Britam
With you every step of the way

BRITAM INSURANCE COMPANY (RWANDA) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

CERTIFIED AS TRUE COPY OF
THE ORIGINAL
KPMG
KPMG Rwanda.......

Table of contents

COMPANY OVERVIEW

Britam Insurance Company (Rwanda) Limited (the "Company") is a fully owned subsidiary of Britam Holdings Plc. It was registered in Rwanda in May 2013 and licensed to start its operations on 11 November 2013. It is registered to engage in non-life Insurance and activities auxiliary to insurance and financial services.

OUR VISION

To be the LEADING diversified financial services company in our chosen markets across Africa.

OUR MISSION

Providing you with financial security every step of the way.

OUR VALUES

- Respect
- Integrity
- Innovation
- Customer focus

OUTLOOK

Our rich heritage is the cornerstone of our future. We believe that our great past will lead us to a great future.

OUR BRAND POSITIONING

"With you every step of the way"

OUR OPERATING PRINCIPLES

Market leadership, Professionalism, Synergy, Operational excellence

CORPORATE INFORMATION

DIRECTORS

Molly Rwigamba**	Independent	Chairperson	Appointed on 31st August 2018
Manasse Twahirwa**	Independent	Non Executive Director	Appointed on 31st August 2018
Francis Mugisha**	Independent	Non Executive Director	Appointed on 13th December 2019
George Alande*	Independent	Non Executive Director	Appointed on 22nd October 2022
Sheila Kyarisiima **	Independent	Non Executive Director	Appointed on 12th April 2024
Juliette Umutoni**	Independent	Non Executive Director	Appointed on 12th April 2024

* Kenyan ** Rwandan

REGISTERED OFFICE

Britam Insurance Company (Rwanda) Limited
5th Floor, Kigali Investment Company (KIC)
P.O. Box 913
Kigali, Rwanda

AUDITOR

KPMG Rwanda Limited Certified Public Accountants
5th Floor, Grand Pension Plaza,
Boulevard de la Révolution
P.O. Box 6755
Kigali, Rwanda

BANKERS

Equity Bank Rwanda PLC
P.O. Box 494
Kigali, Rwanda

NCBA Rwanda PLC
P.O. Box 6774
Kigali, Rwanda

BPR Bank Rwanda PLC
P.O. Box 5612
Kigali, Rwanda

Access Bank Rwanda PLC
P.O. Box 354
Kigali, Rwanda

Bank of Kigali PLC
P.O. Box 175
Kigali, Rwanda

AB Bank Rwanda PLC
P.O Box 671
Kigali, Rwanda

I&M Bank Rwanda Plc
P.O. Box 354
Kigali, Rwanda

GT Bank Rwanda PLC
P.O. Box 354
Kigali, Rwanda

LAWYERS

FK- Advocates
No 533
Remera
Kigali, Rwanda

SECRETARY

Hilda M. Njeru
Britam Tower, upperhill
P.O. Box 30375-00100
Nairobi, Kenya

STATEMENT OF CORPORATE GOVERNANCE

Britam Insurance Company (Rwanda) Limited continues to fulfil its corporate governance obligations and responsibilities in the best interest of the Company and its clients. We are committed to the highest standards of corporate governance and business ethics and recognize that good corporate governance is key to the enhancement of our business performance. The Board of Directors seeks to discharge its duties and responsibilities in the best interest of the Company, its shareholders, customers, business partners and the wider community. Our corporate values and ethics are entrenched in our strategic and business objectives and are focused on transforming and accelerating growth in value for the benefit of all our stakeholders.

Board of Directors

The Board of Directors normally meets at least once every quarter and is chaired by an Independent non-executive Chairperson. The Board comprises a balance of executive and non-executive Directors each of whom brings a wide range of skills and experience, independent judgement and considerable knowledge to the Board's discussion.

The Board has a formal schedule of matters reserved for it. The Directors receive appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational, compliance and governance matters.

Ultimately, the Board determines the Company's strategic objectives, values, key policies and procedures in accordance with best practice. It is responsible for establishing and maintaining the overall internal controls for financial, operational and compliance functions as well as monitoring performance of the executive management.

The Board has delegated the authority for day-to-day management of the Company to the Chief Executive Officer and Principal Officer. However, it retains overall responsibility for the Company's financial performance, compliance with laws and regulations, and monitoring of its operations as well as ensuring competent management of the business.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Below are the profiles of the directors:

Ms. Molly Rwigamba (Non-Executive Director)

Ms. Rwigamba holds a master's in International Comparative law from Uppsala – Sweden and a Bachelor's Degree in law from the National University of Rwanda. She is a legal and Private Sector expert with over 20 years of experience. Ms. Rwigamba is the former CEO (Ag) of the Private Sector Federation in Rwanda and is currently the Managing Partner at RR Associates & Co Advocates, where she has worked on a number of projects as legal advisor and counsel. She has vast board experience having served on the boards of; the Capital Markets Authority as Vice-Chairperson, BPR as a board member, Work Force Development Authority as a member and Msingi E.A among others. Other than Britam She is currently the Vice Chairperson of the Rwanda Management Institute, Board member of Caterpillar GMBH (Rwanda) and TLS Contact.

Mr. Manasse Twahirwa (Non-Executive Director)

Mr. Twahirwa holds a master's degree in management sciences from the University of Quebec (Canada) and is a member of the UK Association of Chartered Certified Accountants – ACCA. He has more than 20 years' extensive experience in finance, internal and external auditing and in good governance. He previously worked as Government Chief Internal Auditor of Rwanda, has conducted many consultancy missions and has served as an independent consultant for Ernst and Young. Mr. Twahirwa is currently the Finance Director at a Pharmaceutical Group based in Kigali Rwanda.

Mr. Francis Mugisha (Non-Executive Director)

Mr. Mugisha is a Chartered Global Management Accountant, a Fellow - Chartered Institute of Management Accountants Mr. Mugisha is a Chartered Global Management Accountant (CGMA); a Fellow of the Chartered Institute of Management Accountants (FCMA); and a Fellow of the African Leadership Institute (ALI) / the Aspen Global Leadership Network (AGLN). He is a certified Balanced Scorecard Master Professional (BSMP), a Certified Chartered Director (CERT IoD, London), a PEFA (Public Expenditure Financial Accountability) and an INFF (Integrated National Financing Framework) consultant. He is a management consultant with over 20 years of experience across several sectors in Rwanda and the region – and practices under Cerrium Advisory (formerly MCA). Francis is the former CEO of Rwandair; has served as founding vice president and later president of ICPAR (Institute of Certified Public Accountants of Rwanda); led the board of the Rwanda Development Bank for two terms as Chairman; and was a member of the K-Lab Board. He currently serves on the board of the Horizon Group as the Vice Chairman and as a Board Member for the Rwanda Security Information Authority (RISA). Francis previously served on the second inaugural board of PAFA (Pan African Federation of Accountants).

Mr. George Alande (Non-Executive Director)

George Alande holds a Bachelor of Commerce degree, is a chartered insurer (ACII London) and is an associate of the Chartered Arbitrators (ACI Arb). He has rich and varied work experience of over 30 years in leadership positions in the insurance industry within East Africa. Prior to taking the mantle at Galande Consult as the Managing Partner, George served as the Managing Director of First Assurance Company, Kenya Limited which is part of Absa Insurance of South Africa. Before this, he served as Country Chief Executive office of The Jubilee Insurance Company of Tanzania Limited, where he led the company's General and Life Insurance segments.

George previously served as the Managing Director of Lion Assurance Company of Uganda And Deputy CEO for The Jubilee insurance company of Uganda for 8 years. He has also worked in various capacities earlier with Jubilee Group, both in Kenya and Uganda. He has also worked with ALICO (AIG) Kenya, and ICEA Insurance Company in Kenya among others.

He has also worked as a part-time lecturer at the College of Insurance, Nairobi, and as a trainer for the insurance fraternity in Uganda and Tanzania. At Galande Consult, George has been integral in setting up an insurance company in DRC Congo, consulted for a new intended insurance company incorporation in Tanzania, and as an ongoing consultancy, works on various projects of incorporation and licensing with companies from Oman and Egypt.

George is also involved in opening up markets within the region for various companies operating in the insurance space such as Smart Applications International Limited, and Fintech Company Ramani IO –Tanzania among others. He is currently consulting for Africa–Re for a Host agreement with one of the governments in East Africa for incorporation.

He is currently a board member of Britam insurance company of Rwanda and Tanzania, has been an Advisory board member of Vodacom Enterprise Business in Tanzania, and Chairman of Focus National Governing Council among others.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Ms. Sheila Kyarisiima (Non-Executive Director)

Ms Sheila holds a master's degree in business administration (MBA) from Harvard Business School, a Master of Public Administration (MPA) with a specialization in Development Economics and International Development, as well as a Bachelor of Science in Civil Engineering from Brown University.

She has experience spanning more than a decade, where she has showcased her adaptability by delving into diverse areas including finance and investment, development economics, and public policy. She presently holds the position of Partner at NISK Capital Limited, a prominent investment banking and advisory firm specializing in corporate finance and transaction advisory services within the East African market. The firm employs a sector-agnostic approach and has played a key role in transactions spanning various industries such as Healthcare, Manufacturing, Finance, Agro-processing, and Media and Telecommunications. In her role, she has overseen the successful fundraising of close to US $1 billion for a wide range of clients, including both established corporations and swiftly expanding SMEs across Kenya, Uganda, Tanzania, Rwanda, and the DRC.

Her professional journey encompasses tenures at renowned organizations such as Goldman Sachs, Ubuntu Capital, and the Rwanda Development Board. She currently serves as an Independent Non-Executive Director on the Board of Directors for CIB Bank Kenya Limited. She also chairs both the Board Credit Committee and the Board Audit Committee. She also serves as Presidential Appointee of the Kenya National Investment Council.

Ms. Juliette Umutoni (Non-Executive Director)

Ms Juliette holds a Bachelor of Business Administration (Marketing) from the School of Finance and Banking in Kigali, Rwanda, a Diploma in Travel and Tourism from the School of Airways, Tour, and Travel in Kampala, Uganda, and a Certificate in East Africa Customs and Freight Forwarding from the Rwanda Freight Forwarding Association.

She has over twenty-five years of expertise in international express transport and logistics management, with a focus in customer service, operations, sales, and business administration. Currently, serves as the Managing Director at Multilines International Rwanda Ltd.; a registered and licensed Customs Clearing Agency, Cargo Freight, and Transport Logistics Company. Established in Rwanda in 2009, Multilines International Rwanda collaborates with its Regional Group branches across Rwanda, Tanzania, Kenya, Uganda, Burundi, South Sudan, and DRC, alongside its strategic international network partners. In her capacity, she oversees diverse facets including Air freight, Sea freight, Road transportation, customs brokerage, storage, and removals.

Her professional journey encompasses tenures at organizations including DHL Express Rwanda Limited, and Agents of DHL Express in Rwanda, namely Gill Trading Limited, Speed Bird Limited, and Document Handling Limited. She currently serves as the Board Chairperson of Letshego Rwanda, and MAT – Abacus Business School Rwanda. Additionally, she holds the position of Vice Chairperson at RWAFFA (Rwanda Freight Forwarders Association) and serves as a board member of the Federation of East African Freight Forwarding Association (FEAFFA).

Ms Hilda Njeru (Company Secretary)

Hilda is a financial services executive with over 15 years' extensive experience in banking, capital markets, regulatory affairs and corporate governance leadership. Hilda holds a Master of Science degree in International Business Administration from the University of London, a Master of Laws degree, LL.M, and a Bachelor of Laws degree, LL.B, both from the University of Nairobi. Hilda is also a Certified Public Accountant, CPA(K), a Certified Secretary, CS (K), an accredited Governance Auditor and an Advocate of the High Court of Kenya. Hilda is a member of the Women on Boards Network

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Composition and Appointment

The Board of Directors consists of the Chairperson who is also an Independent Non-Executive Director and five Non-Executive Directors. The Board maintains effective control over strategic, financial operational and policy issues. The Board of Directors maintains an appropriate balance of skills, experience, independence and knowledge of the Company and its business to enable them discharge their respective duties and responsibilities effectively as well as being diverse on nationality, age, race and gender and each contributes independent judgment and knowledge to the Board discussions. On appointment, each Director is provided with a comprehensive and tailored induction process covering the Company's business and operations and provided with information relating to their legal and regulatory obligations.

Board changes

Mr Kennedy Aosa retired from the board in August 2024.

Mr Alex Kieme retired from the board in August 2024.

Ms Sheila Kyarisiima was appointed in the board from April 2024 and got regulatory approval in June 2024.

Ms Juliette Umutoni was appointed in the board from April 2024 and got regulatory approval in June 2024.

Board Meetings - Information for Directors

The Board deals with all significant matters including strategic direction for the Company; ensuring competent management of the business; internal control; compliance with laws and regulations and reporting performance to shareholders.

The Directors are given appropriate and timely information on key activities of the business regularly and on request in order to carry out their roles. Specifically, the Directors are provided with all available information in respect of items to be discussed at a meeting of the Board or committee prior to the meeting. The Board members have open access to management through the Chairperson, Chief Executive Officer and Company Secretary. Regular presentations are made by management to the Board Committee meetings and Directors may seek briefing from management or experts on specific matters.

