PIONEER ASSURANCE COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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COMPANY INFORMATION

BOARD OF DIRECTORS	:	Evani Amai Olubayi (Chairman)
	:	Beatrice Marisin Soy
	:	David Kipruto Ronoh
	:	John Mark Okondo
	:	Kenneth Akide
	:	Emmanuel Opakasi (Managing)
	:	Mtalaki Mwashimba (Resigned 13 August 2025)
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	:	Pioneer House, Moi Avenue
	:	P.O. Box 20333, 00200
	:	NAIROBI
INDEPENDENT AUDITOR	:	Parker Russell Eastern Africa LLP
	:	P.O. Box 25426, 00100
	:	NAIROBI
COMPANY SECRETARIES	:	Nirvana Corporate Services LLP
	:	Certified Public Secretaries
	:	West end Towers, Waiyaki way
	:	NAIROBI
PRINCIPAL BANKERS	:	Bank of Africa
	:	NAIROBI
	:	Co-operative Bank of Kenya Limited
	:	NAIROBI
	:	Diamond Trust Bank Kenya Limited
	:	NAIROBI
	:	NCBA Bank Kenya Plc
	:	NAIROBI
	:	Sidian Bank Limited
	:	NAIROBI
PRINCIPAL LEGAL ADVISERS	:	Ajaa Olubayi & Company Advocates
	:	NAIROBI
	:	Milimo Muthomi & Company Advocates
	:	NAIROBI
APPOINTED ACTUARY	:	Abed Mureithi
	:	Actuarial Services East Africa Limited
	:	NAIROBI

REPORT OF THE DIRECTORS

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

COUNTRY OF INCORPORATION

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

PRINCIPAL ACTIVITIES

The principal activities of the company are those of provision of insurance and related services as licensed by the Kenyan Insurance Act. The company provides individual life assurance, group life assurance, group credit assurance, annuities and deposit administration.

BUSINESS REVIEW

During the year 2025, the company's insurance revenue increased by 24% from Shs. 1.7B to Shs. 2.1B. This was mainly attributed to increase in gross earned premium for group life business increasing from 1.3B to 1.7B

The company posted a profit before tax of Shs. 211M compared to 184M in the previous year. This was mainly attributable to investment activities that generated a profit of Shs 285M compared to a profit of Shs 121M in the previous year, and a profit of Shs 59M from insurance business compared to a profit of Shs 180M in the previous year. Other operating expenses increased to Shs 133M from Shs 116M in the previous year. There was a significant growth in assets mainly supported by growth in pension business.

KEY PERFORMANCE INDICATORS	**2025**	**2024**
	Shs	**Shs**
Gross written premium	3,361,428,871	2,659,530,948
Insurance service revenue	2,128,113,809	1,722,740,479
Profit before tax	211,210,880	184,225,245
Profit for the year	227,040,666	135,524,159
Total assets	19,622,838,462	12,920,214,159
Shareholders' funds	1,107,672,195	915,631,529
Capital adequacy ratio (CAR)	115%	130%

PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging, and this has a resultant effect on overall performance of the company. The company's strategic focus is to enhance growth in gross written premiums, gaining market share, whilst maintaining both underwriting and accounting profits, the success of which remains dependent on overall market conditions, marketing strategies, innovativeness to sustain market share and other factors.

REPORT OF THE DIRECTORS (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

We continue to lay a big emphasis on innovation and are optimistic of achieving steady growth in online distribution of our products. We are also focusing on availing 24 hours service to our customers through the USSD, customer and intermediary portals.

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

SHARE CAPITAL

The authorised share capital was increased on 31 December 2025 from Shs 400M representing 4M ordinary shares of Shs 100 each to Shs 1B representing 10M ordinary shares of Shs 100 each

On 31 December 2025, a bonus issue of one share for every two shares held was made by capitalising Shs 200M from retained earnings. A total of 2M shares were issued. The issued and paid up share capital of the company was increased on 31 December 2025, from Shs. 400M to Shs. 600M by the issuance of 2M ordinary shares of Shs, 100 each.

DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2024: Shs 35,000,000).

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 1. In accordance with the company's Articles of Association, 1/3 of the directors retire by rotation and are eligible for re-election.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

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

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

TERMS OF APPOINTMENT OF THE AUDITOR

Parker Russell EA has indicated willingness to continue in office in accordance with the company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual engagement contract which sets out the terms of the auditor's appointment and the related audit fees.

The Report of Directors was approved by the Board of Directors on 27TH MARCH 2026. and signed on its behalf by;

BY ORDER OF THE BOARD

JOSEPH MBEJA
FOR NIRVANA CORPORATE SERVICES LLP
COMPANY SECRETARIES
NAIROBI
30TH MARCH **2026.**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; that disclose; with reasonable accuracy; the financial position of the company and that enable them to prepare financial statements of the company that comply with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

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

The directors are of the opinion that the financial statements give a true and fair view of the financial position of the company as at 31 December 2025 and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern for at least the next twelve months from the date of this statement.

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

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

DIRECTOR **DIRECTOR**

STATEMENT OF CORPORATE GOVERNANCE

Introduction
The Board of Directors, Pioneer Assurance Company Limited is committed to developing and implementing policies that will enhance corporate governance in the company. These policies form the core of the company and ensure that there is proper ethics, transparency and accountability in the conduct of business. The company is part of a group that is controlled by Pioneer Insurance Holdings Limited. It also has a related company, Pioneer General Insurance Limited.

Composition
The Board has members with diverse skills, experience and professional background. It consists of the Managing Director, and five other non-executive Directors. No individual in the Board can dominate its decision making. Proper information is supplied to the Board in a timely manner, in this regard, notices of Board meetings are circulated at least two weeks before Board meetings and detailed Board papers are circulated at least one week before any meeting.

Board committees

The Board is responsible for the management of the company, and its main responsibility is to give guidance and control operations of the company. There are quarterly meetings held by the Board, strategic and policy issues are discussed. Responsibility of the day to day running of the company has been delegated to the Chief Executive Officer. The board committees are shared across the group. The Group Chief Executive Officer and the Chief Executive Officer are permanent invitees to all board committees. The committees may co-opt an expert, a member of the board or staff across the group to attend a meeting as an invitee to offer expertise or clarify an issue as the need may be. All invitees do not have voting rights.
The following committees have been constituted by the Board

(i) Audit Risk and Compliance Committee
(ii) Finance and Investment Committee
(iii) Remuneration and Appraisal Committee

i) Audit, Risk and Compliance Committee

The committee is composed of four members and meets on a quarterly basis. It is chaired by an independent Director. The principal officer, chief internal auditor and the head of risk attends all meetings by invitation.
The functions of the audit, risk and compliance committee are outlined in its terms of reference and include:

- Reviewing the reports and following up matters raised by external and internal auditors, risk& compliance and the actuary.
- To review and approve reports, the financial statements, and public pronouncements.
- To review regulatory environment and develop strategies that are not in conflict with statutory and other regulatory requirements.
- To review the ICT strategy and ensure appropriate controls are in place and that it supports the wider organization strategy

ii) Finance and Investment Committee

This committee meets quarterly and has three Board members and is chaired by a non-executive director, the chief financial officer who is a staff of the company attends some meetings on invitation by the Board.
The functions of the finance and investments committee are outlined in its terms of reference and include:

- Developing and ensuring the implementation of investment policies and guidelines.
- Measuring the company's performance against set benchmarks.
- Reviewing the company's investments and recommending appropriate action.
- Approving the acquisition and disposal of capital expenditure.

iii) Remuneration and Appraisal Committee

This committee meets quarterly and has three members; it is chaired a non-executive director

Apart from the Managing Director no Director or body related to a Director receives compensation from the company. Directors are paid a sitting allowance when they attend Board meetings; a register which is in the custody of the company secretary is used to confirm attendance. All members have access to the records.

The functions of the remuneration and appraisal committee are outlined in its terms of reference and include:

- Reviewing and approving the recognition and rewards policy including bonuses.
- Approving terms and conditions of service and any amendments thereto.
- Developing guidelines on staffing skills and qualifications required.
- Reviewing key appraisals for key management personnel

Fit and proper requirement
All the directors have signed and complied with the fit and proper assessment as per requirement. The signed and commissioned fit and proper forms have been filed with the insurance regulatory authority.

Shareholding
Our shareholding complies with all requirements of the Insurance Act. No single beneficial owner controls more than 25% of the companies issued shares as at 31 December 2025. The shareholding details are shared below

NAME OF THE SHAREHOLDER	NO OF SHARES	%		NO OFSHARES	%
	31 Dec 2025			31 Dec 2024	
Softline Limited	1,440,000	24%		960,000	24%
Mtalaki Mwashimba	297,600	5%		198,400	5%
Moses Njuguna Kimani	180,000	3%		120,000	3%
Cadence Limited	1,500,000	25%		1,000,000	25%
Hamstead Investments Limited	962,400	16%		641,600	16%
Parkview Investments Limited	720,000	12%		480,000	12%
Boston Investment Limited	780,000	13%		520,000	13%
David Kipruto Ronoh	120,000	2%		80,000	2%
Total	**6,000,000**	**100%**		**4,000,000**	**100%**

The company has complied with the requirements of the Kenyan Companies Act, 2015 and the ultimate beneficial owners have been filed with the business registration services.

Corporate Social Responsibility

The company gives special attention to its corporate social responsibility and it is involved in various projects affecting society in which it operates such as:

- Running the trees and scholarships for Kenya (TASK) program where the target is providing scholarships to at least 250 students per annum from needy backgrounds in public secondary schools.

Going Concern

The year 2025 annual report and audited financial statements present, in the opinion of the Directors, a fair, balanced and understandable assessment of the state of affairs of the company's financial position and prospect.

The Board reports that the business is a going concern and it has no reason to believe that the company will not be a going concern for at least the next twelve months from the date of this statements.

DIRECTOR **DIRECTOR**

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Pioneer Assurance Company Limited
Annual Report and Financial Statements
For the Year ended 31st December 2025

REPORT OF THE CONSULTING ACTUARY

I have conducted a statutory actuarial valuation of the life assurance business of Pioneer Assurance Company Limited (the "company") as at 31st December 2025.

The valuation was conducted in accordance with generally accepted actuarial principles and in accordance with the requirements of the Kenyan Insurance Act. These principles require prudent provision for future outgo under contracts, generally based upon the assumptions that current conditions will continue. Provision is therefore not made for all possible contingencies.

In completing the actuarial valuation, I have relied upon the audited financial statements of the company.

In my opinion, the actuarial value of the life insurance liabilities as at 31st December 2025 were reasonable based on the actuarial assumptions and methodology adopted.

Signed:

Name of Actuary:	**Abed Mureithi**
Qualification:	**Fellow of the Institute and Faculty of Actuaries (UK)**
Date:	**30th March 2026**

Actuarial Services (EA) Ltd,
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REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF PIONEER ASSURANCE COMPANY LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2025

Opinion

We have audited the financial statements of Pioneer Assurance Company Limited set out on pages 13 to 75, which comprise the statement of financial position as at 31 December 2025, the statement of profit or loss, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of Pioneer Assurance Company Limited's financial position as at 31 December 2025 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs).

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, 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.

Key Audit Matters

This section of the audit report is intended to describe the matters communicated with those charged with governance that we have determined, in our professional judgment, were of most significance in the audit of the financial statements.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Partners: C. Otolo V. Majani M. Okonji

Key Audit Matter (Continued)

Key Audit Matter		**How the matter was addressed**
Impact of Transition To IFRS 17 – Insurance Contracts On 1 January 2023, the company transitioned to IFRS 17: 'Insurance Contracts' which replaced the existing standard for insurance contracts, IFRS 4 'Insurance Contracts'. The transitional impact is disclosed in **Note 3 (c)** to the financial statements in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The disclosures in FYE 2022 are intended to provide users with an understanding of the estimated impact of the new standard and, as a result, are more limited than the disclosures to be included in the first year of adoption, being FYE 2023. We have deemed the disclosure of the impact of the adoption of IFRS 17 a key audit matter as this is a new and complex accounting standard which has required considerable judgment and interpretation in its implementation. Furthermore, the new standard has introduced a number of significant changes, including new requirements regarding the measurement and presentation of insurance contracts and related account balances and classes of transactions. The company has disclosed that it adopted the full retrospective approach on transition to IFRS 17 and applied the General Measurement Model ("GMM") to the measurement of groups of insurance contracts issued and groups of reinsurance contracts held at the transition date for the individual life business and applied the Premium Allocation Approach ("PAA") PAA for the measurement of insurance contracts issued and reinsurance contracts held at the transition date for group life business. The company took advantage of the accounting policy choice to expense insurance acquisition cash flows as incurred and determined the discount rates to apply to future cash flows. In order to meet the requirements of the new standard, significant changes are being made to the systems, processes and controls with effect from 1 January 2023.		We have performed the following audit procedures for the purposes of assessing the disclosures made in accordance with IAS 8. Specifically we ; ➢ gained a detailed understanding of the process to estimate the transitional adjustment and obtained an understanding of relevant controls; ➢ challenged the appropriateness of key technical accounting decisions, judgments, assumptions and elections made in determining the estimate against the requirements of the standard; ➢ involved our internal actuarial specialists in performing procedures to challenge the Company's IFRS 17 calculation models, including those related to the testing of PAA eligibility, the estimate of the fulfilment cash flows, the risk adjustment and discounting; and ➢ Tested the IAS 8 disclosures related to the transition impact and reconciled the disclosed impact to underlying accounting records.

