are denominated in these functional currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a currency other than the US dollar are not retranslated.

The resultant translation gains or losses on translation of the monetary assets and liabilities are recognised in profit or loss.

i. Investment in associates

Investment in associates is accounted for using the equity method of accounting. The associate is a company in which the Company exercises significant influence but which it does not control. Significant influence is the power to participate in financial and operating policy decisions of the investment, but it is not control or joint control over those policies.

Under the equity method, the investment in associate is carried in the statement of financial position at cost as adjusted for post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the carrying value of the investments. Losses of the associate in excess of the Company's interest in the associate are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

j. Investment in subsidiaries

Investments in subsidiaries are carried in the Company's separate statement of financial position at cost less provisions for impairment losses. Where in the opinion of directors, there has been impairment in the value of the investment; the loss is recognised as an expense in the period in which the impairment is recognised.

k. Intangible assets – computer software

Acquired 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 over their estimated useful lives (not exceeding 5 years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense when 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. These costs are amortised over their estimated useful lives.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognized.

l. Property and equipment

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

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

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Notes to the Financial Statements (Continued)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

l. Property and equipment (continued)

Freehold land is not depreciated. Depreciation is calculated on other property and equipment on the straight line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life as follows:

Buildings	50 years
Motor vehicles	4 years
Office furniture and fittings	8 years
Office equipment	8 years
Computers	3 years

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts.

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

m. Investment properties

Investment properties comprise land and buildings and parts of buildings held to earn rentals and/or for capital appreciation. They are carried at fair value, determined annually by external independent valuers. Fair value is based on active market prices as adjusted, if necessary, for any difference in the nature, condition or location of the specific asset.

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

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no further economic benefit is expected from its disposal. On the retirement or disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss for the year.

n. Leases

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 in exchange for consideration. The Company has only entered into agreements where it acts as lessee in the respective subsidiaries, thus there are lease liabilities or right of use assets in terms of IFRS 16 at the subsidiaries and not company level.

Company as a lessor

Leases in which the company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a systematic basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

o. Financial instruments

A financial asset or liability is recognised when the company becomes party to the contractual provisions of the instrument.

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

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

(ii) Recognition and derecognition

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

o. Financial instruments (continued)

(iii) Measurement

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

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depends on:

i. the Company's business model for managing the financial assets; and
ii. the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments into one of the following three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/ (losses) in the period in which it arises.

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

Debt instruments (instruments)

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

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

(iii) Measurement (continued)

Equity instruments

The Company subsequently measures all equity investments at fair value. The Company's management has elected to present fair value gains and losses on equity investments in OCI, with no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Determination of fair value

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

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

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

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

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

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

(v) Impairment

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

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

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company, including:

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

o. Financial instruments (continued)

(v) Impairment (continued)

- » An adverse changes in the payment status of issuers or debtors in the Company; or
- » National or local economic conditions that correlate with defaults on the assets in the Company.

IFRS 9 replaced the previous 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' ("ECL") model. The expected credit loss impairment model applies to the following financial instruments that are not measured at FVTPL or FVTOCI:

- Government securities measured at amortised cost;
- Reinsurance assets;
- Other receivables;
- Corporate bonds;
- Deposits with financial institutions; and
- Cash and bank balances.

No impairment loss is recognised on equity investments and offshore investments measured at FVOCI.

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

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

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

Loss allowances for receivables arising out of reinsurance arrangements will always be measured at an amount equal to lifetime ECLs. The impairment requirements of IFRS 9 require management judgement, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

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

Measurement of expected credit losses

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

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

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset

Expected credit losses

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

ECL = PD x LGD x EAD

In applying the IFRS 9 impairment requirements, the Company follows one of the approaches below:

- The general approach
- The simplified approach

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

o. Financial instruments (continued)

(v) Impairment (continued)

Expected credit losses (continued)

The Company will apply the approaches below to each of its assets subject to impairment under IFRS 9:

Financial Asset	Impairment approach
Receivables arising out of reinsurance arrangements	Simplified approach
Other receivables	General approach
Government securities at amortised cost	General approach
Corporate bonds	General approach
Deposits with financial institutions	General approach
Cash and bank balances	General approach

The General Approach

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

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

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

The Simplified approach

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

Definition of default

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

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

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

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

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

Significant increase in credit risk (SIICR)

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

o. Financial instruments (continued)

(v) Impairment (continued)

Significant increase in credit risk (SIICR) (continued)

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

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

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

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

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

Incorporation of forward-looking information

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

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

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables:

- Probability of Default;
- Loss given default (LGD); and
- Exposure at default (EAD).

To determine lifetime and 12-month PDs, the Company uses the PD tables supplied by [Rating Agency X based on the default history of obligors with the same credit rating. The Company adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings (see (i)).The PDs are recalibrated based on current bond yields and CDS prices, and adjusted to reflect forward-looking information as described above. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

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

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

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

o. Financial instruments (continued)

(v) Impairment (continued)

Measurement of ECL (continued)

period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include:

- instrument type;
- credit risk grading;
- collateral type;
- date of initial recognition;
- remaining term to maturity; industry; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the Company uses to derive the default rates of its portfolios. This includes the PDs provided in the Standard and Poor's default study.

Receivables arising out of reinsurance contracts

The ECL of receivables arising out of reinsurance contracts are determined using loss rates. Loss rates are calculated with reference to days past due and actual credit loss experience over the past seven years.

(vi) Modification of contracts

The Company rarely renegotiates or otherwise modifies the contractual cash flows of securities. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

- If the counterparty is in financial difficulty;
- Whether any substantial new terms are introduced that affect the risk profile of the instrument;
- Significant extension of the contract term when the borrower is not in financial difficulty;
- Significant change in interest rate;
- Change in the currency the security is denominated in; and
- Inclusion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Company derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new EIR for the asset. The date of renegotiation is consequently considered the date of initial recognition for impairment calculation purposes, including the purpose of determining whether a SICR has occurred.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR.

(vii) Write off policy

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

The Company may write-off financial assets that are still subject to enforcement activity. There were no assets written off during the year ended 31 December 2024 and 31 December 2023.

p. Deferred income

This represents the value of a parcel of land at initial recognition (valued in 1994) owned by the company. This land was granted to the company by the Kenya Government. The amount is amortised over the lease period and is stated net of accumulated write-back to profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

q. *Employee entitlements*

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

Entitlements to gratuity are recognised when they accrue to qualifying employees. A provision is made for estimated annual gratuity as a result of services rendered by employees up to the end of the reporting period.

The company operates a provident fund, which is a defined contribution plan for its employees. The assets of the fund are held in separate trustee administered funds, which are funded from contributions from both the company and employees.

The company's obligations to the provident fund are charged to profit or loss as they fall due.

r. *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and in hand and other short term highly liquid investments with original maturities of three months to less.

s. *Dividends*

Dividends payable on ordinary shares are charged to equity in the period in which they are declared.

t. *Development Impact Fund*

The Company has set up a Development Impact Fund who's key objective is to support the Company's CSR mandate which considers the social, environmental, and economic wellbeing of its stakeholders while protecting the shareholders through minimizing any impact such activities would have on the income statement.

u. *Taxation*

In accordance with Article 7 (Income Tax Exemptions) of the Headquarters agreement between The Government of the Republic of Kenya and ZEP-RE (PTA Reinsurance Company), (the "Agreement") exempts the Company, its property and assets from all forms of direct taxation.

Article 8 (Duty and Tax Exemptions) of the Agreement allows the Company to import or purchase free of duty and Value added Tax (VAT), material, equipment and motor vehicles. Article 9 (Privileges and Immunities for the Directors of the Company and their Alternates) provides that Directors of the Company and their Alternates are accorded immunities, exemptions and privileges as accorded to non-resident diplomatic missions and envoys and no taxes shall be levied on or in respect of emoluments paid by the Company to its non-resident Directors and alternate directors.

Article 10 (Officials, Experts and Consultants of the Company) exempts the officials of the Company from any form of direct taxation of salaries and emoluments and any income derived from sources outside Kenya. It also exempts from tax salaries and emoluments paid to officials designated by the Managing Director. Article 10 also provides that applicability of the exemptions to Kenyan nationals shall be determined by the Government of Kenya, which is yet to be agreed.

The tax status of the Company may vary depending on changes to the income tax rules applicable in the member states it operates.

v. *Provisions*

General provisions

Provisions for liabilities are recognised when there is a present obligation (legal or constructive) resulting from a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

Onerous contracts

A provision is recognised for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceeds the economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

w. *Share Capital*

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

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual agreement.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

x. *Comparatives*

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

y. *Insurance and reinsurance contracts classification*

A contract is classified as either an insurance contract issued or a reinsurance contract held under IFRS 17, if it assumes or transfers significant insurance risk. These types of contracts are subject to the same rules, regardless of whether they were issued, acquired through a merger, or transferred as part of an arrangement that does not constitute business operations.

Contracts that may appear as insurance contracts but do not transfer significant insurance risk are classified as investment contracts. The recognition and measurement of these contracts follow the guidelines for financial instruments under IFRS 9

ZEP_RE (The Group) issues insurance contracts as part of its regular business operations, providing compensation to insurers primary insurers for claims arising from one or more reinsurance agreements made with those entities.. The Company issues both life and non-life insurance contracts.

For reporting purposes, the term 'insurance contracts' refers to reinsurance contracts issued by the Company to primary insurers, while 'reinsurance contracts' refers to the reinsurance agreements held by the Company. The Company does not issue direct insurance contracts to primary insurers and does not issue any contracts with direct participating features.

z. *Insurance and reinsurance contracts accounting treatment*

Insurance Contract Scope

The Group issues 'insurance contracts' as defined by IFRS 17. The group assumes risks arising from a specified uncertain future event, in exchange for an agreed premium, and participates in the experience of the primary insurers it supports. Therefore, each individual contract issued by The Company represents an insurance contract with the primary insurer, with substantive rights (i.e. the right of the entity to receive service) and obligations (i.e., The Company's obligation to provide service), and hence falls under the scope of IFRS 17.

The Company's insurance contracts do not contain an embedded derivative, as they do not promise to transfer distinct goods or services other than the insurance contract itself. Additionally, the contracts do not include a distinct investment component. According to the standard, an investment component is defined as the amount an insurance contract requires the entity to repay the policyholder(s), even if an insured event does not occur. The Company only issues insurance contracts where a payout is contingent on the occurrence of an insured event.

Similarly, The Company's reinsurance contracts do not contain a promise to transfer a distinct product or non-insurance services, other than the provision of reinsurance services.

Level of aggregation and portfolio groupings

IFRS 17 requires The Company to group together a portfolio of insurance contracts that are subject to similar risks and managed together. To determine the appropriate portfolio groupings, an assessment was conducted on the insurance contracts issued and held by The Company, evaluating the similarity of risks covered within each business segment. As a result of this assessment, The Company has defined portfolio groupings, ensuring that the composition of risks within each segment is not materially dissimilar. The Company has elected to classify the portfolios into the following groupings: Property, Casualty, Agriculture, Medical, Motor, Life, Marine and Aviation.

Further segmentation is performed to divide the portfolio into annual cohorts. The Company segments the portfolios into underwriting years, in line with the basis on which the contractual terms were initiated. This means that a group of contracts allocated to a specific annual cohort will share the same pricing conditions and will be valued under the same assumptions. This approach ensures that contracts with similar characteristics and pricing assumptions are grouped together for valuation and reporting purposes.

Each portfolio is further segmented into one of the three groups, as per the requirements of the Standard.:

- any group of contracts that are onerous at initial recognition;
- any group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently; and
- any group of remaining contracts in the portfolio.

Profitability groupings are identified at initial recognition and are not reassessed at any later stage, apart from modifications to contracts that require the contract to be derecognised and recognised as a new contract. When a group of contracts is identified as onerous, the group of contracts is expected to be loss-making. The general expectation under IFRS 17 is that losses are recognised upfront for any onerous group identified. The Standard limits the offsetting of onerous contracts against profitable ones.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

z. Insurance and reinsurance contracts accounting treatment (continued)

Level of aggregation and portfolio groupings (continued)

In determining the profitability grouping of each portfolio, The Company performs a profitability assessment, using reasonable and supportable information to conclude that a set of contracts will fall into the same group, and it may assess the set of contracts in aggregate to determine the possibility of onerousness.

Contracts that are not designated 'onerous at initial recognition' will be evaluated further to determine whether they have no significant possibility of becoming onerous. This assessment will be undertaken by assessing the probability-weighted fulfilment cashflows and allows for the assessment of a stressed scenario of increased claims activity, thus facilitating the profitability grouping.

Recognition

The Company recognises a group of insurance contracts issued at the earliest of the following dates:.

- The beginning of the coverage period of the group of contracts. The coverage period is the period during which the Company provides coverage for insured events in respect of all premiums within the boundary of an insurance contract. The date when the first payment from an insurance contract holder in the group becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the primary insurer.
- The date when facts and circumstances indicate that the group to which an insurance contract will belong is onerous.

For reinsurance contracts held, The Company recognises these contracts it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

  and
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

Contract boundaries

The Company includes in the measurement of a portfolio, all the cash flows within the boundary of each contract allocated. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which The Company can compel the primary insurer to pay premiums or has a substantive obligation to provide insurance services.

The contract boundary ends once ZEP-RE has the ability to change the price and/or the benefits, or when the premium covering the period to date ignores future risks, i.e. at expiration of the 12-month contractual coverage period.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

Insurance Contracts -initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary

  Or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with, for example:

Notes to the Financial Statements (Continued)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

z. Insurance and reinsurance contracts accounting treatment (continued)

- The extent of future cash flows related to any derivatives embedded in the contracts
- The length of the coverage period of the group of contracts

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Reinsurance contracts held – initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as reinsurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from reinsurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cash flows,
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an
- expense in the reporting period for the Company
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment).

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Insurance contracts – subsequent measurement (continued)

Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held. Where the Company has established a loss-recovery component, the Company subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. The Company uses a systematic and rational method to allocate:

a. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts:
   - to that group; and
   - to groups that include insurance contracts that are expected to arise from the renewals of the insurance contracts in that group.
b. Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

At the end of each reporting period, the Company revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Company assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- An impairment test at the level of an existing or future group of insurance contracts; and
- An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

Insurance contracts – modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)

  Or

- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities. Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of

Insurance acquisition cash flows (continued)

the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognised on the basis of the passage of time.

Insurance service expenses

Insurance service expenses arising from a group of insurance contracts issued comprises:

- Claims paid in the period
- Changes in the LIC in the period
- Expenses incurred in the provision of insurance services in the period i.e. expenses attributable to the provision of insurance services and those directly incurred in the provision of insurance services.
- Amortisation of insurance acquisition cash flows in the period
- Changes in loss component of onerous groups of contracts in the period

Notes to the Financial Statements (Continued)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

z. Insurance and reinsurance contracts accounting treatment (continued)

Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

Loss-recovery components

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

Net income or expense from reinsurance contracts held

The Company presents the income or expenses from a group of reinsurance contracts, other than insurance finance income or expenses, as a single amount.

