



ZEP-RE
(PTA Reinsurance Company)

2025

**ANNUAL REPORT &
FINANCIAL STATEMENTS**

Growing Africa's Resilience

ABOUT ZEP-RE

Established in 1990 as regional reinsurer and specialized institution of the Common Market for Eastern and Southern Africa (COMESA) by 20 member states to develop the insurance and reinsurance industries, mobilize investments, deepen financial inclusion, and support capacity building.

Grown over the last three decades into a pan-African multilateral reinsurer with a developmental mandate, operating in most of African countries through 9 offices of the Company and 6 offices of its subsidiary Agriculture and Climate Risk Enterprise Ltd (“ACRE Africa”).

A strategic review of what ZEP-RE means for its clients, partners, shareholders, and staff was finalized in 2025 resulting in a refreshed Vision and Mission, as well as redefined Core Values. Innovation. Integrity. Client-centricity. Excellence. Teamwork. Ubuntu.

MEMBER STATES

20

- Angola
- Burundi
- Comoros
- Democratic Republic of Congo
- Djibouti
- Eritrea
- Ethiopia
- Kenya
- Lesotho
- Madagascar
- Malawi
- Mauritius
- Mozambique
- Rwanda
- Somalia
- Sudan
- Tanzania
- Uganda
- Zambia
- Zimbabwe



RATINGS



FSR: B++ | ICR: bbb+
“Very Strong Balance Sheet”
Outlook: Stable



AAA (KE)
“Strong Financial Profile”

OFFICES

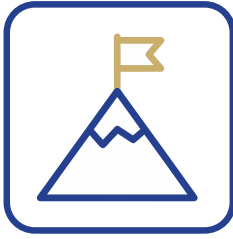
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ZEP-RE

6

ACRE AFRICA

OUR VISION



A leading partner in growing Africa's resilience

OUR MISSION



We deliver sustainable & innovative (re)insurance solutions. We collaborate with the private & public sector(s), and development partners to close the protection gap and promote economic development

OUR CORE VALUES



INNOVATION

We lead through creativity, new ideas, and bold change, always pushing boundaries, staying relevant, and striving to grow.



CLIENT-CENTRIC

We put the client first, listening with empathy and delivering value-adding solutions that inspire customer satisfaction.



TEAMWORK

We achieve more through collaboration, synergy, and support grounded in respect, fairness, and empathy.



INTEGRITY

We lead with honesty, act with transparency, and build trust by doing the right thing and keeping our word.



EXCELLENCE

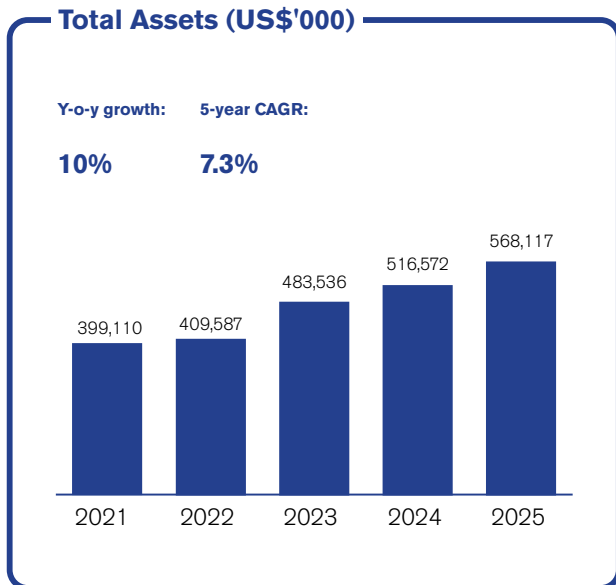
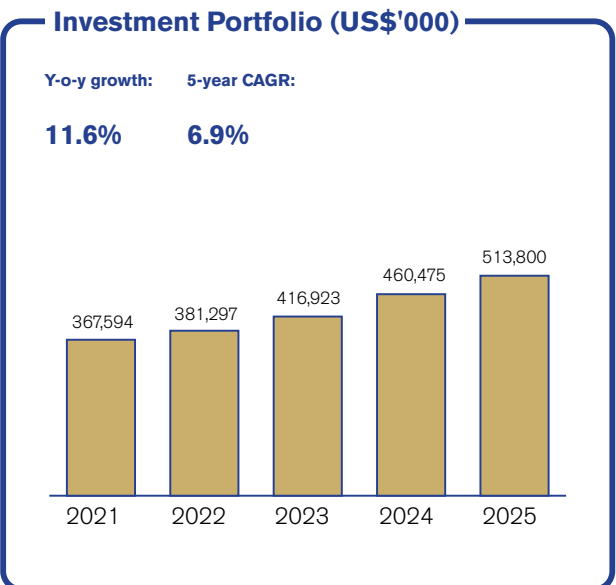
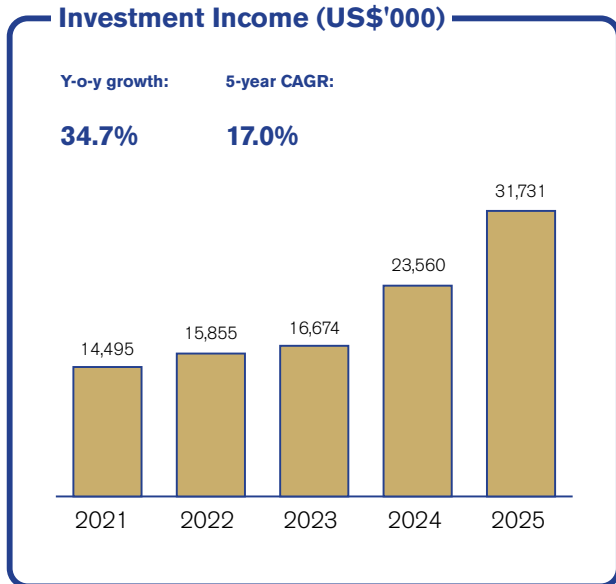
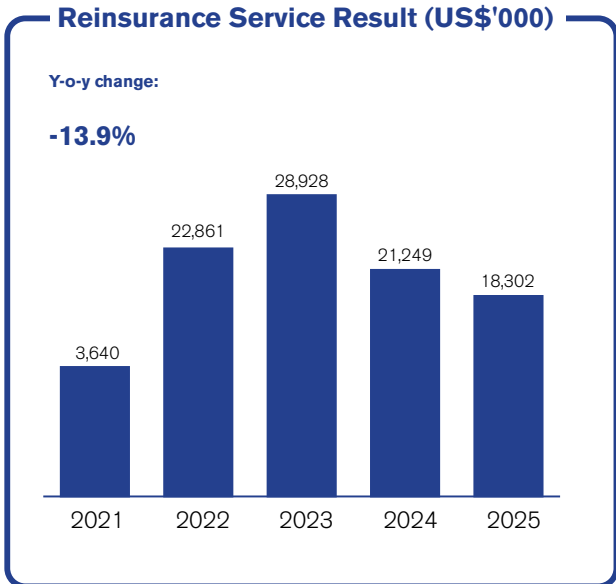
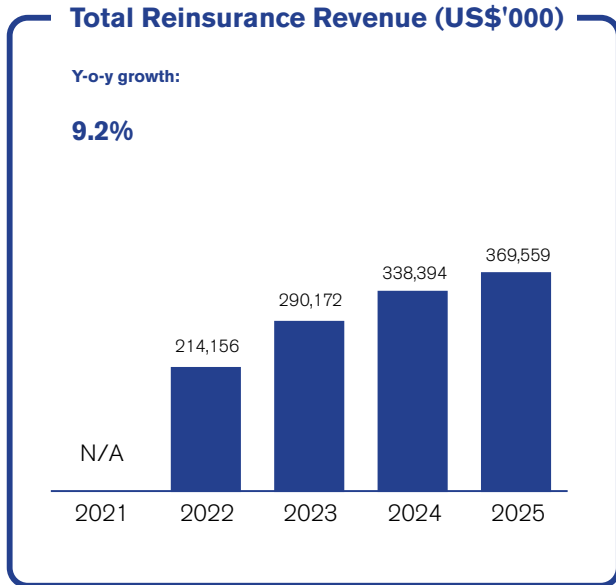
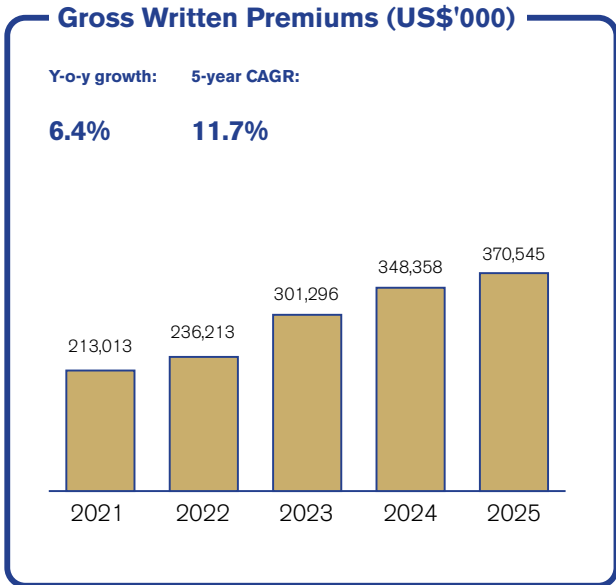
We go beyond our mission delivering outstanding performance and high-quality results that set the benchmark for excellence.



UBUNTU

We believe in Ubuntu leading with empathy, respect, and togetherness, because our strength lies in one another.

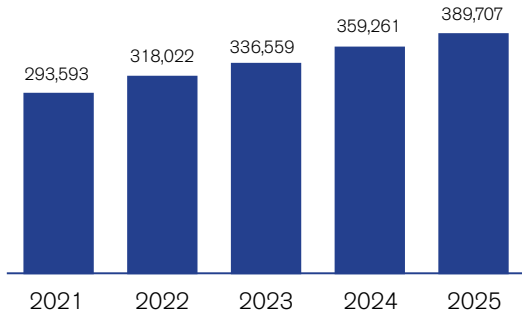
FINANCIAL HIGHLIGHTS



FINANCIAL HIGHLIGHTS (Continued)

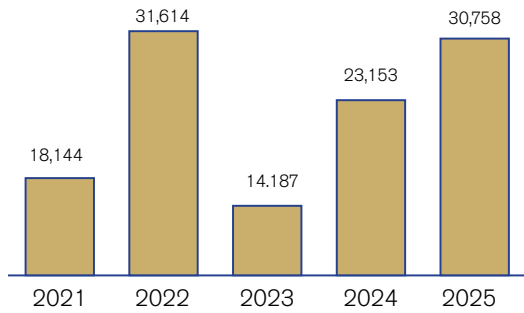
Shareholders' Funds (US\$'000)

Y-o-y growth: **7.4%** 5-year CAGR: **5.6%**



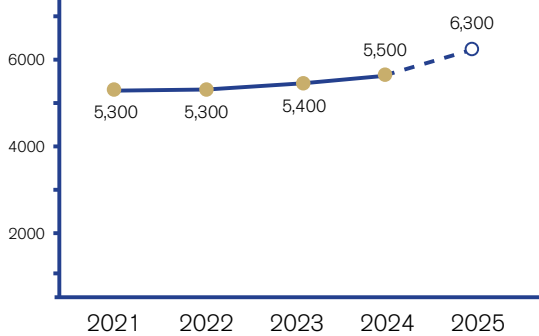
Profit for the Year (US\$'000)

Y-o-y growth: **32.8%** 5-year CAGR: **11.1%**



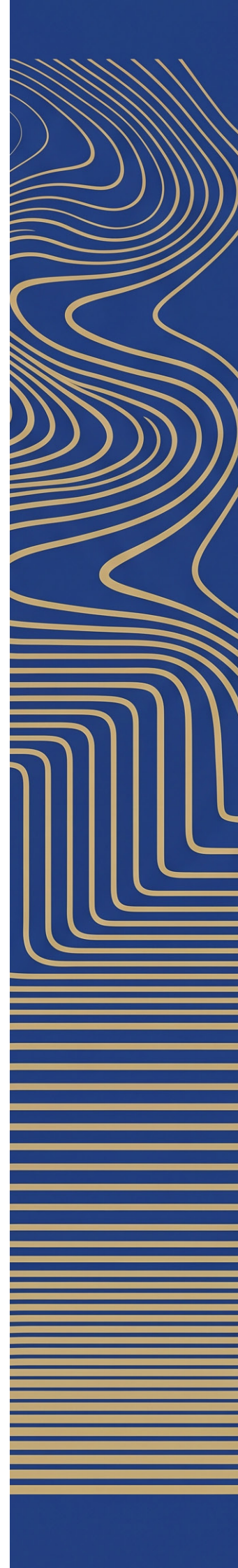
Dividends (US\$'000)

Note: Dotted lines represent proposed dividends.



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CORPORATE INFORMATION

Board of Directors

Chileshe Mpundu Kapwepwe	– Chairperson
Simon Putsai Chikumbu	– Vice Chairperson
Hope Murera	– Managing Director & Group CEO
Jeanette Rwigamba	
Joy Uwinema Ntare	– Elected on 25th June 2025
Namakau Mundia Ntini	
Nnenna Lily Nwabufo	
Dr. Grace Muradzikwa	– Elected on 25th June 2025
Ruth Namuli	– Elected on 25th June 2025
Abdul-Razaq Badru	– Retired on 18th December 2025
Admassu Tadesse	– Retired on 25th June 2025
Hon. Dr. Catherine Kimura	– Retired on 25th June 2025
Dr. Frederic Ntimarubusa	– Retired on 25th June 2025
Pritesh Modi	– Retired on 28th July 2025

Alternate Directors

Abraham Woldemichael	– Alt. to Joy Uwinema Ntare
Ahmed Attout	– Alt. to Nnenna Lily Nwabufo
Blessmore Kazengura	– Alt. to Dr. Grace Muradzikwa
Collins Hamusonde	– Alt. to Namakau Mundia Ntini
Dev Anand Hama	– Alt. to Chileshe Mpundu Kapwepwe
Doreen Kyomugisha	– Alt. to Ruth Namuli
Erick Onyango Gumbo	– Alt. to Hon. Dr. Catherine Kimura
Jan Gross	– Alt. to Pritesh Modi
Kaimu Abdi Abdallah Mkeyenge	– Alt. to Abdul-Razaq Badru

Management

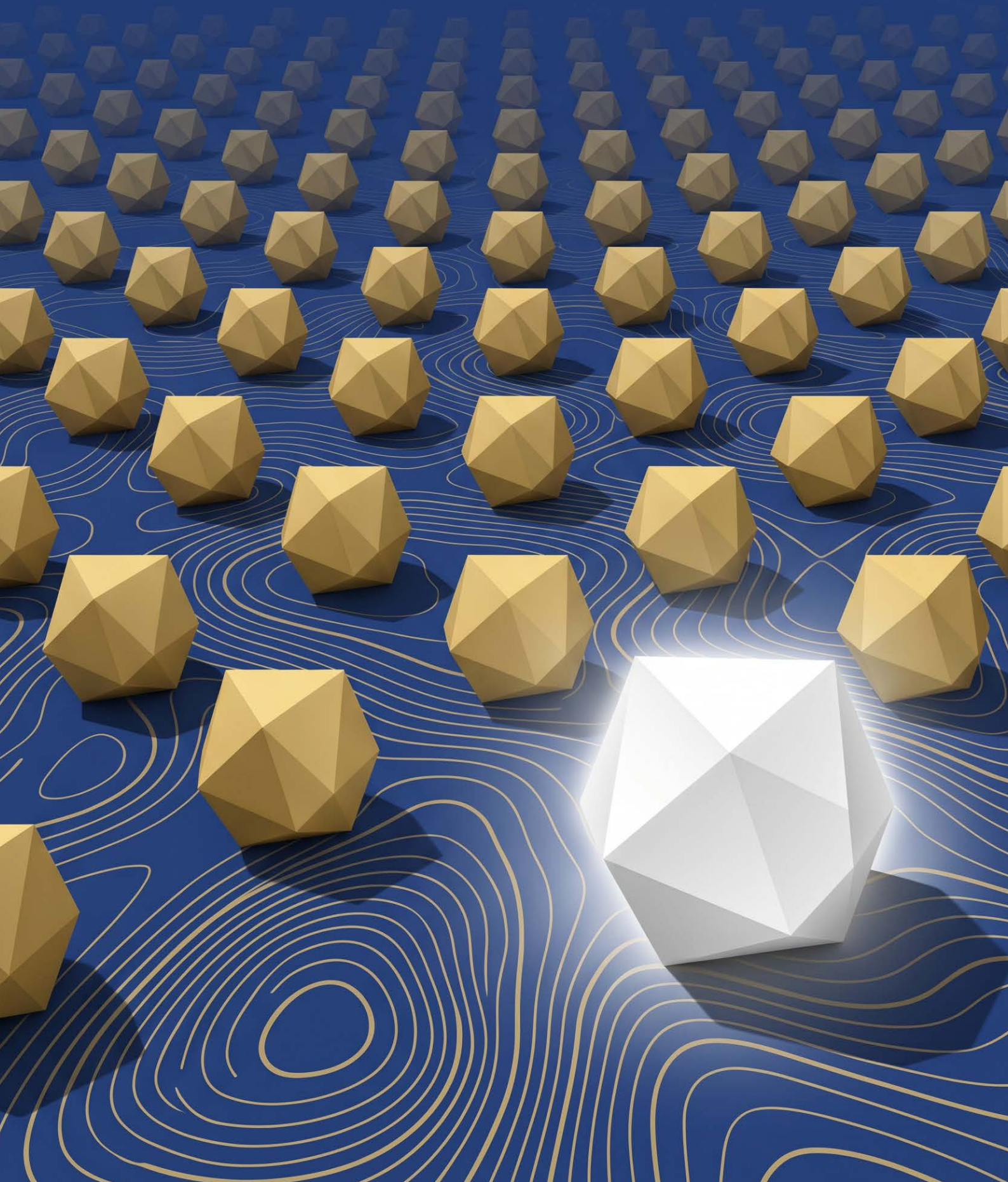
Ms. Hope Murera	– Managing Director & Group CEO
Mr. Jephita Gwatipedza	– Deputy Group Chief Executive and COO
Mr. Benjamin Kamanga	– Executive Director Insurance Fund and Senior Advisor to MD
Dr. Rachael Gitonga	– Chief of Staff & Group Strategy Officer/Ag. Chief Finance Officer
Ms. Linet Odera	– Group Chief – Public Sector and Inclusive Solutions
Ms. Deniese Imoukhuede	– Group Chief Risk Officer
Ms. Miriam Magala	– Group Company Secretary
Ms. Jean Mutabazi	– Group Chief – Corporate Services
Mr. Alexio Manyonde	– Chief Technology & Digitization Officer
Mr. Bernard Katambala	– Chief Underwriting Officer
Ms. Albena Melin	– Director Partnerships
Mr. George David Allotey	– Associate Director – Investments
Ms. Jaskiran Sandhu	– Group Procurement Lead & CFO – ACRE Africa

CORPORATE INFORMATION (Continued)

Head Office
<p>Nairobi, Kenya</p> <p>ZEP-RE Place, 8th Floor Longonot Road, Upper Hill P. O. Box 42769 – 00100 Nairobi, Kenya Telephone: +254 20 2738221/4973000 Email: mail@zep-re.com Website: www.zep-re.com</p>
Regional Hubs
<p>Abidjan, Côte d'Ivoire</p> <p>Cocody Deux Plateaux Vallon Immeuble Green, Immeuble Green, 2è étage 2Cocody, Abidjan 08 BP 3791 Abidjan 08 Telephone: +225 22 40 27 85</p>
<p>Harare, Zimbabwe</p> <p>Joina City, 16th Floor - North Wing Cnr Jason Moyo and Inez Terrace, Harare, Zimbabwe Telephone: +263 4 777 929/932</p>
Country Offices
<p>Khartoum, Sudan</p> <p>Reinsurance House Building P. O. Box 3224 Khartoum, Sudan Telephone: +249 183 799357/8</p>
<p>Lusaka, Zambia</p> <p>5th Floor, ZEP-RE Business Park Alick Nkhata Road, Mass Media P. O. Box 36966 Lusaka, Zambia Telephone: +260 211 252586</p>
<p>Addis Ababa, Ethiopia</p> <p>UNDP Regional Services Building, 6th Floor Near Bole Olympia Roundabout, P. O. Box 873 - 1110 Telephone: +251 911 977970/+ 251 73049409</p>
<p>Kampala, Uganda</p> <p>Office BB-01, Plot 1-4 Nyonyi Gardens, Kololo Telephone: +256 782312143/+256 784415192</p>
<p>Kinshasa, DRC</p> <p>126, Boulevard du 30 Juin Immeuble CMK (Ex Rosons Tower), 6è Etage, Gombe, Kinshasa, RDC Telephone: +243 856 716 169</p>
<p>Kigali, Rwanda</p> <p>Kigali Heights, 5th Floor, KG 7 Ave, Kimihurura P.O. Box 7049 Kigali, Rwanda Telephone: +250 788 328 188</p>

Subsidiary
<p>ACRE Africa</p> <p>ZEP-RE Place, 1st Floor Longonot Road, Upper Hill P. O. Box 45277 – 00100 Nairobi, Kenya Telephone: +254 719 249 615</p>
Independent Auditor
<p>Deloitte & Touche LLP</p> <p>Certified Public Accountants (Kenya) Deloitte Place, Waiyaki Way, Muthangari P.O. Box 40092 – 00100 Nairobi, Kenya</p>
Bankers
<p>Standard Chartered Bank Kenya Limited</p> <p>Standard Chartered, Westlands Road P.O. Box 40984 - 00100 Nairobi, Kenya</p>
<p>Stanbic Bank Kenya Limited</p> <p>Stanbic Centre, Chiromo Road P.O. Box 72833 - 00200 Nairobi, Kenya.</p>
<p>Kenya Commercial Bank Limited</p> <p>University Way Branch P.O. Box 7206 - 00300 Nairobi, Kenya</p>
<p>Stanbic Bank Zambia Limited</p> <p>Woodgate House, Nairobi Place, Cairo Road P.O. Box 319555 Lusaka, Zambia</p>
<p>Stanbic Bank Uganda Limited</p> <p>Crested Towers, Plot 17 Hannington Road P.O. Box 7131 Kampala, Uganda</p>
<p>Sudanese French Bank</p> <p>P.O. Box 2775 Khartoum, Sudan</p>
<p>Commercial Bank of Ethiopia</p> <p>P.O. Box 255 Addis Ababa, Ethiopia</p>
<p>Stanbic Bank Zimbabwe Limited</p> <p>Parklane Branch Harare, Zimbabwe</p>

Leadership Team



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.

Ms Kapwepwe joined the Board in June 2019, and in 2022, she was elected as the Chairperson of the Board.

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 has served as an Executive Director at the International Monetary Fund as well as Member of Parliament, Deputy Minister of Finance and Managing Director of the National Airports Corporation Limited in Zambia.

Ms. Kapwepwe has served and continues to serve on several boards including the Zambia Revenue Authority, Bank of Zambia, Ecobank Zambia Limited, BP Zambia Limited, Zambia Privatisation Trust Fund, Airports Council International, African Civil Aviation Commission, Financial Sector Deepening Zambia, Global Water Partnership Southern Africa and CABI, an international non-profit organisation for agriculture and environmental research.

She 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.

Simon Putsai Chikumbu

Vice Chairperson



Simon Putsai Chikumbu serves as an Independent Director on the Board of ZEP- RE. He was elected to the Board in June 2019. 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).

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.

Simon sits on the Boards of other companies in Southern Africa.

