CIC GROUP

2025

CIC MICROINSURANCE
ANNUAL REPORT & FINANCIAL STATEMENTS

CIC GROUP

CIC JILINDE POLICY

CIC Insurance Group is a leading Cooperative Insurer in Africa, providing insurance and related financial services in **Kenya, Uganda, South Sudan** and **Malawi.**

The Group offers a wide range of products including **Microinsurance, General Insurance, Life Assurance, Medical Insurance** and **Asset Management services.**

It is a **pioneer and leader in Microinsurance.** The Group's focus on innovation and excellence in service delivery has differentiated it in the market and earned it in National and International recognition.

Our Purpose (Mission)

Enable people achieve financial freedom

CIC Tagline/ Slogan

"*We keep our word"*

We recognize that for our business to grow, we have a role to play in reversing the mistrust partly contributed by our industry players through various malpractices such as mis-selling or failure to honor claims thus undermining the growth we desire.

We shall honor our promises to all our stakeholders.

Vision

To be a world-class provider of insurance and other financial services.

Our Values

- **Trust & Integrity -** We keep our word
- **Human Centered Innovation -** We pioneer solutions that transforms lives
- **Resourceful Collaboration -** We achieve the impossible together
- **Inclusive Impact -** We create prosperity for every community
- **Velocity and Excellence -** We deliver exceptional results with unstoppable momentum.
- **Empathy & Cooperative Spirit -** We honor our cooperative heritage

CONTENTS

CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2025

DIRECTORS
Rosemary Macharia - Chairperson
Anne Kamau
George Muiruri
Christine Kahema
Patrick Nyaga

COMPANY SECRETARY
Mary Wanga
Certified Public Secretary (Kenya)
P. O. Box 59485 - 00200
Nairobi

REGISTERED OFFICE
CIC Plaza
Upper Hill, Mara Road
P. O. Box 59485 - 00200
Nairobi

SENIOR MANAGEMENT

Patrick Nyaga	- Executive Director
Mary Wanga	- Company Secretary
Susan Robi	- Director Risk & Compliance
Joyce Mwashigadi	- Director, People & Culture
Dr. Lydia Kibiru	- Director, Business Excellence
Mercy Mandela	- Finance Manager
Sarah Wakonyo	- Underwriting Manager
Cyril Juma	- Group Actuary

AUDITOR
PricewaterhouseCoopers LLP
Certified Public Accountants
PwC Towers, Waiyaki Way / Chiromo Road Westlands
P. O. Box 43963 - 00100
Nairobi, Kenya

PRINCIPAL BANKER
The Co-operative Bank of Kenya Limited
P. O. Box 67881 - 00100
Kuscco Centre, Upperhill
Nairobi

CONSULTING ACTUARY
QED Actuaries & Consultants (Kenya) Limited
Capita Registrars Royal Offices 1st Floor,
No. 17 Mogotio Rd off Chiromo Lane,
P.O. Box 101795-00101,
Westlands Nairobi Kenya

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 1st ANNUAL GENERAL MEETING OF CIC MICROINSURANCE LIMITED WILL BE CONDUCTED VIRTUALLY VIA ELECTRONIC COMMUNICATION ON THURSDAY 4th DAY OF JUNE, 2026 AT 1:00PM TO TRANSACT THE FOLLOWING BUSINESS AS SET OUT BELOW:

AGENDA

Constitution of the Meeting

1. **The Company Secretary to read the notice convening the meeting, table the proxies and determine if a quorum is present.**

Ordinary Business:

2. **Annual Report and Financial Statements for the year ended 31st December 2025.**
   To receive, consider and if thought fit, adopt the Annual Report and Audited Financial Statements for the year ended 31st December 2025 together with the Chairman's, Director's and Auditor's Reports thereon.
3. **Dividend.**
   To consider and, if deemed appropriate, approve the Director's recommendation that no dividend will be declared in respect of the financial year ended 31st December 2025.
4. **Appointment and Remuneration of PriceWaterhouseCoopers.**
   To consider, and if thought fit, appoint PricewaterhouseCoopers, Certified Public Accountants, as the Auditors of the Company for the financial year 2026, in accordance with section 719 (2) of the Companies Act No.17 of 2015, and to authorize the Directors to fix their remuneration for the ensuing year.
5. **Appointment and Confirmation of Directors:**
   a. **Appointment of Directors**
      i. To appoint Mrs. Rosemary Gituto Macharia as an Independent Non-Executive Director of the Company with effect from 3rd July 2024, in accordance with Article 119 of the Company's Articles of Association.
      ii. To appoint Ms. Anne Wambui Kamau as an Independent Non-Executive Director of the Company with effect from 3rd June 2024, in accordance with Article 119 of the Company's Articles of Association.
      iii. To appoint Mrs. Christine Kahema as an Independent Non-Executive Director of the Company with effect from 3rd June 2024, in accordance with Article 119 of the Company's Articles of Association.
      iv. To appoint Mr. George Muiruri as an Independent Non-Executive Director of the Company with effect from 3rd June 2024, in accordance with Article 119 of the Company's Articles of Association.
      v. To appoint Mr. Patrick Nyaga as an Executive Director, of the Company with effect from 3rd June 2024, in accordance with Article 119 of the Company's Articles of Association.
6. **Remuneration of Directors.**
   To authorize the Board to fix the Directors Remuneration for the ensuing year ending 31st December 2026.
7. **Any Other Business.**
   To transact any other business of the company for which due notice has been received by the Company Secretary forty-eight (48) hours prior.

Dated at Nairobi this 19th day of March 2026.

BY Order of the Board

MARY WANGA
COMPANY SECRETARY

NOTES:

1. In accordance with section 298 (1) of the Companies Act, 2015 (Laws of Kenya) every member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on his behalf and the proxy need not to be a member of the company.
2. A proxy form is provided with this notice. The instrument appointing the proxy must be delivered to the Secretary not less than forty-eight (48) hours before the meeting.
3. In accordance with section 283 (2) of the Companies Act, a copy of the entire Annual Report and Financial Statements of the Company, a copy of this Notice and the Proxy Form may be viewed at our Company's website **www.cic.co.ke**


PRODUCTS
Group Personal Accident
Coopcare (Medical)
Hospital Cash
Biashara Salama
Jikinge
Group Funeral Expense
Student Personal Accident
Jilinde

CHAIRPERSON'S STATEMENT

CHAIRPERSON'S STATEMENT

Dear Shareholders,

It is my pleasure to present to you on behalf of the Board of Directors of CIC Microinsurance Ltd, the Annual report and financial statements for the year ended December 31, 2025.

Operating and economic environment

The Kenyan economy in 2025 showed gradual stabilization despite a still challenging macroeconomic environment Growth was supported by easing inflation, improved financial market performance, and relative currency stability, though constrained by high public debt and subdued private sector credit. GDP growth in 2025 is estimated at 4.8%–5.0%, reflecting a recovery from the previous year.

Growth was driven by strong services sector performance, a rebound in construction, and improved agricultural output supported by favorable weather conditions.

The Central Bank of Kenya maintained an accommodative stance in 2025, reducing the Central Bank Rate to around 9.0%. This was aimed at supporting economic activity while maintaining macroeconomic stability amid easing inflationary pressures.

Inflation remained well contained within the target range, averaging around 4%–4.5% in 2025. This was supported by stable food prices, easing fuel costs, and a relatively stable exchange rate environment.

The Kenyan shilling remained broadly stable throughout 2025, closing the year at approximately KES 129–130 per US dollar. Stability was supported by strong remittances, improved export inflows, and adequate foreign exchange reserves.

The Nairobi Securities Exchange recorded strong performance in 2025, driven by lower interest rates and improved corporate earnings. Increased investor participation and market reforms further supported gains across key indices.

> ***I thank our shareholders, business partners, intermediaries, staff and our loyal customers for their tremendous support without whom we would not have achieved this great milestone in our first year of operations.***

CHAIRPERSON'S STATEMENT (continued)

Operating and economic environment

The Kenyan economy in 2025 showed gradual stabilization despite a still challenging macroeconomic environment. Growth was supported by easing inflation, improved financial market performance, and relative currency stability, though constrained by high public debt and subdued private sector credit. GDP growth in 2025 is estimated at 4.8%–5.0%, reflecting a recovery from the previous year. Growth was driven by strong services sector performance, a rebound in construction, and improved agricultural output supported by favorable weather conditions.

Insurance industry performance

According to Insurance Regulatory Authority Q4 2025 industry statistics, Microinsurance gross premium income was 2.1 billion with general class leading position in terms of contribution at 91.7 %, bundled and life classes at 7.4% and 0.8% respectively.
The general Insurance business underwriters incurred claims amounting to Ksh. 534.9Million in the year. The claims incurred loss ratio was 59%, 32% and 124% for general, bundled and life classes respectively. CIC Microinsurance Limited in the year under review was at 4th position with a 0.42% market share.

Company performance

CIC Microinsurance was in its start-up phase during the year under review, successfully establishing operations while demonstrating resilience and adaptability in a challenging operating environment. The business recorded insurance revenue of Ksh. 2.44 million in its first year of operations and a net loss of Ksh.12.8 million, driven by low premium income and high insurance service expenses associated with operational setup and initial business development.

This performance is considered encouraging given that the business is still in its early operational phase and is focused on building scale. The Board of Directors continues to prioritize innovation and digitization to strengthen the customer value proposition and support sustainable growth.

Future outlook

Looking ahead, the focus for CIC Microinsurance will be on building scale and achieving sustainable growth as the business transitions from its start-up phase into full operational maturity. This will be driven through strengthening digital capabilities, expanding distribution channels, enhancing customer experience, and accelerating product development tailored to the Kenyan market. Management will also prioritize improving claims management, operational efficiency, and underwriting discipline to support long-term profitability. In addition, continued investment in innovation and digitization will remain central to strengthening the customer value proposition and enabling sustainable business growth.

Acknowledgement

I am sincerely grateful to the Board of Directors who have added exceptional value to the company through their guidance, unwavering support and dedication throughout the year.

I thank our shareholders, Business partners, Intermediaries and our loyal customers for their tremendous support without whom we would not have registered the positive results.

I would also wish to thank the Management and all our staff for their continued diligent service, resilience and dedication.

Rosemary Macharia

Chairperson

BOARD OF DIRECTORS

BOARD OF DIRECTORS

Rosemary Macharia: Chairperson

Rosemary Macharia, aged 63, joined the Board in 2024 as an Independent Non-Executive Director. She holds an M.Ed. in Entrepreneurship from the University of Illinois, a B.Ed. in Business Administration & Economics from Kenyatta University, and several professional certifications in microfinance, enterprise development and corporate governance. Rosemary is a certified trainer with practical experience in project design and management and a proven track record of successfully implementing target-based donor-funded projects where capacity building and market systems development and financial linkages have been main objectives. She has extensive consulting experience specialising in microfinance, agribusiness, SME lending training, and business development services. She is also a Board Member at Soluti Finance East Africa Limited, Five Talents Kenya & Five Talents International and a member of the Institute of Directors of Kenya.

Anne Kamau: Director

Anne Kamau, aged 51, joined the Board in 2024 as an Independent Non-Executive Director. She holds a Master of Business Administration degree from Daystar University Kenya, a Bachelor of Agribusiness Management degree from Egerton University and the IIK Diploma in Insurance. Anne is trained in corporate governance by the Centre for Corporate Governance and the Women on Boards Network. She currently serves as the Executive Director of AB Entheos Limited and is the Chair of the HR Committee of the Board of the Microinsurance Network based in Luxembourg. Anne has developed the UNDP's guidelines on insurance solutions to address biodiversity risks and has over 15 years' experience designing, prototyping, managing distribution and designing education materials of inclusive insurance solutions in Kenya, Africa and Asia.

George Muiruri: Director

George Muiruri, aged 56, joined the Board of CIC Microinsurance Limited as an Independent Non-Executive Director in 2024. He is an organizational development specialist who supports individuals and institutions in building capacity for growth, change, and effectiveness through strategic alignment to vision, mission, and values; continuous operational improvement; organizational culture transformation; and the development of emotional intelligence. At the individual level, he emphasizes the ability to make informed life choices through enhanced skills, knowledge, and overall well-being, while at the institutional and societal level he focuses on strengthening the capacity for compliant and sustainable governance. He holds an MBA in Strategic Management from Lassalle University (USA) and a BA in Social Sciences from Kenyatta University, in addition to multiple diplomas and certifications in leadership and business development. He has over 25 years' experience with organizations including World Vision, the World Agroforestry Centre, and Old Mutual Insurance Company, where he led Human Resources, Strategy, and Retail Business functions, and has spent the past eight years in organizational development consulting.

BOARD OF DIRECTORS (continued)

Christine Kahema: Director

FCPA Christine Kahema, aged 46, joined the Board of CIC Microinsurance Limited as an Independent Non-Executive Director in 2024. She is the Founder and Director of Alpha Tax and has over 20 years of experience in taxation, having previously served as a Tax Manager at Coca-Cola Central East and West Africa and at KPMG, where she supported clients in VAT refunds, tax structuring, optimization, compliance, and mergers and acquisitions. She holds a Bachelor of Laws degree from the University of Nairobi, is an Advocate of the High Court of Kenya, a Certified Public Accountant (CPA-K), and a Certified Public Secretary (CPS), and also holds an Executive MBA from Strathmore Business School. She is a member of the Public Finance and Tax Committee of ICPAK and a former member of the Tax Committee of the Law Society of Kenya, and actively contributes to the review of tax legislation shaping future tax laws across East Africa. She also serves as an External Technical Committee Member of the IBFD Centre for Studies in African Taxation and sits on various boards of listed and non-listed entities in Kenya. Christine has received multiple accolades, including Most Valued Employee at KPMG, Best Manager and Accountability awards at Coca-Cola CEWA, recognition among the Top 40 Under 40 Women in Kenya (2012 and 2014), Kenya Revenue Authority's Top Women in Tax and Academia (2021 and 2022), and the Strathmore University Alumni Service to Society Award (Corporate Leadership category) in 2025.

Patrick Nyaga: Director

Mr. Patrick Nyaga, aged 58 is the Group Chief Managing Director & Executive Officer of CIC Insurance Group PLC, serving a dual role as both a Board member and Executive Director since 2024. He holds a Master of Business Administration from Strathmore Business School and a Bachelor of Commerce Degree in Accounting. He is a Certified Public Accountant (K) and a member of ICPAK. Mr. Nyaga has over 30 years working experience mainly financial services and auditing. He has worked in various senior positions in banking. Prior to joining CIC Group Ltd he was the Group Finance and Strategy Director at Co-operative Bank of Kenya Limited. He previously worked at Barclays Bank now (ABSA) as the Regional Head of Assurance and at KPMG (EA), with the main focus being audit of financial institutions in Kenya and the region. He is a member of the Institute of Directors of Kenya and has undertaken training in various disciplines among them Corporate Governance courses, Insurance, Banking, and Strategy among others.

Mary Wanga – Company Secretary

Mary Wanga, aged 58, is an Advocate of the High Court of Kenya with over 26 years of extensive experience spanning multiple industries and roles, including legal practice, insurance, capital markets, regulatory affairs, corporate governance leadership, and the Micro, Small, and Medium Enterprises (MSMEs) sector. She is a Certified Public Secretary (CPS-K) and holds an impressive array of academic qualifications; Masters of Laws in Finance (LL.M) from the University of Nairobi and Bachelor of Law (LLB) and a Bachelor of Social Legislation degrees from Aurangabad University, India, as well as a Postgraduate Diploma from the Kenya School of Law and a Diploma in Insurance (AIIK) from the College of Insurance-Kenya. Ms. Wanga is affiliated with several professional organizations, including the Institute of Directors-Kenya, the Insurance Institute of Kenya (IIK) as an Associate Member, the Law Society of Kenya, the Chartered Institute of Arbitrators (Kenya Branch) (ACIArb), and the Institute of Certified Secretaries (ICS-K).

CIC COOPCARE

Affordable Health Insurance solution built for Members of the Cooperatives, Microfinance Institutions & Registered Groups

We keep our word

CIC GROUP

EXECUTIVE DIRECTOR'S STATEMENT

EXECUTIVE DIRECTOR'S STATEMENT

Dear Shareholders,

On behalf of the Management team of CIC Microinsurance Ltd, it is my distinct pleasure to present the Annual Report and Financial Statements for the year ended 31st December 2025.

Macroeconomic Overview

GDP Growth and Economic Outlook

Kenya's economic recovery strengthened in 2025 following the slowdown experienced in 2024. Real GDP growth averaged 4.9%–5.0% in the first half of the year, supported by easing monetary policy, a rebound in construction, resilient services, and improved agricultural output due to favourable weather conditions. Full-year growth is estimated at 4.8%–5.0%, moderated slightly by fiscal consolidation, elevated public debt, and subdued private-sector credit growth. Services particularly finance, transport, ICT, and tourism—remained the primary growth drivers, while agriculture continued to support rural incomes and stabilize food prices.