Notes to the Financial Statements (Continued)

3 REINSURANCE REVENUE

The breakdown of reinsurance revenue is shown in the table below:

2024									
Class of business	**Property**	**Casualty**	**Motor**	**Marine**	**Aviation**	**Life**	**Medical**	**Agriculture**	**Total**
Total reinsurance revenue	109,559,492	91,388,285	8,658,798	12,456,874	20,333,677	43,010,836	36,048,085	16,938,284	338,394,331
Ceded commissions	(24,329,020)	(16,547,711)	(1,019,576)	(2,910,002)	(2,129,834)	(9,205,738)	(5,844,283)	(2,807,661)	(64,793,825)
Reinsurance revenue	**85,230,472**	**74,840,574**	**7,639,222**	**9,546,872**	**18,203,843**	**33,805,098**	**30,203,802**	**14,130,623**	**273,600,506**

2023									
Class of business	**Property**	**Casualty**	**Motor**	**Marine**	**Aviation**	**Life**	**Medical**	**Agriculture**	**Total**
Total reinsurance revenue*	104,968,196	82,692,604	11,320,100	14,064,012	21,019,160	34,633,039	21,475,336	-	290,172,447
Ceded commissions*	(22,555,092)	(13,678,880)	(973,264)	(3,269,906)	(1,212,315)	(7,553,265)	(2,795,579)	-	(52,038,301)
Reinsurance revenue	**82,413,104**	**69,013,724**	**10,346,836**	**10,794,106**	**19,806,845**	**27,079,774**	**18,679,757**	**-**	**238,134,146**

* The comparative period presentation of reinsurance revenue has been amended to show a split between insurance revenue before ceding commissions and the ceding commissions shown separately on the face of the income statement to achieve comparability with industry players.

Notes to the Financial Statements (Continued)

4 REINSURANCE SERVICE EXPENSES

The breakdown of reinsurance service expenses is shown in the table below:

2024	Property	Casualty	Motor	Marine	Aviation	Life	Medical	Agriculture	Total
Incurred claims	50,185,614	15,036,757	9,804,644	3,595,460	1,651,478	19,891,653	30,640,734	9,391,306	140,197,646
Changes that relate to past service	(5,280,913)	9,786,432	(9,170,388)	900,133	197,414	2,001,198	(3,687,420)	-	(5,253,544)
Losses on onerous contracts and reversal of those losses	-	-	100,471	-	-	-	(596,856)	-	(496,385)
Adjustments to liabilities for incurred claims	(1,673,555)	(9,755,439)	(5,368,811)	580,312	(2,255,087)	(674,855)	(62,300)	-	(19,209,735)
Total reinsurance service expense	**43,231,146**	**15,067,750**	**(4,634,084)**	**5,075,905**	**(406,195)**	**21,217,996**	**26,294,158**	**9,391,306**	**115,237,982**

2023	Property	Casualty	Motor	Marine	Aviation	Life	Medical	Agriculture	Total
Incurred claims	60,810,002	30,363,383	12,889,507	5,167,983	430,373	17,939,859	27,466,564	-	155,067,671
Changes that relate to past service	(19,082,538)	(739,711)	1,189,983	(3,644,552)	(171,817)	96,786	(10,741,675)	-	(33,093,524)
Losses on onerous contracts and reversal of those losses	-	-	23,323	-	-	-	(347,038)	-	(323,715)
Adjustments to liabilities for incurred claims	1,673,555	9,755,439	5,368,811	(580,312)	2,255,087	674,855	62,300	-	19,209,735
Total reinsurance service expense	**43,401,019**	**39,379,111**	**19,471,624**	**943,119**	**2,513,643**	**18,711,500**	**16,440,151**	**-**	**140,860,167**

Notes to the Financial Statements (Continued)

5 NET EXPENSES FROM RETROCESSION CONTRACTS HELD

2024	Property	Casualty	Motor	Marine	Aviation	Life	Medical	Agriculture	Total
Allocation of retrocession premiums paid	40,477,735	55,894,486	285,604	4,569,258	17,289,081	10,830,051	7,823,902	9,830,613	147,000,730
Incurred service expenses:									
– Claims and claims handling expenses	(13,439,305)	(6,354,450)	(431,331)	(1,050,173)	(593,878)	(3,357,027)	(6,059,416)	(7,094,427)	(38,380,007)
Changes that relate to past service:									
– Changes in estimates in AIC fulfilment cash flows	1,052,270	(10,415,593)	(338,272)	871,873	(231,962)	2,444,190	804,264	3,215	(5,810,015)
– Experience adjustments in claims and other service expenses in AIC	24,117,534	78,821	3,736,337	4,563,833	527,256	1,000,043	278,775	-	34,302,599
Net expenses from retrocession contracts held	**52,208,234**	**39,203,264**	**3,252,338**	**8,954,791**	**16,990,497**	**10,917,257**	**2,847,525**	**2,739,401**	**137,113,307**

2023	Property	Casualty	Motor	Marine	Aviation	Life	Medical	Agriculture	Total
Allocation of retrocession premiums paid	44,773,718	48,319,856	1,027,527	4,963,081	19,202,206	6,775,960	5,819,227	**-**	**130,881,575**
Incurred service expenses:									
– Claims and claims handling expenses	(17,728,516)	(14,907,900)	(214,691)	(831,336)	(131,512)	(4,410,026)	(2,896,168)	-	(41,120,149)
Changes that relate to past service:									
– Changes in estimates in AIC fulfilment cash flows	11,563,843	1,860,829	(263,492)	1,602,258	4,347	301,770	(2,181,997)	-	12,887,558
– Experience adjustments in claims and other service expenses in AIC	(24,117,534)	(78,821)	(3,736,337)	(4,563,833)	(527,256)	(1,000,043)	(278,775)	-	(34,302,599)
Net expenses from retrocession contracts held	**14,491,511**	**35,193,964**	**(3,186,993)**	**1,170,170**	**18,547,785**	**1,667,661**	**462,287**	**-**	**68,346,385**

Notes to the Financial Statements (Continued)

6 INVESTMENT INCOME

	2024	2023
	US$	**US$**
(a) INTEREST INCOME		
Calculated using effective interest method		
Interest from government securities	14,175,508	10,527,775
Interest from deposits with financial institutions	5,243,747	4,386,445
Interest from corporate bonds	83,930	89,739
Income from offshore investments	14,377	13,763
	19,517,562	**15,017,722**
(b) OTHER INVESTMENT INCOME		
Rental income	1,190,524	861,507
Dividend income	1,450,355	1,338,223
Dividends from affiliated companies	951,939	1,104,737
Fair value gains/(losses) on investment properties (Note 15)	450,010	(3,030,940)
	4,042,828	**273,527**
	23,560,390	**15,291,249**

7 SHARE OF RESULTS OF ASSOCIATES

	2024	2023
	US$	**US$**
Tanzania Reinsurance Company	2,704,145	1,142,559
Uganda Reinsurance Company	200,169	(133,132)
	2,904,314	**1,009,427**

8 FINANCE EXPENSE FROM REINSURANCE CONTRACTS

	2024	2023
	US$	**US$**
Interest accreted	(7,574,265)	(7,764,286)
Effect of changes in interest rates and other financial assumptions	331,980	(533,076)
Finance expense from reinsurance contracts held	**(7,242,285)**	**(8,297,362)**
Anlalysis by class:		
Property	(3,173,648)	(3,539,621)
Casualty	(912,892)	(1,142,596)
Motor	(1,392,169)	(1,559,108)
Marine	(295,545)	(413,137)
Aviation	(16,379)	(10,909)
Life	(745,975)	(658,788)
Medical	(705,677)	(973,203)
Agriculture	-	-
	(7,242,285)	**(8,297,362)**

Notes to the Financial Statements (Continued)

9 FINANCE INCOME FROM RETROCESSION CONTRACTS

	2024	2023
	US$	**US$**
Interest accreted	2,178,293	1,770,589
Effect of changes in interest rates and other financial assumptions	(83,998)	100,153
	2,094,295	**1,870,742**
Anlalysis by class:		
Property	1,151,767	1,068,188
Casualty	575,349	464,844
Motor	48,582	43,515
Marine	69,106	96,337
Aviation	3,949	134
Life	182,233	150,118
Medical	63,309	47,606
Agriculture	-	-
	2,094,295	**1,870,742**

Notes to the Financial Statements (Continued)

10 OPERATING AND OTHER EXPENSES

	2024	2023
	US$	US$
Employee emoluments and benefits (Note 11)	11,590,393	8,152,413
Auditors' remuneration	55,650	59,000
General assembly and Board expenses	452,978	404,966
Depreciation of property and equipment (Note 13 (a))	183,237	219,517
Depreciation of right of use assets (Note 13 (b))	37,811	175,193
Amortisation of intangible assets (Note 14)	79,931	227,548
Provision for expected credit losses arising from reinsurance premium receivables	(335,071)	(197,133)
Repairs and maintenance costs	688,014	502,483
Premium taxes and charges	3,107,969	3,338,914
Other expenses	3,801,836	2,752,256
	19,662,748	**15,635,157**
Attributable expenses	9,677,076	9,706,680
Other operating expenses	9,985,672	5,928,477
	19,662,748	**15,635,157**
Net foreign exchange loss	**5,635,878**	**11,867,676**
*Impairment loss on financial assets	**5,385,141**	**7,805,408**

*Impairment of losses on financial assets relates to ECL on government securities, corporate bonds, cash at bank and deposit with financial institutions.

11 EMPLOYEE EMOLUMENTS AND BENEFITS

	2024	2023
	US$	US$
Staff costs include the following:		
- Salaries and wages (including bonuses)	9,137,248	5,673,126
- Staff retirement benefits	857,736	1,037,712
- Other staff benefits	1,595,409	1,441,575
	11,590,393	**8,152,413**

The number of persons employed by the company at the year-end was 102 (2023: 95).

Notes to the Financial Statements (Continued)

12 EARNINGS PER SHARE

	2024	2023
	US$	US$
Profit attributable to shareholders (US$)	**23,152,857**	**14,187,025**
Weighted average number of shares issued (Note 25(iii))	**61,141,171**	**60,349,562**
Earnings per share (US$) - basic and diluted	**0.379**	**0.235**

Earnings per ordinary share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares issued.

There were no potentially dilutive shares outstanding at 31 December 2024 and 31 December 2023. The diluted earnings per share is therefore the same as the basic earnings per share disclosed above.

13(a) PROPERTY AND EQUIPMENT

	2024	2023
	US$	US$
Cost or valuation	5,618,960	4,897,158
Accumulated depreciation	(2,555,985)	(2,426,552)
Net book value	**3,062,975**	**2,470,606**
Comprising;		
Buildings	2,009,113	1,643,049
Motor vehicles	-	-
Office furniture and fittings	322,314	350,437
Work in progress – Furniture and fittings	69,082	-
Office equipment	88,602	98,877
Computers equipment	47,961	41,634
Right of use assets	525,903	336,609
Net book value	**3,062,975**	**2,470,606**

An independent valuation of the Company's land and buildings was carried out by Gimco Limited, property registered valuers, to determine the fair value of buildings as at 31 December 2024 on an open market basis. The valuer has appropriate qualifications and recent experience in the valuation of properties in the relevant location. In estimating the fair value of the buildings, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year. Had the Company's buildings been measured on a historical cost basis, their carrying amount would have been US$ 495,370 (2023: US$ 528,231).

No depreciation has been charged in arriving at the results for the year in respect of certain fully depreciated property and equipment with a cost of US$ 3,207,640 (2023: US$ 3,088,743) which are still in use. If depreciation had been charged during the year on the cost of these assets, it would have amounted to US$ 900,561 (2023: US$ 873,425).

Notes to the Financial Statements (Continued)

13(a) PROPERTY AND EQUIPMENT (CONTINUED)

	Land and Buildings	Motor vehicles	Office furniture and fittings	Office equipment	Computer equipment	Work in progress – Furniture & Fittings	Total
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
COST OR VALUATION							
At 1 January 2023	1,944,628	167,461	1,030,500	230,189	744,211	62,630	4,179,619
Additions	-	-	115,884	48,032	40,288	-	204,204
Disposals	-	-	(29,687)	(13,331)	(18,034)	-	(61,052)
Reclassifications	-	-	62,630	-	-	(62,630)	-
Revaluation	(301,579)	-	-	-	-	-	(301,579)
At 31 December 2023	**1,643,049**	**167,461**	**1,179,327**	**264,890**	**766,465**	**-**	**4,021,192**
At 1 January 2024	1,643,049	167,461	1,179,327	264,890	766,465	-	4,021,192
Additions	-	-	50,195	16,272	51,838	69,082	187,387
Revaluation	366,064	-	-	-	-	-	366,064
At 31 December 2024	**2,009,113**	**167,461**	**1,229,522**	**281,162**	**818,303**	**69,082**	**4,574,643**
ACCUMULATED DEPRECIATION							
At 1 January 2023	-	134,081	772,029	153,279	706,860	-	1,766,249
Charge for the year	38,892	33,380	85,208	26,025	36,012	-	219,517
Eliminated on disposal	-	-	(28,347)	(13,291)	(18,041)	-	(59,679)
Eliminated on revaluation	(38,892)	-	-	-	-	-	(38,892)
At 31 December 2023	**-**	**167,461**	**828,890**	**166,013**	**724,831**	**-**	**1,887,195**
At 1 January 2024	-	167,461	828,890	166,013	724,831	-	1,887,195
Charge for the year	32,861	-	78,318	26,547	45,511	-	183,237

Notes to the Financial Statements (Continued)

13(a) PROPERTY AND EQUIPMENT (CONTINUED)

	Land and Buildings	Motor vehicles	Office furniture and fittings	Office equipment	Computer equipment	Work in progress – Furniture & Fittings	Total
Eliminated on revaluation	(32,861)	-	-	-	-	-	(32,861)
At 31 December 2024	**-**	**167,461**	**907,208**	**192,560**	**770,342**	**-**	**2,037,571**
NBV – Revaluation basis							
At 31 December 2024	**2,009,113**	**-**	**322,314**	**88,602**	**47,961**	**69,082**	**2,537,072**
At 31 December 2023	**1,643,049**	**-**	**350,437**	**98,877**	**41,634**	**-**	**2,133,997**
NBV – Cost basis							
At 31 December 2024	**495,370**	**-**	**322,314**	**88,602**	**47,961**	**69,082**	**1,023,329**
At 31 December 2023	**528,231**	**-**	**350,437**	**98,877**	**41,634**	**-**	**1,019,179**

Notes to the Financial Statements (Continued)

13(a) PROPERTY AND EQUIPMENT (CONTINUED)

Details of the Company's freehold land and buildings and information about fair value hierarchy as at 31 December 2024 are as follows:

	2024	2023
	US$	US$
Level 1	-	-
Level 2	2,009,113	1,643,049
Level 3	-	-
Fair value at 31 December	**2,009,113**	**1,643,049**

There were no transfers between the levels during the year.