BOARD OF DIRECTORS (Continued)

Hope Murera

Managing Director & Group CEO



Hope Murera is the Managing Director & Group CEO, a position she currently holds after previously serving as the Company's General Manager and Corporate Services Director. With over 30 years of experience in industry, Hope has been at the forefront of pioneering (re)insurance solutions that address some of the continent's most pressing challenges.

Ms. Murera is a fierce advocate of closing the protection gap, especially for at-risk communities across Africa and beyond. Her guiding principle, "There is no financial inclusion without insurance". She currently chairs Board of ACRE Africa. 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 also served as Vice Chairperson on the board of the African Trade & Investment Development Insurance (ATIDI).

Hope holds an MBA from IMD Lausanne (Switzerland), a Bachelor of Laws (LLB) 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).

Jeanette Rwigamba

Non-Executive Director



Jeanette Rwigamba is currently the Head of National Budget Department at the Ministry of Finance and Economic Planning. Prior to that, she was the Director General of Budget Management and Reporting at the Ministry of Finance and Economic Planning (MINECOFIN). 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 PFM sector. She has had successful experiences in the preparation and implementation of the national budget for the past 10 years.

She holds a Master's degree in Project Management from the Oklahoma Christian University with a Bachelor's degree in Finance. She has participated in various workshops and seminars including Public Investment Management, Budget System Improvement Programme (BSIP) and Government Finance Statistics (GFS). Jeanette is also, a Certified Public Finance Management Accountant (CPFMA) and a Member of American – Global Academy of Finance Management (GAFM). She also attended the budgeting and financial management in Public Sector courses at Sanford School of Public Policy at Duke University.

Mrs. Rwigamba currently serves on the board of King Faisal Hospital (KFH).

BOARD OF DIRECTORS (Continued)

Joy Uwinema Ntare

(Elected on 25th June 2025)

Non-Executive Director



Joy Uwinema Ntare is a seasoned finance and risk management executive with over 30 years of experience across central banking and development finance. As Group Vice President and Deputy Group Managing Director of the Eastern and Southern African Trade and Development Bank (TDB Group), she oversees finance, portfolio management and risk management functions.

Previously, she served as Chief Risk Officer at TDB and held multiple senior leadership roles at the Central Bank of Rwanda, including Director General for Financial Stability Directorate that oversees bank supervision, insurance and pension supervision.

She holds an MBA from Cardiff Business School, is a Chartered Certified Accountant (ACCA), and has advanced training in risk management, financial regulation, and governance. Joy currently serves on the Boards of Zep-Re, TDB Captive Insurance and Eastern and Southern African Trade Fund (ESATF). Ms. Ntare has actively contributed to numerous regional financial integration initiatives within the EAC and has also served on the ATI Board.

Dr. Grace Muradzikwa

(Elected on 25th June 2025)

Non-Executive Director



Dr. Grace Muradzikwa is a decorated insurance executive and regulator with over 40 years of insurance industry experience. She currently serves as the Commissioner of Insurance, Pension and Provident Funds, Zimbabwe. In this role she regulates and supervises the insurance and pension industry for the protection of policyholders and pension fund members. In addition, she promotes financial literacy and leads industry development to close the protection gap with inclusive insurance solutions.

She was the first black woman to list and head an insurance company in Zimbabwe, serving as CEO of Nicoz Diamond Insurance. During her tenure, she led the company through a successful merger, increased revenues, expanded operations regionally, and elevated its market position through innovation and strategic leadership.

Earlier in her career, she was part of the founding team at Zimbabwe Reinsurance Corporation, where she held several strategic roles. Dr. Muradzikwa holds a Bachelor of Administration and MBA from the University of Zimbabwe and an Honorary PhD in Leadership and an Honorary MBA from the Women's University in Africa. She is a Fellow of the Insurance Institute of South Africa (FIISA) and an Associate Insurance Institute of South Africa (AIISA).

Board Memberships and Global Roles:

- Board Member: Zimbabwe Revenue Authority
- Board Member: Zimbabwe Financial Intelligence Unit (FIU)
- Vice Chairperson, Governance Council of the Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA – SADC)
- Executive Committee Member: International Association of Insurance Supervisors (IAIS)
- Executive Committee Member: Organization of African Insurance Supervisory Authorities (OAISA)

BOARD OF DIRECTORS (Continued)

Namakau Mundia Ntini

Non-Executive Director



Namakau Mundia Ntini is the Registrar and Chief Executive Officer of the Pensions and Insurance Authority, Zambia. She brings close to two decades of regulatory and supervisory experience having been with the Authority since 2009, and has served in different roles in Insurance and Pensions Supervision.

Prior to her current appointment, she served as Deputy Registrar, Pensions Supervision, as well as Deputy Registrar, Insurance Supervision, in an acting capacity. As part of her strong leadership track record in insurance supervision, Ms. Ntini played a lead role in shaping the insurance industry's current regulatory landscape. This legislation has helped strengthen the industry's governance and capital adequacy framework, as well as positioning the Zambian insurance industry to contribute towards closing the protection gap through introduction of the Microinsurance Framework. She served as the Chairperson of the Financial Education Working Group that developed Zambia's First National Strategy on Financial Education under the auspices of the Financial Sector Development Plan (FSDP), a project that was led by the Ministry of Finance & National Planning.

Ms. Ntini brings extensive experience to the ZEP-Re Board, where she serves as Chairperson of the Governance and Human Resource Committee, following her election to the Board of Directors in June 2023. She also serves as the Chairperson of the Insurance, Retirement Funds, Medical Aid Schemes and Intermediary, a sub-committee under Committee of Insurance, Securities and Non-Bank Authorities, a structure established under the SADC Protocol on Finance and Investments. Further, she serves on Zambia's Financial Stability Committee, established under the Central Bank. Ms. Ntini's governance experience extends to various directorship roles she has held in public and non-governmental organizations.

Ms. Ntini 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. She has completed a number of certification programs in financial sector supervision, and is an alumni of Toronto Centre's Women Leadership program.

Nnenna Lily Nwabufo

Non-Executive Director



Mrs. Nnenna Lily Nwabufo joined the Board in January 2023 as a Non- Executive Director representing the African Development Bank (AfDB) where she retired on 1st April 2026 as the Vice President, Regional Development, Integration and Business Delivery. As a Vice President in AfDB, she was 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 appointment as Vice President 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.

Despite her retirement, Nnenna continues to represent the AfDB as a non-Executive Director on the Boards of ZEP-RE and the Development Bank of Ghana.

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.

BOARD OF DIRECTORS (Continued)

Ruth Namuli

(Elected on 25th June 2025)

Non-Executive Director



Ruth Namuli is a seasoned insurance professional with over 18 years of experience in the industry, currently serving as Chief Executive Officer of Sanlam Allianz General Insurance (U) Ltd. She has held progressive leadership roles in underwriting, operations, business development, and risk management, and strategic business development.

In her current role, she provides strategic direction, drives business growth, leads risk and compliance management, stakeholder management and fosters high-performance cultures aligned with group values. Prior to her CEO appointment, she served as General Manager – Business Operations and Corporate Business Manager at Sanlam, overseeing commercial and corporate portfolios, reinsurance, international programs, and underwriting profitability.

Earlier in her career, she held key positions at UAP-Old Mutual General Insurance, including Underwriting Manager – Corporate, and Assistant Manager – Underwriting, where she was instrumental in treaty reinsurance negotiations, risk management, and product development. She began her career at ICEA LION Uganda Ltd, gaining foundational experience in underwriting, client service, and business development.

Ms. Namuli holds a Bachelor of Arts in Environmental Management from Makerere University and is an Associate of the Chartered Insurance Institute (ACII, UK). She also completed a Leadership Development Program at Stellenbosch University, with training in financial management, strategy, and people leadership.

She serves on various industry bodies, including the Executive committee of the Uganda Insurers Association (UIA) (as the chairperson of UIA), Chairperson of the Agro Consortium Technical Committee, and is a Consultant with the Insurance Training college of Uganda.

Abdul-Razaq Badru

(Retired on 18th December 2025)

Non-Executive Director



Abdul-Razaq was elected to the Board on 16th May 2024 and served as a Non- Executive Director. He is the immediate former 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.

BOARD OF DIRECTORS (Continued)

Admassu Tadesse

(Retired on 25th June 2025)

Non-Executive Director



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

Admassu Tadesse has been serving as Trade and Development Bank Group President and Managing Director since 2023. Prior, he led PTA Bank, and its evolution into TDB Group, 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 2024. 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 2025, 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.

Hon. Dr. Catherine Kimura

(Retired on 25th June 2025)

Non-Executive Director



Hon. Dr. Catherine Kimura was elected to the Board on 16th May 2025, as a representative of Kenya Re. She is the immediate former 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).

BOARD OF DIRECTORS (Continued)

Dr. Frederic Ntimarubusa

(Retired on 25th June 2025)

Non-Executive Director



Dr. Ntimarubusa was a Non-Executive Director on the Board of ZEP- Re. He was elected to the Board in June 2023 and is currently the Deputy CEO of Commercial Bank of Burundi. Previously, he served as the CEO of Burundi Insurance Corporation (2020-2025), Secretary General of East and Central Africa Social Security Association (2014-2025), 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.

Pritesh Modi

(Retired on 28th July 2025)

Non-Executive Director



Pritesh Modi was a Non- Executive Director on the Board of ZEP-RE. He was elected to the Board in June 2023. He is a qualified actuary (Society of Actuaries, 2002) and previously worked 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.

SENIOR MANAGEMENT TEAM



Hope Murera
Managing Director & Group CEO



Jephita Gwatipedza
Deputy Group Chief Executive and COO



Benjamin Kamanga
Executive Director Insurance Fund and
Senior Advisor to MD



Dr. Rachael Gitonga
Chief of Staff & Group Strategy Officer/
Ag.Chief Finance Officer



Linet Odera
Group Chief – Public Sector and Inclusive
Solutions



Deniese Imoukhuede
Group Chief Risk Officer



Miriam Magala
Group Company Secretary



Jean Mutabazi
Group Chief – Corporate Services



Alexio Manyonde
Chief Technology & Digitisation Officer



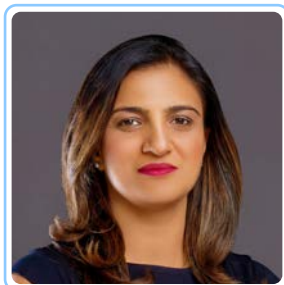
Bernard Katambala
Chief Underwriting Officer



Albena Melin
Director - Partnerships



George David Allotey
Associate Director – Investments



Jaskiran Sandhu
Group Procurement Lead & CFO – ACRE Africa



NOTICE OF THE 35TH ANNUAL GENERAL ASSEMBLY

NOTICE IS HEREBY GIVEN that the 35th Annual General Assembly of ZEP-RE (PTA Reinsurance Company) will be held at the **Four Points by Sheraton Kigali, Rwanda** on **Tuesday 5th May 2026** at **0900 hours (CAT)**, 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 25 th June 2025.
4.	To consider and adopt the Financial Statements for the year ended 31 st December 2025 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 2025.
6.	To declare a dividend in line with the Board of Directors recommendations. The Directors recommend approval of a dividend of US\$ 6.3 million for the year ended 31 December 2025.
7.	To approve an appropriation to the development impact fund in line with the Board of Directors recommendations. The Directors recommend appropriation of US\$ 304,869 to the development impact fund (2024 – US\$ 115,764). This appropriation is subject to approval of an amendment to the allocation basis from 0.5% to 1.0% of the profit by shareholders.
8.	To consider and if approved, appoint external auditors for 2026 and approve their remuneration.
9.	To undertake any other business.

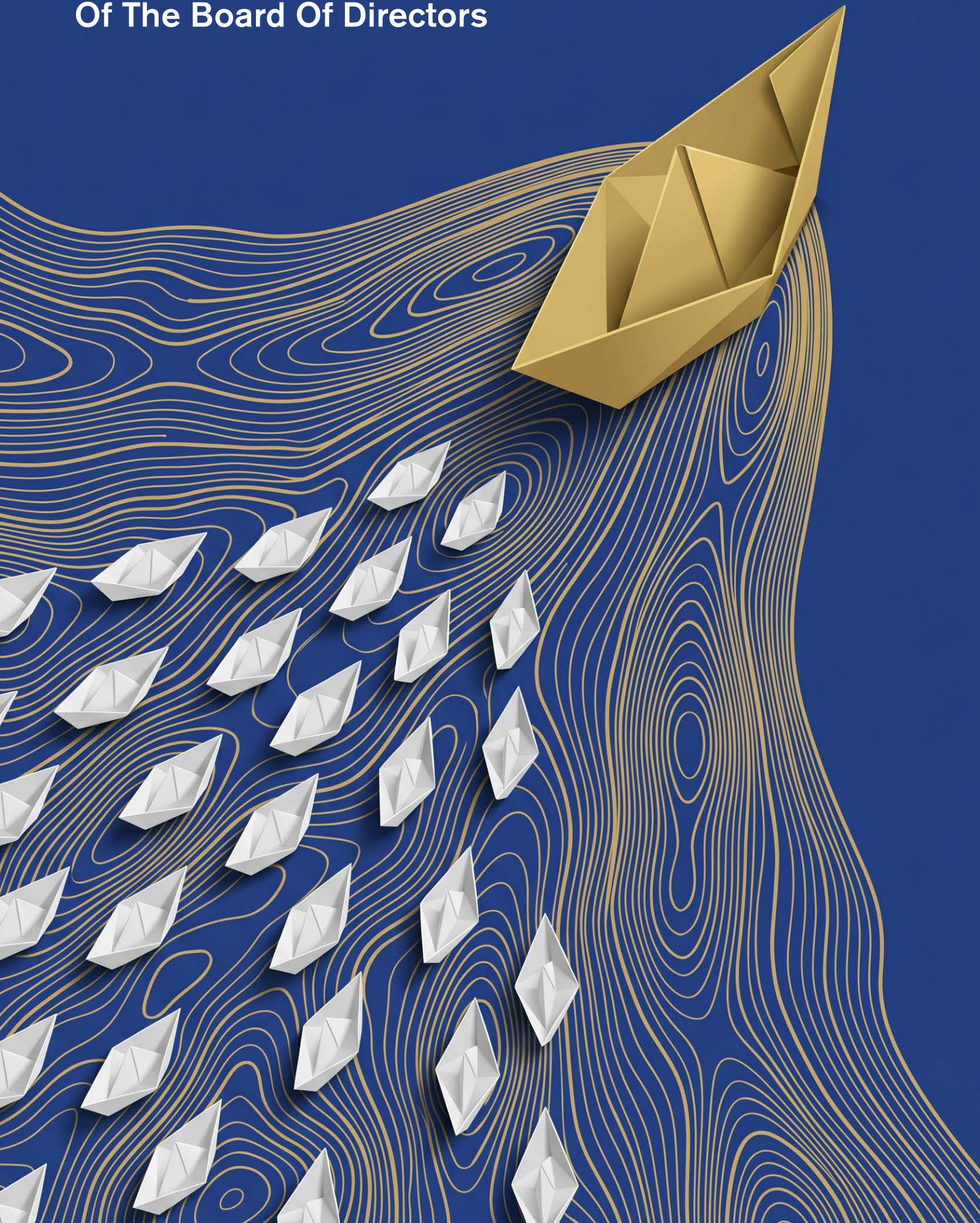
BY ORDER OF THE BOARD

Miriam Magala
Group Company Secretary

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 Group Company Secretary vide email mmagala@zep-re.com and jmbuthia@zep-re.com and not later than 1700 hours (CAT) on Monday 4th May 2026.

Report Of The Chairperson Of The Board Of Directors



REPORT OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS

On behalf of the Board of Directors, I am pleased to present to you the Group's Annual Reports and Financial Statements for the year ended 31 December 2025.

Economic Environment

Global economic growth remained moderate in 2025, with continued geopolitical tensions and trade fragmentation shaping a cautious outlook. Inflationary pressures eased across key markets, supporting a gradual shift towards monetary easing.

Sub-Saharan Africa remained resilient, with growth strengthening to an estimated 4.4% in 2025. East Africa continued to perform strongly, supported by agricultural output, infrastructure development and improving macroeconomic stability, though fiscal constraints and external risks remain.

Group Financial Performance

The Group delivered a strong performance in 2025, reflecting disciplined execution and sound oversight. Reinsurance revenue grew by 8.2%, supported by sustained contributions from key markets including Kenya, Uganda, Zimbabwe, Ethiopia and Zambia.

Investment income increased by 34.7% to USD 31.7 million, driven by improved market performance, while foreign exchange losses declined significantly to USD 2.1 million. As a result, profit grew by 32.8% for the year.

The Group's asset base increased by 10.0% to USD 568.1 million, with shareholders' funds rising by 7.8% to USD 387.1 million, underscoring the continued strength of the balance sheet.

Dividend

The Board has recommended a dividend of USD 6.3 million for the year (2024: USD 5.5 million), reflecting both good performance and a commitment to delivering shareholder value.

Ratings

ZEP-RE's financial strength continues to be affirmed by external ratings, with A.M. Best maintaining a Financial Strength Rating of B++ and Issuer Credit Rating of 'bbb+', both with a stable outlook. GCR also reaffirmed the Company's AAA national scale rating.



The Board remains committed to the highest standards of governance, ensuring that the Group continues to operate with integrity, accountability and strong risk oversight.



Governance

The Board remains committed to the highest standards of governance, ensuring that the Group continues to operate with integrity, accountability and strong risk oversight. Changes to the composition of the Board during the year are outlined in page 36, and we extend our appreciation to retiring Directors for their valuable service.

REPORT OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS (Continued)

2026 Economic Outlook

While the global outlook has softened amid persistent inflation and geopolitical tensions, Sub-Saharan Africa is expected to remain relatively resilient. Growth will be supported by infrastructure investment and ongoing reforms, although elevated inflation and external pressures may weigh on momentum. Despite these headwinds, the region continues to present meaningful long-term opportunities.

Appreciation

On behalf of the Board of Directors, I extend my sincere appreciation to Management and staff for their dedication and professionalism, which have been central to the Group's performance.

I also thank our shareholders, partners, and stakeholders for their continued confidence and support, and my fellow Board members for their guidance and commitment. Together, we remain well- positioned to build on this progress and continue delivering sustainable value.



Chileshe Mpundu Kapwepwe

Chairperson

31st March 2026



MANAGING DIRECTOR'S REPORT

Dear Shareholders,

I am pleased to present the Annual Reports and Financial Statements of the Group for the year ended 31 December 2025 – a year defined by resilience, disciplined execution, and our continued commitment to strengthening risk management across the region.

Our performance reflects underwriting discipline applied across cycles and sustained engagement with markets, regulators and partners.

Business Performance

The Group delivered a strong performance in 2025, underpinned by growth in core reinsurance operations and a significantly improved investment outturn.



PROFITS +32.8%

USD 
30.8m

Drivers: Stable topline growth, strong investment income performance.

“

Our performance reflects underwriting discipline applied across cycles and sustained engagement with markets, regulators and partners.

”

TOTAL ASSETS +10%

USD 
568m

Drivers: Supported by a well-diversified investment portfolio

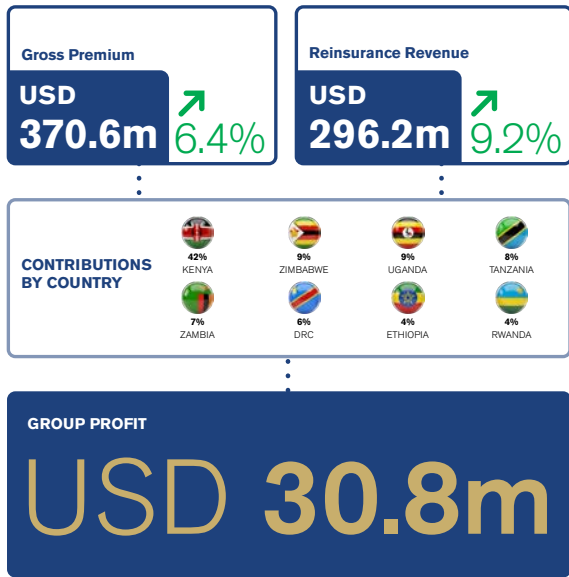
Profits grew by 33% to USD 30.8m driven by stable topline growth and strong investment income performance. Total assets rose by 10% to USD 568 million, supported by a well-diversified investment portfolio.

Beyond core reinsurance operations, the Company continued to expand its role in resilience-building and market development across the continent.

Reinsurance Business & Markets

The Company recorded gross premium growth of 6.4% to USD 370.6 million, translating to reinsurance revenue of USD 296.2 million (9.2% growth).

MANAGING DIRECTOR'S REPORT (Continued)



This was driven by increased contribution from markets such as Tanzania, Rwanda, DRC and Zambia reflecting ZEP-RE's increasing impact and reach within the region.

The reinsurance service result moderated to USD 18.3 million, reflecting claims experience and retrocession costs, while overall portfolio performance remained stable.

COMESA remained the core market, contributing 85% of gross written premiums, with continued diversification beyond the region.

Company's top 8 markets performed as follows:

- Kenya:** Remained the largest market, contributing 42%, supported by strong retention, new business inflows and a well-regulated environment.
- Zimbabwe:** Continued to be resilient despite macroeconomic challenges, contributing 9%, with a 7.9% growth driven by agriculture business.
- Uganda:** Maintained a 9% contribution, with a slight decline due to strategic realignment of the country's portfolio by the Company to protect profitability.
- Tanzania:** Recorded strong growth of 36%, with contribution rising to 8%, driven by expansion in facultative business and supportive regulation.
- Zambia:** Contributed 7%, with growth of 15% supported by implementation of localization and opportunities in key lines such as motor, marine, microinsurance and index agriculture insurance.
- DRC:** Delivered growth of 31%, increasing its contribution to 6%, supported by the continued build-out of the Company's presence since market entry and the significant long-term potential arising from low insurance penetration.

- Ethiopia:** Contribution moderated to 4%, reflecting prevailing macroeconomic conditions and market dynamics. The market remains strategically important, with anticipated sector reforms and gradual liberalisation expected to support future growth.
- Rwanda:** Grew strongly by 31%, with contribution rising to 4%, supported by both treaty and facultative business and a strengthening local presence.

The portfolio reflects a balanced mix of mature and high-growth markets, supported by a continued focus on profitability.

The outlook remains positive, with expectations of sustained growth across key markets, gradual improvement in pricing in selected lines, and continued opportunities arising from regulatory developments and increasing insurance demand across the region.

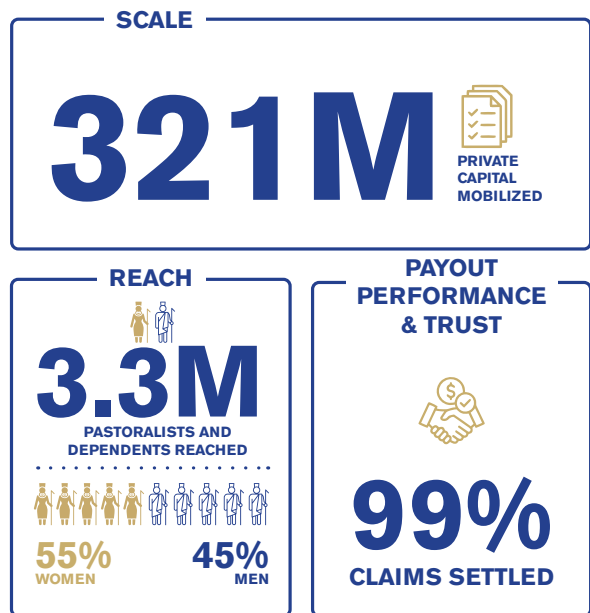
Resilience Building & Financial Inclusion Initiatives

The Public Sector and Inclusive Solutions (PSIS) function continues to evolve as a growth-and-impact platform, delivering both financial inclusion and sustainable income streams. Activities are anchored across four pillars: Agriculture and Food Security, Trade Facilitation, Inclusive Insurance, and Disaster Risk Financing.