Equity Market

The Nairobi Securities Exchange (NSE) recorded exceptional performance in 2025, extending the 2024 recovery to mark one of the strongest annual gains in over two decades. The NSE All Share Index rose by 51.1%, the NSE 20 by 56.1%, and the NSE 25 by 49.8%. This stellar performance was driven by declining interest rates, improved corporate earnings (especially in the banking sector), and market reforms such as single-share trading. The 2026 outlook remains highly positive, supported by attractive dividend yields, improving earnings visibility, and expectations of a gradual return of foreign investors within a stable macroeconomic environment.

Inflation, Interest Rates, and Currency

Inflation: Inflation remained well-anchored within the Central Bank of Kenya's target range of 2.5%–7.5%, averaging 4.0%–4.5% by year-end. This stability was supported by easing fuel costs, stable food prices, and a firm exchange rate.

Interest Rates: Monetary policy eased significantly, with the Central Bank Rate reducing to ~9.0% (down from 11.25% in late 2024). This led to a decline in short-term government yields, encouraging portfolio reallocation toward equities and private sector credit.

> ***We remain firmly committed to creating meaningful impact, delivering sustainable growth, ensuring financial stability, and generating long-term value for all our stakeholders.***

EXECUTIVE DIRECTOR'S STATEMENT (continued)

Macroeconomic Overview (continued)

Inflation, Interest Rates, and Currency (continued)

Currency: The Kenyan Shilling remained resilient, closing 2025 at approximately KES 129/USD. This was bolstered by strong foreign exchange reserves, robust diaspora remittances, and improved tourism and export inflows.

Industry Performance

The microinsurance sector in Kenya recorded continued growth in 2025, with gross written premiums estimated between Kshs 1.05 billion and Kshs 1.15 billion. This growth was primarily driven by expansion into low-income markets and strong uptake through mobile and embedded insurance channels. The medical segment remained dominant, contributing 45%–50% of total premiums, followed by personal accident and funeral covers, reflecting a sustained demand for affordable health and life protection products. Despite strong premium growth, profitability across the sector remains constrained by high claims costs and elevated distribution and operational expenses. Total claims incurred industry-wide were estimated at Kshs 534 million, resulting in loss ratios above 65%–70%. While enhanced claims controls, pricing discipline, and fraud management initiatives are driving gradual improvements, long-term sustainability will depend heavily on robust claims management, efficient distribution, and innovative product design.

Company Performance

FY 2025 marked the inaugural year of operations for CIC Microinsurance Ltd. The Company reported initial insurance revenue of Kshs 2.4 million. As anticipated during a strategic launch phase, the Company recorded a net loss of Kshs 12.8 million. This was primarily driven by high insurance service expense on setup and operational costs associated with establishing the business, coupled with the initial scale-up of premium income. Going forward, our immediate focus is on strengthening underwriting discipline, optimizing claims cost management, and driving operational efficiencies to pave a clear, gradual path toward scale and profitability.

Future Outlook

Our strategic priority in 2026 is to achieve sustainable growth and improved financial performance as the business transitions from a start-up to a scale-up entity. To achieve this, we will focus on the following key pillars:

- **Digital Enhancement & Customer Experience:** Leveraging technology to create seamless, user-friendly customer journeys.
- **Product Development:** Designing innovative, value-driven products tailored to the needs of the microinsurance market.
- **Operational Excellence:** Driving distribution efficiency, cost optimization, and stronger claims management.
- **Risk Sustainability:** Strengthening our underwriting discipline and control environment to support long-term profitability.

Furthermore, we will place a strong emphasis on building a high-performance culture and improving execution efficiency across all levels of the business.

Acknowledgements

I extend my deepest gratitude to our shareholders, the Board of Directors, and our business partners for your unwavering confidence in our vision. A special thank you goes to our dedicated employees; your hard work and commitment are the true drivers behind our foundational success.

I also wish to appreciate our customers for their loyalty and invaluable feedback, alongside the continued support of our regulators and industry partners.

We remain firmly committed to creating meaningful impact, delivering sustainable growth, ensuring financial stability, and generating long-term value for all our stakeholders.

MICRO INSURANCE

BIASHARA SALAMA

We keep our word

CIC GROUP

BOARD OF MANAGEMENT

BOARD OF MANAGEMENT

Patrick Nyaga – Director, GCEO

Mr. Patrick Nyaga, aged 58 is the Group Chief Managing Director & Executive Officer of CIC Insurance Group PLC, serving a dual role as both a Board member and Executive Director since 2024. He holds a Master of Business Administration from Strathmore Business School and a Bachelor of Commerce Degree in Accounting. He is a Certified Public Accountant (K) and a member of ICPAK. Mr. Nyaga has over 30 years working experience mainly financial services and auditing. He has worked in various senior positions in banking. Prior to joining CIC Group Ltd he was the Group Finance and Strategy Director at Co-operative Bank of Kenya Limited. He previously worked at Barclays Bank now (ABSA) as the Regional Head of Assurance and at KPMG (EA), with the main focus being audit of financial institutions in Kenya and the region. He is a member of the Institute of Directors of Kenya and has undertaken training in various disciplines among them Corporate Governance courses, Insurance, Banking, and Strategy among others.

Mercy Mandela – Finance Manager

Mercy, aged 38, is a seasoned finance professional with over 16 years of experience in the financial services sector, spanning finance, accounting, customer service, and insurance, and currently serves as the Finance Manager at CIC Microinsurance Limited, having joined CIC Group in 2016 as an accountant. She holds a Master of Science in Finance from the University of Nairobi, a Bachelor of Commerce in Banking and Finance from Egerton University, and is a Certified Public Accountant (CPA-K) and member of ICPAK. She has further strengthened her leadership, regulatory, and industry knowledge through the Young Insurance Professionals Program (YIPP) and the ILO–Microinsurance Network mentorship program. Known for her detail-oriented and analytical approach, she demonstrates strong financial stewardship, strategic thinking, and leadership. She has been instrumental in setting up the subsidiary, and is passionate about advancing inclusive insurance for underserved communities while driving transformative solutions in Kenya's microinsurance sector, enhancing financial efficiency, ensuring compliance, and supporting the organization's strategic growth.

Sarah Wakonyo – Underwriting Manager

Sarah aged 32, joined CIC in 2016 and has over 10 years of experience in the insurance industry. She holds a Bachelor of Science in Economics from the Technical University of Kenya, a Diploma in Insurance, and is an Associate of the Insurance Institute of Kenya.

She brings on board a strong passion for risk assessment and advancing transformative, inclusive insurance solutions, and has been instrumental in establishing the new subsidiary. Known for her strong analytical skills and attention to detail, she applies sound judgment in evaluating risk and understanding customer needs while effectively managing multiple priorities

BOARD OF MANAGEMENT (continued)

Cyril Juma – Group Actuary

Cyril aged 30, is the Ag. Group Actuary. He holds a BSc in Actuarial Science from Maseno University. He is a member of the Institute and Faculty of Actuaries (IFoA) in the UK and a member of The Actuarial Society of Kenya (TASK). Cyril joined CIC Insurance Group in 2019.

Mary Wanga – Company Secretary

Mary Wanga, aged 58, is an Advocate of the High Court of Kenya with over 26 years of extensive experience spanning multiple industries and roles, including legal practice, insurance, capital markets, regulatory affairs, corporate governance leadership, and the Micro, Small, and Medium Enterprises (MSMEs) sector. She is a Certified Public Secretary (CPS-K) and holds an impressive array of academic qualifications; Masters of Laws in Finance (LL.M) from the University of Nairobi and Bachelor of Law (LLB) and a Bachelor of Social Legislation degrees from Aurangabad University, India, as well as a Postgraduate Diploma from the Kenya School of Law and a Diploma in Insurance (AIIK) from the College of Insurance-Kenya. Ms. Wanga is affiliated with several professional organizations, including the Institute of Directors-Kenya, the Insurance Institute of Kenya (IIK) as an Associate Member, the Law Society of Kenya, the Chartered Institute of Arbitrators (Kenya Branch) (ACIArb), and the Institute of Certified Secretaries (ICS-K).

Susan Robi – Director, Risk and Compliance

Ms. Susan Robi aged 47, is the Director, Risk and Compliance. She is an Advocate of the High Court of Kenya holding a Bachelor of Laws(LLB) Degree from the Makerere University and a Masters in Law and Finance from Goethe University (Institute of law and Finance)in Frankfurt Germany.

Professionally Ms. Robi holds a Post Graduate Diploma from the Kenya School of Law and has over 10 years of experience in various capacities and industries ranging from both Local and International Law Practice, Insurance, Finance, Pensions and Risk Management. Ms. Robi joined CIC Insurance Group Plc in 2011.

BOARD OF MANAGEMENT (continued)

Dr. Lydia Kibiru – Director, Business Excellence

Dr. Lydiah Kiburu aged 56 is the Group Director, Business Excellence. She has expertise and experience in leveraging applied technology to drive business transformation and operational excellence. She is also skilled in communication, brand strategy, corporate governance, organizational culture, strategic partnerships and designing customer-centred solutions. Previously, Dr. Lydiah served as Group Director of Business Transformation, Brand, and Culture at Equity Group Holdings. Dr. Lydiah holds a Doctor of Philosophy in Business and Management from Strathmore University Business School. Her academic journey is marked by executive leadership training from Wharton Business School, a master's degree in International Development and Diplomacy, and a Postgraduate Diploma in Mass Communication from the University of Nairobi and a certification in digital strategy from Columbia Business School. She is a member of the Public Relations Society of Kenya and the Fintech Association of Kenya.

Joyce Mwashigadi – Director, People & Culture

Ms. Joyce Mwashigadi aged 48, is the Directors, People & Culture. She holds an Executive MBA from Eastern and Southern African Management Institute, a postgraduate diploma in Human Resource Management from the Institute of Human Resource Management, and a Bachelor of Arts degree in Business Management and Sociology from Kenyatta University. She has professional certification in Reward Modelling from Strategic Reward Management, Return on Investment by ROI Institute, Learning Systems Facilitation by Deloitte, Culture Change by Quest Worldwide (UK) and business training needs analysis by CIPD (UK) among others. Ms. Mwashigadi's progressive human resource career spans over 20 years with broad involvement in corporate restructures, human capital optimization, culture transformation, talent management, and employee experience. Before joining CIC Group Ltd, she was the Head of Human Resources at KCB Group. She also worked as the Country Head of Human Resources for KCB Bank Tanzania and the Subsidiaries' Senior Manager (Learning & development) for KCB Uganda, Tanzania, Rwanda and South Sudan. She worked at Barclays Bank (now ABSA) as the Learning and Development Advisor, Human Resource Coordinator as well as a Management Information Analyst. She is a member of the Institute of Human Resource Management (IHRM)


MICRO INSURANCE
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Get a Student Personal Accident
Cover for just Kshs. 350

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

Introduction

CIC Microinsurance Limited (the Company) was incorporated on 31st December 2021 under Certificate No. PVT-AJUXJVKA, pursuant to the provisions of the former Chapter 486 Laws of Kenya (subsequently repealed and replaced by the Companies Act No.17 of 2015), as a wholly owned subsidiary of CIC Insurance Group Plc, with the principal mandate of undertaking microinsurance underwriting business within the Republic of Kenya. The establishment of the Company was driven by the regulatory requirements of the Insurance Regulatory Authority (IRA), which mandate the clear segregation and structuring of microinsurance operations from conventional short-term and long-term insurance business. The Company was duly registered and subsequently licensed as a micro-insurer on 6 May 2024.

As a subsidiary of CIC Insurance Group Plc, the Board of CIC Microinsurance Limited remains firmly committed to upholding the highest standards of corporate governance principles, in full compliance with applicable laws, regulations, and guidelines issued by the Insurance Regulatory Authority (IRA). This steadfast adherence to sound governance principles has been instrumental in promoting the Company's long-term sustainability, enhancing stakeholder confidence and engagement, and positioning it among the leading insurers within the industry.

This statement outlines the core elements of CIC Microinsurance Limited's corporate governance framework, offering direction to the Board, management, and employees by clarifying their roles, responsibilities, and expected conduct. Since its establishment, the Company has embedded a strong governance culture as the cornerstone of its operations, ensuring stability and fostering positive relationships across stakeholders.

Overview of Government Statement Regulations and Compliance

The corporate governance regulations comprise the Insurance Regulatory Authority's Corporate Governance Guidelines for Insurance and Reinsurance Companies (2022), the Insurance (Risk Management and Control Functions) Guidelines, 2022, the Guidelines on Market Conduct for Insurers (2013), the Consumer Protection Policy Guidelines, and the Insurance (Group Wide Supervision) Regulations (2019). These are complemented by the Insurance Act Chapter 487, the Companies Act No. 17 of 2015, the Companies (General) (Amendment) No. 2 Regulations, 2015, the Companies (Beneficial Ownership Information) Regulations, 2020, and emerging governance trends and best practices.

The Company additionally observes the provisions of the Constitution of Kenya, 2010 and all applicable laws as part of its commitment to lawful and responsible corporate conduct. The Code of Conduct reinforces the establishment of clear ethical standards and behavioural expectations for the Board, management, and employees. It also highlights adherence to the Insurance Act to ensure consumer protection and promote transparency. The Company remains guided by its foundational governance documents—including the Memorandum and Articles of Association, Board Charter, Committee Terms of Reference, and internal policies—which embody its dedication to the principles of good corporate governance and to fulfilling the objectives of the Insurance Act.

Statement of Commitment to Good Corporate Governance

The Board and Management of CIC Microinsurance Limited continue to champion high standards of corporate governance, recognising its vital contribution to ethical leadership, superior performance, robust controls, and organisational legitimacy. These principles are essential in driving sustainable value creation and supporting long term resilience. The Company also highlights the broader national importance of governance, ensuring that its risk management practices remain closely aligned with strategic goals and performance expectations.

The Board adopts a long term stewardship approach, considering the effect of its decisions on employees, stakeholders, suppliers, customers, communities, and the environment. Upholding high standards of business conduct remains a core commitment, strengthened by comprehensive governance policies and procedures. Throughout the review period, the Board affirmed that governance principles remain deeply embedded in the Company's culture, control structures, and day to day operations. It remains committed to continuous enhancement of governance practices.

Supported by management, the Board employs a stakeholder inclusive approach that builds constructive relationships and offers meaningful insights into stakeholder priorities. The Company expects all stakeholders to adhere to strong ethical and professional standards.

Our Key Stakeholders and Partners

The Board of Directors with the support of Management proactively manages the relationship with all stakeholders by embracing a stakeholder- inclusive approach. Engaging with stakeholders is key to understanding their expectations as well as driving continual improvement. We require our stakeholders to adhere to the highest level of integrity and business ethics in their dealings with us.

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

Our Key Stakeholders and Partners (continued)

Internal Environment			
Shareholder (Owner)	Board of Directors	Managers	Employees
Contribute capital, undertake risks associated with the launch of insurance activities and the insurer's operations and dividends.	Represent shareholders' interest, ensure growth and long-term sustainability, provide organization and strategic oversight.	Contribute knowledge, managerial skills and make decisions. Maintain strong relationships, keep abreast of market developments and get feed-back that informs company's strategy, business operations and governance.	Perform the assigned tasks, participate in defined processes and contribute knowledge and skills.
External Environment			
Customers & Policyholders Beneficiaries (Private and Institutional Clients)	Regulators	Industry Forums (AKI, AIBK, IIK, The Africa Insure Tech)	National & County Government Agencies (IRA, KRA, NHIF, NSSF, UFAA, AIBK, IIK etc.)
Develop trust and confidence in quality innovative products, Continuous obligation and daily engagement through frequent marketing of CIC Microinsurance products and digital modes of distribution such as USSD platform, Mobile App and Website portal.	To ensure the rights of the policyholders are protected. To ensure compliance with the regulatory legislative framework and provide input into the legislative development process.	Participate in consultative industry and sector forums to influence and or pro-mote common agendas.	Continuous participation in, and be a partner to the trans-formation of the Kenyan economy and the insurance sector. Participation in consultative industry and sector forums.
External Environment			
Insurance Intermediaries (Independent insurance agents, insurance brokers)	Market Competitors	Reinsurers	Service Providers & Suppliers
Acquire new customers, Preparing, Concluding and managing insurance con-tracts, Handling claims and organizing and supervise agency services.	Strategic alliances through risk sharing mechanisms such as consortiums: i.e. Co-insurance contracts. Participation in Industry Re-ports and benchmarks. Insur-rect partnerships with other companies i.e. Insure Africa Travel Package. Participate in industry sector debates and awards.	Entities receiving portion of the insurance risk. Reinsurance Treaties. Co-Reinsurance Treaties.	Our service providers and suppliers are essential partic-ipants in the value chain and contribute to the value we give to the shareholder. i.e. Outsourcing companies- Con-sulting companies, Bankers & Financial Institu tions (MFI's), Landlords, Ex-ternal Auditors, Statutory Actuary, Global Credit Rating Firm, Marketing Firms etc.
External Environment			
Strategic Alliances & Partnerships	Media	Community and Public at Large	Law Enforcement Agencies. Agencies Law Enforcement Agencies
Close engagement with various partners through MOUs and SLAs. Cooperative Movement-SACCOS Banking & MFI Channel Insuretech Companies Edtech Platforms NGO Networks, Organized Groups (Chamas, Communi ty Outreach Groups). The international partners; CARD MRI, ICMIF, ICA, ICETT & Women World Banking, Microinsurance Networks.	Proactively engage media on dissemination of im-portant company informa-tion. To communicate with rele-vant stakeholders and the broader public with a view to having a positive influence on behavior that will lead to desired business results.	Create partnerships that serve to facilitate CIC Microinsurance Ltd in-tegrated sustainability activities. CIC Foundation partnering with commu-nities to educate bright but needy children from needy back grounds. Public participation in projects and initia-tives that give back to the society such as: - tree planting Sharika Day. Public participation on road safety trainings.	Judiciary, Police etc.

