SANLAM ALLIANZ LIFE INSURANCE INTEGRATED ANNUAL REPORT

PROTECTING FUTURES
AMID ECONOMIC CHANGE

2025

Content

A SNAPSHOT OF SANLAM

WHO ARE WE: ABOUT Sanlam Allianz Life Insurance

Sanlam Allianz Life Insurance Plc, a public life insurance company, is a leading insurer in Rwanda offering a range of long-term insurance solutions with optimum choice, innovation and flexibility.

Sanlam Allianz Life Insurance Plc is part of Sanlam Allianz Group, the largest non-banking financial services provider in Africa. Sanlam Allianz Group debuted in the Rwandan financial sector in 2014 when they acquired a 63% interest in Rwanda's insurer, SORAS. This marked the start of a fruitful relationship between the South-African based group and SORAS which culminated in a full acquisition in 2018 with Sanlam Allianz Group buying the remaining stake in SORAS making SORAS a wholly owned subsidiary of the Sanlam Allianz Group.

Sanlam Allianz Group then acquired a 100 per cent interest in the Moroccan based insurance group – Saham Finances. Sanlam Allianz Group in a view to expand its footprint in Rwanda, it merged the two (2) Rwandan largest insurers both in general and life insurance products namely Saham Assurances Rwanda and Soras Assurances whereby Saham's insurance portfolio, assets and liabilities were absorbed and transferred to Soras. This transaction enabled Sanlam Allianz Group, already operating in 33 African countries, to strengthen its presence in Rwanda and to expand its product range. The Company's rebranding locally commenced in November 2019 to introduce the global brand and values on the local market.

With the parent company's experience of more than 100 years, Sanlam Allianz Life Insurance Plc enjoys a vast amount of insights on the financial industry consequently responding to its mission to offer customers high quality products and services, and to ensure profitable and sustainable growth.

The success of Sanlam Allianz Life Insurance Plc does not derive from a vacuum flask, but rather, it derives from the cornerstone morals of Care in the sense that we serve with empath and consideration knowing that everything we do leaves a lasting impact and legacy. Professionally, Sanlam Allianz Life Insurance Plc always strives to be the best and we believe in continuous learning and improvement. This can only be achieved through Collaboration where we unlock our Winning as One spirit by focusing on a better outcome for all, achieved through partnership and an open-minded approach to everything we do. Besides, Sanlam Allianz Life Insurance Plc value's integrity, amoral value which keeps us unwavering in our pursuit to do the right thing and resolute in our commitment to what is good for all our stakeholders and to provide customer-centric and innovative solutions and services to all our esteemed customers.

As of end December 2025, Sanlam Allianz Life Insurance Plc sells seven (7) products among which 5 are for Individual Life (retail) business whilst the remaining two (2) products are for Group Life and Group Credit businesses.

About Sanlam Allianz

SanlamAllianz officially launched in September 2023 – however, our roots run deep into the African soil. By combining the strengths of Sanlam, the continent's largest non-banking financial services group, and Allianz, a global insurance leader with over a century of history in Africa, we have merged decades of local insight with world-class expertise. We are a young, dynamic joint venture built upon an unparalleled legacy of more than 240 years of stability and trust.

OUR GLOBAL FOOTPRINT

Sanlam Allianz has a unique Pan-African footprint, scale and expertise

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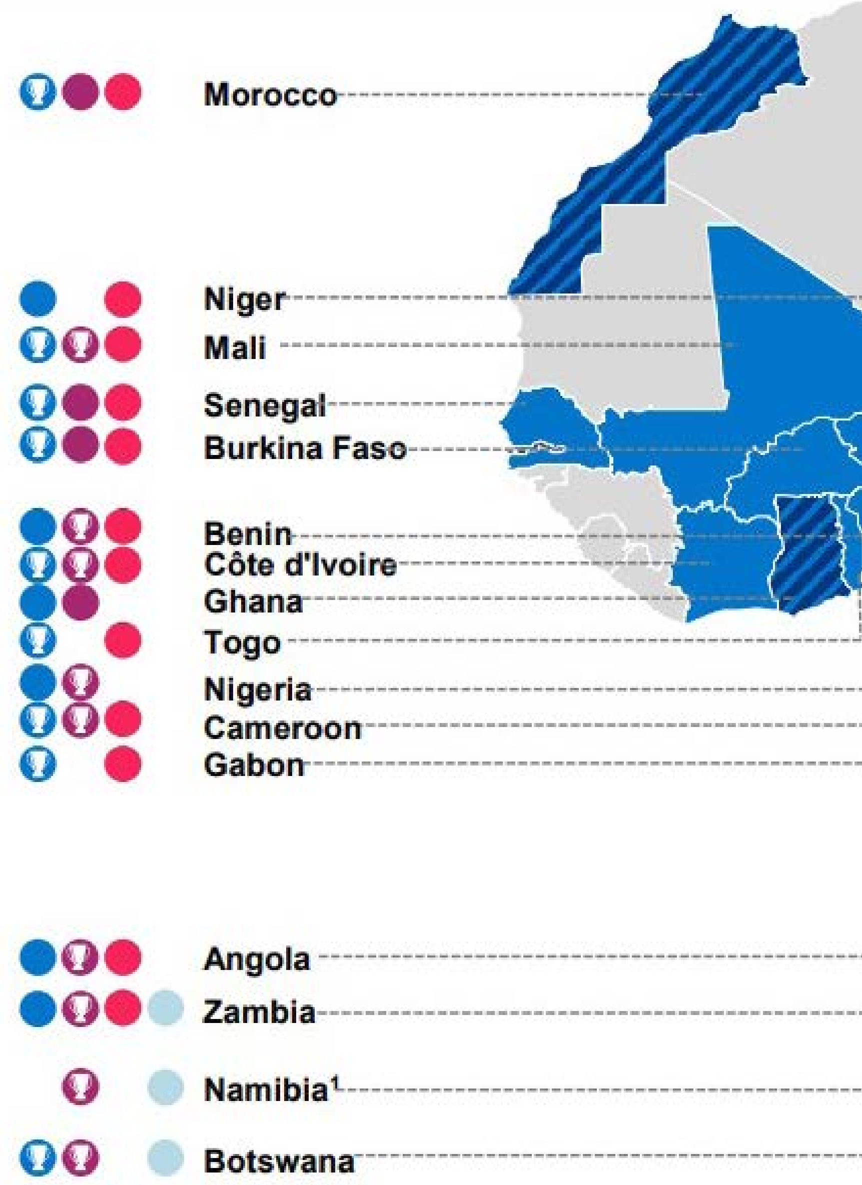
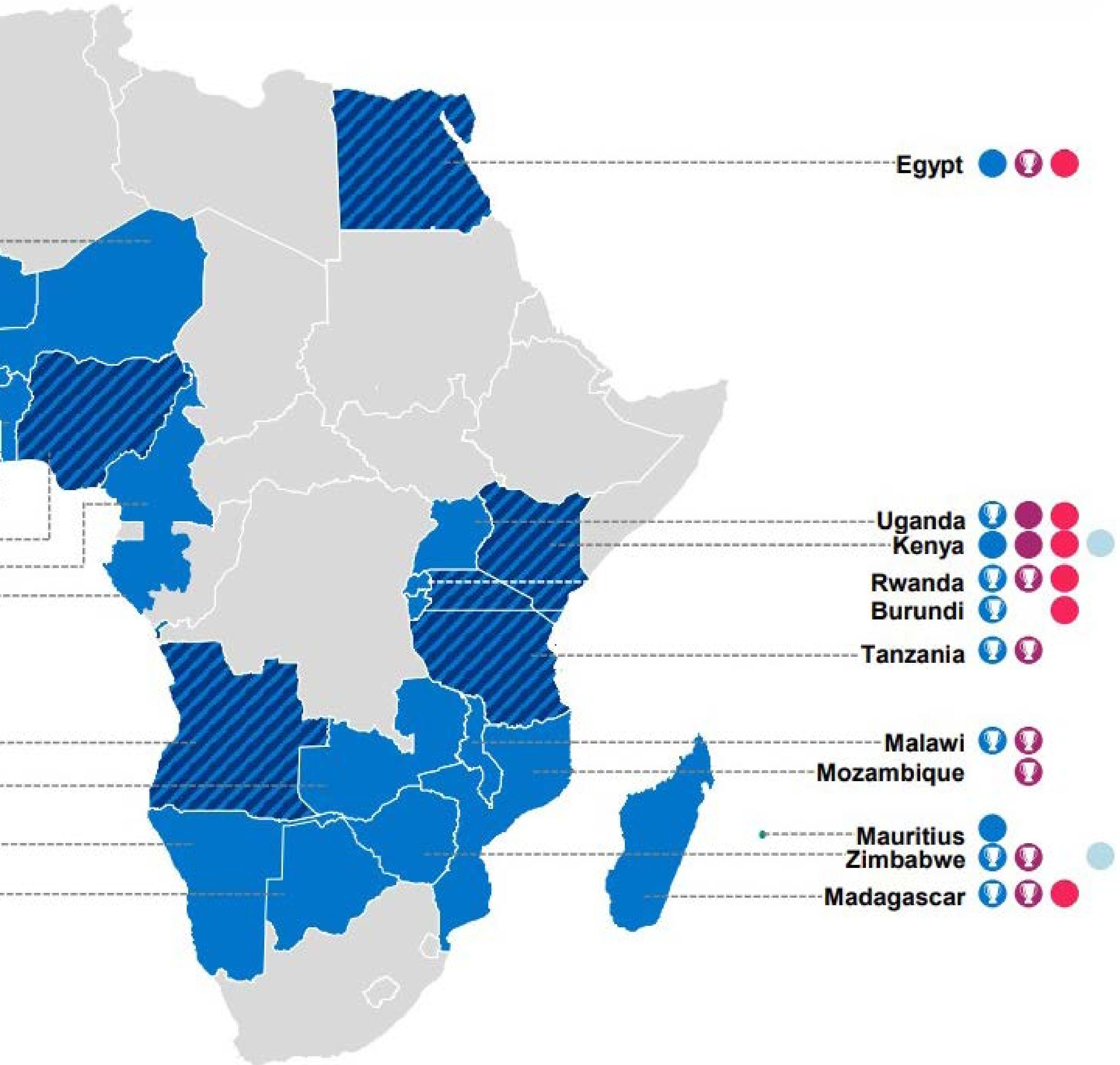
- **SanlamAllianz has a highly diversified geographical portfolio in 27 countries with strong presence in the key markets for both GI and Life.**
- **In the 27 countries, ~16% of the insurance market will be written by SanlamAllianz – 19% in Life and 14% in GI.**
- **SanlamAllianz will be active in 7 of the 10 largest African markets.**
- **SanlamAllianz has the top 3 positions in 16 out of 25 GI markets and in 16 out of 22 life market**



General Insurance license
Life insurance license
Large economies



Health Offering Asset management

WHY PARTNER WITH Sanlam Allianz Life Insurance?

We remained resilient despite the economic challenges of 2025 and continued contributing to the resilience of all our stakeholders.

Rwanda is an emerging market with high economic growth potential and low financial services penetration with Sanlam Allianz Life Insurance being a well-positioned player. This provides us with a leveraged future growth opportunity as we are well positioned to meet the demand for financial solutions arising in the country.

RWF

We have a dynamic new Executive committee with diverse skills and experience. They have appropriate accountabilities and incentives linked to financial and non-financial indicators to drive high performance and embed a competitive culture.

Sanlam

Our distribution approach creates seamless interaction and comprehensive support to current and potential customers encompassing more than 200 supporting active agents.

We continually assess our strategy to ensure it remains relevant and that we can continue to create value over the short, medium and long term.

We have adopted increased digitisation, data analytics and direct distribution to support digital transformation as a key enabler in meeting strategic goals.

Sanlam Allianz Life Insurance Awards, certifications, titles etc

2017 — BEST INSURANCE COMPANY
Awarded by Smart Services Awards 2017

2017 — PARTICIPATION IN RUTSINDURA MEMORIAL TOURNAMENT
Awarded by Butare Petit Séminaire

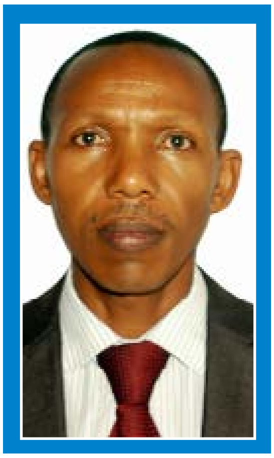
2020 — PARTICIPATION IN 11th EDITION OF KAYUMBA EMMANUEL MEMORIAL TOURNAMENT
Awarded by GSO Butare Indatwa n'Inkesha

2020 — BEST INSURANCE COMPANY
Awarded by East Africa Youth Development Agency

2023 — INSURANCE COMPANY OF THE YEAR
Awarderd by Karisimbi Events

2025 — 3RD FINANCIAL REPORTING AND EX-CELLENCE (FREA2025)
Awarded by ICPAR

CHAIRMAN'S NOTE



On behalf of the Board of Directors, I am honored to present the 2025 Sanlam Allianz Life Insurance Plc Annual Integrated Report. This year's performance reflects our continued commitment to protecting futures amid economic change, while strengthening our ability to create long-term value for our customers, shareholders, and stakeholders.

Throughout 2025, the Board provided strategic guidance and oversight as Sanlam Allianz Life Insurance Plc operated within a challenging economic environment shaped by inflationary pressures, changing consumer expectations, and broader market uncertainty. In this context, management remained focused on disciplined execution of our strategic priorities, enabling the Company to deliver resilient performance while maintaining its commitment to customer trust and service excellence.

A key highlight of the year was the continued advancement of our digital transformation agenda. The Board strongly supported investments in digital infrastructure and customer-facing solutions that have improved efficiency, expanded accessibility, and enhanced the overall customer experience. From digital payments and streamlined claims processes to more responsive service channels, these initiatives have strengthened our ability to serve clients with speed, convenience, and reliability.

Our commitment to responsible stewardship also extends to our people. The Board is encouraged by the investments made in staff development, which continue to build a culture of innovation, agility, and continuous learning. These efforts have helped position Sanlam Allianz Life Insurance Plc to adapt effectively to sector changes while remaining focused on delivering quality outcomes for clients across all segments of the market.

This performance also reflects prudent risk management, sound investment decisions, and ongoing efforts to broaden access to insurance through an expanded distribution footprint, including underserved communities. These actions are central to our strategy and reinforce our ability to deliver sustainable returns even in periods of economic uncertainty.

Looking ahead, the Board remains steadfast in its commitment to good governance, strong oversight, and support for management in pursuing innovation, operational excellence, and customer-centric growth. We are confident that continued investment in digital transformation, product relevance, and inclusive service delivery will further strengthen Sanlam Allianz Life Insurance Plc's market leadership and social impact.

In closing, I extend my sincere appreciation to our management team led by the Chief Executive Officer, our dedicated staff, clients, and partners for their trust and collaboration throughout the year. Together, we are building a more resilient and inclusive insurance future for Rwanda, one that protects lives, livelihoods, and aspirations amid economic change.

Thank you for your continued support.

Warm regards,

Associate Professor, Gisanabagabo Sebuhuzu

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OVERVIEW ON GROWTH STRATEGY

The growth strategies that were put forward to achieve the 2025 outstanding results include:

01 Expanding distribution networks through development of online distribution channel, partnership with like-minded entities including, associations and cooperatives

02 Automation of premium collection and allocation.

03 Digitization of proposal capturing process.

04 Products awareness through social media

05 Putting in place incentives to agents including reward on quarterly for top performers based on quantitative and qualitative analysis of business brought in a bid to motivate the junior and middle agent

06 Launching new competitive products and revamping the existing ones.

07 Continuous recruitment of new agents and capacity building for the existing in order to meet the insurance proficiency and market standards

08 Embed Risk and Compliance management into business processes/operations.

09 Use technology in risk and compliance management processes.

10 Capacity building through learning, development platforms & talent development

11 Improve work-life balance

12 Full automation of HR & Administration activities (performance management, leave management).

OUR VALUE ADDED PRODUCTS

Sanlam Allianz Life Insurance's local market operations

Safe Family Insurance

Sanlam Allianz Life Insurance offers a solution suitable for people who wish to protect their families from financial crises in the event of a premature death or absolute and permanent disability of the insured or a family member covered.

In the event of death or absolute and permanent disability, the designated beneficiary or beneficiaries stated in the agreement will receive the payment of a capital guaranteed of which the amount was determined in advance by the subscriber. The premium is based on the age of the insured, the duration of guarantee, the guaranteed capital and health status of the insured at the time of the subscription.

Credit Life Insurance

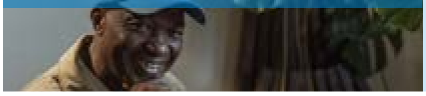
With credit life insurance, Sanlam Allianz Life Insurance will pay off the outstanding amount of loan in case of the client's premature death or absolute and permanent disability. This benefit could be extended to retrenchment, depending on the agreement between Sanlam Allianz Life Insurance and their bank.

Funeral Insurance

If one is thinking of making life easier for their loved ones when they are gone and they are interested in having everything covered for them, Sanlam Allianz Life Insurance has different funeral insurance options that they can choose from.

- Ntabara Plan: Covers burial ceremony.
- Komera Plan: Covers the burial ceremony and coming out of mourning.
- Mfata Mu Mugongo Plan: Covers the burial ceremony and coming out of mourning. Provides financial support of Rwf 200 000 per month for six months.
- Sinzakwibagirwa Plan: Covers the burial ceremony and coming out of mourning. Provides financial support of Rwf 200 000 per month for six months. Memorial benefits for the family for two years.

Retirement Insurance



When you retire from your active working life, you'll benefit from the money you've saved with our Retirement Plan. However, Sanlam Allianz Life Insurance 's Retirement Plan also provides you with insurance in the event of premature death or total and permanent disability.

Group Life Business & Micro Insurance

The group life business and micro insurance are among the newest product developed and distributed to the market by Sanlam Vie. These products provide a wide range of death and disability covers to insured and their relatives. In particular, micro-insurance business have been tailored in the sense to touch low-income segment with affordable life cover. The insurance is now very popular and sold to cooperatives in the agriculture sector, farmers, Sacco's and other micro finance institutions.

Teganya Product

The insurance policy, inclusive of a savings feature, enables the insured to accumulate funds over time with a 5% annual interest rate. After a designated period, typically two years, the insured gains access to their accumulated savings through a partial withdrawal termed as an advance. This component offers financial flexibility and security, allowing clients to utilize the accrued funds for various purposes such as emergencies or other financial needs. The potential growth of these savings enhances the insured's financial stability and provides an additional resource for long-term financial planning.

Education Product

Ensuring a bright future for our children is the paramount goal of every responsible parent. Central to this future is the provision of quality education. However, the escalating costs associated with education, especially towards higher levels, have made it increasingly challenging for many families to afford. Consequently, parents often strive tirelessly to secure the financial means necessary to fund their children's education.

CORPORATE GOVERNANCE STRUCTURE

"Corporate governance" is the manner in which the board of directors and senior management oversee the insurance business and encompasses the means by which members of the board and senior management are held accountable and responsible for their actions. It includes corporate discipline, transparency, independence, accountability, responsibility, fairness and social responsibility, timely and accurate disclosure of material information, and compliance with legal and regulatory environment.
The responsibilities and roles of the Board of Directors and its committees are clear and separate from those of the Management. Clear details of roles and responsibilities are here below foreshadowed.

Board of Directors:

The Board of Directors is responsible for oversight functions, which are defined as those providing overall strategy and direction for the company, as well as checks and balances to ensure the effective implementation of strategies and policies by the management. These roles are achieved through establishment of clear and objective performance goals and measures for the company and senior management to ensure effective implementation of approved strategies.
Along the year 2025, Sanlam Allianz Life Insurance Plc has had the required board members composition (7 Directors) meeting the fit and proper requirements of the regulations in force. The Board of Directors of Sanlam Allianz Life Insurance Plc spearheaded by independent and non- independent directors have a mix of relevant experience in legal, IT, actuarial science, economic, social and other aspects which help them to provide effective leadership and oversight of the company's business. While appointing the board, gender balance was taken into consideration where out of 7 members, 2 are women.

Board Meetings:

Board Committees
The Board has instituted various committees to assist it in fulfilling its role of monitoring key activities of Sanlam Allianz Life Insurance Plc. The Board reviews the reports and minutes of the committees and is accountable of its decisions and functions.

S/N	Name	Directorship Type	Meetings Attended
1	Dr. Gisanabagabo Sebuhuzu	Chairperson of the Board	4/4
2	Moses Mutuli	Director	4/4
3	Warren E. Bruce	Director	3/4
4	Julien Kavaruganda	Director	4/4
5	Marie Louise Kagaju	Director	4/4
6	Esperance Mukarugwiza	Director	4/4
7	Louis Niyongabo	Director	4/4

Board Committees Activities

The Board has instituted various committees to assist it in fulfilling its role of monitoring key activities of Sanlam Allianz Life Insurance Plc. The Board reviews the reports and minutes of the committees and is accountable of its decisions and functions.

Board Audit Committee

The Board Audit Committee comprises of the Chairperson and three non-executive directors. Its key objective is to assist the Board in providing an independent review of the effectiveness of the financial reporting process and internal control system of Sanlam Allianz Life Insurance Plc.

Attendance during the year:

S/N	Name	Role	Meetings Attended
1	Marie Louise Kagaju	Chairperson	**4/4**
2	Moses Mutuli	Member	4/4
3	Esperance Mukarugwiza	Member	4/4
4	Louis Niyongabo	Member	4/4

Risk Management and Investment Committee

The Risk Management and Investment Committee meets every quarter and comprises of the board members. Its key objective is to monitor the implementation of overall strategy of the Company. The committee reviews Company's performance of all departments each month and particularly ensures that the Company's expected financial results are achieved.

Attendance during the year:

S/N	Name	Role	Meetings Attended
1	Esperance Mukarugwiza	Chairperson	4/4
2	Moses Mutuli	Member	4/4
3	Marie Louise Kagaju	Member	4/4
4	Louis Niyongabo	Member	4/4

The Underwriting and Claims Strategy Committee

The underwriting and claims meet every quarter and comprises of the board members. Its key objective is to monitor underwriting and claims processes and payments and the compliance with existing related policies together with policies regular updates.

Attendance during the year:

S/N	Name	Role	Meetings Attended
1	Julien Kavaruganda	Chairman	4/4
2	Moses Mutuli	Member	4/4
3	Warren Bruce	Member	4/4

MANAGEMENT OPERATIONS

The Management of Sanlam Allianz Life Insurance spearheaded by the Chief Executive Officer is responsible for management functions, which includes the day-to-day management of the company's business and implementation of approved strategies and policies. The Senior Management of Sanlam Allianz Life Insurance is composed of ten (10) staff among which 3 of them are females.

During the year 2025, the Senior Management ensured that the board is frequently and adequately informed about the operations of the company's business through presentation of relevant board papers, which covered the following:

- actual performance compared with the past performance and the budget together with explanations of any material variances, capital adequacy and margin of solvency,
- the performance of the investment portfolio,
- the income and expenses,
- claims settlements,
- all transactions with connected persons,
- report on non-compliance with laws and regulations and the corresponding corrective or remedial measures undertaken.
- adequacy of technical provisions including actuarial liabilities; and
- reports from external and internal auditors and from the audit committee.

In addition to this, the Management ensured that there are adequate procedures in place for assessing the performance in relation to the objectives set by the board.

Stakeholder relationships

In the course of 2025, the company engaged with its shareholders and stakeholders on various occasions. The chairman took leadership in ensuring that the Company's relationship with shareholders and other stakeholders remains healthy.

Risk Management

Our Risk Management Framework is documented and approved by the Board of Directors. We have a properly functioning internal audit unit. This ensures effective compliance and risk management. The Board Risk Management Committee, among other things, play the oversight role over the risk, and compliance.

Accountability and Reporting

We pride in the appropriate framework we have in place for disclosing company related information to the public through published financial statements. The disclosures are robust and in accordance with the BNR guidelines as well as the financial accounting and reporting standards.

Code of Ethics

We follow a code of ethics which has been implemented as part of the corporate governance best practices of Sanlam Allianz Life Insurance Plc as well as Sanlam Allianz Group as a whole.

Board Performance Appraisal

An independent assessment of the Board's performance by individual Directors provided feedback on the effectiveness of the Board's role in oversight of the operations and performance of Sanlam Allianz Life Insurance Plc during the year 2025 and the general compliance with its terms of reference. The skills and experience of individual Directors and the mix of competencies of the Board are optimal and underpinned by a program for continuing skills development as well as an established system for commitment to and implementation of a continuous learning and improvement & education program.

BOARD OF DIRECTORS

Associate Professor Sebuhuzu GISANABAGABO

Dr Gisanabagabo Sebuhuzu holds a doctorate degree in Economics (Economics of Banking) from the University of KwaZulu Natal (UKZN), South Africa and is member of the Macroeconomic Research Unit at the same University. Currently, he is a Senior Lecturer in the Department of Business Administration of the Adventist University of Central Africa (AUCA), teaching economic courses. He supervises students' dissertations both at undergraduate and post-graduate levels.

Dr Gisanabagabo Sebuhuzu's research interests and publications include financial sector with emphasis on banking sector, insurance sector, pension sector and monetary policy analysis.

His areas of consultancy include conducting study surveys of impact assessment both at Micro and Macro levels, designing development plans of administrative entities and conducting trade policy analysis. He sits on the Board of Directors of Sanlam Allianz Life Insurance from May 2019 and Unguka Bank PLC from February 2017 to date. He is among the 13 Young Professionals who initiated the project of UNGUKA IMF SA which upgraded to the status of Microfinance Bank Plc.

Moses Evans Murengu MUTULI

Moses was appointed to the Board of Sanlam Allianz Life Insurance in 2018. He is currently the General Manager, Life Insurance East Africa, for Sanlam Pan Africa. For his role, he in addition, sits on the Board of Sanlam Uganda, Alternate Director at Sanlam Tanzania, Director at Socar Vie and Socar AG in Burundi and Director at Hubris Holdings Ltd in Kenya.

Moses is a qualified Actuary and is a Fellow of the Institute of Actuaries UK (FIA) and Fellow of The Actuarial Society of Kenya (FeASK). He has over eighteen (18) years' experience in insurance and consulting gained in UK, SA and Kenya. He joined Sanlam in his current role in 2017.