Oversight Role of the Board

The Board provides strategic direction with a focus on consistent business performance in an atmosphere of transparency and accountability whilst also reviewing and monitoring proper corporate governance throughout the Company. The responsibilities of the Board are clearly spelt out in both the Articles of Association of the Company and the Board Charter. The Board defines the purpose of the Company, its strategic intent, objectives and its values. It ensures that procedures and practices are in place to protect the Company's assets and reputation. The Board retains full and effective control over the Company and monitors Management's implementation of the plans and strategies set by the Board; it ensures ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, corporate policies and procedures and the Code of Ethics. It strives to act above and beyond the minimum requirements and benchmark performance against best international practices.

In accordance with the principles of good corporate governance, each Director undertakes to always act in the best interest of the Company and exercise his/her power in the execution of duties in good faith and acts with care and prudence. Each Director is fully aware that the Board is responsible for determining the Company's vision, mission and values, deciding its strategic objectives, ensuring establishment of the organizational structure and procedures to achieve the objectives, ensuring effective control over the Company and accounting to its Shareholders.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Board Charter

The Board is guided by a Board Charter which documents the constitution, roles and responsibilities of the Board. Some of the provisions of the Board Charter are: The shareholders shall appoint the Board of Directors. The appointment shall be recommended by the Britam Holdings Nomination & Governance Committee and approved by the Board;

- The Board's primary responsibilities include determining the Company's purpose and value, providing governance, and adopting strategic plans;
- The number of Directors shall not be less than Five, and not more than Nine;
- Majority of the Directors shall be non-executive and a Third shall be Independent Non-Executive Directors.
- The Chairman of the Board shall always be an Independent Non-Executive Director;
- The Board shall appoint the Chief Executive Officer, who shall also be the Principal Officer of the Company;
- The roles of the Chairman and Chief Executive Officer shall be separate;
- The Board shall ensure that the Company complies with all relevant laws, regulations and codes of business practice, and that it communicates with its shareholders and relevant stakeholders (internal and external) openly and promptly;
- Meetings of the Board will be held as frequently as the Board considers appropriate, but not less than four times a year; and
- Board committees will assist the Board and its Directors in discharging their duties and responsibilities. However, the Board remains accountable

Separation of role of the Chairman from the Chief Executive

The roles of the Chairman and Chief Executive remain separate within the Company. The Chairman is responsible for managing the Board and providing leadership to the Company while the Chief Executive Officer is responsible to the Board for strategically overseeing and managing the business units in the Company in accordance with instructions given by the Board. The Chief Executive Officer directs the implementation of Board decisions and instructions and the general management of the business units with the assistance of the management teams.

Conflict of Interest

The Directors of the Company are under a fiduciary duty to act honestly and in the best interests of the Company. Any business transacted with Britam must be at arm's length and fully disclosed to the Board which must consider and approve it. A Director must refrain from discussion or voting on matters of potential conflict of interest.

Board Induction, Training and Evaluation

On appointment, each Director is provided with a comprehensive and tailored induction process covering the Company's business and operations and is provided with information relating to their legal and regulatory obligations. In pursuit of the objective promoting Board effectiveness, the Board undertook a self-evaluation exercise in 2023 facilitated by a consultant. The recommendations from this evaluation were implemented during the year.

Code of Business Conduct

The Board recognises that employees form an integral part of the internal control system of the corporate structure. Each year every employee commits to adhere to the code of business conduct by studying and keeping abreast of the Company's expectations regarding their duties and integrity as spelt out in the Code of Business Conduct. All employees execute a code of business conduct compliance statement in which the employee commits to pin point any violations of the code.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Committees of the Board

The Board is responsible for the management of the Company. It has delegated the oversight role to the following committees: Audit, Risk & Compliance Committee and Underwriting, Claims, Investments & Strategy Committee which have specific and detailed terms of reference as summarized below.

Audit, Risk & Compliance Committee

The Audit Risk and Compliance Committee meet at least Four times a year, with authority to convene additional meetings as circumstances require. Its primary responsibilities are to assist the Board in ensuring integrity of the Company's financial statements, review the Company's internal control systems, monitor and review the effectiveness of the internal audit function, make recommendations to the Board in relation to the appointment of the external auditor and ensuring the Company's compliance with legal and regulatory requirements.
In addition, the Committee assists the Board to discharge its duty to oversee, on an on-going basis the Risk Management Framework and monitor and report to the Board on the Company's compliance with policies, relevant laws and regulations and established risk limits. The committee is also responsible for reviewing the implementation and maintenance of appropriate systems, procedures and codes of conduct in accordance with the Company's policy guidelines regarding identification, analysis, mitigation and control risks. The Committee is comprised of a Non-Executive Chairman and Two other Non-Executive Directors.

The Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. The Committee may delegate authority to subcommittees, including the authority to pre-approve all auditing and permitted non-audit services provided that such decisions are presented to the full committee at its next scheduled meeting.
The Committee regularly reports to the Board about committee activities and issues that arise with respect to the quality or integrity of the Company's financial statements, performance and independence of the Company's independent auditors, and the performance of the internal audit function. The Company's Internal Audit Manager acts as the secretary of the committee and senior management regularly attend the committee meetings. The Committee is comprised of a Non-Executive Chairman who is also a member of the Institute of Certified Public Accountants of Rwanda and three other non-executive Directors.

Underwriting, Claims, Investments & Strategy Committee

The Underwriting, Claims, Investments & Strategy Committee meets at least Four times a year or at such other times as the Chairman of the Committee shall require. Its primary role is to determine the Company's investment strategy and policy and to consider the proposed strategic investments and make recommendation to the Board. It also maintains an interactive strategic planning, implementation and monitoring process with management. The committee also reviews the underwriting and claims guidelines that guides on boarding of risk. The Committee is comprised of an Independent Chairperson and four other Non-Executive Directors.

Remuneration of the Directors

In determining the remuneration of the Directors, the demands and requirements made of the Directors in relation to the Company's business are considered and are in line with remuneration of Directors in the insurance industry. Non-Executive Directors are paid Directors fees and sitting allowances for every Board and committee meeting attended. Non-Executive Directors are also given a medical cover but are not eligible for pension benefits and do not participate in any of the Company's compensation schemes. The emolument and fees paid to Directors are disclosed in note 36 to the financial statements.

Professional advice

In order to carry out its responsibilities in an independent and objective manner, the Board seeks professional counsel from among others;

Actuaries: Mr. Lance Moroney of QED Actuaries & Consultants (Mauritius) Limited acts as the insurance Company's statutory actuary responsible for independently examining the financial soundness of the Company. The actuary reports independently and directly to the Board.

Audit and Tax advisors: KPMG Rwanda are the Company's independent audit and tax advisors responsible for audit and income tax compliance functions. They liaise with management to ensure that the Company complies with all reporting standards, income tax laws and regulations.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Internal Controls

Internal control is broadly defined as a process, effected by an entity's Board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations, integrity and reliability of financial reporting and compliance with applicable laws and regulations.

Management has continued to ensure that the Company's internal control environment is robust through continuous assurance from the Internal Audit Department. The Department's independence is safe guarded by the fact that it functionally reports to the Audit Committee of the Board of Directors.

To enhance efficiency, the Internal Audit function has implemented an Enterprise Risk Management (ERM) Framework utilizing internal audit software in collaboration with the Risk Management function. This will ensure that Internal Audit reviews are risk based, in line with best practice.

Conduct of Business and Performance Reporting

The Company's business is conducted in accordance with a carefully formulated strategy, annual business plans and budgets which set out very clear objectives. A strategic plan is formulated every 5 years that guides business operations, investment and financial goals. Roles and responsibilities have been clearly defined with approved authority being delegated. Performance against the objectives is reviewed and discussed monthly and quarterly by the management teams in the Company.

Compliance with Laws

The Board is satisfied that the Company has, to the best of its knowledge, complied with all applicable laws and conducted its business affairs in accordance with the law.

To the knowledge of the Board, no Director, employee or agent of the Company acted or committed any indictable offence under the Anti-Corruption laws in conducting the business of the Company nor been involved or been used as conduit for money laundering or any other activity incompatible with the relevant laws. The Company Secretary is responsible for ensuring that all the Board procedures, corporate governance policies, rules and regulations are followed.

Company Secretary

All Directors have access to the services of the Company Secretary who is responsible for ensuring that meeting procedures are followed and plays an active role in the facilitation of the induction of new Directors and the improvement and monitoring of corporate governance processes.

Governance of IT

Information security governance is the responsibility of the Board of Directors and senior executives. It is an integral and transparent part of enterprise governance and is aligned with the IT governance framework. Whilst senior management have the responsibility to consider and respond to the concerns and sensitivities raised by information security, the Board of Directors has made information security an intrinsic part of governance; integrated with processes they already have in place to govern other critical organizational resources.

To exercise effective enterprise and information security governance, the Board and senior management have a clear understanding of what to expect from the enterprise's information security programme. They know how to direct the implementation of an information security programme, how to evaluate their own status with regard to the existing security programme and how to decide the strategy and objectives of an effective security programme.

Share Capital

The authorized and issued share capital of Britam General Insurance Company (Rwanda) Limited consists of only ordinary shares as disclosed on note 18 to the financial statements. The holders of the ordinary shares are entitled to attend the Annual General Meeting in person or through proxies.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Shareholders Rights
The rights and restrictions attaching to the shares are set out in the articles which can only be amended at the Annual General Meeting (AGM). All shareholders are entitled to receive the annual report and financial statements and such distributions from the Company as may lawfully be declared. All shareholders are entitled to attend, speak and vote at the AGM including the appointment of proxies. On a poll, shareholders are entitled to one vote for each share held. There are no shares carrying special rights.

SCHEDULE OF ATTENDANCE OF BOARD & COMMITTEE MEETINGS FOR THE YEAR ENDED 2024

	Main Board	Audit, Risk & Compliance	Underwriting, claims, Strategy & Investments	Total Board and Committees Meetings Attended	% Board Meeting Attendance
Meetings Held	**4**	**4**	**4**	**12**	
Ms. Molly Rwigamba*	4/4	n/a	4/4	8/8	100%
Mr. Manasse Twahirwa	4/4	3/4	n/a	7/8	88%
Mr.Francis Mugisha	4/4	4/4	n/a	8/8	100%
Mr.George Alande	4/4	4/4	4/4	16/16	100%
Ms Sheila Kyarisiima	2/4	2/4	n/a	4/8	50%
Ms Juliette Umutoni	2/4	n/a	2/4	4/8	50%

* Chairperson

ENTERPRISE RISK MANAGEMENT REPORT

Introduction

At Britam Rwanda, effective risk management is integral to our business strategy and operations. Our comprehensive risk management framework is designed to identify, assess, and mitigate risks that could impact our ability to achieve our strategic objectives. By proactively managing risks, we aim to protect our stakeholders' interests, ensure regulatory compliance, and maintain financial stability. This section provides an overview of our risk management practices, governance structure, and key risk indicators, highlighting our commitment to maintaining a robust and resilient organization.

The primary objectives of our risk management framework are to:

1. **Identify and Assess Risks**: Proactively identify and evaluate risks that could impact our business operations, financial performance, and strategic goals.
2. **Mitigate and Control Risks**: Implement effective risk mitigation strategies and controls to minimize the potential impact of identified risks.
3. **Enhance Decision-Making**: Provide a structured approach to risk management that supports informed decision-making and strategic planning.
4. **Ensure Regulatory Compliance**: Maintain compliance with all relevant regulatory requirements and industry standards to protect our reputation and avoid legal penalties.
5. **Protect Stakeholder Interests**: Safeguard the interests of our stakeholders, including policyholders, shareholders, employees, and partners, by maintaining a robust and resilient risk management framework.
6. **Promote a Risk-Aware Culture**: Foster a culture of risk awareness and accountability throughout the organization, ensuring that risk management is integrated into all business processes and decision-making.

Our Enterprise Risk Management Framework

Britam General Insurance Company (Rwanda) Limited's long-term resilience and stability are the goal of our risk management initiatives. We accept the risks that come with our primary insurance business. Even as we embrace these inherent risks, we strive to diversify them through our size, range of products and services offered, and sales channels.

We invest the premiums we receive from our customers to maximize risk-adjusted returns so that we can keep our promises to our consumers while also generating a profit for our shareholders.

Because of our responsibility to our customers and shareholders, we prefer to keep those risks that we believe we can manage to generate a return.

Our Risk Governance Structure.

Our risk governance structure enhances our ability to identify, assess, and mitigate risks proactively and promoting long-term sustainability. It also enhances a risk-aware culture, enabling informed strategic planning and compliance with regulatory requirements. The governance structure consists of the following:

1. **Board of Directors**
   The Board of Directors provides oversight and defines risk appetite, approves risk management policies, and monitors key business risks.
2. **Board Risk Committees**
   - **Board Audit Committee**: Provides independent oversight over financial reporting, risk management, internal controls, and compliance processes.
   - **Board Risk Management Committee**: Oversees the implementation of risk management framework and ensuring that risks are identified, assessed, mitigated, and monitored effectively.
3. **Executive Committee**
   Implements risk policies, allocate resources, and integrate risk into decision-making.
4. **Management Risk Committee**
   Ensures that risks are identified, assessed, mitigated, and monitored effectively in alignment with the policies and risk appetite set by the Board Risk Management Committee.
5. **Risk Management Team**
   Identifies and assesses risks, develops mitigation strategies, and monitors progress.