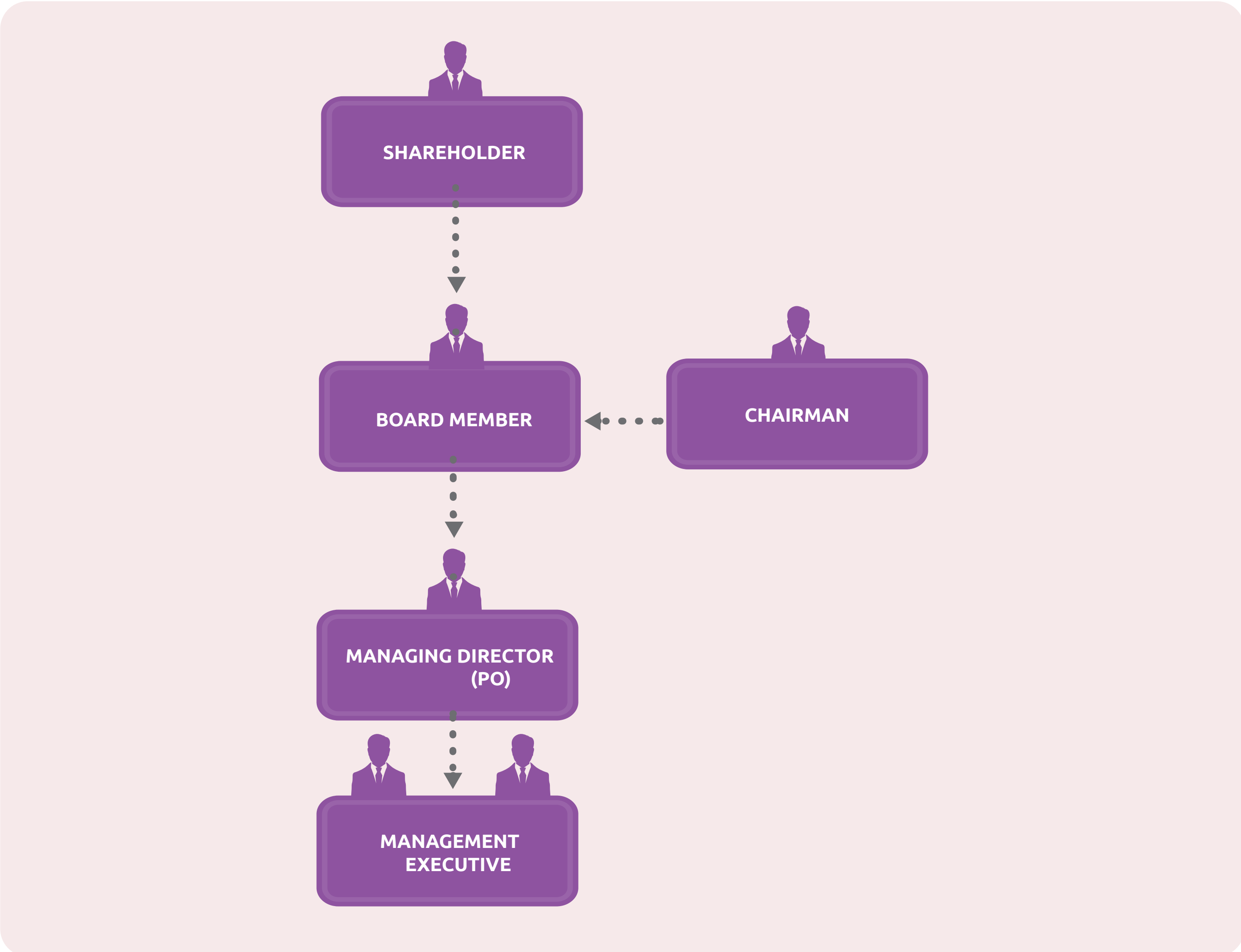
CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

Our Key Stakeholders and Partners (continued)

Governance Structure

Through the corporate governance framework, the Board sets out the strategic direction of the company while entrusting the day-to-day running of the organization to the executive management led by the Executive Director, with his performance against set objectives and policies closely monitored. The Board has implemented an internal governance structure with defined roles and responsibilities. The Company's shareholder appoints the Board of Directors, who in turn oversees and govern the Company by offering effective strategic oversight administration in its stewardship task of the company to greater prosperity while ensuring accountability and disclosure, in line with IRA (Corporate Governance) Regulations, 2022.

Overview of the Company's Corporate Structure



The Board Charter

The Board Charter is a foundational governance document that provides comprehensive guidance on the functioning and responsibilities of the Board. Reviewed every three years — most recently in 2025— the Charter complements, but does not replace, applicable laws and regulations. The Charter addresses:

The Board Charter plays a vital role in the company's governance framework, offering guidance on:

- Separation of roles, functions, responsibilities, and powers within the Board.
- Matters reserved for final decision-making by the Board.
- Corporate governance policies, declarations of conflict of interest, and the conduct of Board and Committee meetings.
- Nomination, appointment, induction, training, and performance evaluation of the Board and its Committees.

The Board affirms that it has carried out its duties in line with the Board Charter for the reporting period.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

Governance Structure (continued)

Board Composition, Size and Appointments

The composition of the insurer's Board of Directors, as defined by the Company's Articles of Association, includes a minimum of five (5) and a maximum of nine (9) directors, comprising the Managing Director and the Group Chief Executive Officer. Currently, the Board consists of five (5) directors constituted as follows:

i. Four (4) Independent Non-Executive Directors
ii. One (1) Executive Director

The Directors are subject to retirement by rotation and must seek re-election by shareholders in the annual general meeting in accordance with the Articles of Association. Between annual general meetings, the board may appoint directors to serve until the next Annual General Meeting. Any such appointment must be ratified by the shareholder at the general meeting following their appointment. The composition of the Board in the financial year under review was targeted towards ensuring fair representation of the major shareholder structure, as well as, optimization of the appropriate skill, experience, diversity and geographical mix to facilitate the effective execution of its mandate. A third of the Board members are independent directors who do not hold office for more than two terms of three years each. For the financial period under review, the Board composition complied with this statutory requirement.

The Board composition is driven by the following principles:

i. The Company's shareholding structure;
ii. The Board must comprise of a one third independent non-executive directors
iii. Maintenance of the requisite independence on the board to ensure objectivity;
iv. The sufficiency of the size of the Board as is necessary to attain the objectives of the company;
v. Effective succession planning to ensure a seamless transition and continuous presence of appropriate talent;
vi. Board diversity to ensure the desired mix of skills, knowledge, experience, gender, ethnicity and expertise relevant to the industry and the company's strategic objectives to enable the board to discharge its duties effectively and promote balanced decision-making and innovation.

The Board's Function and Responsibilities

The Board of Directors is collectively responsible for the governance of the Company, its vision, strategic direction, and values. This includes setting goals and strategies for operating the Company and monitoring management's implementation. The Board's functions, as set out in the Board Charter, include:

a. Leadership & Strategic Direction
- Providing ethical and effective leadership.
- Setting the company's vision, values, and strategic direction.
- Determining long-term success through objective and informed judgment.

b. Strategy Formulation & Execution
- Approving strategic and financial plans, including business strategies and annual budgets.
- Monitoring business performance against established targets and objectives.
- Ensuring integration of strategy, risk, performance, and sustainability.
- Having the right team for execution through succession planning.

c. Governance & Risk Management
- Establishing appropriate governance structures for business operations.
- Ensuring compliance with corporate governance best practices.
- Implementing and monitoring audit, risk management, and compliance systems.
- Maintaining a framework of controls to mitigate business risks.

d. Decision-Making & Oversight
- Bringing independent, informed, and effective judgment to material decisions.
- Monitoring and ensuring the implementation of board decisions, values, and policies.
- Overseeing the company's disclosure control processes for accuracy and transparency.

e. Ethical Conduct & Corporate Citizenship
- Setting the ethical tone of the company and ensuring ethical behavior.
- Ensuring the company operates as a responsible corporate citizen.
- Overseeing shareholder reporting on governance, performance, and direction.

f. Operational & Dispute Management
- Ensuring efficient and effective resolution of disputes.
- Overseeing management of business operations.

g. Board Administration
- Solely responsible for its agenda, with planning facilitated by the Chairman and Company Secretary.
- Delegating specific responsibilities to the management executive committee as necessary.

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025
Governance Structure (continued)

Director Appointment

Director	Date of Board Appointment	Board Shareholder Confirmation
Patrick Nyaga	03.06.2024	04.06.2026
George Muiruri	03.06.2024	04.06.2026
Christine Kahema	03.06.2024	04.06.2026
Anne Wambui	03.06.2024	04.06.2026
Rosemary Macharia	03.07.2024	04.06.2026

Director Appointment and Due Diligence

Board members receive formal letters of appointment setting out the main terms and conditions relative to their appointment. In addition, the Company also takes out appropriate director professional indemnity insurance for each Director to enable them to discharge their roles efficiently and effectively.

Prior to the appointment of independent directors, CIC Insurance Group PLC Governance, Nomination and Human Resource Committee defines the functions and core competencies for each vacant directorship role across the Group and its subsidiaries. It also develops suitable selection criteria for potential candidates, screens and interviews them.

All Directors of CIC Microinsurance LTD have undergone the fit and proper due diligence assessment conducted by the regulator to access the fitness and propriety as Board Members including senior management and key persons in control functions and approvals granted. All Directors are in good standing and have a current certificate of good conduct from the Criminal Investigation Directorate and Credit Reference Bureau.

In 2025, all Directors submitted annual declaration forms confirming that the details provided during the fit and proper assessment remained unchanged.

Director Induction

Newly appointed Directors receive appropriate formal induction and training, specifically tailored to the company's business and operation needs. The induction is aimed at enabling the new directors to fully take up their roles and execute their responsibilities. The Board has put in place Board Induction Policy for new Directors and ensures that all directors regularly update their skills and knowledge at regular intervals.

Board Capacity Building

The Company prioritizes continuous capacity building for Directors to ensure they remain well versed in governance expectations, regulatory developments, and shifts within the operating environment. Such development initiatives enhance the Board's effectiveness by strengthening strategic thinking, risk awareness, and leadership capability. During the year under review, all Directors undertook a five (5) day Corporate Governance Training by the Centre of Corporate Governance and are all members of the Institute of Directors Kenya (IOD). Complementing these activities, the Directors were also trained in Crisis Management training, Cybersecurity, Technology & AI, Insurance, Corporate culture and an aannual Board strategy meeting on 7th November 2025, enabling them to further align with the Company's long term direction and contribute meaningfully to strategic deliberations.

Conflict of Interest

Directors are prohibited from engaging, directly or indirectly, in any business activity that competes with or conflicts with the interests of CIC Microinsurance Ltd or its clients unless such interests are fully disclosed to all stakeholders. The Board is dedicated to ensuring that board members, management, and staff understand their responsibility to disclose any potential conflicts of interest and comply with this policy, thereby safeguarding the company's integrity.

A formal Board Conflict of Interest Policy is in place to assist directors in identifying, disclosing, and managing actual, potential, or perceived conflicts, whether financial or non-financial, to protect the company's integrity and mitigate risk. Directors are obligated to promptly notify the Chairman and the Company Secretary of any conflicts of interest as they arise.

Furthermore, the declaration of conflicts of interest is a standard agenda item addressed at the start of each Board and Committee meeting. Directors with material personal interests are required to abstain from voting on or participating in discussions regarding the matter. For the year ended 2025, we confirm that no business transactions occurred between the company and its directors or their related parties.

Code of Ethics and Conduct

The company's Code of Ethics and Conduct continues to be in place and outlines the principles and standards of behavior expected within an organization. It serves as a guiding framework for employees, management, and stakeholders, ensuring that actions align with organization's values and ethical principles. Company directors and employees are expected to act with honesty, integrity and fairness in all their dealings with one another and with stakeholders. Initiatives to ensure its application include training and awareness programs, ease of access to the code through company's intranet and requirement of every employee to sign the code upon joining the company, leadership commitment by serving as role model, integration into HR policies and practices, establishment of clear reporting mechanisms for whistle blowing, monitoring to asses adherence and disciplinary measures for non-compliance.

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

Governance Structure (continued)

Board Meetings Held During the Year 2025

Aligned with its approved Board Calendar, the Board typically convenes quarterly to establish company objectives and strategies, review performance against targets, and approve both annual and interim financial statements. Guided by the Company's Strategic Plan 2026–2030, Board Charter, and Annual Board Work Plan, the Board demonstrated its unwavering commitment to effective governance and timely decision-making by convening four times during the year under review together with the Committees.

A summary of the attendance record of Board meetings is provided below while a record of attendance is kept with the Company Secretary and also noted in the minutes of the meeting.

Board Attendance		
Directors	Board Meeting	
	(a)	(b)
Patrick Nyaga	4	4
Christine Kahema	4	4
Anne Wambui	4	4
Rosemary Macharia – Chairperson	4	4
George Muiruri	4	4

Notes:

a. Number of meetings convened during year when the director was a member.
b. Number of Meetings attended by the Director during the year.

Company Secretary to the Board

The Company Secretary plays a pivotal role in advising the Board on compliance with statutory and regulatory requirements and promoting high standards of corporate governance. The role provides Directors with informed legal and governance guidance to support the proper discharge of their responsibilities, including ensuring accurate and timely corporate governance reporting.

Core duties include managing the onboarding process for new Directors and supporting continuous learning to enhance Board effectiveness. The Company Secretary also upholds rigorous governance record keeping by preparing and maintaining Board minutes and ensuring seamless communication among the Board, management, and other leadership structures. Responsibilities include preparing and disseminating Board materials, communicating decisions, maintaining formal records of discussions, and monitoring follow up actions in coordination with the Managing Director and the Board Chairperson.

Board Evaluation

The Board understands the importance of enhancing the performance of a company's board of directors' performance, and effectiveness of corporate governance in achieving the overall objectives and goals of the company.

The Board conducted its first 2025 Board Evaluation reviewing its collective performance, including peer-to-peer evaluations and assessments of the Chairman, Managing Director, and Company Secretary.

A comprehensive online evaluation tool, structured as a questionnaire, assesses the directors' balance of skills, expertise, and diversity, evaluates the practical functioning of the Board, examines the overall effectiveness of corporate governance, and identifies areas for improvement while suggesting actionable strategies, including direct interview of the Chairperson.

The Board evaluation process for the year 2025, conducted by the independent consultant Wyne & Associates, highlighted the Board's strong performance, underpinned by effective leadership, diverse expertise, and robust governance practices. Notably, the Board cultivates a well-governed organization, ensuring long-term sustainability and success through its commitment to transparency, accountability, and integrity. The assessments further demonstrated that the Board and its Committees excel in achieving business objectives and fulfilling their oversight and leadership roles within a solid support framework.