Other information

The directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, 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

Director's responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standard and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

Auditor's responsibility for the audit of the financial statements

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Kenyan Companies Act, 2015

In our opinion the information given in the report of the directors on pages 2 and 3 is consistent with the financial statements.

CPA Coutts Otolo, Practising Certificate No. 494.
The engagement partner responsible for the audit

UNIQUE CODE: 43490260331

For and on behalf of; *Parker Russell Eastern Africa LLP*
Certified Public Accountants
Nairobi.

31 March 2026

STATEMENT OF PROFIT OR LOSS

	Notes	2025 Kshs	2024 Kshs
Insurance contract service			
Insurance service revenue	6	2,128,113,809	1,722,740,479
Insurance service expense	7	(2,123,842,057)	(1,595,467,784)
Net reinsurance result	8	54,349,381	52,257,181
Insurance result		**58,621,133**	**179,529,876**
Insurance finance result			
Investment income	9	1,993,305,155	1,481,112,287
Insurance finance expense	10	(1,708,072,640)	(1,360,430,603)
Finance result		**285,232,515**	**120,681,684**
Other operating expenses	11	(132,642,768)	(115,986,315)
Profit before tax		**211,210,880**	**184,225,245**
Tax credit/(charge)	14	15,829,786	(48,701,086)
Profit for the year		**227,040,666**	**135,524,159**
Earnings per share (basic and diluted)	15	37.84	33.88

The notes on pages 18 to 75 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

	Notes	2025 Kshs	2024 Kshs
Assets			
Property and equipment	16	39,191,503	29,483,627
Intangible assets	17	14,211,179	7,696,601
Right-of-use assets	18	103,315,149	70,915,422
Investment properties	19	1,706,200,000	1,706,200,000
Financial assets at fair value through profit or loss:			
- quoted investments	20(a)	1,093,653,665	736,619,280
- unquoted investments	20(b)	297,597,756	200,000,000
Policy loans receivable	21	362,984,136	287,967,555
Government securities - held to maturity	22	1,357,515,208	1,261,586,543
Government securities - available for sale	23	8,615,925,061	4,002,247,303
Kenya motor insurance pool	24	9,617,598	10,116,545
Reinsurance contract assets	25	220,650,508	252,939,866
Receivables from reinsurance arrangements	26	2,392,968,186	2,519,820,709
Receivables from Insurance arrangements	27	234,369,323	175,934,132
Other receivables	28	1,082,193,784	523,611,986
Deposits with financial institutions	29	747,073,882	767,857,816
Cash and bank balances	30	1,305,496,165	332,185,276
Tax recoverable	14(b)	39,875,359	35,031,498
Total assets		**19,622,838,462**	**12,920,214,159**
Equity			
Share capital	31	600,000,000	400,000,000
Statutory reserve	32	195,470,160	232,406,328
Retained earnings	33	312,202,035	248,225,201
Proposed dividends		-	35,000,000
Total equity		1,107,672,195	915,631,529
Liabilities			
Insurance contract liabilities	34	3,971,649,724	3,539,073,049
Deposit administration contracts Liabilities	35	13,867,958,423	7,701,186,157
Creditors arising from reinsurance arrangements	36	231,870,965	108,087,523
Other payables	37	189,564,568	223,545,548
Lease liabilities	38	124,067,238	83,777,848
Deferred tax	39	130,055,349	145,885,135
Bank overdraft	30	-	203,027,370
Total liabilities		18,515,166,267	12,004,582,630
Total equity and liabilities		**19,622,838,462**	**12,920,214,159**

The financial statements on pages 13 to 17 were approved and authorized for issue by the Board of Directors on 27TH MARCH 2026 and were signed on its behalf by:

PRINCIPAL OFFICER

DIRECTOR

DIRECTOR

The notes on pages 18 to 76 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital Kshs	Retained earnings Kshs	Statutory reserve Kshs	Proposed dividends Kshs	Total Kshs
Year ended 31 December 2024						
At start of year		400,000,000	224,577,459	155,529,911	-	780,107,370
Profit for the year		-	135,524,159	-	-	135,524,159
Transfer (net of deferred tax)	32	-	(76,876,417)	76,876,417	-	-
Transactions with owners:						
Dividends:						
Final for 2024 (proposed)		-	(35,000,000)	-	35,000,000	-
At end of year		**400,000,000**	**248,225,201**	**232,406,328**	**35,000,000**	**915,631,529**
Year ended 31 December 2025						
At start of year		400,000,000	248,225,201	232,406,328	35,000,000	915,631,529
Profit for the year		-	227,040,666	-	-	227,040,666
Transfer (net of deferred tax)	32	-	36,936,168	(36,936,168)	-	-
Transactions with owners:						
Dividends:						
Final for 2024 (paid)		-	-	-	(35,000,000)	(35,000,000)
Bonus issue	31	200,000,000	(200,000,000)	-	-	-
At end of year		**600,000,000**	**312,202,035**	**195,470,160**	**-**	**1,107,672,195**

The notes on pages 18 to 75 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Notes	2025 Kshs	2024 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		211,210,880	184,225,245
Adjustments for:			
Depreciation on property and equipment	16	10,595,105	8,890,555
(Gain) on disposal of property and equipment		-	(21,700)
Amortisation of intangible assets	17	6,003,357	8,558,667
Depreciation on right-of-use assets	18	28,528,216	21,994,916
Loss on disposal of right of use asset	18	-	1,520,929
Fair value (gain) on investment properties	19	-	(5,027,000)
Fair value (gain) on quoted investments	20(a)	(331,384,781)	(155,705,715)
Fair value (gain) on unquoted investments	20(b)	(97,597,756)	-
Increase/(decrease) in impairment of policy loans	21	2,075,572	(42,519,831)
Increase in deposit contract payables		6,166,772,266	5,913,355,054
Increase in insurance contract liabilities		432,576,676	183,346,639
Lease liabilities interest	38	18,149,898	11,248,474
Bank overdraft interest		57,716,300	65,150,471
Changes in working capital:			
Receivables and other assets		(457,875,108)	(235,364,322)
Payables and other liabilities		89,802,462	(88,387,767)
Cash generated from operating activities		***6,136,573,087***	***5,871,264,615***
Interest paid on bank overdraft		(57,716,300)	(65,150,473)
Interest paid on lease liabilities	38	(18,149,898)	(11,248,474)
Tax paid	14(b)	(4,843,861)	(17,020,355)
Net cash generated from operating activities		**6,055,863,028**	**5,777,845,317**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	16	(20,302,981)	(10,001,817)
Proceeds from disposal of property and equipment		-	21,700
Purchase of intangible assets	17	(12,517,935)	(4,241,880)
Purchase of right of use assets	18	(60,927,943)	(18,693,259)
Purchase of quoted investments	20	(158,856,079)	(966,299,105)
Purchase of unquoted investments	20	-	(200,000,000)
Proceeds from disposal of unquoted investments	20	-	100,000,000
Proceeds from disposal of quoted investments	20	133,206,475	417,814,257
Change in available for sale investments through profit and loss		(4,613,677,758)	(4,002,247,303)
Policy loans advanced	21	(347,598,196)	(231,478,212)
Policy loans repaid	21	318,033,746	253,884,203
Interest charged on policy loans	21	(47,527,704)	(34,493,132)

STATEMENT OF CASH FLOWS (CONTINUED)

	Notes	2025 Kshs	2024 Kshs
CASH FLOWS FROM INVESTING ACTIVITIES			
Movement of government securities		(95,928,665)	(400,935,918)
(Decrease) in Kenya Motor Insurance Pool	24	(2,012,926)	(800,009)
Proceeds from disposal of Kenya Motor Insurance Pool	24	2,511,873	-
Change in deposits with financial institutions over 90 days		20,783,934	(342,972,399)
Net cash (used in) investing activities		**(4,884,814,159)**	**(5,440,442,874)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to ordinary shareholders		(35,000,000)	-
Proceeds from lease liability	38	60,927,943	18,693,259
Payments of principal portion of the lease liability	38	(20,638,553)	(20,401,622)
Net cash generated from/(used in) financing activities		**5,289,390**	**(1,708,363)**
Movement in cash and cash equivalents			
Increase in cash and cash equivalents		1,176,338,259	335,694,080
Cash and cash equivalents at start of year		129,157,906	(206,536,174)
Cash and cash equivalents at end of year	**30**	**1,305,496,165**	**129,157,906**

The notes on pages 18 to 75 form an integral part of these financial statements

NOTES

1 General information

Pioneer Assurance Company Limited is a company limited by shares incorporated and registered in Kenya. The address of the company's registered office is shown on page [1].

The principal activities of the company and the nature of the company's operations are set out on page 2
These financial statements are presented in Kenya Shillings and are rounded to the nearest Kenya Shilling.

2 Changes in accounting standards and disclosures

(i) New standards and interpretations adopted by the Company

The following standards and interpretations have been applied by the Company for the first time for the financial reporting year commencing on or after 1 January 2024:

New amendments or interpretation	**Effective for annual periods beginning on or after**
Lack of exchangeability (Amendments to IAS 21)	1 January 2025

In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21). The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique.

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

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

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

New Standard amendments or interpretation	**Effective for annual periods beginning on or after**
IFRS 18Presentation and disclosure in Financial Statements	01/01/2027
IFRS 19Subsidiaries without public accountability disclosures	01/01/2027
Amendments to IFRS7 and IFRS 9 Classification and measurement of financial instruments	01/01/2026
Amendments to IFRS10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
Amendments to IFRS 7 and IFRS 9 Contracts referencing nature-dependent electricity	01/01/2027
IFRS S1*General sustainability related disclosures	01/01/2027
IFRS S2* Climate related disclosures	01/01/2027

NOTES (CONTINUED)

2. Changes in accounting standards and disclosures

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

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

3. Material Accounting Policy Information

Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of financial statements make on the basis of those financial statements when considered together with other information included in the financial statements.

Accounting policy information is expected to be material if the users of the financial statements need the information to understand other material information in the financial statements.

Accounting policy information is likely to be considered material if the information relates to material transactions, other events or conditions and the accounting policy:

- Has changed during the period resulting in a material change to the information in the financial statements
- Was chosen from alternatives permitted by IFRS Accounting Standards
- Was developed in accordance with IAS 8 in the absence of an IFRS Accounting Standard which specifically applies
- Relates to an area for which the entity is required to make significant judgements and assumptions which are disclosed in accordance with IAS 1:122 and 125
- Relates to complex accounting for which users of the financial statements would otherwise not understand the relating transactions, other events or conditions

Accounting policy information which relates to immaterial transactions, other events or conditions is immaterial and does not need to be disclosed.

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

a Basis of preparation

The financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with International Financial Reporting Standards (IFRS).

The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 - Impairment of assets. In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety

NOTES (CONTINUED)

3. Material Accounting Policy Information (continued)

a. Basis of preparation (continued)

which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

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

b Going concern

The financial performance of the company is set out in the report of the directors and in the statement of profit or loss. The financial position of the company is set out in the statement of financial position.

Disclosures in respect to principal risks and uncertainties are included within the report of the directors and disclosures with respect to risk management and capital management are set out on page 3.

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

c Revenue from Insurance contracts

IFRS 17 'Insurance Contracts establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts.

Insurance contract Policy choices

i. Measurement Methods

a) The General Measurement Method (GMM)

The General Measurement Model (GMM) is the standard approach to calculate and/or estimate liabilities for the insurance contract under IFRS 17.

This model focuses on providing key information on the expected cash flows and profitability of the insurance contract

This entails computing the Best Estimate Liability (BEL), The Risk Adjustment (RA) and the Contractual Service Margin (CSM).

NOTES (CONTINUED)

3. Material Accounting Policy Information (continued)

c Revenue from Insurance contracts (continued)

Insurance contract Policy choices (continued)

I Measurement Methods (continued)

b) The General Measurement Method (GMM) (Continued)

The Risk Adjustment is an additional margin to the BEL. The Risk Adjustment (RA) is computed in respect of non-financial risk only.

The risk adjustment and BEL forms the fulfilment cashflows. The CSM comprises the unearned profit from insurance contracts that is released over the remaining coverage of the contract. The liabilities in respect of remaining coverage comprise the fulfilment cashflows (BEL and RA) and the CSM where policies measured are profitable. The liabilities in respect of incurred claims comprise fulfilment cash flows only (BEL and RA).

The company has applied The General Measurement Method approach on all its long-term products since there was no long-term product that had direct participating features.

c) The Variable Fee Approach

This applies on insurance contracts with profit participation features.

d) Premium allocation approach (PAA) for the short-term contracts mainly group life

This is a simplification of the GMM for short term contracts with coverage periods of a year or less. Under the PAA, liabilities in respect of the remaining coverage comprise the Unearned Premium Reserves (UPR) and the liabilities in respect of incurred claims comprise the BEL and RA for incurred claims. We have applied the Premium Allocation Approach on all its short-term contracts that is Group Credit, Group Life and Deposit Administration Contracts.

ii Aggregation of Insurance Contracts

The Standard requires that a company identifies portfolios of insurance contracts comprising contracts subject to similar risks and managed together. The Standard elaborates that contract within a product line would be expected to have similar risks.

The company has divided its portfolio into a minimum required by the Standard. This includes:

a) A group of contracts that are onerous at initial recognition;
b) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any, and
c) A group of the remaining contracts in the portfolio.