ENTERPRISE RISK MANAGEMENT REPORT (CONTINUED)

6. **Internal Audit**
   Provides independent assurance and advisory to improve the effectiveness of risk management, control, and governance processes.
7. **All Employees**
   Act as the first line of defense by complying with policies, reporting risks, and participating in risk and controls assessments.

Risk Management Policies

Our risk management policies are vital to systematically address the various risks that we face. We have implemented and adhere to these policies to create a robust risk management framework, ensuring compliance, protecting assets, and supporting the achievement of the set strategic objectives.

Below are the risk management policies that guide our operations.

- Enterprise Risk Management Policy
- Risk Appetite Framework
- Credit Risk Policy
- Insurance Risk Policy
- Market Risk Policy
- Liquidity Risk Policy
- Operational Risk Policy
- Fraud Risk Management Policy
- Anti-Bribery and Corruption Policy
- Environmental, Social, and Governance (ESG) Policy
- Anti-Money Laundering (AML), Counter Financing of Terrorism (CFT), and Counter Proliferation Financing (CPF) Policy
- Insider Trading Policy
- Whistleblowing Policy
- Code of Business Conduct Policy
- Cybersecurity Policy
- Model Risk Policy
- Business Continuity Management Policy
- Third Party Risk Policy
- Compliance Charter
- Data Protection Policy

Our Risk Preferences and Risk Appetite

At Britam Rwanda, our risk preferences are guided by our commitment to protecting the interests of our policyholders and shareholders while achieving sustainable growth.

Our risk appetite is aligned with our growth targets while ensuring the long-term sustainability of our operations. We have zero tolerance to fraud and compliance, low tolerance to operational risks, and manageable exposure to credit and market risk as we pursue opportunities for business growth.

We regularly assess our risk exposures and review our risk appetite statement annually to ensure it remains aligned with our strategic objectives and changing market conditions. The Board of Directors and the Risk Management Committee oversee this framework fostering a culture of accountability and transparency.

ENTERPRISE RISK MANAGEMENT REPORT (CONTINUED)

KEY CATEGORIES OF INHERENT RISK

Outlined below are the primary risks relevant to our business:

- **Insurance Risk** - Our core business focuses on underwriting and managing insurance risks, including expenses, catastrophes, and reserving. We take on general insurance risks selectively, ensuring they align with our expertise in underwriting and pricing. We prioritize well-understood, well-managed risks with a broad spread within the same category. Our approach includes rigorous underwriting, adequate pricing, effective claims management, profit testing, and strategic reinsurance to mitigate financial impacts and manage earnings volatility. This disciplined risk management ensures sustainable profitability and long-term value creation.

- **Strategic Risk** - The potential for loss or reputational damage arising from ineffective business strategies, improper implementation of business strategies, or a lack of responsiveness to changes in the business environment. It includes the risk that discretionary decisions are made that adversely affect future earnings and/or the sustainability of the business. We have put measures in place to mitigate these risks through regular strategy reviews, product diversification and investment in modern technology to enhance customer experience.

- **Credit Risk** - The potential for loss due to client premium default or counterparty default. We have frameworks in place that ensure that credit risk is well mitigated. There is a careful selection of investment assets, we regularly monitor counterparties' performance, and we also have a diversified panel of reinsurers.

- **Market Risk** - The risk that the financial assets held reduce in value below what the current value is. This risk impacts equities, bonds, property, and any foreign currency, denominated exposures, including liabilities. We actively seek market risks as part of our investment and product strategy. Our goal is to balance the pursuit of attractive returns with the preservation of capital, recognizing that a degree of market risk is inherent in achieving our objectives.

- **Liquidity Risk** - The risk of having insufficient stable or diverse sources of funding to meet Britam Rwanda's financial obligations as they fall due, without raising funds at unfavorable rates or resorting to distressed sale of assets. We prioritize the ability to withstand unexpected market disruptions and funding stress scenarios with minimal impact on our operations. We maintain a conservative approach to liquidity risk management, ensuring that we hold sufficient liquid assets to meet our short-term and long-term financial obligations without relying on external sources of funds.

- **Operational Risk** -The risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events including legal risks. Our commitment to operational resilience, safety, and the preservation of our brand is of paramount importance. We have implemented new systems to enhance automation and reduce human errors. We have embedded internal controls into our processes and ensure regular audits are undertaken to independently validate. Business continuity and disaster recovery programs are in place to ensure business resilience.

- **Fraud Risk** - Potential for loss or reputational damage due to the intentional acts, misstatements, or omissions, including a misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation. We are committed to maintaining the highest standards of integrity and trust within our organization. We have a zero-tolerance policy for internal fraud, emphasizing the need to prevent and mitigate fraudulent activities by employees and insiders. We have implemented fraud analytics to flag suspicious activities and conduct trainings to raise fraud awareness.

- **Compliance and Regulatory Risk** - The potential for penalties, loss of earnings, negative impact to business activities, adverse impact to customers and other stakeholders, or regulatory relationships through failure on our part to comply with laws or regulations. Our primary objective is to operate within the bounds of all laws, regulations, and internal policies that govern our operations. We have established a robust compliance framework and regularly train our staff on regulatory obligations and changes.

- **Conduct Risk** - Risk of detriment to Britam Rwanda or its customers, investors, shareholders and other stakeholders from inappropriate actions or decisions taken by the organisation or its employees. Our primary objective is to ensure that our staff's behaviour consistently aligns with the highest ethical and professional standards. We place the highest importance on ethical behaviour, integrity, and the treatment of our customers, clients, and stakeholders with the utmost respect and fairness. We enforce ethical practices through training and enforcement of Code of Conduct & Conflict of Interest Policy.

ENTERPRISE RISK MANAGEMENT REPORT (CONTINUED)

KEY CATEGORIES OF INHERENT RISK (CONTINUED)

- **Reputational Risk -** The potential that negative perceptions on the part of customers, counterparties, investors, regulators and other stakeholder, whether justified or not, regarding Britam's General Insurance business practices, actions, or inactions, will adversely affect our ability to maintain existing, or establish new business relationships and continued access to sources of funding leading to a decline in the institution's value, brand, liquidity, or customer base. Our primary objective is to safeguard and enhance our reputation through ethical conduct and responsible business practices. We ensure there is transparent communication with our stakeholders and quick resolution of customer grievances.

- **Sustainability Risk -** Sustainability risk refers to the potential adverse impacts on Britam Rwanda's financial performance, reputation, or operations arising from environmental, social, or governance (ESG) factors. These risks are associated with the long-term viability and resilience of the business in the face of challenges related to sustainability. Our sustainability risk preference reflects our unwavering commitment to maintaining a low tolerance for sustainability-related risks, with the goal of ensuring our organization's sustainability, positive societal contribution, and ethical responsibility.

- **Technology & Information Security Risk-** Technology risk refers to failure of Britam Rwanda's technology to deliver the expected services due to inadequate or deficient systems/process developments and performance or inadequate resilience. Information security risks relate to the loss of confidentiality, integrity, or availability of information, data, or information (or control) systems and reflect the potential adverse impacts to organizational operations, assets, and individuals. Our primary objective is to protect sensitive information, maintain the integrity of our systems, and safeguard the trust of our stakeholders. We have put in place strong cybersecurity measures, including encryption and firewalls. We contact regular penetration testing and vulnerability assessments and have disaster recovery plans for IT systems.

- **Model Risk -** The potential for adverse consequences including financial loss, poor business and strategic decision-making, or damage to Britam's General Insurance reputation arising from decisions based on incorrect or misused model outputs and reports. Our model risk preference reflects our commitment to maintaining a low tolerance for model-related risks, with the goal of ensuring that our models are reliable, accurate, and fit for their intended purposes. We conduct regular independent models' validation and updating of assumptions.

INTERNAL CONTROLS ENVIRONMENT

Our internal control environment is a critical component of our governance framework. It ensures the integrity of financial reporting, compliance with regulatory requirements, and effective risk management. Our internal control system is designed to provide reasonable assurance that operational, financial, and compliance objectives are achieved. Our leadership has set a strong tone at the top promoting a culture of integrity, transparency, and accountability. Control activities are embedded in our processes to mitigate identified risks. We maintain robust information systems to ensure the accuracy and timeliness of financial and operational data. We conduct comprehensive evaluations of the internal control environment through audits and periodic reviews by our risk management and compliance department.

RISK MONITORING AND REPORTING

Our risk monitoring framework and risk reporting process ensures that we have timely insights into risk exposures and that accurate and relevant information is communicated to stakeholders at the appropriate levels of the organization. Monitoring entails frequent monitoring of key risk indicators, regular risk assessments and comprehensive scenario analysis and stress testing. Reporting is done to the Management Risk Committee, Executive Management, and the Board of Directors. Our internal risk report focuses on risk exposures, trends, and mitigation activities. Externally, we submit compliance disclosures in line with regulatory requirements to Bank of Rwanda and other government bodies. We also provide disclosures in the annual financial report, including updates on material risks and the effectiveness of risk management practices to investors and stakeholders. We have an automated risk monitoring and reporting system that has improved efficiency in risk management.

ENTERPRISE RISK MANAGEMENT REPORT (CONTINUED)

STRESS TESTING AND SCENARIO ANALYSIS

Stress testing and scenario analysis are key components of our risk management framework. These tools help evaluate our resilience to adverse events and identify potential vulnerabilities. We conduct stress tests and scenario analyses on capital adequacy, liquidity resilience and operational preparedness. The insights gained from these exercises inform strategic decision-making and enhance our preparedness for extreme conditions. The tests are designed to simulate worst-case scenarios, such as market risk shocks, macroeconomic scenarios, Industry-specific scenarios, catastrophic events, and emerging risks. Mitigation controls are identified, implemented, and monitored to ensure that we are ring-fenced against the impact from the shocks and scenarios.

REGULATORY COMPLIANCE

Our business adheres to applicable laws, regulations, and industry standards, covering licensing, Data Protection and Privacy Laws, Anti-Money Laundering Laws, Employment Laws, Competition Laws, Anti Bribery and Corruption Laws, and local investment requirements. These regulations can impact profitability and growth by increasing compliance costs, restricting our operations, or exposing us to regulatory actions.

To mitigate these risks, we closely monitor regulatory developments, proactively scan global trends, and invest in strong compliance systems. We foster a culture of compliance through regular training, timely program updates, and adherence to regulatory ratios and limits. Additionally, we maintain strict data protection measures to safeguard confidential information, preventing legal liability and reputational risks.

Our regulatory compliance framework, governed by the Risk Governance Structure, ensures alignment with solvency, licensing, AML/CTF, consumer protection, taxation, and labor laws. No material breaches were identified, and minor issues were promptly addressed with corrective actions. We continue to enhance compliance monitoring tools, strengthen regulatory engagement, and increase awareness to encourage proactive reporting of potential compliance violations.

OUTLOOK

Britam Rwanda remains committed to continuously strengthening its risk management framework to address evolving risks, regulatory requirements, and stakeholder expectations. Our focus will be on enhancing risk analytics through advanced data analytics and artificial intelligence tools, as well as achieving full automation of risk management processes using our existing system.

We will prioritize strengthening Environmental, Social, and Governance (ESG) risk management to align with global reporting standards while also enhancing cybersecurity measures to mitigate emerging threats, including AI-related risks. Additionally, we will continue fostering a strong risk-aware culture through targeted training programs and leadership workshops, ensuring that risk management remains a core part of our business strategy.

Through these initiatives, we aim to enhance resilience, improve regulatory compliance, and drive sustainable growth in an increasingly complex risk environment.

REPORT OF THE CONSULTING ACTUARY

I, Maximilian Popescu, of QED Actuaries & Consultants (Mauritius) Limited, GF004 1827 Building, Vivea Business Park, Moka, Mauritius, being an Actuary duly qualified in terms of and having conducted an investigation in terms of Sections 57 and 58 of that Act, do hereby certify as under:-

That in my opinion the value placed upon the aggregate liabilities relating to the General Insurance and Medical Insurance business represent a best estimate of claims and administration expenses relating to unexpired risk or unsettled claims, as the case may be;

a) That necessary steps as required under Section 58(5)(a) were taken i.e. to ensure that any sum representing expenses of organisation or extension, or the purchase of business or goodwill or other intangible assets, is allocated and is deducted from the surplus disclosed in the financial result of the Company or appropriately added to the deficiency disclosed, as the case may be; and
b) That I am satisfied that the values of assets adopted by me are on the basis of the auditor's certificates appended to the balance sheet.

MaxPopescu

Maximilian Popescu

Consulting Actuary

Fellow of the Actuarial Society of South Africa

25 March 2025

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2024

The directors submit their report together with the financial statements for the year ended 31 December 2024 which disclose the state of affairs of the company.

PRINCIPAL ACTIVITIES

The company is licensed to engage in non-life Insurance and activities auxiliary to insurance and financial services. The company underwrites all classes of non-life insurance.

RESULTS AND DIVIDEND

The profit for the year is FRW 857 million (2023: FRW 373 million) which has been transferred to accumulated losses. The directors do not recommend the payment of a dividend for the year.

STATUTORY REQUIREMENTS

Share Capital

Under Article 17 of the Regulation No. 05/2009 on Licensing Requirements and Other Requirements for Carrying out Insurance Business, the Company is required to have a minimum paid up share capital of FRW 3 billion.

The current paid up capital is FRW 6.64 billion (2023: FRW 6.64 billion).