Agriculture and Food Security

a. De-Risking, Inclusion and Value Enhancement of Pastoral Economies (DRIVE) Project

The World Bank financed DRIVE project continued to scale as a leading climate risk financing mechanism in the Horn of Africa. By 2025, it had reached 3.3 million pastoralists and dependents (55% women), with over 522,000 pastoralists covered through more than 630,000 policies. Payout performance remained strong, with 99% of claims settled within 23 days, reinforcing trust in the product value.



The project mobilised USD 321 million in private risk capital and generated USD 65.2 million in premiums, demonstrating the viability of climate risk insurance in vulnerable markets.

MANAGING DIRECTOR'S REPORT (Continued)

The project has matured into a scalable model integrating insurance, digital financial services and private capital, with sustained progress beyond its initial proof of concept.

b. Grain for Premium

In 2025, ZEP-RE, in collaboration with Zambia's Ministry of Agriculture, a consortium of insurers and with support from DEG Impulse, launched the Grain for Premium initiative. The programme introduces an innovative model that enables smallholder farmers to convert harvested grain into insurance premiums at the point of sale, addressing affordability constraints. Targeting farmers outside existing subsidy programmes, it provides hybrid index insurance cover against key climate risks, including drought, excess rainfall and floods, strengthening resilience within Zambia's predominantly smallholder agricultural sector.

In its first year, the programme reached nearly 8,000 farmers, with strong voluntary participation, and over 70,000 farmers were reached through advisory efforts.



One enrolled farmer from Lumezi, spoke for many:

"I was overjoyed by the ability to access insurance for my crops way ahead of the season in such a flexible manner. I had always heard about insurance from my colleagues on FISP and hoped to also get coverage. When my field officer introduced this option in our village, it was accessible and very welcome. I look forward to learning more ways to engage."

Lumezi
Zambian Farmer

Trade Facilitation

ZEP-RE's trade facilitation initiatives supported over USD 12 billion in intra-COMESA trade, reflecting the scale and relevance of its contribution to regional integration.

The Trans-Africa Bond Alliance (TABA), a joint initiative with Afreximbank launched in 2025, established reinsurance-backed capacity for customs and trade bonds across the region. It facilitated USD 100 million in bond placements across key sectors. The COMESA Yellow Card Scheme issued over 440,000 policies, generating USD 22 million in premiums, while the RCTG Scheme supported trade flows through over USD 826 million in bond value.



Inclusive Insurance

The Company continued to advance inclusive insurance through housing, ecosystem development and MSME resilience.

The Collateral Replacement Indemnity (CRI) programme supported over USD 30 million in guaranteed home loans, with more than 20,000 beneficiaries reached since inception. The Company also strengthened its role in shaping housing finance markets through partnerships and its admission to the African Union for Housing Finance.

Ecosystem partnerships enabled the rollout of innovative solutions, including remittance-linked insurance and savings group protection. Notable initiatives included a remittance-linked insurance programme in Rwanda, which recorded strong uptake during its pilot phase, and a social protection solution for savings groups in Zambia.

MSME-focused solutions continued to support access to finance by addressing key lending risks, improving lender confidence, strengthening portfolio resilience, and enabling credit expansion.

Disaster Risk Financing & Climate Resilience

ZEP-RE strengthened its role in supporting governments to build disaster risk financing frameworks, focusing on the protection of public assets and natural capital.

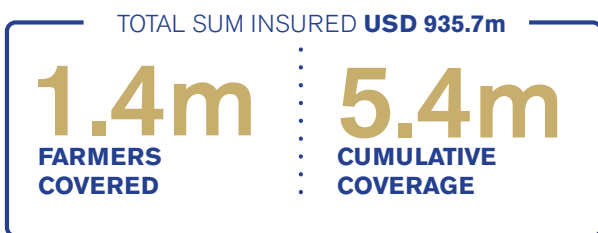
Progress included contribution through the East African Insurance Supervisors Association (EAISA) Annual Regulators Forum to the Zanzibar Declaration on Financial Protection of Critical Public Infrastructure, alongside ongoing work on national frameworks, asset registers and risk financing structures.

MANAGING DIRECTOR'S REPORT (Continued)

In 2025, ZEP-RE strengthened its role as a partner to governments in advancing disaster risk financing and climate resilience, supporting efforts to manage the growing fiscal pressures arising from climate-related events. The Company focused on building the foundational elements required for effective risk transfer, including strengthening partnerships with governments, regulators and development partners, and supporting the development of frameworks, data systems and policy structures necessary to enable sustainable solutions at scale.

ACRE Africa

ACRE Africa continued to scale its climate risk solutions, reaching a total sum insured of USD 935.7 million and expanding into four new markets. The business insured 1.4 million farmers in 2025, with cumulative coverage exceeding 5.4 million.



In addition, ACRE supported access to USD 152 million in credit for 348,000 farmers, reinforcing its role in linking insurance to financial inclusion and resilience.



Platforms for Market Development

The ZEP-RE Academy – 10 years strong

The ZEP-RE Academy trained 8,814 participants across 52 countries in 2025, bringing cumulative training to over 30,000 professionals. Programmes focused on technical capability, leadership development, and emerging areas including ESG and digital transformation.

The Academy also expanded access through digital learning, marked by the rollout of its Learning Management System, while deepening its role as a knowledge partner through research and technical support to industry stakeholders.

Digital Transformation and Innovation

The Company continued to strengthen its digital capabilities throughout the year anchored on the four priorities of data driven decision-making, intelligent automation, insurtech leadership, and robust cybersecurity. Enhancing data infrastructure, automation and enterprise reporting across core operations. Key progress made in system cross-platform integration, platform scalability and data governance improved operational efficiency, strengthened the quality and timelines of management information and enhanced decision-making across the business.

The Innovation Hub supported ten startups during the year, with several progressing through the investment pipeline. The launch of the USD 30 million Inclusive Insurtech Investment Fund (3IF) further strengthened the Company's role in supporting market innovation.

Our People, Our Culture

As the refreshed core values were rolled out across the country offices, ZEP-RE continued to advance its people agenda, under the theme "Empowering Our People, Digitizing Our Future". This year's focus remained on building a high-performance culture through stronger leadership capability, clearer accountability, and a more disciplined approach to performance management. Particular emphasis was placed on the role of line managers as key drivers of culture, execution, and employee experience across the organisation.

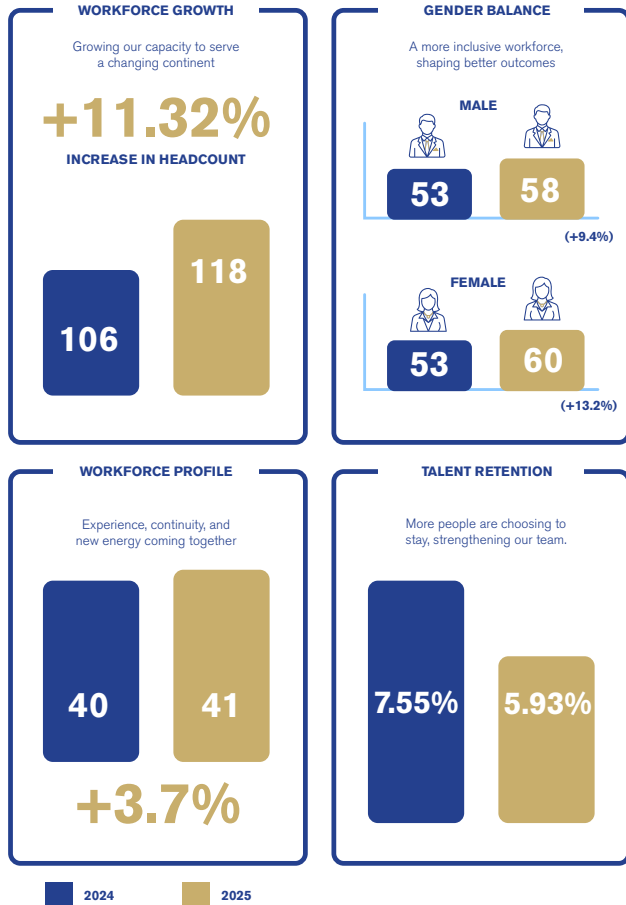
Significant progress was also made in enhancing access to workforce analytics. These improvements strengthened service delivery and enabled more timely insight led decision-making across the organisation.

Talent development remained a strategic priority, guided by a structured learning framework aligned to business needs and capability gaps. The learning programme combined internal knowledge sharing, external training, professional development and leadership interventions across all levels of the organisation. A key milestone during the year was the launch of the Ascend Programme, delivered in partnership with Strathmore University Business School, representing a targeted investment in frontline and emerging leadership capability. In parallel, the Young Professionals Programme continued to strengthen the long-term talent pipeline for both the Company and the wider industry, drawing high potential talent from across the continent.

The Company also maintained a strong focus on inclusion, wellbeing and employee engagement. Near gender parity across the workforce was sustained alongside continued emphasis on fair and transparent people practices.

MANAGING DIRECTOR'S REPORT (Continued)

Employee well-being initiatives, flexible work arrangements and regular engagement platforms supported a positive and connected work environment. Ongoing engagement between management and staff further reinforced a culture of openness, trust, collaboration and continuous improvement.



Corporate Social Responsibility

The Company implemented targeted CSR initiatives across community support, youth development and environmental sustainability, with total contributions exceeding USD 29,000.

Key interventions included support for healthcare and social causes, notably through partnerships with Faraja Cancer Support Trust, where staff contributions supported programmes that collectively raised over KShs 4 million for cancer care. Youth development initiatives remained a priority, with ten staff participating in the Girls for Girls mentorship programme and continued engagement in school-based mentorship, supporting leadership development and career awareness.

Environmental sustainability efforts included contributions of over USD 7,700 toward reforestation activities and the continuation of an annual industry-wide tree planting initiative, complemented by ongoing maintenance of previously planted 22,180 trees to-date. Regional outreach was also demonstrated through support to vulnerable communities, including initiatives in Zambia, reinforcing a practical and sustained approach to social impact.



CEO Award winners, showing us what living our values looks like every day. Obvious Nyakabawo (Underwriting Manager), Eunice Mahui (Head of Facultative & Risk Solutions), and Simon Ndung'u (Associate Director Finance)



Tree planting at Ngong Hills, Nairobi advancing our 30,000-tree planting campaign together with staff, clients, partners and the local community. December 2025.

MANAGING DIRECTOR'S REPORT (Continued)

Sustainability and ESG

Sustainability remains embedded across ZEP-RE's operations, guided by its ESG and Impact Policy and Environmental and Social Management System.

During the year, the Company strengthened Environmental, Social, and Governance (ESG) capacity across business units and partners, while continuing to align investment strategy with sustainability objectives, including participation in the World Bank Clean Cooking Outcome Bond as the only African investor.

The Company's approach is anchored on six pillars:



Focus was maintained on key material priorities, including financial inclusion, climate resilience, community development and effective governance. The launch of the second Sustainability Report, "A Leading Partner in Growing Africa's Resilience," in October 2025 reinforced the Company's commitment to transparency and accountability.



Insights shared at the Resilience Breakfast ahead of the Sustainability Report launch.



ZEP-RE senior management following the launch of the 2025 Sustainability Report.

ESG capacity building remained a priority, with training delivered across business units and extended to the Board, clients and partners through the ESG Team, the ZEP-RE Academy and the DRIVE project.

Outlook

There is a growing need for a more unified financial architecture in Africa, enabling efficient allocation of capital and risk to support investment in agriculture, MSMEs, infrastructure and climate resilience. ZEP-RE's partnership-driven approach reflects its continued commitment to strengthening the continent's resilience through effective risk management.

The outlook for the Group remains positive, supported by a diversified portfolio, disciplined underwriting and a strong capital position. Focus will remain on profitable growth, operational efficiency and disciplined capital deployment, positioning the Company to deliver sustainable value across the markets it serves.

Appreciation

I extend my appreciation to our shareholders for their continued confidence, our Board for their strategic guidance, our partners for their collaboration, and our staff across the continent and beyond for their commitment to the economies, businesses and communities we serve.

With gratitude,

Hope Murera

Managing Director & Group CEO

**Our Enterprise Risk
Management (ERM)
Framework**





OUR ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK

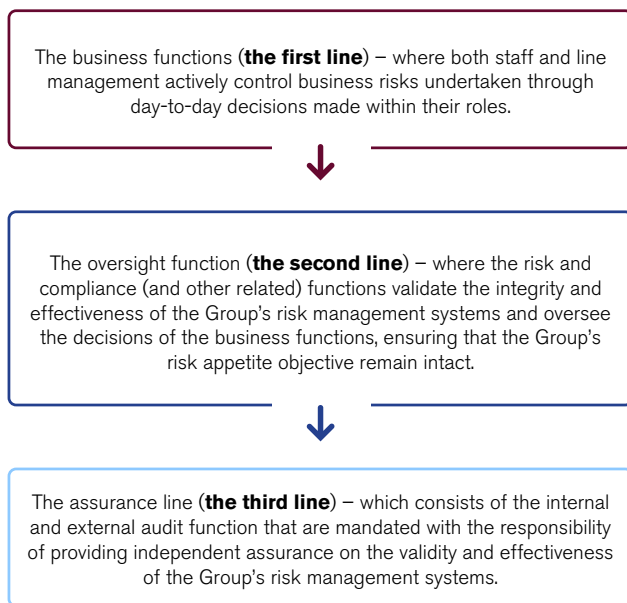
A comprehensive Enterprise Risk Management framework is an essential prerequisite for supporting the achievement of ZEP-RE's strategic objectives. The framework facilitates decision-making across the organisation that is consistent with our Board-approved risk appetite objectives.

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 Group'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:



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 Group'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 group's material risks. The committee consists of the heads of all business functions and is headed by the Group 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 Group; whilst the Supervisory Board has ultimate control over the group's risk management framework, monitoring the risk profile and capital adequacy of the group and ensuring that risks are being taken within the risk-appetite objectives, as approved.

The Risk Management Framework

The risk management activity of the group 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 group 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 group's objectives is assessed and measures taken to manage the risks, are defined.

To define the events underpinning the group'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 group.

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 group'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 group's risk profile and profitability.

The Risk Management Function regular evaluates the ZEP-RE's

OUR ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK (Continued)

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 group's risks, with the supervisory Board tasked with setting the tone of the group'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 group 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 consists of:

- 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 group (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.

Capital Management

ZEP-RE is not subject to any regulatory imposition on capital requirements. However, the group'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.

Furthermore, ZEP-RE's risk appetite objective for its capital management seeks to ensure that the group can continue in operation following the occurrence of extreme adverse losses arising from its operations in any given year. 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 group is expected to be able to withstand an exceptional year of losses that statistically occurs once every 250 years. At year-end 2025, ZEP-RE remained strongly capitalised and compliant 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.

OUR ENTERPRISE RISK MANAGEMENT (ERM) FRAMEWORK (Continued)

Financial Strength Ratings of ZEP-RE

During 2025, 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 group's rating assessment.

The agency's opinion regarding ZEP-RE's very strong balance sheet strength is underpinned by the group'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 group's operations associated with its operations in its core Eastern, Southern and West African markets, the agency acknowledges the group's good geographic diversification by underwriting and investments, as partially offsetting factors to this risk.

The group'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 group'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.



Governance Statement



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 Group 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:

Class A shareholders

- (i.) Member States/ designated institutions and institutions owned by Member States
- (ii.) COMESA institutions
- (iii.) Signatory States that held class A shares as at 16th May 2024

Class B shareholders

- (i.) Signatory States (other than those holding Class A shares as at 16th May 2024)
- (ii.) Designated institutions
- (iii.) Institutions owned by Signatory States

Class C shareholders

Eligible investors from within and outside the Region, that is private insurance and reinsurance institutions from the Region, and other legally recognized bodies or institutions.

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 Group and to certify the Statement of financial position and the statement of profit and loss of the Group;
- Allocating and distributing the net income of the Group;
- Terminating the operations of the Group 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 Group and is accountable to the shareholders for the operations of the Group.

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

- Administering the organisation structure and determining the responsibilities attaching to all posts within the Company.
- Determining the terms of service of the Managing Director.
- Approving the budget of the Company.
- Provide guidance and ensuring that the Company operates on sound reinsurance principles.
- Submission to the General Assembly for approval the accounts for each financial year and an annual report.
- 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.



GOVERNANCE STATEMENT (Continued)

From 2025, the following changes relating to board retirements and rotation took effect:

- The maximum board tenure for directors became nine (09) years.
- Directors that had served for a period of nine (09) years, with effect from 2015, would be the first to retire from the Board, and
- Thereafter, at each Annual General Meeting at least one-third of the oldest serving Directors would retire by rotation in the manner prescribed in the board rotation plan.

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 Group'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 2025 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 2025 budget and strategy, People & Culture initiatives, Independent evaluation report on the board performance for the financial year 2025.

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 Group'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 Group 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 Group 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 (Chairperson), Ms. Namakau M. Ntini (Vice Chairperson), Ms. Jeanette Rwigamba, Ms. Joy Ntare and Ms. Ruth Namuli.

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 Group 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 Group 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 Group.

The Risk and Audit Committee held four (04) meetings in 2025. The External Auditor and Internal Auditor have unrestricted access to and submit formal reports to the Committee.

GOVERNANCE STATEMENT (Continued)

Strategy and Investments Committee

The Committee comprises Mrs. Nnenna Nwabufu (Chairperson), Dr. Grace Muradzikwa (Vice Chairperson), Mr. Simon Chikumbu, Alternate Director Mr. Jan Gross, and Ms. Hope Murera. Mr. Abdul-Razaq Badru was a member until 18th December 2025.

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 Group's strategic initiatives.
- b. The investment policy of the Group and all major investment transactions,
- c. The effectiveness of strategy plans and investment policies.

The Strategy and Investments Committee held five (05) meetings in 2025.

Governance and Human Resources Committee

The Committee is charged with the primary responsibility of

- a. Continuous review of the Group's corporate governance standards and ensuring adherence to the Group'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. ESG oversight 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), Ms. Jeanette Rwigamba (Vice Chairperson), Ms. Ruth Namuli, Alternate Director Eric Gumbo.

The Governance and Human Resources Committee held four (04) meetings in 2025.

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 2025, the aggregate amount of emoluments paid to by Directors' is shown in Note 34 (ii) to the financial statements.



GOVERNANCE STATEMENT (Continued)

Board Attendance In 2025

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

	Attendance of Board and AGM Meetings in 2025				
	117 th Board	118 th Board	34 th AGM	119 th Board	120 th Board
Ms. Chileshe Mpundu Kapwepwe	●	●	●	●	●
Ms. Hope Murera	●	●	●	●	●
Mr. Admassu Tadesse ¹	●	●	●	●	●
Dr. Frederic Ntimarubusa ²	●	●	●	●	●
Hon. Dr. Catherine Kimura ³ / Mr. Eric Gumbo (Alternate) ⁴	●	●	●	●	●
Ms. Namakau M Ntini	●	●	●	●	●
Mr. Pritesh Modi ⁵ / Mr. Jan Gross (Alternate) ⁶	●	●	●	●	●
Ms. Jeanette Rwigamba	●	●	●	●	●
Mr. Simon Chikumbu ⁷	●	●	●	●	●
Mr. Zuheir Hassan (Alternate) ⁸	●	●	●	●	●
Mrs. Nnenna Nwabuo	●	●	●	●	●
Mr. Abdul-Razaq Badru ⁹ / Mr. Kaimu Abdi Mkeyenge (Alternate) ¹⁰	●	●	●	●	●
Ms. Joy Ntare ¹¹	●	●	●	●	●
Ms. Ruth Namuli ¹²	●	●	●	●	●
Dr. Grace Muradzikwa ¹³	●	●	●	●	●

¹ At the 34th AGM, Director Admassu Tadesse retired from the Board.

² At the 34th AGM, Director Dr. Frederic Ntimarubusa retired from the Board.

³ At the 34th AGM, Director Hon. Catherine Kimura retired from the Board.

⁴ Through elections at the 34th AGM, Mr. Eric Gumbo was appointed as the alternate director for Kenya Re on the Board.

⁵ Mr. Pritesh Modi retired from the Board on 28th July 2025.

⁶ Mr. Jan Gross joined the Board as the alternate director for DEG on 28th July 2025.

⁷ At the 34th AGM, Director Simon Chikumbu was appointed a Vice chairperson, following the retirement of Director Tadesse, who also served as Vice chairperson.

⁸ At the 34th AGM, Director Mr. Zuheir Hassan retired from the Board.

⁹ Mr. Abdul Razaq Badru retired from the Board on 18th December 2025.

¹⁰ Mr. Kaimu Abdi Mkeyenge joined the Board on 24th September 2025.

¹¹ Through elections at the 34th AGM, Ms. Joy Ntare was appointed to the Board

¹² Through elections at the 34th AGM, Ms. Ruth Namuli was appointed to the Board

¹³ Through elections at the 34th AGM, Dr. Grace Muradzikwa was appointed to the Board


Managing Director and the Management team

The Managing Director is responsible for the day to day running of the Group. 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 Group.

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 Group 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 &
Group CEO

REPORT OF THE DIRECTORS

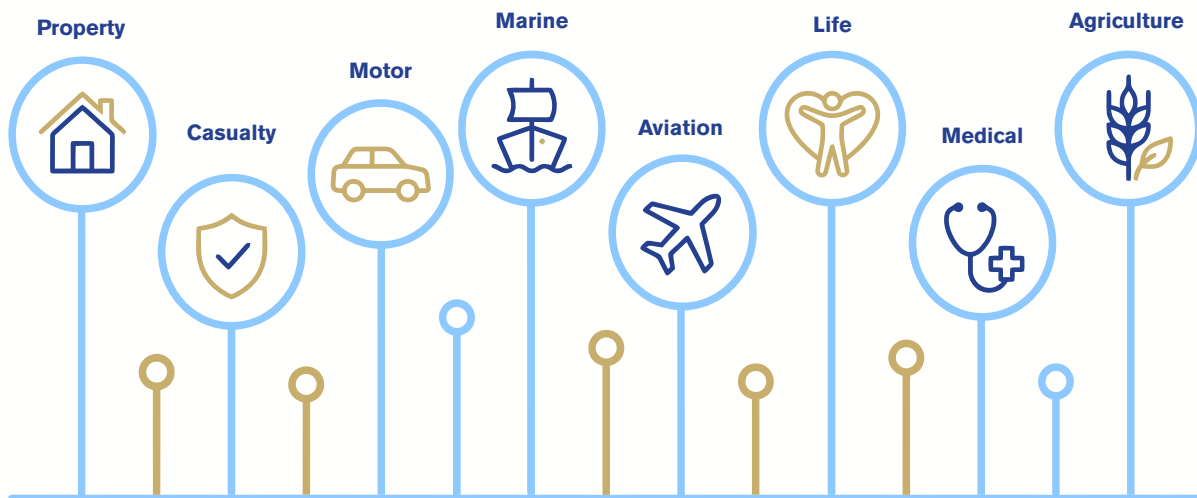
The directors submit their report together with the audited financial statements of ZEP-RE (PTA Reinsurance Company) (the “Company”) and its subsidiary, Agriculture and Climate Risk Enterprise Ltd (“ACRE Africa”), together, the “Group” for the year ended 31 December 2025 which disclose the state of financial affairs of the Group and the Company.

Consolidated financial statements

The year under review represents the first period in which the Group prepared consolidated financial statements following the consolidation of its subsidiary. Prior year comparative information has not been presented, as it was considered immaterial.