Board Remuneration

CIC Insurance Group PLC Board Governance, Nomination & Human Resource Committee plays a pivotal role in designing and implementing the Directors' remuneration policy all subsidiaries including CIC Microinsurance Limited, under the IRA Group Wide Supervision Guidelines, to ensure alignment with the company's broader governance framework and strategic goals. The Group policy is a key driver of motivation, designed to attract and retain talented directors while incentivizing them to work towards the company's long-term sustainability and success. Details of the fees for the Directors paid in the financial year under review are set out in the financial statements, part of the annual report.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025

Governance Structure (continued)

Risk Management Framework

The Risk and Compliance function serves as a strategic pillar for the Board, facilitating the formulation of the risk appetite, strategies, and limits essential for sustainable growth. Central to this oversight is the Enterprise Risk Management (ERM) Framework, which has been recently enhanced in alignment with ISO 31000:2018 standards to ensure a globally recognized approach to risk identification and mitigation. This framework is further fortified by a comprehensive AML/CFT and Risk Management Policy, designed to protect the integrity of the firm and its investors from financial crime. Guided by the Group-wide ERM philosophy, the Board-approved Risk Appetite and Tolerance Statement explicitly defines the levels of risk the Company is willing to accept to deliver its strategic plan. This structured approach covers critical risk categories—including: Insurance risk, Strategic, Investment, Market, and Liquidity, Emerging risks, as well as Information Governance and Technology risks—ensuring that every decision is risk-informed and geared toward increasing long-term stakeholder value.

Internal Control Functions.

The Board holds collective responsibility for establishing and managing effective systems of internal control, as well as reviewing their operational effectiveness. The implemented internal control system includes defined procedures incorporating operational and financial controls to safeguard assets, ensure timely and accurate authorization and recording of transactions, and prevent or promptly detect material errors and irregularities within a reasonable timeframe.

The Board of CIC Microinsurance Limited acknowledges the importance of board committees in strengthening oversight and governance. However, in view of the Company's early stage of operations, the Board resolved to collectively discharge the responsibilities ordinarily delegated to committees, while deferring the establishment of the Audit & Risk Committee and the Finance & Investment Committee. This decision was informed by the Company's current scale, operational capacity, and resource considerations, with a view to prioritizing foundational development and operational stability. The Board will periodically review this position in line with evolving regulatory expectations and emerging governance best practices. In the interim, the Board continues to exercise oversight over internal control functions and, during the period under review, approved the appointment of external auditors and a statutory actuary.

The Company has the following internal control functions:

a. Risk & Compliance Function

In accordance with the Insurance (Risk Management and Control Functions) Guidelines, 2022, the Risk and Compliance function is mandated to support the Board in establishing and maintaining an effective risk management and control framework. The function oversees the continuous identification, monitoring, and assessment of risk exposures across the Company, undertaking both qualitative and quantitative evaluations against defined risk tolerances in collaboration with business units, and reporting directly to the Board. Its responsibilities include ensuring that all material risks are appropriately identified, measured, managed, and aligned with the Company's risk appetite. As part of strategic and business planning, the function conducts stress and scenario testing to evaluate the potential impact of adverse developments on the Company's financial position, thereby informing mitigation strategies. Additionally, the function ensures compliance with all applicable legal, regulatory, and internal policy requirements, including obligations relating to anti-money laundering, countering the financing of terrorism, sanctions screening, and regulatory reporting.

Internal Audit Function

The internal Audit function undertakes an independent assessment of the Company's governance and internal control environment, reporting on their effectiveness, adequacy, and any areas of weakness. Its review includes risk management processes, asset protection measures, and the accuracy of the Company's financial statements. It further examines the effectiveness of the Risk & Compliance function as a management control tool, assuring the Board that internal control systems are sound and commensurate with the Company's size and business activities.

c. The Actuarial Function

The Company maintains a well-structured and fully resourced actuarial function, authorized and equipped to support its operations. The function plays a critical role in financial risk management, solvency assessments, asset valuation, reinsurance planning, premium sufficiency reviews, and the continuous elevation of actuarial standards within the business.

Its responsibilities primarily encompass:
reserving, to confirm that adequate liabilities are recognized; and pricing, to evaluate and strengthen long-term profitability.
The actuarial function, together with the appointed actuary, has full access to the Board and reports to it on a periodic basis. To fulfil statutory actuarial requirements, the Board has engaged QED Actuaries & Consultants (Kenya) Ltd to deliver its first 2025 Financial Condition Report (FCR), aligned with the 2013 actuarial guidelines and prevailing professional standards

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025
Governance Structure (continued)

External Auditor

In accordance with the Insurance (Corporate Governance) Guidelines, 2022, the Board retains direct responsibility for ensuring the integrity of the Company's financial reporting and the effectiveness of its internal control and internal audit functions. During the period under review, PwC presented the Company's first audited financial statements for the financial year 2025, which were duly reviewed and approved by the Board. In fulfilling its oversight mandate, the Board continues to monitor the independence, objectivity, performance, and audit quality of the external auditor, including reviewing the scope of work, fees, and terms of engagement. The external auditor is also required to provide formal confirmation of independence and disclosure of any relationships with the Company.

Disclosure

Transparency is upheld through open communication channels, encouraging all stakeholders to share their views with the Company. The Executive Director serves as the designated spokesperson to maintain effective communication. Notably, in 2025, the Company did not incur any material regulatory penalties for non-compliance with regulatory provisions.

Shareholder Relations

a. Strong internationally recognized accounting principles
b. Focus on clearly defined Board and management duties and responsibilities
c. Focusing on compliance with relevant laws and upholding the highest levels of integrity in the Company's culture and practice
d. Continuing to implement our strategy for the long-term prosperity of the business
e. Timely and relevant disclosures and financial reporting to our shareholders and other stakeholders for a clear a. understanding of our business operations and performance
f. Ensuring execution of strong audit procedures and audit independence.

Whistleblowing Policy

A whistleblowing policy is essential for promoting ethical behavior, ensuring transparency, and protecting organizational integrity. Whistleblowing policy is a cornerstone of good governance and ethical corporate culture. The Company maintains a zero-tolerance approach to fraud, corruption, bribery, unethical behavior, regulatory non-compliance, or questionable accounting by employees, directors, customers, and contractors. Through its whistleblower policy, the Company provides a platform for employees, suppliers, dealers, and clients to report suspected wrongdoing, with clear procedures on addressing such concerns. Confidential and anonymous reporting channels are independently managed, and contact details are available on the Company's website, where the whistleblower policy is also published.

Board Access to Information

The Company ensures that Directors are equipped with timely, precise, and complete information, supported by adequate resources to facilitate the effective discharge of their responsibilities. Comprehensive disclosure on organizational issues strengthens accountability and supports Directors in fulfilling their fiduciary duties. The Board remains committed to maintaining transparency and accountability in financial reporting and business oversight. Where necessary, Directors may consult external advisors for expert input on complex matters. To further enhance accessibility, a dedicated e Board platform provides streamlined access to critical documents, the corporate intranet, website, and other digital business resources.

Succession

The Board recognizes that careful succession planning is critical to sustaining its effectiveness, and has therefore instituted a formal plan to guide this process. Considering the Company's long term strategy and evolving needs, potential candidates possessing the right mix of skills, experience, and personal qualities are considered as Board vacancies arise. This structured approach is anchored in an established succession policy.

Sustainability

The insurer recognizes that its business operations directly and indirectly impact the environment, reinforcing an inherent responsibility to uphold sustainable and ethical practices. As a short-term insurance underwriter, the company acknowledges that sustainability is not only a strategic imperative but also a moral obligation to future generations.
The insurer is committed to embedding environmental, social, and governance (ESG) principles into its operations, ensuring that underwriting, investment, and corporate decisions contribute positively to long-term sustainability. This commitment reflects a broader duty to safeguard the environment, promote societal well-being, and support responsible business practices.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2025
Governance Structure (continued)

ESG and Board of Directors Responsibilities.

Global trends in corporate performance evaluation have evolved from a singular focus on financial metrics to a more holistic perspective that includes both financial and non-financial performance. Modern investors and stakeholders in capital markets now demand comprehensive information, not only on financial results but also on governance, social, and environmental factors under the Environmental, Social, and Governance (ESG) framework. To adapt to this shift, CIC Insurance Group Plc has developed and implemented an ESG Framework to guide the operationalization and execution of ESG-related objectives across all its subsidiaries, including CIC Microinsurance Limited, one of its sister companies.

Going Concern

The Board confirms that the Financial Statements are prepared on a going concern basis and is satisfied that the company has adequate resources to continue in business for the foreseeable future. In making this assessment, the Directors consider a wide range of information relating to the present and anticipated future conditions including future projections of profitability, cash flows, capital and others.

Share-holding Structure

The authorized share capital of CIC Microinsurance Ltd is currently Kenya Shillings Two Billion (Kshs 2,000,000,000). This is divided into 20,000,000 ordinary shares of Kshs 100/= each. The paid-up capital is currently Kshs Fifty Million (Kshs 50,000,000). The shareholding structure of the company is as follows:

SHAREHOLDER	NO OF SHARES	%
CIC Insurance Group PLC	3	100%

The Board continues to support good governance and believes that the application of sound corporate governance principles based on ethical leadership ensures the business success and its sustainability.
Signed by Chairman on Behalf of CIC Microinsurance Limited

2nd April 2026
Mrs. Rosemary Macharia

CORPORATE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2025

Building impact through microinsurance: A journey of transformation

CIC Microinsurance Limited continues to play a pivotal role in expanding financial protection for low-income households and micro entrepreneurs in Kenya. Founded on decades of innovation and social impact, the company's mandate is anchored in the Microinsurance Act, 2020, which paved the way for dedicated microinsurance entities. In response, CIC Insurance Group Ltd incorporated CIC Microinsurance Limited on 31st December 2021, establishing a focused, regulated subsidiary aimed at deepening financial inclusion and strengthening risk protection for underserved communities.

CIC's microinsurance journey began in 2001 with the introduction of Micro Credit Life, a product designed to safeguard borrowers and lending institutions against credit-related risks. Distributed through Microfinance Institutions (MFIs), the solution offered protection against death, total permanent disability, and later expanded to include funeral expenses and business-related risks such as fire and burglary. This product laid the foundation for a sustainable microinsurance framework, enabling institutions to manage portfolio risk while empowering clients to recover from financial shocks.

In 2004, CIC ventured into micro health insurance with its first low-cost health product. Although its uptake was limited, the experience informed future innovation. A major milestone followed in 2007 with the launch of Bima Ya Jamii, a collaborative initiative between CIC, Kenya Women Finance Trust, and NHIF, supported by the International Labour Organization. The product provided comprehensive family health coverage and gained significant traction before being discontinued in 2010 following changes in national health policy.

Between 2011 and 2014, CIC broadened its portfolio with products such as M BIMA, Biashara Salama, Jikinge Welfare, and Jilinde Personal Accident, each tailored to address unique risks faced by informal sector players, chamas, and micro entrepreneurs. The launch of the M BIMA digital platform in 2011—leveraging M PESA technology—was a transformative step, enhancing premium collection efficiency, improving customer engagement, and enabling scale within low income markets.

In 2024, a dedicated Board of Directors was formally constituted to provide strategic oversight and strengthen governance structures. Another great milestone for CIC Microinsurance was reached in 2025 when the subsidiary transitioned eligible products from the General and Life subsidiaries to Microinsurance, enabling a sharper focus on affordability, simplicity, and regulatory alignment. Following a rigorous licensing process, CIC Microinsurance Limited received its official operating license in August 2025, marking the full operationalization of the subsidiary. With its systems, governance, and regulatory approvals in place, the company is now fully equipped to book policies directly under the microinsurance license and to process and settle claims independently positioning the business for sustainable growth and enhanced service delivery to low-income and underserved customers.

The establishment of CIC Microinsurance Limited represents a strategic shift toward a more agile, customer-centric, and sustainable business model. As a specialized entity, it can streamline operations, enhance actuarial and risk management capabilities, and design products tailored to the needs and income profiles of low-income customers. This structure also strengthens regulatory compliance while positioning the company for future growth, partnerships, and digital innovation.

Today, the company's financial strategy emphasizes scalable distribution, digital efficiency, and profitability through volume, ensuring products remain affordable while maintaining sustainability. With a diverse portfolio across life, health, accident, savings, funeral, and property microinsurance, CIC Microinsurance continues to support financial resilience, protect livelihoods, and expand social protection for underserved communities.
Guided by its cooperative heritage, the company is well positioned to deepen its impact—driving financial inclusion, supporting inclusive growth, and contributing to Kenya's broader social and economic development.

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

The directors submit their report together with the audited financial statements of CIC Microinsurance Limited "the Company" for the year ended 31 December 2025, which discloses the status of affairs of the company.

1. INCORPORATION

The Company is domiciled in Kenya where it is incorporated as a private company limited by shares under the Companies Act, 2015. The address of the registered office is set out on page 1.
The entity was dormant until July 2023 when share capital was issued and in the subsequent months the entity begun operations. The Company's comparative figures cover the 18-month period from 1 July 2023 to 31 December 2024.

2. DIRECTORATE

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

3. PRINCIPAL ACTIVITY

The principal activity of the company is the transaction of microinsurance business.

4. COMPANY RESULTS

The table below highlights some of the key performance indicators

	Year ended 31 December 2025	Period ended 31 December 2024
	KShs'000	KShs'000
Insurance revenue	2,448	-
Loss before income tax	(17,756)	(1,874)
Total comprehensive loss for the year	(12,816)	(1,312)
Total assets	55,737	49,638
Total equity	35,872	48,688

5. DIVIDENDS

The directors do not recommend payment of dividends for the year ended 31 Dec 2025 (2024; Nil).

6. BUSINESS REVIEW

ECONOMIC AND BUSINESS ENVIRONMENT IN 2025

The year 2025 exhibited a generally stable macroeconomic environment in Kenya, with inflation remaining low and within the Central Bank of Kenya's target range of 5% ± 2.5%. Headline inflation fluctuated between 3.5% in the first quarter and 4.5% in December, driven by price increases in Food and Non-Alcoholic Beverages (7.8%), Transport (5.2%), and Housing, Water, Electricity, Gas and Other Fuels (1.6%). This stable inflation environment supported household purchasing power and contributed to predictable business conditions.

The Kenyan Shilling (KES) remained broadly stable, recording a slight 0.2% appreciation against the US Dollar, closing the year at KES 129.0/USD compared to 129.3/USD at end of 2024. Foreign exchange reserves reached a historic high of USD 12.39 billion, equivalent to approximately 5.3 months of import cover, bolstering external liquidity buffers, albeit against a backdrop of a widening current account deficit, which increased by 76.6% in Q2 2025.

Kenya's equity market delivered a remarkably strong performance in 2025, with major indices ending the year significantly higher. The NSE 20 Share Index surged by 52.5%, while the NSE 10 and NSE 25 indices also recorded gains between 47% and 49%, and overall market capitalization grew by approximately KES 1 trillion, closing near KES 3 trillion. This reflected robust investor sentiment and improved corporate earnings expectations.

In the insurance sector, industry regulators reported meaningful growth and transformation during 2025. According to the Insurance Regulatory Authority (IRA), the industry's premium base expanded, with gross premiums rising to approximately KES 241.3 billion in the first half of 2025, up from KES 212.8 billion over the same period in 2024. General insurance accounted for the majority share, while long-term products also exhibited strong growth, underscoring the sector's resilience and relevance in managing financial risks for households and businesses.

Microinsurance activity continued to gain momentum, with IRA data showing that microinsurance premiums for the first half of 2025 amounted to KES 1.07 billion, and licensed microinsurers operating in the market numbered six, serving low-income individuals and small enterprises with affordable covers. Claims activity in the microinsurance segment also showed significant expansion, with a notable increase in the number of claims and pay-out values, indicating rising uptake and reliance on microinsurance for financial protection against health, accident, and other household shocks.

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

Industry reports from the Association of Kenya Insurers (AKI) highlighted ongoing sector transformation driven by digital innovation and technology adoption, including the use of artificial intelligence to enhance customer onboarding, risk assessment and claims processing—improving operational efficiency and speed of service delivery across insurers.

Despite growth, insurance penetration in Kenya remained low, at around 2.3–2.4% of GDP, indicating significant untapped demand for insurance products, especially outside urban and formal sector segments.

Overall, the combination of macroeconomic stability, equity market strength, industry growth trends, and microinsurance expansion provided a supportive environment for the microinsurance business in 2025. Nonetheless, continued efforts in financial inclusion, regulatory innovation, and customer education are essential to further enhance insurance uptake and sector resilience in the medium term.

During the year ended 31 December 2025, CIC Microinsurance commenced its underwriting operations following the establishment phase undertaken in 2024. The prior year largely comprised start-up and operational set-up activities including regulatory approvals, system implementation, staffing, and market entry preparations. 2025 being the first year of underwriting, the Company recorded insurance revenue of KShs 2.4 million and incurred significant insurance service expenses of KShs 12.6 million as it established its underwriting portfolio, distribution channels, and operational capacity. Consequently, the insurance service result for the year closed at a loss of KShs 10.3 million.