Moses holds an MBA and MSc in Applied Statistics both gained from University of Oxford (UK) and BSc Mathematics from University of Nairobi.

Julien KAVARUGANDA

Julien is the Founder & Senior Partner of K-Solutions & Partners, a corporate law firm in Kigali, Rwanda. He has been practicing at the Brussels Bar Association before joining the Rwanda Bar Association in 2004. Me Julien has been the President of Rwanda Bar Association for two (2) terms of three (3) years renewable once from 2015 to 2021. Julien is the currently the Vice Chairman of the Kigali International Arbitration Center, Board member of Rwanda Finance Ltd, MTN Rwanda Ltd. Julien has over eighteen (18) years of experience. His practice covers corporate and commercial law inclusive of mergers and acquisitions, joint ventures, privatization, banking and finance, project finance, capital markets, arbitration, energy and natural resources, and infrastructure law. Julien is also actively involved in several environmental and ecological issues in the local community.

Esperance MUKARUGWIZA

Mrs. Esperance Mukarugwiza holds a Master's degree in Economics from Illinois State University, USA and a Bachelor's degree in Business Management from the University of Rwanda. She has an experience of more than 20 years in Business management and has managed important portfolios in her career. She has been a board member for IPAR (Institute of Policy Analysis and Research) and RAB (Rwanda Agriculture Board) whereby she chaired Audit Committees. She is a Board Member of Sanlam Vie since 2019 up to date. She also works as a consultant for various organizations including but not limited to the World Bank Group.

Louis NIYONGABO

Mr. Niyongabo Louis was appointed to the Board of Directors of Sanlam Allianz Life Insurance (Rwanda) in September 2021. He is currently Managing Director of ITS Ltd, an IT firm providing IT Services mainly to the banks. He also sits on the Board of Directors of Taslimu Capital, a credit-only financial Institution based in Kenya. He has over 20 years experience in Banks' IT Systems, and his IT Consultancy firm has provided IT services to various banks in Rwanda and in the region for Core Banking Systems, Payment Systems' Integration, IT Projects Implementation, and IT Advisory Services. The list of clients includes, but not limited to I&M Bank Rwanda, Fina Bank Group (now GT Bank Group), BPR, Bank of Kigali, and DFCU Bank. Beyond the region, his firm was hired in the US (Boston) to develop a payment system Rwanda Automatic Payment System to link the local banks and the service providers through a shared payment switch. He is a holder of a bachelor's degree in Business Administration, Information Management from Adventist University of Central Africa (Rwanda).

Marie Louise KAGAJU

Mrs. KAGAJU Marie Louise has a robust experience of over 25 years in banking sector and broad experience in taxes assessment, planning, accounting, and finance. Mrs. Kagaju joined BCR (Currently I&M Bank) in 1996 where she occupied several positions including Accounting Department Manager, Head of Finance Division and Chief Internal Auditor. Prior to joining I&M Bank), Mrs. KAGAJU worked for Bank of Commerce, Development, and Industry (BCDI) currently Ecobank as Internal Audit Manager has been a Chief Internal Auditor. She also worked Congo Revenues Authority as Tax Inquiries Team Supervision before returning to Rwanda. In board directorship, Mrs. Kagaju sits on the Board of Sanlam Allianz Life Insurance from May 2021 and the board of LOLC UNGUKA FINANCE Plc since July 2019 to date as Audit Committee Chairperson and Member of Risk Management Committee since December 2020. She is a holder of Bachelor's degree in Economics obtained in Kinshasa University in 1988.

Bruce Everrett WARREN

Mr. B.E Warren has 34 years' experience in the Life Insurance, with 21 years in Senior Executive positions in Africa and abroad. He is a holder of degree in Wealth Management obtained from Insurance Sector Education and Training Authority. Mr. Warren has been a Member of Board of Directors of Sanlam Life Insurance (Uganda), Sanlam Life Insurance (Zambia) and Sanlam Life Insurance (Rwanda). He occupied various senior executive positions including Distribution support for Africa focusing on Tanzania, Rwanda, Zambia, Kenya, Mozambique, Zimbabwe, Namibia and Uganda. He has been also the Sanlam Emerging Markets (SEM) General Manager Africa focusing including but not limited to distribution strategies, establishing new opportunities in Africa.
Mr. Warren has been also a Chief Executive Officer of Sanlam Life Insurance of Uganda since March 2013 to July 2013 and Executive Director of Shriram Life Insurance in India since 2010 to 2013, Distribution Manager: Eastern Cape Region in African Life Insurance. He has been also a Broker Consultant of Metropolitan Life/African Life and Sanlam South Africa whereby he managed portfolio of Brokers.
Mr. Warren is a dynamic, innovative and results-oriented leader with a strong record of accomplishment of performance in turnaround time and high-paced organizations.

SENIOR MANAGEMENT

Jean Chrysostome Hodari

Chief Executive Officer

A proven results-oriented leader, HODARI is a seasoned insurer with 23 years of experience in the insurance industry. He started his professional career in 2000 with SORAS SA currently SANALAM Rwanda. In 2003 he joined CORAR/SAHAM where he contributed to establish Life insurance business that he led during 8 years before returning to SORAS /SANLAM VIE in 2011 where he served as Chief Commercial officer and Chief Executive Officer (CEO) since 2013. He also serves as a Non-Executive Director on Boards of UNGUKA BANK (UB), Rwanda Investments Group (RIG) , SANLAM Rwanda plc and AYO Rwanda. HODARI Jean Chrysostome is Charted Pension Analyst, holds a Master's degree in business administration (MBA) and a Bachelor's degree in Sociology.

Celestin MUSONI

Chief Finance Officer

Mr. Celestin Musoni started his career in 1993 as Chief Accountant in MURENZI Supply Company Ltd, a printing, petroleum, general business, and transport companies. In 2008, he was promoted to the position of Chief Finance Officer. Mr. Musoni joined Sanlam Allianz Life Insurance in 2010 where he has led numerous projects to upgrade the company's accounting systems which have improved reporting, analysis, and the technical working environment. In 2013, he was promoted to the position of Chief Finance Officer.

Mr. Musoni holds a master's degree in accounting and finance obtained from Annamalai University (India) and a bachelor's degree in accounting from Adventist University of Central Africa. Professionally, is a Certified Public Accountant (CPA) and a member of the Institute Certified Public Accountants of Rwanda (ICPAR), a Certified Pension Analyst and Chartered Risk Analyst. Mr. Celestin MUSONI is also a Chartered Global Management Accountant(CGMA) and member in good standing of the American Institute of Certified Public Accountant.

Olivier Muhire NKURUNZIZA

Chief Operations Officer

Mr. Muhire Nkurunziza Olivier is an experienced Chief Operations Officer with a demonstrated history of 11 years working in the life insurance industry. He has benefited from several international insurance trainings and seminars, and is skilled in life insurance, insurance product design and marketing, actuarial science and risk management, with a strong command in customer-centricity. In addition, Mr. Muhire Nkurunziza is also has strong Microinsurance and Bancassurance operations and management. He holds a master's degree in economics from Kigali Independent University and a Bachelor's degree in Applied Mathematics from the University of Rwanda, where computational skills and applied economics were his main focus. He is also following a Diploma II Program in insurance with the College of Insurance of Kenya.

Jeannette TUYISHIMIRE

Chief Commercial Officer

Mrs. Jeannette Tuyishimire has 19 years' experience in life insurance. Her career started in 2004 with SORAS SA where she occupied various positions in different departments, including Marketing Manager, Head of Underwriting, Head of Premium Allocation and Assistant Head of Claims. With her technical skills and experience, Mrs. Tuyishimire works in the product designing team. She possesses an excellent ability to motivate others, coupled with the ability to communicate comfortably at all levels, therefore ensuring a motivating working environment for all members of the team to perform at their best. She holds a Master's degree in Business Administration. She is pursuing a Diploma II Program in insurance with the College of Insurance of Kenya.

Jean d'Amour NIBABYARE

Chief Risk Officer

Mr. NIBABYARE Jean d'Amour has a vast knowledge and experience of around 24 years in the insurance industry. He started his professional career in 1999 with SORAS SA currently SANLAM Rwanda where he was responsible for Reinsurance Management. In 2000, he was promoted to Head of Life Insurance Unit to manage Claims and Agents' commissions. Later, in 2004 he was appointed Head of Technical Department leading all life operations including Underwriting, Commissions, Claims management as well as reinsurance arrangement. In 2012, after acquisition of SORAS' stake by Sanlam Emerging Markets Proprietary (Pty) Ltd, Mr. Jean d'Amour was appointed to the Senior Management position of Technical Director in charge of Company's operations, a position he led until 2018 where he was appointed to the position of Pension Director. In 2019, he became the Chief Risk Officer, the position he led up to now. Professionally, Mr. NIBABYARE Jean d'Amour is a Chartered Risk Analyst (CRA), Chartered Pension Analyst. He holds a Master's degree in Economics (MA), a Bachelor's degree in economics and A1 high diploma in Statistics.

Aline UWIZERA

Head of Human Resources and Administration Department

Mrs. Aline Uwizera has 15 years' experience in Executive human resource management, and has notable expertise in strategic human resource planning, performance management, staffing, employee benefits, compensation, payroll, and training and development. Mrs. Aline is a Senior Professional in Human Resource International (SPHRi) and a Certified Human Resource Analyst (CHRA) through the Eastern and Southern Africa Consult, and the American Academy of Project Management. She completed also an Executive Leadership Development Programme from the University of Stellenbosch Business School. She is member of the Company Executive Committee and the Rwanda Human Resources Management Organization (RHRMO). Academically, Mrs. Aline holds a Bachelor's Degree in International Economics obtained from the University of Rwanda.

Regis URAMUTSE NDAHIMANA

General Manager, Corporate Business and Alternative Distribution Channels

Mr. Regis is a qualified Professional Accountant and an Accredited Professional Trainer and holds a bachelors' degree in BBA (Finance) with ten years of working experience in the Rwandan and regional insurance sector. Prior to joining Sanlam Allianz Life Insurance , he spent three and a half years in Prime Insurance Ltd where he served as Head of Internal Audit and later promoted to the position of Commercial Director, a position he occupied for two (2) years. During this period, he played a major role in introduction of medical insurance where he extensively worked on its design and implementation from scratch to its success. Mr. Regis started his career at KPMG where he spent four years and a half as Senior Auditor, where he specialized in the audit of Financial Institutions (Insurance) and Consumer Industry Market in the East African Region and. He also served as Group Internal Auditor Manager at UAP-OLD MUTUAL Insurance. He is also a seasoned CMA university Judge Panel member from 2019 and he participated in the process of revamping the RTQF Curriculum with CAT ICPAR Qualification.

Charles RUGEMA

Head of IT Department

Charles has 11 years of experience in the insurance industry, driving the business through the provision of technology solutions. He started as an IT support officer and was later promoted to take charge of IT operations. Throughout his career, Mr Rugema has taken up challenges and projects that have helped improve operations and service delivery in areas such as agents' management, underwriting, premium allocation, claims reinsurance, actuarial, HR, finance, IT risk and IT governance, amongst others.

During his tenure, he has implemented business systems that have greatly contributed to the growth of the company. Charles Rugema holds a Master of Sciences in Project Management and bachelor's degree in computer science from National University of Rwanda. Mr. Charles is also a member of ISACA.

Helene UWIMBABAZI

Head of Internal Audit Department

Ms. Helene has an outstanding experience of twelve (13) years in audit function. Prior to joining Sanlam Vie, she worked at Rwanda Revenue Authority (RRA) for ten years, where she served as the manager in charge of internal audit, and the tax auditor team leader for large taxpayers. Helene is a Certified Public Accountant (CPA) and a member of the Institute of Internal Auditors (IIA) Rwanda. Helene holds a master's degree in taxation and a bachelor's degree in finance. She also possesses a certificate in Tax Administration Diagnostic Assessment Tool (TADAT), Advanced Certified Risk Based Auditor (CRBA) and a certificate in Quality Management system (QMS). Currently, she sits on the board of DUTERIMBERE IMF Rwanda Plc.

Aloys NIYIBIZI

Legal Advisor and Company Secretary

Mr. Aloys Niyibizi has 10 years in legal and insurance industry. He started his professional career as Legal Claims Manager and later Procurement Officer at Special Guarantee Fund. He has been appointed by the Government of Rwanda as State Attorney in 2016 with a mandate to represent the Government of Rwanda in courts where he handled an array of litigation and legal matters, representing the interests of corporate on complex issues, transactions, agreements, and lawsuits. Later, Mr. Aloys occupied the position of Legal Specialist in Ministry of Public Service and Labour (MIFOTRA) where he shifted to private sector to occupy the position of Head Claims & Legal Advisory Department in Soras Vie Ltd, and later the Legal Advisor and Company Secretary since November 2019 up to date. Mr. Aloys is a holder of a master's degree in international law and bachelor's degree in law obtained from National University of Rwanda. In addition to this, he holds a Post Graduate Diploma in Legal Practice obtained from the Institute of Legal Practice and Development (ILPD).

2025 IN REVIEW

MANAGING DIRECTOR'S WELCOME NOTE:

Despite a challenging macroeconomic environment, we delivered strong financial results and expanded our reach through robust distribution channels and a growing digital ecosystem. This has deepened client engagement and improved access to our products and services, including in underserved and informal market segments. Looking ahead, Sanlam Allianz Life Insurance Plc is well positioned to build on this progress.

It is my pleasure to present the 2025 Sanlam Allianz Life Insurance Plc Annual Report on behalf of the Board of Directors, Management, and Staff. This year reflects our shared commitment to protecting futures amid economic change through disciplined execution, customer focus, and continued investment in the long-term strength of our business.

During 2025, we continued to operate in an environment shaped by inflationary pressures, changes in consumer behavior, and broader economic uncertainty. In response, Sanlam Allianz Life Insurance Plc remained resilient, supported by prudent financial management, thoughtful investment decisions, and a clear focus on delivering sustainable value. These efforts enabled us to maintain momentum while staying responsive to the evolving needs of our clients and the market.

A key driver of our progress has been the acceleration of our digital transformation agenda. We expanded digital payment solutions, streamlined policy servicing, and strengthened customer engagement channels to improve accessibility, convenience, and overall service quality. These initiatives have enhanced operational efficiency and reduced turnaround times in claims and policy administration, helping us deliver a more seamless customer experience.

Our achievements also reflect the dedication and capability of our people. We continued to invest in staff training and upskilling to ensure our team is equipped to deliver on our digital ambitions and respond effectively to industry changes. Their professionalism, resilience, and commitment have been essential to our performance and growth.

Despite a challenging macroeconomic environment, we delivered strong financial results and expanded our reach through robust distribution channels and a growing digital ecosystem. This has deepened client engagement and improved access to our products and services, including in underserved and informal market segments.

Looking ahead, Sanlam Allianz Life Insurance Plc is well positioned to build on this progress. We remain committed to further strengthening our operations, advancing digital innovation, and pursuing opportunities that support financial resilience and long-term customer value.

The progress achieved during the year is a testament to the collective effort of our Board, management, staff, clients, and partners. I extend my sincere gratitude to our Board of Directors for their guidance, and to our clients for their continued trust and partnership. Your support inspires us to keep innovating and delivering insurance solutions that protect lives, livelihoods, and aspirations in a changing economic landscape.

I invite you to read the detailed report that follows, which highlights our 2025 performance, strategic achievements, and the value created for all stakeholders.

Thank you for your continued confidence in Sanlam Allianz Life Insurance Plc.

Warm regards,
HODARI Jean Chrysostome
Chief Executive Officer

ECONOMIC OUTLOOK

Insurance sector performance

Insurance is fundamental to risk management across diverse sectors, delivering financial protection and stability to individuals, businesses, and institutions. By enabling risk transfer, pooling resources, and providing compensation for losses, insurance reduces financial exposure and contributes to economic growth and resilience.

The insurance model is based on risk-sharing, where policyholders transfer their risks to insurers in exchange for premium payments. Insurers apply risk analysis and financial planning to ensure they maintain adequate funds to meet future claims.

The sector is broadly categorized into Non-life insurance and Life insurance. Non-life insurance, or general insurance, typically covers short-term risks with policies lasting a year or less. Life insurance, in contrast, is long-term, offering financial benefits upon policy maturity or in the event of the policyholder's death. The sector also encompasses four specialized forms: Micro Insurance, Captive Insurance, Health Maintenance Organizations (HMOs), and Mutual Insurance.

As of December 2025, the insurance sector was comprised of 16 private insurers, of which 9 were non-life and 3 life, and 4 specialized insurers (micro, captive, HMO, mutual), alongside two public non-life medical insurers (RSSB Medical and MMI). Furthermore, the market comprises insurance intermediaries, including 18 insurance brokers, 11 bancassurance providers, 1,511 insurance agents, and 35 loss adjusters. The non-life (General Insurance) segment dominates the insurance industry, accounting for 88.4 percent of total assets, followed by life insurance (9.2 percent) and specialized insurers (2.4 percent).

As of December 2025, the insurance sector is highly interconnected with the broader financial system, with 38 percent of its assets invested in financial institutions. This underscores its role in supporting the funding of financial institutions and economic growth; however, it exposes it to risks from other financial institutions.

The insurance sector's assets grew steadily, driven by increases in gross written premiums, capital base, and investment income. Total assets reached FRW 1,304 billion in December 2025, an increase of 14.3 percent. Asset allocation was mainly in government securities (39 percent), followed by placements in financial institutions (37.5 percent), reflecting the sector's increased appetite for fixed-income investments that balance stable returns with manageable risk. This strategy aligns with the nature of Rwanda's insurance sector, which is dominated by the non-life (general insurance) segment that favors highly liquid, low-risk investments to meet short-term claim obligations.

As of December 2025, gross written premiums (GWP) grew by 13.6 percent, reaching FRW 399 billion in December 2025. The insurance sector strengthened underwriting risk management, which contributed to underwriting income reaching FRW 24 billion.

As of December 2025, gross written premiums (GWP) grew by 13.6 percent, reaching FRW 399 billion in December 2025. The insurance sector strengthened underwriting risk management, which contributed to underwriting income reaching FRW 24 billion.

Key factors influencing Rwanda's insurance industry

1

Climate Change: Climate change has emerged as a significant influence on the insurance industry in Rwanda. The Central Bank highlighted the increased frequency and severity of natural disasters, such as floods and droughts, resulting from climate change. These events pose risks to both individuals and businesses, necessitating the need for adequate insurance coverage to mitigate potential losses.

2

Economic Growth and Purchase Power: Rwanda's economic growth and changes in purchase power have a direct impact on the insurance sector. As the economy expands and incomes rise, there is an increased capacity for individuals and businesses to afford insurance coverage.

3

Regulatory Environment: The regulatory environment plays a crucial role in shaping the insurance industry in Rwanda. The NBR oversees the licensing and supervision of insurance companies, intermediaries, and products. Changes in regulations, such as the introduction of new policies or guidelines, can impact market dynamics and insurers' operations.

4

Technology and Digitization: The adoption of technology and digitization is transforming the insurance industry in Rwanda. It is important to leverage digital tools to enhance operational efficiency, improve customer experiences, and develop innovative insurance products. Insurers are encouraged to invest in digital infrastructure and services to stay competitive in the evolving market.

5

Risk Management and Solvency: Risk management and solvency are critical considerations for the insurance industry. The Central Bank monitors the financial stability and solvency of insurance companies to ensure they can meet their obligations to policyholders. Reports on risk management practices and capital adequacy provide valuable insights into the overall health of the insurance sector.

2025 KEY PERFORMANCE HIGHLIGHTS

Indicator	Actual Dec 2025	Budget 2025
GROSS PREMIUM	25,854,123,728	23,735,493,895
NET PROFIT	3,152,555,547	5,574,879,485
CLAIMS PAID	17,217,238,013	14,532,401,630
ADMIN COST	5,099,221,436	5,189,314,626
NET OPERATING PROFIT	3,937,344,731	5,490,703,323
TOTAL ASSETS	64,794,325,607	67,216,649,546
VNB NET	1,612,046,427	1,681,056,899
ACTUARIAL RE-SERVES	47,994,465,973	45,875,836,139
FILE SIZE	118,544	122,074

Premium details are as per below.

COMMERCIAL HIGHLIGHTS

Important indicators	Actual Dec 2025	Budget Dec 2025
Gross Written premium	RWF	RWF
Individual products		
Education	7,505,772,353	7,605,188,286
Retirement	934,295,755	846,876,596.9
Pension+ Teganya	5,285,746,215	5,561,500,698
Safe family	973,687,776	912,600,561.2
Funeral	1,004,316	1,054,718
Total	**15,821,553,333**	**15,914,926,648**
Corporate business		
Group life	2,240,860,982	1,186,648,737
Group Credit and mortgage	7,791,709,413	6,633,918,510
Total	**10,032,570,395**	**7,820,567,247**
Total Premium income	**25,854,123,728**	**23,735,493,895**

SANLAM VIE'S
SYSTEMS & CONTROLS

(a) New standards, new interpretations and Amendments to standards
The Company has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2025:

Number	Effective Date	Executive Summary
Amendments to IAS 21 - Lack of Exchangeability	Annual periods beginning on or after 1 January 2025 (early adoption is available) (Published August 2023)	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.

(b) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2025

Number	Effective Date	Executive Summary
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026 (early adoption is available) (Published May 2024)	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).
Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	Annual periods beginning on or after 1 January 2026 with earlier application permitted. (Published July 2024)	These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature-dependent electricity'.

(b) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2025 (continued)

Number	Effective Date	Executive Summary
Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency	Annual periods beginning on or after 1 January 2027, but can be early adopted subject to local endorsement where required. (Published November 2025)	These narrow-scope amendments specify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy. The entity applies the amendments if: • its functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; or • it is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy. The amendments aim to improve the usefulness of the resulting information in a cost-effective manner. Developed in response to stakeholder feedback, these amendments are expected to reduce diversity in practice and provide a clearer basis for reporting in a hyperinflationary currency.
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37- Disclosures about Uncertainties in the Financial Statements.	Annual periods beginning on or after 1 January 2026 (early adoption is available) (Published November 2025)	These amendments include Examples illustrating how an entity applies the requirements in IFRS Accounting Standards to disclose the effects of uncertainties in its financial statements. The Examples demonstrate how to disclose the impacts of uncertainties within climate-related scenarios, but the principles and requirements are also applicable to disclosure of other uncertainties. The Examples do not add to or change requirements in IFRS Accounting Standards and therefore there are no transition requirements. Instead, these Examples will accompany the respective IFRS Accounting Standards to which they relate.
IFRS 18 Presentation and Disclosure in Financial Statements	Annual periods beginning or after 1 January 2027 (Published April 2024)	This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: • 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.

iv) New standards, amendments and interpretations (continued)
c) New and amended standards and interpretations in issue but not yet effective for the year ended 31 December 2025 **(continued)**

Number	Effective Date	Executive Summary
IFRS 19, 'Subsidiaries without Public Accountability: Disclosures' and amendment (see separate section below for the amendment)	Annual periods beginning on or after 1 January 2027. Earlier application is permitted. (Published May 2024)	This new standard and amendment works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if: • it does not have public accountability; and • it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.
Amendment to IFRS 19, 'Subsidiaries without Public Accountability: Disclosures'	With these amendments, IFRS 19 reflects the changes to IFRS Accounting Standards that take effect up to 1 January 2027, when IFRS 19 will be applicable. (Published August 2025)	These amendments help eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024, specifically: • IFRS 18 Presentation and Disclosure in Financial Statements; • Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7); • International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12); • Lack of Exchangeability (Amendments to IAS 21); and • Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7). In the future, IFRS 19 will be amended at the same time as the IASB issues or revises other IFRS Accounting Standards.

v) Significant judgements and estimates

The preparation of financial statements under IFRS 17 requires the use of accounting estimates which, by definition, will seldom equal the actual results. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. This note provides an overview of items that are more likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, together with information about the basis of calculation for each affected line item in the financial statements.

a)Significant judgements and estimates in applying IFRS 17

i)Judgements in applying IFRS 17

Area of judgement	Judgement applied
• For insurance contracts with a coverage period of more than one year and for which the entity applies the PAA, The eligibility assessment as required by IFRS 17 involves significant judgement. • 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. Judgement has been applied on: -paragraph 17 of IFRS 17 – the determination of 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, as required by paragraph 16 of IFRS 17; and -paragraphs 18 and 19 of IFRS 17 – judgements might be applied on initial recognition to distinguish between non-onerous contracts (those having no significant possibility of becoming onerous) and other contracts.	Policy duration is determined as the term from first inception until policy expiration date. The calculation is done on reserving class - cohort level. If the percentage of policies count and/or Gross written premium (GWP) with durations greater than 1 year is greater than 10%, a materiality check is performed. If the policies identified in the above steps contributes more than 5% of premium, it is considered material, and this test indicates that PAA presumption will not be applied. Non-motor was the only line of business with policies over 1 year accounting 7.75% of non-motor GWP which is below the 10% threshold. Furthermore, policies identified were below the second 5% materiality threshold (2.5%) thus PAA was used. Motor is onerous, hence an additional loss component approximated by the AURR calculation for 2022, 2023 and 2024.
• For insurance contracts issued measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.	For groups that have become onerous an Additional Unexpired Risk Reserve has been raised for 3 years; 2022, 2023 and 2024.
• The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract within the scope of IFRS 17. Judgements might be involved to determine when the Group is capable of repricing the entire contract to reflect the reassessed risks, when policyholders are obliged to pay premiums, and when premiums reflect risks beyond the coverage period. Where features such as options and guarantees are included in the insurance contracts, judgement might be required to assess the entity's practical ability to reprice the entire contract to determine if related cash flows are within the contract boundary.	Contract boundaries are defined between inception and expiry date (coverage period) in addition to the payment pattern which translates the obligation of the insurer to fulfil their commitment. However, once a contract is expired, the insurer has the ability to reprice the entire contract including all its options and guarantees.
• An entity can use judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfilment of the contracts.	