13(b) RIGHT OF USE ASSETS

	2024	2023
	US$	US$
Cost	1,044,317	875,966
Accumulated amortisation	(518,414)	(539,357)
Net book value	**525,903**	**336,609**
COST		
At 1 January	875,966	596,834
Additions	227,105	279,132
Disposals	(58,754)	-
At 31 December	**1,044,317**	**875,966**
ACCUMULATED DEPRECIATION		
Additions	539,357	364,164
Charge for the year	37,811	175,193
Disposals	(58,754)	-
At 31 December	**518,414**	**539,357**
NET BOOK VALUE	**525,903**	**336,609**

Notes to the Financial Statements (Continued)

14 INTANGIBLE ASSETS – COMPUTER SOFTWARE

	2024	2023
	US$	US$
Cost	2,374,564	2,374,564
Accumulated amortisation	(1,692,696)	(1,612,765)
Net book value	**681,868**	**761,799**

Movement analysis:	Software licences	Other software	Work in Progress	Total
Cost	US$	US$	US$	US$
At 1 January 2023	636,533	938,604	799,427	2,374,564
Additions	-	176,343	(176,343)	-
Capitalization	-	569,753	(569,753)	-
At 31 December 2023	**636,533**	**1,684,700**	**53,331**	**2,374,564**
At 1 January 2024 and 31 December 2024	**636,533**	**1,684,700**	**53,331**	**2,374,564**
Accumulated amortisation				
At 1 January 2023	636,533	748,684	-	1,385,217
Charge for the year	-	227,548	-	227,548
At 31 December 2023	**636,533**	**976,232**	**-**	**1,612,765**
At 1 January 2024	636,533	976,232	-	1,612,765
Charge for the year	-	79,931	-	79,931
At 31 December 2024	**636,533**	**1,056,163**	**-**	**1,692,696**
Net book value				
At 31 December 2024	**-**	**628,537**	**53,331**	**681,868**
At 31 December 2023	**-**	**708,468**	**53,331**	**761,799**

All software is amortised over a period of three years.

Notes to the Financial Statements (Continued)

14 INTANGIBLE ASSETS – COMPUTER SOFTWARE (CONTINUED)

	2024	2023
	US$	**US$**
Cost	2,374,564	2,374,564
Accumulated amortisation	(1,692,696)	(1,612,765)
Net book value	**681,868**	**761,799**

Movement analysis:	**Software licences**	**Other software**	**Work in Progress**	**Total**
Cost	**US$**	**US$**	**US$**	**US$**
At 1 January 2023	636,533	938,604	799,427	2,374,564
Additions	-	176,343	(176,343)	-
Capitalization	-	569,753	(569,753)	-
At 31 December 2023	**636,533**	**1,684,700**	**53,331**	**2,374,564**
At 1 January 2024 and 31 December 2024	**636,533**	**1,684,700**	**53,331**	**2,374,564**
Accumulated amortisation				
At 1 January 2023	636,533	748,684	-	1,385,217
Charge for the year	-	227,548	-	227,548
At 31 December 2023	**636,533**	**976,232**	**-**	**1,612,765**
At 1 January 2024	636,533	976,232	-	1,612,765
Charge for the year	-	79,931	-	79,931
At 31 December 2024	**636,533**	**1,056,163**	**-**	**1,692,696**
Net book value				
At 31 December 2024	**-**	**628,537**	**53,331**	**681,868**
At 31 December 2023	**-**	**708,468**	**53,331**	**761,799**

All software is amortised over a period of three years.

Notes to the Financial Statements (Continued)

15 INVESTMENT PROPERTIES

	2024	2023
	US$	**US$**
Fair value of investment properties	**56,024,001**	**55,228,231**

Investment properties comprise:

	ZEP-RE Place	**Prosperity House**	**Zambia Business Park**	**Mombasa Road Land**	**Harare Property**	**Sudan Property**	***Ethiopia Property**	**Total**
At fair value:	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
At 1 January 2023	9,361,892	4,787,449	33,008,000	1,113,361	290,000	1,085,625	5,160,909	54,807,236
Additions	-	277	36,118	-	-	-	3,415,540	3,451,935
Fair value (loss)/gain	(1,486,954)	(757,584)	(261,118)	(147,784)	20,000	(397,500)	-	(3,030,940)
At 31 December 2023	**7,874,938**	**4,030,142**	**32,783,000**	**965,577**	**310,000**	**688,125**	**8,576,449**	**55,228,231**
At 31 December 2024	7,874,938	4,030,142	32,783,000	965,577	310,000	688,125	8,576,449	55,228,231
Additions	90,593	219,726	35,441	-	-	-	-	345,760
Fair value (loss)/gain	919,911	709,123	(903,441)	222,542	190,000	(688,125)	-	450,010
At 31 December 2024	**8,885,442**	**4,958,991**	**31,915,000**	**1,188,119**	**500,000**	**-**	**8,576,449**	**56,024,001**

Investment properties were last valued by Gimco Limited for the Kenya properties, Knight Frank Zambia Limited for the Zambia property and Knight Frank Zimbabwe for the Zimbabwe property, registered valuers, at 31 December 2024, on an open market basis. The valuers have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year. The fair value gain arising from the revaluation has been dealt with in profit or loss.

*The Ethiopia property was valued at cost as it relates to purchase of executive apartments currently under construction with a completion date of 31st December 2025.

All the Company's investment properties are held under leasehold interests.

Details of the Company's investment properties and information about fair value hierarchy at 31 December 2024 are as follows:

	2024	2023
	US$	**US$**
Level 1	-	-
Level 2	56,024,001	55,228,231
Level 3	-	-
Fair value at 31 December	**56,024,001**	**55,228,231**

There were no transfers between the levels during the year.

Notes to the Financial Statements (Continued)

16 EQUITY INVESTMENTS AT FVOCI

Quoted equity investments

	2024	2023
	US$	**US$**
At 1 January	19,429,137	23,435,400
Additions	861,960	1,687,306
Disposals	(1,223,733)	(1,025,777)
Fair value gains (Note 26 (i))	1,464,534	1,341,534
Exchange difference on revaluation (Note 26 (i))	(456,973)	(6,009,326)
At 31 December	**20,074,925**	**19,429,137**
Unquoted equity investments		
At 1 January	3,507,977	2,294,266
Additions	582,455	1,357,480
Disposals	-	(143,769)
Fair value loss (Note 26 (i))	(664,387)	-
At 31 December	**3,426,045**	**3,507,977**

Investment in affiliated Companies

	WAICA Reinsurance Corporation	African Trade Insurance Agency	TDB	Total
	US$	**US$**	**US$**	**US$**
At 1 January 2023	9,514,868	6,250,012	12,004,767	27,769,647
Additions	-	148,597	-	148,597
Fair value loss (Note 26(iii))	1,578,478	(1,062,286)	(1,971,063)	(1,454,871)
At 31 December 2023	**11,093,346**	**5,336,323**	**10,033,704**	**26,463,373**
At 1 January 2024	11,093,346	5,336,323	10,033,704	26,463,373
Fair value gain (Note 26(iii))	238,594	1,020,125	243,932	1,502,651
Disposal	-	-	(10,277,636)	(10,277,636)
At 31 December 2024	**11,331,940**	**6,356,448**	**-**	**17,688,388**

The investments above are reported at fair value. The WAICA RE investment has been reported under the asset-based valuation approach while the ATIDI investment has been reported using the market capitalization approach.

17(a) EQUITY ACCOUNTED INVESTMENTS

Investment in associates

Equity investments measured at fair value through profit or loss.

	Tanzania Reinsurance Company	Uganda Reinsurance Company	Medbook Limited	Total
	US$	**US$**	**US$**	**US$**
At 1 January 2023	8,601,636	3,504,846	300,000	12,406,482
Additions	150,694	25,631	-	176,325
Dividends	(50,379)	(25,360)	-	(75,739)
Associate share of profit (Note 7)	1,142,559	(133,132)	-	1,009,427
At 31 December 2023	**9,844,510**	**3,371,985**	**300,000**	**13,516,495**
At 1 January 2024	9,844,510	3,371,985	300,000	13,516,495
Additions	-	394,107	-	394,107
Dividends	(189,293)	(100,694)	-	(289,987)
Associate share of profit (Note 7)	2,704,145	200,169	-	2,904,314
Fair value loss (Note 26 (i))	-	(623,959)	-	(623,959)
At 31 December 2024	**12,359,362**	**3,241,608**	**300,000**	**15,900,970**

Tanzania Reinsurance Company Limited (TAN-RE) is a reinsurance company providing a broad range of reinsurance products and services to clients in Africa and selected parts of Middle East and Asia. TAN-RE effectively opened its doors for the writing of all classes of reinsurance business with effect from 27th January 2004. The Company has been registered to transact reinsurance business in respect of all Non-Life insurance business including Marine and Aviation business and all Life Assurance business including Pension business. TAN RE Limited is a private entity that is not listed on any public exchange. The Company has 32.84% interest in TAN RE.

Uganda Reinsurance Company Limited commonly referred to as Uganda Re is a reinsurance company based in Kampala, Uganda. The company is governed by the Insurance Act of Uganda caption 213 and the Insurance (Amendment) Act No. 13 of 2011 and is licensed by the Insurance Regulatory Authority of Uganda (IRA) as a composite reinsurer to transact both life and non-life reinsurance business. Uganda Reinsurance Company commenced trading operations in June, 2013 having been licensed by the IRA on 6th May, 2013. The company currently benefits from a 15% mandatory cession of all facultative and treaty reinsurances in Uganda as provided for by the mentioned Act and Regulations of the IRA. Uganda Re is a private entity that is not listed on any public exchange. The Company has 18.14% interest in Uganda Re.

Medbook Kenya Limited is a Health/InsurTech Company founded in 2014 offering cloud-based solutions for patients, doctors, facilities and insurance. Medbook is a private entity that is not listed on any public exchange. The Company has 30.0% interest in Medbook Kenya Limited.

Notes to the Financial Statements (Continued)

17(a) EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Summary of Financial information for TAN RE

The presentation and functional currency for TAN RE is Tanzania Shillings. The following exchange rates have been applied in converting the balances to US$.

	2024	2023
	US$	**US$**
Closing rate	2,423	2,508
Ownership	32.84%	31.37%
Total Assets	80,721,975	68,073,478
Total Liabilities	25,777,412	20,710,616
Total Equity	**54,944,563**	**47,362,862**
Company share of net assets of associate	**18,044,771**	**14,859,143-**
Total Income	112,740,761	85,176,742
Total Expenses	(105,940,488)	(80,055,654)
Profit	**6,800,273**	**5,121,088**
Company share of profit for the year	**2,233,331**	**1,606,638**

Summary of Financial information for Uganda RE

The presentation and functional currency for Uganda RE is Uganda Shillings. The following exchange rates have been applied in converting the balances to US$.

	2024	2023
	US$	**US$**
Closing rate	3,679	3,782
Ownership	18.41%	20.82%
Total Assets	46,805,832	38,041,713
Total Liabilities	(30,323,352)	(24,079,273)
Total Equity	**16,482,480**	**13,962,440**
Company share of net assets of associate	**3,033,876**	**2,907,327**
Total Income	31,288,000	27,144,000
Total Expenses	(30,401,000)	(24,620,000)
Profit	**887,000**	**2,524,000**
Company share of profit for the year	**163,267**	**525,560-**

Notes to the Financial Statements (Continued)

17(b) INVESTMENT IN SUBSIDIARY

Details of the company's subsidiaries at the end of the reporting year are as follows:

	Country of incorporation	Proportion of ownership interest and voting power held at		Investment at cost:	
		2024	2023	2024	2023
				US$	US$
Agriculture and Climate Risk Enterprise Ltd. (ACRE Africa)	Kenya	100%	-	500,000	-

The primary business of ACRE is the promotion of weather index insurance to farmers.

The Company has opted not to consolidate the financial statements of ACRE Africa as the balances have been deemed immaterial.

18 OTHER RECEIVABLES

	2024	2023
	US$	**US$**
Receivable from The Eastern and Southern African Trade Development Bank (TDB)	9,048,725	-
Staff receivables	3,739,592	3,616,965
Receivable from COMESA Yellow Card Pool	991,938	1,038,796
Receivable from ACRE Africa Limited	478,078	979,933
Receivable from Retakaful window	643,008	796,462
Prepayments	698,624	656,676
Rent receivable	474,900	474,900
Other receivables	3,533,182	5,789,076
Provision for expected credit losses (ECL)	(520,868)	(146,209)
	19,087,179	**13,206,599**
Movement in provision for expected credit losses		
At 1 January	(146,209)	(198,269)
(Charge)/credit for the year	(374,659)	52,060
At 31 December	**(520,868)**	**(146,209)**

Notes to the Financial Statements (Continued)

19 GOVERNMENT SECURITIES

	2024	2023
	US$	US$
Comprised of:		
Treasury bonds and bills	206,010,392	199,966,271
Sovereign bonds	9,842,347	22,793,276
	215,852,739	222,759,547
Provision for expected credit losses (Note 19(iv))	(10,148,440)	(5,307,954)
	205,704,299	**217,451,593**

	2024	2023
	US$	US$
Valuation		
Amortised cost	203,980,264	215,563,928
FVOCI	1,724,035	1,887,665
	205,704,299	**217,451,593**
Movement during the year:		
At 1 January	217,451,593	119,905,050
Additions	86,735,342	169,234,480
Disposals	(94,027,747)	(68,324,330)
Interest accrued	3,519,311	2,967,120
Interest received	(2,967,120)	(1,978,620)
Fair value losses	(166,594)	(349,845)
Expected credit losses for the year	(4,840,486)	(4,002,262)
At 31 December	**205,704,299**	**217,451,593**
Maturity profile:		
(i) Treasury bonds & bills maturing:		
Within 6 months	7,592,441	-
In 6 months to 1 year	11,023,501	-
In 1 to 5 years	107,253,584	20,503,017
After 5 years	70,455,168	174,155,300
	196,324,694	**194,658,317**

19 GOVERNMENT SECURITIES (CONTINUED)

	2024	2023
	US$	US$
(ii) Sovereign Bonds maturing:		
Within 6 months	1,168,598	9,771,677
In 6 months to 1 year	-	-
- In 1 to 5 years	2,921,494	13,021,599
- After 5 years	5,289,513	-
At 31 December	**9,379,605**	**22,793,276**
Analysis by currency denomination:		
Securities in US Dollars	188,181,478	213,552,024
Securities in Kenya Shillings	15,280,105	3,280,619
Securities in Ugandan Shillings	2,242,716	618,950
	205,704,299	**217,451,593**