Investment income for the year amounted to KShs 2.38 million, largely generated from interest earned on funds invested in fixed deposits and coupons from government securities. The investment portfolio was conservatively structured to preserve capital while generating stable returns during the Company's early operational phase.
Operating expenses amounted to KShs 9.76 million, reflecting administrative costs associated with building operational infrastructure, strengthening governance frameworks, and supporting business development initiatives necessary for long-term growth.

Overall, the Company reported a loss before tax of KShs 12.8 million for the year, mainly due to the continued investment in building the business, having just commenced insurance underwriting, strengthening operational capacity and establishing a sustainable insurance portfolio. Management remains focused on expanding the underwriting portfolio, strengthening distribution networks and enhancing operational efficiency in subsequent years as the Company transitions from the establishment phase towards sustainable revenue growth and profitability.

7. DIRECTORS

The directors of the Company who served in office during the year and to the date of this report are set out on page 1 of this report.

8. STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

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

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

9. TERMS OF APPOINTMENT OF THE AUDITOR

PricewaterhouseCoopers LLP continues in office with the accordance with the company's Articles of Association and section 719 (2) of the Companies Act, 2015.

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

BY ORDER OF THE BOARD

Secretary

…………………………………….. 2026
Nairobi

REPORT OF THE CONSULTING ACTUARY

FOR THE YEAR ENDED 31 DECEMBER 2025

I have conducted an actuarial valuation of CIC Microinsurance Limited as at 31 December 2025.

The valuation was conducted in accordance with IFRS 17, generally accepted actuarial principles and in accordance with the requirements of the Insurance Act, Cap. 487 of the Laws of Kenya.

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

In my opinion, CIC Microinsurance Limited insurance liabilities were adequate as at 31 December 2025.

Name of Actuary **Lance Moroney**

Signed..

26th May 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2025

The Companies Act 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company at the end of the financial year and its financial performance for the year then ended. The directors are responsible for ensuring that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; disclose with reasonable accuracy at any time the financial position of the company; and that enables them to prepare financial statements of the company that comply with prescribed financial reporting standards and the requirements of the Companies Act 2015. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards and in the manner required by the Companies Act 2015. They also accept responsibility for:

(i) Designing, implementing, and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
(ii) Selecting suitable accounting policies and then apply them consistently; and
(iii) Making judgements and accounting estimates that are reasonable in the circumstances

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

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

Approved by the Board of Directors on 26th May 2026 and signed on its behalf by:

…………………………………	…………………………………	…………………………………
Rosemary Macharia Chairperson	Christine Kahema Director	Patrick Nyaga Director

pwc

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CIC MICROINSURANCE LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of CIC Microinsurance Limited (the Company) set out on pages 13 to 66 which comprise the statement of financial position at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of CIC Microinsurance Limited as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the 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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities and the ethical requirements that are applicable to our audit of financial statements in Kenya. We have also fulfilled our ethical responsibilities in accordance with the IESBA Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's financial statements of the current period. 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.)

Key audit matter	How our audit addressed the key audit matter
Valuation of insurance contract liabilities As disclosed in the financial statements, the valuation of insurance contract liabilities involves complex and subjective judgments about future events, both internal and external to the business. Small changes to these assumptions can result in material impacts to the valuation of the fulfilment cash flows, Contractual Service Margin ('CSM'), and risk adjustment. **(a) For the life insurance contract liabilities** There are significant assumptions that involve high levels of judgment in determining the liabilities, in particular the following: • The mortality and longevity assumptions used in the valuation process; • Selection of expense and inflation assumptions, and the split of expenses between attributable and non-attributable costs; • Estimating the fulfillment cash flows representing all relevant cash flows that fall within the insurance contract boundaries; • Determination of the Contractual Service Margin ('CSM'), and the CSM amortisation involves complex calculations and judgment; • The selection of the appropriate discount rate used in the discounting of future cash flows; and • The computation of the risk adjustment.	Our work to address the valuation of insurance contract liabilities included the following procedures: • Using our actuarial specialists, we compared the methodology, models and assumptions used against recognised actuarial practice. This included consideration of historical experience, the appropriateness of significant judgments applied, and the existence of management bias; • Assessed whether the judgments, methodology and assumptions applied by management in determining the accounting policies are in accordance with IFRS 17; • Assessed the reasonableness of assumptions in the valuation of insurance contract liabilities such as mortality, longevity, fulfillment cash flows, risk adjustment and selection of discount rates. • For contracts measured under General Measurement Model ('GMM'), tested the reasonableness of coverage units and amortisation to statement of profit or loss; • Assessed the competence, capabilities and objectivity of the Company's Statutory Actuary; • On a sample basis, traced the insurance valuation input data to information contained in the administration and accounting systems and to policyholder information; • Reviewed management's process of extraction and reconciliation of the data used in the determination of the insurance contract liabilities; • Reviewed disclosures in the financial statements for compliance with IFRS 17.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CIC MICROINSURANCE LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matters (continued)

Key audit matter (continued)	How our audit addressed the key audit matter (continued)
Valuation of insurance contract liabilities (continued) (b) for the general insurance contract liabilities General insurance contract liabilities are highly uncertain and require considerable judgment and interpretation to determine their valuation. Our assessment of the related audit risk is focused on the following areas: • The estimation of the liability for incurred claims involves significant judgement given the inherent uncertainty in estimating expected future outflows in relation to claims incurred. In addition, the liabilities are adjusted for the time value of money based on historical settlement patterns. Judgement is applied in estimating this future settlement pattern and in determination of the discount rate. • Determination of liability for incurred claims requires calculation of risk adjustment for non-financial risk which represents the compensation for bearing the uncertainty about the timing and amount of the risk insured. This calculation involves significant judgement in determining the confidence level and assumption that future development of claims will follow past patterns. • For onerous contracts, calculation of loss component involves judgment in estimating fulfilment cashflows relating to the remaining coverage period of insurance contracts.	• Evaluated and tested controls around claims handling, settling, and reserving. • Tested a sample of claim payments and reserves to confirm the amounts recorded in the claims systems agree to the source data. • Checked the consistency of reserving methods year on year. • Tested the appropriateness of the methodology and assumptions used by the external actuary and management in estimation of reserves as at 31 December 2025 and performed reprojections for a sample of reserves to validate estimates. • Tested management's calculation of the discount rate used to compute the present value of liability for incurred claims. • Tested the methodology and assumptions used by management in estimating the risk adjustment. • Reconciled the claims data used by management to calculate reserves to the audited claims data. • Assessed the adequacy of disclosures in the financial statements.

Other information

The other information comprises the Corporate information, Director's report, Consulting actuary's report, and Statement of directors' responsibilities which we obtained prior to the date of this auditor's report but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the 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 have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CIC MICROINSURANCE LIMITED (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

We also provide the directors 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 actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Company's 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 Companies Act, 2015

In our opinion the information given in the report of the directors on pages 3 to 5 is consistent with the financial statements.

CPA Bernice Kimacia, Practicing Certificate Number 1457
Engagement partner responsible for the audit

Bernice Kimacia

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

26th May 2026

UNIQUE CODE: 45673260526

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Year ended 2025 KShs'000	Period ended 2024* KShs'000
Insurance revenue	3 (a)	2,447	-
Insurance service expenses	3 (b)	(12,590)	-
Net expense from reinsurance contracts held	3 (c)	(118)	-
Insurance service result		**(10,261)**	**-**
Interest revenue calculated using the effective interest method	4	2,384	1,145
Net investment result	**4**	2,384	1,145
Other gains	5	56	-
Other operating expenses	6 (a)	(9,755)	(3,019)
Loss before income tax		(17,576)	(1,874)
Income tax credit	7(a)	4,760	562
Loss for the year		**(12,816)**	**(1,312)**
Total comprehensive loss for the year		**(12,816)**	**(1,312)**

*The comparatives cover the 18-month period from 1 July 2023 to 31 December 2024.

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2025

		2025	2024
	Notes	KShs'000	KShs'000
ASSETS			
Property and equipment	8	3,370	-
Intangible assets	9	3,983	-
Deferred Tax	12	5,322	562
Financial assets at amortised cost - Government securities	10	5,436	5,451
Premium receivables	18(a)	3,470	-
Current income tax	7	222	63
Other receivables	11	4	-
Due from related parties	13	-	1,938
Cash and cash equivalents	21	33,930	41,624
TOTAL ASSETS		**55,737**	**49,638**
EQUITY AND LIABILITES			
Equity			
Share capital	16	50,000	50,000
Accumulated losses		(14,128)	(1,312)
Total equity		**35,872**	**48,688**
LIABILITIES			
Insurance contracts liabilities	18 (b)	6,513	-
Reinsurance contract liabilities	19	20	-
Due to related parties	13	10,789	950
Other payables	20	2,543	-
Total liabilities		**19,865**	**950**
TOTAL EQUITY AND LIABILITIES		**55,737**	**49,638**

The financial statements on pages 13 to 66 were approved by the Board of Directors on 26th May 2026 and signed on its behalf by:

………………………………	………………………………	………………………………
Rosemary Macharia	Christine Kahema	Patrick Nyaga
Chairperson	Director	Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

		Share capital	Accumulated Losses	Total
	Notes	KShs'000	KShs'000	KShs'000
Period ended 2024*				
At start of period		-	-	-
Issue of shares	16	50,000	-	50,000
Loss for the period		-	(1,312)	(1,312)
At end of period		**50,000**	**(1,312)**	**48,688**
Year ended 2025				
At 1 January 2025		50,000	(1,312)	48,688
Accumulated losses		-	(12,816)	(12,816)
At 31 December 2025		**50,000**	**(14,128)**	**35,872**

*The comparatives cover the 18-month period from 1 July 2023 to 31 December 2024.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 KShs'000	Period ended 2024* KShs'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	21 (a)	(1,945)	(3,983)
Tax Paid	7	(159)	(63)
Interest received on government securities at amortised cost	4	762	755
Interest received on bank deposits	4	1,620	-
Purchase of government securities	11	-	(5,085)
Net cash generated from /(used in) operating activities		**278**	**(8,376)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	8	(3,724)	-
Purchase of intangible assets	9	(4,248)	-
Net cash used in investing activities		**(7,972)**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of share capital	16	-	50,000
Net cash used in financing activities		-	50,000
DECREASE IN CASH AND CASH EQUIVALENTS		**(7,694)**	**(8,376)**
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	**21 (b)**	**41,624**	**-**
CASH AND CASH EQUIVALENT AT END OF YEAR	**21 (b)**	**33,930**	**41,624**

*The comparatives cover the 18-month period from 1 July 2023 to 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Statement of compliance with IFRS Accounting Standards.

The financial statements have been prepared in compliance with IFRS Accounting Standards issued by IFRS Foundation, interpretations issued by the IFRS Interpretations Committee (IFRIC) Interpretations applicable to companies reporting under IFRS and in compliance with the Companies Act, 2015. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

(a) Basis of preparation

The measurement basis used is the historical cost basis, as modified by the carrying of certain property and equipment, investment property and certain investments at fair value, and actuarially determined liabilities at their present value. The financial statements are presented in Kenya Shillings (KShs), which is also the functional currency.

The financial statements comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the profit or loss. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognised in the profit or loss as required or permitted by IFRS Accounting Standards. Transactions with the owners of the company in their capacity as owners are recognised in the statement of changes in equity.

The Company presents its statement of financial position in the general order of liquidity.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

As at 31 December 2025, the Company was in a loss position of KShs 12.8 million (2024: KShs 1.3 million). However the current assets exceeded its current liabilities by KShs 17.8 million (2024: 42.7 million). Despite these circumstances, the Directors have assessed the continuing viability of the Company and its ability to continue as a going concern and meet its commitments as they fall due.

The Company will rely on its Parent Company to meet its obligations as and when they fall due. The Company has obtained a commitment to this effect. The Parent Company has confirmed to the Directors of the Company that it will continue to provide financial support to enable the Company to meet its obligations as and when they fall due for at least the next 12 months from the date of these financial statements. Accordingly, the Directors have prepared the financial statements on a going concern basis.

(b) New Standards, New Interpretations and Amendments to Standards

The section below provides a summary of (i) new standards and amendments that are effective for the first time for periods commencing on or after 1 January 2025 (i.e. years ending 31 December 2025), and ii) forthcoming requirements, being standards and amendments that will become effective on or after 1 January 2025.

(i) New standards and amendments – applicable for the first time for the December 2025 year-ends

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2026:

Title	Key requirements	Effective date *
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025

The application of the above standard did not have a significant impact on the Company's financial statements

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) New Standards, New Interpretations and Amendments to Standards (continued)

(ii) New and amended standards in issue but not yet effective in the year ended 31 December 2025.
As at 31 December 2025, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2025.

Standard	Key requirements	Effective date*
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments.	These amendments: • clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	Annual periods beginning on or after 1 January 2026
IFRS 19, 'Subsidiaries without Public Accountability'	The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements. IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.	Annual periods beginning on or after 1 January 2027
IFRS 18, 'Presentation and Disclosure in Financial Statements'	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.	Annual periods beginning on or after 1 January 2027
IFRS S1, 'General requirements for disclosure of sustainability-related financial information'	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	Annual periods beginning on or after 1 January 2028
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	Annual periods beginning on or after 1 January 2028

*Applicable to reporting periods commencing on or after the given date.
The Company has not adopted any of these standards and none of them are expected to have a significant impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Insurance contracts

Summary of measurement approaches

The Company uses the following measurement approaches depending on the type of contract:

Contracts issued	Product classification	Measurement model
Microinsurance business contracts	Insurance contracts	Premium Allocation Approach (PAA)
Reinsurance contracts held		
Microinsurance business contracts	Reinsurance contract held	Premium Allocation Approach (PAA)

(i) Classification of contracts

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The company uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

In the normal course of business, the company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

(ii) Separation of components of insurance contracts

Before the company accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- Cash flows relating to embedded derivatives that are required to be separated;
- Cash flows relating to distinct investment components; and
- Promises to transfer distinct goods or distinct non-insurance services

The company applies IFRS 17 to all remaining components of the contract.

(iii) Level of aggregation of insurance contracts

The company manages insurance contracts issued by product lines within an operating segment. Insurance contracts within a product line that are subject to similar risks and are managed together are aggregated into a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are;

i. contracts that are onerous at initial recognition;
ii. contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
iii. a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Insurance contracts (continued)

(iv) Recognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- The beginning of the coverage period;
- The date when the first payment from the policyholder is due or actually received, if there is no due date; and
- When the company determines that a group of contracts becomes onerous

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

The company recognises a group of proportionate reinsurance contracts held (quota share reinsurance) from the later of:

- The beginning of the coverage period of the group of reinsurance contracts held; and
- The date of initial recognition of any underlying contract

If the company recognises an onerous group of underlying contracts before the beginning of the coverage period of the group of reinsurance contracts held, then the group of proportionate reinsurance contracts held is recognised at the same time as the onerous group of underlying contracts.

The company recognises a group of non-proportionate reinsurance contracts held (such as group-wide catastrophe stop-loss reinsurance) from the beginning of the coverage period of the group of reinsurance contracts; this is typically the first period in which premiums are paid or reinsurance recoveries are received.

Reinsurance contracts are to be recognised in full for all underlying insurance contracts expected to be issued that fall within the boundary of the reinsurance contracts held. An insurance contract is derecognised when it is:

- Extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- The contract is modified and certain additional criteria are met.

(v) Modification

When an insurance contract is modified by the company as a result of an agreement with the counterparties or due to a change in regulations, the company treats changes in cash flows caused by the modification as changes in estimates of the fulfilment cash flows (FCF), unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

(a) if the modified terms had been included at contract inception and the company would have concluded that the modified contract:

- (i) is not in scope of IFRS 17;
- (ii) results in different separable components;
- (iii) results in a different contract boundary; or
- (iv) belongs to a different group of contracts;

(b) the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or

(c) the original contract was accounted for under the premium allocation approach (PAA), but the modification means that the contract no longer meets the eligibility criteria for that approach.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Insurance contracts (continued)

(vi) Derecognition

When an insurance contract accounted for under the PAA is derecognised, adjustments to the FCF to remove related rights and obligations and account for the effect of the derecognition result in the following amounts

being charged immediately to profit or loss:

(a) if the contract is extinguished, any net difference between the derecognized part of the LRC of the original contract and any other cash flows arising from extinguishment;

(b) if the contract is transferred to the third party, any net difference between the derecognized part of the LRC of the original contract and the premium charged by the third party;

(c) if the original contract is modified resulting in its derecognition, any net difference between the derecognized part of the LRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

(vii) Measurement

Fulfilment cash flows (FCF)

The fulfilment cash flows (FCF) are the current estimates of the future cash flows within the contract boundary of a group of contracts that the company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

(a) are based on a probability weighted mean of the full range of possible outcomes;

(b) are determined from the perspective of the Company, provided the estimates are consistent wit observable market prices for market variables; and

(c) reflect conditions existing at the measurement date.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims (LIC).