Solvency Margins

Under Article 18, the Company is required to keep at all times an excess of its admitted assets over the aggregate value of its admitted liabilities of FRW 500 million, or 20% of its gross premium less reinsurance ceded during the last previous year, whichever is greater. A licensed insurer shall not distribute dividends if the solvency margin requirement is not complied with.

As at 31 December 2024 the Company is solvent at 145% (2023: 118%) with shareholders' equity of FRW 5 billion (2023: FRW 4 billion).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks, including underwriting risk, credit risk, debt, foreign currency exchange rates and interest rates. The Company's overall risk management programme focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance.

The Company's risk management policies include the use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing and acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place, which help manage liquidity, and seek to maximize return within an acceptable level of interest rate risk.

DIRECTORS

The directors who held office during the year and up to date of this report are shown on page 3.

AUDITOR

The auditor, KPMG Rwanda Limited, was appointed in accordance with Regulation N°14/2017 of 23/11/2017 on accreditation requirements and other conditions for external auditors for financial institutions.

By order of the Board

Director.
Signed at Kigali

……… March 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2024

The company's directors are responsible for the preparation and fair presentation of the financial statements of Britam Insurance Company (Rwanda) Limited, as set out from page 24 to 88 which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include material accounting policies in accordance with IFRS Accounting Standards and in the manner required by Law No. 007/2021 of 05/02/2021 Governing Companies (The Rwandan companies Act) as amended by Law No 019/2023 of 30/03/2023.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe that the company will not be a going concern for at least the next twelve months from the date of this statement.

The independent auditor is responsible for reporting on whether, based on their audit, the annual financial statements give a true and fair view in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by Law No. 007/2021 of 05/02/2021 Governing Companies (The Rwandan companies Act) as amended by Law No 019/2023 of 30/03/2023.

Approval of the financial statements

The financial statements on pages 24 to 88 were approved and authorised for issue by the Board of Directors on 27 March 2025.

Chief executive officer

Director

27 March 2025

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KPMG Rwanda Limited
Certified Public Accountants
5th Floor, Grand Pension Plaza
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Kigali, Rwanda

Telephone +250 788 175 700/ +250 252 579 790
Email: info.rw@kpmg.com
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Independent auditor's report

To the shareholders of Britam Insurance Company (Rwanda) Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Britam Insurance Company (Rwanda) Limited (the Company) set out on pages 24 to 88, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cashflows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), and in the manner required by Law No. 007/2021 of 05/02/2021 Governing Companies (The Rwandan companies Act) as amended by Law No 019/2023 of 30/03/2023.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* and we have fulfilled our other ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional 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 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report

To the shareholders of Britam Insurance Company (Rwanda) Limited (Continued)

Report on the audit of the financial statements

Key audit matter	How the matter was addressed in our audit
Valuation of Insurance Contract Liabilities	
Refer to notes 3(a), 4(iv), 21 and 24 of the financial statements	
As at 31 December 2024, the Company had insurance contract liabilities of Frw 7.512 billion (2023:Frw 4.97 billion) as a result of its insurance operations. The insurance contract liabilities are composed of two components i.e. the liability for incurred claims and the liability for remaining coverage. The Valuation of the Liability for Remaining Coverage is a key audit matter due to the complexity of the actuarial methodology and assumptions used to model separate components of the liability, which result in inherent estimation uncertainty. The valuation of the Liability for Incurred Claims is a key audit matter as it is highly judgemental and requires assumptions to be made with inherent estimation uncertainty. These assumptions have significant impacts on the valuation. This complexity requires us to exercise judgement when evaluating the methodology and assumptions adopted by the Company. The most significant assumptions made in the valuation of policy liability balances arising from the Company's insurance contracts relate to: • Discount rates; • Expected claims incurred arising from future coverage • Risk adjustment for non-financial risk • The uncertainty in the timing of claim payments and recoveries • Past claims experience being an appropriate predictor of future experience The assumptions used have a significant impact on the financial performance of the Company.	Our procedures over the insurance contract liabilities included the following: • We tested the design and implementation and operating effectiveness of key controls designed and operated by the Company over the valuation of the insurance contract liabilities. • Using our actuarial expertise, we assessed the valuation methodology and assumptions for compliance against the approved Company accounting policy in accordance with IFRS 17. • We challenged key assumptions used to determine insurance policy liability balances. Our challenge focused on the assumptions applied to claims data and future cashflows and included: - Evaluating historical actual versus expected claims experience in relation to the number of delinquencies and the severity assumptions, together with the timing of claims payments and recoveries using historical data. - Assessing the consistency of information, such as claims experience and trends within the Company by benchmarking the risk adjustment adopted by Britam with that of others in the industry and consistency with the risk adjustment adopted at the previous year-end. - Evaluating the impact of more recent claims experience on expected cashflows, including impacts from the current economic environment We evaluated the adequacy of the financial statements disclosures including the disclosures on key assumptions, judgements and sensitivities in accordance with IFRS 17.

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Independent Auditor's Report

To the shareholders of Britam Insurance Company (Rwanda) Limited (Continued)

Report on the audit of the financial statements (Continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in *Britam Insurance Company (Rwanda) Limited Annual Report and Financial Statements for the year ended 31 December 2024 but* does not include the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Directors' responsibilities for the financial statements

The Directors are responsible for the preparation and fair presentation of financial statements in accordance with IFRS Accounting Standards and in the manner required by Law No. 007/2021 of 05/02/2021 Governing Companies (The Rwandan companies Act) as amended by Law No 019/2023 of 30/03/2023 and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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Independent Auditor's Report

To the shareholders of Britam Insurance Company (Rwanda) Limited (Continued)

Report on the audit of the financial statements (Continued)

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Law No. 007/2021 of 05/02/2021 Governing Companies (The Rwandan companies Act) as amended by Law No 019/2023 of 30/03/2023, we report to you, solely based on our audit of the financial statements, that:

— We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;

— Proper accounting records have been kept by the company, so far as appears from our examination;

— We have no relationship, interest or debt with Britam Insurance Company Rwanda Limited. As indicated in our report on the financial statements, we comply with ethical requirements. These are the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* which includes comprehensive independence and other requirements.

— We have reported internal control matters together with our recommendations to management in a separate management letter.

— According to the best of the information and the explanations given to us as the auditor, as shown by the accounting and other documents of the company, the annual accounts 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.

The engagement partner on the audit resulting in this independent auditor's report is CPA Wilson Kaindi [PC/CPA/0642/0123].

Kaindi

KPMG Rwanda Limited
Certified Public Accountants
P. O. Box 6755
Kigali, Rwanda

KPMG KPMG Rwanda Ltd
28 MAR 2025
P.O.B... RWANDA
TEL: +250 788 175 700 / +250 252 579 790

Date: 28 March **2025**

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BRITAM INSURANCE COMPANY (RWANDA) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 FRW'000	2023 FRW'000
Insurance revenue	7	8,374,026	6,301,333
Insurance service expense	8	(7,633,014)	(4,899,125)
Net expenses from reinsurance contracts	9	428,544	(1,071,941)
Insurance service result		**1,169,556**	**330,267**
Interest income calculated using the effective interest method	10	846,113	641,885
Net impairment loss on financial assets	5(iii)	(13,215)	(51,694)
Investment return		**832,898**	**590,191**
Net finance expenses from insurance contracts	11	(171,060)	(134,521)
Net finance income from reinsurance contracts	12	78,797	58,578
Net Financial result		**(92,263)**	**(75,943)**
Net insurance and investment result		**1,910,191**	**844,515**
Other income	13	306,396	211,944
Finance costs	27	(35,749)	(43,360)
Other operating expenses	14	(980,121)	(373,910)
Profit before income tax		**1,200,717**	**639,189**
Income tax expense	15(i)	(342,916)	(266,226)
Profit for the year		**857,801**	**372,963**
Other comprehensive income		-	-
Total comprehensive income for the year		**857,801**	**372,963**

The notes set out from page 24 to 88 form an integral part of these financial statements.

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	Notes	31 Dec 2024 FRW'000	31 Dec 2023 FRW'000
CAPITAL EMPLOYED			
Share capital	16	6,544,443	6,544,443
Statutory reserves	16	99,998	99,998
Retained earnings		(1,839,709)	(2,697,510)
Shareholders' funds		**4,804,732**	**3,946,931**
REPRESENTED BY			
Assets			
Cash and bank balances	23	780,348	791,083
Deposits with financial institutions	23	3,190,659	3,070,363
Government securities at amortised cost	20	6,459,944	4,226,889
Other receivables	22	49,109	45,828
Current tax recoverable	15(ii)	81,464	52,646
Reinsurance contract assets	21	3,512,237	1,647,918
Right of use assets	27(i)	162,282	221,293
Property and equipment	17	82,365	95,262
Intangible assets	18	115,817	202,248
Deferred income tax	19	199,717	128,981
Total assets		**14,633,942**	**10,482,511**
Liabilities			
Other payables	25	2,028,728	1,228,238
Lease liabilities	27	191,056	241,975
Insurance contract liabilities	24	7,511,794	4,967,735
Due to related parties	26(i)	97,632	97,632
Total liabilities		**9,829,210**	**6,535,580**
Net assets		**4,804,732**	**3,946,931**

The financial statements on pages 24 to 88 were approved and authorised for issue by the board of directors on 27 March 2025

Chief Executive Officer

Director

The notes set out from page 28 to 88 form an integral part of these financial statements.

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	Notes	Share capital FRW'000	Retained earnings FRW'000	Statutory reserves FRW'000	Total equity FRW'000
As at 1 January 2023		**6,544,443**	**(3,070,473)**	**99,998**	**3,573,968**
Total comprehensive income for the year		-	372,963	-	372,963
As at 31 December 2023		**6,544,443**	**(2,697,510)**	**99,998**	**3,946,931**
Profit for the year		-	857,801	-	857,801
Other comprehensive income net of taxes		-	-	-	-
As at 31 December 2024		**6,544,443**	**(1,839,709)**	**99,998**	**4,804,732**

The notes set out from page 28 to 88 form an integral part of these financial statements.

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BRITAM INSURANCE COMPANY (RWANDA) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 FRW'000	2023 FRW'000
Operating activities			
Cash generated from operations	28	**2,890,793**	**1,939,897**
Income tax paid	15(ii)	(442,470)	(112,787)
Net cash generated from operating activities		**2,448,323**	**1,827,110**
Investing activities			
Purchase of property and equipment	17	(19,039)	(33,701)
Disposal proceeds of PPE	13	-	25,100
Purchase of intangible assets	18	-	(13,019)
Purchase of government securities held at amortised cost	20	(2,389,265)	(917,575)
Maturities of government securities held at amortised cost	20	156,210	27,315
Purchase of fixed deposits	23	(120,296)	(104,054)
Net cash used in investing activities		**(2,372,390)**	**(1,015,934)**
Cash flows from financing activities			
Repayment of principal portion of lease liability	27(i)	(86,668)	(86,668)
Net cash used in financing activities		**(86,668)**	**(86,668)**
Net (decrease)/increase in cash and cash equivalents		(10,735)	724,508
Cash & Cash Equivalents At start of year		791,083	66,575
Cash & Cash Equivalents At end of year	**23**	**780,348**	**791,083**

The notes set out from page 28 to 88 form an integral part of these financial statements.

1 General Information

1.1 Reporting entity

Britam Insurance Company (Rwanda) Limited is incorporated in Rwanda as a private limited liability company and is domiciled in Rwanda. The company is licensed to engage in non-life Insurance and activities auxiliary to insurance and financial services. The company underwrites all classes of non-life insurance.

1.2 Basis of accounting

The financial statements of Britam Insurance Company (Rwanda) Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB) and in the manner required by of Law No. 007/2021 of 05/02/2021 Governing Companies (The Rwandan companies Act) as amended by Law No 019/2023 of 30/03/2023.

1.3 Functional and presentation currency

These financial statements are presented in Rwandan Francs (Frw), which is also the functional currency and presentation currency, and all values are rounded to the nearest thousand (Frw'000) except where otherwise stated.

1.4 Going concern

The financial statements have been prepared on the assumption that the Company will continue operating as a going concern. The directors have considered the following matters relating to the use of the going concern basis in preparation of the financial statements.

1.5 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFR Accounting Standards) and in the manner required by of Law No. 007/2021 of 05/02/2021 Governing Companies (The Rwandan companies Act) as amended by Law No 019/2023 of 30/03/2023 and Regulation N° 30 /2019 of 16/12/2019 on publication of financial statements and other disclosures by insurers. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2. CHANGES IN MATERIAL ACCOUNTING POLICIES

i) New and revised IFRS that are effective for the year ended 31 December 2024

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

New standard and/ or amendments	Details of the amendments	Assessment of the impact on the company financial statements
Non-current Liabilities with covenants – Amendments to IAS 1 and classification of liabilities as current or non-current – amendments to IAS 1	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	No impact to the financial statements.
Amendment to IFRS 16, 'Leases' - sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	No impact to the financial statements.
Amendments to Supplier Finance Arrangements (IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure')	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	No impact to the financial statements.

2. CHANGES IN MATERIAL ACCOUNTING POLICIES (CONTINUED)

ii) New and revised IFRS that are not mandatorily effective (but allow early application) for the year ended 31 December 2024

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

New standard and/ or amendments	Effective date	Details of the amendments	Assessment of the impact on the Company financial statements
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	The Company anticipates no impact to its financial statements.
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	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). .	The company is still assessing the impact of the standard on its financial statements.