Principal activities

The Group 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\$ 30.76 million (2024: US\$ 23.15 million) has been transferred to retained earnings. The Directors recommend a dividend of US\$ 6,300,000 for the year ended 31 December 2025 (2024: US\$ 5,500,000).

Directors

The current Directors of the Group are shown on page 7.

Changes to the Board

The changes to the Board of Directors during the year are as reflected on page 36.

Secretary

Ms. Miriam Magala continued in service as the Group Company Secretary.

Terms and appointment of the auditors

The independent auditors, Deloitte & Touche LLP, have expressed willingness to continue in office and a specific resolution will be submitted to the 35th Annual General Assembly in this respect.

By order of the Board

Miriam Magala

Group Company Secretary
31st March 2026



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 Group and 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 Group and Company keep proper accounting records that are sufficient to show and explain the transactions of the Group and Company; disclose with reasonable accuracy at any time the financial position of the Group and Company; and that enables them to prepare financial statements of the Group and 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 Group and 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:



Having made an assessment of the Group'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 Group'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 31st March 2026 and signed on its behalf by:

Chileshe Mpundu Kapwepwe
Chairperson

Hope Murera
Managing Director & Group CEO

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") and its subsidiary (together, the Group) set out on pages 41 to 126 which comprise the consolidated and company statements of financial position at 31 December 2025, the consolidated and company statements of profit or loss and other comprehensive income, consolidated and company statements of changes in equity, and consolidated and company statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2025 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 Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Other information

The directors are responsible for the other information which comprise 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.

Responsibilities of the directors for the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZEP-RE (PTA REINSURANCE COMPANY) (Continued)

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 Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of 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 Group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and company to cease to continue as a going concern.
- 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



UNIQUE CODE: 64380260420

For and on behalf of Deloitte & Touche LLP
Certified Public Accountants (Kenya)
Nairobi
20th April 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025	Notes	2025 US\$	2024 US\$
Total Reinsurance Revenue	3	369,558,519	338,394,331
Ceded commissions	3	(73,386,785)	(64,793,825)
Reinsurance revenue	3	296,171,734	273,600,506
Reinsurance service expenses	4	(149,106,120)	(115,237,982)
Net expenses from retrocession contracts held	5	(128,763,871)	(137,113,307)
Reinsurance service result		18,301,743	21,249,217
Interest income - calculated using the effective interest method	6(a)	20,601,753	19,517,562
Other investment income	6(b)	11,130,070	4,042,828
Impairment loss on financial assets	10	(2,272,206)	(5,385,141)
Net investment income		29,459,617	18,175,249
Finance expense from reinsurance contracts issued	8	(9,043,298)	(7,242,285)
Finance income from retrocession contracts held	9	2,978,650	2,094,295
Net reinsurance finance expenses		(6,064,648)	(5,147,990)
Net reinsurance and investment result		41,696,712	34,276,476
Other income		3,810,606	1,593,617
Other operating expenses	10	(15,026,622)	(9,985,672)
Net foreign exchange loss	10	(2,140,323)	(5,635,878)
Share of results of associates	7	2,490,842	2,904,314
Profit before taxation		30,831,215	23,152,857
Taxation expense	31(a)	(73,633)	-
Profit for the year		30,757,582	23,152,857
Attributable to the owners of the Company		30,638,485	23,152,857
Attributable to non-controlling interest	27(ii)	119,097	-
		30,757,582	23,152,857
Other comprehensive income for year			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain on revaluation of property	26(ii)	38,020	398,925
Fair value gain on revaluation of quoted equity investments	26(i)	8,196,082	1,464,534
Fair value loss on revaluation of unquoted equity investments	26(i)	(49,505)	(664,387)
Fair value loss on investment in associate	26(i)	(300,000)	(623,959)
Foreign exchange gain/(loss) on revaluation of quoted equity investments	26(i)	445,001	(456,973)
Foreign exchange gain on revaluation of unquoted equity investments	26(i)	21,650	-
Fair value gain on revaluation of offshore investments	26(i)	704,094	806,561
Fair value gain on revaluation of corporate bond	26(i)	1,767,888	1,275,130
Fair value gain/(loss) on revaluation of government securities	26(i)	319,304	(166,594)
Fair value gain on revaluation of investment in affiliated companies	26(iii)	641,664	1,502,651
Total other comprehensive income for the year		11,784,198	3,535,888
Total comprehensive income for year		42,541,780	26,688,745
Earnings per share:			
- Basic and diluted	12	0.506	0.379

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER	Notes	2025 US\$	2024 US\$
Total Reinsurance Revenue	3	369,558,519	338,394,331
Ceded commissions	3	(73,386,785)	(64,793,825)
Reinsurance revenue	3	296,171,734	273,600,506
Reinsurance service expenses	4	(149,106,120)	(115,237,982)
Net expenses from retrocession contracts held	5	(128,763,871)	(137,113,307)
Reinsurance service result		18,301,743	21,249,217
Interest income - calculated using the effective interest method	6(a)	20,601,753	19,517,562
Other investment income	6(b)	11,130,070	4,042,828
Impairment loss on financial assets	10	(3,076,999)	(5,385,141)
Net investment income		28,654,824	18,175,249
Finance expense from reinsurance contracts issued	8	(9,043,298)	(7,242,285)
Finance income from retrocession contracts held	9	2,978,650	2,094,295
Net reinsurance finance expenses		(6,064,648)	(5,147,990)
Net reinsurance and investment result		40,891,919	34,276,476
Other income		2,071,721	1,593,617
Other operating expenses	10	(12,881,429)	(9,985,672)
Net foreign exchange loss	10	(2,086,147)	(5,635,878)
Share of results of associates	7	2,490,842	2,904,314
Profit before taxation		30,486,906	23,152,857
Profit for the year		30,486,906	23,152,857
Other comprehensive income for year			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain on revaluation of property	26(ii)	38,020	398,925
Fair value gain on revaluation of quoted equity investments	26(i)	8,196,082	1,464,534
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Fair value gain on revaluation of offshore investments	26(i)	704,094	806,561
Fair value gain on revaluation of corporate bond	26(i)	1,767,888	1,275,130
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Fair value gain on revaluation of investment in affiliated companies	26(iii)	641,664	1,502,651
Total other comprehensive income for the year		11,784,198	3,535,888
Total comprehensive income for year		42,271,104	26,688,745
Earnings per share:			
- Basic and diluted	12	0.504	0.379

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER	Notes	2025 US\$	2024 US\$
ASSETS			
Property and equipment	13(a)	3,566,489	2,537,072
Right of use assets	13(b)	372,754	525,903
Intangible assets	14	745,580	681,868
Investment properties	15	55,210,411	56,024,001
Equity investments at FVOCI			
-Quoted equity investments	16	31,185,126	20,074,925
-Unquoted equity investments	16	6,186,686	3,426,045
-Investment in affiliated companies	16	18,330,052	17,688,388
Equity accounted investments			
-Investment in Associate	17(a)	17,904,998	15,900,970
-Investment in subsidiary	17(b)	-	500,000
Retrocession contract assets	29	15,821,828	20,375,174
Other receivables	18	8,822,739	19,087,179
Government securities			
- Amortised cost	19	229,817,201	203,980,264
- FVOCI	19	2,054,441	1,724,035
Offshore investments			
- FVOCI	20	2,041,845	10,424,298
Deposits with financial institutions	21	94,366,124	98,846,420
Corporate Bonds			
- Amortised cost	22	1,998,800	-
- FVOCI	22	54,684,576	31,885,745
Cash and bank balances	23	25,007,530	12,889,503
Total assets		568,117,180	516,571,790
EQUITY AND LIABILITIES			
Capital AND reserves			
Share capital	25	59,738,269	61,242,511
Share premium	25	68,344,807	75,356,788
Investments revaluation reserve	26	(5,444,159)	(16,548,673)
Property revaluation reserve	26	1,551,763	1,513,743
Investment in affiliated companies revaluation reserve	26	14,417,202	13,775,538
Retained earnings	27(i)	247,099,103	223,921,467
Shareholder's funds		385,706,985	359,261,374
Non-controlling interest	28(ii)	1,444,571	-
Total Equity		387,151,556	359,261,374
LIABILITIES			
Reinsurance contract liabilities	28	148,958,467	133,482,490
Retrocession contract liabilities	29	16,007,482	6,847,750
Borrowings	30	256,149	-
Deferred income	32	54,605	55,420
Tax liability	31(c)	68,002	-
Other payables	33(i)	13,141,879	9,498,138
Lease liabilities	33(ii)	519,630	600,363
Dividends payable	35	1,959,410	6,826,255
Total liabilities		180,965,624	157,310,416
Total equity and liabilities		568,117,180	516,571,790

The financial statements on pages 41 to 126 were approved and authorised for issue by the Board of Directors on 31st March 2026 and were signed on its behalf by:



Chileshe Mpundu Kapwepwe
Chairperson



Hope Murera
Managing Director & Group CEO

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER	Notes	2025 US\$	2024 US\$
ASSETS			
Property and equipment	13(a)	3,535,397	2,537,072
Right of use assets	13(b)	372,754	525,903
Intangible assets	14	655,357	681,868
Investment properties	15	55,210,411	56,024,001
Equity investments at FVOCI			
- Quoted equity investments	16	31,185,126	20,074,925
- Unquoted equity investments	16	6,186,686	3,426,045
- Investment in affiliated companies	16	18,330,052	17,688,388
Equity accounted investments			
- Investment in Associate	17(a)	17,904,998	15,900,970
- Investment in subsidiary	17(b)	500,000	500,000
Retrocession contract assets	29	15,821,828	20,375,174
Other receivables	18	8,268,954	19,087,179
Government securities			
- Amortised cost	19	229,817,201	203,980,264
- FVOCI	19	2,054,441	1,724,035
Offshore investments			
- FVOCI	20	2,041,845	10,424,298
Deposits with financial institutions	21	94,366,124	98,846,420
Corporate Bonds			
- Amortised cost	22	1,998,800	-
- FVOCI	22	54,684,576	31,885,745
Cash and bank balances	23	24,733,191	12,889,503
Total assets		567,667,741	516,571,790
EQUITY AND LIABILITIES			
Capital AND reserves			
Share capital	25	59,738,269	61,242,511
Share premium	25	68,344,807	75,356,788
Investments revaluation reserve	26	(5,444,159)	(16,548,673)
Property revaluation reserve	26	1,551,763	1,513,743
Investment in affiliated companies revaluation reserve	26	14,417,202	13,775,538
Retained earnings	27(i)	248,792,609	223,921,467
Total Equity		387,400,491	359,261,374
LIABILITIES			
Reinsurance contract liabilities	28	148,958,467	133,482,490
Retrocession contract liabilities	29	16,007,482	6,847,750
Deferred income	30	54,605	55,420
Other payables	31(i)	12,767,656	9,498,138
Lease liabilities	31(ii)	519,630	600,363
Dividends payable	32	1,959,410	6,826,255
Total liabilities		180,267,250	157,310,416
Total equity and liabilities		567,667,741	516,571,790

The financial statements on pages 41 to 126 were approved and authorised for issue by the Board of Directors on 31st March 2026 and were signed on its behalf by:



Chileshe Mpundu Kapwepwe
Chairperson



Hope Murera
Managing Director & Group CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital US\$	Share premium US\$	Property revaluation reserve US\$	Investments revaluation reserve US\$	Investment in affiliated companies revaluation reserve US\$	Retained earnings US\$	Equity attributable to shareholders	Non controlling interest US\$	Total US\$
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	-	336,558,890
Total comprehensive income for the year		-	-	398,925	1,634,312	1,502,651	23,152,857	26,688,745	-	26,688,745
Transactions with owners										
Dividends declared - 2023	34	-	-	-	-	-	(5,400,000)	(5,400,000)	-	(5,400,000)
Transfer to development impact fund	33(iii)	-	-	-	-	-	(70,935)	(70,935)	-	(70,935)
Issue of shares through capitalisation of 2023 dividends	34	201,723	1,282,951	-	-	-	-	1,484,674	-	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	-	359,261,374
AT 1 JANUARY 2025		61,242,511	75,356,788	1,513,743	(16,548,673)	13,775,538	223,921,467	359,261,374	-	359,261,374
Pre consolidation subsidiary reserves		-	-	-	-	-	(1,845,085)	(1,845,085)	1,325,474	(519,611)
Total comprehensive income for the year		-	-	38,020	1,104,514	641,664	30,638,485	42,422,683	119,097	42,541,780
Transactions with owners										
Shares redemption	25(ii)	(1,714,717)	(8,350,678)	-	-	-	-	(10,065,395)	-	(10,065,395)
Dividends declared - 2024	34	-	-	-	-	-	(5,500,000)	(5,500,000)	-	(5,500,000)
Transfer to development impact fund	33(iii)	-	-	-	-	-	(115,764)	(115,764)	-	(115,764)
Issue of shares through capitalisation of 2024 dividends	34	210,475	1,338,697	-	-	-	-	1,549,172	-	1,549,172
AT 31 DECEMBER 2025		59,738,269	68,344,807	1,551,763	(5,444,159)	14,417,202	247,099,103	385,706,985	1,444,571	387,151,556

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital US\$	Share premium US\$	Property revaluation reserve US\$	Investments revaluation reserve US\$	Investment in affiliated companies revaluation reserve US\$	Retained earnings US\$	Total US\$
at 1 January 2024	61,040,788	74,073,837	1,114,818	(18,182,986)	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	34	-	-	-	-	(5,400,000)	(5,400,000)
Transfer to development impact fund	33(iii)	-	-	-	-	(70,935)	(70,935)
Issue of shares through capitalisation of 2023 dividends	34	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
AT 1 JANUARY 2025	61,242,511	75,356,788	1,513,743	(16,548,673)	13,775,538	223,921,467	359,261,374
Total comprehensive income for the year	-	-	38,020	11,104,514	641,664	30,486,906	42,271,104
Transactions with owners							
Shares redemption	25(ii)	(1,714,717)	(8,350,678)	-	-	-	(10,065,395)
Dividends declared - 2024	34	-	-	-	-	(5,500,000)	(5,500,000)
Transfer to development impact fund	33(iii)	-	-	-	-	(115,764)	(115,764)
Issue of shares through capitalisation of 2024 dividends	34	210,475	1,338,697	-	-	-	1,549,172
AT 31 DECEMBER 2025	59,738,269	68,344,807	1,551,763	(5,444,159)	14,417,202	248,792,609	387,400,491

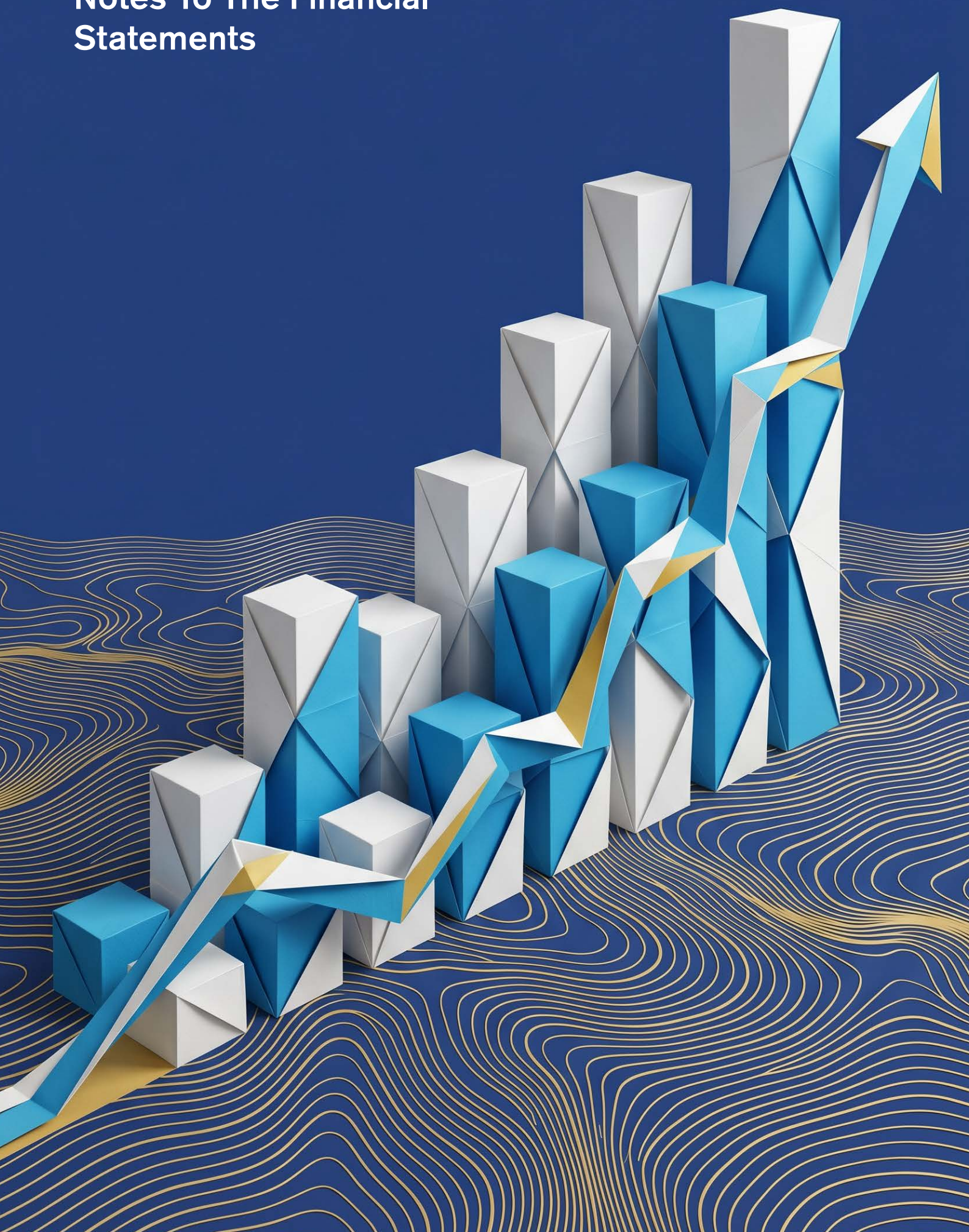
CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER	Notes	2025 US\$	2024 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/ (used in) operating activities	37	58,148,341	(37,257,159)
Interest received		20,065,655	17,176,187
Tax paid	31(c)	(89,362)	-
Net cash generated from/(used in) operating activities		78,124,634	(20,080,972)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment ¹	13(a)	(319,891)	(187,387)
Purchase of intangible assets	14	(105,290)	-
Purchase of investment properties	15	(58,446)	(345,760)
Purchase of unquoted equity investments	16	(2,835,301)	(582,455)
Purchase of shares in associate	17(a)	(210,996)	(394,107)
Dividends received from associate	17(a)	397,810	289,987
Purchase of shares in subsidiary	17(b)	-	(500,000)
Proceeds from disposal of investment in affiliated companies	16	-	10,277,636
Proceeds from disposal of unquoted equity investments	16	46,805	-
Cash arising on consolidation ¹		421,515	-
Net cash (used in)/generated from investing activities		(2,663,794)	8,557,914
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares redemption	25(ii)	(10,065,395)	-
Dividends paid	34	(8,817,673)	(2,108,346)
Borrowings	30	256,149	-
Interest paid on lease liabilities	33(ii)	(36,059)	(24,034)
Payment of the principal portion of lease liability	33(ii)	(80,733)	(136,602)
Net cash used in financing activities		(18,743,711)	(2,268,982)
Net INCREASE/(DECREASE) in cash and cash equivalents		56,717,129	(13,792,040)
Cash and cash equivalents at 1 JANUARY		29,271,286	44,537,468
Effects of movement in exchange rate on cash and cash equivalents		(40,264)	(1,474,142)
Cash and cash equivalents at 31 DECEMBER	38	85,948,151	29,271,286
¹ Relates to opening cash and cash equivalents for the subsidiary as at 1 January 2025			

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER	Notes	2025 US\$	2024 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/ (used in) operating activities	37	58,396,305	(37,257,159)
Interest received		20,065,655	17,176,187
Net cash generated from/(used in) operating activities		78,461,960	(20,080,972)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	13(a)	(313,518)	(187,387)
Purchase of intangible assets	14	(45,664)	-
Purchase of investment properties	15	(58,446)	(345,760)
Purchase of unquoted equity investments	16	(2,835,301)	(582,455)
Purchase of shares in associate	17(a)	(210,996)	(394,107)
Dividends received from associate	17(a)	397,810	289,987
Purchase of shares in subsidiary	17(b)	-	(500,000)
Proceeds from disposal of investment in affiliated companies	16	-	10,277,636
Proceeds from disposal of unquoted equity investments	16	46,805	-
Net cash (used in)/generated from investing activities		(3,019,310)	8,557,914
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares redemption	25(ii)	(10,065,395)	-
Dividends paid	34	(8,817,673)	(2,108,346)
Interest paid on lease liabilities	33(ii)	(36,059)	(24,034)
Payment of the principal portion of lease liability	33(ii)	(80,733)	(136,602)
Net cash used in financing activities		(18,999,860)	(2,268,982)
Net INCREASE/(DECREASE) in cash and cash equivalents		56,442,790	(13,792,040)
Cash and cash equivalents at 1 JANUARY		29,271,286	44,537,468
Effects of movement in exchange rate on cash and cash equivalents		(40,305)	(1,474,142)
Cash and cash equivalents at 31 DECEMBER	38	85,673,812	29,271,286

Notes To The Financial Statements





NOTES TO THE FINANCIAL STATEMENTS

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 Côte d'Ivoire 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 United States Dollar 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 Group'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 Group'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 Group'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 39.

(III) Changes in accounting policies and disclosures

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

In the current year, the group has applied the following amendments to IFRS Accounting Standards issued by the IASB which is mandatorily effective for an accounting period that begins on or after 1 January 2025. Its adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability*

The group has adopted the amendments to IAS 21 for the first time in the current year.

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

a. Basis of preparation (Continued) (III) Changes in accounting policies and disclosures (Continued)

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective.

New and Amendments to standards	Effective for annual periods beginning on or after
Amendment to IFRS 9 and IFRS 7 - <i>Classification and Measurement of financial instrument</i>	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11 - <i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7 - <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
IFRS 18 - <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19 - <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 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
IFRS S1 and IFRS S2 (issued in June 2023)	Voluntary – 01 January 2024 Mandatory - 01 January 2027

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the group in future periods, except if indicated below.

(IV) Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instrument

The amendments in Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) are:

Derecognition of a financial liability settled through electronic transfer

The amendments permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognised) before the settlement date if specified criteria are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system.

Classification of financial assets

- Contractual terms that are consistent with a basic lending arrangement.
The amendments provide guidance on how an entity should assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist an entity to apply the requirements for assessing contractual cash flow characteristics to financial assets with features linked to environmental, social and governance (ESG) concerns.
- Assets with non-recourse features.
The amendments enhance the description of the term 'non-recourse', in particular to specify that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

a. Basis of preparation (Continued)

(IV) Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instrument (Continued)

Classification of financial assets (Continued)

- Contractually linked instruments.
The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. Specifically, the amendments highlight that in such instruments a prioritisation of payments to the holders of financial assets using multiple contractually linked instruments (tranches) is established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of losses between the holders of different tranches. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

Disclosures

- Investments in equity instruments designated at FVTOCI.
The requirements in IFRS 7 are amended to require an entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period.
- Contractual terms that could change the timing or amount of contractual cash flows.
The amendments require an entity to disclose the contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortised cost or FVTOCI comprehensive income and each class of financial liability measured at amortised cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026 with earlier application is permitted. If an entity elects to apply these amendments for an earlier period, it is required to either:

- apply all the amendments at the same time and disclose that fact or
- apply only the amendments to the classification of financial assets for that earlier period and disclose that fact.