The insurance contracts have been aggregated based on the following criteria in descending order:

- Similarity of risks and aggregation for purposes of management.
- Year of issue to be referred to as underwriting year
- Degree of profitability

NOTES (CONTINUED)

3. Material Accounting Policy Information (Continued)

c Revenue from Insurance contracts (continued)

Insurance Contract Policy Choices (Continued)

ii Aggregation of Insurance Contracts (Continued)

We have broadly classified our products as per the following IFRS 17 Portfolios:

- Group Risk
- Individual Life With-Profits Policies
- Individual Life Without Profits Policies
- Deposit Administration

iii Underwriting year Cohorts

In line with the Standard requirements on aggregation of insurance policies, the insurance contracts under the IFRS 17 portfolios have been classified into underwriting year cohorts. This means that policies underwritten over any one year will fall in the same cohort.

The definition of a year will be in line with the Company's financial year which runs from 1 January to 31 December.

Under the Fair Value transitioning approach there will be no requirement to group contracts in force as at the date of transition into separate underwriting year cohorts. It therefore follows that all contracts valued based on the Fair Value approach at transition will be aggregated in the same cohort.

iv Risk Adjustment

The standard requires that the estimates of the present value of future cash flows are adjusted to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk.

The standard does not specify on the methods to be used in computing risk adjustment, but states that the method used should be consistent with the levels of uncertainty associated with insurance contracts.

The company has adopted the Cost of Capital approach based on the Risk based Capital computed under the standard formula of the Regulatory Solvency Calculation in Kenya.

The Cost of Capital therefore reflects the difference between the Company's shareholders' risk discount rate and the liquid risk-free rate derived from the yield curve of government bonds.

d. Investment and other income

Interest income and expenses

Interest income and expenses for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, are recognized in the statement of profit or loss using the effective interest rate method.

When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

NOTES (CONTINUED)

3. Material Accounting Policy Information (Continued)

d Investment and other income (Continued)

Dividend income

Dividend income for quoted shares is recognized when the right to receive payment is established

Rental income

Rental income is accounted for on an accrual basis, on a straight-line basis.

e Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation.

Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognized.

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

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

Motor vehicles	20%
Fittings and equipment	12.5%
Computer equipment	20%

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively, if appropriate, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining profit before tax.

f Investment properties

Fair value model:

Investment property is property held to earn rentals or for capital appreciation or both. Investment property, which can include right-of-use assets, is initially recognized at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the reporting date determined by annual valuations carried out by external registered valuers (Level 1).

Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

NOTES (CONTINUED)

3. Material Accounting Policy Information (Continued)

f Investment properties (Continued)

Fair value model: (Continued)

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

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

g Intangible assets

Computer software programs are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over their useful lives which are estimated to be 5 years.

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

h Impairment of non-financial assets and intangible assets

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

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

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

Financial instruments

Financial instruments are recognized when, and only when, the company becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting, which is the date the company commits itself to the purchase or sale.

Financial assets

The company classifies its financial assets into the following categories:

NOTES (CONTINUED)

3. Material Accounting Policy Information (Continued)

h Impairment of non-financial assets and intangible assets (Continued)

Financial instruments (Continued)

Financial assets (Continued)

i. Amortized cost:

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

The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured

ii. Fair Value Through Profit or Loss (FVTPL):

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

Notwithstanding the above, the company may:

- on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income.

- On initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

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

Derecognition/write off

Financial assets are derecognized when the rights to receive cash flows from the financial asset have expired, when the company has transferred substantially all risks and rewards of ownership, or when the company has no reasonable expectations of recovering the asset. When a debt instrument measured at FVTOCI is derecognized, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity. Financial instruments that are subsequently measured at amortized cost or at FVTOCI are subject to impairment

NOTES (CONTINUED)

3. Material Accounting Policy Information (Continued)

Impairment of non-financial assets and intangible assets (Continued)

Impairment

Debt instruments that are subsequently measured at amortized cost or at impairment assessment. No impairment loss is recognized on investments measured at FVTPL.

The company recognizes loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortized cost or at fair value through other comprehensive income (FVTOCI):

- Receivables arising out of direct insurance arrangements
- Receivables arising out of reinsurance arrangements
- Policy loans
- Government securities
- Deposits with financial institutions
- Cash and bank balances
- Quoted shares
- Other receivable

No impairment loss is recognized on investments measured at fair value through profit and loss (FVTPL).

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which

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

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

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

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

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

NOTES (CONTINUED)

3. Material Accounting Policy Information (Continued)

Impairment of non-financial assets and intangible assets (Continued)

Financial liabilities

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

All other financial liabilities are classified and measured at amortized cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the reporting date

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of anew liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

i Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, net of restricted balances.

j. Accounting for leases

The company as lessee

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

NOTES (CONTINUED)

3. **Material Accounting Policy Information (Continued)**

Impairment of non-financial assets and intangible assets (Continued)

j **Accounting for leases(Continued)**

***The company as lessee* (Continued)**

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the company is reasonably certain to exercise that option.

The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the company's incremental borrowing rate is used.

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

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

Subsequently the lease liability is measured at amortized cost, subject to re measurement to reflect any "reassessment, lease modifications, or revised fixed lease payments.

Leasehold land and buildings are subsequently carried at revalued amounts, based on annual/triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any re measurement of the lease liability.

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the company at the end of the lease term, the estimated useful life would not exceed the lease term.

Increases in the carrying amount arising on revaluation are recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognized in other comprehensive income. All other decreases are recognized in profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset recognized in profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

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

NOTES (CONTINUED)

3. Material Accounting Policy Information (Continued)

j Accounting for leases (Continued)

The company as lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognised as income in the profit or loss on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

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

k Employee benefits

i) Retirement benefit obligations

The company operates a defined contribution staff retirement benefit scheme for its employees. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the company and employees. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company and its employees also contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

ii) Other Entitlements

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

l Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss.

Current tax

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

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry forward of unused tax credits and tax credits and unused tax losses can be utilized.

NOTES (CONTINUED)

3. Material Accounting Policy Information (Continued)

l Taxation (Continued)

Deferred tax (Continued)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using fair value model, the carrying amounts of such properties are presumed to be recoverable entirely through sale unless presumption is rebutted.

The presumption is rebutted when the investment property is depreciable and held within a business model whose objective is to consume substantially all its economic benefits embodied in it over time rather than through sale.

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

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

m Dividends

Proposed dividends are disclosed as a separate component of equity until declared. Dividends are recognised as a liability in the period in which they are approved by the company's shareholders.

n Share capital

Ordinary shares are classified as equity.

o Statutory fund

The statutory reserve represents accumulated life fund inclusive of surpluses whose distribution is subject to restrictions imposed by the Kenyan Insurance Act. The Act restricts the amounts of surpluses of the long-term business available for distribution to shareholders to 30% of actuarially determined valuation surpluses of the life business.

p Earnings per share

The company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year.

q Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, various adjustments have been made in line with the new insurance reporting standard, IFRS 17.

NOTES (CONTINUED)

4. Significant accounting judgements, estimates and assumptions

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

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

a Measurement of expected credit losses (ECL):

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

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

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

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial. The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

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

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

NOTES (CONTINUED)

4. Significant accounting judgements, estimates and assumptions (Continued)

Assessment of significant increase in credit risk:

The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the creditor PD at the date of initial recognition.

IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3).

The company uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

For receivables arising out of direct insurance arrangements, the company has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix

Estimate of future benefit payments and premiums arising from long-term insurance contracts

The determination of the liabilities under insurance contracts is dependent on estimates made by the company. Estimates are made as to the expected number of deaths for each of the years in which the company is exposed to risk.

The company bases these estimates on standard industry and national mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the company's own experience.

For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements.

The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums.

The main source of uncertainty is that accidents arising from concentration of risk, epidemics such as AIDS, TB and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the company in which it has significant exposure to mortality risk.

Judgment is also applied in the estimation of future contractual cash flows in relation to reported losses and losses incurred but not reported. There are several sources of uncertainty that need to be considered in the estimate of the ability that the company will ultimately pay for such claims. Case estimates are computed on the basis of the best information available at the time the records for the year are closed.

Impairment of receivables

The company reviews their portfolio of receivables on an annual basis. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.

Held to maturity financial assets

The directors have reviewed the company's held to maturity financial assets in the light of its capital maintenance and liquidity requirements and have confirmed the company's positive intention and ability to hold those assets to maturity.

NOTES (CONTINUED)

4. Significant accounting judgements, estimates and assumptions (Continued)

Useful lives and residual values of property and equipment, intangible assets and right-of-use-assets

Management reviews the useful lives and residual values of the items of property and equipment, intangible assets and right-of-use assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

Accounting for leases under IFRS 16

Management has made various judgements and estimates under IFRS 16 as detailed below:

Incremental borrowing rate: To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third-party financing; and
- makes adjustments specific to the lease, e.g., term, country, currency and security

Accounting for leases under IFRS 16 (Continued)

Lease term/period: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of office space, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Operating lease commitments - company as lessor

The company has entered into commercial property leases on its investment property portfolio.

The company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

NOTES (CONTINUED)

4. Significant accounting judgements, estimates and assumptions (Continued)

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model.

The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

Changes in assumptions about these factors could affect the reported fair value of financial instruments. See notes 17, 18 and 19 for further discussion.

Revaluation of investment property

The company carries investment properties at fair value, with changes in fair value being recognised in profit or loss. Investment properties are valued on the basis of open market value by independent valuers.

5 Management of insurance and financial risk

5.1 Insurance risk

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

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities.

This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

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

i) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are accidents arising from concentration of risk, epidemics; such as; Covid-19, AIDS and TB or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected

For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

At present, these risks do not vary significantly in relation to the location of the risk insured by the company. However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The table below presents the undiscounted concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above.

NOTES (CONTINUED)

5. Management of insurance and financial risk

5.1 Insurance risk (Continued)

As at 31 December 2025	**Number of policies**	**Before Reinsurance**		**After Reinsurance**	
		Shs	**%**	**Shs**	**%**
Age of assured					
18 - 30 years	14,170	1,859,832,072	25%	1,791,993,157	26%
31 - 40 years	22,497	2,913,231,405	39%	2,768,578,761	39%
41 - 50 years	13,371	1,897,891,569	25%	1,700,770,902	24%
51 - 60 years	5,299	803,146,469	11%	722,381,951	10%
More than 60 years	262	34,286,073	0%	30,194,967	0%
	55,599	7,508,387,588	100%	7,013,919,738	100%
As at 31 December 2024					
Age of assured					
18 - 30 years	11,585	1,426,492,639	25%	1,374,721,554	26%
31 - 40 years	17,966	2,182,163,690	38%	2,115,248,374	39%
41 - 50 years	10,848	1,465,015,933	26%	1,315,606,819	24%
51 - 60 years	4,176	611,686,101	11%	555,688,836	10%
More than 60 years	175	20,794,447	0%	18,943,871	0%
	44,750	5,706,152,810	100%	5,380,209,453	100%

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

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holder behaviour.

The company uses appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides.

An investigation into the actual experience of the company over the last few years is carried out, and statistical methods are used to adjust the crude mortality rates to produce the best estimate of expected mortality for the future.

The principal risk that the company faces under insurance contracts is that the actual claims and benefits payments or the timing thereof differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the company is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance products. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not the case, the best estimate of future mortality is based on standard industry tables adjusted for the company's overall experience.

NOTES (CONTINUED)

5. Management of insurance and financial risk

5.1 Insurance risk (Continued)

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

For contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies. The impact of any historical evidence of selective termination behaviour will be reflected in this experience.

The company maintains voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

(iii) Process used to decide on assumptions

For long-term insurance contracts with fixed and guaranteed terms and with DPF, estimates are made in two stages. At inception of the contract, the company determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses.

These assumptions are used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract.

Subsequently, new estimates are developed at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates.

The initial assumptions are not altered if the liabilities are considered adequate. If the liabilities are not adequate, the assumptions are altered (unlocked') to reflect the latest current estimates; no margin is added to the assumptions in this event.

The assumptions used for the insurance contracts disclosed in this note are as follows:

Mortality - the company uses KE 2007 - 2010 as a base table of standard mortality. Statistical methods are used to adjust the rates reflected on the table based on the company's experience. For contracts insuring survivorship, an allowance for future mortality improvements made on trends identified in the data.

Persistence - Statistical methods are used to determine an appropriate persistency rate, with reference to the company's experience over the most recent five years. An allowance is then made for any trends in the date to arrive at the best estimate if future persistency rates.

Investment returns - A weighted average rate of investment return is derived with reference to the portfolio that backs the liabilities. In the current valuation, the rate of return was as per the NSE yield curve rates of 12.60% (2024: 13.60%).

NOTES (CONTINUED)

5 Management of insurance and financial risk

5.1 Insurance risk (Continued)

iii) Process used to decide on assumptions (Continued)

Renewal expense level, inflation and tax - the current tax level of expenses is taken to be an appropriate expense base. Expense inflation is assumed to be 7.74%. It has been assumed that the current tax legislation and rates continue unaltered.

The sensitivity on the actuarial valuation are as follows:

	Impact on post tax profit	Impact on post tax profit
	2025	**2024**
Increase in interest rate by 5%	57,991,489	36,042,518
(Decrease) in interest rate by 5%	(57,991,489)	(36,042,518)
The table below gives the concentration of interest risk:		
Interest from government securities	86%	78%
Interest from bank deposits	9%	17%
Interest from policy loans	4%	5%
Other interest income	0%	1%

5.2 Financial risk

The company is exposed to financial risk through its financial assets and financial liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts.

The most important types of risk are credit risk, liquidity risk, market risk and other operational risks. Market risk includes currency risk, interest rate risk, equity price risk and other price risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

The risks that the company primarily faces due to the nature of its investments and liabilities are interest rate risk and credit risk.