2. CHANGES IN MATERIAL ACCOUNTING POLICIES (CONTINUED)

ii) New and revised IFRS that are not mandatorily effective (but allow early application) for the year ended 31 December 2024 (continued)

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

IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027	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'.	The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs.
IFRS 19, 'Subsidiaries without Public Accountability'	Annual periods beginning on or after 1 January 2027	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.	The company does not anticipate any impact.

2. CHANGES IN MATERIAL ACCOUNTING POLICIES (CONTINUED)

ii) New and revised IFRS that are not mandatorily effective (but allow early application) for the year ended 31 December 2024 (continued)

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

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information		• IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. • In the first annual reporting period in which an entity applies IFRS S1, the entity is permitted to disclose information on only climate-related risks and opportunities (in accordance with IFRS S2). • No comparatives are required in the first year of application of IFRS S1 and IFRS S2. However, an entity must apply both together. There is an option of separating and disclosing the related financial statements and the sustainability related financial disclosures	As at 31 December 2024, the local regulator, National Bank of Rwanda (BNR) had issued guidelines with roadmap on adoption phases of IFRS Sustainability Disclosure Standards and full implementation of the guideline is 2027.
IFRS S2 Climate-related Disclosures		IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. These are climate related risks and opportunities that could reasonably be expected to affect the entity's prospects. IFRS S2 applies to: • Climate-related risks to which the entity is exposed, which are climate-related physical risks and climate-related transition risks. Climate-related opportunities available to the entity.	As at 31 December 2024, the local regulator, National Bank of Rwanda (BNR) had issued guidelines with roadmap on adoption phases of IFRS Sustainability Disclosure Standards and full implementation of the guideline is 2027.

3. MATERIAL ACCOUNTING POLICIES

(A) IFRS 17, INSURANCE CONTRACTS

Insurance contracts and reinsurance contracts

(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 groups 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 Contractual Service Margin (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.

Insurance finance income and expenses are presented separately from insurance revenue and insurance service expenses. The Company applies the Premium Allocation Approach (PAA) to simplify the measurement of non-life contracts, except for groups of acquired contracts that do not qualify for the PAA. When measuring liabilities or remaining coverage, the PAA is similar to the Company's previous accounting treatment. 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. Previously, all acquisition costs were recognized and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognized as separate assets and are tested or recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognized once the related contracts have been recognized. Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

(ii) Classification

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

Insurance contracts may be issued, and reinsurance contracts may be initiated by the Company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Company, unless otherwise stated.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(iii) Separating components from insurance and reinsurance contracts

At inception, the Company separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments.

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- distinct investment components: i.e., investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Company separates any promises to transfer to policyholders' distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e., not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

(iv) Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e., by year of issue) and each annual cohort into three groups based on the 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 recognized from the earliest of:

- the beginning of its coverage period (i.e., the period during which the Company provides services in respect of any 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 received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

An insurance contract acquired in a transfer of contracts, or a business combination is recognized on the date of acquisition. When the contract is recognized, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(v) Reinsurance contracts

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

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

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

(vi) Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort. 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. 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.

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.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognized as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognized under a standard other than IFRS 17. Such an asset is recognized for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognized, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

When the Company acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognizes an asset for insurance acquisition cash flows at fair value for the rights to obtain:

- renewals of contracts recognized 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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(vii) Recoverability assessment

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Company:

a. recognizes an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and

b. if the asset relates to future renewals, recognizes an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognized as an impairment loss under (a).

The Company reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

(viii) 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:

   i the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and

   ii the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

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.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Company's substantive rights and obligations and, therefore, may change over time.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Measurement - Contracts measured under the PAA

For the non-life insurance contracts, the Company uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception.

- Insurance contracts: The coverage period of each contract in the group is one year or less.
- Loss-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching reinsurance contracts: The Company reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies under General Measurement Approach. When comparing the different possible measurements, the Company considers the impact of the different release patterns of the asset for remaining coverage to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.

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 recognized for cash flows related to the group (including assets for insurance acquisition cash flows under (vi)). 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 amortization of insurance acquisition cash flows recognized as expenses and decreased by the amount recognized 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 recognizes 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 recognizes 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.

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 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.

Derecognition and contract modification

The Company derecognizes a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognizes 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 recognized. 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 derecognizes 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 recognized. 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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(ix) Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognized 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 recognized in the statement of profit or loss into

(a) an insurance service result, comprising insurance revenue and insurance service expenses; and
(b) insurance finance income or expenses.

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

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 recognized as follows.

Insurance revenue – 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 insurance contracts: the expected timing of incurred insurance service expenses; and
- other contracts: the passage of time.

Insurance revenue is recognized on assumption of risks and includes estimates of premiums due but not yet received less unearned premium. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the financial reporting date and is computed using the 1/365 method. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense. Premiums collected by intermediaries, but not yet received are assessed based on estimates from underwriting or past experience and are included in premiums written. Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date.

Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognized in profit or loss generally as they are incurred. They comprise the following items.

- Incurred claims and other insurance service expenses.
- 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 recognizes an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. The allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

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

- 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).

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(B) INCOME

(i) Fee income

Fee income consists primarily of fund administration fees arising from services rendered in relation to the issue and management of medical outpatient fund schemes. Fees are recognised in the accounting period in which the services are rendered and are presented in the statement of profit or loss within 'other income'.

(ii) Interest income

Interest income for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, is recognized when earned and presented within 'interest and dividend income in profit or loss. When an investment is impaired, the Company reduces the carrying amount to its recoverable amount, this 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) Dividend income

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

(iv) Realised/Unrealised gains and losses

Realised/unrealised gains and losses recorded in the statement of profit or loss on investments include gains and losses on financial assets as well as gains or losses from lease modifications. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original cost and are recorded on the sale transaction.

(C) PROPERTY AND EQUIPMENT

All categories of property and equipment are initially recorded at cost and subsequently stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives as follows: -

Leasehold improvements	10 years
Motor vehicles	5 years
Computer equipment	5 years
Furniture, fixtures, and fittings	5 years

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

The gains and losses on disposal of property and equipment are determined by comparing the sales proceeds with the carrying amount of the asset and are included in the profit or loss for the year. Derecognition of an asset may occur due to removal from the asset register occasioned by donations, sale, obsolescence or write off.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(D) INTANGIBLE ASSETS

The Company's intangible assets relate to computer software. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of seven years. Development Costs that are directly associated with identifiable and unique software products that will generate economic benefits beyond one year, are recognised as intangible assets if:-

- 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 use or sell it are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs that have been expensed are not recognised as an asset in a subsequent period. Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding seven years). Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Intangible assets amortization starts when the asset becomes available for use. This is when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Work in progress items are not amortized.

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

Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. Other development expenditure that do not meet these criteria are recognised as an expense as incurred. Development costs that have been expensed are not recognised as an asset in a subsequent period. Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding seven years). Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Intangible assets amortization starts when the asset becomes available for use. This is when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Work in progress items are not amortized.

(E) FINANCIAL INSTRUMENTS

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

(i) Classification of financial assets

The Company's financial assets are classified and measured as follows; at amortised cost and at fair value through profit or loss. The classification of the assets in the two categories is based on; the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(E) FINANCIAL INSTRUMENTS (Continued)

a) Classification of financial assets at amortised cost

The Company measures a financial asset at amortised cost if both of the following conditions are met;

- The financial asset is held within the Company with an objective to collect contractual cash flows; and
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company holds the following assets at amortised cost; part of its government securities portfolio, due from related companies, other receivables, deposits with financial institutions and cash and bank balances.

b) Classification of financial assets at fair value through profit or loss

The Company measures financial assets at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. However, the Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

The Company may at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Company does not holds any part of its assets portfolio at fair value through profit and loss at the moment.

(ii) Recognition and measurement

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

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) transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss.

Equity instruments

The Company subsequently measures all equity investments at fair value through profit or loss. Dividends from such investments continue to be recognized in profit or loss as long as they represent a return on investment.

Debt instruments

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

Classification and subsequent measurement of debt instruments depends on:

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(E) FINANCIAL INSTRUMENTS (Continued)

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

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

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

(iii) Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, receivables arising out of direct insurance arrangements and receivables arising out of reinsurance arrangements. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are not measured at Fair Value Through Profit or Loss (FVTPL):

- Government securities at amortized cost;
- Cash at bank;
- Deposits from financial institutions;
- Receivables from related parties; and
- Other receivables.

No impairment loss is recognised on equity investments and financial assets measured at FVPL.

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(E) FINANCIAL INSTRUMENTS (Continued)

(iii) Impairment of financial assets (Continued)

The Company measures ECL on an individual basis, or on a collective basis for class of assets that share similar economic risk characteristics.

(a) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from various sources of information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable, supportable information that shows otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(E) FINANCIAL INSTRUMENTS (Continued)

(iii) Impairment of financial assets (Continued)

(a) Definition of default

Critical to the determination of Expected Credit Losses (ECL) is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- The debt is for a third party that has no existing business relationship;
- The debtor is unlikely to pay its obligations to the Company in full;
- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the debtor is unlikely to pay its obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 365 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(b) Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (b) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(E) FINANCIAL INSTRUMENTS (Continued)

(iii) Impairment of financial assets (Continued)

Measurement and recognition of expected credit losses

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

- The general approach
- The simplified approach

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

Financial asset	Impairment approach
Government securities at amortised cost	General approach
Receivables arising out of direct insurance and reinsurance arrangements	General approach
Other receivables	Simplified approach
Receivables from related parties	General approach
Deposits with financial institutions	General approach
Cash and bank balances	General approach

The General Approach

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

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

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

The Simplified approach

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(E) FINANCIAL INSTRUMENTS (Continued)

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right of set-off must be available today (e.g. not contingent on any future event) and be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy.

(F) 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 indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(G) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and bank balances, demand deposits held at call with banks, other short-term highly liquid investments.

(H) RELATED PARTIES

The Company discloses the nature, volume and amounts outstanding at the end of each financial year from transactions with related parties, which include transactions with the Directors, executive officers and related companies. The related party transactions are at arm's length.

(I) EMPLOYEE BENEFITS

(i) Incentive Bonus

Staffs are entitled to a bonus which is based on present performance parameters on an annual basis. The full cost of the bonus is expensed in the year in which it is earned.

(ii) Other entitlements

Employee entitlements to long service awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the financial reporting date. The estimated monetary liability for employees' accrued annual leave entitlement at the financial reporting date is recognised as an expense accrual.

(J) DIVIDENDS

Dividends payable are recognised as a liability in the year in which they are declared. Dividends for the year that are approved after the reporting date are dealt with as a non-adjusting event after the reporting date.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(K) SHARE CAPITAL

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

(L) INCOME TAX

The tax expense for the period comprises current tax and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

(i) 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 relevant tax legislation. The current income tax charge is calculated on the basis of the tax rates enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets attributable to tax losses 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. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(M) 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.

(N) LEASES

Leases under which the Company is the 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. 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.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases under which the Company is the lessee (Continued)

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, 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 were 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.

Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the lease period. Prepaid operating lease rentals are recognised as assets and are subsequently amortised over the lease period.

(O) COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to changes of presentation in the current year. There were no adjustments done during this year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING 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.

(a) Accounting estimates and judgements

The critical estimates and judgements made in applying the Company's accounting policies are listed below:

(i) Property, equipment and intangible assets

Critical estimates are made by management in determining depreciation rates as well as useful lives for property, equipment and intangible assets.

(ii) Lease term in lease contracts

Critical estimates are made by management in determining lease terms in lease contracts. Specifically, in determining which leases will be extended and renewed on expiry of the non-cancellable lease term.

(iii) Measurement of expected credit losses on financial assets

The recognition of expected credit losses involves assumptions about the probability, amount and timing of an outflow of resources embodying economic benefits. An allowance is recognized to the extent that an outflow of resources of economic benefits is probable and reliably estimated.

Significant increase of credit risk: ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

Establishing groups of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Company monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk.

Models and carrying value for the assets measured at amortized cost: The Company uses various models and assumptions in measuring fair value and carrying value of financial assets as well as in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

Key sources of estimation uncertainty: The following are key estimations that the Directors have used in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario:

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES(CONTINUED)

(iii) Measurement of expected credit losses on financial assets (Continued)

- When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.
- **Probability of default**: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.
- **Loss Given Default:** LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that are expected to be received, taking into account cash flows from collateral and integral credit enhancements.

(iv) 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 a large number of 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES (CONTINUED)

Estimates of future cash flows (Continued)

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.

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 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.

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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES (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

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).

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk, separately for the non-life and other contracts, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

The risk adjustments for non-financial risk are determined using the following technique:

- non-life contracts: a confidence level technique;

  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 75th percentile (the target confidence level) over the expected present value of the future cash flows.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES (CONTINUED)

Determination of coverage units

The Company determines the quantity of the benefits provided under each contract as follows.

a) Product Basis for determining quantity of benefits provided
- Non-life contracts acquired in their claims – Expected amount of claims to be settled in each settlement period
- Quota share reinsurance – The same basis as the underlying contracts, including expected new business within the reinsurance contract boundary.
- Excess of loss and stop loss reinsurance – Expected amount of underlying claims to be covered in each period

5. RISK GOVERNANCE AND RISK MANAGEMENT SYSTEM

Risk management objectives

Risk management is a central part of the Company's strategic management process hence the Directors continuously seek to enhance the risk management capabilities of the Company. It is anticipated that our risk management practices will increase the probability of success, and reduce both the potential of failure and the uncertainty associated with achieving the Company's overall objectives.