The amendments are required to be applied retrospectively, in accordance with IAS 8, with specific exceptions.

The directors of the entity anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

(V) Annual Improvements to IFRS Accounting Standards – Volume 11

The IASB issued amendments to five IFRS Accounting Standards as part of its annual improvements process.

a) IFRS 1 First-time Adoption of International Financial Reporting Standards - Hedge accounting by a first-time adopter

For consistency with the requirements in IFRS 9, IFRS 1:B5-B6 were amended to refer to the 'qualifying criteria' for hedge accounting (instead of the 'conditions') and to add cross-references to IFRS 9:6.4.1 to improve the understandability of IFRS 1.

b) IFRS 7 Financial Instruments: Disclosures - Gain or loss on derecognition

The amendments remove an obsolete cross-reference in IFRS 7:B38 to a paragraph that had been deleted when IFRS 13 was issued and align the wording of this paragraph with the terms used in IFRS 13.

c) Guidance on implementing IFRS 7 - Disclosure of deferred difference between fair value and transaction price

The amendments update IFRS 7:IG14 to make the wording of that paragraph consistent with IFRS 7:28 and improve the internal consistency of the wording in the example in IFRS 7:IG14.

d) Guidance on implementing IFRS 7 - Introduction and credit risk disclosures

The amendments add a statement to IFRS 7:IG1 clarifying that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. The amendments also simplify the explanation of the aspects of the requirements that are not illustrated in IFRS 7:IG20B.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

a. Basis of preparation (Continued)

(V) Annual Improvements to IFRS Accounting Standards – Volume 11 (Continued)

e) IFRS 9 Financial Instruments – Derecognition of lease liabilities

The amendments add a cross-reference to IFRS 9:3.3.3 in IFRS 9.2.1(b)(ii) to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9:3.3.3 and therefore recognise any resulting gain or loss in profit or loss.

(VI) Annual Improvements to IFRS Accounting Standards – Volume 11

a) IFRS 9 Financial Instruments – Transaction price

The amendments replace 'their transaction price (as defined in IFRS 15)' in IFRS 9.5.1.3 with 'the amount determined by applying IFRS 15' to address inconsistency between IFRS 9.5.1.3 and the requirements of IFRS 15 which may require a receivable to be measured at an amount that differs from the amount of the transaction price recognised as revenue. Additionally, the reference to 'transaction price' (as defined in IFRS 15) is deleted from Appendix A of IFRS 9.

b) IFRS 10 Consolidated Financial Statements – Determination of a 'de facto agent'

The amendments address concerns that the requirements in IFRS 10:B73-B74 might, in some situations, be contradictory. IFRS 10:B73 refers to 'de facto agents' as parties acting on the investor's behalf and states that the determination of whether other parties are acting as de facto agents requires judgement. However, the second sentence of IFRS 10:B74 includes more conclusive language and states that a party is a de facto agent when those that direct the activities of the investor have the ability to direct that party to act on the investor's behalf. The amendments update IFRS 10:B74 to use less conclusive language and to clarify that the relationship described in IFRS 10:B74 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de facto agent. The amendments add a statement to IFRS 7:IG1 clarifying that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. The amendments also simplify the explanation of the aspects of the requirements that are not illustrated in IFRS 7:IG20B.

c) IAS 7 Statement of Cash Flows – Cost method

The amendment replaces the term 'cost method' with 'at cost' in IAS 7:37 in line with the removal of the definition of 'cost method' from the IFRS Accounting Standards.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application of permitted. An entity is required to apply the amendments to IFRS 9.2.1(b)(ii) to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. No specific transition provisions are provided in respect of the other amendments.

(VII) Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity

a) Amendments to IFRS 9 Financial Instruments

The following requirements of IFRS 9 are affected by the amendments:

- the own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent; and
- the hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument:
 - » to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met; and
 - » to measure the hedged item using the same volume assumptions as those used for the hedging instrument.

b) Amendments to IFRS 7 Financial Instruments: Disclosures and IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 7 and IFRS 19 were amended to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

The amendments are effective for annual periods beginning on or after 1 January 2026, with earlier application permitted. The amendments to the own use exemption are required to be applied retrospectively in accordance with IAS 8 using the facts and circumstances at the date of initial application. The amendments to the hedge accounting requirements are to be applied prospectively to new hedging relationships designated on or after the date of initial application.

The directors of the entity anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

a. Basis of preparation (Continued)

(VIII) IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some paragraphs from IAS 1 have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the entity anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

(IX) IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 permits an eligible subsidiary (defined as a subsidiary that does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards) to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements.

The new standard is effective for reporting periods beginning on or after 1 January 2027 with earlier application permitted.

The directors of the entity do not anticipate that IFRS 19 will be applied for purposes of the consolidated financial statements of the group.

(X) 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.

(XI) IFRS S1 and IFRS S2 (issued in June 2023)

In 2021, IFRS established the International Sustainability Standards Board (ISSB) to develop sustainability & climate-related disclosure standards that provide investors & other capital market players with information on sustainability-related risks and opportunities for decision making. The disclosure standards were released in June 2023.

IFRS S1 (General Sustainability-related Disclosures) requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.

IFRS S2 (Climate-related Disclosures) applies to climate-related risks to which the entity is exposed, which are: climate-related physical risks, climate-related transition risks and climate-related opportunities available to the entity.

Early adoption of standards

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

b. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee

The ability to use its power over the investee to affect its returns.

All inter-company balances, transactions, income and expenses and profits and losses resulting from inter-company transactions are eliminated in full on consolidation. Losses within a subsidiary are attributed to the non-controlling interest even if this results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components' results previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

The Group financial statements reflect the result of consolidation of the financial statements of the Company and its partially owned subsidiary, ACRE Africa Limited.

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

Non-controlling interests in subsidiaries are identified separately from the group's equity therein. The interest of minority shareholders includes proportionate share of the group's net assets at initial recognition plus the share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

c. 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 Group recognises interest income using the EIR method.

The Group calculates interest income on financial assets, other than those considered credit impaired, by applying the EIR to the gross carrying amount of the asset.

d. 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 Group's cash management are included as a component of cash and cash equivalents for purposes of the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

e. 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.

f. Dividend income

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

g. 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.

h. 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.

i. Currency translation

- (I) Functional and Presentation Currency

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

- (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.

j. 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 Group'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 Group's interest in the associate are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

k. Investment in subsidiaries

Investments in subsidiaries are carried in the Group'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.

l. 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 Group, 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.

m. 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.

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.

n. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

o. Leases

The Group 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 Group 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.

p. Financial instruments

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

(I) Classification

The Group 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 Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(II) Recognition and derecognition

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

(III) Measurement

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

Debt instruments

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 Group's business model for managing the financial assets; and
- (II) the cash flow characteristics of the asset.

Based on these factors, the Group 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

p. Financial instruments (Continued)

(l) Measurement (Continued)

Debt instruments (Continued)

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

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

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

Equity instruments

The Group subsequently measures all equity investments at fair value. The Group'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 Group'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 Group is the current bid price.

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

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

p. Financial instruments (Continued)

(IV) Determination of fair value (Continued)

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

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

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

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

(V) Impairment

The Group 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 Group about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it 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 Group, including:
 - An adverse changes in the payment status of issuers or debtors in the Group; or
 - National or local economic conditions that correlate with defaults on the assets in the Group.

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

- Debt instruments that are determined to have low credit risk at the reporting date. The Group 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

p. Financial instruments (Continued)

(V) Impairment (Continued)

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 Group expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;

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).

$$ECL = PD \times LGD \times EAD$$

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

- The general approach
- The simplified approach

The Group 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 Group determines whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised.

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

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

The Simplified approach

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

p. Financial instruments (Continued)

(V) Impairment (Continued)

Definition of default

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

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

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

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

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

Significant increase in credit risk (SICR)

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

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

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

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

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

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

Incorporation of forward-looking information

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

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

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 Group uses the PD tables supplied by [Rating Agency X based on the default history of obligors with the same credit rating. The Group adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings (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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

p. Financial instruments (Continued)

(V) Impairment (Continued)

Incorporation of forward-looking information (Continued)

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by 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 Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount.

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 Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group 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 Group 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 Group rarely renegotiates or otherwise modifies the contractual cash flows of securities. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms.

The Group 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 Group 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 Group 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

p. Financial instruments (Continued)

(VII) Write off policy

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

The Group may write-off financial assets that are still subject to enforcement activity. There were no assets written off during the year ended 31 December 2025 and 31 December 2024.

q. Deferred income

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

r. Borrowings

Borrowings are initially recognised at fair value net of directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method. They are classified as current when settlement is expected within twelve months of the reporting date or where the Group does not have an unconditional right to defer settlement for at least twelve months, with all other borrowings classified as noncurrent.

Interest expense is recognised in profit or loss using the effective interest rate method, while borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets are capitalised in accordance with IAS 23, with all other borrowing costs expensed as incurred. Borrowings are derecognised upon settlement, cancellation, or expiry, with any resulting gain or loss recognised in profit or loss.

s. 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 group 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 Group and employees.

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

t. 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.

u. Dividends

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

v. Development Impact Fund

The Group has set up a Development Impact Fund whose key objective is to support the Group'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.

w. 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

w. Taxation (Continued)

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.

The Group, however, includes a subsidiary that is subject to corporate income tax in its various respective jurisdictions. The consolidated income tax expense therefore relates entirely to the taxable subsidiary.

x. 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 Group 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.

y. 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.

z. Comparatives

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

aa. 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 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 Group issues both life and non-life insurance contracts.

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

ab. 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 Group 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 Group's obligation to provide service), and hence falls under the scope of IFRS 17.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

ab. Insurance and reinsurance contracts accounting treatment (Continued)

Insurance Contract Scope (Continued)

The Group'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 Group only issues insurance contracts where a payout is contingent on the occurrence of an insured event.

Similarly, The Group'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 Group 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 Group, evaluating the similarity of risks covered within each business segment. As a result of this assessment, The Group has defined portfolio groupings, ensuring that the composition of risks within each segment is not materially dissimilar. The Group 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 Group 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.

In determining the profitability grouping of each portfolio, The Group 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 Group 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 Group 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 Group 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 Group 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 Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

ab. Insurance and reinsurance contracts accounting treatment (Continued)

Contract boundaries

The Group 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 Group 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 Group 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 Group 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 Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Group 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:

- 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 Group 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 Group pays or receives before the group of insurance contracts is recognised.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Group 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 Group 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 Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

Reinsurance contracts held – initial measurement

The Group 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 Group 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 Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Group 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 Group expects to recover from the group of reinsurance contracts held. The Group 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

ab. Insurance and reinsurance contracts accounting treatment (Continued)

Reinsurance contracts held – initial measurement (Continued)

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

Insurance contracts – subsequent measurement

The Group 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 Group
- 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 Group 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 Group, 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 Group 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 Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

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 Group has established a loss-recovery component, the Group 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 Group 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 Group 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 Group 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 Group 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

ab. Insurance and reinsurance contracts accounting treatment (Continued)

Insurance contracts – modification and derecognition

The Group 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 Group derecognises the initial contract and recognises the modified contract as a new contract.

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

Presentation

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

The Group 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 Group 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 Group 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 Group 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 Group 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

Loss components

The Group 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 Group 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 Group 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 Group 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES (Continued)

a. Insurance and reinsurance contracts accounting treatment (Continued)

Loss-recovery components (Continued)

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

3 REINSURANCE REVENUE

GROUP & COMPANY

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

2025	Property	Casualty	Motor	Marine	Aviation	Life	Medical	Agriculture	Total
Class of business									
Total reinsurance revenue	140,282,755	73,482,123	10,299,707	12,460,105	33,403,589	32,411,077	34,962,771	32,251,392	369,558,519
Ceded commissions	(32,429,215)	(14,681,437)	(1,224,519)	(2,443,656)	(3,820,560)	(7,490,847)	(6,485,627)	(4,810,924)	(73,386,785)
Reinsurance revenue	107,853,540	58,800,686	9,075,188	10,016,449	29,583,029	24,920,230	28,477,144	27,440,468	296,171,734
2024									
Class of business									
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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 REINSURANCE SERVICE EXPENSES

GROUP & COMPANY

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

2025	Property	Casualty	Motor	Marine	Aviation	Life	Medical	Agriculture	Total
Incurring claims	65,318,687	21,447,831	12,185,151	6,117,725	6,566,992	21,759,290	36,408,279	1,737,683	187,180,038
Changes that relate to past service	(18,148,430)	(7,685,310)	(1,199,494)	566,112	(369,530)	(6,758,301)	(8,832,735)	4,272,957	(38,154,731)
Losses on onerous contracts and reversal of those losses	-	-	(74,213)	-	-	-	(99,890)	254,916	80,813
Total reinsurance service expense	47,170,257	13,762,521	10,911,444	6,683,837	6,197,462	15,000,989	27,475,654	21,903,956	149,106,120
2024									
Incurring 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 NET EXPENSES FROM RETROCESSION CONTRACTS HELD

GROUP & COMPANY

2025	Property	Casualty	Motor	Marine	Aviation	Life	Medical	Agriculture	Total
Allocation of retrocession premiums paid	60,247,857	36,322,868	522,967	4,209,202	28,393,477	771,4022	4,675,476	22,559,524	164,645,393
Incurring service expenses:									
– Claims and claims handling expenses	(22,166,727)	(6,911,085)	(438,736)	(1,448,627)	(6,068,686)	(2,968,591)	(757,283)	(13,603,386)	(54,363,121)
Changes that relate to past service:									
– Changes in estimates in AIC fulfillment cash flows	15,504,632	6,004,810	785,780	1,434,188	83,130	1,810,117	(2,971,423)	(4,169,635)	18,481,599
– Experience adjustments in claims and other service expenses in AIC									
Net expenses from retrocession contracts held	53,585,762	35,416,593	870,011	4,194,763	22,407,921	6,555,548	946,770	4,786,503	128,763,871
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
Incurring 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 fulfillment cash flows	1,052,270	(1,041,593)	(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	5,272,56	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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 INVESTMENT INCOME

	GROUP & COMPANY	
	2025 US\$	2024 US\$
(a) INTEREST INCOME		
Calculated using effective interest method		
Interest from government securities	13,900,053	14,175,508
Interest from deposits with financial institutions	5,594,738	5,243,747
Interest from corporate bonds	1,096,965	83,930
Income from offshore investments	9,997	14,377
	<u>20,601,753</u>	<u>19,517,562</u>
(b) OTHER INVESTMENT INCOME		
Gain on disposal of shares	3,881,347	-
Dividend income	2,606,521	1,450,355
Gain on disposal of bonds	2,250,094	-
Rental income	1,664,762	1,190,524
Dividends from affiliated companies	724,058	951,939
Fair value gains on investment properties (Note 15)	3,288	450,010
	<u>11,130,070</u>	<u>4,042,828</u>
	<u>31,731,823</u>	<u>23,560,390</u>
7 SHARE OF RESULTS OF ASSOCIATES		
Tanzania Reinsurance Company	2,256,253	2,704,145
Uganda Reinsurance Company	234,589	200,169
	<u>2,490,842</u>	<u>2,904,314</u>
8 FINANCE EXPENSE FROM REINSURANCE CONTRACTS		
Interest accreted	(8,059,603)	(7,574,265)
Effect of changes in interest rates and other financial assumptions	(983,695)	331,980
	<u>(9,043,298)</u>	<u>(7,242,285)</u>
Finance expense from reinsurance contracts held		
Analysis by class:		
Property	(3,943,934)	(3,173,648)
Casualty	(1,144,150)	(912,892)
Motor	(1,480,386)	(1,392,169)
Marine	(396,053)	(295,545)
Aviation	(41,715)	(16,379)
Life	(1,015,737)	(745,975)
Medical	(825,153)	(705,677)
Agriculture	(196,170)	-
	<u>(9,043,298)</u>	<u>(7,242,285)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 FINANCE INCOME FROM RETROCESSION CONTRACTS

	GROUP & COMPANY	
	2025 US\$	2024 US\$
Interest accreted	2,696,670	2,178,293
Effect of changes in interest rates and other financial assumptions	281,980	(83,998)
	<u>2,978,650</u>	<u>2,094,295</u>
Analysis by class:		
Property	1,772,964	1,151,767
Casualty	638,287	575,349
Motor	102,210	48,582
Marine	63,877	69,106
Aviation	17,630	3,949
Life	158,557	182,233
Medical	66,432	63,309
Agriculture	158,693	-
	<u>2,978,650</u>	<u>2,094,295</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 OPERATING AND OTHER EXPENSES

	GROUP		COMPANY	
	2025 US\$	2024 US\$	2025 US\$	2024 US\$
Employee emoluments and benefits (Note 11)	15,265,133	11,704,011	14,067,569	11,704,011
Auditors' remuneration	79,621	55,650	57,422	55,650
General assembly and Board expenses	456,957	452,978	456,957	452,978
Depreciation of property and equipment (Note 13 (a))	243,589	183,237	227,352	183,237
Depreciation of right of use assets (Note 13 (b))	153,149	37,811	153,149	37,811
Amortisation of intangible assets (Note 14)	80,069	79,931	72,175	79,931
Provision for expected credit losses arising from reinsurance premium receivables	527,326	(335,071)	562,883	(335,071)
Repairs and maintenance costs	37,282	19,152	36,982	19,152
Software Licence fees	793,007	668,862	769,360	668,862
Premium taxes and charges	3,568,053	3,107,969	3,568,053	3,107,969
Other expenses	5,867,696	3,688,218	4,954,787	3,688,218
	<u>27,071,882</u>	<u>19,662,748</u>	<u>24,926,689</u>	<u>19,662,748</u>
Attributable expenses	12,045,260	9,677,076	12,045,260	9,677,076
Other operating expenses	15,026,622	9,985,672	12,881,429	9,985,672
	<u>27,071,882</u>	<u>19,662,748</u>	<u>24,926,689</u>	<u>19,662,748</u>
Net foreign exchange loss	2,140,323	5,635,878	2,086,147	5,635,878
	<u>2,140,323</u>	<u>5,635,878</u>	<u>2,086,147</u>	<u>5,635,878</u>
Impairment of losses on financial assets				
ECL on other receivables (Note 18)	1,437,684	374,659	2,242,477	374,659
ECL on government securities (Note 19)	704,799	4,840,486	704,799	4,840,486
ECL on deposits with financial institutions (Note 21)	83,623	155,584	83,623	155,584
ECL on cash & bank (Note 23)	43,716	(1,062)	43,716	(1,062)
ECL on corporate bonds (Note 22)	2,384	15,474	2,384	15,474
	<u>2,272,206</u>	<u>5,385,141</u>	<u>3,076,999</u>	<u>5,385,141</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 EMPLOYEE EMOLUMENTS AND BENEFITS

	GROUP		COMPANY	
	2025 US\$	2024 US\$	2025 US\$	2024 US\$
Staff costs include the following:				
- Salaries and wages (including bonuses)	11,765,194	9,250,866	10,662,562	9,250,866
- Staff retirement benefits	1,563,820	857,736	1,478,890	857,736
- Other staff benefits	1,936,119	1,595,409	1,926,117	1,595,409
	<u>15,265,133</u>	<u>11,704,011</u>	<u>14,067,569</u>	<u>11,704,011</u>

The number of persons employed by the company at the year-end was 118 (2024: 102).

12 EARNINGS PER SHARE

Profit attributable to shareholders (US\$)	<u>30,638,485</u>	<u>23,152,857</u>	<u>30,486,906</u>	<u>23,152,857</u>
Weighted average number of shares issued (Note 25(iii))	<u>61,367,409</u>	<u>61,141,171</u>	<u>61,367,409</u>	<u>61,141,171</u>
Earnings per share (US\$) - basic and diluted	<u>0.506</u>	<u>0.379</u>	<u>0.504</u>	<u>0.379</u>

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 2025 and 31 December 2024. The diluted earnings per share is therefore the same as the basic earnings per share disclosed above.

13 (a) PROPERTY AND EQUIPMENT

	GROUP		COMPANY	
	2025 US\$	2024 US\$	2025 US\$	2024 US\$
Cost or valuation	6,110,328	4,574,643	5,742,270	4,574,643
Accumulated depreciation	(2,543,839)	(2,037,571)	(2,206,873)	(2,037,571)
Net book value	<u>3,566,489</u>	<u>2,537,072</u>	<u>3,535,397</u>	<u>2,537,072</u>
Comprising:				
Buildings	2,864,768	2,009,113	2,864,768	2,009,113
Office furniture and fittings	446,458	322,314	439,840	322,314
Work in progress – Furniture and fittings	101,643	69,082	101,643	69,082
Office equipment	92,109	88,602	89,398	88,602
Computers equipment	61,511	47,961	39,748	47,961
Net book value	<u>3,566,489</u>	<u>2,537,072</u>	<u>3,535,397</u>	<u>2,537,072</u>

An independent valuation of the Group's land and buildings was carried out by Gimco Limited, property registered valuers, to determine the fair value of buildings as at 31 December 2025 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 Group's buildings been measured on a historical cost basis, their carrying amount would have been US\$ 1,313,005 (2024: US\$ 495,370).

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\$ 3,544,977 (2024: US\$ 3,207,640) 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\$ 987,788 (2024: US\$ 900,561).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 (a) PROPERTY AND EQUIPMENT (Continued)

GROUP

	Land and Buildings US\$	Motor vehicles US\$	Office furniture and fittings US\$	Office equipment US\$	Computer equipment US\$	Work in progress US\$	Total US\$
Cost or valuation							
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
At 1 January 2025	2,009,113	167,461	1,229,522	281,162	818,303	69,082	4,574,643
Arising on consolidation of subsidiary	-	78,340	31,943	153,143	98,259	-	361,685
Additions	-	-	214,759	30,624	41,947	32,561	319,891
Transfers in ¹	875,324	-	-	-	-	-	875,324
Disposals	-	-	-	-	(1,546)	-	(1,546)
Revaluation	(19,669)	-	-	-	-	-	(19,669)
At 31 December 2025	2,864,768	245,801	1,476,224	464,929	956,963	101,643	6,110,328
ACCUMULATED DEPRECIATION							
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
Eliminated on revaluation	(32,861)	-	-	-	-	-	(32,861)
At 31 December 2024	-	167,461	907,208	192,560	770,342	-	2,037,571
At 1 January 2025	-	167,461	907,208	192,560	770,342	-	2,037,571
Arising on consolidation of subsidiary	-	78,340	24,100	149,682	68,607	-	320,729
Charge for the year	57,689	-	98,458	30,578	56,864	-	243,589
Eliminated on revaluation	-	-	-	-	(361)	-	(361)
Written back on revaluation	(57,689)	-	-	-	-	-	(57,689)
At 31 December 2025	-	245,801	1,029,766	372,820	895,452	-	2,543,839
NBV – Revaluation basis							
At 31 December 2025	2,864,768	-	446,458	92,109	61,511	101,643	3,566,489
At 31 December 2024	2,009,113	-	322,314	88,602	47,961	69,082	2,537,072
NBV – Cost basis							
At 31 December 2025	1,313,005	-	439,840	89,398	39,748	101,643	2,679,743
At 31 December 2024	495,370	-	322,314	88,602	47,961	69,082	1,023,329

¹Relates to an owner occupied floor reclassified from investment property during the year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 (a) PROPERTY AND EQUIPMENT (Continued)

COMPANY

	Land and Buildings US\$	Motor vehicles US\$	Office furniture and fittings US\$	Office equipment US\$	Computer equipment US\$	Work in progress US\$	Total US\$
Cost or valuation							
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
At 1 January 2025	2,009,113	167,461	1,229,522	281,162	818,303	69,082	4,574,643
Additions	-	-	214,759	30,624	35,574	32,561	313,518
Transfers in ¹	875,324	-	-	-	-	-	875,324
Disposals	-	-	-	-	(1,546)	-	(1,546)
Revaluation	(19,669)	-	-	-	-	-	(19,669)
At 31 December 2025	2,864,768	167,461	1,444,281	311,786	852,331	101,643	5,742,270
ACCUMULATED DEPRECIATION							
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
Eliminated on revaluation	(32,861)	-	-	-	-	-	(32,861)
At 31 December 2024	-	167,461	907,208	192,560	770,342	-	2,037,571
At 1 January 2025	-	167,461	907,208	192,560	770,342	-	2,037,571
Charge for the year	57,689	-	97,233	29,828	42,602	-	227,352
Eliminated on disposal	-	-	-	-	(361)	-	(361)
Eliminated on revaluation	(57,689)	-	-	-	-	-	(57,689)
At 31 December 2025	-	167,461	1,004,441	222,388	812,583	-	2,206,873
NBV – Revaluation basis							
At 31 December 2025	2,864,768	-	439,840	89,398	39,748	101,643	3,535,397
At 31 December 2024	2,009,113	-	322,314	88,602	47,961	69,082	2,537,072
NBV – Cost basis							
At 31 December 2025	1,313,005	-	439,840	89,398	39,748	101,643	2,679,743
At 31 December 2024	495,370	-	322,314	88,602	47,961	69,082	1,023,329

¹Relates to an owner occupied floor reclassified from investment property during the year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 (a) PROPERTY AND EQUIPMENT (Continued)

Details of the Group's freehold land and buildings and information about fair value hierarchy as at 31 December 2025 are as follows:

	GROUP & COMPANY	
	2025 US\$	2024 US\$
Level 1	-	-
Level 2	2,864,768	2,009,113
Level 3	-	-
	<hr/>	<hr/>
Fair value at 31 December	2,864,768	2,009,113
	<hr/> <hr/>	<hr/> <hr/>

There were no transfers between the levels during the year.