The company manages these positions within an Asset Liability Management (ALM) framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts.

The principal technique of the company's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

NOTES (CONTINUED)

5 Management of insurance and financial risk

5.1 Financial risk (Continued)

a) Market risk

i Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

For financial instruments and insurance contracts described in this note, the sensitivity is solely associated with the former, as the carrying amounts of the latter are not directly affected by changes in market risks.

The government securities, deposits with financial institutions and loans at year end amount to Kshs. 11,116,999,576 (2024: Shs. 6,342,706,245) representing a significant portion of total assets.

As at the reporting date, if the interest rates had been 500 basis points higher/lower with all other variables held constant, the effect on the post-tax profit for the year would have been an increase/decrease by Kshs. 555,849,979 (2024: Kshs. 317,135,312).

The company is exposed to equity securities price risk as a result of its holdings in equity investments, classified as financial assets fair value through profit or loss. Exposure to equity shares in aggregate is monitored in order to ensure compliance with the relevant regulatory limits for solvency purposes. Investments held are listed and traded on the Nairobi Stock Exchange.

ii Equity price risk

The company has a defined investment policy which sets limits on the company's exposure to equities both in aggregate terms and by industry.

This policy of diversification is used to manage the company's price risk arising from its investments in equity securities. Listed equity securities represent 80% (2024: 79%) of total equity investments.

If equity market indices had increased/decreased by 10%, with all other variables held constant, and all the company's equity investments moving according to the historical correlation with the index, the profit for the year would increase/decrease by Kshs. 33,138,478 (2024: Shs 15,570,572)

Unquoted equity securities represent 20% (2024: 21%) of total equity investments.

If equity market indices had increased/decreased by 10%, with all other variables held constant, and all the company's equity investments moving according to the historical correlation with the index, the profit for the year would increase/decrease by Kshs. 7,306,679 (2024: Nil)

iii Currency risk

Foreign currency exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The company primarily transacts in Kenya shilling and its assets and liabilities are denominated in the same currency.

The company is not exposed to material currency risk.

NOTES (CONTINUED)

5 Management of insurance and financial risk

5.1 Financial risk (Continued)

b) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

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

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

In assessing whether the credit risk on a financial asset has increased significantly, the company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition.

In doing so, the company considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort.

There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For these purpose defaults is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations.

However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

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

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

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

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

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

NOTES (CONTINUED)

5 Management of insurance and financial risk

5.1 Financial risk (Continued)

c) Credit risk (Continued)

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

Basis for measurement of loss allowance

As at 31 December 2025	**12-month expected credit losses Kshs**	**Lifetime expected credit losses Kshs**	**Total Kshs**
Gross carrying amount	16,843,608,470	16,843,608,470	16,843,608,470
Loss allowance			
Receivables arising out of direct insurance arrangements	17,821,028	-	17,821,028
Receivables arising out of reinsurance arrangements	58,175,674	530,484,875	588,660,549
Government securities	51,740,188	-	51,740,188
Other receivables	15,914,142	-	15,914,142
Deposits with financial institutions	12,547,838	33,988,017	46,535,855
Policy loans receivable	8,567,380	-	8,567,380
Cash and bank balances	360,404	-	360,404
Total loss allowance	165,126,654	564,472,892	729,599,546
Exposure to credit risk	16,678,481,816	16,279,135,578	16,114,008,924
As at 31 December 2024			
Gross carrying amount	10,459,064,260	10,459,064,260	10,459,064,260
Loss allowance			
Receivables arising out of direct insurance arrangements	17,029,464	-	17,029,464
Receivables arising out of reinsurance arrangements	107,589,706	541,771,415	649,361,121
Government securities	6,329,862	-	6,329,862
Deposits with financial institutions	10,225,358	33,988,017	44,213,375
Cash and bank balances	636,537	-	636,537
Other receivables	(10,294,942)	25,738,715	15,443,773
Policy loans receivable	(42,519,831)	49,011,639	6,491,808
Total loss allowance	88,996,154	650,509,786	739,505,940
Exposure to credit risk	10,370,068,106	9,808,554,474	9,719,558,320

NOTES (CONTINUED)

5 Management of insurance and financial risk (Continued)

5.2 Financial risk (Continued)

b) Credit risk (Continued)

Basis for measurement of loss allowance (continued)

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

- financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;
- financial assets that are credit impaired at the balance sheet date;
- trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

The age analysis of receivables arising out of direct insurance arrangements and out of reinsurance arrangements at the end of each year was as follows:

	Receivables arising out direct insurance arrangements		Receivables arising out of reinsurance arrangements	
	2025	**2024**	**2025**	**2024**
	Shs	**Shs**	**Shs**	**Shs**
0 to 30 days past	189,963,203	178,961,393	1,493,405,136	1,816,073,333
31 to 60 days past	585,072	221,623	40,000	5,385,258
61 to 90 days past	349,062	3,324,570	360,212,432	29,413,981
Over 90 days past	61,293,014	10,456,010	1,127,971,167	1,318,309,258
Expected credit losses	(17,821,028)	(17,029,464)	(58,175,674)	(107,589,706)
Incurred credit losses	-	-	(530,484,875)	(541,771,415)
	234,369,323	175,934,132	2,392,968,186	2,519,820,709

NOTES (CONTINUED)

5 Management of insurance and financial risk (Continued)

5.2 Financial risk (Continued)

b) Credit risk (Continued)

The changes in the loss allowance during the year were as follows:

Basis for measurement of loss allowance	**12-month expected credit losses**	**Lifetime expected credit losses**	**Total**
Year ended 31 December 2025	**Shs**	**Shs**	**Shs**
At start of year	224,550,654	568,181,979	792,732,633
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	75,338,936	(86,036,894)	(10,697,958)
At end of year	299,889,590	482,145,085	782,034,675
Year ended 31 December 2024			
At start of year	129,688,505	642,932,333	772,620,838
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	94,862,149	(74,750,354)	20,111,795
At end of year	224,550,654	568,181,979	792,732,633

The loss allowances at the end of each year relate to the following;

Basis for measurement of loss allowance			
As at 31 December 2025			
Receivables arising out of direct insurance arrangements	17,821,028	-	17,821,028
Receivables arising out of reinsurance arrangements	58,175,674	530,484,875	588,660,549
Government securities - 'Amortised Cost'	51,740,188	-	51,740,188
Deposits with financial institutions	12,547,838	33,988,017	46,535,855
Cash and bank balances	360,404	-	360,404
Other receivables	15,914,142	-	15,914,142
Policy loans receivable	8,567,380	-	8,567,380
Total	165,126,654	564,472,892	729,599,546
As at 31 December 2024			
Receivables arising out of direct insurance arrangements	17,029,464	-	17,029,464
Receivables arising out of reinsurance arrangements	107,589,706	541,771,415	649,361,121
Government securities - 'Amortised Cost'	6,329,862	-	6,329,862
Deposits with financial institutions	10,225,358	33,988,017	44,213,375
Cash and bank balances	636,537	-	636,537
Other receivables	(10,294,942)	25,738,715	15,443,773
Policy loans receivable	(42,519,831)	49,011,639	6,491,808
	88,996,154	650,509,786	739,505,940

The company does not hold any collateral against the past due or impaired receivables. Management continues to actively follow up past due receivables

NOTES (CONTINUED)

5 Management of insurance and financial risk (Continued)

5.2 Financial risk (Continued)

c) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk of the company is the obligation to pay claims to policyholders as they fall due.

The projected settlement of these liabilities is modelled, on a regular basis, using actuarial techniques. The board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover anticipated liabilities and unexpected levels of demand.

The maturity profile of assets and liabilities is as shown below.

	Up to 3 months	4 to 12 months	1 to 5 years	No fixed maturity	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
As at 31 December 2025					
Liabilities					
Insurance contract liabilities	353,321,810	-	-	3,618,327,914	3,971,649,724
Deposit administration contracts Liabilities	-	-	-	13,867,958,423	13,867,958,423
Reinsurance contract liabilities	-	-	-	231,870,965	231,870,965
Other payables	231,870,965	-	-	42,306,397	189,564,568
Lease liabilities	7,754,202	23,262,607	93,050,429	-	124,067,238
	592,946,977	23,262,607	93,050,429	17,675,850,905	18,385,110,918
As at 31 December 2024					
Liabilities					
Insurance contract liabilities	739,700,652	-	-	2,799,372,397	3,539,073,049
Deposit administration contracts Liabilities	-	-	-	7,701,186,157	7,701,186,157
Reinsurance contract liabilities	108,087,523	-	-	-	108,087,523
Other payables	223,545,548	-	-	-	223,545,548
Lease liabilities	5,394,516	16,183,548	62,199,784	-	83,777,848
	1,076,728,239	16,183,548	62,199,784	10,500,558,554	11,655,670,125

NOTES (CONTINUED)

5 Management of insurance and financial risk (Continued)

5.2 Financial risk (Continued)

c) Liquidity risk (Continued)

Comparison by class of the carrying amount and fair values of the financial instruments

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Management has assessed that investment in Government securities- treasury bills, deposits with financial institutions, cash and bank balances, other receivables, receivables arising out of direct insurance arrangements, receivables arising out of reinsurance arrangements trade receivables, trade payables, other payables, borrowings and payables arising out of reinsurance arrangements approximate their carrying amounts largely due to the short-term maturities of these instruments.

The table below sets out the company's classification of each class of financial assets and liabilities, and comparison of the carrying amount and their fair values:

As at 31 December 2025	Level 1 Kshs	Level 3 Kshs	Total Kshs
Assets			
Financial assets			
Quoted shares at fair value through profit or loss	1,093,653,665	-	1,093,653,665
Unquoted investments	-	297,597,756	297,597,756
Total assets	1,093,653,665	297,597,756	1,391,251,421
As at 31 December 2024			
Assets			
Financial assets			
Quoted shares at fair value through profit or loss	736,619,280	-	736,619,280
Unquoted investments	-	200,000,000	200,000,000
Total assets	736,619,280	200,000,000	936,619,280

NOTES (CONTINUED)

5 Management of insurance and financial risk (Continued)

5.2 Financial risk (Continued)

c) Liquidity risk (Continued)

Comparison by class of the carrying amount and fair values of the financial instruments (continued)

Financial assets by category

	Loans and Receivables Shs	**Financial assets at fair value through profit or loss upon initial recognition Shs**	**Held to Maturity Shs**	**Total Shs**
As at 31 December 2025				
Quoted shares	-	1,093,653,665	-	1,093,653,665
Unquoted investments		297,597,756	-	297,597,756
Policy loans receivable	-	362,984,136	-	362,984,136
Government securities	-	8,615,925,061	1,357,515,208	9,973,440,269
Kenya Motor Insurance Pool	9,617,598	-	-	9,617,598
Reinsurance contract assets	2,613,618,694	-	-	2,613,618,694
Insurance contract assets	234,369,323	-	-	234,369,323
Other receivables	1,082,193,784	-	-	1,082,193,784
Deposits with financial institutions		-	747,073,882	747,073,882
Cash and cash equivalents	1,305,496,165			1,305,496,165
	5,245,295,564	10,370,160,618	2,104,589,090	17,720,045,272
As at 31 December 2024				
Quoted shares	-	736,619,280	-	736,619,280
Unquoted investments	-	200,000,000	-	200,000,000
Policy loans receivable	287,967,555		-	287,967,555
Government securities	-	4,002,247,303	1,261,586,543	5,263,833,846
Kenya Motor Insurance Pool	10,116,545		-	10,116,545
Reinsurance contract assets	2,772,760,575		-	2,772,760,575
Insurance contract assets	175,934,132		-	175,934,132
Other receivables	523,611,986		-	523,611,986
Deposits with financial institutions			767,857,816	767,857,816
Cash and cash equivalents	332,185,276		-	332,185,276
	4,102,576,069	4,938,866,583	2,029,444,359	11,070,887,011

NOTES (CONTINUED)

5 Management of insurance and financial risk (Continued)

5.2 Financial risk (Continued)

c) Liquidity risk (Continued)

Comparison by class of the carrying amount and fair values of the financial instruments (continued)

Financial Liabilities by category

	2025			2024		
Financial liabilities	**Financial liabilities at fair value through profit or loss Kshs**	**Financial liabilities at amortized cost Kshs**	**Total Kshs**	**Financial liabilities at fair value through profit or loss Kshs**	**Financial liabilities at amortized cost Kshs**	**Total Kshs**
Insurance contract liabilities	3,971,649,724	-	3,971,649,724	3,539,073,049	-	3,539,073,049
Deposit administration contracts liabilities	-	13,867,958,423	13,867,958,423		7,701,186,157	7,701,186,157
Reinsurance contract liabilities	-	231,870,965	231,870,965	-	108,087,523	108,087,523
Other payables	-	189,564,568	189,564,568	-	223,545,548	223,545,548
Lease liabilities	124,067,238	-	124,067,238	83,777,848	-	83,777,848
Deferred tax	-	118,599,155	118,599,155	-	145,885,135	145,885,135
Bank overdraft	-	-	-	-	203,027,370	203,027,370
	4,095,716,962	14,407,993,111	18,503,710,073	3,622,850,897	8,381,731,733	12,004,582,630

NOTES (CONTINUED)

5 Management of insurance and financial risk (Continued)

5.2 Capital Management

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

- to comply with the capital requirements as set out in the Kenyan Insurance Act;
- to comply with regulatory solvency requirements as set out in the Kenyan Insurance Act;
- to safeguard the company's ability to continue as a going concern, so that it can continue
- to provide returns to shareholders and benefits for other stakeholders;
- to maintain a strong asset base to support the development of business;
- to maintain an optimal capital structure to reduce the cost of capital; and
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