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts. The company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

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

- Claims handling, maintenance and administration costs;
- Recurring commissions payable on instalment premiums receivable within the contract boundary; and
- Income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Insurance contracts (continued)

(viii) Measurement (Continued)

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

(a) the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

(b) both of the following criteria are satisfied:
   - (i) the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
   - (ii) the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk and financial risk, are considered; other risks, such as expense risk, are not included.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts, form part of a single insurance contract with all the cash flows within its boundary.

The Company issues microinsurance contracts with coverage periods of up to one year. Accordingly, the contract boundary comprises cash flows that arise within the coverage period of the contracts.

Cash flows relating to future contracts, including renewals, are outside the boundary of the current contracts and are recognised when those contracts meet the recognition criteria.

For reinsurance contracts held, cash flows are within the contract boundary when they arise from substantive rights and obligations existing during the reporting period. These include amounts payable to the reinsurer and recoveries receivable by the Company in respect of covered events occurring within the contract period.

The Company's excess of loss reinsurance contracts provide coverage for claims incurred within a defined period not exceeding one year. All cash flows relating to claims incurred during the coverage period, including expected future claims, are included within the measurement of the reinsurance contracts held. Contractually agreed reinstatement premiums are included within the contract boundary where applicable.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation the Company requires for bearing uncertainty in the amount and timing of future cash flows arising from non-financial risks.

Given the short-term nature of the Company's microinsurance contracts, the primary sources of uncertainty relate to claims frequency and severity within the coverage period.

For reinsurance contracts held, the risk adjustment reflects the extent of risk transferred to the reinsurer.

On initial recognition of insurance contracts issued, the company measures the LRC at the amount of premiums received, less any acquisition cash flows allocated to the group of contracts adjusted for any amounts arising from the derecognition of any prepaid acquisition cash flows asset.

On initial recognition of reinsurance contracts held, the company measures the remaining coverage at the amount of ceding premiums paid.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

(a) the LRC; and

(b) the LIC, comprising the FCF related to past service allocated to the group of contracts at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

(a) the remaining coverage; and

(b) the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(vii) Measurement (Continued)

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

(a) increased for premiums received in the period;
(b) decreased for insurance acquisition cash flows paid in the period;
(c) decreased for the amounts of expected premiums received recognized as insurance revenue for the services provided in the period; and
(d) increased for the amortization of insurance acquisition cash flows in the period recognized as insurance service expenses (if applicable).

Initial and subsequent measurement – groups of contracts measured under the PAA (continued)

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

(a) increased for ceding premiums paid in the period; and
(b) decreased for the amounts of ceding premiums recognized as reinsurance expenses for the services received in the period.

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money where, at initial recognition, the entity expects the time between any premium becoming due and providing the related insurance contact services is one year or less.

(ix) Presentation

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

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

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

Insurance revenue and expenses

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows:

Measurement and presentation

Insurance revenue

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The company allocates expected premiums equally to each period of related insurance contract services, unless the expected pattern of the release of risk during the coverage period differs significantly from an even basis. In the latter case, expected premium receipts are allocated to the period based on the expected timing of incurred claims and other incurred insurance service expenses.

Insurance service expenses

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

- Incurred claims and other benefits;
- Other incurred directly attributable expenses;
- Amortization of insurance acquisition cash flows: The company amortizes insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts;
- Losses on onerous contracts and reversals of such losses;
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein;
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Insurance contracts (continued)

(x) Presentation (continued)

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers. The company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. The allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

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

- On recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognized

For changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts

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

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

The company has chosen not to disaggregate insurance finance income and expenses between profit or loss and OCI. All insurance finance income and expenses for the period is presented in profit or loss.

The Company has chosen not to disaggregate the change in risk adjustment for non-financial risk between the insurance service result and the insurance finance result. The entire change is recognised in the insurance service result.

(d) Income

(i) Investment income

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

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

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

Investment income also includes dividend income which is recognised when the right to receive the payment is established.

(ii) Dividend income

Dividend income is recognised on the date when the Company's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding taxes which is included as part of investment income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Income (continued)

(iii) Realized /unrealized gains and losses

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

(e) Other expenses

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

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

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

Other incurred directly attributable expenses, including any amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition, are recognised in insurance service expenses as per note 1(viii) above. Other expenses not meeting the categories in note 1(viii) are included in other operating expenses in the statement of profit or loss.

(f) Income tax

Current income tax

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Kenyan Income Tax Act. Income tax expense is the aggregate amount charged/ (credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Current income tax assets or liabilities are based on the amount of tax expected to be paid or recovered in respect of the taxation authorities in the future. Tax is recognised in the profit or loss except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

Current income tax is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date. The prevailing tax rate and the amount expected to be paid are highlighted in note 8 of these financial statements.

The net amount of current income tax recoverable from, or payable to, the taxation authority is included on a separate line in the statement of financial position of these financial statements.

Deferred income tax

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The deferred tax liability shall be recognised except when it arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax is determined using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the reporting date and expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Income tax (continued)

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 income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The accounting of deferred tax movements is driven by the accounting treatment of the underlying transaction that lead to the temporary differences. Deferred tax relating to items recorded in profit or loss is recognised in profit or loss, while deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in other comprehensive income or equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales taxes and premium taxes

Revenues, expenses, assets and liabilities are recognised net of the amount of sales taxes and premium taxes except:
- when the sales or premium tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable, or
- receivables and payables that are measured with the amount of sales or premium tax included.

Outstanding net amounts of sales or premium tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(g) Property and equipment

Property and equipment, except buildings are stated at cost less accumulated depreciation and accumulated impairment losses. Buildings are stated at fair value in accordance with the revaluation model. Increases in the carrying amount of buildings arising on revaluation are dealt with through other comprehensive income and accumulated under a separate heading of revaluation reserve in the statement of changes in equity. However, if an asset’s carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss, decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Buildings	40 years
Computers	4 years
Motor vehicles	4 years
Furniture, fittings and equipment	8 years

Buildings are measured according to the revaluation model stated at fair value, which reflects market conditions at the reporting date.

Property and equipment are reviewed for impairment whenever there are any indications of impairment identified.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use.

An item of property and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Gains and losses on de recognition of property and equipment are determined by reference to the difference of the carrying amounts and disposal proceeds. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings. The date of disposal of an item of property, and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied

The residual value, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end are adjusted prospectively, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Intangible assets

Software licence costs and computer software that is not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the company are recognised as intangible assets.

The useful lives of intangible assets are assessed as either finite or indefinite. The company does not have assets with indefinite life and hence the amortisation is calculated using the straight-line method to write down the cost of the software over its estimated useful life (four years).

Amortisation begins when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle. Amortisation ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised. The date of disposal of an item of intangible asset is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied. The amount of consideration to be included in the gain or loss arising from the de recognition of intangible is determined in accordance with the requirements for determining the transaction price in IFRS 15.

(i) Employee Benefits

Defined contributions provident fund

The Company operates a defined contribution post-employment provident fund for eligible employees. The fund is funded by contributions from the employees and the company. The assets of the fund are held and administered independently of the company's assets.

Statutory pension scheme

The Company also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). The Company's contributions to the defined contribution schemes are charged to profit or loss as they fall due.

Leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the reporting date.

(j) Provisions

General provisions

Provisions for liabilities are recognised when there is a present obligation (legal or constructive) resulting from a past event, and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Provisions (continued)

Onerous contracts

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

(k) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation, however, in the event of excesses over the reserve the same is recognized through Profit and Loss Statement.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of accumulated depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss to the amount of an impairment already taken to profit or loss while the remainder will be a revaluation amount through other comprehensive income.

(l) Other financial liabilities

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognised at fair value and the transaction costs are expensed in the profit or loss. Subsequently, all financial liabilities are carried at amortised cost using the effective interest method except for financial liabilities at fair value through profit or loss which are carried at fair value.

Trade and other liabilities are classified as financial liabilities and are carried at amortised cost.

Gains and loss on financial liabilities at fair value through profit or loss are recognised in the profit or loss.

(m) Fair value measurement

The company measures financial instruments classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss including investment properties at fair value at each reporting date.

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 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.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Fair value measurement(continued)

using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. External valuers are involved for valuation of significant assets, such as investment properties.

Involvement of external valuers is decided upon annually by the senior finance and investment manager who discusses the basis and assumptions with the valuers. This is then approved by the group Chief Finance Officer. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above Fair value related disclosures have been made in note 17.

(n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of recognition

Financial assets and liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. With the exception of other receivables and amount due from related parties, which do not contain significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. For financial assets at fair value through profit and loss, transaction costs are recognised directly in the statement of profit or loss.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1.1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (Continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortized cost;
- Financial assets at fair value through OCI; and
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include, Cash and cash equivalents, other assets, Fixed deposit, Deposits and commercial paper, Government securities, staff loans and corporate bonds.

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- he contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange gains and losses and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company's financial assets classified as debt instruments at fair value through OCI, include Government securities.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company's financial assets designated at fair value through OCI (equity instruments) is the unquoted equity investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

(o) Cash and cash equivalents

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 investment comprising of fixed deposits with financial institutions with original maturities of three months or less and are subject to an insignificant risk of changes in value.

(p) Dividends

Dividends on ordinary shares are charged directly to equity in the period in which they are declared and approved. Dividends for the year that are approved after the reporting date are not recognised as a liability at the reporting date.

(q) Events after the reporting date.

If the Company receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Company will assess if the information affects the amounts that it recognises in the Company's financial statements. The Company will adjust the amounts recognised in its financial statements to reflect any adjusting events even after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Company will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable. The entity's owners have no power to amend the financial statement after issue.

(r) Share capital

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Incremental costs attributable to the issue or cancellation of equity instruments are recognised directly in equity, net of tax if applicable.

(s) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures relate to the 18-month period ended December 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

Estimates and assumptions are an integral part of financial reporting and as such have an impact on the assets and liabilities of the Company. Management applies judgement in determining the best estimate of future experience. Judgements are based on historical experience and management's best estimate expectations of future events, considering changes experienced historically. Estimates and assumptions are regularly updated to reflect actual experience. Actual experience in future financial years can be materially different from the current assumptions and judgements and could require adjustments to the carrying values of the affected assets and liabilities.

The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the company. Such changes are reflected in the assumptions when they occur.

A. Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that will have the most significant effect on the amounts recognised in financial statements:

(a) Assessment of significance of insurance risk

The Company applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely. The assessment of whether additional amounts payable on the occurrence of an insured event are significant and whether there is any scenario with commercial substance in which the issuer has a possibility of a loss on a present value basis involves significant judgement and is performed at initial recognition on a contract-by-contract basis. The type of contracts where this judgement is required are those that transfer financial and insurance risk and result in the latter being the smaller benefit provided. All contracts issued by the company accept significant insurance risk and the reinsurance contracts held transfer significant insurance risk and therefore no judgement was involved.

(b) Combination of insurance contracts

Determining whether it is necessary to treat a set or series of insurance contracts as a single contract involves significant judgement and careful consideration. In assessing whether a set or series of insurance contracts achieve, or are designed to achieve, an overall commercial effect, the company determines whether the rights and obligations are different when looked at together compared to when looked at individually and whether the company is unable to measure one contract without considering the other. No respective judgement is applicable to the company.

(c) Separation of insurance components of an insurance contract

The company issues some insurance contracts that combine protection for the policyholder against different types of insurance risks in a single contract. IFRS 17 does not require or permit separating insurance components of an insurance contract unless the legal form of a single contract does not reflect the substance of its contractual rights and obligations. In such cases, separate insurance elements must be recognized. Overriding the 'single contract' unit of account presumption involves significant judgement and is not an accounting policy choice. When determining whether a legal contract reflects its substance or not, the company considers the interdependency between different risks covered, the ability of all components to lapse independently, and the ability to price and sell the components separately. No respective judgement is applicable to the company.

(d) Determination of the contract boundary

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

For the Company, the date of initial recognition will be the start of the coverage period for the group of insurance and reinsurance contracts. For every contract, the company has the practical ability to reprice upon renewal. This repricing is limited to after the contractual term has expired and coverage for the period has ended. The renewal date is therefore the contract end date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES(CONTINUED)

(e) Identification of portfolios

The company defines a portfolio as insurance contracts subject to similar risks and managed together. Contracts within the same product line are expected to be in the same portfolio as they have similar risks and are managed together. The assessment of which risks are similar and how contracts are managed requires the exercise of judgement. Despite the oversight provided by management at the group level, the company determines that these contracts are managed at the issuing entity level. This is not an area of significant judgement for the company since the company is a multi-line insurer where each product line is monitored and managed on its own.

The company applies the same assessment for the group of reinsurance contracts held.

(f) Level of aggregation

The company applies judgement when determining the contract sets within portfolios and whether the company has reasonable and supportable information to conclude that all contracts within a set would fall into the same group.

(g) Assessment of loss component

Aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous and groups of other contracts. Similar grouping assessment for reinsurance contracts held is done. For contracts measured under the PAA, management has applied judgement to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is applied to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.

(h) Assessment of directly attributable cash flows

The company uses judgement in assessing whether cash flows are directly attributable to a specific portfolio of insurance contracts. Insurance acquisition cash flows are included in the measurement of a group of insurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of insurance contracts to which the group belongs. The company performs regular expenses analysis and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts.

(i) Assessment of eligibility for PAA

The Company applies the Premium Allocation Approach (PAA) to all insurance and reinsurance contracts issued, as the coverage period of each contract is one year or less. In line with IFRS 17 requirements, contracts with a coverage period of one year or less automatically qualify for measurement under the PAA. Therefore, the Company is not required to assess whether the liability for remaining coverage would differ materially from that determined under the General Measurement Model (GMM). Accordingly, all groups of contracts are measured under the PAA without performing a detailed eligibility assessment.

(j) Impairment of financial assets

The Company applies the requirements of IFRS 9 to recognize expected credit losses (ECL) on its financial assets, including insurance receivables and reinsurance balances. ECLs are intended to reflect the probability of default and potential loss over the life of a financial asset.

Management has assessed that, as the Company has been operational for only five (5) months, there is currently insufficient historical data to develop robust ECL assumptions or a predictive model for its microinsurance portfolio. Consequently, no ECL provision has been recognized for the current reporting period.

The Company continues to monitor the credit quality of its financial assets, including premium receivables and reinsurance balances, and will implement a formal ECL model as sufficient data becomes available to support reliable estimates. Future assessments will consider the emerging portfolio experience, counterparty credit ratings, and industry benchmarks to ensure compliance with IFRS 9.

(k) Income taxes

The Company is subject to income taxes in Kenya. Significant judgement is required in determining the Company's provision for income taxes and to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies. The Company uses judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision is based on which approach provides better predictions of the resolution of the uncertainty. The Company assumes that the taxation authority will examine amounts reported to it and will have full knowledge of all relevant information when doing so. Where the Company concludes that it is probable that a particular tax treatment will be accepted, it determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES (CONTINUED)

Income taxes(Continued)

income tax filings. If the Company concludes that it is not probable that a particular tax treatment will be accepted, it uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The method should be based on which method provides better predictions of the resolution of the uncertainty.

B. Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(a) Insurance contract assets and liabilities and reinsurance contract assets and liabilities

By applying IFRS 17 to measurement of insurance contracts issued and reinsurance contracts held, the company has made estimations in the following key areas. They form part of the overall balances of insurance contract assets and liabilities and reinsurance contract assets and liabilities:

- Future cash flows, including Liability for Incurred claims
- Discount rates
- Allocation rate for insurance finance income or expenses
- Risk adjustment for non-financial risk
- Allocation of asset for insurance acquisition cash flows to current and future groups of contracts

Sensitivity analysis to underwriting risk variables

The following tables present information on how reasonably possible changes in assumptions made by the company with regard to underwriting risk variables impact insurance liabilities and profit or loss and equity before and after risk mitigation by reinsurance contracts held. These contracts are measured under the PAA, and thus, only the Liability for incurred claims (LIC) component of insurance liabilities is sensitive to possible changes in underwriting risk variables.

The analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. No changes were made by the company in the methods and assumptions used in preparing the below analysis.