13 (b) RIGHT OF USE ASSETS

	GROUP & COMPANY	
	2025 US\$	2024 US\$
Cost	1,044,317	1,044,317
Accumulated amortisation	(671,563)	(518,414)
	<hr/>	<hr/>
Net book value	372,754	525,903
	<hr/> <hr/>	<hr/> <hr/>
COST		
At 1 January	1,044,317	875,966
Additions	-	227,105
Disposals	-	(58,754)
	<hr/>	<hr/>
At 31 December	1,044,317	1,044,317
	<hr/>	<hr/>
ACCUMULATED DEPRECIATION		
Additions	518,414	539,357
Charge for the year	153,149	37,811
Disposals	-	(58,754)
	<hr/>	<hr/>
At 31 December	671,563	518,414
	<hr/>	<hr/>
NET BOOK VALUE	372,754	525,903
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 INTANGIBLE ASSETS – COMPUTER SOFTWARE

	GROUP		COMPANY	
	2025 US\$	2024 US\$	2025 US\$	2024 US\$
Cost	2,575,071	2,374,564	2,420,228	2,374,564
Accumulated amortisation	(1,829,491)	(1,692,696)	(1,764,871)	(1,692,696)
Net book value	745,580	681,868	655,357	681,868

GROUP

Movement analysis:	Software licences	Other software	Work in Progress	Total
	US\$	US\$	US\$	
COST				
At 1 January 2024	636,533	1,684,700	53,331	2,374,564
Additions	-	-	-	-
At 31 December 2024	636,533	1,684,700	53,331	2,374,564
At 1 January 2025	636,533	1,684,700	53,331	2,374,564
Arising on consolidation of subsidiary	-	107,388	-	107,388
Additions	-	105,290	-	105,290
Disposals	-	(12,171)	-	(12,171)
31 December 2025	636,533	1,885,207	53,331	2,575,071
Accumulated amortisation				
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
At 1 January 2025	636,533	1,056,163	-	1,692,696
Arising on consolidation of subsidiary	-	56,726	-	56,726
Charge for the year	-	80,069	-	80,069
At 31 December 2025	636,533	1,192,958	-	1,829,491
Net book value				
At 31 December 2025	-	692,249	53,331	745,580
At 31 December 2024	-	628,537	53,331	681,868

All software is amortised over a period of three years.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 INTANGIBLE ASSETS – COMPUTER SOFTWARE (Continued)

COMPANY

Movement analysis:	Software licences	Other software	Work in Progress	Total
Cost	US\$	US\$	US\$	US\$
At 1 January 2024	636,533	1,684,700	53,331	2,374,564
Additions	-	-	-	-
	—————	—————	—————	—————
At 31 December 2024	636,533	1,684,700	53,331	2,374,564
	—————	—————	—————	—————
At 1 January 2025	636,533	1,684,700	53,331	2,374,564
Additions	-	45,664	-	45,664
	—————	—————	—————	—————
31 December 2025	636,533	1,730,364	53,331	2,420,228
	—————	—————	—————	—————
Accumulated amortisation				
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
	—————	—————	—————	—————
At 1 January 2025	636,533	1,056,163	-	1,692,696
Charge for the year	-	72,175	-	72,175
	—————	—————	—————	—————
At 31 December 2025	636,533	1,128,338	-	1,764,871
	—————	—————	—————	—————
Net book value				
At 31 December 2025	-	602,026	53,331	655,357
	=====	=====	=====	=====
At 31 December 2024	-	628,537	53,331	681,868
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 INVESTMENT PROPERTIES

	GROUP & COMPANY							
	2025				2024			
	US\$							
Fair value of investment properties	55,210,411				56,024,001			
Investment properties comprise:								
	Zep-Re Place	Prosperity House	Zambia Business Park	Mombasa Road Land	Harare Property	Sudan Property	¹ Ethiopia Property	Total
At fair value:	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
At 1 January 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
At 1 January 2025	8,885,442	4,958,991	31,915,000	1,188,119	500,000	-	8,576,449	56,024,001
Additions	9,986	30,185	18,275	-	-	-	-	58,446
Disposal ²	(875,324)	-	-	-	-	-	-	(875,324)
Fair value (loss)/gain	(64,607)	(64,004)	-	(8,101)	140,000	-	-	3,288
At 31 December 2025	7,955,497	4,925,172	31,933,275	1,180,018	640,000	-	8,576,449	55,210,411

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 2025, 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.

¹The Ethiopia property was valued at cost as it relates to purchase of executive apartments currently under construction with a completion date of 31st December 2027.

²This related to reclassification of an owneroccupied floor to property and equipment during the year.

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

Details of the Group's investment properties and information about fair value hierarchy at 31 December 2025 are as follows:

	GROUP & COMPANY	
	2025	2024
	US\$	
Level 1	-	-
Level 2	55,210,411	56,024,001
Level 3	-	-
Fair value at 31 December	55,210,411	56,024,001

There were no transfers between the levels during the year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 EQUITY INVESTMENTS AT FVOCI

GROUP & COMPANY	2025 US\$	2024 US\$		
<i>Quoted equity investments</i>				
At 1 January	20,074,925	19,429,137		
Additions	3,781,436	861,960		
Disposals	(1,312,318)	(1,223,733)		
Fair value gains (Note 26 (i))	8,196,082	1,464,534		
Effects of exchange differences (Note 26 (i))	445,001	(456,973)		
At 31 December	<u>31,185,126</u>	<u>20,074,925</u>		
<i>Unquoted equity investments</i>				
At 1 January	3,426,045	3,507,977		
Additions	2,835,301	582,455		
Disposals	(46,805)	-		
Fair value loss (Note 26 (i))	(49,505)	(664,387)		
Effects of exchange differences (Note 26 (i))	21,650	-		
At 31 December	<u>6,186,686</u>	<u>3,426,045</u>		
<i>Investment in affiliated Companies</i>				
	WAICA Reinsurance Corporation US\$	African Trade Insurance Agency US\$	TDB US\$	Total US\$
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	<u>11,331,940</u>	<u>6,356,448</u>	<u>-</u>	<u>17,688,388</u>
At 1 January 2025	11,331,940	6,356,448	-	17,688,388
Fair value gain (Note 26(iii))	329,274	312,390	-	641,664
At 31 December 2025	<u>11,661,214</u>	<u>6,668,838</u>	<u>-</u>	<u>18,330,052</u>

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 (a) EQUITY ACCOUNTED INVESTMENTS

GROUP & COMPANY

Investment in associates

Equity investments measured at fair value through profit or loss.

	Tanzania Reinsurance Company	Uganda Reinsurance Company	Others	Total
	US\$	US\$	US\$	US\$
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)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2024	<u>12,359,362</u>	<u>3,241,608</u>	<u>300,000</u>	<u>15,900,970</u>
At 1 January 2025	12,359,362	3,241,608	300,000	15,900,970
Additions	210,996	-	-	210,996
Dividends	(397,810)	-	-	(397,810)
Associate share of profit (Note 7)	2,256,253	234,589	-	2,490,842
Fair value loss (Note 26 (i))	-	-	(300,000)	(300,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2025	<u>14,428,801</u>	<u>3,476,197</u>	<u>-</u>	<u>17,904,998</u>

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 27.5% 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 Limited is a private entity that is not listed on any public exchange. The Company has 21.14% interest in Uganda Re.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 (a) EQUITY ACCOUNTED INVESTMENTS (Continued)

GROUP & COMPANY

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\$.

	2025	2024
	US\$	US\$
Closing rate	2,473	2,423
Ownership	27.50%	32.84%
Total Assets	93,714,683	80,721,975
Total Liabilities	32,432,739	25,777,412
Total Equity	<u>61,281,944</u>	<u>54,944,563</u>
Company share of net assets of associate	<u>16,854,470</u>	<u>18,044,771</u>
Total Income	124,498,924	112,740,761
Total Expenses	(116,295,309)	(105,940,488)
Profit	<u>8,203,615</u>	<u>6,800,273</u>
Company share of profit for the year	2,256,253	2,233,331
Prior period understatement	-	470,814
	<u>2,256,253</u>	<u>2,704,145</u>

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\$.

	2025	2024
	US\$	US\$
Closing rate	3,620	3,679
Ownership	21.14%	21.25%
Total Assets	49,995,946	46,805,832
Total Liabilities	(32,063,419)	(30,323,352)
Total Equity	<u>17,932,526</u>	<u>16,482,480</u>
Company share of net assets of associate	<u>3,790,715</u>	<u>3,033,876</u>
Total Income	35,173,167	31,288,000
Total Expenses	(32,383,978)	(30,401,000)
Profit	<u>2,789,189</u>	<u>887,000</u>
Company share of profit for the year	234,589	163,267
Prior period understatement	-	36,902
	<u>234,589</u>	<u>200,169</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

GROUP

17 (b) INVESTMENT IN SUBSIDIARY

Details of the Group's subsidiary 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:	
		2025	2024	2025	2024
				US\$	US\$
Agriculture and Climate Risk Enterprise Ltd. (ACRE Africa)	Kenya	56.5%	56.5%	500,000	500,000

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

18 OTHER RECEIVABLES

	GROUP		COMPANY	
	2025 US\$	2024 US\$	2025 US\$	2024 US\$
Staff receivables	4,401,726	3,739,592	4,401,726	3,739,592
Receivable from ACRE Africa Limited	-	1,286,053	1,856,790	1,286,053
Prepayments	776,825	698,624	776,825	698,624
Receivable from Retakaful window	668,876	643,008	668,876	643,008
Receivable from COMESA Yellow Card Pool	641,663	991,938	641,663	991,938
Rent receivable	404,817	474,900	404,817	474,900
Other receivables	3,887,384	2,725,207	2,281,602	2,725,207
Receivable from The Eastern and Southern African Trade Development Bank (TDB)	-	9,048,725	-	9,048,725
Provision for expected credit losses (ECL)	(1,958,552)	(520,868)	(2,763,345)	(520,868)
	<u>8,822,739</u>	<u>19,087,179</u>	<u>8,268,954</u>	<u>19,087,179</u>
Movement in provision for expected credit losses				
At 1 January	(520,868)	(146,209)	(520,868)	(146,209)
Charge for the year	(1,437,684)	(374,659)	(2,242,477)	(374,659)
At 31 December	<u>(1,958,552)</u>	<u>(520,868)</u>	<u>(2,763,345)</u>	<u>(520,868)</u>

19 GOVERNMENT SECURITIES

	GROUP & COMPANY	
	2025 US\$	2024 US\$
<i>Comprised of:</i>		
Treasury bonds and bills	235,400,672	206,010,392
Sovereign bonds	7,324,209	9,842,347
	<u>242,724,881</u>	<u>215,852,739</u>
Provision for expected credit losses (Note 19(iv))	(10,853,239)	(10,148,440)
	<u>231,871,642</u>	<u>205,704,299</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 GOVERNMENT SECURITIES (Continued)

	GROUP & COMPANY	
	2025 US\$	2024 US\$
Valuation		
Amortised cost	229,817,201	203,980,264
FVOCI	2,054,441	1,724,035
	<u>231,871,642</u>	<u>205,704,299</u>
Movement during the year:		
At 1 January	205,704,299	217,451,593
Additions	97,157,364	86,735,342
Disposals	(70,951,311)	(94,027,747)
Interest earned	13,900,053	14,175,508
Interest received	(13,726,718)	(14,772,743)
Fair value gains/losses)	319,304	(166,594)
Forex gains/(losses)	173,450	(45,044)
Expected credit losses for the year	(704,799)	(4,840,486)
	<u>231,871,642</u>	<u>205,704,299</u>
At 31 December		
Maturity profile:		
(i) Treasury bonds & bills maturing:		
Within 6 months	11,525,810	7,592,441
In 6 months to 1 year	61,705,906	11,023,501
In 1 to 5 years	69,409,342	107,253,584
After 5 years	81,906,375	70,455,168
	<u>224,547,433</u>	<u>196,324,694</u>
(ii) Sovereign Bonds maturing:		
Within 6 months	-	1,168,598
In 6 months to 1 year	1,934,404	-
- In 1 to 5 years	-	2,921,494
- After 5 years	5,389,805	5,289,513
	<u>7,324,209</u>	<u>9,379,605</u>
At 31 December		
Analysis by currency denomination:		
Securities in US Dollars	206,632,753	188,181,478
Securities in Kenya Shillings	18,772,189	15,280,105
Securities in Ugandan Shillings	6,466,700	2,242,716
	<u>231,871,642</u>	<u>205,704,299</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 GOVERNMENT SECURITIES (Continued)

	GROUP & COMPANY	
	2025	2024
	US\$	US\$
(iii) Analysis by Country:		
United States	145,221,847	123,797,437
Egypt	16,123,731	16,121,236
Nigeria	14,930,494	14,927,301
Tanzania	10,015,332	10,551,861
Kenya	11,158,192	9,784,991
Ivory Coast	9,695,127	9,682,863
Zimbabwe	6,466,700	5,928,317
Zambia	5,428,317	5,757,053
Senegal	5,389,806	4,549,132
Uganda	4,750,038	2,242,716
Mauritius	2,054,441	1,724,035
Rwanda	637,617	637,357
	<u>231,871,642</u>	<u>205,704,299</u>
(iv) Movement in provision for expected credit losses		
At 1 January	(10,148,440)	(5,307,954)
Charge for the year	(704,799)	(4,840,486)
	<u>(10,853,239)</u>	<u>(10,148,440)</u>

20 OFFSHORE INVESTMENTS

Fair Value through Other Comprehensive Income (FVOCI)

Wealth fund	-	3,030,687
Barclays Execution Fund	944,378	6,414,277
Harding Loevner Global Equity Fund	1,097,467	979,334
	<u>2,041,845</u>	<u>10,424,298</u>
Movement during the year		
At 1 January	10,424,298	9,617,737
Additions	388,076	-
Disposals	(9,474,623)	-
Fair value gain (Note 26(i))	704,094	806,561
	<u>2,041,845</u>	<u>10,424,298</u>
At 31 December	<u>2,041,845</u>	<u>10,424,298</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 DEPOSITS WITH FINANCIAL INSTITUTIONS

	GROUP & COMPANY	
	2025 US\$	2024 US\$
Analysis by currency denomination:		
Deposits in United States Dollars	51,520,283	56,614,473
Deposits in Kenya Shillings	17,248,080	23,844,055
Deposits in Zimbabwe Dollar	10,800,000	1,000,000
Deposits in West African Franc	7,792,469	8,193,221
Deposits in Ethiopian Birr	4,895,910	558,097
Deposits in Tanzania Shillings	1,579,259	1,775,072
Deposits in Zimbabwe Gold	659,687	-
Deposits in Great Britain Pound	237,102	7,053,714
Deposits in Malawian Kwacha	139,593	4,775
Deposits in Uganda Shilling	311	225,960
	<hr/>	<hr/>
	94,872,694	99,269,367
Provision for expected credit losses	(506,570)	(422,947)
	<hr/>	<hr/>
	94,366,124	98,846,420
	<hr/> <hr/>	<hr/> <hr/>
Maturity analysis:		
Deposits with financial institutions maturing:		
Within 3 months of placement	60,940,621	16,381,783
After 3 months of placement	33,932,073	82,887,584
	<hr/>	<hr/>
	94,872,694	99,269,367
	<hr/> <hr/>	<hr/> <hr/>
Movement in provision for expected credit losses		
At 1 January	(422,947)	(267,363)
Charge for the year	(83,623)	(155,584)
	<hr/>	<hr/>
31 December	(506,570)	(422,947)
	<hr/> <hr/>	<hr/> <hr/>

Deposits with financial institutions have an average maturity of 3 to 12 months (2024: 3 to 12 months).

22 CORPORATE BONDS AND LOANS

	GROUP & COMPANY	
	2025 US\$	2024 US\$
Analysis by currency denomination:		
United States Dollar	56,704,903	31,904,888
Provision for expected credit losses	(21,527)	(19,143)
	<hr/>	<hr/>
	56,683,376	31,885,745
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 CORPORATE BONDS AND LOANS (Continued)

	GROUP & COMPANY	
	2025 US\$	2024 US\$
Movement during the year:		
At 1 January	31,885,745	6,111,347
Additions	32,131,583	81,443,067
Disposals	(9,155,851)	(57,243,367)
Interest earned	1,096,965	315,042
Interest received	(1,040,570)	-
Fair value gain (Note 26(i))	1,767,888	1,275,130
Expected credit losses for the year	(2,384)	(15,474)
	<u>56,683,376</u>	<u>31,885,745</u>
At 31 December	56,683,376	31,885,745
Maturity analysis:		
Corporate bonds and loans maturing:		
Within 1 year	28,983,765	5,940,000
Between 1 to 5 years	24,101,325	19,785,501
> 5 years	3,598,286	6,160,244
	<u>56,683,376</u>	<u>31,885,745</u>
Analysis by valuation:		
(i) Amortized cost		
International Bank for Reconstruction and Development (IBRD) cleaning cooking bond	2,000,000	-
Provision for expected credit losses	(1,200)	-
	<u>1,998,800</u>	<u>-</u>
(ii) FVOCI		
Citibank N.A. Kenya	27,021,019	25,964,888
Eastern & Southern African Trade Fund (ESATF)	11,120,097	-
TDB Medium Term Fund	10,053,787	-
Africa Credit Opportunities Fund 2	6,510,000	5,940,000
	<u>54,704,903</u>	<u>31,904,888</u>
Provision for expected credit losses	(20,327)	(19,143)
	<u>54,684,576</u>	<u>31,885,745</u>
	<u>56,683,376</u>	<u>31,885,745</u>
Movement in provision for expected credit losses		
At 1 January	(19,143)	(3,669)
Charge for the year	(2,384)	(15,474)
	<u>(21,527)</u>	<u>(19,143)</u>
At 31 December	(21,527)	(19,143)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 CASH AND BANK BALANCES

	GROUP		COMPANY	
	2025	2024	2025	2024
	US\$	US\$	US\$	US\$
Analysis by currency denomination:				
United States Dollars	13,461,822	4,921,661	13,367,193	4,921,661
Ethiopian Birr	2,704,482	1,086,354	2,704,482	1,086,354
Burundian Francs	2,113,010	1,408,810	2,113,010	1,408,810
Kenya Shillings	1,726,597	812,668	1,668,074	812,668
West African Franc	1,120,056	180,407	1,120,056	180,407
Rwandese Francs	794,804	648,653	794,587	648,653
Nigerian Naira	630,312	661,023	627,730	661,023
Zambian Kwacha	585,303	126,709	569,447	126,709
Ugandan Shilling	493,827	298,167	493,827	298,167
Tanzanian Shilling	471,104	67,931	469,362	67,931
European Euro	374,325	207,272	273,535	207,272
Central African Franc	246,867	2,007,495	246,867	2,007,495
Zimbabwean Gold	150,769	374,011	150,769	374,011
Malawian Kwacha	132,816	10,438	132,816	10,438
Sudanese Pound	72,553	106,537	72,553	106,537
Great Britain Pound	1,232	-	1,232	-
	<u>25,079,879</u>	<u>12,918,136</u>	<u>24,805,540</u>	<u>12,918,136</u>
Provision for expected credit losses	(72,349)	(28,633)	(72,349)	(28,633)
	<u>25,007,530</u>	<u>12,889,503</u>	<u>24,733,191</u>	<u>12,889,503</u>
Movement in provision for expected credit losses				
At 1 January	(28,633)	(29,695)	(28,633)	(29,695)
(Charge)/ credit for the year	(43,716)	1,062	(43,716)	1,062
At 31 December	<u>(72,349)</u>	<u>(28,633)</u>	<u>(72,349)</u>	<u>(28,633)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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:

	2025	2024
	%	%
Government securities		
Securities in Kenya Shillings	12.3	3.3
Securities in Uganda Shillings	14.7	1
Securities in United States Dollars	5.6	7.1
	<u> </u>	<u> </u>
Deposits with financial institutions		
Deposits in United States Dollars	4.2	0.4
Deposits in Kenya Shillings	9.4	7.1
Deposits in Ethiopian Birr	11.5	6.8
Deposits in West African Francs	5.3	0.3
Deposits in Rwandese Francs	-	3.7
Deposits in Malawian Kwacha	-	2.2
Deposits in Zambian Kwacha	-	8.1
Deposits in Uganda Shilling	5.4	1.1
Deposits in Tanzania Shilling	10.5	0.1
	<u> </u>	<u> </u>

25 ISSUED CAPITAL - COMPANY

	2025	2024
	US\$	US\$
(i) Issued capital		
Ordinary shares of par value of US\$ 1 each:		
Share capital	59,738,269	61,242,511
Share premium	68,344,807	75,356,788
	<u> </u>	<u> </u>
Paid up capital	128,083,076	136,599,299
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 ISSUED CAPITAL - COMPANY (Continued)

(ii) Paid up shares	Share			Total
	No of shares	Share capital	premium	
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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2024	61,242,511	61,242,511	75,356,788	136,599,299
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Year ended 31 December 2025				
At 1 January 2025	61,242,511	61,242,511	75,356,788	136,599,299
Shares redemption*	(1,714,717)	(1,714,717)	(8,350,678)	(10,065,395)
Dividends capitalised	210,475	210,475	1,338,697	1,549,172
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2025	59,738,269	59,738,269	68,344,807	128,083,076
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

*The shares redemption relates to partial repurchase of the shares held by DEG under ZEP-RE's share buyback policy as approved by the resolution of the 34th Annual General Assembly held on 25th June 2025.