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

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

	2025 Kshs	2024 Kshs
Tier-1 Capital	1,107,672,195	915,631,529
Deductions	110,710,059	148,187,894
Total Capital Available (TCA)	**996,962,136**	**767,443,635**
Absolute Amount Minimum 1	400,000,000	400,000,000
Volume of Business Minimum 2	868,424,330	527,631,137
Risk Based Capital Minimum	705,381,110	590,508,852
Minimum Required Capital	**868,424,330**	**590,508,852**
Capital Adequacy Ratio	115%	130%

6. Insurance Service revenue

	2025	2024
a) Individual Life		
Expected insurance service expenses incurred:	224,571,079	236,744,725
Expected Release of Risk Adjustment	17,782,230	130,686,174
Recovery of insurance acquisition cash flows	88,814,261	18,112,367
CSM recognized for services provided	131,985,622	35,993,794
Total	463,153,192	421,537,060
b) Group Life		
PAA Premium Reserve Release		
Gross written premium	1,645,345,014	1,355,480,367
Unearned premium reserve brought forward	519,860,806	465,583,858
Unearned premium reserve carried forward	(500,245,203)	(519,860,806)
Earned Premium	1,664,960,617	1,301,203,419
Total Insurance Service Revenue	2,128,113,809	1,722,740,479

NOTES (CONTINUED)

7. Insurance Service Expenses

		2025 Kshs	2024 Kshs
a)	**Individual Life**		
	Actual Claims and Expenses Incurred	214,126,812	152,412,482
	Expected Claims and Expenses for Loss Component	6,051,159	18,036,186
	Expected Release of RA For Loss Component	-	923,126
	DAC Release	88,814,261	35,993,794
	Increase in Losses on Onerous Contracts	89,299,870	160,428,704
		398,292,102	367,794,292
b)	**Group Risk**		
	Actual Claims	537,938,592	318,650,463
	Administration Expenses	638,968,938	293,684,241
	Other movements related to current service	(47,264,750)	(36,440,597)
	Incurred insurance service expenses:	*1,129,642,780*	*575,894,107*
	Amortisation of insurance acquisition cash flows	*103,680,664*	*56,859,248*
	Changes in estimates in Lability for Incurred Claims	585,279,559	591,341,609
	Experience adjustments in claims and other insurance service expenses in liability for incurred claims	(93,053,048)	3,578,528
	Changes that relate to past service:	*492,226,511*	*594,920,137*
	Total	1,725,549,955	1,227,673,492
	Total Insurance Service Expenses	2,123,842,057	1,595,467,784

8. Reinsurance Asset

		2025	2024
a)	**Insurance Service Revenue**		
	PAA Premium Reserve Release -earned premium	275,353,776	234,230,110
	Unearned premium reserve brought forward	100,411,022	76,071,545
	Unearned premium reserve carried forward	(108,627,535)	(100,411,022)
	Total	267,137,263	209,890,633
b)	**Insurance Service Expense**		
	Actual Claims and Expenses Incurred	149,119,544	189,279,117
	Other movements related to current service	2,971,861	46,820,130
		152,091,405	*236,099,247*
	Fulfilment cash flows	146,320,076	83,881,697
	Service expenses in Liability for Incurred Claims	12,889,293	(30,563,060)
		159,209,369	*53,318,637*
	Total	311,300,774	289,417,884
	Insurance Service Result	44,163,511	79,527,251
	Insurance Finance Expense		
	Finance effect for incurred claims in P&L	10,185,870	(27,270,070)
	Net results from reinsurance arrangement	**54,349,381**	**52,257,181**

NOTES (CONTINUED)

9. Investment income

	2025 Kshs	2024 Kshs
Interest on government securities	1,001,593,801	560,375,446
Interest on deposits with financial institutions	109,447,739	121,146,038
Interest on policy loans (Note 21)	47,527,704	34,493,132
Rental income from investment properties	10,860,242	9,200,907
Investment property expenses	(3,267,366)	(3,664,540)
Gain on revaluation of investment properties (Note 19)	-	5,027,000
Dividend income	76,900,106	98,612,941
Fair value gains on Financial Assets - Through P&L	315,821,706	492,846,252
Gain on revaluation of quoted shares (Note 20)	331,384,781	155,705,715
Gain on revaluation of unquoted shares (Note 20)	97,597,756	-
Share of profit from Kenya Motor Insurance Pool (Note 24)	2,012,926	800,009
Other investment income	3,425,760	6,569,387
	1,993,305,155	1,481,112,287

10. Insurance Finance Expense

	2025 Kshs	2024 Kshs
a) Individual Life		
The effect of time value of money and changes in the time value of money	298,275,845	299,824,928
The effect of financial risk and changes in financial risk	59,109,559	161,545,380
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(16,148,275)	(21,082,765)
Interest declared under investment contracts	-	13,706,714
	341,237,129	453,994,258
b) Group Risk		
Finance effect for remaining coverage to P&L	52,476,769	54,780,400
Finance effect for incurred claims in P&L	40,743,077	68,068,460
Interest declared under investment contracts	1,273,615,665	783,587,486
	1,366,835,511	906,436,345
Total Insurance Finance Expenses	1,708,072,640	1,360,430,603

11. Operating and other expenses

	2025 Kshs	2024 Kshs
Operating expenses	271,568,502	249,088,281
Staff costs (Note 13)	241,505,297	194,068,933
Director's remuneration	39,678,699	34,844,999
Directors' fees	16,662,374	14,422,299
Repairs and maintenance	16,561,917	16,441,355
Depreciation on property and equipment (Note 16)	10,595,105	8,890,555
Operating lease rentals	3,807,697	8,477,967
Amortisation of intangible assets (Note 17)	6,003,357	8,558,667
Auditors' remuneration: audit and audit related services	4,650,000	3,480,000
	611,032,948	538,273,056
Other operating expenses	132,642,768	115,986,315
	743,675,715	654,259,371

NOTES (CONTINUED

12. Impairment losses

	2025	2024
	Kshs	**Kshs**
Impairment losses on policy loans (Note 21)	2,075,572	(42,519,831)
Impairment provisions for receivables	(8,740,600)	(8,794,128)
Expected credit losses on assets	(21,277,590)	45,037,910
	(27,942,618)	(6,276,049)

13. Staff costs

Salaries and wages	207,454,610	173,127,084
Insurance	21,228,935	20,757,407
Staff leave accrual	2,093,134	(1,719,056)
Pension costs:		
Defined Contribution scheme	20,796,015	17,479,011
National Social Security Fund	5,542,413	2,868,018
Other staff costs	24,068,889	16,401,468
Directors remuneration included in salaries & wages	(39,678,699)	(34,844,999)
	241,505,297	194,068,933

The average number of staff during the year were 108 (2024: 107).

14. Tax

Current tax	-	15,000,000
Deferred tax (credit)/charge (Note 39)	(15,829,786)	33,701,086
	(15,829,786)	48,701,086

a) Tax (credit)/charge

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

Profit before tax	211,210,880	184,225,245
Tax calculated at a tax rate of 30% (2024: 30%)	63,363,264	55,267,574
Tax effect of:		
income less expenses not subject to tax	(79,193,050)	(6,566,487)
Tax (credit)/charge	(15,829,786)	48,701,086

b) Reconciliation of tax (recoverable)

At start of year	(35,031,498)	(33,011,143)
Current tax charge	-	15,000,000
Paid during the year	(4,843,861)	(17,020,355)
At end of year	(39,875,359)	(35,031,498)

15. Earnings per share

Total number of shares in issue during the year (Note 31)	6,000,000	4,000,000
Profit for the year	227,040,666	135,524,159
Basic and diluted earnings per share	37.84	33.88

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

NOTES (CONTINUED)

16. Property and equipment

	Motor vehicles Kshs	Fittings and equipment Kshs	Computer equipment Kshs	Total Kshs
Year ended 31 December 2025				
Cost				
At start of year	34,358,442	56,478,799	58,405,351	149,242,592
Additions	-	12,588,680	7,714,301	20,302,981
At end of year	34,358,442	69,067,479	66,119,652	169,545,573
Depreciation				
At start of year	24,955,051	47,651,259	47,152,655	119,758,965
Charge for the year	3,223,100	3,200,585	4,171,420	10,595,105
At end of year	28,178,151	50,851,844	51,324,075	130,354,070
Net book value	6,180,291	18,215,635	14,795,577	39,191,503
Year ended 31 December 2024				
Cost				
At start of year	34,358,442	53,154,817	55,362,711	142,875,970
Additions	-	3,323,982	6,677,835	10,001,817
Disposals	-	-	(3,635,195)	(3,635,195)
At end of year	34,358,442	56,478,799	58,405,351	149,242,592
Depreciation				
At start of year	21,731,951	45,034,512	47,737,142	114,503,605
Charge for the year	3,223,100	2,616,747	3,050,708	8,890,555
Disposals	-	-	(3,635,195)	(3,635,195)
At end of year	24,955,051	47,651,259	47,152,655	119,758,965
Net book value	9,403,391	8,827,540	11,252,696	29,483,627

17. Intangible assets (computer software)

	2025 Kshs	2024 Kshs
Cost		
At start of year	72,730,758	68,488,878
Additions	12,517,935	4,241,880
At end of year	85,248,693	72,730,758
Amortisation		
At start of year	65,034,157	56,475,490
Charge for the year	6,003,357	8,558,667
At end of year	71,037,514	65,034,157
Net book value	14,211,179	7,696,601

Included in the cost of intangible assets above is an amount of Kshs. 58,330,987 (2024: Kshs. 26,854,370) fully amortized assets.

NOTES (CONTINUED)

18. Right of use asset

	2025 Kshs	2024 Kshs
At start of year	70,915,422	75,738,008
Additions	60,927,943	18,693,259
Disposals	-	(1,520,929)
Depreciation charge for the year	(28,528,216)	(21,994,916)
At end of year	103,315,149	70,915,422

The company leases various offices across the country. The leases of offices are typically for periods of between 5 years and 7 years. None of the leases contains any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

19. Investment properties

	2025 Kshs	2024 Kshs
At start of year	1,706,200,000	1,701,173,000
Fair value gain (Note 9)	-	5,027,000
At end of year	1,706,200,000	1,706,200,000

The fair value of investment property was determined by reference to the market prices of similar properties of the type and in the area in which the property is situated. The valuation was carried out by Rubyland Limited and Nnamdi Maende & Associates on 31 December 2025.

The fair valuation of investment properties is done using the Level 1 technique as described in the basis of preparation of these financial statements.

20. Financial assets at fair value through profit or loss

a) Quoted investments

	2025 Kshs	2024 Kshs
At start of year	736,619,280	32,428,717
Additions	158,856,079	966,299,105
Disposals	(133,206,475)	(417,814,257)
Fair value gain charged to P & L (Note 9)	331,384,781	155,705,715
At end of year	1,093,653,665	736,619,280

These relate to investment in quoted equities traded at the Nairobi Securities Exchange. The fair valuation is done using the Level 1 technique as described in the basis of preparation of these financial statements.

b) Unquoted investments

	2025 Kshs	2024 Kshs
At start of year	200,000,000	100,000,000
Addition	-	200,000,000
Disposal	-	(100,000,000)
Fair value gain	97,597,756	-
At end of year	297,597,756	200,000,000

The company divested its investment of Kshs 100 million in Pioneer General Insurance Limited. The company also invested in Pioneer Life Investments Limited, a non-trading investment company, which currently holds a 3.06% stake in Sidian Bank Limited. The valuation has been done using the equity method.

NOTES (CONTINUED)

21. Policy loans receivable

	2025 Kshs	2024 Kshs
At start of year	294,459,363	282,372,222
Loans advanced	347,598,196	231,478,212
Interest charged (Note 9)	47,527,704	34,493,132
Loan repayments	(318,033,746)	(253,884,203)
	371,551,516	294,459,363
Less: Expected credit losses	(8,567,380)	(6,491,808)
At end of year	362,984,136	287,967,555

Movement in expected credit losses

	2025 Kshs	2024 Kshs
At start of year	6,491,808	49,011,639
Increase of provision (Note 12)	2,075,572	(42,519,831)
At end of year	8,567,380	6,491,808

Maturity of gross amounts advanced

	2025 Kshs	2024 Kshs
Maturing:		
Within 1 year	48,277,938	32,201,269
1 year to 2 years	54,846,443	74,680,855
Above 3 years	268,427,135	187,577,239
	371,551,516	294,459,363

The weighted average effective interest rate on policy loans was 14% (2024:14%) The collateral for the policy loans is the cash surrender value of the underlying policy. In case of default, the loan is written off against the cash surrender value.

Impairment loss has been assessed on policy loans that are no longer being repaid by the policy holders. The impaired amount is the balance in excess of the security that the company holds.

22. Government securities – Held to Maturity

	2025 Kshs	2024 Kshs
At start of year	1,261,586,343	867,915,206
Purchase	348,900,000	657,000,000
Maturity	(225,102,085)	(235,800,000)
At end of year	1,385,384,458	1,289,115,206
Unearned interest	(154,459)	(17,185,716)
Premium on bonds	4,884,579	3,315,746
Expected credit losses	(12,386,071)	(6,329,862)
Discount on purchase	(20,213,299)	(7,328,831)
At end of year	1,357,515,208	1,261,586,543

Maturity profile:

	2025 Kshs	2024 Kshs
Maturing after 91 days but less than 1 year	137,815,206	285,500,000
Maturing after 1 year less than 5 years	408,569,252	480,665,206
Maturing after 5 years less than 10 years	325,150,000	198,000,000
Maturing after 10 years	513,850,000	324,950,000
	1,385,384,458	1,289,115,206

Treasury bonds and bills are debt securities issued by the Government of Kenya and are classified as held to maturity. The effective interest rate realised on these securities for the year ended 31 December 2025 was 13.68% (2024: 14.45%).