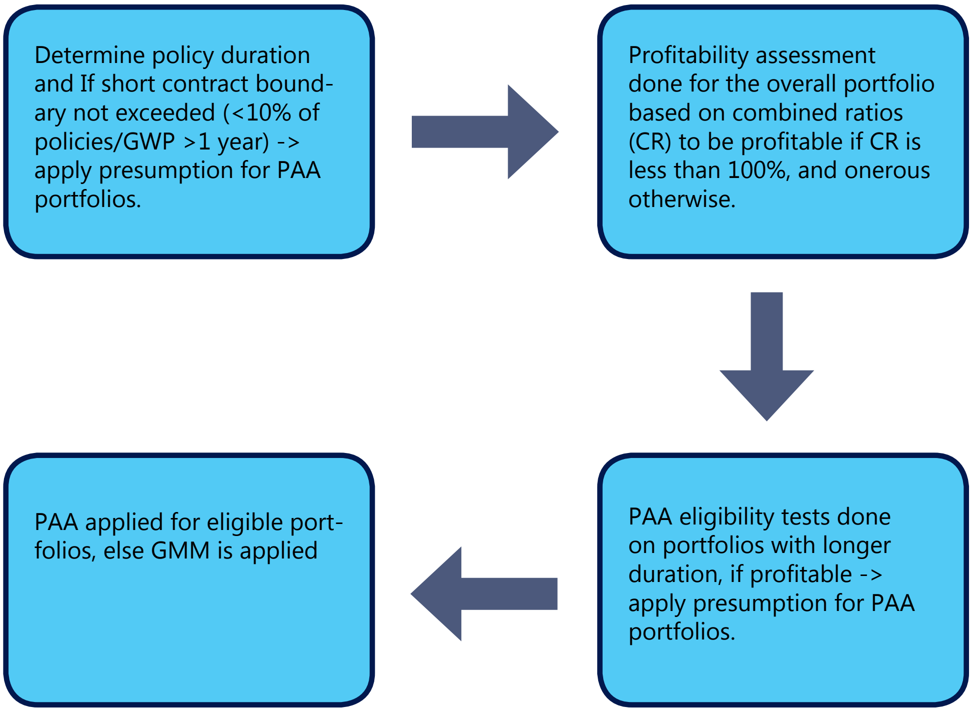
(i) Methods used and judgements applied in determining the IFRS 17 transitions amounts

The Company has adopted full retrospective approach. The Company has determined that reasonable and supportable information was available for all contracts in force at the transition date that were issued within three years prior to the transition.

IFRS17 defines three measurement models (i.e., General Measurement approach "GMM", Variable Fee Approach "VFA" and Premium Allocation Approach "PAA") that are used to measure contracts based on the features of the contract. VFA is not applicable to non-Life business. Two approaches are therefore considered for Sanlam Assurances Generales. The inputs needed and criteria for choosing between the two are summarised in the table below.

	Premium Allocation Approach (PAA)
When to use	Policy durations less than 1 year (see testing process below)
Grouping of contracts	• Line of business • and cohort year determined by year of first inception or first underwriting (whichever is last), • and profitability based on combined ratio.
Fulfilment cash flows - ratios	UPR -> use as opening and closing balances. DAC -> amortisation of insurance acquisition cash flows.
Fulfilment cash flows - patterns	Assume a constant rate / level run-off over the coverage period.
Discount Rate	PAA is not discounted.
Risk Adjustment	Risk Adjustment Value at risk approach (VAR) was used with 75th percentile level of confidence. The bootstrap methodology (a statistical resampling technique) was used to derive the probability distribution (to get to the 75th percentile).

As the PAA is similar to the existing approach used for IFRS4, it will be the preferred method. GMM will only be used if it is deemed necessary to do so. Below is the testing process to be followed to determine which method to apply (performed annually).



Policy Duration
Policy duration is determined as the term from first inception until policy expiration date. The calculation is done on reserving class - cohort level. If the percentage of policies count and/or Gross written premium (GWP) with durations greater than 1 year is greater than 10%, a materiality check was performed.

If the policies identified in the above steps contributes more than 5% of premium, it is considered material, and this test indicates that presumption will not be applied
ii)Estimates and assumptions in applying IFRS 17
In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates.

The approach followed was based on data available at the time of evaluation. The specific methodology is outlined in section B of the report for each entity. The following is noted on the methodology followed to determine the best estimate results:

Standard actuarial techniques were applied – a combination of the

- Chain Ladder (CL),
- Bornhuetter Ferguson (BF) and
- Loss Ratio (LR) approach was used.
-

Mode detail for each of the above listed methods follows in the table below:
i) Development factors used was a selection between:

- Arithmetic which refers to the average of all the individual development factors of each development period.
- Volume – which refers to the weighted average and of all the individual development factors of each development period.
- Last N years averages – which refers to the weighted average for last N years as specified.

ii) Year to year development was modelled using Paid data only (for gross and net claims).
iii) Paid triangles were used to develop to ultimate expected losses. This was done for gross and net unless data was unreliable.
iv) Inflation was not explicitly modelled.
v) Salvages and recoveries have not been explicitly modelled but has been considered in the claim amounts.
vi) Gross and net losses have been modelled separately – the difference therefore implies the impact of reinsurance.
vii) Large claims have been excluded from the triangles (when applicable) and then added back to the ultimate projected attritional losses.
The payment patterns calculated by the selected development factors used for the best estimates were also used for claims cashflow projections. This was also done for Net losses to ensure a consistent approach to determine the timing of cashflows.

•Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion.

The risk adjustment was calculated at the issuing entity level and then allocated down to each group of contracts in accordance with their risk profiles. The bootstrap method was used to derive the overall risk adjustment for non-financial risk.

The risk adjustment is a component of the measurement of insurance contracts for both liabilities, for incurred claims, and liabilities for remaining coverage. The risk adjustment represents compensation for bearing the uncertainty about the amount and timing in the estimated cash flows, reflecting the cost of bearing the financial risk associated with fulfilling the insurance contracts.

There are three generally accepted approaches to calculating risk adjustments:

- Value at Risk approach (VAR);
- Cost of capital approach;
- Margin approach.
-

The VAR approach was followed as it was practical and relatively easy to calculate and explain. It targets a confidence level as output. The 75th percentile was chosen as the level reflecting the level of confidence required by Group for the transition.

The bootstrap methodology (a statistical resampling technique) was used to derive the probability distribution (to get to the 75th percentile).
The below outlines the steps followed to perform the bootstrap. Using this approach means that past actual claims development is thus used to inform future claims runoff distributions. The bootstrap module is built in the Sanlam in-house reporting tool, TM1.

Step 1: Paid Triangle	The starting point is the cumulative and incremental triangles.
Step 2: Fitted Triangle	The triangles are then completed using the assumed development – the past is adjusted to match the development pattern, using latest paid as the starting point. This triangle is called the fitted payments.
Step 3: Residuals	The dataset used for the Bootstrap is then the Residuals between the incremental fitted payments and the incremental actual payments.

Resampling with Replacement	Create many (1000 or 10000) new Residuals datasets by randomly selecting observations from the created Residuals dataset. For each run, a new payments dataset is created by adding the selected Residuals to the actual payments. The new payments dataset is then used to calculate development factors and the triangle is developed to ultimate. This then informs the total reserve estimate. Note that the development factors are different from those chosen when using the original model. The distribution used is Poisson. During the bootstrap module implementation in TM1, the Development team (VennCubbed) could not find an equivalent of PoiRnd in TM1. The consensus between the actuaries was that it is possible to use a Rand Function instead (i.e., approximately Random Function can replace the Poisson Random Variable which is theoretically correct and was done just in the interest of ease of calculation).
Sample Statistics	Calculate the statistic of interest (e.g., mean, variance, regression coefficients, etc.) of the new reserve values.
Estimate Sampling Distribution:	The distribution of these statistics across the many resampled datasets provides an empirical approximation of the sampling distribution of the statistic.
Confidence Intervals and Standard Errors:	Use the empirical distribution to construct confidence intervals and estimate standard errors for the statistic. The scaled to mean rate equivalent to the 75th Value at Risk, is then used as the RA to be applied to the best estimate results.

The simulations were run at a reserving class level which is also the level at which triangles are aggregated and analysed.
The 75th percentile was chosen as the level reflecting the level of confidence required by Group for the transition. This may be refined in consequent calibration exercises.
Due to time constraints, the transition was run at 1000 simulations in some cases, which will be explicitly disclosed in section B (testing was run to check deviation materiality between 10 000 and 1000 simulations and outcomes shown no material differences).
• Margins were calibrated on an individual basis which results in a more prudent view than allowing for the benefit of diversification. The same margin was used for gross and net (and by implication reinsurance). This may not allow sufficiently for the reduction in risk associated with risk transfer (to the reinsurer). This can be considered to give a more prudent result for Net losses, which will be used to mitigate for the effect of non-performance
• (default risk) by the issuer of the reinsurance contract.

Future refinements will be calibrated outside of the reporting cycle (this is common for non-financial assumption setting).
• Methods used to measure Property and Casualty contracts
The Company estimates insurance liabilities in relation to claims incurred for automobile insurance separately for property damage and third-party liability coverage and for major products. Estimates are performed on an accident year basis.
The most common methods used to estimate property damage claims incurred are the chain-ladder and the Bornhuetter-Ferguson methods methods, which are the industry standard for this type of claim.
The chain-ladder technique involves an analysis of historical claims development 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 yet fully developed, to produce an estimated ultimate claims cost for each accident year. The chain-ladder technique is the most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. The chain-ladder technique is less suitable in cases in which the Company does not have a developed claims history for a particular type of claim.
The Bornhuetter-Ferguson method uses a combination of a benchmark or market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure, such as gross or reinsurance premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined, using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations in which developed claims experience was not available for the projection (that is, in relation to recent accident years or new products).
The Company has not changed the methods used to estimate incurred claims in 2025.
In its claims incurred assessments, the Company uses internal and market data. Internal data is derived mostly from the Company's claims reports. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims. Market data consists of inflation projections, large claims threshold, large claims quantity, market claims ratios and other.

• Estimates of future cash flows to fulfil insurance contracts
Included in the measurement of each group of contracts within the scope of IFRS 17 are all of the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on
i) Liability for remaining Coverage (LFRC):
ii) Liability for Incurred Claims (LIC):

1.1. Best Estimate Claims Reserves
The approach followed was based on data available at the time of evaluation. The following is noted on the methodology followed to determine the best estimate results:
i) Standard actuarial techniques were applied – a combination of the
- Chain Ladder (CL),
- Bornhuetter Ferguson (BF) and
- Loss Ratio (LR) approach was used.

b) Fair value of financial instruments
The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions.

c) Valuation of investment property
Investment property comprises leasehold land and buildings and is measured at fair value. Fair value is based on valuations performed every year by an independent valuation expert. In performing the valuation, the valuer obtains the market value of similar properties and compares with the carrying value of the investment property. Given that the valuer uses actual sales data obtained from the market in performing the valuation, any changes in the market interest rates or rental income would not result in any significant change in the carrying value of investment property.

d) Fair value of financial instruments
The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions.

e) Valuation of investment property
Investment property comprises leasehold land and buildings and is measured at fair value. Fair value is based on valuations performed every year by an independent valuation expert. In performing the valuation, the valuer obtains the market value of similar properties and compares with the carrying value of the investment property. Given that the valuer uses actual sales data obtained from the market in performing the valuation, any changes in the market interest rates or rental income would not result in any significant change in the carrying value of investment property.

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

(a) Basis of measurement
The financial statements have been prepared on the historical cost basis except for the following items which are measured at fair value on each reporting date.

Item	Measurement bases
Investment in equities	Fair value
Investment property	Fair value
Land and buildings	Fair value

(b) Comparative information
The comparative information used in this report are financial statements of Sanlam Allianz General Insurance Plc for the financial year ended 31 December 2024.

(c) Foreign currency translation
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income. Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in the available-for-sale reserve in equity.

(d) Insurance contracts
Summary of measurement approaches

The Company uses different measurement approaches, depending on the type of contract, as follows:

Contracts issued	Product classification	Measurement model
Motor	Insurance contracts	PAA for policies issued
Medical	Insurance contracts	PAA for policies issued
Non-motor	Insurance contracts	PAA for policies issued (following the decision tree described in the basis document)

Reinsurance contracts held
Same classification as inward business

i) Definition and classification
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.Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Company to financial risk are classified as investment contracts, and they follow financial instruments accounting under IFRS 9.

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.
All references to insurance contracts in these consolidated financial statements apply to insurance contracts issued or acquired, and reinsurance contracts held unless specifically stated otherwise.

ii) Unit of account
IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features (DPF).
When identifying contracts in the scope of IFRS 17 in some cases, the Company will have to assess whether a set or series of contracts needs to be treated as a single contract and whether embedded derivatives, investment components and goods and services components must be separated and accounted for under another standard.
For insurance and reinsurance contracts, the Company does not expect significant changes arising from the application of these requirements.
The Company does not hold any investment contracts with DPFs or services that need to be separated or accounted for under another standard.
Insurance contracts were grouped according to their risk characteristics as determined by the line of business as well as their cohort, taken as the maximum between the year of issue and first inception year.
For some evaluations where a larger number of observations (than were available by product) were required, product lines were grouped together. This applies to development triangles that were used to estimate expected development, payment patterns and risk adjustments.
For other contracts measured using the PAA, the Company assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at a policyholder-pricing-groups level.
Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.
Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Company tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.
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 services other than insurance contract services.
The Company applies IFRS 17 to all remaining components of the contract. The Company does not have any contracts that require further separation or combination of insurance contracts.

ii) Recognition and derecognition
Group 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.

Reinsurance contracts held are recognised as follows:
- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
- the beginning of the coverage period of the group; and
- the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held;

unless the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.
Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.
Accounting for contract modification and derecognition
An insurance contract is derecognised when it is:
- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and additional criteria discussed below are met.

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 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 within the 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 PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When a new contract is required to be recognised because of modification and it is within the scope of IFRS 17, the new contract is recognised from the date of modification

and is assessed for, amongst other things, contract classification, component separation and contract aggregation requirements.
When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to 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 derecognised 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 derecognised part of the LRC of the original contract and the premium charged by the third party; or
c. if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

iii) Measurement

iv) (a) Fulfilment cash flows
Fulfilment cash flows within contract boundary
The 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 that the estimates are consistent with 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 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. Refer to note 2.2 (iii) (a)

Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued.
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.

Contract boundary
The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

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 contract 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 up 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 lapse or surrender and 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 of the cash flows within its boundary.
Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Company that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Company has a substantive right to receive insurance contract services from the reinsurer.

The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts might include mandatory or voluntary reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

Insurance acquisition costs
The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.
Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:
a. to that group; and
b. to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

Before a group of insurance contracts is recognised, the Company could pay (or recognise a liability, applying a standard other than IFRS 17) for directly attributable acquisition costs to originate them. Such balances, which for the Company are typically limited to non-refundable costs prepaid for automobile insurance contracts measured under PAA, are recognised as insurance acquisition cash flows assets within the carrying amount of insurance contracts issued and are subsequently derecognised (in full or to the extent that insurance contracts expected to be in the group have been recognised at that date) when respective groups of insurance contracts are recognised and the insurance acquisition cash flows are included in the group's measurement. The amounts allocated to groups of insurance contracts yet to be recognised are revised at each reporting date, to reflect any changes in assumptions that determine the inputs to the method of allocation used. Refer to note 2.2 (iii) (a) for the judgement applied.

Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

The recoverability assessment is performed in two steps, as follows:
1. an impairment loss is recognised to the extent that the carrying amount of each asset for insurance acquisition cash flows exceeds the expected net cash inflow as determined by the FCF as at initial recognition for the related group of insurance contracts;
2. in addition, when insurance acquisition cash flows directly attributable to a group of contracts are allocated to groups that include expected contract renewals, such insurance acquisition cash flows should not exceed the expected net cash inflow from the expected renewals as determined by the FCF as at initial recognition for the expected renewals; an impairment loss is recognised for the excess to the extent not recognised in step (1) above.

Other pre-recognition cash flows within the contract boundary
Before a group of insurance contracts is recognised, the Group could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS standard. Cash flows are related to the group of insurance contracts if they would have been included in the FCF at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of reinsurance contracts held.

Risk adjustment for non-financial risk
The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.
For reinsurance contracts held, the risk adjustment for non financial risk represents the amount of risk being transferred by the Group to the reinsurer.
Methods and assumptions used to determine the risk adjustment for non-financial risk are discussed in note 2.2 (iii) (a)

iv) (b) Initial measurement – Groups of contracts measured under the PAA

The Company uses the PAA for measuring contracts with a coverage period of one year or less. This approach is used for originated automobile insurance contracts, because each of these contracts has a coverage period of one year or less.
The excess of loss reinsurance contracts held provide coverage on the automobile insurance contracts originated for claims incurred during an accident year and are accounted for under the PAA.

In addition to the contracts with coverage of less than one year, the PAA can be used for measurement of groups of contracts where the entity reasonably expects that such a simplification would produce a measurement of the LRC that would not differ materially from the one that would be produced by applying the GMM or VFA.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group. For reinsurance contracts held, broker fees are recognised over the coverage period of contracts in a group.
For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows.
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 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.
For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:
a. increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
b. decreased for insurance acquisition cash flows paid in the period;
c. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
d. increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses.
For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:
a. increased for ceding premiums paid in the period;
b. increased for broker fees paid in the period; and
c. decreased for the expected amounts of ceding premiums and broker fees recognised 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, because insurance premiums are due within the coverage period of contracts, which is one year or less.

The Company adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non-performance.
There are no investment components within insurance contracts issued and reinsurance contracts held that are measured under the PAA.

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. Future cash flows are adjusted for the time value of money, since insurance contracts issued by the Company and measured under the PAA typically have a settlement period of over one year.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Company increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised.

Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component. Where applicable, resulting changes in the loss component are disaggregated between insurance service expenses and insurance finance income or expenses for the effect of the time value of money, financial risk and effect of changes therein.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Company applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.
Where applicable, changes in the loss-recovery component are disaggregated between net income from reinsurance contracts held (refer to note 2.1.(e)(ii) and insurance finance income or expenses for the effect of the time value of money, financial risk and effect of changes therein in proportion to the disaggregation applied to the changes in the underlying loss component.
The Company does not have any reinsurance contracts held measured under the PAA with underlying contracts measured under the GMM.
iv) Amounts recognised in comprehensive income
v) (a) Insurance service result from insurance contracts issued

Insurance revenue
As the Company provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services. For groups of insurance contracts measured under the PAA, the Company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

Insurance service expenses
Insurance service expenses include the following:
a. incurred claims and benefits, excluding investment components reduced by loss component allocations.
b. other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
c. insurance acquisition cash flows amortisation;
d. changes that relate to past service – changes in the FCF relating to the LIC; and
e. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
f. insurance acquisition cash flows assets impairment, net of reversals
For contracts not measured under the PAA, amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue, as described above. For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.
Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

v) (b) Insurance service result from reinsurance contracts held
Net income (expenses) from reinsurance contracts held
The Company presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

2 Basis of preparation and accounting policies (continued)
a. reinsurance expenses;
b. for groups of reinsurance contracts measured under the PAA, broker fees are included within reinsurance expenses;
c. incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
d. other incurred directly attributable expenses;
e. changes that relate to past service – changes in the FCF relating to incurred claims recovery;
f. effect of changes in the risk of reinsurers' non-performance; and
g. amounts relating to accounting for onerous groups of underlying insurance contracts issued:
i. income on initial recognition of onerous underlying contracts;
ii. reinsurance contracts held under the GMM: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
iii. reinsurance contracts held under the GMM: changes in the FCF of reinsurance contracts held from onerous underlying contracts.
Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Company expects to pay in exchange for those

services. Additionally, for reinsurance contracts held measured under the PAA, broker fees are included in reinsurance expenses.

For contracts measured under the GMM, reinsurance expenses comprise the following amounts relating to the changes in the remaining coverage:
a. claims and other directly attributable expenses recovery in the period, measured at the amounts expected to be incurred at the beginning of the period, excluding:
- amounts allocated to the loss-recovery component;
- repayments of investment components; and
- amounts related to the risk adjustment for non-financial risk (see (b));
b. changes in the risk adjustment for non-financial risk, excluding:
- changes included in finance income (expenses) from reinsurance contracts held;
- changes that relate to future coverage (which adjust the CSM); and
- amounts allocated to the loss-recovery component;
c. amounts of the CSM recognised for the services received in the period; and
d. experience adjustments – arising from premiums paid in the period other than those that relate to future service.

Net income (expenses) from reinsurance contracts held (continued)
For groups of reinsurance contracts held measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts. Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

Insurance finance income or expenses
Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:
a. the effect of the time value of money and changes in the time value of money; and
b. the effect of financial risk and changes in financial risk.

For contracts measured under the GMM, the main amounts within insurance finance income or expenses are:
a. interest accreted on the FCF and the CSM; and
b. the effect of changes in interest rates and other financial assumptions.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:
a. interest accreted on the LIC; and
b. the effect of changes in interest rates and other financial assumptions.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.
For the contracts measured under the GMM and the PAA, the Company includes all insurance finance income or expenses for the period in profit or loss (that is, the profit or loss option (the PL option) is applied.

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items. Applying IAS 21 at the end of the reporting period, the carrying amount of the group of insurance contracts, including the CSM, is translated into the functional currency at the closing rate. The Group has chosen to present the resulting foreign exchange differences within the line item 'finance expenses from insurance contracts'.

vi) Receivables and payables related to insurance contracts
Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in profit or loss. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is calculated under the same method used for these financial assets

vii) Salvage and subrogation reimbursements
Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

(e)Investment property
Property held for long-term rental yields that is not occupied by the Company is classified as investment property. Investment property comprises freehold land and buildings. It is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets.
These valuations are reviewed annually by an independent valuation expert. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Changes in fair values are recorded in the profit or loss.
Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the Company. The initial cost of the property is the lower of the fair value of the property and the present value of the minimum lease payments. The property is carried at fair value after initial recognition.

(f) Investment in associates
Associates are undertakings in which the Company has 20-50%

of the voting rights, and over which the Company exercises significant influence, but which it does not control. Provisions are recorded for any impairment in value.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Equity accounting involves recognising in the profit and loss account the Company's share of the associates' profit or loss for the year. The Company's interest in the associate is carried in the balance sheet at an amount that reflects its share of the net assets of the associate and includes goodwill at acquisition.

(g) Property and equipment

Land, buildings and motor vehicle are stated at fair value, based on periodic, but at least triennial, valuations by external independent appraisers, less depreciation. Land is not depreciated. Buildings are depreciated on a straight-line basis to allocate the cost over the estimated useful life (60 years) of the building. The residual values and useful lives of buildings are reviewed at each statement of financial position date and adjusted accordingly.

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on the difference between the cost and residual value of the asset and is charged over the estimated useful life of each significant part of an item of equipment, using the reducing balance method of depreciation.

Buildings	14 to 60 years
IT Equipment	2 years
Furniture and equipment	4 years
Motor vehicles	4 years
Apartment materials	4 years
Medical and Other equipment	4 years

The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that additional future economic benefits from the existing asset will flow to the company as a result of the major renovation.

(h) Intangible assets – Computer software

Computer software is recognised at cost less amortisation and impairment charges. Computer software packages acquired are initially recognised at fair value. Cost associated with maintaining computer software programmes are recognised as an expense when incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The Company's intangibles assets are made of the AIMS, Novanet, Sage Pastel softwares and are amortised on reducing balance method at the rate of 50% per annum.

Gains and losses arising from derecognition 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 statement of profit or loss when the asset is derecognised.

(i) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are recognized to the initial carrying amount of the financial asset/liability, as appropriate on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument or is based on a valuation technique whose inputs include only data from observable markets then the instrument should be recognized at the fair value derived from such observable market data.

i) Classification

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

- those to be measured subsequently at fair value through PL; and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value through profit or loss, gains and losses will be recorded in profit or loss.

ii) Recognition and derecognition

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

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

Debt instruments
Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented within operating and other expenses the statement of profit or loss.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments
The Company subsequently measures all equity investments at fair value through profit or loss. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

iv) Impairment
The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of these assets. No evidence for impairment found during our review of the NBV vis a vis the net realisable value of those debt instruments.

Derecognition of financial assets
A financial asset is derecognized when:
The rights to receive cash flows from the asset have expired, or
- The company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
- The company has transferred substantially all the risks and rewards of the asset, or
- The company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.
In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income.
(j) Transactions with related party companies
These include loans to and from the holding company, fellow subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs. Loans to group companies are classified as loans and receivables. Loans from group companies are classified as financial liabilities measured at amortised cost. Loans to shareholders, directors, managers and employees are classified as loans and receivables.

(k) Other receivables
Other receivables meet the SPPI criterion as there is a principal payable on a due date. Given the short-term character of trade receivables, the financing component is not significant.
At initial recognition other receivables without a significant finance component are recognised at their transaction price and subsequently at amortised cost (less an allowance for impairment under the expected credit loss model).

(l) Trade and other payables
Trade and other payables, including accruals, are recognised when the company has a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the company. Trade and other payables are carried at amortised cost.

(m) Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(n) Income tax expense
Income tax expense is the aggregate amount charged / (credited) in respect of current income tax and deferred income tax in determining the profit or loss for the year. 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

Current income tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Rwanda Income Tax Act.

Deferred income tax
Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit nor loss. Deferred income tax is determined using the liability method on all 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 balance sheet date and expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the company, and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the company is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the company the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on the same entity.

(o) Leases
The Company leases certain property and equipment. The Company does not retain a significant portion of the risks and rewards of ownership and these leases are therefore classified as operating leases.

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

(p) Impairment of non-financial assets
The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.
The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.
An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.
The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

(q) Share capital
Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.
Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.
Shares are classified as equity when there is no obligation to transfer cash or other assets.

(r) Provisions and contingencies
Provisions are recognised when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses if an entity has a contract that is onerous, the present obligation under

the contract shall be recognised and measured as a provision.
A constructive obligation to restructure arises only when an entity has a detailed formal plan for the restructuring, identifying at least: the business or part of a business concerned;

- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- When the plan will be implemented; and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

(s) Retirement benefit obligations
Staff retirement benefits consists of retirement benefits and loyalty benefits. Retirement benefits are accrued based on the number of years work and an employee is entitled to the basic salary with a factor of number of years worked up to a maximum of 12 months. Loyalty bonus is accrued based on the basic salary multiple of a certain number of years in the organisation.