	As at 31 December 2025			
	Liability for incurred claims (LIC)	Impact on LIC	Impact on profit before income tax	Impact on equity
	KShs'000	KShs'000	KShs'000	KShs'000
Insurance contract liabilities	516			
Reinsurance contract assets	(107)			
Net insurance contract liabilities	409			
Average claim cost - 10% increase				
Insurance contract liabilities	568	568	568	568
Reinsurance contract assets	(118)	(118)	(118)	(118)
Net insurance contract liabilities	449	449	449	449
Discount rate- 10% increase	-			
Insurance contract liabilities	-	-	-	-
Reinsurance contract assets	-	-	-	-
Net insurance contract liabilities	-	-	-	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES (CONTINUED)

B. Key sources of estimation uncertainty (continued)

(b) Technique for estimation of future cash flows

In estimating fulfilment cash flows included in the contract boundary, the company considers the range of all possible outcomes in an unbiased way specifying the amount of cash flows, timing and probability of each scenario reflecting conditions existing at the measurement date, using a probability-weighted average expectation. The probability weighted average represents the probability-weighted mean of all possible scenarios. In determining possible scenarios, the company uses all the reasonable and supportable information available to them without undue cost and effort, which includes information about past events, current conditions and future forecasts.

Cash flow estimates include both market variables directly observed in the market or derived directly from markets and non-market variables such as morbidity rates, accident rates, average claim costs, probabilities of severe claims. The company maximises the use of observable inputs for market variables and utilises internally generated company-specific data.

(c) Method of estimating discount rates

In determining discount rates for different products, the company uses the bottom-up approach for cash flows of nonparticipating contracts that do not depend on underlying items. Applying this approach, the discount rate is determined as the risk-free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cash flows (known as an illiquidity premium).

To derive the risk-free yield curve, the company uses the published Nairobi Securities Exchange (NSE) yield curve. This yield curve is published monthly and is based on the current yields of government securities issued by the Central Bank of Kenya.

The Company will apply an illiquidity premium of zero to its risk-free yield curve. This is due to lack of sufficiently deep corporate bond market for which to derive the illiquidity premium. Data relating to illiquidity premium of insurance contracts is generally not directly available in the market. In addition, the groups of contracts are short-term in nature, mostly one year or less, and are due for renewal every year. It is not fully likely that the contracts will be renewed at the coverage end dates.

Discount rates applied for discounting of future cash flows are listed below:

Period	**1 year**
31 December 2025	**0**

(d) Method of determining risk adjustment

Liability for incurred claims (LIC)

The Company uses stochastic methods known as quantile techniques to estimate risk adjustment for incurred claims for short-term contracts. Under this approach, the frequency and severity assumptions used in the computation of the liability of incurred claims, is fitted onto various statistical distributions. The data used is the ultimate average cost of claims and ultimate number of claims as determined through the reserving triangles. In addition, a smoothing is applied to the losses to ensure that accident periods that have unusually large or small average claims are not considered. This is done to ensure that that other drivers of claims do not skew the distributions, such as unusual growth in exposure. The smoothing is applied by standardising claims with mean and standard deviation and removing all claims outside the 95% of the normal distribution.

Liability for Remaining Coverage (LRC)

A risk adjustment would need to be applied on the LRC for onerous short-term contracts to allow for the compensation required for carrying the uncertainty of unknown amounts and timing arising from contracts where premiums are determined to be insufficient. A risk adjusted and discounted ultimate loss ratio shall be applied on the Unearned Premium Reserve to determine the expected claims.

The Company will produce results at various confidence intervals and select the most appropriate risk margin for its own experience. Currently the confidence level for general insurance business is set at 75% to ensure consistency with regulatory requirements and general market practice.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

3. INSURANCE SERVICE RESULT

(a) Insurance revenue	2025 KShs'000	2024 KShs'000
Bundled	742	-
General	89	-
Life	1,616	-
Total insurance revenue	2,447	-

(b) Insurance service expenses

The breakdown of insurance service expenses by major product lines is presented below:

	2025					
	Incurred claims expenses	Other directly attributable expenses	Changes in risk adjustments on liability for incurred claims	Changes in loss component	Insurance acquisition cash flows amortisation	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Bundled	300	237	-	-	22	559
General	8	8,938	-	-	10	8,956
Life	1,594	1,284		(9)	206	3,075
Total	1,902	10,459	-	(9)	238	12,590

(c) Net expenses / (income) from reinsurance contracts held

The analysis of net income / (expense) from reinsurance contracts by major product lines is presented below:

	2025					
	Reinsurance expenses	Insurance acquisition cash flows amortisation	Change in risk Adjustment on liability incurred claims	Change in loss Recovery component	Incurred claims recovery	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Bundled	370	(93)	(31)	-	(17)	229
General	45	(11)	(4)	-	-	30
Life	808	(202)	(69)	(3)	(675)	(141)
Total	1,223	(306)	(104)	(3)	(692)	118

4. INVESTMENT INCOME

Interest income calculated using the effective interest method

	2025 KShs'000	2024 KShs'000
Interest income on financial assets at amortised cost – Government securities	764	1,145
Interest income on bank deposits	1,620	-
Total	2,384	1,145

5. OTHER GAINS

	2025 KShs'000	2024 KShs'000
Miscellaneous income	56	-
Total	56	-

* Miscellaneous income includes administration fees charged to reinsurers on quarterly accounts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

6. (a) OPERATING AND OTHER EXPENSES

	2025 KShs'000	2024 KShs'000
Staff costs (note 7 (b))	4,186	-
Auditor's remuneration	1,500	-
Directors' emoluments (Note 13 (d)	5,315	2,100
Depreciation of property and equipment (note 8 (a))	354	-
Amortisation of intangible assets (note 9)	265	-
Premium tax	91	-
Staff welfare	4,644	-
Utilities	193	-
Printing and stationery	9	-
Sales promotion	344	-
Business advertising and promotion	2,528	-
Professional fees	340	244
Statutory returns	6	-
Other expenses*	439	675
Total	**20,214**	**3,019**
Represented by:		
Insurance service expenses	10,459	-
Other operating expenses	9,755	3,019
Total	**20,214**	**3,019**

*Other expenses relate to business trade licences, bank charges, accessories and miscellaneous expenses.

(b) STAFF COSTS

	2025 KShs'000	2024 KShs'000
Staff costs include the following:		
		-
- Salaries	3,902	-
- Pension costs	284	-
Total	**4,186**	**-**

The average number of employees during the year was 12

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

7. INCOME TAX EXPENSE

	2025 KShs'000	2024 KShs'000
(a) Income tax expense		
Current income tax	-	-
Deferred income tax (note 12)	(4,760)	(562)
Total	**(4,760)**	**(562)**
(b) Reconciliation of income tax expense to tax on accounting profit		
Loss before income tax	(17,576)	(,1,874)
Tax calculated at a tax rate of 30% (2025: 30%)	(5,272)	(562)
Tax effect of expenses not deductible for tax*	512	-
Taxation charge for the year	(4,760)	(562)

*Expenses not deductible for tax purposes mainly relate to sponsorship, fringe benefit tax and penalties.
The applicable tax rate during the year was 30% (2024: 30%).

(c) Current income tax	2025 KShs '000	2024 KShs '000
At start of year	63	-
Current income tax	-	-
Paid during the year	159	63
At end of year	222	63

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

8. PROPERTY AND EQUIPMENT

	Computers KShs'000	Furniture, fittings equipment KShs'000	Total KShs'000
COST OR VALUATION			
At 1 January 2025	-	-	-
Additions	1,830	1,894	3,724
At 31 DECEMBER 2025	1,830	1,894	3,724
ACCUMULATED DEPRECIATION			
At 1 January 2025	-	-	-
Charge for the year	209	144	354
At 31 DECEMBER 2025	209	144	354
CARRYING AMOUNT			
At 31 DECEMBER 2025	1,621	1,750	3,370

9. INTANGIBLE ASSETS

	2025 Computer Software KShs'000	Total KShs'000
COST		
At 1 January	-	-
Additions	4,248	4,248
At 31 December	4,248	4,248
ACCUMULATED AMORTISATION		
At January	-	-
Charge for the year	265	265
At 31 December	265	265
CARRYING AMOUNT		
At 31 December	3,983	3,983

*The intangible assets relate to costs incurred in the acquisition of software in use by the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

10. FINANCIAL ASSETS AT AMORTISED COST – GOVERNMENT SECURITIES

	2025 KShs'000	2024 KShs'000
At 1 January	5,451	-
Additions	-	5,085
Amortisation	(17)	(24)
Accrued interest	2	390
At 31 December	5,436	5,451

Management has assessed the expected credit loss on government securities to be immaterial to the financial statements Government securities at amortised cost of KShs 5 million (2024 KShs 5 million) includes treasury bonds held by the Central Bank of Kenya under lien to the Commissioner of Insurance in accordance with the Kenyan Insurance Act.

Maturity analysis of the government securities held at amortized cost has been disclosed in Note 24 of the financial statements

11. OTHER RECEIVABLES

	2025 KShs '000	2024 KShs '000
Other receivables	4	-
	4	-

These are funds receivable from IRA.

12. DEFERRED INCOME TAX

	2025 KShs'000	2024 KShs'000
Temporary differences arising from tax losses	(5,322)	(562)
Net deferred tax asset	(5,322)	(562)
The movement in the deferred tax account is as follows:		
At 1 January	562	-
Deferred tax recognised through profit or loss (note 7 (a))	4,760	562
At 31 December	5,322	562

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2025: 30%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

13. RELATED PARTY BALANCES

The company is a subsidiary of The CIC Insurance Group PLC, incorporated in Kenya, which owns 100% shares of the Company. The ultimate parent company is Co-operative Insurance Society Limited. CIC General Insurance Limited is related through common shareholding. The amounts due to related parties are non- interest bearing and the balances are not secured. There were no commitments made between the company and any related party.

The following are transactions and outstanding balances with the related parties as at 31 December.

	2025 KShs'000	2024 KShs'000
(a) Transactions with related parties *		
(i) Receipts from related parties		
The CIC Insurance Group PLC	-	2,041
CIC General Limited	-	-
	-	**2,041**
(ii) Payments to related parties		
The CIC Insurance Group PLC	5,405	3,979
CIC General Limited	8,454	-
	13,859	**3,979**

In helping to reduce the administration burden there will be situations where one entity will pay expenses or receive premiums on behalf of its sister entities or subsidiaries. These transactions therefore relate to the receipts to and payments from related parties to reimburse the entity paying on behalf of the others or allocating the premiums received by the entity on behalf of the others.

	2025 KShs'000	2024 KShs'000
(b) Due to related parties		
The CIC Insurance Group PLC	10,789	-
CIC General Limited	-	950
	10,789	**950**

*The amount due to the CIC Insurance Group Plc relates to expenses that were paid by group on behalf of CIC Microinsurance which includes KShs 4.2 million for software capitalization (Note 8) and staff costs of Kshs 4.1 million (Note 6).

(c) Loans to directors of the company

The company did not advance loans to its directors in 2025.

(d) Key management remuneration

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

	2025 KShs'000	2024 KShs'000
Short-term employment benefits:		
Directors fees	1,174	2,100
Directors allowances	1,041	-
Directors expenses	1,757	-
Honoraria	1,343	-
	5,315	**2,100**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

14. DEPOSITS WITH FINANCIAL INSTITUTIONS

	2025 KShs'000	2024 KShs'000
Family Bank	10,561	-
SBM Bank	10,095	-
Sidian Bank	10,867	-
	31,523	-
Maturity analysis:		
Maturing within three months	31,523	-
	31,523	-

The carrying amounts of the fixed deposits approximate their fair values.

15. WEIGHTED AVERAGE EFFECTIVE INTEREST RATES

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

	2025
	%
Government securities	13.46
Deposits with financial institutions	9

16. SHARE CAPITAL

	2025		2024	
	Number of shares KShs'000	Share Capital KShs'000	Number of shares KShs'000	Share Capital KShs'000
Authorised ordinary shares of KShs 100 each:				
At beginning of the period	500	50,000	-	-
Issue of shares	-	-	500	50,000
At end of the period	500	50,000	500	50,000
Issued and fully paid-up share capital:				
At beginning of the period	-	-	-	-
Issue of shares	500	50,000	500	50,000
At end of the period	500	50,000	500	50,000

17. ACCUMULATED LOSSES

The accumulated losses balance represents the total losses incurred by the Company.

18 (a). PREMIUM RECEIVABLES

	2025 KShs'000	2024 KShs'000
Premium receivables	3,470	-

Management have assessed the expected credit loss on premium receivables to be immaterial for the purposes of inclusion to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

18 (b). INSURANCE CONTRACT LIABILITIES

Composition of the balance sheet - insurance contracts

An analysis of the amounts presented on the balance sheet for insurance contracts is included in the table below

	2025	2025	2024	2024
	Insurance contract liabilities	Reinsurance contract liabilities	Insurance contract liabilities	Reinsurance contract liabilities
	KShs'000	KShs'000	KShs'000	KShs'000
				-
Bundled	2,270	181	-	-
General	1,941	6	-	-
Life	2,302	(167)	-	-
			-	-
Total	6,513	20	-	-

Detailed reconciliations of changes in insurance contract balances during the reporting periods are included in the subsequent pages.

Reconciliation of the liability for remaining coverage (LRC) and liability for incurred claims (LIC) – Insurance contracts issued

i) Bundled

	2025					
	Liabilities for remaining coverage excluding the loss component		Liability for incurred claims		Assets for acquisition cash flows	
	Excluding loss component	Loss component	Estimates ofthe present value of future Risk adjustment cash flows	Risk adjustment		Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Net insurance contract liabilities / (assets) at 1 Jan	-	-	-	-	-	-
Insurance revenue	(742)	-	-	-	-	(742)
Insurance service expenses	-	-	537	3	22	562
	-	-	537	3	22	562
Insurance finance expenses	-	-	-	-	-	-
Total changes in the comprehensive income	(742)	-	537	3	22	(180)
Cash flows:						
Premiums received	2,807	-	-	-	-	2,807
Claims and other expenses paid	-	-	(275)	-	-	(275)
Insurance acquisition cash flows	-	-	-	-	(82)	(82)
Total cash flows	2,807	-	(275)	-	(82)	2,450
Net insurance contract liabilities /(assets) at 31 Dec	2,065	-	262	3	(60)	2,270

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

18 (b). INSURANCE CONTRACT LIABILITIES (CONTINUED)

Reconciliation of the liability for remaining coverage (LRC) and liability for incurred claims (LIC) – Insurance contracts issued

ii) General

	2025					
	Liabilities for remaining coverage excluding the loss component		Liability for incurred claims		Assets for acquisition cash flows	
	Excluding loss component	Loss component	Estimates ofthe present value of future Risk adjustment cash flows	Risk adjustment		Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Net insurance contract liabilities / (assets) at 1 Jan	-	-	-	-	-	-
Insurance revenue	(89)	-	-	-	-	(89)
Insurance service expenses	-	-	8,957	-	10	8,967
		-	8,957	-	10	8,967
Insurance finance expenses	-	-	-	-	-	-
Total changes in the comprehensive income	(89)	-	8,957	-	10	8,867
Cash flows:						
Premiums received	2,276	-	-	-	-	2,276
Claims and other expenses paid	-	-	(8,938)	-	-	(8,938)
Insurance acquisition cash flows	-	-	-	-	(264)	(264)
Total cash flows	2,276	-	(8,938)	-	(264)	(6,926)
Net insurance contract liabilities /(assets) at 31 Dec	2,187	-	8	-	(254)	1,941

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

18 (b). INSURANCE CONTRACT LIABILITIES (CONTINUED)

Reconciliation of the liability for remaining coverage (LRC) and liability for incurred claims (LIC) – Insurance contracts issued

iii)Life

	2025					
	Liabilities for remaining coverage excluding the loss component		Liability for incurred claims		Assets for acquisition cash flows	
	Excluding loss component	Loss component	Estimates ofthe present value of future Risk adjustment cash flows	Risk adjustment		Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Net insurance contract liabilities / (assets) at 1 Jan	-	-	-	-	-	-
Insurance revenue	(1,616)	-	-	-	-	(1,616)
Insurance service expenses	-	9	2,878	6	189	3,082
	-	9	2,878	6	189	3,082
Insurance finance expenses	-	-	-	-	-	-
Total changes in the comprehensive income	(1,616)	9	2,878	6	189	1,466
Cash flows:						
Premiums received	3,938	-	-	-	-	3,938
Claims and other expenses paid	-	-	(2,640)	-	-	(2,640)
Insurance acquisition cash flows	-	-	-	-	(462)	(462)
Total cash flows	3,938	-	(2,640)	-	(462)	836
Net insurance contract liabilities / (assets) at 31 Dec	2,323	9	244	6	(273)	2,302

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

18 (b). INSURANCE CONTRACT LIABILITIES (CONTINUED)

Reconciliation of the liability for remaining coverage (LRC) and liability for incurred claims (LIC) – Insurance contracts issued

iv) Combined

	2025					
	Liabilities for remaining coverage excluding the loss component		Liability for incurred claims		Assets for acquisition cash flows	
	Excluding loss component	Loss component	Estimates ofthe present value of future Risk adjustment cash flows	Risk adjustment		Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Net insurance contract liabilities / (assets) at 1 Jan	-	-	-	-	-	-
Insurance revenue	(2,447)	-	-	-	-	(2,447)
Insurance service expenses	-	9	12,359	9	222	12,599
	-	9	12,359	9	222	(10,152)
Insurance finance expenses	-	-	-	-	-	-
Total changes in the comprehensive income	(2,447)	9	12,359	9	222	(10,152)
Cash flows:						
Premiums received	9,022	-	-	-	-	9,022
Claims and other expenses paid	-	-	(11,853)	-	-	(11,853)
Insurance acquisition cash flows	-	-	-	-	(808)	(808)
Total cash flows	9,022	-	(11,853)	-	(808)	(3,639)
Net insurance contract liabilities /(assets) at 31 Dec	6,575	9	506	9	(586)	6,513

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

18 (b). INSURANCE CONTRACT LIABILITIES (CONTINUED)

Gross claims development table

Gross claims reported, claims handling expense liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation. The expected recoveries at the end of 2025 are not material.