	2024	2023
	US$	US$
(iii) Analysis by Country:		
United States	123,797,437	123,608,386
Egypt	16,121,236	16,116,946
Nigeria	14,927,301	14,914,655
Tanzania	10,551,861	14,307,934
Kenya	9,784,991	11,253,972
Ivory Coast	9,682,863	10,011,999
Zimbabwe	5,928,317	9,676,553
Zambia	5,757,053	8,496,819
Senegal	4,549,132	5,920,493
Uganda	2,242,716	1,887,665
Mauritius	1,724,035	637,221
Rwanda	637,357	618,950
	205,704,299	**217,451,593**

	2024	2023
	US$	US$
(iv) Movement in provision for expected credit losses		
At 1 January	(5,307,954)	(1,305,692)
Charge for the year	(4,840,486)	(4,002,262)
At 31 December	**(10,148,440)**	**(5,307,954)**

20 OFFSHORE INVESTMENTS

	2024	2023
	US$	US$
(i) Amortized cost		
Movement during the year:		
At 1 January	-	15,078,136
Additions	-	-
Disposals	-	(11,147,142)
Fair value loss (Note 6(a))	-	(3,930,994)
At 31 December	**-**	**-**
(ii) FVOCI		
Wealth fund	3,030,687	2,861,991
Barclays Execution Fund	6,414,277	5,897,049
Harding Loevner Global Equity Fund	979,334	858,697
	10,424,298	**9,617,737**
Movement during the year		
At 1 January	9,617,737	9,241,964
Fair value gain (Note 26(i))	806,561	375,773
At 31 December	**10,424,298**	**9,617,737**

21 DEPOSITS WITH FINANCIAL INSTITUTIONS

	2024	2023
	US$	US$
Analysis by currency denomination:		
Deposits in United States Dollars	56,614,473	36,250,492
Deposits in Kenya Shillings	23,844,055	15,218,387
Deposits in West African Franc	8,193,221	10,521,069
Deposits in Great Britain Pound	7,053,714	964,284
Deposits in Tanzanian Shillings	1,775,072	1,117,126
Deposits in Zimbabwe Dollar	1,000,000	-
Deposits in Ethiopian Birr	558,097	-
Deposits in Ugandan Shillings	225,960	865,667
Deposits in Malawian Kwacha	4,775	621,382
Deposits in Rwandese Franc	-	306,113
	99,269,367	65,864,520
Provision for expected credit losses	(422,947)	(267,363)
	98,846,420	**65,597,157**

Notes to the Financial Statements (Continued)

21 DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

	2024	2023
	US$	US$
Maturity analysis:		
Deposits with financial institutions maturing:		
Within 3 months of placement	16,381,783	36,952,454
After 3 months of placement	82,887,584	28,912,066
	99,269,367	**65,864,520**
Movement in provision for expected credit losses		
At 1 January	(267,363)	(336,036)
(Charge)/credit for the year	(155,584)	68,673
	(422,947)	**(267,363)**

Deposits with financial institutions have an average maturity of 3 to 12 months (2023: 3 to 12 months).

22 CORPORATE BONDS AND LOANS

	2024	2023
	US$	US$
Analysis by currency denomination:		
United States Dollar	31,904,888	6,115,016
Provision for expected credit losses	(19,143)	(3,669)
	31,885,745	**6,111,347**
Movement during the year:		
At 1 January	6,111,347	6,013,527
Additions	81,443,067	70,212
Disposals	(57,243,367)	(428,226)
Interest accrued	315,042	14,338
Fair value gain (Note 26(i))	1,275,130	417,500
Expected credit losses (charge)/credit for the year	(15,474)	23,996
	31,885,745	**6,111,347**
Maturity analysis:		
Corporate bonds and loans maturing:		
Within 1 year	5,940,000	768,847
Between 1 to 5 years	19,785,501	5,342,500
> 5 years	6,160,244	-
	31,885,745	**6,111,347**

22 CORPORATE BONDS AND LOANS (CONTINUED)

Analysis by valuation:

	2024	2023
	US$	US$
(i) Amortized cost		
Acorn Project (Two) LLP Note	-	772,516
Provision for expected credit losses	-	(3,669)
	-	**768,847**
(ii) FVOCI		
Africa Credit Opportunities Fund 2	5,940,000	5,342,500
Citibank N.A. Kenya	25,964,888	-
	31,904,888	5,342,500
Provision for expected credit losses	(19,143)	-
	31,885,745	**5,342,500**
	31,885,745	**6,111,347**
Movement in provision for expected credit losses		
At 1 January	(3,669)	(27,665)
(Charge)/credit for the year	(15,474)	23,996
At 31 December	**(19,143)**	**(3,669)**

23 CASH AND BANK BALANCES

	2024	2023
	US$	US$
Analysis by currency denomination:		
United States Dollars	4,921,661	2,251,702
Central African Franc	2,007,495	124,559
Burundian Francs	1,408,810	1,130,260
Ethiopian Birr	1,086,354	1,200,735
Kenya Shillings	812,668	255,462
Nigerian Naira	661,023	288,592
Rwandese Francs	648,653	4,925
Zimbabwean Gold	374,011	465,395
Ugandan Shilling	298,167	29,623
European Euro	207,272	704
West African Franc	180,407	1,453,939
Zambian Kwacha	126,709	20,571
Sudanese Pound	106,537	340,613
Tanzanian Shilling	67,931	10,755
Malawian Kwacha	10,438	36,874
	12,918,136	**7,614,709**
Provision for expected credit losses	**(28,633)**	**(29,695)**
	12,889,503	**7,585,014**
Movement in provision for expected credit losses		
At 1 January	(29,695)	(12,814)
Credit/(charge) for the year	1,062	(16,881)
At 31 December	**(28,633)**	**(29,695)**

24 WEIGHTED AVERAGE EFFECTIVE INTEREST/RETURN RATES

The following table summarises the weighted average effective interest / return rates realised during the year on the principal interest/return-bearing investments:

	2024	2023
	%	%
Government securities		
Securities in Kenya Shillings	3.3	2.6
Securities in United States Dollars	7.1	6.7
Deposits with financial institutions		
Deposits in United States Dollars	0.4	0.2
Deposits in Kenya Shillings	7.1	6.0
Deposits in Ethiopian Birr	6.8	6.4
Deposits in West African Francs	0.3	0.2
Deposits in Rwandese Francs	3.7	3.5
Deposits in Malawian Kwacha	2.2	2.1
Deposits in Zambian Kwacha	8.1	9.7
Deposits in Uganda Shillings	1.1	1.3
Deposits in Tanzania Shillings	0.1	0.3

Notes to the Financial Statements (Continued)

25 ISSUED CAPITAL

	2024	2023
	US$	US$
(i) Issued capital		
Ordinary shares of par value of US$ 1 each:		
Share capital	61,242,511	61,040,788
Share premium	75,356,788	74,073,837
Paid up capital	**136,599,299**	**135,114,625**

	No of shares	Share capital	Share premium	Total
(ii) Paid up shares				
Year ended 31 December 2023				
At 1 January 2023	58,820,232	58,820,232	60,594,253	119,414,485
Issue of shares	2,124,644	2,124,644	12,875,356	15,000,000
Dividends capitalised	95,912	95,912	604,228	700,140
At 31 December 2023	**61,040,788**	**61,040,788**	**74,073,837**	**135,114,625**
Year ended 31 December 2024				
At 1 January 2024	61,040,788	61,040,788	74,073,837	135,114,625
Dividends capitalised	201,723	201,723	1,282,951	1,484,674
At 31 December 2023	**61,242,511**	**61,242,511**	**75,356,788**	**136,599,299**

	2024	2023
	US$	US$
(iii) Weighted average number of shares (Note 12)	**61,141,171**	**60,349,562**

Notes to the Financial Statements (Continued)

26 RESERVES

	2024	2023
	US$	US$
Investments revaluation reserve (Note 26 (i))	(16,548,673)	(18,182,985)
Property revaluation reserve (Note 26 (ii))	1,513,743	1,114,818
Investment in affiliated companies revaluation reserve (Note 26 (iii))	13,775,538	12,272,887
	(1,259,392)	**(4,795,280)**
(i) Investments revaluation reserve		
At 1 January	(18,182,985)	(13,958,621)
Fair value gain on revaluation of quoted equity investments (Note 16)	1,464,534	1,341,534
Fair value loss on revaluation of unquoted equity investments (Note 16)	(664,387)	-
Impairment loss on investment in associate (Note 17 (a))	(623,959)	-
Foreign exchange loss on revaluation of equity investments (Note 16)	(456,973)	(6,009,326)
Fair value gain on revaluation of offshore investments (Note 20(ii))	806,561	375,773
Fair value gain on revaluation of corporate bonds (Note 22)	1,275,130	417,500
Fair value gain on government securities (Note 19)	(166,594)	(349,845)
At 31 December	**(16,548,673)**	**(18,182,985)**

The investments revaluation reserve represents accumulated gains and losses arising on the revaluation of financial assets that have been recognised in the other comprehensive income. This reserve is not available for distribution.

The Company reviews the status of the investment portfolio at every financial reporting for expected credit losses. In determining whether an impairment loss should be recognized in profit or loss, the Company checks whether there is evidence that the assets are impaired and that the fair values have declined irreversibly. At 31 December 2024 and 31 December 2023, none of the shares have been determined by the Directors' to bear a permanent impairment hence no losses have been recognised in profit or loss.

	2024	2023
	US$	US$
(ii) Property revaluation reserve – Buildings		
At 1 January	1,114,818	1,377,505
Revaluation surplus (Note 13)	366,064	(301,579)
Depreciation written back on revaluation (Note 13)	32,861	38,892
Net gain on revaluation of property	398,925	(262,687)
At 31 December	**1,513,743**	**1,114,818**

The property revaluation reserve arises on the revaluation of buildings that are classified as part of property and equipment- owner occupied. When the revalued buildings are sold, the portion of the properties' revaluation reserve that relates to that asset, and that is effectively realised, is transferred directly to retained earnings.

This reserve is not available for distribution

26 RESERVES (CONTINUED)

(iii) Investment in affiliated Companies revaluation reserve

This relates to valuation gains or losses in investments in affiliated Companies. In 2024, a net fair value gain of US$ 1,502,651 (2023:loss of US$ 1,454,871) was realized in the year.

	2024	2023
	US$	**US$**
At 1 January	12,272,887	13,727,758
Fair value gain (Note 16)	1,502,651	(1,454,871)
At 31 December	**13,775,538**	**12,272,887**

27 RETAINED EARNINGS

	2024	2023
	US$	**US$**
Retained earnings	**223,921,467**	**206,239,545**
The movement in retained earnings is as follows:		
At 1 January	206,239,545	197,460,812
Dividend declared (Note 32)	(5,400,000)	(5,300,000)
Transfer to development impact fund	(70,935)	(108,292)
Profit for year	23,152,857	14,187,025
At 31 December	**223,921,467**	**206,239,545**

During the year ended 31 December 2024, the dividend arising out of 2023 profits amounting to US$ 5,400,000 was declared at the Annual General Meeting and authorized for pay out as detailed under Note 32.

In respect of 2024, the appropriation to the development impact fund from retained earnings was US$ 115,764 (2023:US$70,935) as detailed under Note 31(ii).

28 REINSURANCE CONTRACT LIABILITIES

	2024				
	Liabilities for remaining coverage		**Liabilities for incurred claims**		
	Contracts under PAA				
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance contract liabilities at January 1	**(90,618,866)**	**794,821**	**198,108,474**	**19,487,753**	**127,772,182**
Reinsurance revenue	**(273,600,506)**	**-**	**-**	**-**	**(273,600,506)**
Reinsurance service expenses					
Incurred claims and other reinsurance service expenses	-	519,909	132,245,523	7,432,214	**140,197,646**
Changes that relate to past service - changes in the FCF relating to LIC	-	-	(29,358)	(5,224,186)	**(5,253,544)**
Losses on onerous contracts and reversal of those losses	-	(496,385)	-	-	**(496,385)**
Adjustments to liabilities for incurred claims	(14,611,062)	(271,608)	(1,631,636)	(2,695,429)	**(19,209,735)**
Reinsurance service result	**(288,211,568)**	**(248,084)**	**130,584,529**	**(487,401)**	**(158,362,524)**
Reinsurance finance income and expenses		**-**	**6,418,032**	**824,253**	**7,242,285**
Total changes in the income statement	**(288,211,568)**	**(248,084)**	**137,002,561**	**336,852**	**(151,120,239)**
Cash flows					
Premiums received	259,919,809	-	-	-	**259,919,809**
Claims and other reinsurance service expenses paid	-		(103,089,262)	-	**(103,089,262)**
Total cash flows	259,919,809	-	(103,089,262)	-	**156,830,547**
Reinsurance contract liabilities at December 31	**(118,910,625)**	**546,737**	**232,021,773**	**19,824,605**	**133,482,490**

	2023				
	Liabilities for remaining coverage		**Liabilities for incurred claims**		
	Contracts under PAA				
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Reinsurance contract liabilities at January 1	**(139,546,435)**	**423,524**	**201,961,233**	**14,571,357**	**77,409,679**
Reinsurance revenue	**(238,134,146)**	**-**	**-**	**-**	**(238,134,146)**
Reinsurance service expenses					
Incurred claims and other reinsurance service expenses	-	423,404	146,555,509	8,088,758	**155,067,671**
Changes that relate to past service - changes in the FCF relating to LIC	-	-	(26,437,372)	(6,656,152)	**(33,093,524)**
Losses on onerous contracts and reversal of those losses	-	(323,715)	-	-	**(323,715)**
Adjustments to liabilities for incurred claims	14,611,062	271,608	1,631,636	2,695,429	**19,209,735**
Reinsurance service result	**(223,523,084)**	**371,297**	**121,749,773**	**4,128,035**	**(97,273,979)**
Reinsurance finance income and expenses	**-**	**-**	**7,509,001**	**788,361**	**8,297,362**
Total changes in the income statement	**(223,523,084)**	**371,297**	**129,258,774**	**4,916,396**	**(88,976,617)**
Cash flows					
Premiums received	272,450,653	-	-	-	**272,450,653**
Claims and other reinsurance service expenses paid	-		(133,111,533)	-	**(133,111,533)**
Total cash flows	272,450,653	-	(133,111,533)	-	**139,339,120**
Reinsurance contract liabilities at December 31	**(90,618,866)**	**794,821**	**198,108,474**	**19,487,753**	**127,772,182**

Notes to the Financial Statements (Continued)