(t) Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method
Fees paid on the establishment of loan facilities are recognised as transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs
General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale
Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u)Employee entitlements
i) Defined contribution scheme
The company and all its employees contribute to the Rwanda Social Security Board, which is a defined contribution scheme.

ii) Termination benefits
Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

iii) Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(v) Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for services, net of any applicable taxes.

i) Insurance premium
Insurance premiums for general insurance contracts are recognised as revenue as detailed in Note 2 (f) ii Insurance contracts.

ii) Interest income and expenses
Interest income and expenses for all interest-bearing financial instruments, are recognised within 'investment income' (Note 19) in the statement of profit or loss using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

iii) Rental income from investment property
Rental income is recorded in the period it is earned.

iv) Dividend income
Dividend income for equity investments is recognised when the dividend is publicly declared.

v) Commission income earned
The revenue recognition policy for commission income earned is disclosed under note 2 (f) (iii).


23
CREATING VALUE

CREATING SHARED VALUE

Creating Shared Value features in Sanlam Vie's priority as we seek to have a role in improving society's quality of life by addressing its needs and challenges while at the same time supporting the economy. Among ways we do this include:

Human Capital
In 2025, our human capital efforts were geared at continuously enhancing staff productivity, capacity effectiveness, and business continuity.
This is in line with our short term and long-term prospects of being customer centric and achieving our values and purpose. Our objectives were aimed at enhancing approaches that support productivity; performance management; learning and development; and remote working policies in response to the environment.
Our employees remained at the heart of our success. We invested in talent development, employee wellbeing, and an inclusive workplace culture that fosters innovation, collaboration, and high-performance culture, and chiefly "Winning as One" as our foundational pillar. We also strengthened partnerships with suppliers and service providers, promoting ethical business practices and supporting local economic development.
Through these efforts, we continued to build trust, strengthen financial resilience, and reinforce our purpose of securing the future of our customers while supporting Rwanda's sustainable development journey.
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Employee benefits

Defined contribution scheme
The company and all its employees contribute to the national Social Security Fund, which is a defined contribution scheme. As per the current law, the employee contributes in a portion of 3% whereby the company contribution is 5%. To this have been recently added, from 2019, 0.3% for maternity leave fund and 0.3 to support the "mutuelle de sante" fund.

Termination benefits
Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Salient features of our human resources (HR) strategy
• World-class HR function and capability
• Leading edge digitally enabled HR practices and solutions
• Proactive governance and risk management

The key focus areas are:
• Talent: attracting, hiring, developing, and retaining the best talent in the market to address the evolving talent needs in our business
• Culture: Evolving our culture to suit a changing business and strategic context
• Digitise: Adapt HR functions to improve efficiency and capability to deliver superior employee experiences
• Agile workplace of the future: simplify, harmonise and evolve people practices and processes to promote cross-cluster interactions and mobility
• Ways of working: Creating a work environment that addresses the current and future needs of our workforce in a digitalised workplace
• Diversity, equity and inclusion: ensure diversity in our workforce and workplace in line with diverse markets being served

Developing talent and improving skills
Talent management is a key strategic business matter and is designed to ensure we recruit, appoint, retain and develop the most talented employees available in the job market. We collaborate with our employees to help them realise their worth. We are committed to providing a stimulating work environment and development opportunities. Learning and development are prioritised in our HR strategy, which is designed to drive internal career advancement.

Agents
The Management of Sanlam Allianz Life Insurance Plc organized engagement with its esteemed agents who contributed to the performance of the company during the Year 2025.
In order to instill amongst agents the high performance culture, agents sign the performance contracts upon which the achievers are awarded for their performance.

Financial Capital
Our approach to financial management can be summarized as prudent with attention to detail in how we raise, control and administer and deploy our finances catering for risks, costs and control while seeking to be profitable.
Capital allocation is governed by a strategy framework which has provisions for procedures that ensure we have adequate capital resources with due attention to all material risk and capital adequacy requirements.
This approach also provides stewardship for our cost optimization measures as we diligently oversee the utilization of financial resources in the Bank's operations.

Financial Capital Coverage
• The regulatory capital requirements;
SanlamAllianz Life Insurance Plc has a share capital of FRW 2,000,000,000 in compliance withArticle 19 of the regulation N° 66/2023 of 25/04/2023 on licensing conditions for insurers and reinsurers of the National Bank of Rwanda. The company has paid all related tax to the increase of capital transaction.

• Instruments regarded as available capital;
The capital available is constituted by paid up capital and accumulated retaining earnings coming from non-distributed profits for previous years. The company also have revaluation reserves coming from its investment revalued on yearly basis with the most prudential methods applied by higher expertise valuers.

• The policies and processes for managing capital;
The company applies regulatory guideline in term of minimum capital requirement and other company law related to capital for commercial companies. Apart from this, the company have set a dividend policy in line with the business mission and value to ensure that the company is always financially sound for its expansion and providing full confidence to its shareholders, partners, policyholders and staff.

Capital allocation focuses on supporting value creation and ensuring high returns on deployed financial capital.

Intellectual Capital
Intellectual capital in this case refers to intangible assets and can broadly be defined as the collection of all resources Sanlam Allianz Life Insurance has at its disposal that can be used to drive profits, gain new customers, create new products, or otherwise improve the business.
At Sanlam Allianz Life Insurance , our key components include Staff expertise, organizational processes, and other intangibles that contribute to our bottom line.
Aspects of intangible value include technical knowledge, the value relating to relationships, reputation and brand and capacity for innovation.
Sanlam Allianz Life Insurance 's intellectual capital includes human capital, innovations and digital channels, systems and processes.
• Innovation: Innovation is highly influential in increasing the relevance of products and services to drive growth performance, and operations, especially amid the pandemic when there has been limited interaction between staff and clients.
Sanlam Allianz Life Insurance introduced innovation and technological adjustments to enable working virtually as well as enable clients submit claims. The pandemic accelerated our digitization plans with more to be rolled out in coming years. Innovation also allowed the collection of premiums via mobile money.
• Customer-centered adjustments: Market adjustments have seen the firm adjust systems and processes to improve customer experiences and service provision to provide seamless services and seize opportunities. Among our customer oriented adjustments included virtual contract signing, MoMo payments among others.
• Agents: Our Agent network which has grown steadily in recent years, currently at about 250 to ensure Sanlam Allianz Life Insurance Plc's proximity to our customers. It also creates business opportunities for service providers allowing them to creating incomes and employment.

Creating Shared Value
Creating Shared Value features in Sanlam Allianz Life Insurance's priority as we seek to have a role in improving society's quality of life by addressing its needs and challenges while at the same time supporting the economy.

Among ways we do this include:

a) Sustainable Development Goals
We are refining our contribution to the United Nations Sustainable Development Goals (SDGs) and identifying future priorities. As a financial services firm we have a direct contribution to make through investments and the way we do business.
The SDGs provide a roadmap and sustainable framework to anchor our investments if we want to show impact and bring these purpose ambitions to life. Our group's focus areas which Sanlam Allianz Life Insurance is also implementing provide examples of our commitment in action.
• Goal 5: Gender Equality
• Goal 8: Decent Work
• SDG 10 (Reduce Inequality)
• Goal 12: Responsible Production and Consumption

b) Natural capital
At Sanlam Allianz Life Insurance 's investment and properties are conscious on environmental conservation as well as aspects such as energy and water consumption. Environmental conservation is on the checklist of viable investment and projects of Sanlam Allianz Life Insurance . Our internal processes have also reduced the use of paper replacing with electronic and digital means as we commence digitization.

c) Working with Stakeholders
Sanlam Allianz Life Insurance Plc enjoys warm relations with sector stakeholders and regulators with close cooperation to develop the sector.

AUDITED FINANCIAL STATEMENTS

SANLAM ALLIANZ LIFE INSURANCE Plc

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

Sanlam Allianz Life Insurance Plc
Annual report and financial statements
For the year ended 31 December 2025

Table of contents	Page No

Sanlam Allianz Life Insurance Plc
Corporate information
For the year ended 31 December 2025

REGISTERED OFFICE	Sanlam Allianz Life Insurance Plc KN3 Avenue P.O Box 2616 Kigali, Rwanda	
LEGAL ADVISORS	Saga Solutions and Partners Kigali – Rwanda	Wisdom law chambers CHIC, 2nd Floor, Room No F030A Kigali, Rwanda
COMPANY SECRETARY	Niyibizi Aloys P.O Box 2616 Kigali, Rwanda	
AUDITOR	PricewaterhouseCoopers Rwanda Limited Certified Public Accountants 5th Floor, Blue Star House 35 KG 7 Ave P.O. Box 1495 Kigali, Rwanda	
PRINCIPAL BANKERS	Bank of Kigali Plc Avenue de la Paix P.O. Box 175 Kigali, Rwanda	Equity Bank Rwanda Plc KN 4 Ave, Nyarugenge P.O. Box 494 Kigali, Rwanda
	Access Bank Rwanda Plc Avenue de la Paix P.O Box 205 Kigali, Rwanda	Development Bank of Rwanda Plc P.O. Box 1034 Kigali, Rwanda
	I & M Bank Rwanda Plc 11 Bouvelard de la Revolution P.O. Box 354 Kigali, Rwanda	Bank of Africa Rwanda Plc P. O. Box 265 Kigali, Rwanda
	BPR Bank Rwanda Plc Avenue de la paix P.O. Box 1348 Kigali, Rwanda	Guaranty Trust Bank Rwanda Plc 20 Boulevard de la Révolution P.O Box 331 Kigali, Rwanda
	Ecobank Rwanda Plc Plot 314, Avenue de la paix P.O Box 3268 Kigali, Rwanda	

The directors submit their report together with the audited financial statements for the year ended 31 December 2025, which disclose the state of affairs of Sanlam Allianz Life Insurance Plc (the "Company").

PRINCIPAL ACTIVITIES

The Company is engaged in underwriting of life insurance. The products offered by the Company include Education Insurance Plan, Retirement Plan, Workers' Company Life Insurance, Credit Life Insurance, Safe Family Life Insurance and saving scheme (Teganya) plan.

MACRO-ECONOMIC CONTEXT

Geo-political developments globally continue to impact the Rwanda economy and our business. The dismantling of the United States Agency for International Development (USAID) and other restructures in 2025 had a significant impact on our business. The US-Israel war on Iran in 2026 is expected to drive inflation and other pressures globally.

Inflation increases negatively affect the purchasing power of the citizens and consequently the purchasing power of our actual and potential customers.

The combined effect of global geo-political developments and other local macro-economic challenges has been that the prospection of new customers has not reached our set budget and the recovery on existing customers was low. Fortunately, the inflation trend has been decreasing with a promising outlook for the coming years.

Rental income continues to experience serious negative effects mainly on investment property apartments' side as most of the apartment's clients are foreigners.

RESULTS

The results for the year are set out on page 12.

DIVIDEND

The Directors recommend approval of payment of a dividend of Frw 3.2 billion (2024: Frw 2.75 billion).

Sanlam Allianz Life Insurance Plc
Directors' report
For the year ended 31 December 2025

DIRECTORS

The directors who served during the year and to the date of this report are:

Name	Role	Nationality	Appointment date
Dr. Sebuhuzu Gisanabagabo	Chairman	Rwandan	Appointed 22 May 2019
Moses Mutuli	Director	Kenyan	Appointed 24 August 2018
Marie Louise Kagaju	Director	Rwandan	Appointed 14 May 2021
Warren Bruce	Director	South African	Appointed 18 July 2017
Julien Kavaruganda	Director	Rwandan	Appointed 28 June 2019
Louis Niyongabo	Director	Rwandan	Appointed 01 November 2021
Esperance Mukarugwiza	Director	Rwandan	Appointed 22 May 2019
Jean Chrysostome Hodari	CEO	Rwandan	Appointed 2 February 2011

All directors are independent directors apart from Moses Mutuli and Warren Bruce.

HOLDING COMPANY

Sanlam Allianz Rwanda, the Company's holding company, holds 78.338% and Colina Holdings Limited owns 21.662 of the total issued ordinary share capital. The ultimate parent company is Sanlam Allianz Africa Proprietary Limited.

AUDITOR

The external auditor, PricewaterhouseCoopers Rwanda Limited was appointed during the year in accordance w regulation no 14/2017 of 23/11/2017 on accreditation and other requirements for external auditors of banks, insuran companies and insurance brokers.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company were approved and authorized for issue at a meeting of the Board of Directors h on 30 March 2026.

The directors have the powers to amend and reissue these financial statements.

By Order of the Board Secretary

For the year ended 31 December 2025

The Company is committed to the best principles of Corporate Governance in running the operations of a Company. The Company ensures the compliance of all the rules, regulations, and laws of the land in the conduct of its business.

Board of Directors

The directors who served during the year ended 31 December 2025 and as at the date of the report are listed on page 3.

Though the overall responsibility of monitoring and controlling the operational and financial performance of Sanlam Allianz Life Insurance Plc vests with the Board of directors, the day-to-day management of the Company has been delegated to the Chief Executive Officer.

The Board of Directors meets at least quarterly and is chaired by a non-executive director.

Board Committees

The Board has instituted various committees to assist it in fulfilling its role of monitoring key activities of Sanlam Allianz Life Insurance Plc. The Board reviews the reports and minutes of the committees and is accountable of its decisions and functions.

Board attendance during the year

Name	Directorship Type	Meetings Attended
Dr. Gisanabagabo Sebuhuzu	Independent (Chairperson)	4/4
Moses Mutuli	Executive Director (Member)	4/4
Warren E. Bruce	Executive Director (Member)	4/4
Julien Kavaruganda	Independent (Member)	4/4
Marie Louise Kagaju	Independent (Member)	4/4
Esperance Mukarugwiza	Independent (Member)	4/4
Louis Niyongabo	Independent (Member)	4/4

Board Audit Committee

The Board Audit Committee comprises of the Chairperson and three non-executive directors. Its key objective is to assist the Board in providing an independent review of the effectiveness of the financial reporting process and internal control system of Sanlam Allianz Life Insurance Plc.

Attendance during the year:

Name	Role	Meetings Attended
Marie Louise Kagaju	Chairperson	4/4
Moses Mutuli	Member	4/4
Esperance Mukarugwiza	Member	4/4
Louis Niyongabo	Member	4/4

Sanlam Allianz Life Insurance Plc
Statement of corporate governance
For the year ended 31 December 2025

Risk Management Committee

The Risk Management Committee meets every quarter and comprises of the board members. Its key objective is to monitor the implementation of overall strategy of the Company. The committee reviews Company's performance of all departments each month and particularly ensures that the Company's expected financial results are achieved.

Attendance during the year:

Name2	Role	Meetings Attended
Esperance Mukarugwiza	Chairperson	4/4
Moses Mutuli	Member	4/4
Marie Louise Kagaju	Member	4/4
Louis Niyongabo	Member	4/4

Underwriting and Claims Committee

The underwriting and claims meet every quarter and comprises of the board members. Its key objective is to monitor underwriting and claims processes and payments and the compliance with existing related policies together with policies regular updates.

Attendance during the year:

Name	Role	Meetings Attended
Julien Kavaruganda	Chairman	4/4
Moses Mutuli	Member	4/4
Warren Bruce	Member	4/4

any's directors are responsible for the preparation of financial statements that give a true and fair view of Sanlam e Insurance Plc. The financial statements comprise the statement of financial position as at 31 December 2025, atements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then d the notes to the financial statements, which include a summary of material accounting policies and other y notes set out on pages 12 to 97, in accordance with IFRS Accounting Standards and in the manner required by o. 019/2023 of 30/03/2023 Governing Companies as amended by Law No. 019/2023 of 30/03/2023.

ors are also responsible for such internal control as the directors determine is necessary to enable the preparation l statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate g records and an effective system of risk management.

ors have assessed the ability of the Company to continue as going concern and have no reason to believe that ss will not be a going concern in the year ahead.

endent auditor is responsible for reporting on whether the financial statements give a true and fair view in ce with the IFRS Accounting Standards and the requirements of Law No. 019/2023 of 30/03/2023 Governing s as amended by Law No. 019/2023 of 30/03/2023.

of financial statements

ial statements of the Company from pages 12 to 97 were approved and authorized for issue by the board of directors ch 2026.

uise Kagaju

Director
Louis Niyongabo

ecutive Officer
ean Chrysostome

Independent auditor’s report to the shareholders of the Sanlam Allianz Life Insurance Plc

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sanlam Allianz Life Insurance Plc (the “Company”) as at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of Law No. 007/2021 of 5/02/2021 Governing Companies as amended by Law No. 019/2023 of 30/03/2023.

What we have audited

The financial statements of Sanlam Allianz Life Insurance Plc set out on pages 12 to 97 comprise:

- the statement of financial position as at 31 December 2025,
- the statement of profit or loss and other comprehensive income the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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

Independence

We are independent of the Company in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Directors: L Akindele P Frobisher M Karanja B Kimacia B Ngunjiri K Saiti

Independent auditor's report to the shareholders of the Sanlam Allianz Life Insurance Plc (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
Valuation of insurance contract liabilities Insurance contract liabilities comprises liability for remaining coverage and liability for incurred claims. We considered insurance contract liabilities as a key audit matter because: • 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. • The 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. • The valuation of these liabilities relies on the accuracy of claims data and the assumption that future claims development will follow a similar pattern to past claims development experience and involve engagement of internal and external actuarial experts. • The determination of the liability for remaining coverage requires the estimation of the expected future cashflows, valuation of the contractual service margin and the determination of the coverage units that shall be used to accrete the contractual service margin, for the contracts measured using GMM measurement model.	We performed the following procedures: • 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, • 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, and • Reviewed the CSM calculation and loss component for long-term contracts and measured under GMM and the simplification taken under PAA for all the short-term contracts and the estimation of the additional liability for onerous contracts.

Independent auditor's report to the shareholders of the Sanlam Allianz Life Insurance Plc (continued)

Other information

Directors are responsible for the other information. The other information comprises the Corporate Information, Directors' Report, Statement of corporate governance, Statement of directors' responsibilities, (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other information that will be included in the Annual Integrated Report which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information that will be included in the Annual Integrated Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Responsibilities of the Directors for the financial statements

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 Law No. 007/2022 of 05/02/2022 Governing Companies as amended by Law No. 019/2023 of 30/03/2023, and for such internal control as the Directors determine is necessary to enable the preparation of the 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 management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are also responsible for overseeing the financial reporting process.

Independent auditor's report to the shareholders of the Sanlam Allianz Life Insurance Plc (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 judgment and maintain professional scepticism throughout the audit. We also:

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

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

Independent auditor's report to the shareholders of the Sanlam Allianz Life Insurance Plc (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated 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 legal and regulatory requirements

Law No. 007/2021 of 05/02/2021 Governing Companies as amended by Law No. 019/2023 of 30/03/2023 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i. In our opinion proper books of account have been kept by the Company, so far as appears from our examination of those books,

ii. We have communicated to the Company's Board of Directors, through separate management letters, internal control matters identified in the course of our audit including our recommendations in relation to those matters,

iii. We have no relationships, no interests and debt in the Company, and

iv. In our opinion according to the best of the information and explanations given to us as shown by the accounting and other documents of the Company, the financial statements comply with Article 125 of Law No. 007/2021 of 05/02/2021 Governing Companies as amended by Law No. 019/2023 of 30/03/2023.

For PricewaterhouseCoopers Rwanda Limited, Kigali

Brian Ngunjiri
Director

31 March 2026

Sanlam Allianz Life Insurance Plc
Annual report and financial statements
For the year ended 31 December 2025

Statement of profit or loss and other comprehensive income

	Notes	2025 FRw'000	2024 FRw'000
Insurance revenue	3	14,884,111	11,402,586
Insurance service expenses	3	(13,950,557)	(8,774,015)
Net (expenses)/income from reinsurance contracts held	3	(374,530)	286,438
Insurance service result		**559,024**	**2,915,009**
Net income/(expense) from investment property	4	386,664	(253,176)
Interest income from investments at FVTPL	4	3,392,964	2,815,316
Interest income computed using effective interest rate method	4	3,161,495	3,040,524
Net gains on financial assets	4	43,466	391,179
Net investment income		**6,984,589**	**5,993,843**
Finance expenses from insurance contracts issued	5	(1,871,539)	(1,368,181)
Finance expenses from reinsurance contracts held	5	(17,756)	(29,311)
Net insurance finance expenses		**(1,889,295)**	**(1,397,492)**
Net insurance and investment result		**5,654,318**	**7,511,360**
Other operating expenses	6	(1,262,620)	(1,087,493)
Other income	7	(323,234)	1,094,932
Expected credit loss on financial assets	8	15,114	(68,419)
Profit before income tax		**4,083,578**	**7,450,380**
Income tax expense	9	(784,789)	(1,900,428)
Profit for the year		**3,298,789**	**5,549,952**
Other comprehensive income items:			
Items that will not be subsequently reclassified to profit or loss			
Change in fair value of financial assets at fair value through other comprehensive income		(18,187)	(104,004)
Deferred income tax on change in fair value of financial assets at fair value through other comprehensive income		5,092	29,121
Change in fair value of land and buildings at fair value through other comprehensive income		57,665	22,094
Deferred income tax on change in fair value of financial assets at fair value through other comprehensive income		(16,146)	(110,484)
Total other comprehensive loss for the year		**28,424**	**(163,273)**
Total comprehensive income for the year		**3,327,213**	**5,386,679**

12

Sanlam Allianz Life Insurance Plc
Annual report and financial statements
At 31 December 2025

Statement of financial position

	Notes	2025 FRw'000	2024 FRw'000
ASSETS			
Cash and bank balances	10	5,169,355	4,013,421
Deposits with financial institutions	11	21,289,930	27,277,397
Due from related parties		62	-
Other receivables	13	156,719	140,953
Reinsurance contract assets	22	1,663,350	1,125,297
Financial assets at fair value through profit or loss	14	34,618,758	25,027,658
Financial assets at fair value through other comprehensive income - unquoted equity instruments	15	329,378	347,565
Investment properties	16	1,400,297	4,574,458
Current income tax	9	1,132,280	427,194
Property and equipment	18	1,343,704	1,153,297
Total assets		**67,103.833**	**64,087,240**
EQUITY AND LIABILITIES			
Share capital	17	2,000,000	2,000,000
Other reserves	17	852,561	824,137
Retained earnings		19,853,056	19,304,267
Total equity		**22,705,617**	**22,128,404**
LIABILITIES			
Other payables	19	1,464,907	2,117,020
Reinsurance contract liabilities	22	836,887	395,014
Due to related parties	12	145,531	1,288,227
Deferred income tax	20	2,010,669	2,810,091
Investment contract liabilities	21	12,834,164	12,555,661
Insurance contract liabilities	22	27,106,057	22,792,823
Total liabilities		**44,398,216**	**41,958,836**
Total equity and liabilities		**67,103,833**	**64,087,240**

Statement of changes in equity

	Share capital	Other reserves	Retained earnings	Total equity
	FRw'000	FRw'000	FRw'000	FRw'000
At 1 January 2025	**2,000,000**	**824,137**	**19,304,267**	**22,128,404**
Profit for the year	-	-	3,298,789	**3,298,789**
Other comprehensive income:				
Change in fair value of financial assets and land & buildings through other comprehensive income	-	39,478	-	**39,478**
Deferred income tax	-	(11,054)	-	**(11,054)**
Total comprehensive income for the year	**-**	**28,424**	**3,298,789**	**3,327,213**
Transactions with owners in their capacity as owners				
Dividends:				
Final paid for 2024	-	-	(2,750,000)	**(2,750,000)**
At 31 December 2025	**2,000,000**	**852,561**	**19,853,056**	**22,705,617**

Statement of changes in equity

	Share capital	Other reserves	Retained earnings	Total equity
	FRw'000	FRw'000	FRw'000	FRw'000
At 1 January 2024	2,000,000	987,410	20,154,315	**23,141,725**
Profit for the year		-	5,549,952	5,549,952
Other comprehensive income:				
Change in fair value of financial assets and land & buildings through other comprehensive income	-	(81,910)	-	(81,910)
Deferred income tax	-	(81,363)	-	(81,363)
Total comprehensive income for the year	**-**	**(163,273)**	**5,549,952**	**5,386,679**
Transactions with owners in their capacity as owners				
Dividends:				
Final paid for 2023	-	-	(6,400,000)	(6,400,000)
At 31 December 2024	**2,000,000**	**824,137**	**19,304,267**	**22,128,404**

Sanlam Allianz Life Insurance Plc
Annual report and financial statements
For the year ended 31 December 2025

Statement of cash flows

	Notes	2025 FRw'000	2024 FRw'000
Cash flows from operating activities			
Profit before income tax		4,083,578	7,450,380
Adjustment for:			
Fair value (gain)/loss on financial assets at fair value through profit or loss	14	(1,037,771)	532,629
Loss on disposal of financial assets at fair value through other comprehensive income - unquoted equity instruments	15	-	88,000
Depreciation of property and equipment	18	144,568	150,783
Loss / (gain) on disposal of property and equipment		25,678	(3,303)
Property and equipment adjustment (non-cash)	18	(18,990)	-
Loss on revaluation of investment property		33,300	774,165
Loss on disposal of investment property		410,151	-
Interest income on financial assets at fair value through profit or loss	4	(4,298,708)	(2,815,316)
Interest income on deposits with financial institutions		(2,131,814)	(3,044,263)
Rental income	4	(419,964)	(520,989)
Dividend income		(43,466)	(391,179)
Other non-cash adjustments		(115,045)	-
Operating cash flows before changes in operating working capital		**(3,368,483)**	**2,220,907**
Working capital changes:			
Insurance contract liabilities	22	4,313,234	832,176
Investment contract liabilities	21	278,503	1,654,166
Reinsurance contract liabilities	22	441,873	(356,628)
Due to related parties	12	(1,142,696)	1,204,789
Other payables	19	(652,113)	(599,370)
Due from related parties	12	(62)	12,895
Other receivables	13	(15,766)	57,364
Reinsurance contract assets	22	(538,053)	(239,833)
Net cash flows from operations		**(683,563)**	**4,786,466**
Income tax paid		(2,182,193)	(2,282,263)
Net cash (used in) / from operating activities		**(2,865,756)**	**2,504,203**
Cash flows from investing activities			
Purchase of government securities at FVTPL	14	(10,186,900)	(3,318,000)
Purchase of deposits with financial institutions	14	(16,125,000)	(2,866,696)
Purchase of property and equipment	18	(308,434)	(83,725)
Maturities of government securities at FVPTL	14	1,633,571	4,627,800
Maturities of deposits with financial institutions		22,500,000	-
Proceeds from disposal of investment property		2,730,710	-
Proceeds from disposal of property and equipment	18	21,325	22,133
Interest income on financial assets at fair value through profit or loss		4,298,708	2815316
Interest income on deposits with financial institutions		1,744,281	3,044,263
Rental income		419,964	520,989
Dividend received		43,466	391,179
Net cash flows used in investing activities		**6,771,691**	**5,153,259**
Cash flows from financing activities			
Dividend paid		(2,750,000)	(6,400,000)
Net cash flow from financing activities		**(2,750,000)**	**(6,400,000)**
Net increase in cash and cash equivalents		**1,155,935**	**1,257,462**
Cash and cash equivalents at 1 January	10	4,013,421	2,755,959
Cash and cash equivalents at 31 December		**5,169,356**	**4,013,421**

1. MATERIAL ACCOUNTING POLICIES

General information

Sanlam Allianz Life Insurance Plc is a limited by shares registered and domiciled in Rwanda and licensed under the Law No. 007/2021 of 05/02/ 2021 Governing Companies as amended by Law 19/2023 of 30/03/2023. The address of its registered office and principal place of business is stated in page 1. The Company is an independent life insurer established in 2010 to comply with the Law no 52/2008 of 10/09/2008 which obliges insurance companies to split short term and long-term activities. Sanlam Company Ltd, the Company's holding company, holds 78.338% and Colina Holdings Limited owns 21.662% of the total issued ordinary share capital. The ultimate parent of the Company is Sanlam Allianz Africa Proprietary Limited incorporated in South Africa (SA).