NOTES (CONTINUED)

22. Government securities – Held to maturity (Continued)

Included in Government securities are treasury bonds and treasury bills with Central Bank of Kenya amounting to Kshs. 1,028 Million (2024: Kshs. 643 million) which are under lien as required by the Insurance Regulatory Authority. The company has the intention and ability to hold the securities until maturity.

23. Government securities- At Fair value Through profit or loss

	2025 Kshs	2024 Kshs
At start of year	4,002,247,303	-
Purchase	4,511,341,860	4,723,132,159
Maturity/Sales	(197,700,878)	(1,119,569,269)
Fair Value Gains	339,390,893	418,796,207
Subtotal	8,655,279,178	4,022,359,098
Expected Credit Losses	(39,354,117)	(20,111,795)
At end of year	8,615,925,061	4,002,247,303
Maturity profile		
Maturing after 91 days but less than 1 year	157,699,648	84,317,722
Maturing after 1 year less than 5 years	2,305,399,423	1,609,747,615
Maturing after 5 years less than 10 years	3,298,717,011	1,936,308,023
Maturing after 10 years	2,893,463,096	391,985,738
	8,655,279,178	4,022,359,098

The above government securities are held at fair value through profit or loss and are available for sale. The securities are traded on the securities exchange and valuation is done using the NSE yield curve.

24. Kenya motor insurance pool (KMIP)

	2025 Kshs	2024 Kshs
At start of year	10,116,545	9,316,536
Proceeds from Disposal	(2,511,873)	-
Share of profit (Note 9)	2,012,926	800,009
At end of year	9,617,598	10,116,545

This represents the company's share of the net assets of the pool.

25. Reinsurance Contract Assets

	2025	2024
Liability for Incurred claims		
Incurred But Not Reported and Outstanding Claims Reserves	226,235,228	268,201,368
Effect of Discounting	(29,055,127)	(75,723,929)
Risk Adjustment	11,830,806	11,548,646
	209,010,907	204,026,085
Liability for Remaining Coverage		
Unearned Premium Reserve	11,639,601	48,913,781
	220,650,508	252,939,866

NOTES (CONTINUED)

26. Receivables from reinsurance arrangements

	2025	2024
	Kshs	Kshs
Claims recoverable	2,981,628,735	3,169,181,830
Expected credit losses	(58,175,674)	(107,589,706)
Incurred credit losses	(530,484,875)	(541,771,415)
	2,392,968,186	2,519,820,709

The amounts receivable do not carry interest. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

27. Receivables from direct insurance arrangements

	2025	2024
	Kshs	Kshs
Check off schemes	46,981,954	86,095,971
Direct clients	205,208,397	106,867,625
Expected Credit loss	(17,821,028)	(17,029,464)
	234,369,323	175,934,132

28. Other receivables

Interest receivable	418,845,925	261,274,502
Deferred acquisition costs	255,250,872	125,452,491
Deposits	246,104,058	41,153,165
Other sundry debtors	52,319,033	6,670,294
Agents' loans and advances	36,433,248	42,892,910
Loans & advances to key management staff (Note 40)	34,808,209	20,833,782
Staff loans and advances	32,320,982	15,045,850
Prepayments	19,205,833	24,505,876
Rent receivable	2,819,766	1,226,889
Expected credit losses	(15,914,142)	(15,443,773)
	1,082,193,784	523,611,986

The carrying amounts of the company's other receivables are denominated in Kenya Shillings

29. Deposits with financial institutions

	2025	2024
Maturing:	Kshs	Kshs
Maturing between 90 days and 1 year	793,609,737	812,071,191
Expected credit losses	(12,547,838)	(10,225,358)
Incurred credit losses	(33,988,017)	(33,988,017)
	747,073,882	767,857,816

These relate to investments in fixed and call deposits. The weighted average effective interest rate on deposits with financial institutions at the reporting date was 11.11% (2024: 14.01%).

NOTES (CONTINUED)

30 Cash and cash equivalents

	2025	2024
	Kshs	**Kshs**
Cash at bank and in hand	43,856,569	60,967,689
Deposits with financial institutions maturing within 91 days	1,262,000,000	271,854,124
Expected credit losses	(360,404)	(636,537)
Cash and Bank balances	1,305,496,165	332,185,276
Bank overdraft	-	(203,027,370)
Net cash and Cash Equivalents	1,305,496,165	129,157,906

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the above.

31 Share capital

	2025	2024
	Kshs	**Kshs**
Authorized:		
10,000,000 (2024: 4,000,000) ordinary shares of Shs. 100 each	1,000,000,000	400,000,000

The authorized share capital was increased on 31 December 2025 from Shs 400,000,000 representing 4,000,000 ordinary shares of Shs 100 each to Shs 1,000.000,000 representing ordinary 10,000,000 ordinary shares of Shs 100 each.

Issued and fully paid:		
6,000,000 (2024: 4,000,000) ordinary shares of Shs. 100 each	600,000,000	400,000,000

On 31 December 2025, a bonus issue of one share for every two shares held was made by capitalizing Shs 200,000,000 from retained earnings. A total of 2,000,000 shares were issued

The issued and paid share capital of the company was increased on 31 December 2025 from shs 400,000,000 to Shs 600,000,000 by the issuance of 2,000,000 ordinary shares of Shs 100 each.

32. Statutory fund

The statutory fund represents a reserve maintained within the long-term insurance business and represents unallocated surpluses from previous actuarial valuations as required by the Kenyan Insurance Act. Transfers from this fund are made upon recommendation of the actuary.

	2025	2024
	Kshs	**Kshs**
At start of year	232,406,328	155,529,911
Transfer (to)/from profit or loss net of deferred tax	(36,936,168)	76,876,417
At end of year	195,470,160	232,406,328

NOTES (CONTINUED)

33. Retained earnings

Retained represents earnings retained by the company to support its core business activities.

34. Insurance contract liabilities

	2025	2024
Individual Life and Annuities	**Kshs**	**Kshs**
Best Estimate Liabilities	2,523,282,984	2,034,610,459
Risk Adjustment	97,318,459	71,728,159
Contractual Service Margin	373,798,055	369,770,672
	2,994,399,498	2,476,109,290
Group Risk		
Unearned Premium Reserve	141,206,599	246,859,449
Total Liability for Remaining Coverage	3,135,606,097	2,722,968,739
Liability for Incurred Claims		
Outstanding Claims Reserves & Incurred but Not Reported	904,940,913	1,072,805,431
Effect of Discounting	(116,220,510)	(302,895,705)
Risk Adjustment	47,323,224	46,194,584
	836,043,627	816,104,310
Total Insurance Contract Liabilities	3,971,649,724	3,539,073,049

35. Deposit administration contracts Liabilities

At start of year	7,701,186,157	1,791,206,014
Deposits received during the year	5,658,100,495	5,950,702,976
Benefits paid	(715,305,586)	(701,702,805)
Deposit administration expenses	(49,638,308)	(31,533,687)
Interest declared	1,273,615,665	692,513,659
At end of year	13,867,958,423	7,701,186,157

Deposit administration contracts are recorded at amortized cost. The liabilities are shown inclusive of interest accumulated to the reporting date. Interest was declared and credited to the client accounts at a weighted average rate of 12.25% for the year (2024: 12%).

Members' contributions accrue interest from receipt date and cease accruing interest upon withdrawal. Interest is credited as per the received returns less administration expenses subject to the minimum guaranteed rate of return

NOTES (CONTINUED)

	2025 Kshs	2024 Kshs
36. Reinsurance contract liabilities		
Group Life	231,870,965	108,087,523

The balance at the reporting date represents premiums owed to reinsurers with respect to business in excess of the company's retention limits at year end.

37. Other payables	2025 Kshs	2024 Kshs
Other sundry creditors	79,544,182	51,030,214
Payable to related party (Note 40)	61,949,009	125,065,920
Commission payable	25,757,972	24,732,718
Accrued expenses	11,165,296	14,128,179
Provision for accrued leave	5,805,798	3,712,664
Agent's bonds	5,342,311	4,875,853
	189,564,568	223,545,548

The carrying amounts disclosed above reasonably approximate fair value at the reporting date due to their short-term nature. The amounts payable do not carry interest and are due within period ranging from 30 days to 180 days.

38. Lease liabilities	2025 Kshs	2024 Kshs
Lease liabilities	124,067,238	83,777,848
Reconciliation of lease liabilities:		
At start of year	83,777,848	85,486,211
New lease obligations	60,927,943	18,693,259
Interest charged to profit or loss	18,149,898	11,248,474
Cash flows:		
Operating activities (interest paid)	(18,149,898)	(11,248,474)
Payment of lease obligations	(20,638,553)	(20,401,622)
At end of year	124,067,238	83,777,848

NOTES (CONTINUED)

39. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2024: 30%), and 15% (2024:15%) on capital gains of investment properties. The movement on the deferred tax account is as follows:

	2025	2024
	Kshs	Kshs
At start of year	145,885,135	112,184,049
(Credit)/charge to profit or loss (Note 14)	(15,829,786)	33,701,086
At end of year	130,055,349	145,885,135

Deferred tax liabilities and deferred tax charge to profit or loss are attributable to the following items:

Deferred tax liabilities	At start of year Kshs	(Credit) to profit or loss Kshs	At end of year Kshs
Statutory reserve	99,602,713	(15,829,786)	83,772,927
Investment property fair value gains	46,282,422	-	46,282,422
	145,885,135	(15,829,786)	130,055,349

40. Related parties' transactions

In the normal course of business, insurance policies are sold to related parties at terms and conditions similar to those offered to other clients. Details of related parties' balances and transactions are as follows:

	2025	2024
Transactions with related parties	Kshs	Kshs
Gross premiums	177,719,397	12,381,017
Claims Incurred	6,315,278	1,275,000
Commission paid	6,441,298	885,626
ii) Outstanding balances		
Outstanding premiums	2,697,629	1,795,909
Outstanding claims	-	40,000
Payable to related company (Note 37)	61,949,009	125,065,920
Loans & advances to key management staff (Note 28)	34,808,209	20,833,782
iii) Key management personnel compensation		
Salaries and other short-term employment benefits	88,534,464	70,883,036
Post-employment benefits	6,010,296	4,963,598
	94,544,760	75,846,634
iv) Director's remuneration		
Fees	16,662,374	14,422,299
Other remuneration included in key management above	39,678,699	34,844,999
	56,341,073	49,267,298

NOTES (CONTINUED)

41. Contingencies

Litigation against the company is common with the insurance industry in general, the company is subject to litigation arising in the normal course of insurance business.

The directors are of the opinion the ongoing litigations as at the reporting date will not have material effect on the financial position or profits of the company.

42. Events after the reporting date

The directors are not aware of events after the reporting date that requires disclosure or an adjustment to the financial statements as at the date of this report.

NOTES (CONTINUED)

43. Movements in insurance contract liabilities analysed between liabilities for remaining coverage (LRC) and incurred claims (LIC) Group life – For the period ended 31 December 2025

	LRC Excluding Loss Component	LIC Estimates of PV of Future Cash Flows	Risk Adjustment for non-financial risk	Total
Opening Insurance contract liabilities	**233,152,734**	**769,909,726**	**46,194,584**	**1,049,257,044**
Insurance Revenue				
Full Retrospective approach	(1,664,960,617)	-	-	(1,664,960,617)
Insurance Service Expenses				
Claims	-	481,689,746	56,248,846	537,938,592
Expenses	-	240,411,473	-	240,411,473
Other movements related to current service	-	-	(47,264,750)	(47,264,750)
Incurred insurance service expenses:		722,101,219	8,984,096	731,085,315
Amortisation of insurance acquisition cash flows	103,680,664	-	-	103,680,664
Changes that relate to past service (fulfilment cash flows)	-	505,292,063	(13,065,552)	492,226,511
Total Insurance Service Expenses	103,680,664	1,227,393,282	(4,081,456)	1,326,992,490
Total Insurance Service Result	*(1,561,279,952)*	*1,227,393,282*	*(4,081,456)*	*(337,968,126)*
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	-	88,009,749	5,210,097	93,219,846
Total Changes in Performance	*(1,561,279,952)*	*1,315,403,031*	*1,128,641*	*(244,748,280)*
Cash flows (Actual cashflows in the period)				
Premiums and premium tax received	1,590,652,983	-	-	1,590,652,983
Claims and other insurance service expenses paid,		(1,296,592,355)	-	(1,296,592,355)
Insurance acquisition cash flows	(121,319,165)	-	-	(121,319,165)
Total Cash flows	*1,469,333,818*	*(1,296,592,355)*		*172,741,463*
Net Closing balance	141,206,600	788,720,403	47,323,224	977,250,227
Closing Insurance contract liabilities	**141,206,600**	**788,720,403**	**47,323,224**	**977,250,227**

44. Movements in insurance contract liabilities analysed between liabilities for remaining coverage (LRC) and incurred claims (LIC) Individual life – For the period ended 31 December 2024