29 RETROCESSION CONTRACT ASSETS/(LIABILITIES)

	2024					2023				
	Assets forremaining coverage		Assets forincurred claims			Assets forremaining coverage		Assets forincurred claims		
	Contracts under PAA					Contracts under PAA				
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Retrocession contract assets at January 1	(36,426,691)	-	72,539,078	6,476,183	42,588,570	(23,283,314)	-	25,335,877	1,348,805	3,401,368
Retrocession contract liabilities at January 1	-	-	-	-	-	(23,615,136)	-	17,234,664	1,433,931	(4,946,541)
Net Retrocession contract assets/(liabilities) liabilities at January 1	**(36,426,691)**	**-**	**72,539,078**	**6,476,183**	**42,588,570**	**(46,898,450)**	**-**	**42,570,541**	**2,782,736**	**(1,545,173)**
Retrocession premium expense	(147,000,730)	-	-	-	(147,000,730)	(130,881,575)	-	-	-	(130,881,575)
Incurred claims and related expenses recovery	-	-	35,423,950	2,956,057	38,380,007	-	-	38,720,397	2,399,752	41,120,149
Changes that relate to past service - changes in the FCF relating to incurred claims recovery	-	-	6,675,582	(865,567)	5,810,015	-	-	(11,101,592)	(1,785,966)	(12,887,558)
Adjustments to assets for incurred claims	(16,722,819)	-	(14,649,097)	(2,930,683)	(34,302,599)	16,722,819	-	14,649,097	2,930,683	34,302,599
Net expenses from retrocession contracts	**(163,723,549)**	**-**	**27,450,435**	**(840,193)**	**(137,113,307)**	**(114,158,756)**	**-**	**42,267,902**	**3,544,469**	**(68,346,385)**
Net finance income from retrocession contracts	-	-	1,918,423	175,872	2,094,295	-	-	1,721,764	148,978	1,870,742
Total changes in the income statement	**(163,723,549)**	**-**	**29,368,858**	**(664,321)**	**(135,019,012)**	**(114,158,756)**	**-**	**43,989,666**	**3,693,447**	**(66,475,643)**
Cashflows										
Premiums paid	129,912,465	-	-	-	129,912,465	124,630,515	-	-	-	124,630,515
Recoveries from retrocessionnaires	-	-	(23,954,599)	-	(23,954,599)	-	-	(14,021,129)	-	(14,021,129)
Total Cashflows	**129,912,465**	**-**	**(23,954,599)**	**-**	**105,957,866**	**124,630,515**	**-**	**(14,021,129)**	**-**	**110,609,386**
Retrocession contract assets at December 31	(42,854,353)	-	57,417,665	5,811,862	**20,375,174**	**(36,426,691)**	**-**	**72,539,078**	**6,476,183**	**42,588,570**
Retrocession contract liabilities at December 31	(27,383,422)	-	20,535,672	-	**(6,847,750)**	-	-	-	-	-
Net Retrocession contract assets/(liabilities) at December 31	**(70,237,775)**	**-**	**77,953,337**	**5,811,862**	**13,527,424**	**(36,426,691)**	**-**	**72,539,078**	**6,476,183**	**42,588,570**

Notes to the Financial Statements (Continued)

30 DEFERRED INCOME

Deferred income represents the value of the Mombasa Road leasehold land at initial recognition. This land was granted to the company by the Kenya Government and is included in investment properties as disclosed in note 11. The amount is amortised to income over the lease term. The movement on the deferred income account during the year is as follows:

	2024	2023
	US$	**US$**
Arising from Government grant		
- At 1 January and at 31 December	80,686	80,686
Accumulated amortisation:		
At 1 January	24,451	23,636
Credited to other income for the year	815	815
At 31 December	**25,266**	**24,451**
At 31 December	**55,420**	**56,235**

31(I) OTHER PAYABLES

	2024	2023
	US$	**US$**
Rent deposits	287,549	295,131
Payable to World bank	314,130	206,746
Accruals	6,312,581	10,334,634
Leave pay provision	447,236	190,387
Provision for gratuity	2,119,488	2,480,399
Development impact fund (Note 31 (iii))	17,154	87,862
	9,498,138	**13,595,159**

31(II) LEASE LIABILITIES

The Company holds leases of offices for its offices in Rwanda, Democratic Republic of Congo, Uganda, Cote D'Ivoire and Zimbabwe.

	2024	2023
	US$	**US$**
The lease liabilities are split as follows:		
Current	120,037	155,892
Non-current	480,326	378,002
	600,363	**533,894**

Notes to the Financial Statements (Continued)

31(II) LEASE LIABILITIES (CONTINUED)

	2024	2023
	US$	US$
The movement in lease liabilities is as follows:		
At 1 January	533,894	380,183
Addition	227,105	279,132
Interest on lease liabilities	30,211	36,697
Lease payments: interest	(24,034)	(36,697)
Lease payments: principal	(166,813)	(130,472)
At 31 December	**600,363**	**533,894**
The total cash outflow for lease in the year was:		
Interest on lease liabilities	30,211	36,697
Payments of the principal portion of lease liabilities	173,249	125,420
	203,460	**162,117**
Maturity analysis -*undiscounted future cash out flows*:		
1 year	205,082	172,028
2-5 years	468,840	417,129
	673,922	**589,157**

31(III) DEVELOPMENT IMPACT FUND

	2024	2023
	US$	US$
The movement in the development impact fund is as follows:		
At 1 January	87,862	232,024
Appropriation from retained earnings	70,935	108,292
Expenses	(141,643)	(252,454)
At 31 December	**17,154**	**87,862**

In respect of the current year, the Directors' propose an appropriation of US$ 115,764 from the retained earnings (2023: US$ 70,935). This appropriation is subject to approval of shareholders at the Annual General Meeting to be held on 16th May 2024 and has therefore not been recognised as a liability in these financial statements.

32 DIVIDENDS PAYABLE

	2024	2023
	US$	US$
The movement in dividends payable is as follows:		
At 1 January	5,019,275	1,932,430
Final dividend declared (Note 27)	5,400,000	5,300,000
Dividend paid	(2,108,346)	(1,513,015)
Dividend capitalized	(1,484,674)	(700,140)
At 31 December	**6,826,255**	**5,019,275**

In respect of the current year, the Directors' propose a dividend of US$ 5,500,000 (2023: US$ 5,400,000). This dividend is subject to approval of shareholders at the Annual General Meeting to be held on 25th June 2025 and has therefore not been recognised as a liability in these financial statements.

33 CAPITAL COMMITMENTS

Capital expenditure authorised but not contracted for at the end of the reporting period and which is not recognised in the financial statements is as follows:

	2024	2023
	US$	US$
Property and equipment	73,661	-
Investment properties	-	204,123
	73,661	**204,123**

The capital commitment in 2024 relates to office fit outs at Head Office and Ethiopia offices.

34 RELATED PARTIES

The Company is owned by Governments, private and public institutions of COMESA member states. Some of these are Insurance and Reinsurance companies.

A portion of the Company's underwriting business is transacted with ceding companies that are shareholders of the Company. All related parties transactions are carried out on an arms-length basis. The transactions carried out with related parties during the year and the balances due from or due to related parties at year end are disclosed below:

	2024	2023
	US$	US$
(i) Transactions with related parties		
Gross earned premium:		
Shareholders	**31,130,228**	**31,072,859**
Claims paid		
Shareholders	**8,352,899**	**10,110,489**

34 RELATED PARTIES (CONTINUED)

	2024	2023
	US$	**US$**
(II) Directors' remuneration		
Directors' fees	208,050	206,850
Other emoluments paid (per diem)	42,400	55,889
	250,450	**262,739**
(III) Key management remuneration		
Salaries and other short-term employment benefits	1,049,526	1,443,947
Gratuity	248,025	255,000
	1,297,551	**1,698,947**
(IV) Outstanding balances with related parties		
Premiums receivable from related parties	4,725,980	4,950,753
Staff car and other loans	3,739,592	3,616,965
Staff gratuity	2,119,488	2,480,399
	10,585,060	**11,048,117**

The staff gratuity is a defined benefit payable to management at the time of resignation, retirement, layoff or voluntary retirement, death, retrenchment, disability or termination.

35 CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

		2024	2023
		US$	**US$ Restated***
Profit for the year		23,152,857	14,187,025
Adjustments for:			
Loss on disposal of property and equipment		-	155
Fair value loss on investment properties	6	(450,010)	3,030,940
Interest income	6	(19,517,562)	(15,017,722)
Fair value loss on offshore investments	6	-	3,930,994
Associate share of profit	7	(2,904,314)	(1,009,427)
Provision for expected credit losses – government securities	19	4,840,486	4,002,262
Provision for expected credit losses - deposits with financial institutions	21	155,584	(68,673)
Provision for expected credit losses – corporate bonds	22	15,474	(23,996)
Depreciation of property and equipment	13(a)	183,237	219,517
Depreciation of right of use asset	13(b)	37,811	175,193
Amortisation of intangible assets	14	79,931	227,548
Interest on lease liabilities	31(ii)	30,211	36,697
Amortisation of deferred income	30	(815)	(815)
Net foreign exchange losses on cash and cash equivalents		1,474,142	674,693
Increase in reinsurance contract liabilities		5,710,308	50,362,503
Increase/(decrease) in retrocession contract liabilities		6,847,750	(1,545,173)
Decrease/(increase) in retrocession contract assets		22,213,396	(40,265,930)
Increase in other receivables		(5,880,580)	(4,344,449)
(Decrease)/increase in other payables		(4,026,313)	784,459
Other Operating activities:			
Purchase of quoted equity investments	16	(861,960)	(1,687,306)
Purchase of government securities	19	(86,735,342)	(169,234,480)
Proceeds on maturity of government securities	19	94,027,747	68,324,330
Proceeds of disposal of offshore securities	20(i)	-	11,147,142
Proceeds of disposal of quoted equity investments	16	1,223,733	1,025,777
Proceeds on sale of corporate bonds and loans	22	57,243,367	428,226
Purchase of corporate bonds and loans	22	(81,443,067)	(70,212)
Net movement in deposits with financial institutions		(52,673,230)	76,521,483
Net cash (used in)/generated from operations		**(37,257,159)**	**1,810,761**

**Refer to note 40 for the restatement*

Notes to the Financial Statements (Continued)

36 CASH AND CASH EQUIVALENTS

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

	2024	2023
	US$	US$
Cash and bank balances	12,889,503	7,585,014
Deposits with financial institutions maturing within 3 months (Note 21)	16,381,783	36,952,454
	29,271,286	**44,537,468**

37 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The ultimate liability arising from claims payable under reinsurance contracts

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

Measurement of expected credit loss allowance

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

- Determining criteria for significant increase in credit risk;
- Choosing the 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 the associated ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Determining the relevant period of exposure to credit risk when measuring ECL for credit cards and revolving credit facilities; and
- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets.

Notes to the Financial Statements (Continued)

37 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Useful lives of property and equipment

The company reviews the estimated useful lives of property and equipment at the end of each annual reporting period.

Fair valuation of investment properties and property

The fair value model has been applied in accounting for investment property and property. The Company commissioned external, independent and professionally qualified real estate valuers that hold recognised relevant professional qualification and have recent experience in the locations and types of investment properties valued to determine the fair value of the investment property as at 31 December 2024 and 31 December 2023 on the basis of open market value. The current use of the investment properties equates to the highest and best use.

Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques are used to determine fair values, they are calibrated and periodically reviewed by qualified management personnel independent of the area that created them to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require the directors to make estimates.

Impairment of non-financial assets

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

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

Other areas of judgement

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

Management has also made critical judgements in determining its functional currency.

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. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Company uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

Notes to the Financial Statements (Continued)

37 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Valuation of reinsurance and retrocession contract liabilities and assets

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) cedants, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Reinsurance 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 company 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 specifically chargeable to the policyholders under the terms of the contracts.

Reinsurance 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.

Contract boundaries

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Company's substantive rights and obligations under the contract.

Retrocession contracts

Each of the Company's quota share retrocession contracts has an annual term, covers underlying contracts issued within the term on a risk-attaching basis and provides unilateral rights to both the Company and the retrocessionaire to terminate the cession of new business at any time by giving three months' notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Company expects to issue and cede under the retrocession contract within the next three months. Subsequently, expected cash flows beyond the end of this initial notice period are considered cash flows of new retrocession contracts and are recognised, separately from the initial contract, as they fall within the rolling three-month notice period.

Each of the Company's excess of loss and stop loss retrocession contracts has an annual term and loss-occurring covers claims from underlying contracts incurred within the year (i.e. Cash flows within the contract boundary are those arising from underlying claims incurred during the year.

Non-life contracts

The Company estimates the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated Bornhuetter-Ferguson using a range of loss reserving techniques – e.g. the chain-ladder and methods. These techniques assume that the Company's own claims

Valuation of reinsurance and retrocession contract liabilities and assets (continued)

Non-life contracts (continued)

experience is indicative of future claims development patterns and therefore ultimate claims cost. The ultimate cost of settling claims is estimated separately for each geographic area and line of business, except for large claims, which are assessed separately from other claims. The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

Discount rates

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 observed mid-price swap yield curves for AA-rated banks (adjusted for the bank's credit risk). 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. For markets in which there is no reliable swap yield curve, government bond yields are used. 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 reinsurance 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.

Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect risk-free of that variability using risk-neutral measurement techniques and discounted using the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity. When the present value of future cash flows is estimated by stochastic modelling, the cash flows are discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity. Interest rate volatilities are modelled based on swaption prices.

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

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
2024	4.60	4.60	4.60	4.69	4.76	4.84	4.93	5.01	5.09	5.17
2023	5.10	4.84	4.69	4.61	4.60	4.62	4.68	4.75	4.82	4.90

Risk adjustments 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 the following techniques:

- non-life contracts: a confidence level technique;
- life and participating contracts outside Kenya: a confidence level technique; and
- life and participating contracts in Kenya: a cost of capital technique

To determine the risk adjustments for non-financial risk for retrocession contracts, the Company applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the retrocessionaire as the difference between the two results.

Notes to the Financial Statements (Continued)

37 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Valuation of reinsurance and retrocession contract liabilities and assets (continued)

Risk adjustments for non-financial risk ((continued)

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.

Applying a cost of capital technique, the Company determines the risk adjustment for non-financial risk by applying a cost-of-capital rate to the amount of capital required for each future reporting date and discounting the result using risk-free rates adjusted for illiquidity. The required capital is determined by estimating the probability distribution of the present value of future cash flows from insurance contracts at each future reporting date and calculating the capital that the Company would require to meet its contractual obligations to pay claims and expenses arising over the duration of the contracts at a 90% confidence level. The cost-of-capital rate represents the additional reward that investors would require for exposure to the non-financial risk.

38 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks, including reinsurance risk, credit risk, and the effects of changes in assets values, 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, retrocession planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and retrocessionaires. Investment policies are in place which help manage liquidity and seek to maximise return within an acceptable level of interest rate and credit risk.