(a) Going concern

The financial statements have been prepared on the assumption that the Company will continue operating as a going concern.

(b) Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards and the requirements of Law No 007/2021 of 05/02/ 2021 Governing Companies as amended by Law 19/20233 of 30/03/2023

The financial statements have been prepared on a historical cost basis, except for debt instruments at fair value through other comprehensive income, equity investments at fair value through profit or loss, equity instruments at fair value through other comprehensive income, investments in collective investment schemes at fair value through profit or loss, building and investment properties which have been measured at fair value and actuarially determined liabilities at their present value. The company financial statements are presented in Rwandan francs which is also the functional currency. All values are rounded to the nearest thousand (FRw '000), unless otherwise stated.

The financial statements comprise the statements of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows, and notes to the financial statements. Income and expenses, excluding the components of other comprehensive income, are recognised in profit or loss. Other comprehensive income comprises items of income and expenses (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in previous periods.

The Company presents its statement of financial position broadly in order of liquidity from the most liquid to the least liquid. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the accounting policies adopted by the Company. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates. The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgements of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in note 2 of these financial statements.

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) 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 became or will become effective on or after 1 January 2026.

(i) New standards and amendments – applicable 1 January 2025

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2025:

Number	Effective date	Executive summary
Amendment to IAS 21 titled Lack of Exchangeability (issued in August 2023)	1 January 2025	In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use where it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary. These new requirements apply for annual reporting periods beginning on or after 1 January 2025. The amendment also aims to improve information an entity provides related to liabilities subject to these conditions. The amendment had no effect on the financial statements of the Bank.

The adoption of these amendments has not had a material impact on the Company's financial statements.

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) New standards, new interpretations and Amendments to standards

(ii) New standards and amendments – applicable after 1 January 2026

Number	Effective date	Executive summary
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026 (Published May 2024)	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).
IFRS 19, 'Subsidiaries without Public Accountability'	Annual periods beginning on or after 1 January 2027 (Published May 2024)	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.

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) New standards, new interpretations and Amendments to standards (continued)

(ii) IFRS Accounting Standards, interpretations and amendments issued but not effective

Number	Effective date	Executive summary
IFRS 19, 'Subsidiaries without Public Accountability'	Annual periods beginning on or after 1 January 2027 (Published May 2024)	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'.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Insurance contracts and reinsurance contracts

The nature and effects of the key changes in the Company's accounting policies resulting from its adoption of IFRS 17 are summarized below:

(i) Recognition, measurement, and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features It introduces a model that measures group's of contracts based on the company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM. Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash lows. In addition, investment components are no longer included in insurance revenue and insurance service expenses. The Company no longer applies shadow accounting to insurance-related assets and liabilities

However, when measuring liabilities for incurred claims, the Company now discounts the future cash flows unless they are expected to occur in one year or less from the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

(ii) Transition

For the life risk and life savings, the Company applied the fair value approach in IFRS 17 to identify, recognise and measure certain Company of contracts at 1 January 2022.

The Company considered the full retrospective approach impracticable for contracts in these segments under any of the following circumstances. The effects of retrospective application were not determinable because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations, data retention requirements or other reasons. Such information included for certain contracts:

- expectations about a contract's profitability and risks of becoming onerous required for identifying groups of contracts.
- information about historical cash flows and discount rates required for determining the estimates of cash flows on initial recognition and subsequent changes on a retrospective basis.
- information required to allocate fixed and variable overheads to groups of contracts, because the Company's previous accounting policies did not require such information; and
- information about changes in assumptions and estimates, which might not have been documented on an ongoing basis.
- The full retrospective approach required assumptions about what Company management's intentions would have been in previous periods or significant accounting estimates that could not be made without the use of hindsight. Such assumptions and estimates included for certain contracts: expectations at contract inception about policyholders' shares of the returns on underlying items at contract inception required for identifying direct participating contracts.

Individual Life Contracts (General Model): The fair value approach was applied at 31 Dec 2021 due to admin system data constraints that would not allow a credible retrospective calculation of CSM.
Credit Life contracts (PAA): The fair value approach was applied at 31 Dec 2021 due to admin system data constraints that would not allow a credible retrospective calculation. These contracts passed the PAA eligibility test.
Group Life contracts (PAA): A fully retrospective approach was used.

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Insurance contracts and reinsurance contracts (continued)

(ii) *Transition (continued)*

- assumptions about discount rates, because the Company had not been subject to any accounting or regulat framework that required insurance contracts to be measured on a present value basis before 2007; and
- assumptions about the risk adjustment for non-financial risk, because the Company had not been subject n financial to any accounting or regulatory framework that required an explicit margin for risk before 2016.

(iii) *Classification*

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts h the Company under which it transfers significant insurance risk related to underlying insurance contracts are classifi reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk.

(iv) *Aggregation and recognition of insurance and reinsurance contracts*

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determin identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed togethe dividing each portfolio into annual cohorts (i.e., by year of issue) and each annual cohort into three groups based c profitability of contracts:

- any contracts that are onerous on initial recognition.
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

An insurance contract issued by the Company is recognised from the earliest of:

- the beginning of its coverage period (i.e., the period during which the Company provides services in respect c premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is receive the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

(vii) *Reinsurance contracts*

Groups of reinsurance contracts are established such that each group comprises a single contract. Some reinsurance con provide cover for underlying contracts that are included in different groups. However, the Company concludes th reinsurance contract's legal form of a single contract reflects the substance of the Company's contractual rights and obliga considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract separated into multiple insurance components that relate to different underlying groups.

A group of reinsurance contracts is recognised on the following date.

- Reinsurance contracts initiated by the Company that provide proportionate coverage: The date on which any unde insurance contract is initially recognised. This applies to the Company's quota share reinsurance contracts.
- Other reinsurance contracts initiated by the Company: The beginning of the coverage period of the group of reinsu contracts. However, if the Company recognises an onerous group of underlying insurance contracts on an earlier dat the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contra recognised on that earlier date .This applies to the Company's excess of loss and stop loss reinsurance cont Reinsurance contracts acquired: The date of acquisition.

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Insurance contracts and reinsurance contracts (continued)

(viii) *Insurance acquisition cash flows*

If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

If insurance non-refundable acquisition cash flows are directly attributable to a group of contracts (e.g. commissions paid on issuance of a contract), then they are allocated to that group and to the groups that will include renewals of those contracts. The allocation to renewals only applies to non-life contracts and certain term assurance and critical illness contracts that have a one-year coverage period. The Company expects to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals is based on the manner in which the Company expects to recover those cash flows. When the Company acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at fair value for the rights to obtain:

- renewals of contracts recognised at the date of acquisition; and other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

At each reporting date, the Company revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Contract boundaries
The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows. The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed every reporting period. 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:
c) the Group 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
d) 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.

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Insurance contracts and reinsurance contracts (continued)

i. Measurement contracts not measured under the PAA.

Insurance contracts - Initial measurement

A substantive right to receive services from the reinsurer ends when the reinsurer: has the practical ability to reassess the transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or has a substantive ri terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances o Company's substantive rights and obligations and, therefore, may change over time.
On initial recognition, the Company measures a group of insurance contracts as the total of (a) the fulfilment cash fl which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated fina risks, and a risk adjustment for non-financial risk; and (b) the CSM. The fulfilment cash flows of a group of insur contracts do not reflect the Company's non-performance risk.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estim is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from financial risk.

The CSM of a group of insurance contracts represents the unearned profit that the Company will recognise as it pro services under those contracts. On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabi previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows unde is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount c net inflow, which results in no income or expenses arising on initial recognition.

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received fo contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. business combination, the consideration received is the fair value of the contracts at that date.

Insurance contracts - Initial measurement

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combinatio loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequ presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

Insurance contracts - Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for rema coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash f that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet paid, including claims that have been incurred but not yet reported.
The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimat future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Chang fulfilment cash flows are recognised as follows

- Changes relating to future services- Adjusted against the CSM (or recognised in the insurance service result in or loss if the group is onerous)
- Changes relating to current or past services- Recognised in the insurance service result in profit or loss.
- Effects of the time value of money, financial risk and changes therein on estimated future cash flows- Recognise insurance finance income or expenses.

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Insurance contracts and reinsurance contracts (continued)

The CSM of each group of contracts is calculated at each reporting date as follows.

Insurance contracts without direct participation features

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
- any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component or;
- any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition.
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses (see (viii)) related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year;
- differences between any loan to a policyholder expected to become repayable in the year and the actual amount that becomes repayable in the year; and
- changes in the risk adjustment for non-financial risk that relate to future services.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM
Direct Participating Contracts

Direct participating contracts are contracts under which the Company's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Company provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating contracts, the Company adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Company then adjusts any CSM for changes in the amount of the Company's share of the fair value of the underlying items, which relate to future services, as explained below.

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Insurance contracts and reinsurance contracts (continued)

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:
- the CSM of any new contracts that are added to the group in the year;
- the change in the amount of the Company's share of the fair value of the underlying items and changes in fulf cash flows that relate to future services, except to the extent that:
- the Company has applied the risk mitigation option to exclude from the CSM changes in the effect of financial r the amount of its share of the underlying items or fulfilment cash flows
- a decrease in the amount of the Company's share of the fair value of the underlying items, or an increase fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a l profit or loss (included in insurance service expenses) and creating a loss component; or
- an increase in the amount of the Company's share of the fair value of the underlying items, or a decrease fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses prev recognised in profit or loss (included in insurance service expenses) ;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specifiec for contracts without direct participation features (measured at current discount rates) and changes in the effect of tl value of money and financial risks that do not arise from underlying items - e.g. the effect of financial guarantees.

Reinsurance contracts
To measure a group of reinsurance contracts, the Company applies the same accounting policies as are applied to ins contracts without direct participation features, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining cc and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that r services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The Company measures the estimates of the present value of future cash flows using assumptions that are consiste those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reins assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purc reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any a arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the company, cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying cc recognised at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that oc before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:
- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nomina flows that do not vary based on the returns on any underlying items determined on initial recognition;
- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows group of reinsurance contracts;
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year.

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Insurance contracts and reinsurance contracts (continued)

Reinsurance of onerous underlying insurance contracts
The Company adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Company expects to recover from the reinsurance contracts.

If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract.

A loss-recovery component is created or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which 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.

ii. Measurement - Contracts measured under the PAA
Insurance contracts
On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (iii)). The Company has chosen not to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services and the related premium due date is no more than a year.

Accordingly, the Company has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flow that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted.

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

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Insurance contracts and reinsurance contracts (continued)

Reinsurance contracts

The Company applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.
If a loss-recovery component (see 'Reinsurance of onerous underlying insurance contracts' under (v)) is created for a group of reinsurance contracts measured under the PAA, then the Company adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

If a loss-recovery component (see 'Reinsurance of onerous underlying insurance contracts' under (v)) is created for a group of reinsurance contracts measured under the PAA, then the Company adjusts the carrying amount of the asset for remaining coverage instead of adjusting the CSM.

vii. Derecognition and contract modification

The Company derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows. On derecognition of a contract from within a group of contracts not measured under the PAA:

- the fulfilment cash flows allocated to the group are adjusted to eliminate those that relate to the rights and obligations derecognized;
- the CSM of the group is adjusted for the change in the fulfilment cash flows, except where such changes are allocated to a loss component; and
- the number of coverage units for the expected remaining services is adjusted to reflect the coverage units derecognised from the group (see (viii)).

If a contract is derecognised because it is transferred to a third party, then the CSM is also adjusted for the premium charged by the third party, unless the group is onerous. If a contract is derecognised because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the Company entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the Company received the premium that it would have charged less any additional premium charged for the modification.

viii. 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 under (iii)) 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 OCI into
(a) an insurance service result, comprising insurance revenue and insurance service expenses; and

insurance finance income or expenses.

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

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

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

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Insurance contracts and reinsurance contracts (continued)

Insurance revenue – Contracts not measured under the PAA
The Company recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Company expects to receive consideration and comprises the following items.

- A release of the CSM, measured based on coverage units provided (see 'Release of the CSM' below).
  - Changes in the risk adjustment for non-financial risk relating to current services.
  - Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts (see (v)), which are recognized as insurance revenue and insurance service expenses at that date.

- Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment and amounts related to incurred policyholder tax expenses for the participating segment (see Notes 32).

In addition, the Company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Company recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses

Release of the CSM
The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

Services provided by insurance contracts include insurance coverage and, for all direct participating contracts, investment services for managing underlying items on behalf of policyholders. In addition, life savings contracts may also provide investment services for generating an investment return for the policyholder, but only if:

- an investment component exists or the policyholder has a right to withdraw an amount (e.g. the policyholder's right to receive a surrender value on cancellation of a contract);
- the investment component or withdrawal amount is expected to include an investment return; and
- the Company expects to perform investment activities to generate that investment return.

The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current policyholders relating to those services have been paid.

Insurance revenue – Contracts measured under the PAA
For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Company allocates the expected premium receipts to each period on the following bases:
certain property contracts: the expected timing of incurred insurance service expenses; and other contracts: the passage of time.

Loss components
For contracts not measured under the PAA, the Company establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis

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

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Insurance contracts and reinsurance contracts (continued)

viii. Presentation (continued)
Changes in fulfilment cash flows relating to future services and changes in the amount of the Company's share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts

Insurance service expenses

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

- Incurred claims and other insurance service expenses: For some life risk contracts, claims incurred also include premiums waived on detection of critical illness.
- Amortization of insurance acquisition cash flows: For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognized in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, 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.

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers. The Company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Company expects to pay consideration. For contracts measured under the PAA, 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; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

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

Insurance finance income and expenses

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

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Insurance contracts and reinsurance contracts (continued)

Insurance finance income and expenses (continued)
For life risk and life savings contracts, the Group has chosen to disaggregate insurance finance income For life risk and life savings contracts,

a) the Company has chosen to disaggregate insurance finance income or expenses between profit or loss
b) The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined using the following rates:
   - life risk contracts: the discount rates determined on initial recognition of the group of contracts; and
   - life savings contracts: for insurance finance income or expenses arising from the estimates of future cash flows, a rate that allocates the remaining revised expected finance income or expenses over the remaining duration of the group of contracts at a constant rate (i.e. the effective yield); and for insurance finance income or expenses arising from the CSM, the discount rates determined on initial recognition of the group of contracts.

ix) Transition

Individual Life Contracts (General Model): The fair value approach was applied at 31 Dec 2021 due to admin system data constraints that would not allow a credible retrospective calculation of CSM.
Credit Life contracts (PAA): The fair value approach was applied at 31 Dec 2021 due to admin system data constraints that would not allow a credible retrospective calculation. These contracts passed the PAA eligibility test.
Group Life contracts (PAA): A fully retrospective approach was used.

Contracts without direct participation features

The Company applied the following modifications to certain groups of contracts.

- For groups of contracts issued, initiated or acquired between 2004 and 2015, the future cash flows on initial recognition were estimated by adjusting the amount at 1 January 2016 or an earlier date (determined retrospectively) for the cash flows that were known to have occurred before that date. The earliest date on which future cash flows could be determined retrospectively for any group of contracts was 1 January 2012.
- For groups of contracts issued, initiated or acquired between 2004 and 2011 (except for some groups of immediate fixed annuity contracts issued before 2007; see above), the illiquidity premiums applied to the risk-free yield curves on initial recognition were estimated by determining an average spread between the risk-free yield curves and the discount rates determined retrospectively for the period between 1 January 2012 and 1 January 2022.

When any of these modifications was used to determine the CSM (or the loss component) on initial recognition:

- the amount of the CSM recognized in profit or loss before 1 January 2022 was determined by comparing the coverage units on initial recognition and the remaining coverage units at 1 January 2022; and the amount allocated to the loss component before 1 January 2022 was determined using the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk on initial recognition.

For all life savings contracts measured under the modified retrospective approach, the amount of insurance finance income or expenses accumulated in the insurance finance reserve at 1 January 2022 was determined to be zero.

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Insurance contracts and reinsurance contracts (continued)

ix) Transition (continued)

Reinsurance of onerous underlying contracts

For groups of reinsurance contracts covering onerous underlying contracts that were entered into before or at the same time as the onerous underlying contracts, the Company established a loss-recovery component at 1 January 2022. For some groups of contracts measured under the modified retrospective approach, the Group determined the loss-recovery component by multiplying:

- the amount of the loss component that relates to the underlying contracts at 1 January 2022; and
- the percentage of claims on the underlying contracts that the Company expected to recover from the reinsurance contracts.

For reinsurance contracts initiated or acquired between 2004 and 2006, the Company did not identify a loss-recovery component because it did not have reasonable and supportable information to do so.

Insurance and reinsurance contracts – Fair value approach

Under the fair value approach, the CSM (or the loss component) at 1 January 2022 was determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date.
For all contracts measured under the fair value approach, the Company used reasonable and supportable information available at 1 January 2022 to determine:
how to identify groups of contracts;

- whether a contract meets the definition of a direct participating contract; and
- how to identify discretionary cash flows for contracts without direct participation features (see Note 30(F)(i)) ,classified liabilities for settlement of claims as liabilities for incurred claims, even though the claims. might have been incurred before the contracts were acquired.

Some groups of contracts measured under the fair value approach contain contracts issued more than one year apart. For these groups, the discount rates on initial recognition were determined at 1 January 2022 instead of at the date of initial recognition.

For all contracts measured under the fair value approach, the amount of insurance finance income or expenses accumulated in the insurance finance reserve at 1 January 2022 was determined to be zero.

For groups of reinsurance contracts covering onerous underlying contracts, the Company established a loss-recovery component at 1 January 2022. The Company determined the loss-recovery component by multiplying:

- the amount of the loss component that relates to the underlying contracts at 1 January 2022; and the percentage of claims on the underlying contracts that the Company expected to recover from the reinsurance contracts.

Insurance acquisition cash flows – Modified retrospective approach

Under the modified retrospective approach, the Company identified any insurance acquisition cash flows arising before 1 January 2022 that did not relate to contracts that had ceased to exist before that date. These cash flows are allocated, using the same systematic and rational methods as that date. These cash flows are allocated, using the same systematic and rational methods as described in (iii), to:

- groups of contracts recognized at 1 January 2022 (which adjusted the CSM of those groups); and
- groups of contracts expected to be recognized after 1 January 2022 (which were recognized as assets for insurance acquisition cash flows).

In some cases, the Company did not have reasonable and supportable information to identify the relevant insurance acquisition cash flows. The adjustments to the CSM of groups of contracts recognised at 1 January 2022 and the assets for insurance acquisition cash flows for expected future groups were determined to be zero.

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Insurance contracts and reinsurance contracts (continued)

ix) Transition (continued)
The Company measured an asset for insurance acquisition cash flows under the fair value approach at an amount equal to the insurance acquisition cash flows that it would incur at 1 January 2022 for the rights to obtain:
- recoveries of insurance acquisition cash flows from premiums of contracts issued before 1 January 2022 but not yet recognized at that date, and renewals of such contracts;
- renewals of contracts recognized at 1 January 2022; and other future contracts after 1 January 2022 without paying again insurance acquisition cash flows that it has already paid.

Insurance acquisition cash flows – Fair value approach
The Company measured an asset for insurance acquisition cash flows under the fair value approach at an amount equal to the insurance acquisition cash flows that it would incur at 1 January 2022 for the rights to obtain:
- recoveries of insurance acquisition cash flows from premiums of contracts issued before 1 January 2022 but not yet recognized at that date, and renewals of such contracts;
- renewals of contracts recognized at 1 January 2022; and other future contracts after 1 January 2022 without paying again insurance acquisition cash flows that it has already paid.

Investment contracts and collective investment schemes

Investment contracts comprise unit-linked and other investment-linked contracts that do not transfer significant insurance. Such contracts are separated into two components: a financial liability (investment contract) and an investment management service contract. Recurring fees are conditional on the provision of investment management services and are attributed to the investment management service contract component. If an amount received from a customer exceeds the fair value of the investment contract issued, then the excess is attributed to the investment services component as an up-front fee.

Financial liabilities

The Company recognises a financial liability, representing its contractual obligation to pass on the return on the underlying investments after the deduction of investment management fees (see (ii)), when the Company becomes a party to the contractual provisions. It derecognises the financial liability when the obligations specified in the contract expire or are discharged or cancelled. Amounts collected and paid that are attributable to the financial instrument component are adjusted against the financial liability.

Financial liabilities arising from investment contracts and third-party interests in consolidated funds are designated as at FVTPL on initial recognition. This is because these liabilities as well as the related assets are managed, and their performance is evaluated on a fair value basis (see (G)(ii)). The fair value is the amount payable on demand because the holders can cancel their contracts at any time after contract inception.

Investment management service contracts

Recurring fees are calculated and recognised as revenue on a daily basis. Non-refundable up-front fees give rise to material rights for future investment management services and are recognised as revenue over the period for which a customer is expected to continue receiving investment management services. For more information, see Note 12.

Incremental contract costs

Commissions and fees paid to brokers for securing new customers are generally recognised as assets (‘contract costs’), unless the Company does not expect to recover these costs. Contract costs are amortised over the estimated duration of the contracts on a straight-line basis and are reviewed for impairment regularly. They are included in ‘other assets’ in the statement of financial position and the amortisation and any impairment losses thereon are included in ‘other operating expenses’ in profit or loss.

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument. Investment income also includes dividend income which is recognised when the right to receive the payment is established.

(f) Rental income

Rental income is recognized on a straight-line basis over the lease term. The excess of rental income on a straight-line over cash received is recognized as an operating lease liability/asset. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(g) 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.

(h) 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.

(i) Revenue from contract with customers

Fund management fees

The Company recognizes revenue only when it satisfies a performance obligation by transferring control of the service to its customers. The performance obligation is satisfied over time as the customer simultaneously consumes the benefits provided by the Company as the Company performs.

The Company provides fund management services. The agreement for fund management services specifies the performance obligation as to carry out the management and administration of the fund, be responsible for investing and re-investing the assets. Accordingly, the Company allocates the transaction price based on the value of the asset portfolio managed.

This financial services income includes income from investment management and related activities. This is based on the value of the assets managed on behalf of clients such as fund management fees, collective investment and linked product administration fees. Initial fees that relate to the future rendering of services are deferred and recognised as those future services are rendered.

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Operating and other expenses

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

(i) When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined expenses are 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.

(f) Taxation

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 respective countries' Income Tax Legislations. 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 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 11 of these financial statements.

The company offsets current tax assets and current tax liabilities when:

- It has a legally enforceable right to set off the recognized amounts; and
- It intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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 is determined using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts 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.

Deferred income tax is provided on temporary differences except those arising on the initial recognition of goodwill, the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit nor loss. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Taxation (continued)

Deferred income tax (continued)

Deferred income tax is provided on temporary differences except those arising on the initial recognition of goodwill, the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit nor loss. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are 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 led 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.

Income Taxes
Value Added Tax (VAT) and premium taxes

Revenues, expenses, assets and liabilities are recognised net of the amount of VAT and premium taxes except:

when the VAT or premium tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised 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 VAT or premium tax included.

Outstanding net amounts of VAT 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.

(a) Translation of foreign currencies

The Company's presentation currency is the Rwandan Francs ("FRw").

Monetary assets and liabilities are translated into the company's functional currency at the applicable exchange rate at the reporting dates. Groups of insurance and reinsurance contracts that generate cash flows in a foreign currency, including the CSM, are treated as monetary items. Effects of exchange rate changes on the fair value of equity instruments are recorded as part of the fair value gain or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

The results and financial position are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the applicable closing rate at the respective reporting date;
(ii) income and expenses for each statement of profit or loss and statement of other comprehensive income are translated either at the rates prevailing at the dates of the transactions or at average exchange rates (in case this average is a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates).

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses except for buildings which are measured based on revalued amounts. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

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

Increases in the carrying amount of land and buildings arising on revaluation are dealt with through other comprehensive income and accumulated under a separate heading of revaluation surplus in the statement of changes in equity. Decreases that offset previous increases of the same asset are dealt with through other comprehensive income and reversed from revaluation surplus in the statement of changes in equity; all other decreases are charged to profit or loss for the year. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Depreciation is calculated on 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:

Computers	2 years
Motor vehicles	4 years
Furniture, fittings and equipment	4 years
Software	10 years

Property and equipment are reviewed for impairment as described in note (s) 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 of disposal 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 continued use or disposal. Gains and losses on derecognition 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 amount of consideration to be included is the gain or loss arising from the derecognition of property and is determined in accordance with the requirements for determining the transaction price in IFRS 15.

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.

(c) Investment properties

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is initially recognised at cost including the transaction costs. The investment properties are subsequently carried at fair value, representing the open market value at the reporting date determined by annual valuations by independent valuers. Gains or losses arising from changes in the fair value are included in the profit or loss for the year to which they relate.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria is met; and excludes the costs of day-to-day servicing of an investment property.