The Company uses chain-ladder techniques to estimate the ultimate cost of claims and the incurred but not reported provision. Chain-ladder technique is used as an appropriate technique for mature classes of business that have a relatively stable development pattern. This involves the analysis of historical claims development considering when the earliest material claim arose, factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not fully developed to produce an estimated ultimate claim cost for each accident year.

2025

Accident year	2025	Total
	KShs'000	KShs'000
Current estimate of cumulative claims	1,682	1,682
Less: cumulative payments to date	(1,385)	(1,385)
Total gross liabilities for incurred claims	**297**	**297**

Net claims reported development table

2025

Accident Year	Total KShs'000
Estimated ultimate claims cost at end of accident year	1,682
Current estimate of cumulative claims	1,385
Less: cumulative payments to date	(1,385)
Gross undiscounted liabilities for incurred claims	297
Effect of discounting	-
Total gross liabilities for incurred claims	**297**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

19. REINSURANCE CONTRACTS LIABILITIES

Reconciliation of the remaining coverage and incurred claims – Reinsurance contracts held

a) Bundled

	2025					
	Assets for remaining coverage		Amounts recoverable on incurred claims		Liability for unamortised premium (net)	Total
	Excl. loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment		
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Net reinsurance contract assets/(liabilities) at 1 Jan	-	-	-	-	-	-
Net income / (expense) from reinsurance contracts held	370	-	(46)	(1)	(93)	230
Total changes in the comprehensive income	370	-	(46)	(1)	(93)	230
Cash flows:						
Reinsurance premiums paid	(49)	-	-	-	-	(49)
Total cash flows	(49)	-	-	-	-	(49)
Net reinsurance contract assets/(liabilities) at 31 Dec	321	-	(46)	(1)	(93)	(181)

Reconciliation of the remaining coverage and incurred claims – Reinsurance contracts held

b) General

	2025					
	Assets for remaining coverage		Amounts recoverable on incurred claims		Liability for unamortised premium (net)	Total
	Excl. loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment		
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Net reinsurance contract assets/(liabilities) at 1 Jan	-	-	-	-	-	-
Net income / (expense) from reinsurance contracts held	45	-	(4)	-	(11)	30
Total changes in the comprehensive income	45	-	(4)	-	(11)	30
Cash flows:						
Reinsurance premiums paid	(23)	-	-	-	-	(23)
Total cash flows	(23)	-	-	-	-	(23)
Net reinsurance contract assets/(liabilities) at 31 Dec	22	-	(4)	-	(11)	6

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

19. REINSURANCE CONTRACTS LIABILITIES (CONTINUED)

Reconciliation of the remaining coverage and incurred claims – Reinsurance contracts held

c) Life

	2025					
	Assets for remaining coverage		Amounts recoverable on incurred claims		Liability for unamortised premium (net)	Total
	Excl. loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment		
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Net reinsurance contract assets/(liabilities) at 1 Jan	-	-	-	-	-	-
Net income / (expense) from reinsurance contracts held	808	(3)	(741)	(3)	(202)	(141)
Total changes in the comprehensive income	808	(3)	(741)	(3)	(202)	(141)
Cash flows:						
Reinsurance premiums paid	(25)	-	-	-	-	(25)
Total cash flows	-	-	-	-	-	-
Net reinsurance contract assets/(liabilities) at 31 Dec	783	(3)	(741)	(3)	(202)	167

Reconciliation of the remaining coverage and incurred claims – Reinsurance contracts held

d) Combined

	2025					
	Assets for remaining coverage		Amounts recoverable on incurred claims		Liability for unamortised premium (net)	Total
	Excl. loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment		
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Net reinsurance contract assets/(liabilities) at 1 Jan	-	-	-	-	-	-
Net income / (expense) from reinsurance contracts held	1,223	(3)	(792)	(4)	(306)	118
Total changes in the comprehensive income	1,223	(3)	(792)	(4)	(306)	118
Cash flows:						
Reinsurance premiums paid	(98)	-	-	-	-	(98)
Total cash flows	(98)	-	-	-	-	(98)
Net reinsurance contract assets/(liabilities) at 31 Dec	1,126	(3)	(792)	(4)	(306)	(20)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

20. OTHER PAYABLES

	2025 KShs'000	2024 KShs'000
Sundry payables*	2,543	-
	2,543	-

All amounts are payable within one year.
*The sundry payables relate to Audit fees payable, stamp duty accrued, withholding taxes accrued, training levy accrued, and policy holder's compensation fund accrued.

21. STATEMENT OF CASH FLOWS

	Notes	2025 KShs'000	2024 KShs'000
a) Reconciliation of profit before tax to cash generated from operations:-			
Loss before taxation		(17,576)	(1,874)
Interest income on government securities at amortised cost	4	(764)	(1,145)
Interest income on bank deposits	4	(1,620)	-
Depreciation on property and equipment	8	354	-
Amortisation of intangible assets	9	265	-
Amortisation of discount on government securities at amortised cost	10	17	24
Working capital changes;			
Increase in premium receivables		(3,470)	-
Increase in reinsurance contract liabilities		20	-
Increase in insurance contract liabilities	18	6,513	-
Increase in other receivables		(4)	-
Increase/(decrease) in related party balances		11,777	(988)
Increase in other payables	20	2,543	-
Net cash used in operations		(1,945)	(3,983)
b)Cash and cash equivalents*			
Bank and cash balances		2,407	41,624
Deposits with banks	14	31,523	-
		33,930	41,624

*The carrying amounts approximate the fair values.

22. DIVIDENDS

No dividend declared in the year ended 2025.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

23. RISK MANAGEMENT FRAMEWORK

a. Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Company has established a risk management function with clear terms of reference from the board of directors, its committees and the associated executive management committees. This is supplemented with a clear organisational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, a company policy framework which sets out the risk profiles for the company, risk management, control and business conduct standards for the company's operations has been put in place. Each policy has a member of senior management charged with overseeing compliance with the policy throughout the Company.

The board of directors approves the Company's risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit its structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

b. Capital management objectives, policies and approach

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Company thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To align the profile of assets and liabilities taking account of risks inherent in the business
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximize shareholders value

The operations of the Company are also subject to regulatory requirements. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy at 100 % to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as they arise. The Company has met all of these requirements throughout the financial year.

In reporting financial strength, capital and solvency are measured using the rules prescribed by the Kenyan Insurance Regulatory Authority (IRA). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

The company had capital adequacy ratio of 51% as compared to 100% which is the minimum as per IRA requirements. This is based on the size and the risk of profile of the company. The risks considered are insurance risk, market risk, credit risk and operational risk.

The Company's capital management policy for its insurance and non–insurance business is to hold sufficient capital to cover the statutory requirements based on the IRA directives, including any additional amounts required by the regulator.

Approach to capital management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics. An important aspect of the Company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Company is focused on the creation of value for shareholders.

The primary source of capital used by the Company is total equity. The Company also utilises, where it is efficient to do so, sources of capital such as reinsurance and securitisation, in addition to more traditional sources of funding.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

23. RISK MANAGEMENT FRAMEWORK (CONTINUED)

b. Capital management objectives, policies and approach (Continued)

The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board.

The Company has made no significant changes, from previous years, to its policies and processes for its capital structure.

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

	2025	2024
	KShs'000	KShs'000
Share capital	50,000	50,000
Accumulated losses	(14,128)	(1,312)
	35,872	**48,688**

The company had no external financing at 31 December 2025.

c. Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Company are subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise.

As at 31 December 2025 the company reported Capital Adequacy Ratio of 52% which was below the minimum requirement of 100% prescribed by IRA .

d. Asset liability management (ALM) framework

Financial risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Company faces, due to the nature of its investments and liabilities, is interest rate risk. The Company manages these positions within an ALM framework that has been developed to achieve long–term investment returns in excess of its obligations under insurance. The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Company's ALM is integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities as an integral part of the insurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from insurance.

24. INSURANCE AND FINANCIAL RISK

a. Insurance risk

The Company purchases reinsurance as a part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and a non–proportional basis. The majority of proportional reinsurance is quota–share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the company

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

24. INSURANCE AND FINANCIAL RISK (CONTINUED)

a. Insurance risk (Continued)

substantially dependent upon any single reinsurance contract. There is no single counterparty exposure that exceeds 5% of total reinsurance assets at the reporting date.

The Company principally issues the following types of general insurance contracts: motor, fire, liability, medical/healthcare, engineering, workmen's compensation and accident. Healthcare contracts provide medical expense coverage to policyholders and are not guaranteed as renewable. Risks under non–life insurance policies usually cover twelve months' duration.

For general insurance contracts, the most significant risks arise when there is fire, motor accidents, property losses or medical claims for longer tail claims that take some years to settle, there is also inflation risk. For healthcare contracts, the most significant risks arise from lifestyle changes, epidemics and medical science and technology improvements. These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Company purchases reinsurance as part of its risk mitigation programme. Amounts recoverable from reinsurers are estimated in a manner consistent with underlying insurance contract liabilities and in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance held, to the extent that any reinsurer is unable to meet its obligations. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

The Company uses commercially available proprietary risk management software to assess catastrophe exposure. However, there is always a risk that the assumptions and techniques used in these models are unreliable or that claims arising from a modelled event are greater than those arising from a modelled event.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic.

The purpose of these underwriting and reinsurance strategies is to limit exposure based on the Company's risk appetite as decided by management.

The table below sets out the concentration of insurance contract liabilities by class:

	31 December 2025		
	Insurance contract liabilities	Reinsurance Liabilities held	Net
	KShs'000	KShs'000	KShs'000
Bundled	2,270	181	2,451
General	1,941	6	1,947
Life	2,302	(167)	2,135
Total	**6,513**	**20**	**6,533**

Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once–off occurrence; changes in market factors such as public attitude to claiming: economic conditions: as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

24. INSURANCE AND FINANCIAL RISK (CONTINUED)

a. Insurance risk (Continued)

Sensitivities

The insurance claim liabilities are sensitive to the key assumptions that could result in material adjustment to the carrying amounts of assets and liabilities within the next financial year. The sensitivity analysis is presented on note 2 (b).

b. Financial risks

i. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The Company continuously monitors its financial assets, which include financial assets at amortised cost such as government securities, corporate bonds, loans, commercial papers, amounts due from related parties, deposits with financial institutions, other receivables, and cash and bank balances.

As at the reporting date, the Company has not yet implemented an expected credit loss (ECL) model as required under IFRS 9. This is primarily due to the Company being in its early stage of operations and the absence of sufficient historical credit loss data to support the development of a reliable and supportable ECL framework.

Accordingly, no expected credit loss (ECL) provisions were recognised during the year. CIC MICROINSURANCE LIMITED

ii. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out–flows and expected reinsurance recoveries.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

- A Company's liquidity risk policy which sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance obligations.
- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.
- The Company's catastrophe excess–of–loss reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments should claim events exceed a certain size.

Maturity profiles

The following table summarises the maturity profile of the financial assets, financial liabilities and insurance contract liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable. For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums have been excluded from the analysis as they are not contractual obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flows. The Company also has committed lines of credit that it can access to meet liquidity needs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

24. INSURANCE AND FINANCIAL RISK (CONTINUED)

b. Financial risks (continued)

ii. Liquidity risk (continued)

Maturity profiles (continued)

The table below provides a contractual maturity analysis of the company's financial assets and liabilities:

31 December 2025	No stated maturity	6 months or on demand	Between 6 months and 1 year	Between 1 year and 5 years	More than 5 year	Total
		KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Financial assets:						
Government securities at amortised cost	-	-	-	7,127	-	7,127
Premium receivables	-	3,470	-	-	-	3,470
Other receivables	-	4	-	-	-	4
Cash and cash equivalents	-	33,930	-	-	-	33,930
Total financial assets	**-**	**37,404**	**-**	**7,127**	**-**	**44,531**
Financial liabilities:						
Insurance contract liabilities	-	6,513	-	-	-	6,513
Other payables	-	2,543	-	-	-	2,543
Reinsurance contract liabilities	-	20	-	-	-	20
Due to related party	-	10,789	-	-	-	10,789
Total financial liabilities	**-**	**19,865**	**-**	**-**	**-**	**19,865**
Net liquidity surplus		**17,539**	**-**	**7,127**	**-**	**24,666**

31 December 2024	No stated maturity	6 months or on demand	Between 6 months and 1 year	Between 1 year and 5 years	More than 5 year	Total
		KShs 000	KShs 000	KShs 000	KShs 000	KShs 000
Financial assets:						
Government securities at amortised cost	-	-	-	7,970	-	7,970
Due from related party	-	1,938	-	-	-	1,938
Cash and cash equivalents	-	41,624	-	-	-	41,624
Total financial assets	**-**	**43,562**	**-**	**7,970**	**-**	**51,532**
Due to related party	-	950	-	-	-	950
Total financial liabilities	**-**	**950**	**-**	**-**	**-**	**950**
Net liquidity surplus	**-**	**42,612**	**-**	**7,970**	**-**	**50,582**

c. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

The company's market risk policy sets out the assessment and determination of what constitutes market risk for the company. Compliance with the policy is monitored and exposures and breaches are reported to the company's risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

24. INSURANCE AND FINANCIAL RISK (CONTINUED)

c. Market risk (continued)

policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with their expectations.
The company stipulates diversification benchmarks by type of instrument and geographical area, as the company is exposed to guaranteed bonuses, cash and annuity options when interest rates fall.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt currencies are all constant

(i) 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 therefore not exposed to significant currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. Interest on floating rate instruments is re–priced at intervals of less than one year. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

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. The Financial assets at amortised cost- Deposits and commercial papers and staff loans are not affected by interest rate risk because the rates are agreed at the beginning of the contract 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 company's management monitors the sensitivity of reported interest rate movements on a monthly basis by assessing the expected changes in the different portfolios due to a parallel movement of plus 5% in all yield curves of financial assets and financial liabilities. The Company is not exposed to interest rate risk as all financial assets are at fixed interest rates.

(iii) Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

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

- **Level 1 –** Quoted market prices in active markets for identical assets or liabilities. This level includes equity securities and debt instruments listed on the Nairobi Securities Exchange Limited.
- **Level 2 –** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly as derived from prices.
- **Level 3 –** inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components, property, equipment and investment property

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

24. INSURANCE AND FINANCIAL RISK (CONTINUED)

c. Market risk (continued)

(iii) Operational risks (continued)

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

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

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

31st December 2025	Level 1	Level 2	Level 3	Total	Carrying amount
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
The fair value of financial assets not held at fair value is as follows:					
Non-recurring fair value measurements:					
Government securities at amortised cost	7,127	-	-	7,127	7,127
Total assets at fair value	7,127	-	-	7,127	7,127

31st December 2024	Level 1	Level 2	Level 3	Total	Carrying amount
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
The fair value of financial assets not held at fair value is as follows:					
Non-recurring fair value measurements:					
Government securities at amortised cost	7,970	-	-	7,970	7,970
Total assets at fair value	7,970	-	-	-	7,970

25. ULTIMATE CONTROLLING PARTY

The parent company is CIC Insurance Group PLC which is ultimately owned by Co-operative Insurance Society Limited. Both are incorporated and domiciled in Kenya

26. INCORPORATION

The company is incorporated in Kenya under the Companies Act, 2015 and is domiciled in Kenya.

27. CURRENCY

The financial statements are presented in Kenya shillings (KShs), which is also the company's functional currency.

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