(I) Reinsurance risk

ZEP-RE defines insurance (including underwriting) risk as the risk of loss arising from the inappropriate selection or approval of reinsurance risks, uncertainties in timing, frequency & severity of reinsured events, and fluctuation in the claims reserves development relative to expectations at the time of underwriting or pricing. ZEP-RE provides reinsurance cover in the form of treaty and facultative protections across a wide range of non-life and life risks, The Company is exposed to underwriting risk, through the provision of reinsurance contracts to its cedants, arising from the following business segments: Property, Casualty, Agriculture, Medical, Motor, Life, Marine and Aviation

To effectively manage pricing risks, ZEP-RE maintains a central underwriting manual that is regularly reviewed and updated to guide the company's underwriting process. Additionally, a comprehensive quotation process ensures the quality of the contracts underwritten, considering the cedant's claims history, anticipated business costs and expected profit margins. The company also collaborates with the quality assurance and risk departments to monitor progress on renewals, track risk developments (e.g. premium growth and claims profiles), and aligns strategic initiatives to meet target objectives.

ZEP-RE actively purses diversification across business portfolios, geographic exposure and cedants to mitigate concentration risk. This diversification aids in reducing the impact of any single event or portfolio on the overall risk profile.

To further manage risks, ZEP-RE employs retrocession programmes to mitigate losses arising from certain business portfolios. These placements help stabilise profits, by reducing volatility associated with fluctuations in retained losses. The quality of retrocession partners is governed by the company's counterparty risk policy, which sets limits on the credit quality of panel securities and reduces concentration with individual parties. Regular communication with retrocessionaires enables the company to stay informed about reinsurance market conditions and respond promptly to capacity changes.

Reserving risk is a significant component within ZEP-RE's overall risk management strategy. To mitigate the risk of under provisioning, we maintain prudent reserving practices. Reserves are determined by business portfolio, ensuring that the unique characteristics of each portfolio are taken into account. Actuarial models are employed to calculate provisions based on standard reserving methodologies, with calibrations derived from ZEP-RE's historical premium and claims run-off data.

Our approach distinguishes between attritional claims and large claims (including catastrophe losses), allowing for more tailored provisions for each segment. Both internal and external

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(I) Reinsurance risk (continued)

actuarial calculations are conducted, with the latter conducted by an independent third-party consultant. These calculations are reviewed quarterly, with reports provided to the Reserving and Executive Management Committee to ensure adequacy.

Natural catastrophes pose a significant accumulation risk within ZEP-RE's portfolio. To effectively manage this risk, ZEP-RE utilises scientific simulation models, that quantify the probabilities of occurrence and potential severity of losses. The outcomes of these models are integral to informing the company's retrocession strategy. We aim to secure sufficient retrocession coverage to safeguard against events with a return period of 1-in-250 years, ensuring that the company is adequately protected from extreme loss scenarios.

Sensitivity analysis of reinsurance contract liabilities

The following analysis examines the impact of for reasonably possible changes in key assumptions, with all other assumptions held constant. It shows the effect on gross and net liabilities, profit and equity While the correlation between assumptions plays a significant role in determining the ultimate claims liabilities, the analysis demonstrates the impact of individual assumption changes for illustrative purposes.

It is important to note that movements in these assumptions are non-linear. The sensitivity information will also vary depending on the current economic assumptions, particularly due to the changes in the intrinsic cost.

Sensitivity analyses are conducted to assess the variability of reserves calculated at a best estimate level. Given that estimated claim amounts can never precisely predict future claim amounts, understanding how these amounts might vary provides valuable insights for business planning and evaluating risk appetite.

A sensitivity analysis was performed to examine how the reinsurance contract liabilities balance would change if adjustments were made to the ultimate loss ratio, instead of using the best estimate figures from the reserve review. The impact of these changes to the profit and equity are as follows:

As at 31 December 2024:

	Profit or Loss		Equity	
	Gross	Net	Gross	Net
	US$	US$	US$	US$
Ultimate loss ratio (1% increase)	9,417,635	7,517,722	9,370,547	7,480,133

As at 31 December 2023:

	Profit or Loss		Equity	
	Gross	Net	Gross	Net
	US$	US$	US$	US$
Ultimate loss ratio (1% increase)	7,643,743	6,779,077	7,605,525	6,745,182

The sensitivity analysis indicates that a 1% increase/decrease in the ultimate loss ratio with all other variables held constant, the profit for the year would have been lower/higher by US$ 7,517,722 (2023: US$ 6,779,077) while the shareholders' equity would have been lower/higher by US$ 7,480,133 (2023: US$ 6,745,182).

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(l) Reinsurance risk (continued)

Concentration Risk

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

At 31 December 2024	Liability for Remaining coverage	Liability for incurred claims	Asset for remaining coverage	Asset for incurred claims	Net carrying amount
Class of business	**US$**	**US$**	**US$**	**US$**	**US$**
Property	(62,579,112)	106,695,372	(37,325,266)	44,374,929	51,165,923
Casualty	(4,506,903)	30,605,230	(21,800,982)	18,645,074	22,942,419
Motor	(15,576,135)	31,888,118	(1,886,028)	2,057,687	16,483,642
Marine	(8,086,983)	10,550,028	(5,277,107)	1,890,597	(923,465)
Aviation	2,109,005	1,321,453	1,403,617	686,302	5,520,377
Life	(20,668,431)	31,817,465	(4,472,725)	4,981,457	11,657,766
Medical	(12,785,724)	30,613,626	1,041,508	2,810,730	21,680,140
Agriculture	3,730,395	8,355,086	(693,581)	7,091,212	18,483,112
Total	**(118,363,888)**	**251,846,378**	**(69,010,564)**	**82,537,988**	**147,009,914**

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(l) Reinsurance risk (continued)

At 31 December 2023	Liability for Remaining coverage	Liability for incurred claims	Asset for remaining coverage	Asset for incurred claims	Net carrying amount
Class of business	**US$**	**US$**	**US$**	**US$**	**US$**
Property	(55,891,416)	94,137,671	(17,750,886)	42,435,816	62,931,185
Casualty	11,584,846	26,014,928	(12,096,764)	18,315,553	43,818,563
Motor	(10,911,846)	38,760,642	(1,390,263)	5,061,133	31,519,666
Marine	(8,180,803)	9,010,843	(1,781,782)	3,539,131	2,587,389
Aviation	2,368,434	927,801	(446,794)	658,682	3,508,123
Life	(15,513,349)	21,569,280	(1,259,620)	5,532,689	10,329,000
Medical	(13,279,911)	27,175,062	(1,700,582)	3,472,257	15,666,826
Agriculture	-	-	-	-	-
Total	**(89,824,045)**	**217,596,227**	**(36,426,691)**	**79,015,261**	**170,360,752**

Notes to the Financial Statements (Continued)

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(l) Reinsurance risk (continued)

Claims Development

The table below illustrates how estimates of cumulative claims for the Company have developed over time on a gross 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. Balances have been translated at the exchange rates prevailing at the reporting date.

As at 31 December 2024

	2018 & Prior	2019	2020	2021	2022	2023	2024	Total
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
At the end of accident year	422,011,510	25,880,532	25,339,768	21,723,099	23,118,242	40,426,154	35,767,624	594,266,929
One year later	32,100,617	31,290,840	23,871,629	36,825,918	34,509,676	50,333,480	-	208,932,160
Two years later	10,929,011	12,851,730	10,577,551	15,738,986	18,887,416	-	-	68,984,694
Three years later	4,732,886	2,042,184	4,594,794	5,167,258	-	-	-	16,537,122
Four years later	1,811,658	1,441,199	1,821,089	-	-	-	-	5,073,946
Five years later	1,472,721	1,014,695	-	-	-	-	-	2,487,416
Six years later	615,820	-	-	-	-	-	-	615,820
Current estimate of cumulative claims	473,674,223	74,521,180	66,204,831	79,455,261	76,515,334	90,759,634	35,767,624	896,898,087
Less cumulative payments to date	451,974,407	68,366,330	60,049,555	72,812,557	65,669,047	68,374,168	28,477,868	815,723,932
Pipeline Claims + Claims Payable	24,251,162	5,780,760	4,002,833	3,944,293	16,395,792	43,338,449	59,344,161	157,057,450
Claims related commissions	425,636	158,117	319,538	530,480	1,348,583	3,047,355	4,646,298	10,476,007
Gross Claims-Related Management Expenses	129,630	30,942	37,526	61,634	109,122	457,187	643,992	1,470,033
Gross undiscounted liability for incurred claims								
Impact of Discounting	-	-	-	-	-	-	-	(18,155,872)
Risk Adjustment	-	-	-	-	-	-	-	19,824,605
Total liability included in the statement of financial position	**46,506,244**	**12,124,669**	**10,515,173**	**11,179,111**	**28,699,784**	**69,228,457**	**71,924,207**	**251,846,378**

Notes to the Financial Statements (Continued)

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(l) Reinsurance risk (continued)

Claims Development (continued)

As at 31 December 2023

	2017 & Prior	2018	2019	2020	2021	2022	2023	Total
	US$	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
At the end of accident year	335,464,616	23,261,663	24,363,889	23,822,255	20,382,418	21,184,956	37,930,712	486,410,509
One year later	30,371,667	31,374,336	29,960,984	23,060,357	35,682,245	34,387,676	-	184,837,265
Two years later	7,376,151	10,948,804	12,574,370	10,078,258	14,596,190	-	-	55,573,773
Three years later	4,578,008	5,252,678	2,013,781	4,440,192	-	-	-	16,284,659
Four years later	2,046,031	1,775,074	1,403,441	-	-	-	-	5,224,546
Five years later	763,206	1,423,369	-	-	-	-	-	2,186,575
Six years later	612,931	-	-	-	-	-	-	612,931
Current estimate of cumulative claims	381,212,610	74,035,924	70,316,465	61,401,062	70,660,853	55,572,632	37,930,712	751,130,258
Less cumulative payments to date	359,814,488	65,733,732	63,765,293	54,875,520	63,850,249	45,233,470	20,384,797	673,657,549
Pipeline Claims + Claims Payable	15,196,004	(156,850)	(764,268)	1,605,497	5,695,982	36,106,216	67,620,588	125,303,169
Claims related commissions	253,828	100,283	159,751	383,918	793,308	3,902,530	4,712,983	10,306,601
Gross Claims-Related Management Expenses	-	-	-	-	-	-	-	-
Gross undiscounted liability for incurred claims								
Impact of Discounting	-	-	-	-	-	-	-	(14,974,005)
Risk Adjustment	-	-	-	-	-	-	-	19,487,753
Total liability included in the statement of financial position	**36,847,954**	**8,245,625**	**5,946,655**	**8,514,957**	**13,299,894**	**50,347,908**	**89,879,486**	**217,596,227**

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Financial risk management

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and reinsurance liabilities. In particular the key financial risk is that the proceeds from its financial assets might not be sufficient to fund the obligations arising from its reinsurance business. The most important components of this financial risk are interest rate risk, equity price risk, currency risk and credit 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, currency risk and equity price risk.

The Company manages these risks within an asset liability management (ALM) framework that has been developed to achieve long-term investment returns in excess of its obligations in reinsurance business.

The notes below explain how financial risks are managed using the categories utilised in the company's ALM framework.

(a) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The key areas that the Company is exposed to credit risk are:

- Receivables arising out of reinsurance arrangements both inward and outward;
- Retrocessionaires' share of outstanding claims;
- Deposits and cash balances held with banks and other financial institutions; and
- Investments in government securities.

The Company manages its exposure in the following ways:

- places its retrocession programme with rated securities – investment grade and above;
- dealing with only credit-worthy counterparties;
- placing limits on the Company's exposure to a single counterparty or group of counterparties while placing investments.

In respect of its exposure from receivables arising out of reinsurance arrangements the Company manages this through regular analysis of the ability of the existing and potential clients to meet premium obligations and by reviewing signed treaty shares where appropriate, having close relations with cedants and intermediaries to enhance timely settlement of premiums, offsetting of outstanding premiums against claims and avoiding renewal of treaties with cedants who have poor underwriting and credit history.

Provision for impairment losses is recognised for debts at the end of reporting period.

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Financial risk management (continued)

(a) Credit risk (continued)

Maximum exposure to credit risk before collateral held:

At 31 December 2024	US$
Other receivables (excluding prepayments) (Note 18)	18,388,555
Retrocession assets	20,375,174
Government securities (Note 19)	205,704,299
Offshore investments (Note 20)	10,424,298
Deposits with financial institutions (Note 21)	98,846,420
Corporate bonds and loans (Note 22)	31,904,888
Bank balances (Note 23)	12,918,136
	398,561,770

31 December 2023	US$
Other receivables (excluding prepayments) (Note 18)	12,549,923
Retrocession assets	42,588,570
Government securities (Note 19)	217,451,593
Offshore investments (Note 20)	9,617,737
Deposits with financial institutions (Note 21)	65,597,157
Corporate bonds and loans (Note 22)	5,342,500
Bank balances (Note 23)	7,614,709
	360,762,189

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Financial risk management (continued)

(a) Credit risk (continued)

The following table sets out the expected credit loss analysis for financial assets measured at amortised cost:

	31 December 2024	31 December 2023
	12-month ECL	**12-month ECL**
	US$'000	**US$'000**
Deposits with financial institutions	99,269,367	65,864,520
Loss allowance	(422,947)	(267,363)
Amortised cost	**98,846,420**	**65,597,157**
Government bonds at amortised cost	203,980,264	215,563,928
Loss allowance	(10,148,440)	(5,307,954)
Amortised cost	**193,831,824**	**210,255,974**
Corporate bonds and commercial papers at amortised cost	31,904,888	6,115,016
Loss allowance	(19,143)	(3,669)
Amortised cost	**31,885,745**	**6,111,347**
Cash and cash equivalents	12,918,136	7,614,709
Loss allowance	(28,633)	(29,695)
Amortised cost	**12,889,503**	**7,585,014**
Reinsurance asset	20,375,174	42,588,570
Loss allowance	-	-
Amortised cost	**20,375,174**	**42,588,570**
Other receivables	19,608,047	13,352,808
Loss allowance	(520,868)	(146,209)
Amortised cost	**19,087,179**	**13,206,599**
Total financial assets	**388,055,876**	**351,099,551**
Total loss allowance	**(11,140,031)**	**(5,754,890)**
Total financial assets at amortised cost	**376,915,845**	**345,344,661**

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Financial risk management (continued)

(b) Market risks

Interest rate risk

Exposure to interest sensitive assets is managed by use of a yield curve in order to ensure that the company does not hold low yielding investments in a high interest environment. The company has an investment committee which sets investment guidelines that seek to reduce exposure to interest rate risks.

The Company's management monitors the sensitivity of reported interest rate movements on a monthly basis by assessing the expected changes in the different portfolios due to a parallel movement of plus 100 basis points in all yield curves of financial assets and financial liabilities. These particular exposures illustrate the company's overall exposure to interest rate sensitivities included in the company's ALM framework and its impact on the company's profit or loss by business.

At 31 December 2024 if interest rates on government securities had been 10% higher/lower with all other variables held constant, the profit for the year and shareholders' equity would have been higher/lower by US$ 1,417,551 (2023: US$ 652,551.