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

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Investment properties (continued)

The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under plant and equipment to the date of change in use.

(p) Intangible assets

Software license costs and computer software that are 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.

Software under implementation are recognised as work in progress at historical costs less any accumulated impairment loss. The cost of such software includes professional fees and costs directly attributable to the software. The software are not amortised until they are ready for the intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. The group does not have assets with indefinite life and hence the amortisation is calculated using the straight-line method to write down the cost of each license or item of 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 have finite lives and 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 financial year end.

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. 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 derecognition of an intangible asset is determined in accordance with the requirements for determining the transaction price in IFRS 15.

2. Accounting for leases

The Company leases rental office spaces. The Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Company acting as a lessee

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

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

1. MATERIAL ACCOUNTING POLICIES (CONTINUED

(q) Accounting for leases

If that rate cannot be readily determined, the Company's incremental borrowing rate is used. The incremental borrowing rate is the internal cost of debt determined as the risk-free borrowing rate adjusted for country premium.

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

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

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

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

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

Leases where the Company assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are recognised as a liability at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The interest rate implicit in the lease is used as the discount factor in determining the present value. Each lease payment is allocated between the liability and finance cost using the interest rate implicit in the lease. The finance cost is charged to the profit and loss account in the year in which it is incurred. Property and equipment acquired under finance leases are capitalised and depreciated over the estimated useful life of the asset.

The changes in leases which do not fall under the scope of COVID 19 related concessions are treated as lease modifications. Right of use assets are re-measured and gains or losses thereof recognised in the statement of profit or loss.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Company recognises the lease payments associated with these leases as an expense over the lease term.

A short-term lease in this context is defined as any arrangement which has a lease term of 12 months or less. Lease payments associated with such arrangements are recognised in the income statement as an expense on a straight-line basis. The Company’s total short term and low value lease portfolio is not material. The Company also leases office equipment such as printers and for which certain leases are short term.

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) Accounting for leases (continued)

Company acting as a lessee (continued)

Determination

The determination of whether an arrangement is, (or contains), a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

When an operating lease is terminated, any payment required by the lessor by way of penalty is recognised as an expense in the period in which termination took place. The Company is both lessee and a lessor.

The Company as the lessor – Investment properties leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include Consumer Price Index (CPI) increases, but there are no other variable lease payments that depend on an index or rate.

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.
When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

(r) Provisions

General provisions

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

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.

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Employee benefits

Defined contributions provident fund

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

Statutory pension scheme

The Company also makes contributions to the statutory defined contribution schemes in the four countries where operations are based. Contributions to defined contribution schemes are recognised as an expense in 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.

Bonus

An accrual is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal and constructive obligation to pay this amount as a result of past service provided by the employee, the obligation can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Termination Benefits

The Company recognises a liability and expense for termination benefits at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

(i) For termination benefits payable as a result of an employee's decision to accept an offer of benefits in exchange for the termination of employment, the time when the Company can no longer withdraw the offer of termination benefits is the earlier of when the employee accepts the offer and when a restriction (e.g. a legal, regulatory or contractual requirement or other restriction) on the entity's ability to withdraw the offer takes effect. This would be when the offer is made, if the restriction existed at the time of the offer.

(ii) For termination benefits payable as a result of the Company's decision to terminate an employee's employment, the Company then can no longer withdraw the offer when it has communicated to the affected employees a plan of termination meeting all of the following:
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made;
- The plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations (but the plan need not identify each individual employee) and the expected completion date; and
- The plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminate

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) 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 of disposal 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 of disposal, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in 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. The Company bases its impairment calculation on detailed budgets and forecast calculations which are detailed in its five-year strategic plan. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after fifth year.

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 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.

(t) Fair value measurement

The Company measures financial instruments classified as financial assets at fair value through OCI 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 to by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(t) Fair value measurement

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 (unadjusted) 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; and
- 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.

Involvement of external valuers is decided upon annually by the Finance General Manager (GM), who discusses the basis and assumptions with the valuer. The Chief Financial Officer then approves this. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of 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 set out in note 57.

(u) 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.

Initial recognition and measurement

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them. 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. Receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Financial instruments (continued)

Financial assets

In order for a financial asset to be classified and measured at amortised cost or at 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 in order 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 marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);and
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

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 in order 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 at amortised cost using the effective interest rate (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 loans receivable, cash and cash equivalents, deposits with financial institutions, commercial papers, corporate bonds, other receivables, government securities at amortised cost and due from related parties.

Business model assessment

The company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount, and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development. The expected frequency, value, and timing of asset sales are important aspects of the company's assessment.

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Financial instruments (continued)

The business model assessment is based on reasonably expected scenarios without taking “worst case” or “stress case” scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company’s original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test.

“Principal” for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest is set.

Financial assets at fair value through OCI (debt instruments)

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
- 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.

The classification of financial assets at initial recognition depends on the financial assets contractual cash flow characteristics and the Company’s business model for managing them. Except for other receivables and amount due from related parties, which do not contain significant financing components, 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 a financial asset to be classified and measured at amortised cost or at 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation 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.

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 unquoted financial assets have been designated at fair value through OCI because the Company intends to hold the assets into perpetuity. The Company has designated its equity

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Financial instruments (continued)

investments previously classified as available-for-sale as equity investments at FVOCI on the basis that these are not held for trading.

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

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 the purpose of 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.

The Company has classified quoted equity instruments and investments in collective investment scheme in this category.

Derecognition

Derecognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability.

Derecognition due to substantial modification of terms and conditions

The Company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as derecognition gain or loss. When assessing whether or not to derecognise an instrument, amongst others, the Company considers the following factors: introduction of an equity feature, change in counterparty and if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result into cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss.

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Financial instruments (continued)

Impairment of financial assets

Overview of ECL principles

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

The calculation of ECLs

The Company calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

The Company does not have financial guarantees, loan commitments, letters of credit and financial assets which are purchased or originated credit impaired (POCI).

The maximum period for which the credit losses are determined is the contractual life of a financial asset at amortised cost unless the Group has the legal right to call it earlier.

The calculation of ECLs (continued)

The Group allocates its assets subject to ECL calculations into these categories determined as follows:

- 12MECL (Stage 1) -The 12mECL is calculated as the portion of the LTECL that represents the ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring within 12 months following the reporting date.
- LTECL (Stage 2)-This is recorded when a financial instrument has shown a significant increase in credit risk since origination.
- Impairment (Stage 3) -For debt instruments considered credit-impaired, the Company recognizes the lifetime expected credit losses for these instruments.
- For other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Financial instruments (continued)

Collateral valuation

To mitigate its credit risk on financial assets (staff loans), the Company seeks to use collateral, where possible. The collateral is in form of real estate or motor vehicles. Collateral, unless repossessed, is not recorded on the Company's statement of financial position. However, the fair value of collateral affects the calculations of ECLs for staff loans. It is generally assessed, at a minimum, at inception and reassessed on annual basis. Collaterals such as real estate, is valued based on data provided by third parties such as real estate valuers.

Collateral repossessed.

The Company's accounting policy under IFRS 9 remains the same as it was under IAS 39. The Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for internal operations are transferred to their relevant asset category at the lower of the repossessed value or the carrying amount of the original secured asset. Assets for which selling is determined to be the better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Company's policy.

In its normal course of business, the Company does not physically repossess properties or motor vehicles but engages its procurement department to auction the asset to settle the outstanding debt. Any surplus funds are returned to the obligors. Because of this practice, the real estate properties and motor vehicles under legal repossession processes are not recorded in the balance sheet.

Write offs

Financial assets are written off either partially or in entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount Any subsequent recoveries are credited to credit loss expense. There were no write offs over the period reported in these financial statements.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include other payables, borrowings, payables arising out of reinsurance arrangements and amounts due to related parties.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

1. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Financial instruments (continued)

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Management only designates, on an instrument – by– instrument basis, an instrument at FVPL upon initial recognition when one of the following criteria are met:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis

The Company has designated unit linked contracts as financial liabilities at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, payables are subsequently measured at amortised cost using the EIR method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the carrying amount on initial recognition. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

(v) 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

(w) Dividends

Dividends on ordinary shares are charged directly to equity in the period in which they are declared and approved. Dividend distributions to the shareholders are recognised as a liability in the financial statements in the year in which the dividends are declared and approved by the shareholders.

(x) 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. Refer to note 61 for more details.

(y) Share capital and share premium

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

Incremental costs attributable to the issue or cancellation of equity instruments are recognised directly in equity, net of tax if applicable.

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, taking into account 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 key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company. based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Impairment of financial assets

The Company. recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company. expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two Stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company. tracks changes in credit risk and recognises a loss allowance based on lifetime ECLs at each reporting date. See specific notes for financial assets that are subject to impairment assessment.

The Company. measures ECL on an individual basis, or on a collective basis for class of assets that share similar economic risk characteristic. Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the staff loans and mortgages will cure and the value of collateral or the amount that might be received for selling the asset.

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

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

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

(b) Valuation of insurance and reinsurance contract liabilities and assets

i. Fulfilment cash flows

Fulfilment cash flows comprise:
- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Company uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under many possible economic scenarios for market variables such as interest rates and equity returns.

Estimates of future cash flows

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

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

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. The Company derives cost inflation assumptions from the difference between the yields on nominal and inflation-linked government bonds.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:
- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary;
- costs that the Company will incur in providing investment services;
- costs that the Company will incur in performing investment activities to the extent that the Company performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and
- income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.
Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Company generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts within each group. Other costs are recognised in profit or loss as they are incurred.

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

(b) Valuation of insurance and reinsurance contract liabilities and assets (continued)

Contract boundaries

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

Insurance contracts
Some term assurance and critical illness contracts issued by the Company have annual terms that are guaranteed to be renewable each year. The Company determines that the cash flows related to future renewals (i.e. the guaranteed renewable terms) of these contracts are outside the contract boundary. This is because the premium charged for each year reflects the Company's expectation of its exposure to risk for that year and, on renewal, the Company can reprice the premium to reflect the reassessed risks for the next year based on claims experience and expectations for the respective portfolio. Any renewal of the contract is treated as a new contract and is recognised, separately from the initial contract, when the recognition criteria are met.

Some universal life contracts contain a guaranteed annuity option, which allows the policyholder to convert, on maturity of the stated term, the maturity benefit into an immediately starting life-contingent annuity at a predetermined rate. The Company has assessed the contract boundary for the entire contract, including the option, and concluded that the cash flows related to the guaranteed annuity option fall within the boundary of the contract. This is because the Company does not have the practical ability to reprice the contract on maturity of the stated term.

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

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

Life risk, life savings and participating contracts

Assumptions about mortality/longevity, morbidity and policyholder behaviour that are used in estimating future cash flows are developed by product type at local entity level, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

Mortality/longevity and morbidity assumptions are generally developed using a blend of national mortality data, industry trends and the local entity's recent experience. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts. Mortality/longevity is a key assumption in the measurement of immediate fixed annuities issued
Policyholder behaviour is a key assumption in the measurement of life savings and participating insurance contracts. Each type of policyholder behaviour is estimated by product type, based on trends in recent experience. The following table sets out the assumptions about surrender rates (expressed as weighted averages) by policy anniversary for life savings and participating contracts, other than annuity contracts.

For deferred fixed annuity and universal life contracts, crediting rates and discount rates (see 'Discount rates' below), and for participating contracts, the extent to which participation percentages exceed minimum participation percentages are key assumptions in measuring those contracts. The assumed estimated crediting rates and participation percentages are generally based on the actual rates and percentages applied in the current year. The crediting rates applied vary between products and Company entities. In the current economic environment, the amounts credited are often determined by interest rate guarantees.

To determine how to identify changes in discretionary cash flows for these contracts, the Company generally regards its commitment to be the return implicit in the estimates of the fulfilment cash flows on initial recognition, updated to reflect current financial risk assumptions

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

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

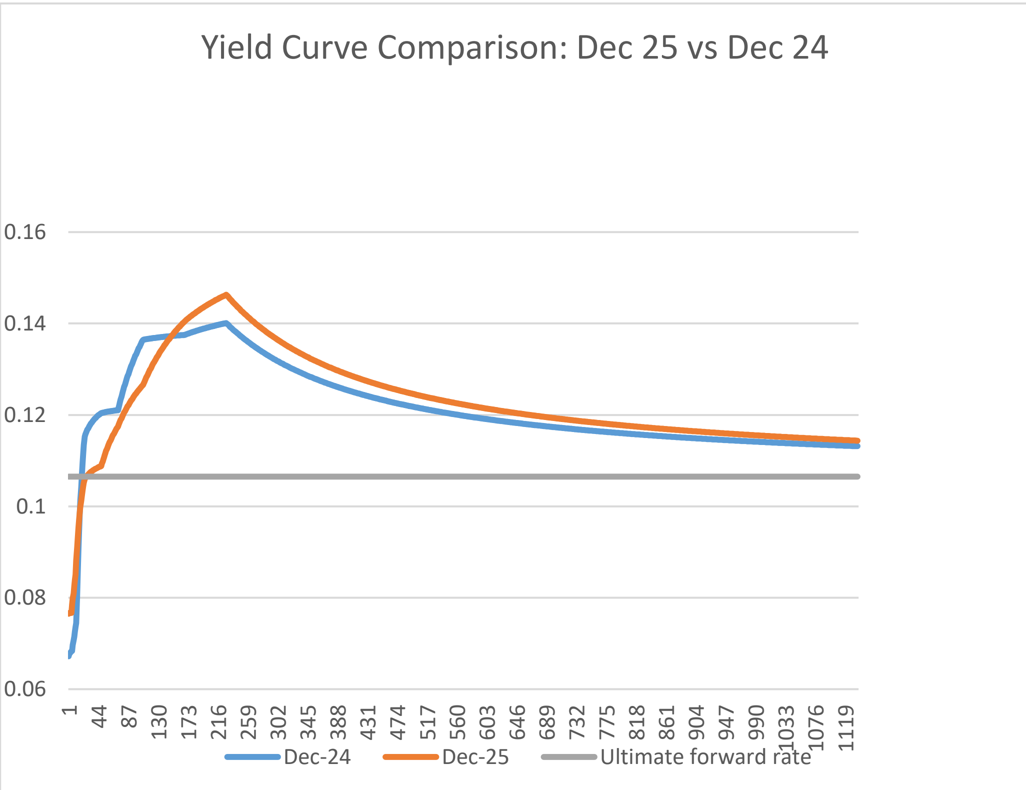
(b) Valuation of insurance and reinsurance contract liabilities and assets (continued)

Non-life contracts

The Company estimates the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated Bornhuetter-Ferguson using a range of loss reserving techniques – e.g. the chain-ladder and methods. These techniques assume that the Company's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The ultimate cost of settling claims is estimated separately for each geographic area and line of business, except for large claims, which are assessed separately from other claims. The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Company generally determines the risk-free rates using the observed mid-price swap yield curves for AA-rated banks (adjusted for the bank's credit risk). The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. For markets in which there is no reliable swap yield curve, government bond yields are used. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only on significant changes to long-term expectations. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. Illiquidity premiums are generally determined by comparing the spreads on corporate bonds with the costs of CDSs with matching critical terms for the same issuer. The tables below set out the yield curves used to discount the cash flows of insurance contracts for major currencies.



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

(b) Valuation of insurance and reinsurance contract liabilities and assets (continued)

Risk adjustments for non-financial risk (continued)

Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect risk-free of that variability using risk-neutral measurement techniques and discounted using the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity. When the present value of future cash flows is estimated by stochastic modelling, the cash flows are discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity. Interest rate volatilities are modelled based on swaption prices. The table below sets out the swaption implied volatilities for each major currency by option length (normal volatilities expressed as annualised standard deviations).
To determine the risk adjustments for non-financial risk for reinsurance contracts, the Company applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 80th percentile (the target confidence level) over the expected present value of the future cash flows.

ii. Contractual service margin

Determination of coverage units

The CSM of a group of contracts is recognised in profit or loss to reflect services provided In each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

For insurance contracts that provide both insurance coverage and investment services, the assessment of the quantity of benefits entails determining the relative weighting of the benefits provided to the policyholder by these services, determining how the benefits provided by each service change over the coverage period and aggregating those different benefits.

To determine the relative weighting of the benefits provided by insurance coverage and investment services, the Company generally considers the selling prices for the services had they been offered on a stand-alone basis and adjusts the quantity of benefits for each service in proportion to those stand-alone selling prices. The stand-alone selling price for a service may be evidenced by observable prices when the Company sells that service separately to policyholders with similar characteristics.

Risk mitigation option

The Company uses reinsurance contracts to mitigate the financial risk arising from interest rate guarantees in certain traditional participating contracts and equity guarantees in certain variable annuity contracts in accordance with its documented risk management objective and strategy for mitigating financial risk. An economic offset exists between the insurance contracts and the risk-mitigating items, and credit risk does not dominate the economic offset.

The Company has chosen to recognise changes in the amount of its share of the fair value of the underlying items and changes in fulfilment cash flows due to changes in the effect of financial risk not arising from underlying items that are mitigated by the use of derivatives or reinsurance
contracts in profit or loss and not to adjust the CSM.

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

(b) Valuation of insurance and reinsurance contract liabilities and assets (continued)

iii. Investment components

The Company identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses. Universal life, participating and non-participating whole-life contracts have explicit surrender values. The investment component excluded from insurance revenue and insurance service expenses is determined as the surrender value specified in the contractual terms less any accrued fees and surrender charges.

The Company's other contracts do not contain investment components. These include deferred fixed annuity contracts that provide policyholders with a right to surrender the contract during the accumulation period and receive the current account value less any surrender charges. The Company determines that these contracts do not include any investment component, because the Company is not required to pay any amount if the policyholder does not surrender the contract and does not survive until the first annuity payment date. Consequently, any surrender payments are treated as premium refunds for unused coverage.

iv. Fair value of insurance contracts

The Company has measured the fair value of insurance contracts as the sum of (a) the present value of the net cash flows expected to be generated by the contract determined using a discounted cash flow technique; and (b) an additional margin, determined using a confidence level technique.

The cash flows considered in the fair value measurement are consistent with those that were within the contract boundary. Therefore, the cash flows related to expected future renewals of insurance contracts are not considered in determining the fair value of those contracts if they are outside the contract boundary. The Company's approach to measuring fair value differs from the IFRS 17 requirements for measuring fulfilment cash flows in certain respects. These differences gave rise to a CSM at the date of acquisition or transition In particular, in measuring fair value the Company:

- considers the cash flows included in the measurement of fulfilment cash flows but adjusts them to reflect the perspective of market participants. For example, expense cash flows are creased to cover a reasonable level of general overheads that are not directly attributable to fulfilling the insurance contracts but that a market participant acquiring the contracts would expect to bear;
- uses the discount rates applied in measuring fulfilment cash flows but increases the rates to reflect the effect of the Company's non-performance risk; and
- includes a margin comprising a risk premium to reflect what market participants would demo as compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require assuming the obligations to service the insurance contracts. In determining the risk premium, the Company allows for certain risks that were not reflected in the fulfilment cash flows but would be considered by market participants – e.g. general operational risk.

(c) Revaluation of property and investment properties

The Company carries certain classes of property and equipment at fair value, with changes in fair value being recognised in other comprehensive income. Land and buildings were valued based on open market value by independent valuers. For investment properties valuation methodologies were used by reference to properties of similar nature, location and condition amongst other factors which are highly judgmental.

Investment property is classified as held for sale under IFRS 5 where its carrying amount will be recovered principally through a sale transaction rather than continuing use.

For a property to be classified as held for sale, the following conditions need to be met:

- the asset must be available for immediate sale in its present condition; and
- the sale must be highly probable.

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

3 (i) Insurance revenue

Year ended 31 December 2025	Ordinary Life FRw'000	Credit Life FRw'000	Group Life FRw'0000	Total FRw'000
Contracts not measured under the PAA				
CSM recognized for services provided	964,378	-	-	964,378
Change in risk adjustment for non-financial risk for risk expired	138,009	-	-	138,009
Expected insurance service expenses incurred:	**5,883,323**	**-**	**-**	**5,883,323**
Claims	2,595,431	-	-	2,595,431
Expenses	2,615,396	-	-	2,615,396
Recovery of insurance acquisition cash flows	672,496	-	-	672,496
Total revenue from contracts not measured under PAA	**6,985,709**	**-**	**-**	**6,985,709**
Expected premium receipts allocation under the PAA	-	6,016,380	1,882,021	**7,898,402**
Total insurance revenue	**6,985,709**	**6,016,380**	**1,882,021**	**14,884,111**

Year ended 31 December 2024	Ordinary Life FRw'000	Credit Life FRw'000	Group Life FRw'000	Total FRw'000
Contracts not measured under the PAA				
CSM recognized for services provided	981,876	-	-	981,876
Change in risk adjustment for non-financial risk for risk expired	59,008	-	-	59,008
Expected insurance service expenses incurred:	**5,578,873**	**-**	**-**	**5,578,873**
Claims	2,406,692	-	-	2,406,692
Expenses	1,991,871	-	-	1,991,871
Recovery of insurance acquisition cash flows	1,180,310	-	-	1,180,310
Total revenue from contracts not measured under PAA	**6,619,758**	**-**	**-**	**6,619,758**
Expected premium receipts allocation under the PAA	-	3,494,968	1,287,860	**4,782,828**
Total insurance revenue	**6,619,758**	**3,495,602**	**1,287,226**	**11,402,586**

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

3 (ii) Insurance service expenses

Year ended 31 December 2025	Ordinary Life FRw'000	Credit Life FRw'000	Group Life FRw'000	Total FRw'000
Incurred insurance service expenses:	**(5,393,369)**	**(5,618,850)**	**(2,142,361)**	**(13,154,580)**
Claims	(4,021,623)	(2,204,759)	(1,916,628)	(8,143,010)
Expenses	(1,371,746)	(3,414,091)	(225,733)	(5,011,570)
Changes that relate to past service:	**(670,639)**	**-**	**-**	**(670,639)**
Changes in estimates in LIC fulfilment cash flows	(691,206)	-	-	(691,206)
Experience adjustments in claims and other insurance service expenses in LIC	20,567	-	-	20,567
Changes that relate to future service:	**(125,338)**	**-**	**-**	**(125,338)**
Losses and reversal of losses on onerous contracts - subsequent measurement	(125,338)	-	-	(125,338)
Total insurance service expenses	**(6,189,346)**	**(5,618,850)**	**(2,142,361)**	**(13,950,557)**

Year ended 31 December 2024	Ordinary Life FRw'000	Credit Life FRw'000	Group Life FRw'000	Total FRw'000
Incurred insurance service expenses:	**(5,036,428**	**(1,979,829)**	**(1,742,599)**	**(8,758,856)**
Claims	(2,124,930)	166,884	(1,484,354)	(3,442,400)
Expenses	(2,911,498)	(2,146,713)	(258,245)	(5,316,456)
Changes that relate to past service:	**(12,601)**	**-**	**-**	**(12,601)**
Changes in estimates in LIC fulfilment cash flows	(14,959)	-	-	(14,959)
Experience adjustments in claims and other insurance service expenses in LIC	2,358	-	-	2,358
Changes that relate to future service:	**(2,558)**	**-**	**-**	**(2,558)**
Losses and reversal of losses on onerous contracts - subsequent measurement	(2,558)	-	-	(2,558)
Total insurance service expenses	**(5,051,587)**	**(1,979,829)**	**(1,742,599)**	**(8,774,015)**

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

3 (iii) Net expenses from reinsurance contracts held	Ordinary Life FRw'000	Credit Life FRw'000	Group Life FRw'000	Total FRw'000
Year ended 31 December 2025				
Allocation of the premiums paid				
Amounts recovered from reinsurance:				
Incurred insurance service expenses:	**20,000**	**-**	**677,125**	**697,125**
Claims	20,000	-	677,125	697,125
Changes that relate to past service (changes in fulfilment cash flows reinsurance LIC):	**122,993**	**(318,182)**	**(876,466)**	**(1,071,655)**
Changes in estimates in LIC fulfilment cash flows	150,307	-	-	150,307
Experience adjustments in claims and other insurance service expenses in LIC	(27,314)	(318,182)	(876,466)	(1,221,962)
Total net expenses from reinsurance contracts	**142,993**	**(318,182)**	**(199,341)**	**(374,530)**

	Ordinary Life FRw'000	Credit Life FRw'000	Group Life FRw'000	Total FRw'000
Year ended 31 December 2024				
Allocation of the premiums paid				
Amounts recovered from reinsurance:				**-**
Incurred insurance service expenses:	**234,045**	**-**	**-**	**234,045**
Claims	234,045	-	-	234,045
Changes that relate to past service (changes in fulfilment cash flows reinsurance LIC):	**(837,181)**	**353,636**	**535,938**	**52,393**
Changes in estimates in LIC fulfilment cash flows	224	-	-	224
Experience adjustments in claims and other insurance service expenses in LIC	(837,405)	353,636	535,938	52,169
Total net expenses from reinsurance contracts	**(603, 136)**	**353,636**	**535,938**	**286,438**

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

4. Net investment income

(i) Net income from investment property	2025 FRw'000	2024 FRw'000
Rental income	419,964	520,989
Fair value loss on investment properties (Note 16)	(33,300)	(774,165)
Total	**386,664**	**(253,176)**
(ii) Interest income from investments at FVTPL		
Interest from government securities at fair value through profit or loss	3,392,964	2,815,316
(iii) Interest income computed using the effective interest rate		
Interest from deposits with financial institutions	3,161,495	3,040,524
(iv) Net gains on financial assets		
Dividends	43,466	391,179

5. (i) Insurance finance expense from insurance contracts

Year ended 31 December 2025	Ordinary Life FRw'000	Credit Life FRw'000	Group Life FRw'000	Total FRw'000
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates:				
Interest accreted on the carrying amount of the CSM	(431,130)	-	-	(431,130)
Interest accreted on risk adjustment	(541,420)	-	-	(541,420)
The effect of financial risk and changes in financial risk	(898,989)	-	-	(898,989)
Total insurance finance expense from insurance contracts	**(1,871,539)**	**-**	**-**	**(1,871,539)**