	Liabilities for Remaining Coverage Excluding Loss Component	Loss Component	Liabilities for Incurred claims Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
Opening Insurance contract liabilities	202,040,773	-	833,470,511	49,984,234	1,085,495,518
Net Opening balance	**202,040,773**	**-**	**833,470,511**	**49,984,234**	**1,085,495,518**
Insurance Revenue					
Full Retrospective approach	(1,301,203,419)	-	-	-	(1,301,203,419)
Total Insurance revenue - All Transition Methods	**(1,301,203,419)**	**-**	**-**	**-**	**(1,301,203,419)**
Insurance Service Expenses					
Incurred insurance service expenses:	-	-	686,605,802	5,274,620	691,880,422
Claims	-	-	276,935,246	41,715,217	318,650,463
Expenses	-	-	409,670,556	-	409,670,556
Other movements related to current service	-	-	-	(36,440,597)	-36,440,597
Amortisation of insurance acquisition cash flows	56,859,248	-	-	-	56,859,248
Changes that relate to past service (changes in fulfilment cash flows re LIC)	-	-	610,866,345	(15,946,208)	594,920,136
Total Insurance Service Expenses	56,859,248		1,297,472,147	(10,671,588)	1,343,659,806
Investment Components	-	-	-	-	-
Total Insurance Service Result	**(1,244,344,171)**		**1,297,472,147**	**(10,671,588)**	**42,456,387**
Insurance Finance Income or Expense					
The effect of and changes in time of time value of money and financial risk	-	-	115,966,921	6,881,938	122,848,859
Total Insurance Finance Income or Expense	**-**	**-**	**115,966,921**	**6,881,938**	**122,848,859**
Total Changes in the Statement of Financial Performance	(1,244,344,171)		1,413,439,068	(3,789,650)	165,305,246
Cash flows (Actual cashflows in the period)					
Premiums and premium tax received	1,339,517,528	-	-	-	1,339,517,528
Claims and other insurance service expenses paid, including investment components	-	-	(1,476,999,853)	-	(1,476,999,853)
Insurance acquisition cash flows	(64,061,396)				(64,061,396)

44. Movements in insurance contract liabilities analysed between liabilities for remaining coverage (LRC) and incurred claims (LIC)

Individual life – For the period ended 31 December 2024

	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	Total
Total Cash flows	1,275,456,132		(1,476,999,853)		(201,543,720)
Net Closing balance	**233,152,734**		**769,909,726**	**46,194,584**	**1,049,257,044**
Closing Insurance contract assets	-		-	-	-
Closing Insurance contract liabilities	**233,152,734**		**769,909,726**	**46,194,584**	**1,049,257,044**
Net Closing balance	**233,152,734**		**769,909,726**	**46,194,584**	**1,049,257,044**

45. Movement in Carrying Amounts - By Component - Direct - Individual life (31 December 2025)

	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Contractual service margins (CSM) Fair Value Approach	Total
Opening insurance contract assets				
Opening insurance contract liabilities	2,034,610,458	71,728,159	369,770,672	2,476,109,290
Net Opening balance	**2,034,610,458**	**71,728,159**	**369,770,672**	**2,476,109,290**
Changes that relate to current services	**(8,230,857)**	**(19,995,641)**	**(131,985,622)**	**(160,212,119)**
CSM recognized for services provided			(131,985,622)	(131,985,622)
Change in risk adjustment for non-financial risk for risk expired		(19,995,641)		(19,995,641)
Experience adjustments not related to future service	(8,230,857)			(8,230,857)
Restatement and Other Changes				
Changes that relate to future services	**(21,545,706)**	**32,651,577**	**78,193,999**	**89,299,870**
Contracts initially recognised in the year	(140,780,802)	17,622,005	147,826,895	24,668,098
Changes in estimates that adjust the CSM	70,182,094	(549,198)	(69,632,896)	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	49,053,002	15,578,770		64,631,772
Changes that relate to past services	**6,051,159**			**6,051,159**
Changes in estimates in LIC fulfilment cash flows	(3,514,403)			(3,514,403)
Experience adjustments in claims and other insurance service expenses in LIC	9,565,562			9,565,562
Total Insurance Service result	**(23,725,405)**	**12,655,936**	**(53,791,622)**	**(64,861,091)**
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	270,483,760	12,934,364	57,819,006	341,237,129
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts			-	-
Total Insurance Finance Income or Expense	**270,483,760**	**12,934,364**	**57,819,006**	**341,237,129**
Other Comprehensive Income				
The effect of and changes in time of time value of money and financial risk				
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts				
Total Other Comprehensive Income				
Total Changes in the Statement of Financial Performance	**246,758,356**	**25,590,300**	**4,027,383**	**276,376,039**
Cash flows (Actual cashflows in the period)				
Premiums and premium tax received	1,571,197,692			1,571,197,692
Claims and other insurance service expenses paid, including investment components	(990,490,408)			(923,481,950)
Insurance acquisition cash flows	(338,793,113)			(337,635,769)
Total Cash flows	**241,914,170**			**310,079,973**
Net Closing balance	**2,523,282,984**	**97,318,459**	**373,798,056**	**2,994,399,499**
Closing Insurance contract assets				
Closing Insurance contract liabilities	2,523,282,984	97,318,459	373,798,056	2,994,399,499
Net Closing balance	**2,523,282,984**	**97,318,459**	**373,798,056**	**2,994,399,499**

45. Movement in Carrying Amounts - By Component - Direct - Individual life (31 December 2024)

	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	Fair Value Approach	Total
Opening insurance contract assets				
Opening insurance contract liabilities	1,804,680,659.00	77,670,023.00	150,112,399.00	2,032,463,081.00
Net Opening balance	**1,804,680,659.00**	**77,670,023.00**	**150,112,399.00**	**2,032,463,081.00**
Changes that relate to current services	**(83,613,074.00)**	**(18,831,536.62)**	**(130,686,173.72)**	**(233,130,784.34)**
CSM recognized for services provided			(130,686,173.72)	(130,686,173.72)
Change in risk adjustment for non-financial risk for risk expired		(18,831,536.62)		(18,831,536.62)
Experience adjustments not related to future service	(83,613,074.00)			(83,613,074.00)
Restatement and Other Changes				
Changes that relate to future services	**(157,909,736.08)**	**(5,111,253.44)**	**323,449,693.10**	**160,428,703.58**
Contracts initially recognised in the year	(46,955,974.08)	12,261,649.63	103,508,822.85	68,814,498.40
Changes in estimates that adjust the CSM	(207,727,737.87)	(12,213,132.38)	219,940,870.25	-
Changes in estimates that relate to losses and reversal of losses on onerous contracts	96,773,975.87	(5,159,770.69)		91,614,205.18
Changes that relate to past services	**18,959,312.40**			**18,959,312.40**
Changes in estimates in LIC fulfilment cash flows	9,668,789.30			9,668,789.30
Experience adjustments in claims and other insurance service expenses in LIC	9,290,523.10			9,290,523.10
Total Insurance Service result	**(222,563,497.68)**	**(23,942,790.06)**	**192,763,519.38**	**(53,742,768.36)**
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	395,437,243.15	17,955,547.19	26,894,753.87	440,287,544.21
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts			-	-
Total Insurance Finance Income or Expense	**395,437,243.15**	**17,955,547.19**	**26,894,753.87**	**440,287,544.21**
Total Changes in the Statement of Financial Performance	**172,873,745.47**	**(5,987,242.87)**	**219,658,273.25**	**386,544,775.85**
Cash flows (Actual cashflows in the period)				
Premiums and premium tax received	1,217,214,013			1,217,214,013.00
Claims and other insurance service expenses paid, including investment components	(899,255,783)	45,379.00		(899,210,404.18)
Insurance acquisition cash flows	(260,902,176)			(260,902,175.99)
Total Cash flows	**57,056,054**	**45,379.00**		**57,101,432.83**
Net Closing balance	**2,034,610,458**	**71,728,159**	**369,770,672**	**2,476,109,290**
Closing Insurance contract assets				
Closing Insurance contract liabilities	2,034,610,458	71,728,159	369,770,672	2,476,109,290
Net Closing balance	**2,034,610,458**	**71,728,159**	**369,770,672**	**2,476,109,290**

46. Movement in Carrying Amounts - By LRC and LIC - Reinsurance – PAA – 31 December 2025

	Remaining Coverage	Incurred Claims Component		
	Excluding loss recovery Component	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
Opening reinsurance contract assets	48,913,781	192,477,439	11,548,646	252,939,866
Opening reinsurance contract liabilities				
Net opening balance	**48,913,781**	**192,477,439**	**11,548,646**	**252,939,866**
Allocation of the premiums paid:				
Full retrospective approach	(267,137,263)			(267,137,263)
Modified retrospective approach				
Fair value approach				
Post transition				
Total Allocation of premiums paid	**(267,137,263)**			**(267,137,263)**
Amounts recovered from reinsurance				
Recoveries of incurred claims and other insurance service expense		149,119,427	2,971,979	152,091,406
Changes related to past service (changes related to incurred claims component)		162,475,747	(3,266,378)	159,209,369
Changes that relate to future service:				
Recoveries of losses on onerous underlying contracts on initial recognition				
contracts - subsequent measurement				
Total Amounts Recovered from Reinsurance		**311,595,174**	**(294,399)**	**311,300,775**
Total Net Expenses from Reinsurance	**(267,137,263)**	**311,595,174**	**(294,399)**	**44,163,512**
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk		9,609,312	576,559	10,185,870
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts				
Total Insurance Finance Income or Expense		**9,609,312**	**576,559**	**10,185,870**
Total Changes in the Statement of Financial Performance	**(267,137,263)**	**321,204,486**	**282,160**	**54,349,383**
Cash flows (Actual cashflows in the period)				
Premiums and premium tax paid	229,863,083			229,863,083
Amounts recovered		(316,501,824)		(316,501,824)
Total cash flows	**229,863,083**	**(316,501,824)**		**(86,638,741)**
Net Closing balance	**11,639,601**	**197,180,101**	**11,830,806**	**220,650,508**
Closing reinsurance contract assets	11,639,601	197,180,101	11,830,806	220,650,508
Closing reinsurance contract liabilities				
Net Closing balance	**11,639,601**	**197,180,101**	**11,830,806**	**220,650,508**

47. Movement in Carrying Amounts - By LRC and LIC - Reinsurance – PAA - 31 December 2024

	Remaining Coverage Component Excluding Loss-recovery Component	Incurred Claims Component Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial risk	Total
Opening reinsurance contract assets	68,304,262	225,435,359	13,526,122	307,265,743
Opening reinsurance contract liabilities				
Net opening balance	**68,304,262**	**225,435,359**	**13,526,122**	**307,265,743**
Allocation of the premiums paid:				
Full retrospective approach	(209,890,633)	-	-	(209,890,633)
Total Allocation of premiums paid	(209,890,633)	-	-	(209,890,633)
Amounts recovered from reinsurance				
Recoveries of incurred claims and other insurance service expense	-	227,755,032	8,344,215	236,099,247
Changes related to past service (changes related to incurred claims component)	-	62,096,738	(8,778,101)	53,318,636
Total Amounts Recovered from Reinsurance	-	289,851,770	(433,887)	289,417,883
Total Net Expenses from Reinsurance	**(209,890,633)**	**289,851,770**	**(433,887)**	**79,527,250**
Insurance Finance Income or Expense				
The effect of and changes in time of time value of money and financial risk	-	(25,726,481)	(1,543,589)	(27,270,070)
Foreign exchange differences on changes in the carrying amount of groups	-	-	-	-
of insurance contracts	-	-	-	-
Total Insurance Finance Income or Expense		**(25,726,481)**	**(1,543,589)**	**(27,270,070)**
Total Changes in the Statement of Financial Performance	**(209,890,633)**	**264,125,288**	**(1,977,476)**	**52,257,180**
Cash flows (Actual cashflows in the period)				
Premiums and premium tax paid	190,500,152	-	-	190,500,152
Amounts recovered	-	(297,083,208)	-	(297,083,208)
Total cash flows	190,500,152	(297,083,208)	-	(106,583,057)
Net Closing balance	**48,913,781**	**192,477,439**	**11,548,646**	**252,939,866**
Closing reinsurance contract assets	48,913,781	192,477,439	11,548,646	252,939,866
Closing reinsurance contract liabilities	-	-	-	-
Net Closing balance	**48,913,781**	**192,477,439**	**11,548,646**	**252,939,866**

48. Segment report – 31 December 2025

	Individual Life	Group life	Deposit administration	Total
	2025	**2025**	**2025**	**2025**
	Shs	**Shs**	**Shs**	**Shs**
Insurance Service Revenue	463,153,193	1,664,960,617	-	2,128,113,809
Insurance Service Expense	(398,292,102)	(1,326,992,490)	(398,557,464)	(2,123,842,056)
Insurance service result from insurance contracts issued	64,861,091	337,968,126	(398,557,464)	4,271,753
Net income from reinsurance contracts	-	311,300,775	-	311,300,775
Net expenses from reinsurance contracts		(267,137,263)	-	(267,137,263)
Net Income/ (Expense) from reinsurance contracts	-	44,163,512	-	44,163,512
Insurance service result	64,861,091	382,131,638	(398,557,464)	48,435,265
Investment Income	139,616,276	21,736,544	1,831,952,333	1,993,305,153
Insurance Finance Expense from insurance contracts	(341,237,129)	(93,219,846)	(1,273,615,665)	(1,708,072,640)
Insurance Finance Expense from reinsurance contracts		10,185,870	-	10,185,870
Investment Result	(201,620,853)	(61,297,431)	558,336,668	295,418,383
Non-Attributable expense	(48,512,528)	(84,130,240)	-	(132,642,768)
Profit/(Loss) for the period	**(185,272,291)**	**236,703,967**	**159,779,204**	**211,210,880**