At 31 December 2023 if interest rates on deposits with financial institutions had been 10% higher/lower with all other variables held constant, the profit for the year and shareholders' equity would have been higher/lower by US$ 508,816 (2023: US$ 445,512).

At 31 December 2024 if interest rates on corporate bonds and loans had been 10% higher/lower with all other variables held constant, the profit for the year and shareholders' equity would have been higher/lower by US$ 6,846 (2023: US$ 11,374).

Equity price risk

Equity price risk is the potential loss in fair value resulting from adverse changes in share prices.

The Company has a portfolio of equity investments quoted in Nairobi Stock Exchange (NSE), Uganda Securities Exchange (USE) and Rwanda Stock Exchange (RSE). As such it is exposed to share price fluctuations. The Company manages its exposure to this risk as follows:

- Setting a limit on the maximum proportion of the investment portfolio that can be invested in equity;
- Diversification in the equity portfolio; and,
- Regular review of the portfolio and the market performance.

At 31 December 2024, if the share prices at the NSE had increased/decreased by 8% with all other variables held constant and all the company's equity instruments moved according to the historical correlation to the index, total comprehensive income for the year would have been US$ 1,605,994 (2023: US$ 1,554,331) higher/lower, and equity would have been US$ 1,605,994 (2023: US$ 1,554,331) higher/lower.

Notes to the Financial Statements (Continued)

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Financial risk management (continued)

(b) Market risks (continued)

Currency risk

The Company operates in a number of countries and as a consequence writes business and receives premium in several currencies. The Company's obligations to, and receivables from the cedants are therefore in these original currencies. The Company is therefore exposed to the exchange rate risk where there is a mismatch between assets and liabilities per currency.

The Company mitigates its currency risk by ensuring that the net exposure to this risk is maintained within acceptable levels by regular review of the level of mismatch for key currencies.

At 31 December 2024, if the US dollar had weakened/strengthened by 10% against the Kenya shilling with all other variables held constant, the net assets for the year would have been US$ 2,770,941 higher/lower (2023: US$ 683,830 lower/higher) mainly as a result of Kenya shilling denominated investments, receivables, payables and bank balances. This is not significant as the portion of Kenya shilling denominated net assets constitute 11.4% (2023: 3.5%) of the company's net assets.

At 31 December 2024, if the US dollar had weakened/strengthened by 10% against the Tanzania Shilling (TZS) with all other variables held constant, the net assets would have been US$ 1,138,993 (2023: US$ 491,192) higher/lower, mainly as a result of West African Francs denominated investments, receivables and payables. At 31 December 2024, the West African Francs denominated net assets constitute 4.7% (2023: 2.5% of the net assets.

At 31 December 2024, if the US dollar had weakened/strengthened by 10% against the Ethiopian Birr with all other variables held constant, the net assets for the year would have been US$ 637,386 (2023: US$ 653,224) higher/lower mainly as a result of Ethiopian Birr denominated deposits, receivables and payables. At 31 December 2024, the Ethiopian Birr denominated net assets constitute 2.6% (2023: 3.3% of the net assets.

The company had significant foreign currency positions at 31 December as per the table overleaf (all amounts expressed in US Dollars).

Notes to the Financial Statements (Continued)

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Financial risk management (continued)

(b) Market risks (continued)

Currency risk (continued)

At 31 December 2024	US$	XOF	KES	SDG	UGX	TZS	RWF	ETB	ZMW	Others	Total
Assets											
Quoted equity investments	7,868,782	-	12,206,143	-	-	-	-	-	-	-	20,074,925
Unquoted equity investments	3,426,045	-	-	-	-	-	-	-	-	-	3,426,045
Government securities held to maturity	188,181,478	-	15,280,105	-	2,242,716	-	-	-	-	-	205,704,299
Available for sale offshore investments	10,424,298	-	-	-	-	-	-	-	-	-	10,424,298
Deposits with financial institutions	56,614,473	-	23,844,055	-	225,960	1,775,072	-	558,097	-	15,828,763	98,846,420
Corporate Bonds and Loans	31,885,745	-		-	-	-	-	-	-	-	31,885,745
Cash and bank balances	4,893,028	-	812,668	106,537	298,167	67,931	648,653	1,086,354	126,709	4,849,456	12,889,503
Total	**303,293,849**	**-**	**52,142,971**	**106,537**	**2,766,843**	**1,843,003**	**648,653**	**1,644,451**	**126,709**	**20,678,219**	**383,251,235**
Liabilities											
Reinsurance contract liabilities	44,362,740	1,560,246	24,433,558	1,069,859	6,900,115	13,232,929	4,081,432	8,018,311	5,480,186	24,343,114	133,482,490
Dividends payable	6,826,255	-	-	-	-	-	-	-	-	-	6,826,255
Total	**51,188,995**	**1,560,246**	**24,433,558**	**1,069,859**	**6,900,115**	**13,232,929**	**4,081,432**	**8,018,311**	**5,480,186**	**24,343,114**	**140,308,745**
Net financial position exposure	**252,104,854**	**(1,560,246)**	**27,709,413**	**(963,322)**	**(4,133,272)**	**(11,389,926)**	**(3,432,779)**	**(6,373,860)**	**(5,353,477)**	**(3,664,895)**	**242,942,490**

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Financial risk management (continued)

(b) Market risks (continued)

Currency risk (continued)

At 31 December 2023	US$	XOF	KES	SDG	UGX	TZS	RWF	ETB	ZMW	Others	Total
Assets											
Quoted equity investments	11,595,512	-	7,833,625	-	-	-	-	-	-	-	19,429,137
Unquoted equity investments	3,507,977	-	-	-	-	-	-	-	-	-	3,507,977
Government securities held to maturity	213,552,024	-	3,280,619	-	618,950	-	-	-	-	-	217,451,593
Available for sale offshore investments	9,617,737	-	-	-	-	-	-	-	-	-	9,617,737
Deposits with financial institutions	35,983,129	10,521,069	15,218,387	-	865,667	1,117,126	306113	-	-	1,585,666	65,597,157
Corporate Bonds and Loans	5,342,536	-	768811	-	-	-	-	-	-	-	6,111,347
Cash and bank balances	2,222,007	1,453,939	255,462	340,613	29,623	10,755	4,925	1,200,735	20,571	2,046,384	7,585,014
Total	**281,820,922**	**11,975,008**	**27,356,904**	**340,613**	**1,514,240**	**1,127,881**	**311,038**	**1,200,735**	**20,571**	**3,632,050**	**329,299,962**
Liabilities											
Reinsurance contract liabilities	38,947,452	2,592,525	34,195,200	358,302	7,946,479	6,039,799	2,577,629	7,732,974	3,806,870	23,574,952	127,772,182
Dividends payable	5,019,275	-	-	-	-	-	-	-	-	-	5,019,275
Total	**43,966,727**	**2,592,525**	**34,195,200**	**358,302**	**7,946,479**	**6,039,799**	**2,577,629**	**7,732,974**	**3,806,870**	**23,574,952**	**132,791,457**
Net financial position exposure	**237,854,195**	**9,382,483**	**(6,838,296)**	**(17,689)**	**(6,432,239)**	**(4,911,918)**	**(2,266,591)**	**(6,532,239)**	**(3,786,299)**	**(19,942,902)**	**196,508,505**

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Financial risk management (continued)

(c) Liquidity risk

The Company is exposed to calls on its available cash resources from reinsurance claims and settlement of retrocession premiums. The Company ensures that the maturity profile of investments is well managed so that cash is readily available to meet claims as they arise.

The table below shows the contractual timing of cash flows arising from assets and liabilities included in the Company's ALM framework for management of reinsurance contracts as of 31 December 2024:

	Total Amount 2024	Contractual cash flows (undiscounted)					
		0-1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	> 5 yrs
Financial assets:							
Reinsurance contract assets	20,375,174	5,818,897	5,600,803	2,321,904	904,426	850,711	4,878,433
Government securities	205,704,299	19,784,538	30,232,233	33,639,248	42,693,854	3,609,745	75,744,681
Deposits with financial institutions	98,846,420	98,846,420	-	-	-	-	-
Corporate bonds and loans	31,885,745	6,043,435	498,171	4,884,393	9,743,395	4,580,665	6,135,686
Cash and bank balances	12,889,503	12,889,503	-	-	-	-	-
Total	**369,701,141**	**143,382,793**	**36,331,207**	**40,845,545**	**53,341,675**	**9,041,121**	**86,758,800**
Reinsurance contract liabilities	133,482,490	38,120,947	36,692,157	15,211,331	5,925,102	5,573,205	31,959,748
Retrocession contract liabilities	6,847,750	1,955,632	1,882,335	780,352	303,962	285,910	1,639,559
Other payables	9,498,138	7,378,650	-	2,119,488	-	-	-
Dividends payable	6,826,255	6,826,255	-	-	-	-	-
Total	**156,654,633**	**54,281,484**	**38,574,492**	**18,111,171**	**6,229,064**	**5,859,115**	**33,599,307**
Net liquidity surplus/(deficit)	**213,046,508**	**89,101,309**	**(2,243,285)**	**22,734,374**	**47,112,611**	**3,182,006**	**53,159,493**

Notes to the Financial Statements (Continued)

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Fair value of financial assets and liabilities (continued)

(c) Liquidity risk (continued)

The table below shows the contractual timing of cash flows arising from assets and liabilities included in the Company's ALM framework for management of short term reinsurance contracts as of 31 December 2023:

	Total Amount 2023	Contractual cash flows (undiscounted)					
		0-1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	> 5 yrs
Financial assets:							
Reinsurance contract assets	42,588,570	17,591,476	9,854,240	2,603,094	1,666,572	1,163,897	9,709,291
Government securities	216,454,047	9,771,677	-	27,564,181	4,524,770	735,345	173,858,074
Deposits with financial institutions	65,864,520	65,864,520	-	-	-	-	-
Corporate bonds and loans	6,155,668	778,115	-	-	-	5,377,553	-
Cash and bank balances	7,585,014	7,585,014	-	-		-	-
Total	**338,647,819**	**101,590,802**	**9,854,240**	**30,167,275**	**6,191,342**	**7,276,795**	**183,567,365**
Reinsurance contract liabilities	127,772,182	52,777,100	29,564,218	7,809,679	4,999,970	3,491,867	29,129,348
Other payables	13,595,159	11,114,760	-	2,480,399	-	-	-
Dividends payable	5,019,275	5,019,275	-	-	-	-	-
Total	**146,386,616**	**68,911,135**	**29,564,218**	**10,290,078**	**4,999,970**	**3,491,867**	**29,129,348**
Net liquidity surplus/(deficit)	**192,261,203**	**32,679,667**	**(19,709,978)**	**19,877,197**	**1,191,372**	**3,784,928**	**154,438,017**

Notes to the Financial Statements (Continued)

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Fair value of financial assets and liabilities

(i) Financial instruments not measured at fair value

The fair value of investment securities held at amortised cost as at 31 December 2024 is estimated at US$ 198,227,091 (2023: US$ 217,257,411) compared to their carrying value of US$ 203,980,264 (2023: US$ 223,562,903). The fair values of the Company's other financial assets and liabilities approximate the respective carrying amounts, due to the generally short periods to contractual repricing or maturity dates as set out above.

(ii) Fair value hierarchy

The Company specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices in active markets for identical assets or liabilities. This level includes equity securities and debt instruments listed on the Nairobi Securities Exchange.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly as derived from prices.
- Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The company considers relevant and observable market prices in its valuations where possible.

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used) as well as the analysis by level of the fair value hierarchy.

Financial assets/ liabilities	Fair value as at 31 December		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2024	2023				
	US$	US$				
Quoted equity investments	20,074,925	19,429,137	Level 1	Quoted bid prices in an active market	N/A	N/A
Offshore investments	10,424,298	9,617,737	Level 1	Quoted bid prices in an active market	N/A	N/A
Investment in affiliated companies	17,688,388	26,463,373	Level 2	Net Asset value	N/A	N/A

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Fair value of financial assets and liabilities (continued)

(ii) Fair value hierarchy (continued)

There were no transfers between the levels during the period (2023: nil).

	Level 1	Level 2	Level 3	Total
At 31 December 2024	**US$**	**US$**	**US$**	**US$**
Financial assets:				
Quoted equity investments	20,074,925	-	-	20,074,925
Offshore investments	10,424,298	-	-	10,424,298
Investment in affiliated companies	-	17,688,388	-	17,688,388
Investment in associate	-	15,900,970	-	15,900,970
Total	**30,499,223**	**33,589,358**		**64,088,581**
At 31 December 2023				
Financial assets:				
Quoted equity investments	19,429,137	-	-	19,429,137
Offshore investments	9,617,737	-	-	9,617,737
Investment in affiliated companies	-	26,463,373	-	26,463,373
Investment in associate	-	13,516,495	-	13,516,495
Total	**29,046,874**	**39,979,868**	**-**	**69,026,742**

(iii) Financial assets by category

At 31 December 2024	Amortised cost	Fair value through other comprehensive income	Total
	US$	**US$**	**US$**
Quoted equity investments	-	20,074,925	20,074,925
Unquoted equity investments	-	3,426,045	3,426,045
Investment in affiliated companies	-	17,688,388	17,688,388
Investment in associate	-	15,900,970	15,900,970
Reinsurance contract assets	20,375,174	-	20,375,174
Other receivables	19,087,179	-	19,087,179
Government securities	203,980,264	1,724,035	205,704,299
Offshore investments	-	10,424,298	10,424,298
Deposits with financial institutions	98,846,420	-	98,846,420
Corporate bonds and loans	-	31,885,745	31,885,745
Cash and bank balances	12,889,503	-	12,889,503
Total assets	**355,178,540**	**101,124,406**	**456,302,946**

38 RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Fair value of financial assets and liabilities (continued)

(iii) Financial assets by category (continued)

At 31 December 2023	Amortised cost	Fair value through other comprehensive income	Total
	US$	**US$**	**US$**
Quoted equity investments	-	19,429,137	19,429,137
Unquoted equity investments	-	3,507,977	3,507,977
Investment in affiliated companies	-	26,463,373	26,463,373
Investment in associate	-	13,516,495	13,516,495
Reinsurance contract assets	42,588,570	-	42,588,570
Other receivables	13,206,599	-	13,206,599
Government securities	215,563,928	1,887,665	217,451,593
Offshore investments	-	9,617,737	9,617,737
Deposits with financial institutions	65,597,157	-	65,597,157
Corporate bonds and loans	765,178	5,346,169	6,111,347
Cash and bank balances	7,585,014	-	7,585,014
Total assets	**345,306,446**	**79,768,553**	**425,074,999**

39 CAPITAL MANAGEMENT

The Company is not subject to any externally imposed capital requirements. However, the Company continues to actively grow its available capital to meet rating agencies' requirements for its target rating as well as achieve a comfortable internally determined capital adequacy ratio (available capital divided by required risk adjusted capital).