Year ended 31 December 2024	Ordinary Life FRw'000	Credit Life FRw'000	Group Life FRw'000	Total FRw'000
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates:				
Interest accreted on the carrying amount of the CSM	(777,030)	-	-	(777,030)
Interest accreted on risk adjustment	(549,731)	-	-	(549,731)
The effect of financial risk and changes in financial risk	(41,420)	-	-	(41,420)
Total insurance finance expense from insurance contracts	**(1,368,181)**	**-**	**-**	**(1,368,181)**

5. (ii) Insurance finance income or expense from reinsurance contracts

	Ordinary Life	Credit Life	Group Life	Tot
Year ended 31 December 2025	FRw’000	FRw’000	FRw’000	FRw’0
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates:				
Interest accreted on present value of cash flow	4,636	-	-	**4,6**
Interest accredited on risk adjustment	(24)			**(2**
The effect of financial risk and changes in financial risk	(22,368)	-	-	**(22,36**
Total insurance finance expense from reinsurance contracts	**(17, 756)**	**-**	**-**	**(17, 75**

	Ordinary Life	Credit Life	Group Life	Tot
Year ended 31 December 2024	FRw’000	FRw’000	FRw’000	FRw’0
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates:				
Interest accreted on risk adjustment	(55)	-	-	(5
The effect of financial risk and changes in financial risk	(29,256)	-	-	(29,25
Total insurance finance expense from reinsurance contracts	**(29,311)**	**-**	**-**	**(29,31**

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

5. (iii) Net financial result (Including investment return)

Year ended 31 December 2025	Ordinary Life	Credit Life	Group Life	Total
	FRw'000	FRw'000	FRw'000	FRw'000
Net income from investment property and property funds	270,665	77,333	38,666	386,664
Interest and dividend income from investments at fair value	2,375,075	678,593	339,296	3,392,964
Interest income computed using effective interest rate method	2,213,047	632,299	316,150	3,161,495
Net realised (losses)/gains on financial assets	30,426	8,693	4,347	43,466
Net investment income	**4,889,213**	**1,396,918**	**698,459**	**6,984,590**
Finance expenses from insurance contracts issued	(1,871,538)	-	-	(1,871,538)
Finance expenses from reinsurance contracts held	(17,756)	-	-	(17,756)
Net insurance finance expenses	**(1,889,294)**	-	-	(1,889,294)
Net Financial Result (including investment return)	**2,999,919**	**1,396,918**	**698,459**	**5,095,296**
Year ended 31 December 2024				
Net income from investment property and property funds	(177,223)	(50,635)	(25,318)	(253,176)
Interest and dividend income from investments at fair value	1,970,721	563,063	281,532	2,815,316
Interest income computed using effective interest rate method	2,127,245	608,853	304,426	3,040,524
Net realised (losses)/gains on financial assets	273,825	78,236	39,118	391,179
Net investment income	**4,194,568**	**1,199,516**	**599,758**	**5,993,843**
Finance expenses from insurance contracts issued	(1,368,181)	-	-	(1,368,181)
Finance income from reinsurance contracts held	(29,311)	-	-	(29,311)
Net insurance finance expenses	**(1,397,492)**	**-**	**-**	**(1,397,492)**
Net Financial Result (including investment return)	**2,797,076**	**1,199,516**	**599,758**	**4,596,351**

62

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

6. Other operating expenses

	2025 FRw'000	2024 FRw'000
Staff costs	681,786	516,757
General office management expenses	49,970	79,754
Travel and representation	31,047	23,382
Repairs and maintenance expenditure	27,732	46,026
Marketing and advertisement	17,396	1,835
Business development costs	69,903	45,610
Information and technology (ICT) costs	52,236	77,322
Communication expenses	30,803	23,756
Office rent and service charge	16,328	10,064
Depreciation on property and equipment	36,893	33,460
Professional fees	104,326	88,810
Auditor's remuneration	22,282	27,289
Compliance related costs	86,976	80,042
Directors' remuneration	26,539	26,089
Bank charges	5,930	4,824
ESG/Sustainability costs	2,473	2,473
	1,262,620	**1,087,493**

7. Other income

Income on surrender and withdrawals	369,893	310,070
(Loss) / gain on disposal and exchange transactions	(318,824)	229,271
	51,069	**539,341**
(Loss) / gain on investment contract liabilities	(374,303)	555,591
	(323,234)	**1,094,932**

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

8. Expected credit losses (ECL) on financial assets.	**2025**	**2024**
	FRw'000	**FRw'000**
Deposits and cash ECL (credit) / charge	(15,114)	37,690
T bonds ECL charge	-	30,729
Expected credit loss on financial assets	**(15,114)**	**68,419**

9. Income tax

i) Income tax expense

Current income tax charge	1,642,464	1,354,901
Deferred income tax credit/(charge) (Note 21)-Prior year	(126,047)	
Deferred income tax (credit)/charge (Note 21)-Current Year	(731,628)	545,527
	784,789	**1,900,428**

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

	2025	**2024**
	FRw'000	**FRw'000**
Profit before income tax	4,083,579	7,450,379
Tax calculated at the statutory income tax rate of 28% (2024: 28%)	1,143,402	2,086,106
Tax effects of:		
Expenses not deductible for tax purposes	3,183,276	3,010,450
Allowable expenses for tax purpose	(2,684,214)	(3,741,655)
Prior year	(126,047)	
Recognition of deferred income tax assets	(731,628)	545,527
Income tax expense	**784,789**	**1,900,428**

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

9. Income tax	**2025**	**2024**
ii) Current income tax	**FRw'000**	**FRw'000**
At 1 January	(427,194)	500,169
Charge during the year	1,642,464	1,354,901
Income tax paid	(2,347,551)	(2,282,264)
At 31 December	**(1,132,280)**	**(427,194)**

10. Cash and cash balances

Cash and cash equivalents comprise of:		
Cash and bank balances	5,154,241	4,112,907
Expected credit loss credit / (charge)	15,114	(99,486)
	5,169,355	**4,013,421**

Movement in expected credit loss

At start of year	99,486	61,796
(Credit) / charge to profit or loss	(15,114)	37,690
At end of year	**84,372**	**99,486**

11. Deposits with financial institutions

Deposits and similar securities	20,125,000	26,562,352
Interest receivable on deposits	1,180,044	777,397
Expected credit loss	(15,114)	(62,352)
	21,289,930	**27,277,397**

Movement in expected credit loss

At start of year	62,352	31,623
(Credit) / charge to profit or loss	(47,238)	30,729
At end of year	15,114	62,352

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

11. Deposits with financial institutions (continued)

	2025	2024
	FRw'000	FRw'000
Maturity analysis:		
Maturing within three months	1,899,930	777,397
Maturing after 3 months	19,390,000	26,500,000
	21,289,930	**27,277,397**
At start of year	26,500,000	23,050,000
(Decrease) / increase	(6,375,000)	3,450,000
At end of year	**20,125,000**	**26,500,000**

Term placements are deposits in local financial institutions for a period. The weighted average effective interest rate for the year was 9.6% (2023: 9.9%).

12. Related party transactions

The ultimate parent company is Sanlam Allianz Africa Proprietary Limited incorporated in South Africa. The outstanding balances mentioned below arose from the ordinary course of business. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2024, the Company has not made any provision for expected credit loss relating to amounts owed by related parties (2023: nil). Amounts due to and from related parties are expected to be recovered or settled within the twelve months period after the reporting period.

(i)Purchases of services	**2025**	**2024**
	Frw'000	**Frw'000**
Sanlam Allianz Towers Ltd	35,464	16,614
Sanlam Allianz Africa Pty	282,462	273,030
Sanlam Allianz GI	132,937	107,152
	450,863	**396,796**
(ii) Due from related parties		
Sanlam Towers	62	-
(iii) Due to related parties		
Sanlam Allianz Africa Pty	116,839	32,942
Sanlam Allianz GI	28,692	7,554
Colina Holding Ltd	-	1,247,731
	145,531	**1,288,227**

Key management includes directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

12. Related party transactions (continued)

(iv) Key management compensation	2025 FRw'000	2024 FRw'000
Salaries	760,412	598,343
Bonus	117,911	78,165
Medical fees	15,590	12,315
Directors' fees	97,507	102,919
Post-employment pension	15,590	12,315
Contribution to RSSB	56,011	26,610
	1,063,020	**830,667**

(v) Directors' emoluments	**82,351**	74,831

13. Other receivables

Prepayments	7,591	150
Other receivables	147,466	137,980
Inventories	1,662	2,823
	156,719	**140,953**

14. Financial assets at fair value through profit or loss

At 1 January	25,027,658	26,870,087
Additions	10,186,900	3,318,000
Maturities	(1,633,571)	(4,627,800)
Fair value loss	1,037,771	(532,629)
At 31 December	**34,618,758**	**25,027,658**

15. Financial assets at fair value through other comprehensive income-unquoted equity instruments

	2025	2024
	FRw'000	**FRw'000**
Unquoted investments:		
Shares held in Rwanda Investment Group	329,378	347,565
	329,378	**347,565**

The movement in the investments is as follows:

At 1 January	347,565	539,569
Fair value loss	(18,187)	(104,004)
Disposals	-	(88,000)
At 31 December	**329,378**	**347,565**

The table below shows the percentages of investments in the equity investments:

	Dec 2025	**Dec 2024**
Rwanda Investment Group	4.3%	4.3%

The Directors assessed and concluded that the Company does not have significant influence over the investee companies neither does it control the same investee companies. The investments are in scope of IFRS 9 being at fair value through profit or loss. Consequently, valuation has been measured in line with IFRS 13.

16. Investment properties	**2025**	**2024**
	FRw '000	**FRw '000**
At 1 January	4,574.457	5,348,623
Disposal	(3,140,861)	-
Fair value changes (Note 4(i))	(33,299)	(774,165)
At 31 December	**1,400,297**	**4,574,458**

Changes in fair values are recognised as gains/(loss) in profit or loss and included net income from investment property.

Investment property relates to the company office buildings leased out to other tenants and the company apartments. As at 31 December 2025, the fair values of the properties are based on valuations performed by 2020 Construction Limited accredited independent value.

In arriving at the valuation figures the following principles have been assumed and applied;

(a) A willing buyer and willing seller both of whom are fully informed about the property and not acting out of compulsion.
(b) That to the date of valuation, a reasonable period would be allowed to properly market the property considering the
(c) That the state of the market, levels of values and other circumstances were on any earlier assumed date of exchange of contracts, the same as on the date of valuation
(d) No account has been taken of any bid by a purchaser with special interest.

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

17. (i) Share capital

	2025		2024	
	Number of shares	Share capital FRw '000	Number of shares	Share capital FRw '000
At 1 January and at 31 December	200,000	2,000,000	200,000	2,000,000

Holders of ordinary shares are entitled to dividend when declared and one vote per share during annual general meetings. All the ordinary shares are authorized and fully paid up. The par value of each share is Frw 10,000.

17. (ii) Other reserves	**2025**	**2024**
	FRw'000	**FRw'000**
At 1 January	824,137	987,410
Revaluation gain on financial assets and PPE at FVOCI	39,478	(81,910)
Deferred income tax on revaluation gain	(11,054)	(81,363)
At 31 December	**852,561**	**824,137**

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

18.Property and equipment

	Furniture and Fixture	Motor vehicles	IT equipment	Land	Building	
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Fr
Cost						
At 1 January 2025	**513,985**	**365,193**	**427,949**	**409,355**	**1,001,503**	**2,7**
Additions	77,205	181,100	50,129	-	-	**3**
Revaluations				118,845	(64,291)	**5**
Adjustments	(1,229)	-	(363)		20,582	[illegible]
Disposals	(354,472)	(109,593)	(25,678)	-	-	**(48**
At 31 December 2025	**235,489**	**436,700**	**452,037**	**528,200**	**957,974**	**2,6**
Accumulated depreciation						
At 1 January 2025	**473,298**	**265,154**	**287,648**	**-**	**538,588**	**1,5**
Charge for the year	12,223	52,658	48,564	-	31,123	**14**
Depreciation on disposals	(344,868)	(72,638)	(25,234)	-	-	**(442**
At 31 December 2025	**140,653**	**245,174**	**310,978**	**-**	**569,711**	**1,26**
NBV as at 31 December 2025	**94,836**	**191,526**	**141,059**	**528,200**	**388,083**	**1,3**
Cost						
At 1 January 2024	**520,147**	**327,765**	**417,754**	**409,355**	**978,869**	**2,6**
Additions	6,246	58,475	18,465	-	-	8
Revaluations	-	-	-	-	22,634	2
Disposals	(12,408)	(21,047)	(8,270)	-	-	(4
At 31 December 2024	**513,985**	**365,193**	**427,949**	**409,355**	**1,001,503**	**2,7**
Accumulated depreciation						
At 1 January 2024	468,042	242,886	223,497	-	502,373	1,4
Charge for the year	12,499	28,870	73,199	-	36,215	1
Depreciation on disposals	(7,243)	(6,602)	(9,048)	-	-	(2
At 31 December 2024	473,298	265,154	287,648	-	538,588	1,5
NBV as at 31 December 2024	**40,687**	**100,039**	**140,301**	**409,355**	**462,915**	**1,1**

71

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

19. Other payables	**2025**	**2024**
	FRw '000	**FRw '000**
Sundry payables	1,134,093	1,486,340
Amounts in suspense account	257,566	452,590
Staff annual leave pay provision	69,145	97,430
Rent deposits	-	4,711
Contractual liabilities	4,103	75,949
Total	**1,464,907**	**2,117,020**

20. Deferred income tax liability

The following table shows deferred tax recorded on the statement of financial position under the non-current liabilities and changes recorded in the income tax expense.

2025	**1-Jan**	**Prior year**	**Charge/ (credit) to profit or loss**	**Charge/ (Credit) to OCI**	**31-Dec**
Property and equipment	1,371,118	(6,028)	(801,946)	-	563,144
Other temporary differences	1,326,550	85,395	113,416	-	1,525,361
Fair value change on financial assets and land & buildings	112,423	(194,070)	-	3,811	(77,836)
	2,810,091	**(114,703)**	**(688,530)**	**3,811**	**2,010,669**

2024	**1-Jan**	**Prior year**	**Charge/ (credit) to profit or loss**	**Credit to OCI**	**31-Dec**
Property and equipment	1,328,210	16,986	25,922	-	1,371,118
Other temporary differences	823,931	-	502,619	-	1,326,550
Fair value change on financial assets and land & buildings	31,060	-	-	81,363	112,423
	2,183,201	**16,986**	**528,541**	**81,363**	**2,810,091**

21. Investment contract liabilities	**2025**	**2024**
	FRw '000	**FRw '000**
Investment contract liabilities	12,834,164	12,555,661
	12,834,164	**12,555,661**

Investment contract liabilities relate to a pure savings plan (Teganya), with no insurance risk that has been valued under IFRS 9.

22. Insurance and reinsurance contract liabilities

	Individual life FRw'000	Credit life FRw'000	Group life FRw'000	Total FRw'000
As at 31 December 2025				
Insurance contracts				
Insurance contract liabilities	15,365,057	9,632,506	2,108,494	**27,106,057**
Total	**15,365,057**	**9,632,506**	**2,108,494**	**27,106,057**
Reinsurance contracts				
Reinsurance contract assets	170,785	1,492,565	-	**1,663,350**
Reinsurance contract liabilities	836,887	-	-	**836,887**
As at 31 December 2024				
Insurance contracts				
Insurance contract liabilities	13,456,484	8,046,524	1,289,815	**22,792,823**
Total	13,456,484	8,046,524	1,289,815	**22,792,823**
Reinsurance contracts				
Reinsurance contract assets	6,850	1,118,447	-	**1,125,297**
Reinsurance contract liabilities	395,014	-	-	**395,014**

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

22. Insurance and reinsurance contract liabilities (Continued)

22. i) Individual life- Insurance contracts issued (Continued)

22. i) a) Reconciliation of the measurement components of insurance contract balances

	Year ended 31 December 2025			
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM	Total
	FRw'000	FRw'000	FRw'000	FRw'000
Balance at beginning of the year	**10,308,403**	**441,389**	**2,706,692**	**13,456,484**
Non-onerous contracts recognised during the period	(2,036,507)	131,344	1,905,164	-
Recognised in statement of comprehensive income	**(3,993,748)**	**(2)**	**(396,580)**	**(4,390,330)**
Recognised in insurance revenue	**(6,112,693)**	**(138,009)**	**(827,710)**	**(7,078,412)**
Expected incurred claims excluding investment components	(2,590,763)	-	-	(2,590,763)
Expected administration and other expenses	(1,708,197)	-	-	(1,708,197)
Release of risk adjustment for risk expired	-	(138,009)	-	(138,009)
Recognition of contractual service margin	-	-	(827,710)	(827,710)
Premium experience adjustments relating to current service	(1,813,733)	-	-	(1,813,733)
Recognised in insurance service expenses	**754,011**	**62,533**	**-**	**816,544**
Initial loss on onerous contracts recognised during the period	244,106	36,170	-	280,276
Increase and reversal of losses on onerous contracts	509,905	26,363	-	536,268
Insurance finance income or expenses	**1,364,934**	**75,474**	**431,130**	**1,871,538**
Excl recognition of assump changes in cntrct serv margin at locked-in int rates	1,369,344	74,770	431,130	1,875,244
Recognition of assumption changes in cont serv margin at locked-in int rates	(4,410)	704	-	(3,706)
Changes in estimates recognised in contractual service margin	1,140,092	53,908	(1,194,000)	-
Premiums received during the period	10,452,344	-	-	10,452,344
Incurred claims - investment components	(2,817,758)	-	-	(2,817,758)
Insurance acquisition cash flows	(1,335,682)	-	-	(1,335,682)
Analysis of movement in contracts	**1,408,741**	**185,250**	**314,584**	**1,908,575**
Closing Balance	**11,717,144**	**626,639**	**3,021,276**	**15,365,059**

22. Insurance and reinsurance contract liabilities (Continued)
22. i) Individual life- Insurance contracts issued (Continued)
22. i) a) Reconciliation of the measurement components of insurance contract balances

	Year ended 31 December 2024			
	Estimates of Present Value of Future Cash Flows	Risk Adjustment for Non-financial Risk	CSM	Total
	FRw'000	FRw'000	FRw'000	FRw'000
Opening insurance contract liabilities	11,708,711	237,598	2,583,403	14,529,712
Net Opening balance	**11,708,711**	**237,598**	**2,583,403**	**14,529,712**
Total changes in the statement of financial performance				
Changes that relate to current services	**(4,782,118)**	**67,820**	**(806,232)**	**(5,520,530)**
Non-onerous contracts recognised during the period	(1,290,898)	102,253	-	(1,188,645)
Experience adjustments not related to future service	(3,491,220)	(34,433)	(806,232)	(4,331,885)
Changes that relate to future services	**3,635,234**	**135,971**	**-**	**3,771,205**
Changes in estimates recognised in contractual service margin	3,635,234	135,971	-	3,771,205
Total insurance service result	**(1,146,884)**	**203,791**	**(806,232)**	**(1,749,325)**
Insurance finance income or expense				
Total insurance finance income or expense	**(932,894)**	**-**	**894,087**	**(38,807)**
The effect of and changes in time of time value of money and financial risk	(932,894)	-	894,087	(38,807)
Total changes in the statement of financial performance	**1,510,649**	**-**	**-**	**1,510,649**
Cash flows (Actual cashflows in the period)	6,057,810	-	-	6,057,810
Premiums and premium tax received	(4,547,161)	-	-	(4,547,161)
Claims and other insurance service expenses paid, including investment components	**(569,129)**	**203,791**	**87,855**	**(277,483)**
Total cash flows	(795,745)	-	-	(795,745)
Insurance acquisition cash flows	**(1,364,874)**	**203,791**	**87,855**	**(1,073,228)**
Net change in cashflows	-	-	-	-
Closing Insurance contract assets	10,343,837	441,389	2,671,258	13,456,484
Closing Insurance contract liabilities	**10,343,837**	**441,389**	**2,671,258**	**13,456,484**

22. Insurance and reinsurance contract liabilities (Continued)

22. ii) Credit life and Group life Insurance contracts issued

22. ii) a) Reconciliation of the liability for remaining coverage (LRC) and the liability for claims incurred (LIC)

Year ended 31 December 2025

	LRC FRw'000	LIC FRw'000	Total FRw'000
Balance at beginning of the year	**8,910,684**	**425,654**	**9,336,338**
Recognised in statement of comprehensive income	**(5,860,389)**	**4,121,387**	**(1,739,002)**
Recognised in insurance revenue	**(7,898,402)**	**-**	**(7,898,402)**
Recognised in insurance revenue PAA	(7,898,402)	-	(7,898,402)
Recognised in insurance service expenses	**2,038,012**	**4,121,387**	**6,159,399**
Claims incurred during the period excluding investment components PAA	-	4,121,387	4,121,387
Change in liability for past service	-	-	-
Insurance acquisition cash flows paid or amortised	2,038,012	-	2,038,012
Premiums received during the period	9,871,223	-	9,871,223
Incurred claims - investment components	-	-	-
Claims paid during the period	-	(3,689,547)	(3,689,547)
Insurance acquisition cash flows	(2,038,012)	**-**	**(1,963,161)**
Analysis of movement in contracts	**1,972,822**	**431,840**	**2,404,662**
Foreign currency translation differences	**-**	**-**	**-**
Liabilities acquired through business combinations	**-**	**-**	**-**
Closing Balance	**10,883,506**	**857,494**	**11,741,000**

22. Insurance and reinsurance contract liabilities (Continued)

22. ii) Credit life and Group life Insurance contracts issued

22. ii) a) Reconciliation of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC)

Year ended 31 December 2024	**LRC Loss component FRw'000**	**LIC FRw'000**	**T FRw'**
Opening insurance contract liabilities	6,969,812	461,121	7,430,
Opening insurance contract assets	-	-	
Net balance as at 1 January	**6,969,812**	**461,121**	**7,430,**
Insurance revenue			
Insurance Contract Liability: Third Party: Recognised in insurance revenue PAA	(4,801,750)	-	(4,801,7
Change in risk adjustment for non-financial risk for risk expired	-	-	
Expected insurance service expenses incurred	-	-	
Total Insurance revenue	**(4,801,750)**	**-**	**(4,801,7**
Incurred insurance service expenses:			
Insurance Contract Liability: Recognised in insurance service expenses.	-	1,432,744	1,432,
Insurance Contract Liability: Third Party: Insurance acquisition cash flows	1,110,070	-	1,110,
Losses for the net outflow recognized on initial recognition	-	-	
Losses on onerous contracts and reversal of those losses	-	-	
Total insurance service expenses	**1,110,070**	**1,432,744**	**2,542,**
Total insurance service result	(3,691,680)	1,432,744	(2,258,9
Finance expenses from insurance contracts issued	-	-	
Total changes in the statement of financial performance	**(3,691,680)**	**1,432,744**	**(2,258,9**
Cash flows			
Premiums received	6,857,898	**-**	6,857,
Claims and other directly attributable expenses paid	-	(1,468,211)	(1,468,2
Total cash flows	**6,857,898**	**(1,468,211)**	**5,389,**
Other movements	(1,225,345)	-	(1,225,3
Net movement in the year	**1,940,873**	**(35,467)**	**1,905,**
Closing insurance contract liabilities	8,910,685	425,654	9,336,
Closing insurance contract assets	-	-	
Net balance as at 31 December	**8,910,685**	**425,654**	**9,336,**

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

22. Insurance and reinsurance contract liabilities (Continued)

22.iii) Individual life- Insurance contracts issued (Continued)

22.iii) c) Movements in reinsurance contract balances

Liabilities for Remaining Coverage	**2025**	**2024**
	FRw '000	**FRw '000**
Opening reinsurance contract assets	-	-
Opening reinsurance contract liabilities		
Net balance as at 1 January	**388,165**	**742,693**
Allocation of the premiums paid:		
Full Retrospective approach	-	-
Total allocation of premiums paid		
Amounts recovered from reinsurance	(125,237)	623,569
Total net expenses from reinsurance	**(125,237)**	**623,569**
Finance income from insurance contracts issued		-
Total changes in the statement of financial performance	(125,237)	**623,569**
Investment components		
Cash flows		
Premiums paid	403,174	(1,779,362)
Amounts recovered	-	801,264
Total cash flows	**403,174**	(978,098)
Net balance as at 31 December	**277,937**	**(354,529)**
Closing reinsurance contract assets	666,102	388,165
Closing reinsurance contract liabilities		-
Net balance as at 31 December	**666,102**	**388,165**

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

22. Insurance and reinsurance contract liabilities (Continued)

22. iii) Credit life and Group Life Insurance contracts issued (Continued)

22. iii) c) Movements in reinsurance contract balances

Liabilities for Remaining Coverage	**2025** FRw'000	**2024** FRw'000
Opening reinsurance contract assets	-	-
Opening reinsurance contract liabilities	1,118,447	876,514
Net balance as at 1 January	**1,118,447**	**876,514**
Allocation of the premiums paid:		
Full Retrospective approach	-	-
Total allocation of premiums paid	**-**	**-**
Amounts recovered from reinsurance	(517,523)	859,696
Total net expenses from reinsurance	**(517,523)**	**859,696**
Finance income from insurance contracts issued	-	-
Total changes in the statement of financial performance	**-**	**-**
Investment components	-	-
Cash flows		
Premiums paid	891,640	(617,763)
Amounts recovered	-	-
Total cash flows	891,640	(617,763)
Net balance as at 31 December	**374,117**	**241,933**
Closing reinsurance contract assets	-	-
Closing reinsurance contract liabilities	**1,492,565**	**1,118,447**
Net balance as at 31 December	**1,492,565**	**1,118,447**