The objectives of the Company's risk management activities are to achieve sustained competitive advantage via a risk management system that is fully aligned to the Company values, strategic business initiatives and processes.

At a strategic level, our risk management objectives are to:

- Identify the Company's significant risks in relation to the corporate strategies pursued;
- Formulate the Company's risk appetite and ensure that business profile and plans are consistent with it;
- Optimise risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures;
- Ensure that business growth plans are properly supported by effective risk infrastructure;
- Manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions; and
- Help executives improve the control and co-ordination of risk taking across the business.

Our risk management strategy defines the extent of the risks we are prepared to incur for our clients and shareholders. The development of our risk strategy is embedded in the annual planning cycle and hence in our business strategy. That is, Integrating Strategy, Risk and Performance management takes place at strategy setting, first with a full Executive management consensus on clearly defined business objectives. Once Executive management have defined the objectives, they then identify the key risks that may present an opportunity to pursue those business objectives, or impede their ability to achieve them.

Organizational structure

To ensure that our risk management operates efficiently and effectively, we have established a specific risk management function within the Company. Our Risk Management function supervises risk management with the support of Group risk function.

The Company risk function is headed by the Risk & Compliance director, who is supported by interdisciplinary teams of highly qualified staff. The Company's activities expose it to a variety of risks, including insurance risk and financial risk. The Company's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits,

5. RISK GOVERNANCE AND RISK MANAGEMENT SYSTEM (CONTINUED)

Organizational structure (Continued)

reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk. Management Framework ensure that staff in our risk management structure and the Company as a whole are kept informed of our risk strategy, organisation and processes, enabling the risks incurred to be actively controlled.

Risk Management Framework

In order to achieve its mission and objectives, the Company has developed an Enterprise Risk management (ERM) framework to provide a guide within which key risks affecting the Company are identified, measured and managed. This risk management framework also provides management with proven risk management guidelines that support their decision-making responsibilities and processes, together with managing the risks that impact on the objectives of the Company. At the heart of the risk management framework is a governance process with clear responsibilities for taking, managing, monitoring and reporting risks.

The Company articulates the roles and responsibilities for risk management throughout the organization, from the Board of Directors and the Chief Executive Officer (CEO) to its businesses and functional areas, thus embedding risk management in the business. The Britam Risk Management Framework is the Company's main risk governance document; it specifies the Company's Target Risk Management Operating Model including Risk management authorities and responsibilities, procedures and reporting requirements. The risk management framework also classifies the risks the Company faces into broad risk categories. The Company regularly enhances the ERM Framework to reflect new insights and changes in the Company's environment. One of the key elements of the Company's risk management framework is to foster risk transparency by establishing risk reporting standards throughout the Company.

The Company regularly reports on its risk profile, current risk issues, adherence to its risk policies and improvement actions. The Company has procedures in place for the timely referral of risk issues to senior management and the Board of Directors. The implementation of the framework is driven by a risk management culture and awareness that permeates throughout the Company and is supported by a set of policies and procedures, tools and a robust reporting mechanism.The Company continues to consciously take risks for which it expects an adequate return. This approach requires sound judgment and an acceptance that certain risks can and will materialize in the future.

Financial and Business Specific Risks

The section below summarises the significant risks faced by the Company and how they are managed.

(i) Insurance risk

Insurance risk includes:

Underwriting risk: the risk that the actual experience relating to property damage, theft, mortality, accidents, disability and medical risks will deviate negatively from the expected experience used in the pricing of solutions and valuation of insurance liabilities.

Renewal Retention risk: the risk of financial loss due to policy non-renewal.

Expense risk: the risk of loss due to actual expense experience being worse than that assumed in premium rates and the valuation of insurance liabilities.

5. RISK GOVERNANCE AND RISK MANAGEMENT SYSTEM (CONTINUED)

Concentration risk: the risk of financial loss due to having written large proportions of business with policyholders of the same/similar risk profile.

The following tables disclose the concentration of insurance risk by the class of business in which the contract holder operates and by the maximum insured loss limit included in the terms of the policy. The amounts are the maximum insured loss limit of the insurance liabilities (gross and net of reinsurance) arising from insurance contracts.

			Maximum insured loss			2024	2023
	Class of business	Frw Millions	0 – 15 Frw'000	15 - 250 Frw'000	Over 250 Frw'000	Total Frw'000	Total Frw'000
General Insurance business – Sum assured	Motor	Gross	542,513	34,880,726	21,186,505	56,609,744	56,079,003
		Net	186,210	19,348,850	21,186,505	40,721,565	49,342,644
	Fire	Gross	1,710,896	45,964,011	754,641,165	802,316,072	495,093,139
		Net	1,710,896	44,688,365	87,061,011	133,460,272	147,996,294
	Personal accident	Gross	145,804	1,707,775	10,996,905	12,850,484	24,278,840
		Net	124,804	686,868	900,000	1,711,672	9,067,114
	Other	Gross	3,291,166	52,725,277	642,115,434	698,131,877	191,370,850
		Net	1,540,950	29,668,627	90,699,209	121,908,786	47,093,456
		Gross	**5,690,379**	**135,277,789**	**1,428,940,009**	**1,569,908,177**	**766,821,832**
Total		**Net**	**3,562,860**	**94,392,710**	**199,846,725**	**297,802,295**	**253,499,508**

(ii) Market risk

a) Cash flow and interest rate risk

The Company's interest-bearing assets which include related company balances, government securities and fixed deposits with financial institutions are all at fixed rate.

The Company manages its cash flow interest rate risk by ensuring that only minimum amounts necessary for running the business operations are kept as cash and bank balances. There is no impact on the profit or loss since all interest-bearing securities are at a fixed rate.

The impact on financial assets, net of financial liabilities, of a 5% increase or decrease in interest rates would be as follows:

At 31 December 2024 if interest rates were to increase by 5% with all other variables held constant the profit before tax would be more by Frw 364 million (2023: Frw 145 million) and equity would be more by Frw 253 million (2023: Frw 101 million) with other components of equity remaining the same.

Conversely, if interest rates were to decrease by 5%, with all other variables held constant, the profit before tax would have been Frw 364 million lesser (2023: Frw 145 million) and equity would be lesser by Frw 253 million (2023: Frw 101 million) with other components of equity remaining the same

5. RISK GOVERNANCE AND RISK MANAGEMENT SYSTEM (CONTINUED)

(ii) Market risk (Continued)

The table below summarizes the exposure to interest rate risks. All figures are in thousands of shillings. Included in the table are the company's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

As at 31 December 2024	0 to 3 months FRW '000	3 to 6 months FRW '000	6 to 12 months FRW '000	1 to 5 years FRW '000	Over 5 years FRW '000	Non-interest bearing FRW' 000	Total FRW '000
Financial Assets							
Cash and bank balances	-	-	-	-	-	780,348	780,348
Deposits with financial institutions	1,772,721	456,657	961,281	-	-	-	3,190,659
Government securities at amortised cost	-	1,324,508	159,923	4,975,513	-	-	6,459,944
Other receivables	-	-	-	-	-	49,109	49,109
Total financial assets	**1,772,721**	**1,781,165**	**1,121,204**	**4,975,513**	**-**	**829,457**	**10,480,060**
Financial Liabilities							
Other payables	-	-	-	-	-	2,028,727	2,028,727
Lease liabilities	9,317	19,145	25,777	136,817	-	-	191,056
Due to related parties	-	-	-	-	-	97,632	97,632
Total-Financial Liabilities	**9,317**	**19,145**	**25,777**	**136,817**	**-**	**2,126,359**	**2,317,415**
Net interest sensitivity gap	**1,763,404**	**1,762,020**	**1,086,427**	**4,838,696**	**-**	**(1,296,902)**	**8,153,645**

5. RISK GOVERNANCE AND RISK MANAGEMENT SYSTEM (CONTINUED)

(ii) Market risk (Continued)

As at 31 December 2023	0 to 3 months FRW '000	3 to 6 months FRW '000	6 to 12 months FRW '000	1 to 5 years FRW '000	Over 5 years FRW '000	Non-interest bearing Ushs' 000 FRW' 000	Total FRW '000
Financial Assets							
Cash and bank balances	-	-	-	-	-	791,083	791,083
Deposits with financial institutions	1,705,885	448,101	916,377	-	-	-	3,070,363
Government securities at amortised cost	-	866,656	104,641	3,255,592	-	-	4,226,889
Other receivables	-	-	-	-	-	45,828	45,828
Total financial assets	**1,705,885**	**1,314,757**	**1,021,018**	**3,255,592**	**-**	**836,911**	**8,134,163**
Financial Liabilities							
Other payables	-	-	-	-	-	1,228,240	1,228,240
Lease liabilities	14,753	19,671	29,506	178,045	-	-	241,975
Due to related parties	-	-	-	-	-	97,632	97,632
Total Financial Liabilities	**14,753**	**19,671**	**29,506**	**178,045**	**-**	**1,325,872**	**1,567,847**
Net interest sensitivity gap	**1,691,132**	**1,295,086**	**991,512**	**3,077,547**	**-**	**(488,961)**	**6,566,316**

5. RISK GOVERNANCE AND RISK MANAGEMENT SYSTEM (CONTINUED)

(b) Foreign exchange risk

The Company undertakes certain transactions denominated in foreign currencies. Exchange rate exposures are managed within policy guidelines. The carrying amounts of the Company's foreign currency denominated monetary assets at the end of 31 December 2024 was USD 80,764 held in a USD account (2023: USD 5,319). The closing exchange rate as at 31 December 2024 was USD 1,382 (2023: USD 1,264).

As at 31 December, if the foreign exchange rates on assets and liabilities had been increased or decreased by 10%, with all other variables held constant, pre and post-tax profit for the year would have as follows:

	2024	2023
	FRW'000	FRW'000
Effect on profit	11,162	672
Effect on equity	7,823	471

(iii) Credit risk

The Company takes on exposure to credit risk, which is the risk that a counter party will cause a financial loss to the Company by failing to pay amounts in full when due. Credit risk is a key risk for the business. Management therefore carefully manages the exposure to credit risk by:

- Developing and maintaining processes for measuring ECL including monitoring of credit risk, incorporation of forward looking information and the method used to measure ECL.
- Ensuring that the Company has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Establishing a sound credit risk accounting, assessment and measurement process that provide it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL.

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or groups of borrowers. Such risks are monitored on a continuous basis and subject to annual or more frequent review. Actual exposures against limits are monitored regularly. Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate.

The credit quality of financial assets is assessed by reference to external credit ratings if available or internally generated information about counterparty default rates. The Company classifies counterparties without an external credit rating as below:

- Group 1 - new customers/related parties.
- Group 2 - existing customers/related parties with no defaults in the past.
- Group 3 - existing customers/related parties with some defaults in the past.

5. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (continued)

Maximum exposure to credit risk before collateral held or provisions for impairment

Assets	External credit rating	Internal Credit rating	2024	2023
			FRW'000	FRW'000
Government securities held at amortised cost	-	-	6,459,944	4,227,024
Reinsurance assets	-	-	3,512,237	1,648,000
Other receivables (excluding prepayments)	-	Group 2 & 3	49,109	76,908
Deposits with financial institutions	-	Group 2 & 3	3,190,659	3,071,048
Cash and bank balances (excluding cash in hand)	-	Group 2	780,348	791,333
Total			13,992,297	9,814,313

The table below shows the reconciliation of the impairment on the financial assets is detailed below

Assets	Internal Credit rating	2024	2023
		FRW'000	FRW'000
Reinsurance receivables	-	-	(45,763)
Premium receivables	-	-	2,173
Other receivables (excluding prepayments)	Group 2 & 3	13,215	2,778
Software assets	Group 2 & 3	-	92,506
Total		13,215	51,694

There were no significant changes in the gross carrying amount of financial instruments during the period that contributed to changes in the loss allowance.

Significant increase in credit risk

The Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.The Company analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include qualitative and quantitative reasonable and supportable forward looking information as shown in the table below. The Company generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Company then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs

The Company uses different criteria to determine whether credit risk has increased significantly per portfolio of assets. The criteria used are both quantitative changes in PDs as well as qualitative. The table below summarizes per type of asset the range above which an increase in credit quality is determined to be significant, as well as some indicative qualitative indicators assessed.

5. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Asset class	Drivers of change in credit quality	Qualitative indicators assessed
Cash at bank and deposits with financial institutions	Downgrade to tier 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 etc.
Other Receivables	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.
Staff/ Non Staff Loans/ Due from related parties	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 Company 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.

Incorporation of forward-looking information

The Company uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Company uses external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities. The Company applies probabilities to the forecast scenarios identified. The base case scenario is the single most-likely outcome.

Measurement of Expected Credit Losses (ECL)

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

5. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (continued)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that are expected to be received, taking into account cash flows from any collateral. The LGD models for secured assets consider collateral valuation.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, The Company's modeling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the exposure that are permitted by the current contractual terms. The Company uses EAD models that reflect the characteristics of the portfolios.

The Company measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice.

The measurement of ECL is based on probability weighted average credit loss. As a result, the measurement of the loss allowance should be the same regardless of whether it is measured on an individual basis or a collective basis (although measurement on a collective basis is more practical for large portfolios of items). In relation to the assessment of whether there has been a significant increase in credit risk it can be necessary to perform the assessment on a collective basis as noted below.