The Company's capital management remains within the company's set appetite, as defined in the capital management framework, and hence its risk-adjusted capital position continues to reflect the 'strongest' category as defined by A.M. Best. The objective of the framework is to ensure that the company's risk-adjusted capital position remains at a sufficiently strong level.

The Company's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support new business growth;
- to satisfy the requirements of its reinsured and rating agencies;
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- to allocate capital efficiently to support growth;
- to safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

An important aspect of the Company's overall capital management process is the setting of target risk-adjusted rate of return which is aligned to performance objectives and ensures that the company is focused on the creation of value for shareholders.

39 CAPITAL MANAGEMENT (CONTINUED)

The Company has a number of sources of capital available to it and seeks to optimise its retention capacity in order to ensure that it can consistently maximise returns to shareholders. The Company considers not only the traditional sources of capital funding but the alternative sources of capital including retrocession, as appropriate, when assessing its deployment and usage of capital. The Company manages as capital all items that are eligible to be treated as capital.

The constitution of capital managed by the Company is as shown below:

	2024	2023
	US$	US$
Share capital	61,242,511	61,040,788
Share premium	75,356,788	74,073,837
Property revaluation reserve	1,513,743	1,114,818
Investments revaluation reserve	(16,548,673)	(18,182,985)
Investment in affiliated companies revaluation reserve	13,775,538	12,272,887
Retained earnings	223,921,467	206,239,545
	359,261,374	**336,558,890**

40 CHANGES IN PRESENTATION

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

In the prior year investment income was presented net of interest income and impairment loss on financial assets. IAS1.82 requires interest recognised using the effective interest method to be presented separately on the face of the statement of profit and loss. The table indicates the correction of the error to disclosure interest income separately.

Additionally, dividend income from affiliated companies, previously included in other income, has been reclassified to other investment income. This is a voluntary change in the presentation to better reflect the nature of the income.

	2023	2023	2023
	US$	US$	US$
	As previously presented	Current presentation	Change
Investment income	6,345,924	-	(6,345,924)
Interest income - calculated using the effective interest method	-	15,017,722	15,017,722
Other investment income	-	273,527	273,527
Impairment loss on financial assets	-	(7,805,408)	(7,805,408)
Other income	2,126,853	986,936	(1,139,917)
	8,472,777	**8,472,777**	**-**

40 CHANGES IN PRESENTATION (CONTINUED)

Changes in presentation of the comparative figures in statement of cashflows are summarized in the table below.

STATEMENT OF CASH FLOWS

	2023	2023	2023
	US$	US$	US$
	As previously presented	Current presentation	Change
Cash flows from operating activities			
Cash generated from operating activities	13,168,924	1,810,761	11,358,163
Interest paid on lease liabilities	(36,697)	-	(36,697)
Interest received	-	12,032,856	(12,032,856)
Net cash generated from operating activities	**13,132,227**	**13,843,617**	**(711,390)**
Cash flows from investing activities			
Purchase of shares in associate	(100,586)	(176,325)	75,739
Dividends received from associate	-	75,739	(75,739)
Net cash used in investing activities	**(5,117,815)**	**(5,117,815)**	**-**
Cash flows from financing activities			
Interest paid on lease liabilities	-	(31,646)	31,646
Payment of the principal portion of lease liability	(125,420)	(130,471)	5,051
Net cash generated from financing activities	**13,361,565**	**13,324,868**	**36,697**
Net increase in cash and cash equivalents	**21,375,977**	**22,050,670**	**(674,693)**
Effects of movement in exchange rate on cash and cash equivalents	**-**	**(674,693)**	**674,693**

Notes to the Financial Statements (Continued)

40 CHANGES IN PRESENTATION (CONTINUED)

CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

	2023	2023	2023
	US$	US$	US$
	As previously presented	Current presentation	Change
Interest income	-	(15,017,722)	15,017,722
Provision for expected credit losses – government securities	-	4,002,262	(4,002,262)
Provision for expected credit losses – corporate bonds	-	(23,996)	23,996
Purchase of government securities	(169,873,135)	(169,234,480)	(638,655)
Proceeds on maturity of government securities	72,326,592	68,324,330	4,002,262
Movement in corporate bonds	(97,820)	-	(97,820)
Proceeds on sale of corporate bonds and loans	-	428,26	(428,226)
Purchase of corporate bonds and loans	-	(70,212)	70,212
Net movement in deposits with financial institutions	74,607,110	76,521,483	(1,914,373)
Net foreign exchange losses on cash and cash equivalents	-	674,693	(674,693)
	13,168,924	**1,810,761**	**11,358,163**

Previously interest income had not been presented separately as required by IAS 7.31. This error has been corrected requiring the cash flows from operating activities to be restated. Previously interest income had been netted off against movement in government bonds and loans, deposits with financial institutions and corporate bonds.

Previously the expected credit losses on financial assets were included as part of the cash flows from proceeds of government bonds and loans, deposits with financial institutions and corporate bonds under operating cash flows. The expected credit losses is not a cash flow. This error has been corrected by showing the expected credit losses as a non-cash item in the operating cash flow note.

Previously, the impact of exchange rate changes on cash and cash equivalents was not separately shown to comply with IAS 7.28. This error has been corrected and the exchange gains and losses on cash and cash equivalents has since been presented separately as at 31 December 2024.

In the prior year, cash flows from acquiring associates and cash inflows from dividends received from associated was netted in the same line. IAS 7.31 requires separate disclosure of dividends received. This error has been corrected to move dividends received to a separate line under investing activities as at 31 December 2024.

Interest payment on lease liabilities was previously included in operating activities. The company elected to change its accounting policy on the presentation of interest payments to show interest paid under financing activities. This better reflects the association of the interest paid to the financing obtained and the capital repayment of the lease under financing activities.

A portion of interest paid on the lease liability was included as part of the capital lease repayments. This error has been corrected to show the total interest paid as required by IAS 7.32 in one line item.

Appendix I

SCHEDULE OF MEMBERSHIP

Class	Shareholder	2024		2023	
		Shareholding		Shareholding	
		US$	US$	US$	%
CLASS A	Kenya Reinsurance Corporation Ltd	12,063,925	19.76	12,063,925	19.76
	TDB	10,982,923	17.93	10,982,923	17.99
	Government of Rwanda	3,821,464	6.24	3,821,464	6.26
	PSSSF	2,535,125	4.14	2,504,886	4.10
	Government of Sudan	2,321,589	3.79	2,321,589	3.80
	National Insurance Corporation (T) Ltd	2,044,193	3.34	2,044,193	3.35
	Government of Djibouti	1,672,303	2.74	1,672,303	2.74
	Government of Zambia	1,575,427	2.57	1,556,636	2.55
	National Treasury – Kenya	1,564,138	2.55	1,062,322	1.74
	NICE	1,535,079	2.51	1,516,756	2.48
	ZSIC – Pension Trust	1,474,855	2.41	1,474,855	2.42
	Government of Ethiopia	637,393	1.04	637,393	1.04
	Government of Kenya	-	-	501,816	0.82
	Sheikan Ins. & Reins. Ltd	428,277	0.70	428,277	0.70
	Government of Somalia	429,665	0.70	424,929	0.70
	SOCABU	427,485	0.70	422,350	0.69
	COMESA Secretariat	400,526	0.65	395,749	0.65
	EMOSE	388,190	0.63	388,190	0.64
	Industrial Development Corporation - Zambia	337,615	0.55	337,615	0.55
	Government of Mauritius	272,844	0.45	272,844	0.45
	ZSIC Life	267,315	0.44	267,315	0.44
	CMAR (NY Havana)	249,925	0.41	249,925	0.41
	Société Nationaled'Assurances (SA)	178,952	0.29	178,952	0.29
	ZIC	134,404	0.22	134,404	0.22
	Uganda Reinsurance	105,000	0.17	-	-
	IPEC	68,200	0.11	68,200	0.11
	IRA (U)	68,200	0.11	-	-
CLASS C	Mayfair Insurance Company Ltd	72,877	0.12	72,877	0.12
	SORAS	526,534	0.86	526,534	0.86
	United Insurance Company Ltd	530,863	0.87	530,863	0.87
	Amerga	746,179	1.22	737,275	1.21
	Emeritus Reinsurance Company Ltd	499,170	0.82	499,170	0.82
	Juba Insurance Company Ltd	431,438	0.70	431,438	0.71
	Blue Shield Insurance Company Ltd	380,072	0.62	380,072	0.62
	GXA	271,319	0.44	271,319	0.44
	Assurances BICOR	249,039	0.41	249,039	0.41
	Statewide Insurance Company Ltd	246,221	0.40	246,221	0.40
	SONARWA	147,077	0.24	147,077	0.24
	Apollo Insurance Company Ltd	127,369	0.21	127,369	0.21
	Sanlam General Insurance Uganda Ltd	116,017	0.19	116,017	0.19
	National Insurance Corporation (U) Ltd	67,955	0.11	130,337	0.21
CLASS D	African Development Bank	7,415,934	12.11	7,415,934	12.15
	DEG	3,429,435	5.60	3,429,435	5.62
	TOTAL	**61,242,511**	**100**	**61,040,788**	**100**

Appendix I (Continued)

KEY:

SOCABU	=	Sociétéd'Assurances du Burundi
EMOSE	=	EmpresaMocambicana de Seguros
SONARWA	=	Société Nouvelle d'Assurances du Rwanda
SORAS	=	SociétéRwandaised'Assurances
ZIC	=	Zanzibar Insurance Corporation
PSSSF	=	Public Service Social Security Fund
ZSIC	=	Zambia State Insurance Corporation
TDB	=	The Eastern and Southern African Trade Development Bank
CMAR (NY Havana)	=	CompagnieMalgached'Assurances et Reassurances (NY Havana)
NICE	=	National Insurance Corporation of Eritrea (Share) Company
COMESA	=	Common Market for Eastern and Southern Africa
DEG	=	Deutsche Investitions- und EntwicklungsgesellschaftmbH
IPEC	=	Insurance and Pensions Commission
IRA (U)	=	Insurance Regulatory Authority of Uganda

Appendix II

CREDIT RATING CERTIFICATE

AM BEST

certifies that

ZEP-RE (PTA Reinsurance Company)

AM Best Number: 078388

has a

BEST'S FINANCIAL STRENGTH RATING

of

B++ (Good)

Effective Date: December 5, 2024

President, AM Best Rating Services

Chief Rating Officer, AM Best Rating Services

Best's Credit Ratings are subject to change. To confirm the latest rating or to learn more about Best's Credit Ratings, visit www.ambest.com.

Appendix II (Continued)

CREDIT RATING CERTIFICATE (CONTINUED)

GCR RATINGS

Certifies that

ZEP-RE (PTA Reinsurance Company)

has a

National Scale

Financial Strength Rating **of** AAA(KE) | Stable outlook

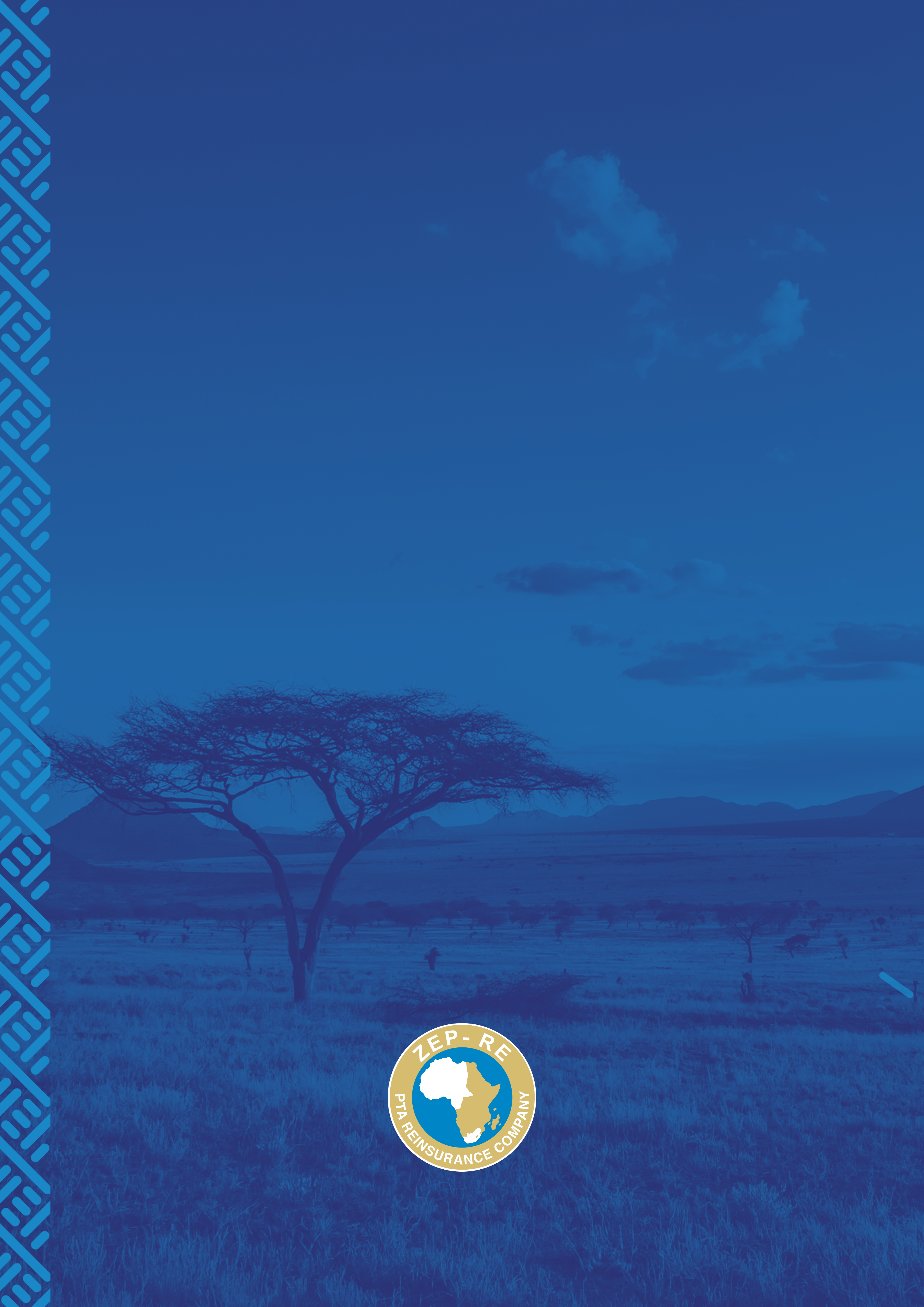
GCR RATINGS EST. 1995

11 Nov 2024

DATE

Group Head of Ratings

GCR's ratings are subject to change.
To confirm the latest rating or to learn more about GCR, visit www.GCRratings.com


ZEP-RE
PTA REINSURANCE COMPANY