22. Insurance and reinsurance contract liabilities (Continued)

iv. Sensitivity analysis

	Value 1	Value 2	Value 3	Value 4	Value 5	Value 6	Value 7	Value 8	Value 9
	FCF as at 31 December	CSM as at 31 December	Total	Impact on FCF	Impact on CSM	Total increase/decrease in insurance contract liabilities	Remaining CSM	Impact on profit before income tax	Impact on equity
2025	**FRw'000**	**FRw'000**	**FRw'000**	**FRw'000**	**FRw'000**	**FRw'000**	**FRw'000**	**FRw'000**	**FRw'000**
Main basis									
Insurance contract liabilities (net)	-8,843,243,116	-3,021,275,287	-11,864,518,403	-	-	-	-3,021,275,287	-	-
Reinsurance contract assets (net)	170,785,154	-197,484,637	-26,699,482	-	-	-	-197,484,637	-	-
Net insurance contract liabilities	**-8,672,457,961**	**-3,218,759,924**	**-11,891,217,885**	**-**	**-**	**-**	**-3,218,759,924**	**-**	**-**
Mortality rate -20% increase									
Insurance contract liabilities (net)	-8,177,513,255	-3,254,958,132	-11,432,471,388	665,729,861	-233,682,845	432,047,015	-3,488,640,978	-432,047,015	-311,073,851
Reinsurance contract assets (net)	128,833,868	-164,082,642	-35,248,774	-41,951,287	33,401,995	-8,549,291	-130,680,646	-9,026,225	-6,498,882
Net insurance contract liabilities	**-8,048,679,387**	**-3,419,040,774**	**-11,467,720,162**	**623,778,574**	**-200,280,850**	**423,497,724**	**-3,619,321,624**	**-441,073,240**	**-317,572,733**
Lapse/surrender rates - 20% decrease									
Insurance contract liabilities (net)	-8,233,614,244	-3,518,160,564	-11,751,774,807	609,628,872	-496,885,276	112,743,596	-4,015,045,840	-131,424,610	-94,625,719
Reinsurance contract assets (net)	197,262,169	-221,979,555	-24,717,386	26,477,015	-24,494,918	1,982,097	-246,474,473	-3,056,236	-2,200,490
Net insurance contract liabilities	**-8,036,352,075**	**-3,740,140,119**	**-11,776,492,193**	**636,105,887**	**-521,380,194**	**114,725,693**	**-4,261,520,313**	**-134,480,846**	**-96,826,209**
Lapse/surrender rates - 20% increase									
Insurance contract liabilities (net)	-9,452,871,988	-2,524,390,011	-11,977,261,999	-609,628,872	496,885,276	-112,743,596	-2,027,504,734	112,743,596	81,175,389
Reinsurance contract assets (net)	144,308,140	-172,989,719	-28,681,579	-26,477,015	24,494,918	-1,982,097	-148,494,801	1,982,097	1,427,110
Net insurance contract liabilities	**-9,308,563,848**	**-2,697,379,730**	**-12,005,943,578**	**-636,105,887**	**521,380,194**	**-114,725,693**	**-2,175,999,535**	**114,725,693**	**82,602,499**
Expenses - 10% increase									
Insurance contract liabilities (net)	-8,157,930,610	-3,369,097,642	-11,527,028,252	685,312,506	-347,822,355	337,490,151	-3,716,919,997	-337,490,151	-
Reinsurance contract assets (net)	170,785,154	-197,484,637	-26,699,482	0	-	0	-197,484,637	-0	-
Net insurance contract liabilities	**-7,987,145,456**	**-3,566,582,279**	**-11,553,727,734**	**685,312,506**	**-347,822,355**	**337,490,151**	**-3,914,404,634**	**-337,490,151**	**-**
Interest - 2% decrease									
Insurance contract liabilities (net)	-10,496,979,473	-3,021,275,287	-13,518,254,760	-1,653,736,357	-	-1,653,736,357	-3,021,275,287	-1,653,736,357	-1,190,690,177
Reinsurance contract assets (net)	180,446,343	-197,484,637	-17,038,294	9,661,188	-	9,661,188	-197,484,637	9,661,188	6,956,056
Net insurance contract liabilities	**-10,316,533,130**	**-3,218,759,924**	**-13,535,293,054**	**-1,644,075,169**	**-**	**-1,644,075,169**	**-3,218,759,924**	**-1,644,075,169**	**-1,183,734,121**

80

iv. Sensitivity analysis

	Value 1	Value 2	Value 3	Value 4	Value 5	Value 6	Value 7	Value 8	Value 9
	FCF as at 31 December	CSM as at 31 December	Total	Impact on FCF	Impact on CSM	Total increase/decrease in insurance contract liabilities	Remaining CSM	Impact on profit before income tax	Impact on equity
2024	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000	FRw'000
Main basis									
Insurance contract liabilities (net)	(7,233,343,979)	(2,706,692,024)	(9,940,036,003)	-	-	-	(2,706,692,024)	-	-
Reinsurance contract assets (net)	2,795,663	(199,044,873)	(196,249,210)	-	-	-	(199,044,873)	-	-
Net insurance contract liabilities	**(7,230,548,316)**	**(2,905,736,897)**	**(10,136,285,213)**	**-**	**-**	**-**	**(2,905,736,897)**	**-**	**-**
Mortality rate -20% increase									
Insurance contract liabilities (net)	(439,506,708)	692,373,107	252,866,399	(439,565,716)	692,373,107	252,807,391	1,384,746,215	(252,807,391)	(182,021,321)
Reinsurance contract assets (net)	11,542,412	93,284,811	104,827,223	5,963,539	93,284,811	99,248,350	186,569,621	(100,054,356)	(72,039,136)
Net insurance contract liabilities	**(427,964,296)**	**785,657,918**	**357,693,622**	**(433,602,177)**	**785,657,918**	**352,055,741**	**1,571,315,836**	**(352,861,747)**	**(254,060,457)**
Lapse/surrender rates - 20% decrease									
Insurance contract liabilities (net)	(452,205,077)	755,493,963	303,288,886	(452,264,085)	755,493,963	303,229,877	1,510,987,926	(303,559,474)	(218,562,821)
Reinsurance contract assets (net)	4,089,251	49,738,202	53,827,452	(1,489,622)	49,738,202	48,248,579	99,476,403	(48,881,376)	(35,194,591)
Net insurance contract liabilities	**(448,115,826)**	**805,232,165**	**357,116,338**	**(453,753,707)**	**805,232,165**	**351,478,456**	**1,610,464,329**	**(352,440,850)**	**(253,757,412)**
Lapse/surrender rates - 20% increase									
Insurance contract liabilities (net)	452,323,094	(755,493,963)	(303,170,869)	452,264,085	(755,493,963)	(303,229,877)	(1,510,987,926)	303,229,878	218,325,512
Reinsurance contract assets (net)	7,068,495	(49,738,202)	(42,669,706)	1,489,622	(49,738,202)	(48,248,579)	(99,476,403)	48,248,579	34,738,977
Net insurance contract liabilities	**459,391,589**	**(805,232,165)**	**(345,840,575)**	**453,753,707**	**(805,232,165)**	**(351,478,456)**	**(1,610,464,329)**	**351,478,457**	**253,064,489**
Expenses - 10% increase									
Insurance contract liabilities (net)	(506,376,286)	798,092,267	291,715,982	(506,435,294)	798,092,267	291,656,973	1,596,184,534	(291,656,973)	-
Reinsurance contract assets (net)	5,578,873	23,971,699	29,550,572	-	23,971,699	23,971,699	47,943,399	(23,971,699)	-
Net insurance contract liabilities	**(500,797,413)**	**822,063,966**	**321,266,554**	**(506,435,294)**	**822,063,966**	**315,628,672**	**1,644,127,933**	**(315,628,672)**	**-**
Interest - 2% decrease									
Insurance contract liabilities (net)	(512,702,582)	-	(512,702,582)	(512,761,590)	-	(512,761,590)	-	(512,761,590)	(369,188,345)
Reinsurance contract assets (net)	5,413,134	-	5,413,134	(165,740)	-	(165,740)	-	(165,740)	(119,332)
Net insurance contract liabilities	**(507,289,448)**	**-**	**(507,289,448)**	**(512,927,330)**	**-**	**(512,927,330)**	**-**	**(512,927,330)**	**(369,307,677)**

The sensitivity of the results to certain key assumptions has been tested by calculating the effect of assumptions not being met. The results of the sensitivity analysis are summarized in the sensitivities disclosures.

The valuation results are sensitive to the underlying assumptions. If these assumptions are not realised in practice, the surplus in the life fund will differ from expected.

Over the two periods, sensitivities for the different assumptions are largely similar. Variability of future interest rates will have the largest impact on the valuation results. These variabilities will particularly impact Individual Life and Annuities. These classes of business have long term cash-flows with durations of 12 to 15 years that are subject to discounting for the purpose of valuations.

It should be noted that the sensitivity calculations have been done independently. This means that interactions between various factors have not been considered. For instance, in the event of withdrawals increasing, it is likely that per policy expenses will also increase. Thus, when considering various scenarios, one needs to use an interplay of the above figures. This has not been allowed for in the analysis.

23. Risk management framework

a. Governance framework

The primary objective of the group'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 policy framework which sets out the risk profiles for the group, risk management, control and business conduct standards for the group'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 group 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 group 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. All the subsidiaries met the capital adequacy provisions.

In reporting financial strength, capital and solvency are measured using the rules prescribed by the National Bank of Rwanda. 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's capital management policy for its insurance and non–insurance business is to hold sufficient capital to cover the statutory requirements based on the BNR directives, including any additional amounts required by the regulator.

23. Risk management framework (continued)

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

Approach to capital management (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 group has made no significant changes, from previous years to its policies and processes for its capital structure.

Sanlam Allianz Life Insurance Plc had no external borrowings at 31 December 2025 (2024: NIL).

c. Regulatory framework

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

The operations of the group 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.

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 group faces, due to the nature of its investments and liabilities, is interest rate risk. The group manages these positions within an ALM framework that has been developed to achieve long–term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the company's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Company's ALM is:

- Integrated with the management of the financial risks associated with the group'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 and investment contracts.

24. Insurance and financial risk

a) Insurance risk

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

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

The group 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 group to certain classes of business. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the group's net exposure to catastrophe losses. Retention limits for the excess–of–loss reinsurance vary by product line and territory.

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 group'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. There is no single counterparty exposure that exceeds 5% of total reinsurance assets at the reporting date.

1. Life insurance contracts

Life insurance contracts offered by the company include: whole life and term assurance. Whole life and term assurance are conventional regular premium products when lump sum benefits are payable on death or permanent disability. Few contracts have a surrender value. This includes group life and ordinary life premiums.

Pensions are contracts where retirement benefits are expressed in the form of an annuity payable at retirement age. If death occurs before retirement, contracts generally return the value of the fund accumulated or premiums. Most contracts give the policyholder the option at retirement to take a cash sum at guaranteed conversion rates allowing the policyholders the option of taking the more valuable of the two. Provision of additional death benefits may be provided by cancellation of units or through supplementary term assurance contracts. This includes the deposit administration contracts.

Death benefits of endowment products are subject to a guaranteed minimum amount. The maturity value usually depends on the investment performance of the underlying assets. For contracts with DPF the guaranteed minimum may be increased by the addition of bonuses. These are set at a level that takes account of expected market fluctuations, such that the cost of the guarantee is generally met by the investment performance of the assets backing the liability. However, in circumstances where there has been a significant fall in investment markets, the guaranteed maturity benefits may exceed investment performance and these guarantees become valuable to the policyholder.

24. Insurance and financial risk(continued)

a) Insurance risk (Continued)

1. Life insurance contracts (contracts)

The main risks that the Company is exposed to are as follows:

- Mortality risk – risk of loss arising due to policyholder death experience being different than expected
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
- Longevity risk – risk of loss arising due to the annuitant living longer than expected
- Investment return risk – risk of loss arising from actual returns being different than expected
- Expense risk – risk of loss arising from expense experience being different than expected
- Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

These risks do not vary significantly in relation to the location of the risk insured by the company, type of risk insured or by industry.

The company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims' handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the group to pursue third parties for payment of some or all costs. The group 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 group.

For contracts for which death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Groupwide reinsurance limits of FRw. 3,000,000 on any single life insured are in place.

For annuity contracts, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party. For contracts without DPF, the company charges for death and disability risks on a yearly basis. Under these contracts the group has the right to alter these charges to take account of death and disability experience, thereby mitigating the risks to the group.

The insurance risk described above is also affected by the contract holder's right to pay reduced premiums or no future premiums, to terminate the contract completely or to exercise guaranteed annuity options. As a result, the amount of insurance risk is also subject to contract holder behaviour

24. Insurance and financial risk(continued)

a) Insurance risk (Continued)

1. Life insurance contracts (continued)

Key Assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are, as follows:

- Mortality and morbidity rates

Assumptions are based on standard industry and national tables, according to the type of contract written. They reflect recent historical experience and are adjusted when appropriate to reflect the company's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type. An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

- Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the company's own risk experience. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type. An increase in longevity rates will lead to an increase in the number of annuity payments to be made, which will increase the expenditure and reduce profits for the shareholders.

- Investment return

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. An increase in investment return would lead to an increase in profits for the shareholders.

- Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate. An increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the shareholders.

- Lapse and surrender rates

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the company's experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

24. Insurance and financial risk(continued)

a) Insurance risk (Continued)

1. Life insurance contracts (continued)

Key Assumptions (continued)

- Discount rate

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the company's own risk exposure. A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

b) 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 following policies and procedures are in place to mitigate the group's exposure to credit risk:

- A Group credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's audit and risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Net exposure limits are set for each counterparty or group of counterparties, and industry segment (i.e., limits are set for investments and cash deposits, and minimum credit ratings for investments that may be held).
- The Group maintains strict control limits by amount and terms on net open derivative positions. The amounts subject to credit risk are limited to the fair value of "in the money" financial assets against which the Group either obtains collateral from counterparties or requires margin deposits. Collateral may be sold or repledged by the Group and is repayable if the contract terminates or the contract's fair value falls.
- Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- The credit risk in respect of customer balances incurred on non–payment of premiums or contributions will only persist during the grace period of 120 days specified in the policy document until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.
- The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2024 and 2023 is the carrying amounts as presented in the statement of financial position.

24. Insurance and financial risk(continued)

b) Financial risk

The Company issues unit–linked investment policies in several its operations. In the unit–linked business, the policyholder bears the investment risk on the assets held in the unit–linked funds, as the policy benefits are directly linked to the value of the assets in the fund. Therefore, the Company has no credit risk on unit–linked financial assets.

The company actively manages its product mix to ensure that there is no significant concentration of credit risk.

The Company's internal rating process

The Company's investment team prepares internal ratings for financial instruments (Financial assets at amortised cost- Government securities, Financial Assets at amortised cost- Corporate Bonds, Financial Assets at amortised cost -Loan and Receivables, Financial Assets at amortised cost- Commercial Papers, Due from related party, Deposits with financial institutions, and Cash and bank balances) in which counterparties are rated using internal grades. The ratings are determined incorporating both qualitative and quantitative information from external party ratings supplemented with information specific to the counterparty and other external information that could affect the counterparty's behavior. These information sources are first used to determine whether an instrument has had a significant increase in credit risk.

The Company's internal credit rating grades for the above assets with exception of staff loans is as described below.

Internal rating grade	Internal rating description
0	High grade
1	High grade
2	Standard grade
3	Sub-standard grade
4	Past due but not impaired
5	Individually impaired

For staff loans, the credit rating is based on whether the staff is still in employment. The loan is given a 'high grade' rating if the staff is still in employment, and a 'past due but not impaired' rating in instances where the staff is no longer employed with the Company.

24. Insurance and financial risk(continued)

b) Financial risk (Continued)

The Company's internal credit rating grades is as follows:

Asset class	Drivers of change in credit quality	Qualitative indicators assessed
Receivables arising from direct and reinsurance arrangements	30 days past due	Company closure, significant decline in the industry which the client operates, listing on credit reference bureau, inability to service debt, loss of income, among others.
Cash at bank and deposits with financial institutions	Downgrade to grade four	Bank closure, bank run, default on debt, credit rating downgrade, material adverse mention or investigation, change in bank tier, negative change in debt ratios, debt covenant breach, regulator actions among others.
Government Securities	Downgrade from investment grade to non-investment grade as per the external ratings	Credit rating downgrade, adverse political instability, military coup / attempt / civil turmoil, hyper inflationary trajectory, external war, significant fall in tax collection rates, significant natural disaster events, warnings from Bretton Woods Institutions, debt restructure, currency devaluation, unemployment rate growth among others.
Corporate debt	Default in contractual cash flows	Credit rating downgrades, significant adverse political turmoil in country of major operations, significant fall in revenue collection, significant natural disaster events, debt restructure, material Adverse change (Change in business model; significant change in priority staff), significant court process interference on business model, insolvency, government agency takeover, financial covenant breach, material representation inaccuracy or warranty breach, material adverse mention, investigation among others.
Equities - Dividend Income	Default in contractual cash flows	Company closure, default on debt, credit rating downgrade, adverse material mention, change in balance sheet debt composition, debt covenant breach, adverse change in business model, company insolvency among others.
Staff/ Non-Staff Loans	Default in contractual cashflows	Listing on credit reference bureau, inability to service debt, loss of income, death, permanent disability, imprisonment, number of months in arrears among others.

The Group has monitoring procedures in place to make sure that the criteria used to identify significant increases in credit are effective, meaning that significant increase in credit risk is identified before the exposure is defaulted. The Company performs periodic back-testing of its ratings to consider whether the drivers of credit risk that led to default were accurately reflected in the rating in a timely manner.

24. Insurance and financial risk(continued)

b) Financial risk (Continued)

Significant increase in credit risk, default and cure

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or portfolio of instruments (Financial assets at amortised cost- Government securities, Financial Assets at amortised cost- Corporate Bonds, Financial Assets at amortised cost-Loans, Due from related party, Deposits with financial institutions, Other receivables and Cash and cash equivalents) is subject to 12mECL or LTECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition.

The Group considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Group also considers a variety of instances that may indicate unlikeness to pay by assessing whether there has been a significant increase in credit risk. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. The Group considers a financial asset in default when contractual payments are 90 days past due. The Group may also consider an instrument to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. In such cases, the Group recognises a lifetime ECL. This more applicable to financial assets arising from investments with financial institution. Such events include:

- Internal rating of the counterparty indicating default or near default for all asset classes
- The counterparty having past due liabilities to public creditors or employees for all asset classes except for staff loans.
- The counterparty filing for bankruptcy application for all asset classes
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts of financial difficulties for all asset classes except for staff loans.

The Group considers a financial instrument defaulted and, therefore, credit impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Group may also consider an instrument to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. In such cases, the Group recognises a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Group's policy to consider the financial instrument as "cured" and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

The group actively manages its product mix to ensure there is no significant concentration of credit risk.

Collaterals and other credit enhancements

The amount and type of collateral required depends on assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each collateral, which applies only to staff loan advances. The main type of collaterals are as follows:

- For mortgages, legal charge over property to the extent of loan advanced.
- For car loans, the value of the motor vehicle.

Management monitors the market value of the collateral and may request additional collateral in accordance with underlying agreement.

The Group does not physically repose properties but engages its legal department in collaboration with external agents to recover funds to settle outstanding debt. Because of this practice, the properties or motor vehicles are not recorded in the balance sheet and not treated as non-current asset held for sale.

The fair values of the collaterals equal to the outstanding loan balances at the end of each financial reporting period since the Group is only interested in recovering the loan balance.

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

24. Insurance and financial risk(continued)

b) Financial risk (Continued)

i. Deposits with financial institutions and bank balances

Internal rating grade	Stage 1 FRw ’000	Stage 2 FRw ’000	Stage 3 FRw ’000	Total 2025 FRw ’000	Total 2024 FRw ’000
Performing	21,289,930	-	-	21,289,930	**24,410,701**

An analysis of changes in the ECLs is, as follows:

	Stage 1 FRw ’000	Stage 2 FRw ’000	Stage 3 FRw ’000	Total 2025 FRw ’000	Total 2024 FRw ’000
ECL as at 1 January	161,678	-	-	161,678	93,259
Charge /(credit) through profit or loss	15,114	-	-	15,114	68,419
Movement	**146,564**	**-**	**-**	**146,564**	**161,678**

ii. Financial assets at amortised cost -Receivables from related parties

Internal rating grade	Stage 1 FRw ’000	Stage 2 FRw ’000	Stage 3 FRw ’000	Total 2025 FRw ’000	Total 2024 FRw ’000
Performing	-	-	-	-	-
ECL	-	-	-	-	-
Total Net Amount	-	-	-	-	**-**

Sanlam Allianz Life Insurance Plc
Notes to the financial statements
For the year ended 31 December 2025

24. Insurance and financial risk(continued)

b) Financial risk (Continued)

iii. Financial assets at amortised cost - Other receivables

Internal rating grade	Stage 1 FRw '000	Stage 2 FRw '000	Stage 3 FRw '000	Total 2025 FRw '000	Total 2024 FRw '000
Other receivables	156,719	-	-	156,719	140,953
Total net amount	**156,719**	**-**	**-**	**156,719**	**140,953**

iv. Financial assets at amortised cost – Cash and bank balances

Internal rating grade	Stage 1 FRw '000	Stage 2 FRw '000	Stage 3 FRw '000	Total 2025 FRw '000	Total 2024 FRw '000
Performing	5,169,355	-	-	5,169,355	4,013,421
Total Gross	5,169,355	-	-	5,169,355	4,013,421
ECL	-15,114	-	-	-15,114	37,690

24. Insurance and financial risk(continued)

b) Financial risk (Continued)

The table below indicates the maximum exposure of assets bearing credit risk:

	2025 FRw '000	2024 FRw '000
Government securities at fair value through profit or loss	34,618,758	25,027,658
Other receivables	156,719	137,980
Deposits with financial institutions	21,289,930	27,277,397
Bank balances	5,169,355	4,013,421
Total	**61,234,762**	**56,456,456**

1. 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 group's exposure to liquidity risk:

- A group liquidity risk policy which sets out the assessment and determination of what constitutes liquidity risk for the group. Compliance with the policy is monitored and exposures and breaches are reported to the group 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 and investment contracts 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 group'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 group based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of 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.

24. Insurance and financial risk(continued)

b) Financial risk (Continued)

Liquidity risk (continued)

The table below provides a contractual maturity analysis of Sanlam Allianz Life Insurance Plc financial assets and liabilities:

	12/31/2025				12/31/2024			
	6 months or on demand	6 months and 1 year	More than 1 year	Total	6 months or on demand	6 months and 1 year	More than 1 year	Total
	FRw '000	FRw '000	FRw '000	FRw '000	FRw '000	FRw '000	FRw '000	FRw '000
Financial assets								
Financial assets at amortised cost -Government securities	-	-	-	-	5,500,000	-	-	5,500,000
Financial assets at fair value through P&L - Government securities	-	9,618,782	24,999,975	34,618,758	-	1,723,639	23,304,019	25,027,658
Other receivables	156,719	-	-	156,719	140,953	-	-	140,953
Due from related parties	62	-	-	62	-	-	-	-
Deposits with financial institutions	20,125,000	1,164,930	-	21,289,930	7,780,000	9,997,397	4,000,000	21,777,397
Cash and cash equivalents	5,169,355	-	-	5,169,355	4,013,421	-	-	4,013,421
Total financial assets	**25,451,136**	**10,783,713**	**24,999,975**	**61,234,824**	**17,434,374**	**11,721,036**	**27,304,019**	**56,459,429**
Financial liabilities								
Other payables	1,464,907	-	-	1,464,907	1,584,266	-	-	1,584,266
Non-life insurance contract liabilities	-	259,840	12,574,324	12,834,164	-	259,840	12,295,821	12,555,661
Life insurance contract liabilities	-	5,496,843	21,609,215	27,106,058	-	5,689,233	18,506,699	24,195,931
Total financial liabilities	1,464,907	5,756,683	34,183,539	41,405,129	1,584,266	5,949,073	30,802,520	38,335,858
Net liquidity (gap)	**23,986,229**	**5,027,030**	**-9,183,564**	**19,829,695**	**15,850,108**	**5,771,963**	**-3,498,501**	**18,123,571**

24. Insurance and financial risk(continued)

b. Financial risk (Continued)

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 group's market risk policy sets out the assessment and determination of what constitutes market risk for the group. Compliance with the policy is monitored and exposures and breaches are reported to the group 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 policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with their expectations.
- The group stipulates diversification benchmarks by type of instrument, as the group is exposed to guaranteed bonuses, cash and annuity options when interest rates fall.

In the unit–linked business, the policyholder bears the investment risk on the assets held in the unit–linked funds as the policy benefits are directly linked to the value of the assets in the fund. The group's exposure to market risk on this business is limited to the extent that income arising from asset management charges is based on the value of assets in the fund.

i. Currency risk

Currency risk is the risk that the fair value of future cash flows will fluctuate because of changes in foreign exchange rates. Sanlam Allianz Life Insurance Plc principal transactions are carried out in Rwandan Franc and its exposure to foreign exchange risk arise primarily with respect to US Dollar (USD).

The group's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities. This mitigates the foreign currency exchange rate risk for the overseas operations. Thus, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance contract liabilities are expected to be settled.

The company has no significant concentration of currency risk.

24. Insurance and financial risk(continued)

b) Financial risk (Continued)

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 Group'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 Group's management monitors the sensitivity of reported interest rate movement monthly by assessing the expected changes in the different portfolios due to a parallel movement of plus 5% in yield curves of financial assets and financial liabilities. The Group is not exposed to interest rate risk as all financial assets are at fixed interest rates.

Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

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

The Group has a defined investment policy which sets limits on the Group's exposure to equities both in aggregate terms and by industry. This policy of diversification is used to manage the Group's price risk arising from its investments in equity securities.

Investment management meetings are held monthly. At these meetings, senior managers meet to discuss investment return and concentration of the equity investments.

Equity investment through profit or loss represents 0% (2024: 0%) of total equity investments.

25. Fair value measurement (continued)

Valuation methods used in determining the fair value of assets and liabilities.

Instrument	Applicable level	Valuation methods	Inputs
Investment properties	3	Amortized cost & DCF	Average Market interest rates 17%
Unlisted equities	3	Net Asset Value	AFS
Financial assets at amortised cost -Government securities	2	Amortized cost	Yield curve
Financial assets at fair value through P&L -Government securities	1	Discounted cash flow model (DCF)	Yield curve
Other receivables	3	Amortized cost	Current unit price of underlying unlisted assets and interest rates.
Due from related parties	3	Amortized cost	Current unit price of underlying unlisted assets and interest rates
Deposits with financial institutions	2	Amortized cost	Current unit price of underlying unlisted assets and interest rates.
Cash and cash equivalents	2	Amortized cost	Current unit price of underlying unlisted assets and interest rates

26. Holding company

Sanlam Rwanda Ltd, the Company's holding company, holds 78,338% and Colina Holdings Limited owns 21,662% of the total issued ordinary share capital.

27. Events after reporting date

There are no events after the reporting date that would require adjustments to, or disclosure in, the financial statements.

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