	2025	2024
(iii) Weighted average number of shares (Note 12)	61,367,409	61,141,171
	<u> </u>	<u> </u>

26 OTHER RESERVES

	GROUP & COMPANY	
	2025 US\$	2024 US\$
Investments revaluation reserve (Note 26 (i))	(5,444,159)	(16,548,673)
Property revaluation reserve (Note 26 (ii))	1,551,763	1,513,743
Investment in affiliated companies revaluation reserve (Note 26 (iii))	14,417,202	13,775,538
	<u> </u>	<u> </u>
	10,524,806	(1,259,392)
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 OTHER RESERVES (Continued)

(i) Investments revaluation reserve

	GROUP & COMPANY	
	2025 US\$	2024 US\$
At 1 January	(16,548,673)	(18,182,985)
Fair value gain on revaluation of quoted equity investments (Note 16)	8,196,082	1,464,534
Fair value loss on revaluation of unquoted equity investments (Note 16)	(49,505)	(664,387)
Impairment loss on investment in associate (Note 17 (a))	(300,000)	(623,959)
Foreign exchange gain/(loss) on revaluation of quoted equity investments (Note 16)	445,001	(456,973)
Foreign exchange gain on revaluation of unquoted equity investments (Note 16)	21,650	-
Fair value gain on revaluation of offshore investments (Note 20(ii))	704,094	806,561
Fair value gain on revaluation of corporate bonds (Note 22)	1,767,888	1,275,130
Fair value gain on government securities (Note 19)	319,304	(166,594)
	<u>11,104,514</u>	<u>1,634,312</u>
At 31 December	<u>(5,444,159)</u>	<u>(16,548,673)</u>

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 Group 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 Group checks whether there is evidence that the assets are impaired and that the fair values have declined irreversibly. At 31 December 2025 and 31 December 2024, 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.

	GROUP & COMPANY	
	2025 US\$	2024 US\$
(ii) Property revaluation reserve – Buildings		
At 1 January	1,513,743	1,114,818
Gain on revaluation of property	38,020	398,925
	<u>1,551,763</u>	<u>1,513,743</u>
At 31 December	<u>1,551,763</u>	<u>1,513,743</u>

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 OTHER RESERVES (Continued)

This relates to valuation gains or losses in investments in affiliated Companies. In 2025, a net fair value gain of US\$ 641,664 (2024:US\$ 1,502,651) was realized.

	GROUP & COMPANY	
	2025 US\$	2024 US\$
At 1 January	13,775,538	12,272,887
Fair value gain (Note 16)	641,664	1,502,651
At 31 December	14,417,202	13,775,538

27 (i) RETAINED EARNINGS

	GROUP		COMPANY	
	2025 US\$	2024 US\$	2025 US\$	2024 US\$
Retained earnings	247,099,103	223,921,467	248,792,609	223,921,467
The movement in retained earnings is as follows:				
At 1 January	223,921,467	206,239,545	223,921,467	206,239,545
Dividend declared (Note 34)	(5,500,000)	(5,400,000)	(5,500,000)	(5,400,000)
Transfer to development impact fund	(115,764)	(70,935)	(115,764)	(70,935)
Profit for year	30,638,485	23,152,857	30,486,906	23,152,857
Pre- consolidation subsidiary reserves	(1,845,085)	-	-	-
At 31 December	247,099,103	223,921,467	248,792,609	223,921,467

During the year ended 31 December 2025, the dividend arising out of 2024 profits amounting to US\$ 5,500,000 was declared at the Annual General Meeting and authorized for pay out as detailed under Note 32.

In respect of 2025, the appropriation to the development impact fund from retained earnings was US\$ 115,764 (2024:US\$70,935) as detailed under Note 33(iii).

(ii) NON- CONTROLLING INTEREST

GROUP

	2025 US\$	2024 US\$
At 1 January	-	-
Accumulated pre-consolidation of subsidiary	1,325,474	-
Share of the profit for the year	119,097	-
At 31 December	1,444,571	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

GROUP & COMPANY

28 REINSURANCE CONTRACT LIABILITIES

	2025				2024					
	Liabilities for remaining coverage		Liabilities for incurred claims		Liabilities for remaining coverage		Liabilities for incurred claims			
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
Reinsurance contract liabilities at January 1	(118,910,625)	546,737	232,021,773	19,824,605	133,482,490	(90,618,866)	794,821	198,108,474	19,487,753	127,772,182
Reinsurance revenue	(296,171,734)	-	-	-	(296,171,734)	(273,600,506)	-	-	-	(273,600,506)
Reinsurance service expenses										
Incurring claims and other reinsurance service expenses	-	462,444	181,094,239	5,623,355	187,180,038	-	519,909	132,245,523	7,432,214	140,197,646
Changes that relate to past service - changes in the FCF relating to LIC	-	-	(237,157,065)	(14,439,026)	(38,154,731)	-	-	(29,358)	(5,224,186)	(5,253,544)
Losses on onerous contracts and reversal of those losses	-	80,813	-	-	80,813	-	(496,385)	-	-	(496,385)
Adjustments to liabilities for incurred claims	-	-	-	-	-	(14,611,062)	(271,608)	(1,631,636)	(2,695,429)	(19,209,736)
Reinsurance service result	(296,171,734)	543,257	157,378,534	(8,815,671)	(138,022,316)	(288,211,568)	(248,084)	130,584,529	(487,401)	(158,362,524)
Reinsurance finance income and expenses	-	-	7,989,112	1,054,186	9,043,298	-	-	6,418,032	824,253	7,242,285
Total changes in the income statement	(296,171,734)	543,257	165,367,646	(7,761,485)	(138,022,316)	(288,211,568)	(248,084)	137,002,561	336,852	(151,120,239)
Cash flows										
Premiums received	276,992,308	-	-	-	276,992,308	259,919,809	-	-	-	259,919,809
Claims and other reinsurance service expenses paid	-	-	(123,494,015)	-	(123,494,015)	-	-	(103,089,262)	-	(103,089,262)
Total cash flows	276,992,308	-	(123,494,015)	-	153,498,293	259,919,809	-	(103,089,262)	-	156,830,547
Reinsurance contract liabilities at December 31	(138,090,051)	1,089,994	273,895,404	12,063,120	148,958,467	(118,910,625)	546,737	232,021,773	19,824,605	133,482,490

NOTES TO THE FINANCIAL STATEMENTS (Continued)

GROUP & COMPANY

29 RETROCESSION CONTRACT ASSETS/(LIABILITIES)

	2025				2024					
	Assets for remaining coverage		Assets for incurred claims		Assets for remaining coverage		Assets for incurred claims			
	Contracts under PAA		Contracts under PAA		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	(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 January 1	(27,383,422)	-	20,535,672	-	(6,847,750)	-	-	-	-	-
Net Retrocession contract assets/(liabilities) at January 1	(70,237,775)	-	77,953,337	5,811,862	13,527,424	(36,426,691)	-	72,539,078	6,476,183	42,588,570
Retrocession premium expense	(164,645,393)	-	-	-	(164,645,393)	(147,000,730)	-	-	-	(147,000,730)
Inurred claims and related expenses recovery	-	-	52,141,180	2,221,941	54,363,121	-	-	35,423,950	2,956,057	38,380,007
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	-	-	(14,129,945)	(4,351,654)	(18,481,599)	-	-	6,675,582	(865,567)	5,810,015
Adjustments to assets for incurred claims	-	-	-	-	-	(16,722,819)	-	(14,649,097)	(2,930,683)	(34,302,599)
Net expenses from retrocession contracts	164,645,393	-	36,011,235	(2,129,713)	(128,763,871)	(163,723,549)	-	27,450,435	(840,193)	(137,113,307)
Net finance income from retrocession contracts	-	-	2,682,077	296,573	2,978,650	-	-	1,918,423	175,872	2,094,295
Total changes in the income statement	164,645,393	-	40,693,312	(1,833,140)	(125,785,221)	(163,723,549)	-	29,368,858	(664,321)	(135,019,012)
Cashflows										
Premiums paid	139,909,455	-	-	-	139,909,455	129,912,465	-	-	-	129,912,465
Recoveries from retrocessionaires	-	-	(27,837,312)	-	(27,837,312)	-	-	(23,954,599)	-	(23,954,599)
Total Cashflows	139,909,455	-	(27,837,312)	-	112,072,143	129,912,465	-	(23,954,599)	-	105,957,866
Retrocession contract assets at December 31	(51,970,496)	-	65,237,271	2,555,053	15,821,828	(42,854,353)	-	57,417,665	5,811,862	20,375,174
Retrocession contract liabilities at December 31	(43,003,217)	-	25,572,066	1,423,669	(16,007,482)	(27,383,422)	-	20,535,672	-	(6,847,750)
Net Retrocession contract assets/(liabilities) at December 31	(94,973,713)	-	90,809,337	3,978,722	(185,654)	(70,237,775)	-	77,953,337	5,811,862	13,527,424

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 BORROWINGS

	GROUP	
	2025 US\$	2024 US\$
At 1 January	-	-
Additions	256,149	-
At 31 December	256,149	-

The short-term loan from Syngenta Foundation for Sustainable Agriculture (SFSA) attracts interest at 0.5% per annum and is unsecured. It is denominated in United States Dollars. There were no repayments or additions in the year. The Group is in compliance with the interest terms of the loan covenants.

31 TAXATION

(a) Taxation charge

	GROUP	
	2025 US\$	2024 US\$
Current income tax based on taxable income	73,633	-

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

Accounting profit before tax	30,757,582	-
Profit of tax-exempt parent company	(30,486,906)	-
Profit of taxable subsidiary	270,676	-
Tax calculated at a tax rate of 30% (2024: 30%)	81,203	-
Tax effect on income not subject to tax	(475,168)	-
Expense not deductible for tax purposes	424,567	-
Effect of change in tax rates on different jurisdictions	43,031	-
Income tax expense ¹	73,633	-

(c) Tax payable

At 1 January	-	-
Pre-consolidation of subsidiary	83,731	-
Current income tax charge for the year	73,633	-
Paid during the year	(89,362)	-
At 31 December	68,002	-

¹The Company is exempt from income tax under the provisions of Article 7 (Income Tax Exemptions) of the Headquarters agreement between The Government of the Republic of Kenya and ZEP-RE (PTA Reinsurance Company). However, the Group includes a subsidiary that is subject to corporate income tax in its respective jurisdictions. Accordingly, the consolidated income tax expense relates entirely to the taxable subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 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 15. The amount is amortised to income over the lease term. The movement on the deferred income account during the year is as follows:

	GROUP & COMPANY	
	2025 US\$	2024 US\$
Arising from Government grant	80,686	
- At 1 January and at 31 December		80,686
Accumulated amortisation:		
At 1 January	25,266	24,451
Credited to other income for the year	815	815
At 31 December	26,081	25,266
At 31 December	54,605	55,420

33 (i) OTHER PAYABLES

	GROUP		COMPANY	
	2025 US\$	2024 US\$	2025 US\$	2024 US\$
Accruals	10,098,151	6,312,581	9,723,928	6,312,581
Provision for gratuity	1,905,039	2,119,488	1,905,039	2,119,488
Payable to World Bank	439,957	314,130	439,957	314,130
Leave pay provision	397,138	447,236	397,138	447,236
Rent deposits	301,594	287,549	301,594	287,549
Development impact fund (Note 33(iii))	-	17,154	-	17,154
	13,141,879	9,498,138	12,767,656	9,498,138

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 DIVIDENDS PAYABLE

	GROUP & COMPANY	
	2025 US\$	2024 US\$
The movement in dividends payable is as follows:		
At 1 January	6,826,255	5,019,275
Final dividend declared (Note 27)	5,500,000	5,400,000
Dividend paid	(8,817,673)	(2,108,346)
Dividend capitalized	(1,549,172)	(1,484,674)
	<u>1,959,410</u>	<u>6,826,255</u>
At 31 December	1,959,410	6,826,255

In respect of the current year, the Directors propose a dividend of US\$ 6,300,000 (2024: US\$ 5,500,000). This dividend is subject to approval of shareholders at the Annual General Meeting to be held on 5th May 2026 and has therefore not been recognised as a liability in these financial statements.

35 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:

	GROUP & COMPANY	
	2025 US\$	2024 US\$
Property and equipment	10,147	73,661
Investment properties	-	-
	<u>10,147</u>	<u>73,661</u>
	10,147	73,661

36 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 Group'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:

(i) Transactions with related parties	GROUP & COMPANY	
	2025 US\$	2024 US\$
Gross premium:		
-Shareholders	40,333,660	33,961,342
-Associates	12,359,841	9,532,651
-Affiliates	1,385,244	2,036,078
	<u>54,078,745</u>	<u>45,530,071</u>
	54,078,745	45,530,071

NOTES TO THE FINANCIAL STATEMENTS (Continued)

36 RELATED PARTIES (Continued)

	GROUP & COMPANY	
	2025	2024
	US\$	US\$
(i) Transactions with related parties (Continued)		
Gross claims:		
-Shareholders	7,896,845	12,778,884
-Associates	2,049,346	2,699,412
-Affiliates	768,704	-
	<u>10,714,895</u>	<u>15,478,296</u>
(ii) Directors' remuneration		
Directors' fees	217,900	208,050
Other emoluments paid (per diem)	18,491	42,400
	<u>236,391</u>	<u>250,450</u>
(iii) Key management remuneration		
Salaries and other short-term employment benefits	1,327,731	1,049,526
Gratuity	247,824	248,025
	<u>1,575,555</u>	<u>1,297,551</u>
(iv) Outstanding balances with related parties		
Premiums receivable from related parties	7,707,061	4,725,980
Staff car and other loans	4,401,726	3,739,592
Staff gratuity	(1,905,039)	(2,119,488)
	<u>10,203,748</u>	<u>9,128,416</u>

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

GROUP	Notes	2025	2024
		US\$	US\$
Profit before tax		30,831,215	23,152,857
Adjustments for:			
Loss on disposal of property and equipment	13(a)	1,185	-
Loss on disposal of intangible assets	14	12,171	-
Fair value loss on investment properties	6	(3,288)	(450,010)
Interest income	6	(20,601,753)	(19,517,562)
Associate share of profit	7	(2,490,842)	(2,904,314)
Provision for expected credit losses – government securities	19	704,799	4,840,486
Provision for expected credit losses - deposits with financial institutions	21	83,623	155,584
Provision for expected credit losses – corporate bonds	22	2,384	15,474
Depreciation of property and equipment	13(a)	243,589	183,237
Depreciation of right of use asset	13(b)	153,149	37,811
Amortisation of intangible assets	14	80,069	79,931
Interest on lease liabilities	33(ii)	36,059	30,211
Amortisation of deferred income	30	(815)	(815)
Net foreign exchange losses on cash and cash equivalents		40,264	1,474,142
Increase in reinsurance contract liabilities		15,475,977	5,710,308
Increase in retrocession contract liabilities		9,159,732	6,847,750
Decrease in retrocession contract assets		4,553,346	22,213,396
Decrease/(increase) in other receivables ¹		9,832,581	(5,880,580)
Increase/(decrease) in other payables		3,643,741	(4,026,313)
Other Operating activities:			
Purchase of quoted equity investments	16	(3,781,436)	(861,960)
Purchase of offshore investments	20	(388,076)	-
Purchase of government securities	19	(97,157,364)	(86,735,342)
Proceeds on maturity of government securities	19	70,951,311	94,027,747
Proceeds of disposal of offshore securities	20	9,474,623	-
Proceeds of disposal of quoted equity investments	16	1,312,318	1,223,733
Proceeds on sale of corporate bonds and loans	22	9,155,851	57,243,367
Purchase of corporate bonds and loans	22	(32,131,583)	(81,443,067)
Net movement in deposits with financial institutions		48,955,511	(52,673,230)
Net cash generated from/(used in) operations		58,148,341	(37,257,159)

¹The movement in other receivables includes the effects of the subsidiary's first year consolidation, with no restatement of comparative figures.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 CASH FLOWS GENERATED FROM OPERATING ACTIVITIES (Continued)

COMPANY	Notes	2025	2024
		US\$	US\$
Profit before tax		30,486,906	23,152,857
Adjustments for:			
Loss on disposal of property and equipment	13(a)	1,185	-
Fair value loss on investment properties	6	(3,288)	(450,010)
Interest income	6	(20,601,753)	(19,517,562)
Associate share of profit	7	(2,490,842)	(2,904,314)
Provision for expected credit losses – government securities	19	704,799	4,840,486
Provision for expected credit losses - deposits with financial institutions	21	83,623	155,584
Provision for expected credit losses – corporate bonds	22	2,384	15,474
Depreciation of property and equipment	13(a)	227,352	183,237
Depreciation of right of use asset	13(b)	153,149	37,811
Amortisation of intangible assets	14	72,175	79,931
Interest on lease liabilities	33(ii)	36,059	30,211
Amortisation of deferred income	30	(815)	(815)
Net foreign exchange losses on cash and cash equivalents		40,264	1,474,142
Increase in reinsurance contract liabilities		15,475,977	5,710,308
Increase in retrocession contract liabilities		9,159,732	6,847,750
Decrease in retrocession contract assets		4,553,346	22,213,396
Decrease/(increase) in other receivables		10,818,225	(5,880,580)
Increase/(decrease) in other payables		3,286,672	(4,026,313)
Other Operating activities:			
Purchase of quoted equity investments	16	(3,781,436)	(861,960)
Purchase of offshore investments	20	(388,076)	-
Purchase of government securities	19	(97,157,364)	(86,735,342)
Proceeds on maturity of government securities	19	70,951,311	94,027,747
Proceeds of disposal of offshore securities	20	9,474,623	-
Proceeds of disposal of quoted equity investments	16	1,312,318	1,223,733
Proceeds on sale of corporate bonds and loans	22	9,155,851	57,243,367
Purchase of corporate bonds and loans	22	(32,131,583)	(81,443,067)
Net movement in deposits with financial institutions		48,955,511	(52,673,230)
Net cash generated from/(used in) operations		58,396,305	(37,257,159)

38 CASH AND CASH EQUIVALENTS

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

	GROUP		COMPANY	
	2025 US\$	2024 US\$	2025 US\$	2024 US\$
Cash and bank balances	25,007,530	12,889,503	24,733,191	12,889,503
Deposits with financial institutions maturing within 3 months from the placement (Note 21)	60,940,621	16,381,783	60,940,621	16,381,783
	85,948,151	29,271,286	85,673,812	29,271,286

NOTES TO THE FINANCIAL STATEMENTS (Continued)

39 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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.

Useful lives of property and equipment

The Group 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 Group 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 2025 and 31 December 2024 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

39 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of non-financial assets

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

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

Other areas of judgement

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

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 Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Group 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.

Valuation of reinsurance and retrocession contract liabilities and assets

Estimates of future cash flows

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

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

Estimates of future cash flows

When estimating future cash flows, the Group takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. The Group 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 Group has discretion over the amount or timing. These include payments to (or on behalf of) cedants, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

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 Group belongs. Other costs that are incurred in fulfilling the contracts include:

- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary;
- Costs 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 Group generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

39 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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 Group's substantive rights and obligations under the contract.

Retrocession contracts

Each of the Group'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 Group 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 Group 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 Group'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 Group 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 Group's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The ultimate cost of settling claims is estimated separately for each 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 Group 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.

Risk of non-performance of retrocessionaires

ZEP-RE defines non-performance risk as the expected impact of counterparty credit risk arising from the possibility that a retrocessionaire may fail to fully or partially meet its contractual obligations. In accordance with IFRS 17, this risk is reflected as an explicit adjustment to the expected present value of ceded fulfilment cash flows.

a. Non-Performance Risk Parameters

The following non-performance risk parameters are used in the calculation:

- Average cumulative default rates for (re)insurance companies, by rating class and time horizon, sourced from Standard & Poor's published default and rating transition statistics.
- Recovery rate assumptions, which are informed by observable real-world recovery experience, including:
 - Recoveries achieved through (re)insurance run-off arrangements.
 - Recoveries realised under schemes of arrangement.
 - Recoveries arising from the liquidation of (re)insurance companies.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

39 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

a. Non-Performance Risk Parameters (Continued)

These recovery assumptions reflect ZEP-RE's assessment of actual recoverability in distressed and default scenarios, taking into account the applicable legal and regulatory framework governing (re)insurance insolvencies and historical outcomes observed in comparable cases. They are updated, where necessary, to reflect changes in observed experience.

b. Valuation data

The non-performance risk assessment is based on the same core valuation data used in ZEP-RE's IFRS 17 reserving process. All inputs are reconciled to ZEP-RE's financial, budgeting and actuarial systems to ensure consistency between the reserving valuation and the assessment of non-performance risk on future reinsurance held fulfillment cashflows.

c. Methodology

The non-performance risk is calculated programme-by-programme and by portfolio grouping, reflecting differences in duration, exposure profiles and counterparty credit quality.

The methodology is summarised as follows:

- i. Derive ceded exposure cash flows by portfolio grouping.
- ii. Allocate exposures to individual retrocession programmes.
- iii. Estimate duration-adjusted default probabilities.
- iv. Apply expected-loss-based non-performance risk calculation.
- v. Aggregate results to portfolio grouping level.

d. Sensitivity assessment

Sensitivity testing is performed to assess the robustness of the non-performance risk assessment to reasonably possible changes in key assumptions and to evaluate the degree of judgement embedded in the methodology. The sensitivities focus on the parameters with the greatest influence on expected credit losses, namely counterparty credit quality, recovery assumptions, and exposure duration.

Fulfilment cashflows

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
2025	3.83	3.90	4.00	4.13	4.26	4.40	4.55	4.69	4.83	4.96
2024	4.60	4.60	4.60	4.69	4.76	4.84	4.93	5.01	5.09	5.17

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 Group 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.

Applying a confidence level technique, the Group 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

39 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

d. Sensitivity assessment (Continued) Risk adjustments for non-financial risk (Continued)

Applying a cost of capital technique, the Group 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 Group 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.

40 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group'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 Group'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 Group 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 Group'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 Group 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 pursues 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 Group'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 Group 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 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 Group'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 Group 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

i. Reinsurance risk (Continued)

Sensitivity analysis of reinsurance contract liabilities (Continued)

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:

	Profit or Loss		Equity	
	Gross	Net	Gross	Net
	US\$	US\$	US\$	US\$
As at 31 December 2025:				
Ultimate loss ratio (1% increase)	9,828,472	7,327,065	9,779,329	7,290,429
Discount rate (1% increase)	106,169	106,169	105,638	105,638
As at 31 December 2024:				
Ultimate loss ratio (1% increase)	9,417,635	7,517,722	9,370,547	7,480,133
Discount rate (1% increase)	139,694	139,694	138,996	138,996

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\$ 7,327,065 (2024: US\$ 7,517,722) while the shareholders' equity would have been lower/higher by US\$7,290,429 (2024: US\$ 7,480,133).

The sensitivity analysis indicates that a 1% increase/decrease in the discount rate with all other variables held constant, the profit for the year would have been lower/higher by US\$ 106,169 (2024: US\$ 139,694) while the shareholders' equity would have been lower/higher by US\$106,169 (2024: US\$ 139,694).