Groupings based on shared risks characteristics

When ECL are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, such as asset type or Intermediary or both. The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

Stages of credit quality and expected credit loss measurement

The Company evaluates financial instruments based on their credit characteristics and assesses any changes in credit risk since origination before grouping them into stages. The groupings are reviewed and updated on a regular basis. The table below shows the staging criteria applied across financial assets.

Stage 1	**Stage 2**	**Stage 3**
Performing	Underperforming	Non-Performing
No significant change in credit risk since initial recognition.	Significant increase in Credit risk since initiation. No objective evidence of impairment	Financial instruments that have deteriorated significantly in credit quality since initial recognition. Credit impairment evident

Credit risk profile based on provision matrix

(a) Other Receivables

	2024	2023
	FRW '000	FRW '000
Total Other receivables	**93,378**	**76,908**
Less: Loss Allowance	(44,269)	(31,080)
Net carrying amount (Note 21)	**49,109**	**45,828**

No collateral is held in respect of the receivables that are past due but not impaired.

5. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (continued)

The company uses the simplified approach with regard to impairment of other receivables. Where applicable, to a reasonable extent management will factor in qualitative information and judgement when applying these estimates.

(b) Deposits with Financial Institutions

	2024	2023
	FRW'000	FRW'000
Total deposits with financial institutions	**3,191,332**	**3,071,048**
Less: Loss Allowance	(673)	(685)
Net carrying amount(Note 22)	**3,190,659**	**3,070,363**

Expected credit losses are computed based on an internal credit rating score dependent on the tier of the bank. Default rates are adjusted for capital adequacy and Liquidity scores. Where applicable, to a reasonable extent management will factor in qualitative information and judgement when applying these estimates.

(c) Cash and bank balances

	2024	2023
	FRW'000	FRW'000
Total cash and bank balances	**780,577**	**791,333**
Less: Loss Allowance	(229)	(250)
Net carrying amount (Note 22)	**780,348**	**791,083**

Expected credit losses are computed based on an internal credit rating score dependent on bank tier. Default rates are adjusted for capital adequacy and Liquidity scores. Management will factor in qualitative information and judgement when applying these estimates.

(d) Government Securities at amortised cost

	2024	2023
	FRW'000	FRW'000
Total government securities at amortized cost	**6,460,140**	**4,227,024**
Less: Loss Allowance	(196)	(135)
Net carrying amount (Note 19)	**6,459,944**	**4,226,889**

(e) Reinsurance receivables

	2024	2023
	FRW'000	FRW'000
Total reinsurance receivables	**54,855**	**158,543**
Less: Loss Allowance	(46,439)	(39,457)
Net carrying amount	**8,416**	**119,086**

5. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Credit risk (continued)

(f) Premium receivables

The following table shows the gross amounts of premium receivables that are neither past due nor impaired, the ageing of premium receivables that are past due but not impaired and those that are impaired.

	Neither past due nor impaired	Past due but not impaired	Impaired	Provision	Net
	0-90 days	91-180 days	Over 180 days		
	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000
At 31 December 2024	921,147	236,143	247,772	(368,191)	1,036,871
At 31 December 2023	497,616	119,777	60,839	(183,613)	494,619

(iv) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities as they fall due. The Company is exposed to daily calls on its available cash resources from maturing policies, claims and calls on cash settled contingencies. The Finance and Investments functions monitor liquidity on a daily basis.

The company manages liquidity risk by;

- Maintaining an optimum level of liquid assets
- Proper management of the company to avoid reputation risk and a run-on deposit.
- Diversification of sources of deposits and having appropriate mix in different maturity profiles.
- Monitoring and reporting on liquidity risk on a monthly basis by the Investments committee.
- Monitoring liquidity ratios and maturity mismatches of assets and liabilities.
- Carrying out stress testing of the company`s liquidity position

The table below includes financial assets and financial liabilities according to their contractual maturity and insurance contract liabilities according to their expected maturities.

5. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Liquidity risk (Continued)

At 31 December 2024

Financial instruments

At 31 December 2024	0 - 3	3-6	6-12	1-5	Over 5	Contractual	Carrying
	months	Months	Months	Years	Years	amount	amount
Financial assets	FRW'000	FRW '000	FRW '000	FRW '000	FRW '000	FRW '000	FRW '000
Cash and bank balances	780,577	-	-	-	-	**780,577**	**780,348**
Deposits with financial institutions	1,772,721	456,657	961,954	-	-	**3,091,332**	**3,190,659**
Government securities at amortised cost	-	1,324,508	159,923	4,975,513	-	**6,460,140**	**6,459,944**
Other receivables	55,235	12,435	25,707	-	-	**93,378**	**49,109**
Total financial assets	**2,608,533**	**1,793,600**	**1,147,584**	**4,975,513**		**10,425,427**	**10,480,060**
Financial Liabilities							
Due to related parties	-	-	-	97,632	-	**97,632**	**97,632**
Other payables	1,400,618	202,236	269,647	156,226	-	**2,028,727**	**2,028,727**
Lease liabilities	9,775	20,778	46,959	136,816	-	**214,328**	**191,055**
Total financial liabilities	**1,410,393**	**223,014**	**316,606**	**293,042**	**-**	**2,243,055**	**2,317,414**
Net liquidity gap	**1,198,140**	**1,570,586**	**830,978**	**4,682,471**	**-**	**8,182,372**	**8,162,646**

Insurance and reinsurance contracts

At 31 December 2024	0 - 3	3-6	6-12	1-5	Over 5	Contractual	Carrying
	months	Months	Months	Years	Years	amount	amount
	FRW'000	FRW '000	FRW '000	FRW '000	FRW '000	FRW '000	FRW '000
Reinsurance contract assets	842,937	1,545,384	842,937	280,979	-	**3,512,237**	**3,512,237**
Insurance contract liabilities	(1,802,831)	(3,305,190)	(1,802,831)	(600,944)	-	**(7,511,794)**	**(7,511,794)**
Net liquidity gap	**(959,894)**	**(1,759,805)**	**(959,894)**	**(319,965)**	**-**	**(3,999,557)**	**(3,999,557)**

5. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iv) Liquidity risk (Continued)

At 31 December 2023

Financial instruments

At 31 December 2023	0 - 3	3-6	6-12	1-5	Over 5	Contractual	Carrying
	months	Months	Months	Years	Years	amount	amount
Financial assets	FRW'000	FRW '000	FRW '000	FRW '000	FRW '000	FRW '000	FRW '000
Cash and bank balances	791,333	-	-	-	-	**791,333**	**791,083**
Deposits with financial institutions	1,705,885	448,101	917,062	-	-	**3,071,048**	**3,070,363**
Government securities at amortised cost	-	866,791	104,641	3,255,592	-	**4,227,024**	**4,226,889**
Other receivables	45,493	10,242	21,173	-	-	**76,908**	**45,828**
Total financial assets	**2,542,711**	**1,325,134**	**1,042,876**	**3,255,592**	**-**	**8,166,313**	**8,134,163**
Financial Liabilities							
Due to related parties	-	-	-	97,632	-	**97,632**	**97,632**
Other payables	886,790	128,044	170,725	42,681	-	**1,228,240**	**1,228,240**
Lease liabilities	21,667	21,667	43,334	238,338	-	**325,006**	**241,975**
Total financial liabilities	**908,457**	**149,711**	**214,059**	**378,651**	**-**	**1,650,878**	**1,567,847**
Net Liquidity gap	**1,634,254**	**1,175,423**	**828,817**	**2,876,941**	**-**	**6,515,435**	**6,566,316**

Insurance and reinsurance contracts

At 31 December 2023	0 - 3	3-6	6-12	1-5	Over 5	Contractual	Carrying
	months	Months	Months	Years	Years	amount	amount
	FRW'000	FRW '000	FRW '000	FRW '000	FRW '000	FRW '000	FRW '000
Reinsurance contract assets	402,638	722,407	399,668	123,205	-	**1,647,918**	**1,647,918**
Insurance contract liabilities	(2,040,438)	(1,465,925)	(1,141,351)	(320,021)	-	**(4,967,735)**	**(4,967,735)**
Net liquidity gap	**(1,637,800)**	**(743,518)**	**(741,683)**	**(196,816)**	**-**	**(3,319,817)**	**(3,319,817)**

5. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(v) Capital management

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the statement of financial position, are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong capital base to support the development of its business;
- to provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk; and
- to comply with the capital requirements set by the National Bank of Rwanda Regulation No 05 of 2009.

Capital adequacy and use of regulatory capital are monitored regularly by management. The capital requirement for insurance companies in Rwanda is FRW 3.0 billion and the paid up share capital and funds awaiting allotment as at 31 December 2024 was FRW 6.64 billion (2023 – FRW 6.64 billion).

The table below summarises the regulatory Risk based capital requirements maintained by the company

Tier 1 Capital	4,960,042,475
Tier 2 Capital	-
Deductions	604,450,581
Capital Available	4,355,591,894
Market Risk	245,002,424
Credit Risk	1,166,514,646
Insurance Risk	1,276,400,318
Operational Risk	256,625,353
Concentration Risk	-
RBC Capital Required	2,944,542,740
Absolute Capital Required	3,000,000,000
Volume of Business Capital Required	771,158,763
Minimum Capital Required	3,000,000,000
Capital Adequacy Ratio	**145%**

6. Fair value estimation

The Company adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Financial assets such as government securities, staff loans, other receivables, deposits with financial institutions and cash at bank are carried at amortised cost. Financial liabilities such as payables from reinsurance liabilities, lease liabilities, other payables and payables to related parties are carried at amortised cost.

6. Fair value estimation (Continued)

The financial instruments of the company are recognized at amortised cost. The following table analyses financial instruments not measured at fair value at the reporting date by the level in the fair value hierarchy into which each fair value measurement is categorised.

		Fair value measurement using		
As at 31 December 2024	**Carrying amount**	**Quoted prices in active markets**	**Significant observable inputs**	**Significant unobservable inputs**
		(Level 1)	(Level 2)	(Level 3)
Assets:	**FRW '000**	**FRW'000**	**FRW '000**	**FRW '000**
Government securities	6,459,944	-	6,460,140	-

		Fair value measurement using		
As at 31 December 2023	**Carrying amount**	**Quoted prices in active markets**	**Significant observable inputs**	**Significant unobservable inputs**
		(Level 1)	(Level 2)	(Level 3)
Assets:	**FRW '000**	**FRW'000**	**FRW '000**	**FRW '000**
Government securities	4,226,889	-	4,571,098	-

Government bonds – Government bonds are bonds issued by National Bank of Rwanda with fixed interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 2 classification.

Other financial assets and liabilities

Management assessed that the fair values of cash and bank, receivables, payables, short-term deposits with financial institutions and investments in treasury bills approximate their carrying amounts largely due to the short-term nature of these instruments.

7. Insurance revenue

The Insurance revenue of the Company from short term insurance business is as shown below:

	2024 FRW'000	2023 FRW'000
Insurance Revenue from contracts measured under the PAA		
- Engineering	712,534	580,298
- Fire	1,394,192	1,201,785
- Marine	85,249	94,047
- Motor	2,403,212	1,603,508
- Personal accident and medical	2,613,449	1,963,626
- Theft	223,024	155,115
- Liability	239,998	208,255
- Others	702,368	494,699
Total insurance revenue	**8,374,026**	**6,301,333**

8. Insurance Service expenses

2024	Eng	Fire	Motor	Medical	Others	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Incurred Insurance Services claims	33,734	2,134,511	479,370	671,266	87,784	3,406,665
Incurred Insurance Directly & Other indirectly attributable expenses	176,604	309,809	595,647	593,019	364,713	2,039,792
Incurred Insurance Other movements related to current service	(4,766)	405,615	(53,745)	19,129	(7,427)	358,806
Insurance acquisition cash flows amortization	123,280	221,911	281,428	212,044	133,575	972,238
Changes that relate to past service – Estimates in LIC fulfilment cash flows	24,452	202,495	157,811	557	1,771	387,086
Changes that relate to past service – Experience adjustments in claims and other insurance service expenses in LIC	(96,855)	(116,724)	161,316	727,494	(27,210)	648,021
Changes that relate to future service – Losses for the net outflow recognized on initial recognition	-	-	-	59,773	-	59,773
Changes that relate to future service – Losses and reversal of losses on onerous contracts - subsequent measurement	(947)	(355)	(31,098)	(206,967)	-	(239,367)
Total	**255,502**	**3,157,262**	**1,590,729**	**2,076,315**	**553,206**	**7,633,014**

8. Insurance Service expenses (Continued)

2023	Eng	Fire	Motor	Medical	Others	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Incurred Insurance Services claims	66,612	115,050	293,657	186,548	132,849	794,716
Incurred Insurance Directly & Other indirectly attributable expenses	191,828	397,273	530,070	598,096	322,398	2,039,665
Incurred Insurance Other movements related to current service	(6,188)	(7,425)	(49,001)	(8,604)	(6,258)	(77,476)
Insurance acquisition cash flows amortization	100,712	192,822	177,632	162,294	128,823	762,283
Changes that relate to past service – Estimates in Liability for incurred claims (LIC) fulfilment cash flows	70,459	182,156	351,040	1,319	57,267	662,241
Changes that relate to past service – Experience adjustments in claims and other insurance service expenses in Liability for incurred claims (LIC)	17,523	65,483	(14,677)	444,751	(96,787)	416,293
Changes that relate to future service – Losses for the net outflow recognized on initial recognition	-	3,027	233,950	46,096	-	283,073
Changes that relate to future service – Losses and reversal of losses on onerous contracts - subsequent measurement	107	1,029	8,885	8,309	-	18,330
Total	**441,053**	**949,415**	**1,531,556**	**1,438,809**	**538,292**	**4,899,125**