48. Segment report (continued) – 31 December 2024

	Individual Life 2024 Shs	Group life 2024 Shs	Total 2024 Shs
Insurance Service Revenue	421,537,060	1,301,203,419	1,722,740,479
Insurance Service Expense	(367,794,292)	(1,343,659,807)	(1,711,454,099)
Insurance service result from insurance contracts issued	53,742,768	(42,456,388)	11,286,380
Net income from reinsurance contracts	-	289,417,884	289,417,884
Net expenses from reinsurance contracts		(209,890,633)	(209,890,633)
Net Income/ (Expense) from reinsurance contracts	-	79,527,251	79,527,251
Insurance service result	53,742,768	37,070,863	90,813,631
Investment Income	52,421,003	1,428,691,284	1,481,112,287
Insurance Finance Expense from insurance contracts	(440,287,544)	(122,848,859)	(563,136,403)
Insurance Finance Expense from reinsurance contracts		(27,270,070)	(27,270,070)
Interest declared under investment contracts	(13,706,714)	(783,587,486)	(797,294,200)
Investment Result	(401,573,255)	494,984,869	93,411,614
Profit/(Loss) for the period	**(347,830,487)**	**532,055,732**	**184,225,245**

Extract of the Statement of Financial Performance				
Business Node: PACL (solo basis)				
Currency (functional): KES				
Reporting Period: Dec 31, 2024 - Dec 31, 2025				
Source: actuarial				
IFRS 17 Groups: All		**ACTUAL**		
	Ordinary Life	**Group Life**	**Deposit Administration**	**TOTAL**
	Dec 31, 2025	**Dec 31, 2025**	**Dec 31, 2025**	**Dec 31, 2025**
Insurance Revenue				
CSM recognized for services provided	131,985,622			
Change in risk adjustment for non-financial risk for risk expired	17,782,230			
Expected insurance service expenses incurred:	**224,571,079**			
Claims	59,714,160			
Expenses	164,856,919			
Other expenses under the VFA				
Recovery of insurance acquisition cash flows	88,814,261			
Experience adjustments not related to future service				
Restatement and Other Changes				
Expected premium receipts allocation under the PAA		1,664,960,617	-	
TOTAL INSURANCE REVENUE	**463,153,193**	**1,664,960,617**	**-**	**2,128,113,809**
Insurance Service Expenses				
Incurred insurance service expenses:	**(214,126,812)**	**(731,085,315)**	**(398,557,464)**	**(1,343,769,591)**
Claims	(47,381,232)	(537,938,592)		
Expenses	(166,745,579)	(240,411,473)	(398,557,464)	
Other expenses under the VFA				
Other movements related to current service		47,264,750		
Insurance acquisition cash flows expensed when incurred				
Amortisation of insurance acquisition cash flows	(88,814,261)	(103,680,664)		(192,494,926)
Impairment Loss on Assets for Insurance Acquisition Cash Flow				
Reversal of Impairment Loss on Assets for Insurance Acquisition Cash Flow				
Changes that relate to past service:	**(6,051,159)**	**(492,226,511)**		**(498,277,670)**
Changes in estimates in LIC fulfilment cash flows	3,514,403	(585,279,559)		
Experience adjustments in claims and other insurance service expenses in LIC	(9,565,562)	93,053,048		
Changes that relate to future service:	**(89,299,870)**			**(89,299,870)**

Losses for the net outflow recognized on initial recognition	(24,668,098)			
Losses and reversal of losses on onerous contracts - subsequent measurement	(64,631,772)			
Total Insurance Service Expenses	**(398,292,102)**	**(1,326,992,490)**	**(398,557,464)**	**(2,123,842,056)**
Net Expenses from Reinsurance Contracts				
Allocation of the premiums paid		(267,137,263)		(267,137,263)
Amounts recovered from reinsurance:		**311,300,775**		**311,300,775**
Incurred insurance service expenses:		**152,091,406**		**152,091,406**
Claims		149,119,544		149,119,544
Expenses				
Other movements related to current service		2,971,861		2,971,861
Changes that relate to past service (changes in fulfilment cash flows re LIC):		**159,209,369**		**159,209,369**
Changes in estimates in LIC fulfilment cash flows		146,320,076		146,320,076
Experience adjustments in claims and other insurance service expenses in LIC		12,889,293		12,889,293
Changes that relate to future service:				
Loss recovery related to losses on underlying insurance contracts at initial recognition				
Loss recovery and reversals of recoveries related to underlying insurance contracts losses - subsequent measurement				
Changes in Risk of Non-Performance				
Total Net Expenses from Reinsurance Contracts		**44,163,512**	-	**44,163,512**
INSURANCE SERVICE RESULT	**64,861,091**	**382,131,638**	**(398,557,464)**	**48,435,265**
INVESTMENT RETURN	**139,616,276**	**21,736,544**	**1,831,952,335**	**1,993,305,155**
Insurance Finance Income or Expense from Insurance Contracts				
The effect of time value of money and changes in the time value of money	**(298,275,845)**	**(52,476,769)**	**(1,273,615,664)**	**(1,624,368,279)**
Interest accreted on the carrying amount of the CSM	(57,819,006)			(57,819,006)
Interest accreted on present value cash flows	(231,211,271)	(49,572,884)		(280,784,155)
Interest accreted on risk adjustment	(9,245,569)	(2,903,885)		(12,149,454)
Interest accreted on LRC for contracts measured under the PAA.				
The effect of financial risk and changes in financial risk	(59,109,559)	(40,743,077)		(99,852,636)

Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	16,148,275			16,148,275
Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-			
Changes in fair value of underlying items of direct participating contracts				
Effects of risk mitigation option				
Total Insurance Finance Income or Expense from Insurance Contracts	**(341,237,129)**	**(93,219,846)**	**(1,273,615,664)**	**(1,708,072,640)**
Insurance Finance Income or Expense from Reinsurance Contracts				
The effect of time value of money and changes in the time value of money		**101**		**101**
Interest accreted on the carrying amount of the CSM				
Interest accreted on present value cash flows		95		
Interest accreted on risk adjustment		6		
Interest accreted on LRC for contracts measured under the PAA.				
The effect of financial risk and changes in financial risk		10,185,769		10,185,769
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition				
Foreign exchange differences on changes in the carrying amount of groups of reinsurance contracts				
Total Insurance Finance Income or Expense from Reinsurance Contracts		10,185,870	-	10,185,870
NET FINANCIAL RESULT	(341,237,129)	(83,033,975)	(1,273,615,664)	(1,697,886,769)
PROFIT BEFORE TAX	(136,759,763)	320,834,207	159,779,206	343,853,651
TOTAL FINANCIAL PERFORMANCE	(136,759,763)	320,834,207	159,779,206	343,853,651
TOTAL FINANCIAL PERFORMANCE	(136,759,763)	320,834,207	159,779,206	343,853,651
Non-Attributable expense	(48,512,528)	(84,130,240)		(132,642,768)
TOTAL FINANCIAL PERFORMANCE	**(185,272,291)**	**236,703,967**	**159,779,206**	**211,210,882**

IFRS 17 Ref				
IFRS 17.80-92, B120-B136	**Extract of the Statement of Financial Performance** **31 December 2024** **Business Node: PACL (solo basis)** **Currency (functional): KES** **Source: actuarial** **IFRS 17 Groups: All**			
		Ordinary Life Dec 31, 2024	**Group Life Dec 31, 2024**	**TOTAL**
	Insurance Revenue			
IFRS 17.106(a)iii, B121(a)iii, B124(c)	CSM recognized for services provided	130,686,174		
IFRS 17.106(a)ii, B121(a)ii, B124(b)	Change in risk adjustment for non-financial risk for risk expired	18,112,367		
IFRS 17.106(a)i, B121(a)i, B124(a)	Expected insurance service expenses incurred:	236,744,725		
	Claims	50,767,369		
	Expenses	185,977,357		
	Other expenses under the VFA			
IFRS 17.B121(b), B125	Recovery of insurance acquisition cash flows	35,993,794		
IFRS 17.B124(d)	Experience adjustments not related to future service			
	Restatement and Other Changes			
IFSR 17.B126	Expected premium receipts allocation under the PAA		1,301,203,419	
IFRS 17.80(a)	**TOTAL INSURANCE REVENUE**	**421,537,060**	**1,301,203,419**	**1,722,740,479**
	Insurance Service Expenses			
IFRS 17.84, 103(b)i	Incurred insurance service expenses:	(152,412,482)	(691,880,422)	
	Claims	(42,677,347)	(318,650,463)	
	Expenses	(109,735,136)	(409,670,556)	
	Other expenses under the VFA			
	Other movements related to current service		36,440,597	
IFRS 17.59(a)	Insurance acquisition cash flows expensed when incurred			
IFRS 17.103(b)ii, B125	Amortisation of insurance acquisition cash flows	(35,993,794)	(56,859,248)	
IFRS 17.28E	Impairment Loss on Assets for Insurance Acquisition Cash Flow			
IFRS 17.28F	Reversal of Impairment Loss on Assets for Insurance Acquisition Cash Flow			

IFRS 17.103(b)iii	Changes that relate to past service:	(18,959,312)	(594,920,136)	
	Changes in estimates in LIC fulfilment cash flows	(9,668,789)	(591,341,609)	
	Experience adjustments in claims and other insurance service expenses in LIC	(9,290,523)	(3,578,527)	
IFRS 17.103(b)iv	Changes that relate to future service:	(160,428,704)		
IFRS 17.47, 57-58	Losses for the net outflow recognized on initial recognition	(68,814,498)		
IFRS 17.48-51, 57-58	Losses and reversal of losses on onerous contracts - subsequent measurement	(91,614,205)		
IFRS17.80(a)	**Total Insurance Service Expenses**	**(367,794,292)**	**(1,343,659,806)**	**(1,711,454,098)**
IFRS 17.82, 86	**Net Expenses from Reinsurance Contracts**			
IFRS 17.86	Allocation of the premiums paid		(209,890,633)	
IFRS 17.86	Amounts recovered from reinsurance:		289,417,883	
IFRS 17.84, 103(b)i	Incurred insurance service expenses:		236,099,247	
	Claims		189,279,117	
	Expenses			
	Other movements related to current service		46,820,130	
IFRS 17.103(b)iii	Changes that relate to past service (changes in fulfilment cash flows re LIC):		53,318,636	
	Changes in estimates in LIC fulfilment cash flows		83,881,696	
	Experience adjustments in claims and other insurance service expenses in LIC		(30,563,060)	
IFRS 17.103(b)iv	Changes that relate to future service:			
IFRS 17.66A	Loss recovery related to losses on underlying insurance contracts at initial recognition			
IFRS 17.66B, B119F	Loss recovery and reversals of recoveries related to underlying insurance contracts losses - subsequent measurement			
IFRS 17.105(b)	Changes in Risk of Non-Performance			
	Total Net Expenses from Reinsurance Contracts		**79,527,250**	**79,527,250**
IFRS 17.80(a)	**INSURANCE SERVICE RESULT**	**53,742,768**	**37,070,863**	**90,813,631**
	INVESTMENT RETURN	**52,421,003**	**1,428,691,284**	**1,481,112,287**
	Insurance Finance Income or Expense from Insurance Contracts			
IFRS 17.87(a)	The effect of time value of money and changes in the time value of money	(299,824,928)	(54,780,400)	
	Interest accreted on the carrying amount of the CSM	(26,894,754)		
	Interest accreted on present value cash flows	(260,767,471)	(51,751,393)	
	Interest accreted on risk adjustment	(12,162,704)	(3,029,006)	
	Interest accreted on LRC for contracts measured under the PAA.			

IFRS 17.87(b)	The effect of financial risk and changes in financial risk	(161,545,380)	(68,068,460)	
	Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	21,082,765	-	
IFRS 17.92	Foreign exchange differences on changes in the carrying amount of groups of insurance contracts	-		
IFRS 17.87(b)	Changes in fair value of underlying items of direct participating contracts			
IFRS 17.87(b), 112	Effects of risk mitigation option			
	Total Insurance Finance Income or Expense from Insurance Contracts	**(440,287,544)**	**(122,848,859)**	**(563,136,403)**
IFRS 17.82	Insurance Finance Income or Expense from Reinsurance Contracts			
IFRS 17.87(a)	The effect of time value of money and changes in the time value of money		(44,287,186)	
	Interest accreted on the carrying amount of the CSM			
	Interest accreted on present value cash flows		(41,780,364)	
	Interest accreted on risk adjustment		(2,506,822)	
	Interest accreted on LRC for contracts measured under the PAA.			
IFRS 17.87(b)	The effect of financial risk and changes in financial risk		17,017,116	
	Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition			
IFRS 17.92	Foreign exchange differences on changes in the carrying amount of groups of reinsurance contracts			
IFRS 17.80(b)	**Total Insurance Finance Income or Expense from Reinsurance Contracts**	-	**(27,270,070)**	**(27,270,070)**
	NET FINANCIAL RESULT	**(440,287,544)**	**(150,118,930)**	**(590,406,474)**
	PROFIT BEFORE TAX	**(334,123,773)**	**1,315,643,217**	**981,519,444**
IFRS 17.80	**FINANCIAL PERFORMANCE**	**(334,123,773)**	**1,315,643,217**	**981,519,44**
	Interest declared under investment contracts	(13,706,714)	(783,587,486)	(797,294,200)
IFRS 17.80	**TOTAL FINANCIAL PERFORMANCE**	**(347,830,487)**	**532,055,731**	**184,225,245**