Concentration Risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

i. Reinsurance risk (Continued)

Concentration Risk (Continued)

Class of business	At 31 December 2025				
	Liability for Remaining coverage	Liability for incurred claims	Asset for remaining coverage	Asset for incurred claims	Net carrying amount
	US\$	US\$	US\$	US\$	US\$
Property	(64,319,590)	124,138,819	(48,326,730)	46,121,183	57,613,682
Casualty	(13,638,045)	33,306,795	(26,780,444)	19,180,808	12,069,114
Motor	(18,913,512)	37,272,804	(2,118,114)	1,803,528	18,044,706
Marine	(9,650,154)	13,360,765	(5,009,304)	1,821,849	523,156
Aviation	(1,893,035)	1,353,383	(9,095,355)	673,507	(8,961,500)
Life	(21,027,458)	33,952,561	(4,050,003)	4,827,423	13,702,523
Medical	(14,889,674)	28,000,810	(663,273)	1,676,204	14,124,067
Agriculture	7,331,411	14,572,587	1,069,510	18,683,557	41,657,065
Total	(137,000,057)	285,958,524	(94,973,713)	94,788,059	148,772,813

Class of business	At 31 December 2024				
	Liability for Remaining coverage	Liability for incurred claims	Asset for remaining coverage	Asset for incurred claims	Net carrying amount
	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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

i. Reinsurance risk (Continued)

Claims Development

The table below illustrates how estimates of cumulative claims for the Group have developed over time on a gross reinsurance basis. Each table shows how the Group'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 2025

	2019 & Prior		2020		2021		2022		2023		2024		2025		Total US\$
	US\$		US\$		US\$		US\$		US\$		US\$		US\$		
Gross															
At the end of accident year	464,385,470	25,642,495	21,979,531	23,409,960	41,543,827	36,674,852	61,445,997	675,082,132							
One year later	519,917,143	49,680,738	58,995,523	58,532,808	93,558,828	87,446,059	-	868,131,099							
Two years later	537,886,094	60,314,935	74,842,256	77,450,159	101,081,570	-	-	851,575,014							
Three years later	543,302,497	64,948,559	80,044,137	79,566,638	-	-	-	767,861,831							
Four years later	548,964,804	66,773,001	82,506,389	-	-	-	-	698,244,194							
Five years later	548,699,161	67,650,888	-	-	-	-	-	616,350,049							
Six years later	551,460,759	-	-	-	-	-	-	551,460,759							
Current estimate of cumulative claims	551,460,759	67,650,888	82,506,389	79,566,638	101,081,570	87,446,059	61,445,997	1,031,158,300							
Less cumulative payments to date	525,921,960	62,340,653	75,953,661	71,269,431	80,635,534	78,012,385	42,117,245	936,250,869							
Pipeline Claims + Claims Payable	24,239,437	3,599,940	3,156,019	12,141,536	25,257,300	46,704,530	67,592,277	182,691,040							
Claims related commissions	347,614	251,035	442,908	881,013	2,113,777	5,266,771	7,299,731	16,602,849							
Gross Claims-Related Management Expenses	118,839	42,070	63,531	94,934	156,330	293,894	472,053	1,241,651							
Gross undiscounted liability for incurred claims															
Impact of Discounting															(16,412,792)
Risk Adjustment															12,063,121
Total liability included in the statement of financial position	50,244,689	9,203,280	10,215,186	21,414,690	47,973,443	61,698,870	94,692,813	291,093,300							

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

i. Reinsurance risk (Continued)
Claims Development (Continued)

As at 31 December 2025

Net	2019 & Prior		2020		2021		2022		2023		2024		2025		Total US\$
	US\$		US\$		US\$		US\$		US\$		US\$		US\$		
At the end of accident year	384,036,281	24,878,899	20,224,925	1,7074,940	28,485,087	26,234,473	48,505,276	549,439,881							
One year later	426,939,173	41,995,663	47,505,242	41,363,753	57,805,619	58,750,962	-	674,360,412							
Two years later	441,840,584	50,845,294	61,808,555	53,397,068	65,431,466	-	-	673,322,967							
Three years later	447,314,787	55,807,012	66,280,770	53,817,741	-	-	-	623,220,310							
Four years later	453,343,899	57,301,646	68,592,536	-	-	-	-	579,238,081							
Five years later	452,774,921	58,099,108	-	-	-	-	-	510,874,029							
Six years later	455,413,816	-	-	-	-	-	-	455,413,816							
Current estimate of cumulative claims	455,413,816	58,099,108	68,592,536	53,817,741	65,431,466	58,750,962	48,505,276	808,610,905							
Less cumulative payments to date	434,528,254	54,583,941	62,868,186	50,424,551	57,331,413	53,476,818	32,870,284	746,083,447							
Pipeline Claims + Claims Payable	13,684,250	1,543,881	2,192,689	6,786,017	18,678,876	28,891,651	44,115,320	115,892,683							
Claims related commissions	310,528	238,125	425,470	846,349	2,052,190	4,994,146	5,782,045	14,648,853							
Net Claims-Related Management Expenses	118,839	42,070	63,531	94,934	156,330	293,894	472,053	1,241,651							
Net undiscounted liability for incurred claims	-	-	-	-	-	-	-	(11,792,718)							
Impact of Discounting	-	-	-	-	-	-	-	8,652,538							
Risk Adjustment	-	-	-	-	-	-	-	-							
Total Net liability included in the statement of financial position	34,999,179	5,339,243	8,406,040	11,120,490	28,987,449	39,453,835	66,004,410	191,170,465							

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

i. Reinsurance risk (Continued)
Claims Development (Continued)

As at 31 December 2024

Gross

	2018 & Prior US\$	2019 US\$	2020 US\$	2021 US\$	2022 US\$	2023 US\$	2024 US\$	Total US\$
At the end of accident year	400,932,136	25,880,532	25,339,768	21,723,099	23,118,242	40,426,154	35,767,624	573,187,555
One year later	437,805,643	57,171,372	49,211,396	58,549,017	57,627,918	90,759,634	-	751,124,980
Two years later	461,886,903	70,023,102	59,788,947	74,288,003	76,515,334	-	-	742,502,289
Three years later	467,342,176	72,065,286	64,383,741	79,455,261	-	-	-	683,246,464
Four years later	470,748,272	73,506,485	66,204,830	-	-	-	-	610,459,587
Five years later	474,926,438	74,521,181	-	-	-	-	-	549,447,619
Six years later	473,674,223	-	-	-	-	-	-	473,674,223
Current estimate of cumulative claims	473,674,222	74,521,181	66,204,830	79,455,261	76,515,334	90,759,634	35,767,624	896,898,086
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	4,002,834	3,944,293	16,395,792	43,338,449	59,344,161	157,057,451
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	-	-	-	-	-	-	-	(18,155,872)
Impact of Discounting	-	-	-	-	-	-	-	-
Risk Adjustment	-	-	-	-	-	-	-	19,824,605
Total liability included in the statement of financial position	46,506,243	12,124,670	10,515,173	11,179,111	28,699,784	69,228,457	71,924,207	251,846,378

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

i. Reinsurance risk (Continued)
Claims Development (Continued)

As at 31 December 2024

Net	2018 & Prior		2019		2020		2021		2022		2023		2024		Total
	US\$		US\$		US\$		US\$		US\$		US\$		US\$		
At the end of accident year	327,526,278	23,242,276	24,578,405	19,968,940	16,894,818	27,905,243	24,694,039	464,809,999						464,809,999	
One year later	360,608,416	46,123,331	41,604,308	47,041,258	41,069,357	56,504,475	592,951,145							592,951,145	
Two years later	380,613,065	54,495,588	50,402,838	61,231,230	53,037,438	-	599,780,159							599,780,159	
Three years later	387,642,825	56,439,688	55,321,564	65,638,197	-	-	565,042,274							565,042,274	
Four years later	391,225,857	58,228,917	56,801,946	-	-	-	-	506,256,720						506,256,720	
Five years later	395,479,184	59,102,678	-	-	-	-	-	454,581,862						454,581,862	
Six years later	394,069,125	-	-	-	-	-	-	394,069,125						394,069,125	
Current estimate of cumulative claims	394,069,124	59,102,678	56,801,946	65,638,197	53,037,438	56,504,475	24,694,039	709,847,897						709,847,897	
Less cumulative payments to date	375,415,914	54,757,265	52,897,461	59,871,505	48,059,772	48,573,784	22,879,815	662,455,516						662,455,516	
Pipeline Claims + Claims Payable	14,596,555	4,855,103	2,262,972	2,483,767	7,868,696	32,826,723	42,840,810	107,734,627						107,734,627	
Claims related commissions	392,241	150,492	304,384	487,226	1,226,954	2,867,062	4,121,050	9,549,909						9,549,909	
Net Claims-Related Management Expenses	129,630	30,942	37,526	61,634	109,122	457,187	643,992	1,470,033						1,470,033	
Net undiscounted liability for incurred claims	-	-	-	-	-	-	-	(13,500,810)						(13,500,810)	
Impact of Discounting	-	-	-	-	-	-	-	15,435,039						15,435,039	
Risk Adjustment	-	-	-	-	-	-	-	-						-	
Total Net liability included in the statement of financial position	33,771,636	9,381,950	6,509,367	8,799,819	14,182,438	44,081,663	49,420,076	168,081,179						168,081,179	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

ii. Financial risk management

The Group 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 Group primarily faces due to the nature of its investments and liabilities are interest rate risk, currency risk and equity price risk.

The Group 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 Group'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 Group. The key areas that the Group 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 Group 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 Group'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 Group 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.

Maximum exposure to credit risk before collateral held:

	2025 US\$	2024 US\$
GROUP		
Other receivables (excluding prepayments) (Note 18)	8,045,907	18,388,555
Retrocession assets	15,821,828	20,375,174
Government securities (Note 19)	231,871,642	205,704,299
Offshore investments (Note 20)	2,041,845	10,424,298
Deposits with financial institutions (Note 21)	94,366,124	98,846,420
Corporate bonds and loans (Note 22)	56,683,376	31,885,745
Bank balances (Note 23)	25,007,530	12,889,503
	<u>433,838,259</u>	<u>398,513,994</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

i. Financial risk management (Continued)

a. Credit risk (Continued)

	2025	2024
	US\$	US\$
COMPANY		
At 31 December 2025		
Other receivables (excluding prepayments) (Note 18)	7,492,129	18,388,555
Retrocession assets	15,821,828	20,375,174
Government securities (Note 19)	231,871,642	205,704,299
Offshore investments (Note 20)	2,041,845	10,424,298
Deposits with financial institutions (Note 21)	94,366,124	98,846,420
Corporate bonds and loans (Note 22)	56,683,376	31,885,745
Bank balances (Note 23)	24,733,191	12,889,503
	<u>433,010,135</u>	<u>398,513,994</u>

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

	31 December 2025	31 December 2024
	12-month ECL	12-month ECL
	US\$'000	US\$'000
Deposits with financial institutions	94,872,694	99,269,367
Loss allowance	(506,570)	(422,947)
Amortised cost	94,366,124	98,846,420
Government bonds at amortised cost	242,724,881	215,852,739
Loss allowance	(10,853,239)	(10,148,440)
Amortised cost	231,871,642	205,704,299
Corporate bonds and commercial papers at amortised cost	56,704,903	31,904,888
Loss allowance	(21,527)	(19,143)
Amortised cost	56,683,376	31,885,745
Cash and cash equivalents	24,805,540	12,918,136
Loss allowance	(72,349)	(28,633)
Amortised cost	24,733,191	12,889,503
Reinsurance asset	15,821,828	20,375,174
Loss allowance	-	-
Amortised cost	15,821,828	20,375,174
Other receivables	10,581,285	19,608,047
Loss allowance	(1,758,553)	(520,868)
Amortised cost	8,822,732	19,087,179
Total financial assets	445,711,137	399,928,351
Total loss allowance	(13,412,238)	(11,140,031)
Total financial assets at amortised cost	432,298,900	388,788,320

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 Group does not hold low yielding investments in a high interest environment. The Group has an investment committee which sets investment guidelines that seek to reduce exposure to interest rate risks.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

ii. Financial risk management (Continued)

b. Market risks (Continued)

Interest rate risk (Continued)

The Group'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 Group's overall exposure to interest rate sensitivities included in the Group's ALM framework and its impact on the Group's profit or loss by business.

At 31 December 2025 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\$ 1,390,005 (2024: US\$ 1,417,551).

At 31 December 2025 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\$ 584,431 (2024: US\$ 524,375).

At 31 December 2025 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\$ 109,697 (2024: US\$ 8,393).

Equity price risk

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

The Group 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 Group 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 2025, if the share prices at the NSE had increased/decreased by 8% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation to the index, total comprehensive income for the year would have been US\$ 2,494,810 (2024: US\$ 1,605,994) higher/lower, and equity would have been US\$ 2,494,810 (2024: US\$ 1,605,994) higher/lower.

Currency risk

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

The Group 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 2025, 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\$ 873,087 higher/lower (2024: US\$ 2,770,941 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 3.2% (2024: 11.4%) of the Group's net assets.

At 31 December 2025, if the US dollar had weakened/strengthened by 10% against the West African Francs (XOF) with all other variables held constant, the net assets would have been US\$ 366,225 (2024: US\$ 156,025) higher/lower, mainly as a result of West African Francs denominated investments, receivables and payables. At 31 December 2025, the West African Francs denominated net assets constitute 1.3% (2024: 0.6%) of the net assets.

At 31 December 2025, 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\$ 341,594 (2024: US\$ 637,386) higher/lower mainly as a result of Ethiopian Birr denominated deposits, receivables and payables. At 31 December 2025, the Ethiopian Birr denominated net assets constitute 1.2% (2024: 2.6%) of the net assets.

The Group 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)

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

ii. Financial risk management (Continued)

b. Market risks (Continued) Currency risk (Continued)

At 31 December 2025	US\$	XOF	KES	SDG	UGX	TZS	RWF	ETB	ZMW	Others	Total
Assets											
Quoted equity investments	14,066,771	-	17,118,355	-	-	-	-	-	-	-	31,185,126
Unquoted equity investments	6,186,686	-	-	-	-	-	-	-	-	-	6,186,686
Government securities held to maturity	206,757,888	-	18,772,189	-	6,341,565	-	-	-	-	-	231,871,642
Available for sale offshore investments	2,041,845	-	-	-	-	-	-	-	-	-	2,041,845
Deposits with financial institutions	51,013,713	7792,469	17248,080	-	311	1,579,259	-	4,895,910	-	11,836,382	94,366,124
Corporate Bonds and Loans	56,704,903	-	(21,527)	-	-	-	-	-	-	-	56,683,376
Cash and bank balances	13,419,239	1,338,115	1,725,639	72,553	493,827	471,104	794,804	2,704,482	585,303	3,402,464	25,007,530
Total	350,191,045	9,130,584	54,842,736	72,553	6,835,703	2,050,363	794,804	7,600,392	585,303	15,238,846	447,342,329
Liabilities											
Reinsurance contract liabilities	33,291,108	5,468,335	46,111,864	49,572	10,369,930	6,409,384	1,143,614	4,184,450	1,953,416	39,976,794	148,958,467
Retracement contract liabilities	19,523,525	-	-	-	-	-	-	-	-	-	19,523,525
Dividends payable	1,959,410	-	-	-	-	-	-	-	-	-	1,959,410
Total	54,774,043	5,468,335	46,111,864	49,572	10,369,930	6,409,384	1,143,614	4,184,450	1,953,416	39,976,794	170,441,402
Net financial position exposure	295,417,002	3,662,249	8,730,872	22,981	(3,534,227)	(4,359,021)	(348,810)	3,415,942	(1,368,113)	(24,737,948)	276,900,927

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

ii. Financial risk management (Continued)

c. Liquidity risk

The Group is exposed to calls on its available cash resources from reinsurance claims and settlement of retrocession premiums. The Group 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 Group's ALM framework for management of reinsurance contracts as of 31 December 2025:

	Total Amount 2025	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	15,821,828	4,985,691	3,330,395	2,589,521	1,155,927	551,398	3,208,896
Government securities	231,871,642	85,548,750	32,739,808	-	-	14,434,636	99,148,448
Deposits with financial institutions	94,366,124	94,366,124	-	-	-	-	-
Corporate bonds and loans	56,683,376	28,983,766	3,952,228	6,953,340	3,123,523	10,072,233	3,598,286
Cash and bank balances	25,007,530	25,007,530	-	-	-	-	-
Total	423,750,500	238,891,861	40,022,431	9,542,861	4,279,450	25,058,267	105,955,630
Reinsurance contract liabilities	148,958,467	46,939,012	31,354,820	24,379,680	10,882,756	5,191,267	30,210,932
Retrocession contract liabilities	16,007,482	5,044,193	3,369,474	2,619,907	1,169,491	557,868	3,246,549
Other payables	12,767,656	10,862,617	-	1,905,039	-	-	-
Dividends payable	1,959,410	1,959,410	-	-	-	-	-
Total	179,693,015	64,805,232	34,724,294	28,904,626	12,052,247	5,749,135	33,457,481
Net liquidity surplus/(deficit)	244,057,485	174,086,629	5,298,137	(19,361,765)	(7,772,797)	19,309,132	72,498,149

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

- ii. Financial risk management (Continued)
- c. Liquidity risk (Continued)

The table below shows the contractual timing of cash flows arising from assets and liabilities included in the Group's ALM framework for management of short term 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)

40 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 2025 is estimated at US\$229,278,507 (2024: US\$ 198,227,091) compared to their carrying value of US\$231,817,201 (2024: US\$ 203,980,264). The fair values of the Group'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 Group 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 Group'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 Group considers relevant and observable market prices in its valuations where possible.

Some of the Group'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
	2025	2024				
	US\$	US\$				
Quoted equity investments	31,185,126	20,074,925	Level 1	Quoted bid prices in an active market	N/A	N/A
Offshore investments	2,041,845	10,424,298	Level 1	Quoted bid prices in an active market	N/A	N/A
Investment in affiliated companies	18,330,052	17,688,388	Level 2	Net Asset value	N/A	N/A

There were no transfers between the levels during the period (2024: nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
At 31 December 2025				
Financial assets:				
Quoted equity investments	31,185,126	-	-	31,185,126
Offshore investments	2,041,845	-	-	2,041,845
Investment in affiliated companies	-	-	18,330,052	18,330,052
Investment in associate	-	-	17,904,998	17,904,998
Total	33,226,971	-	36,235,050	69,462,021
At 31 December 2024				
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

iv. Financial assets by category

	Amortised cost	Fair value through other comprehensive income	Total
	US\$	US\$	US\$
At 31 December 2025			
Quoted equity investments	-	31,185,126	31,185,126
Unquoted equity investments	-	6,186,686	6,186,686
Investment in affiliated companies	-	18,330,052	18,330,052
Investment in associate	-	17,904,998	17,904,998
Reinsurance contract assets	15,821,828	-	15,821,828
Other receivables	8,822,739	-	8,822,739
Government securities	229,817,201	2,054,441	231,871,642
Offshore investments	-	2,041,845	2,041,845
Deposits with financial institutions	94,366,124	-	94,366,124
Corporate bonds and loans	-	54,683,376	54,683,376
Cash and bank balances	25,007,530	-	25,007,530
Total assets	373,835,422	132,386,524	506,221,946

NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

v. Financial assets by category

At 31 December 2024	Amortised cost US\$	Fair value through other comprehensive income US\$	Total 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

41 CAPITAL MANAGEMENT

The Group is not subject to any externally imposed capital requirements. However, the Group 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 Group's capital management remains within the Group'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 Group's risk-adjusted capital position remains at a sufficiently strong level.

The Group'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 Group'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 Group'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 Group is focused on the creation of value for shareholders.

The Group 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 Group 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 Group manages as capital all items that are eligible to be treated as capital.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 CAPITAL MANAGEMENT (Continued)

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

	2025	2024
	US\$	US\$
Share capital	59,738,269	61,242,511
Share premium	68,344,807	75,356,788
Property revaluation reserve	1,551,763	1,513,743
Investments revaluation reserve	(5,444,159)	(16,548,673)
Investment in affiliated companies revaluation reserve	14,417,202	13,775,538
Retained earnings	247,099,103	223,921,467
Non Controlling interest	1,444,571	-
	<u>387,151,556</u>	<u>359,261,374</u>

42 CONTINGENT LIABILITIES

The Group carries out reinsurance business. In common with the reinsurance industry in general, the group is subject to litigation arising in the normal course of reinsurance business. The directors are of the opinion that potential litigation from this source will not have a material effect on the financial position or profits of the group.

SUPPLEMENTARY INFORMATION

SCHEDULE OF MEMBERSHIP

Class	Shareholder	2025		2024	
		US\$	Shareholding %	US\$	Shareholding %
CLASS A	Kenya Reinsurance Corporation Ltd	12,063,925	20.19	12,063,925	19.76
	TDB	10,982,923	18.39	10,982,923	17.93
	Government of Rwanda	3,914,553	6.55	3,821,464	6.24
	PSSSF	2,566,058	4.30	2,535,125	4.14
	Government of Sudan	2,321,589	3.89	2,321,589	3.79
	National Insurance Corporation (T) Ltd	2,044,193	3.42	2,044,193	3.34
	Government of Djibouti	1,672,303	2.80	1,672,303	2.74
	Government of Zambia	1,575,427	2.64	1,575,427	2.57
	National Treasury – Kenya	1,564,138	2.62	1,564,138	2.55
	NICE	1,553,810	2.60	1,535,079	2.51
	ZSIC – Pension Trust	1,474,855	2.47	1,474,855	2.41
	Government of Ethiopia	650,981	1.09	637,393	1.04
	SOCABU	440,273	0.74	427,485	0.70
	Government of Somalia	434,907	0.73	429,665	0.70
	Sheikan Ins. & Reins. Ltd	428,277	0.72	428,277	0.70
	COMESA Secretariat	405,413	0.68	400,526	0.65
	EMOSE	388,190	0.65	388,190	0.63
	Industrial Development Corporation - Zambia	337,615	0.57	337,615	0.55
	Government of Mauritius	272,844	0.46	272,844	0.45
	ZSIC Life	267,315	0.45	267,315	0.44
	CMAR (NY Havana)	252,974	0.42	249,925	0.41
	SONAS	178,952	0.30	178,952	0.29
	ZIC	135,179	0.23	134,404	0.22
	Uganda Reinsurance	106,281	0.18	105,000	0.17
	IPEC	69,032	0.12	68,200	0.11
	IRA (U)	69,032	0.12	68,200	0.11
CLASS C	Mayfair Insurance Company Ltd	72,877	0.12	72,877	0.12
	Sanlam Allianz General Insurance, Rwanda	526,534	0.88	526,534	0.86
	United Insurance Company Ltd	543,793	0.91	530,863	0.87
	Amerga Assurance	755,283	1.26	746,179	1.22
	Emeritus Reinsurance Group Ltd	499,170	0.84	499,170	0.82
	Juba Insurance Company Ltd	431,438	0.72	431,438	0.70
	Blue Shield Insurance Company Ltd	380,072	0.64	380,072	0.62
	GXA Assurances S.A	271,319	0.45	271,319	0.44
	Assurances BICOR	250,039	0.42	249,039	0.41
	Statewide Insurance Company Ltd	246,221	0.41	246,221	0.40
	SONARWA General Insurance Company Limited	147,077	0.25	147,077	0.24
	Apollo Investments Company Ltd	127,369	0.21	127,369	0.21
	SanlamAllianz General Insurance Uganda Ltd	117,432	0.20	116,017	0.19
	National Insurance Corporation (U) Ltd	67,955	0.11	67,955	0.11
CLASS D	African Development Bank	7,415,934	12.41	7,415,934	12.11
	DEG	1,714,717	2.87	3,429,435	5.60
	TOTAL	59,738,269	100	61,242,511	100



SUPPLEMENTARY INFORMATION (Continued)

Key:

SOCABU	=	Société d'Assurances du Burundi
EMOSE	=	Empresa Mocambicana de Seguros
SONARWA	=	Société Nouvelle d'Assurances du Rwanda
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)	=	Compagnie Malgache d'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 Entwicklungsgesellschaft mbH
IPEC	=	Insurance and Pensions Commission
IRA (U)	=	Insurance Regulatory Authority of Uganda
SONAS	=	Société Nationale d'Assurances

AMBEST

certifies that

ZEP-RE (PTA Reinsurance Company)

AM Best Number: 078388

has a

BEST'S ISSUER CREDIT RATING

of

bbb+ (Good)

Effective Date: November 19, 2025


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.

GCR
RATINGS

_____ Certifies that _____
ZEP-RE (PTA Reinsurance Company)

has a

National Scale

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

GCR

19 Sep 2025
DATE

Group Head of Ratings

[Signature]

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





ZEP-RE
(PTA Reinsurance Company)