9. Net expense from reinsurance contracts

2024	Eng	Fire	Motor	Medical	Others	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Allocation of the reinsurance premiums paid	519,674	889,241	109,410	761,057	653,077	2,932,459
Recovery from reinsurance claims	(178,548)	(2,189,340)	(189,050)	(608,425)	(175,834)	(3,341,197)
Other movements related to current service	3,949	(390,010)	(85)	(5,739)	2,476	(389,409)
Changes in estimates in LIC fulfilment cash flows	(9,491)	(198,336)	(103,742)	(3,609)	9,354	(305,824)
Experience adjustments in claims and other insurance service expenses in LIC	113,711	231,077	173,635	68,452	44,754	631,629
Loss recovery related to losses on underlying insurance contracts at initial recognition	-	-	-	(18,159)	-	(18,159)
Loss recovery and reversals of recoveries related to underlying insurance contracts losses - subsequent measurement	74	14	552	61,287	-	61,927
Changes in risk of non-performance	8	9	13	-	-	30
Total	**449,377**	**(1,657,345)**	**(9,267)**	**254,864**	**533,827**	**(428,544)**

9. Net expense from reinsurance contracts(continued)

2023	Eng	Fire	Motor	Medical	Others	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Allocation of the reinsurance premiums paid	408,060	712,026	77,551	556,949	414,805	2,169,391
Recovery from reinsurance claims	(145,558)	(404,942)	(196,637)	(134,593)	(85,400)	(967,130)
Other movements related to current service	4,947	27,198	128	2,581	(341)	34,513
Changes in estimates in LIC fulfilment cash flows	(135,318)	(161,970)	(147,278)	(107,034)	(12,194)	(563,794)
Experience adjustments in claims and other insurance service expenses in LIC	(27,979)	174,175	202,433	(773)	73,227	421,083
Loss recovery related to losses on underlying insurance contracts at initial recognition	-	(111)	(4,522)	(13,829)	-	(18,462)
Loss recovery and reversals of recoveries related to underlying insurance contracts losses - subsequent measurement	(98)	(777)	(292)	(2,493)	-	(3,660)
Total	**104,054**	**345,599**	**(68,617)**	**300,808**	**390,097**	**1,071,941**

10. Interest income calculated using the effective interest method

	2024	2023
Interest income on fixed deposits	Frw'000	Frw'000
Interest income on government securities	271,896	264,557
Interest income on fixed deposits and government securities	574,217	377,328
	846,113	**641,885**

11. Net finance expenses from insurance contracts

2024	Eng	Fire	Motor	Liability	Others	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Interest accreted on present value cash flows	5,709	12,723	103,392	2,989	9,659	134,472
Interest accreted on risk adjustment	1,041	2,338	7,523	523	1,524	12,949
The effect of financial risk and changes in financial risk	842	8,456	3,319	782	10,240	23,639
Total	**7,592**	**23,517**	**114,234**	**4,294**	**21,423**	**171,060**

2023	Eng	Fire	Motor	Liability	Others	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Interest accreted on present value cash flows	6,680	10,704	86,114	3,399	8,071	114,968
Interest accreted on risk adjustment	1,049	1,469	6,834	569	1,136	11,057
The effect of financial risk and changes in financial risk	396	958	(1,452)	204	8,390	8,496
Total	**8,125**	**13,131**	**91,496**	**4,172**	**17,597**	**134,521**

12. Net Reinsurance finance expenses

2024	Eng	Fire	Motor	Liability	Others	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Interest accreted on present value cash flows	9,623	21,495	18,506	69	4,891	54,584
Interest accreted on risk adjustment	1,420	3,426	1,428	14	615	6,903
The effect of financial risk and changes in financial risk	1,194	12,597	2,527	-	992	17,310
Total	**12,237**	**37,518**	**22,461**	**83**	**6,498**	**78,797**

2023	Eng	Fire	Motor	Liability	Others	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Interest accreted on present value cash flows	10,029	16,194	17,807	346	4,976	49,352
Interest accreted on risk adjustment	1,275	2,358	1,289	57	494	5,473
The effect of financial risk and changes in financial risk	634	1,302	1,487	-	330	3,753
Total	**11,938**	**19,854**	**20,583**	**403**	**5,800**	**58,578**

13. Other income

	2024	2023
	Frw'000	Frw'000
Outpatient fund administration fees & card charges	229,581	173,294
Gain on disposal	-	25,100
Miscellaneous income	76,815	13,550
	306,396	**211,944**

Miscellaneous income relates to foreign exchange gains from transactions and other policy administration fees.

14. Expenses	2024				2023			
	Acquisition Expenses (Note 8)	Other Directly Attributable Expenses (Note 8)	Other operating Expenses	Total	Acquisition Expenses (Note 8)	Directly Attributable Expenses (Note 8)	Other operating Expenses	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Staff costs (Note 14(i))	1	870,512	492,099	1,362,611	392,920	924,025	86,689	1,403,634
Auditor's remuneration	-	-	29,621	29,621	-	-	36,447	36,447
Depreciation on property and equipment (Note 17)	1,896	17,090	11,856	30,842	1,580	26,961	11,561	40,102
Amortization of intangible assets (Note 18)	-	23,641	-	23,641	-	39,848	-	39,848
Depreciation on right of use asset (Note 27)	-	59,012	-	59,012	-	59,012	-	59,012
Information technology (ICT) costs	-	246,464	-	246,464	-	91,235	-	91,235
Directors fees (Note 26(ii)	-	-	89,428	89,428	-	-	63,799	63,799
Directors Expenses	-	-	25,385	25,385	-	-	12,758	12,758
Impairment of software	-	-	70,618	70,618	-	-	-	-
Repairs and maintenance expenditure	-	9,980	-	9,980	-	17,947	-	17,947
Office administrative expenses	83	172,421	54,902	227,406	-	136,160	37,541	173,701
Professional fees	-	-	19,535	19,535	-	2,272	19,463	21,735
Training and development	-	-	7,538	7,538	-	-	6,772	6,772
Premium tax, levies and duty	155,311	-	6,493	161,804	139,896	-	7,671	147,567
Marketing and brand management	-	-	111,032	111,032	-	-	45,063	45,063
Sales & Channel/Business development costs	156,638	-	-	156,638	91,525	-	-	91,525
Office Utilities Costs	-	33,976	-	33,976	-	39,403	-	39,403
Communication expenses	(5)	43,810	193	43,998	-	45,729	550	46,279
Bank charges	-	20,381	25	20,406	-	14,640	171	14,811
Travel Costs	-	16,613	61,396	78,009	-	16,512	45,425	61,937
Total Expenses	313,924	1,513,900	980,121	2,807,945	625,921	1,413,744	373,910	2,413,575

14(i) Staff costs

	2024				2023			
2024	Acquisition Expenses	Other Directly Attributable Expenses	Other Expenses	Total	Acquisition Expenses	Directly Attributable Expenses	Other Expenses	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Staff costs include the following:								
Salaries and wages	430,819	703,167	492,099	1,626,085	392,920	765,958	86,689	1,245,567
Social security benefits costs	-	65,773	-	65,773	-	62,624	-	62,624
Staff Medical and Group Life Cover	-	101,572	-	101,572	-	95,443	-	95,443
Total	**430,819**	**870,512**	**492,099**	**1,793,430**	**392,920**	**924,025**	**86,689**	**1,403,634**

Acquisition expenses

These are expenses related to a particular portfolio and are used for the fulfilment of contractual obligations. These expenses are allocated to the individual portfolios directly.

Other directly attributable expenses

These are expenses which cannot be attributed to a particular portfolio but are related to servicing the portfolios.

Other expenses

These are expenses that are not accountable under IFRS 17 and are classified under other expenses.

15(i) Income tax expense

	2024	2023
	Frw'000	Frw'000
Current income tax	413,652	107,464
Deferred income tax (Note 19)	(70,736)	158,762
	342,916	**266,226**

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

	2024	2023
	Frw'000	Frw'000
Profit before tax	1,200,717	639,189
Tax calculated at applicable tax rate of 29%/30%	336,201	187,939
Tax effect of non-deductible expense	12,643	16,494
Prior year opening balance adjustment	-	105,331
Prior year under provision	(19,720)	(5,408)
PPE & IFRS 16 variance	6,698	-
Effect of new tax rate	7,094	(38,130)
	342,916	**266,226**

(ii) Tax recoverable

	2024	2023
	Frw'000	Frw'000
As at January	(52,646)	(47,323)
Current income tax	413,652	107,464
Tax paid	(442,470)	(112,787)
	(81,464)	**(52,646)**

16 Share capital

	Number of shares in thousands	Statutory Ordinary shares	Reserves	Total
		Frw'000	Frw'000	Frw'000
As at 1 January 2024	6,544	6,544,443	99,998	6,644,441
At 31 December 2024	**6,544**	**6,544,443**	**99,998**	**6,644,441**
As at 1 January 2023	6,544	6,544,443	99,998	6,644,441
At 31 December 2023	**6,544**	**6,544,443**	**99,998**	**6,644,441**

The share capital of the company is FRW 6,544 million divided into 6,544,443 shares of FRW 1,000 each. The authorised share capital is FRW 7 billion with shareholders' equity of Frw 4.8 billion. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual general meetings of the company.
The statutory reserves of FRW 100m are funds awaiting allotment which is capital from Britam Holdings PLC that is yet to be capitalised.

17 Property and Equipment

	Leasehold Improvement	Motor vehicle	Furniture & Equipment	Computer Equipment	Total
Cost	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
At 1 January 2024	215,195	77,380	184,692	97,392	574,659
Additions	-	-	12,889	6,150	19,039
Disposals	-	-	(1,094)	-	(1,094)
At 31 December 2024	215,195	77,380	196,487	103,542	592,604
At 1 January 2023	215,195	102,983	181,086	90,097	589,361
Additions	-	22,800	3,606	7,295	33,701
Disposals	-	(48,403)	-	-	(48,403)
At 31 December 2023	215,195	77,380	184,692	97,392	574,659
Depreciation					
At 1 January 2024	201,429	28,514	176,899	72,555	479,397
Charge for the year	3,652	15,476	3,666	8,048	30,842
At 31 December 2024	205,081	43,990	180,565	80,603	510,239
At 1 January 2023	185,361	64,852	172,194	65,683	488,090
Charge for the year	16,068	12,065	4,655	7,314	40,102
Reclassifications	-		50	(442)	(392)
Disposal	-	(48,403)	-	-	(48,403)
At 31 December 2023	201,429	28,514	176,899	72,555	479,397
Net book amount					
At 31 December 2024	10,114	33,390	15,925	22,936	82,365
At 31 December 2023	13,766	48,866	7,793	24,837	95,262

18 Intangible assets

	2024	2023
Cost	Frw'000	Frw'000
At 01 January	**279,723**	**361,015**
Disposal	(62,790)	(92,503)
Additions	-	13,019
Reclassification	-	(1,808)
At 31 December	**216,933**	**279,723**
Amortization		
At 01 January	**(77,475)**	**(39,040)**
Reclassifications	-	1,413
Amortisation	(23,641)	(39,848)
At 31 December	**(101,116)**	**(77,475)**
Net book value	**115,817**	**202,248**

19 Deferred income tax

Deferred income tax is calculated on all temporary differences under the liability method using the enacted tax rate of 28% (2023: 28%). The movement on the deferred income tax account and the composition of the deferred income tax asset is as follows:

	Opening	Movement	Closing
2024	Frw'000	Frw'000	Frw'000
Deferred income tax liabilities:			
Property, plant and equipment	12,643	17,505	30,148
Deferred income tax assets:			
Provisions	(141,624)	(80,241)	(221,865)
Deferred tax asset recognised	**(128,981)**	**(70,736)**	**(199,717)**
2023			
Deferred income tax liabilities:			
Property, plant and equipment	(82,373)	95,016	12,643
Deferred income tax assets:			
Provisions	(205,370)	63,746	(141,624)
Deferred tax asset recognised	**(287,743)**	**158,762**	**(128,981)**

20 Government securities at amortised cost

	2024	2023
	Frw'000	Frw'000
Treasury bonds issued by Government of Rwanda	6,459,944	4,226,889
	6,459,944	**4,226,889**

	2024	2023
	Frw'000	Frw'000
At 01 Jan	**4,226,889**	**3,336,629**
Additions	2,389,265	917,575
Maturities	(156,210)	(27,315)
At 31 Dec	**6,459,944**	**4,226,889**

	2024	2023
	Frw'000	Frw'000
Treasury bond maturing;		
Within one year of acquisition	-	-
More than one year from the date of acquisition	6,459,944	4,226,889
	6,459,944	**4,226,889**

The average interest rate on the treasury bonds was 11.5% (2023: 11.5%)

21 Reinsurance contracts

	2024	2023
	Frw'000	Frw'000
Assets for remaining coverage	(377,028)	133,725
Assets for incurred claims	3,889,265	1,514,193
	3,512,237	**1,647,918**

21. Reinsurance contract assets (Continued)

	2024					2023				
	Assets for remaining coverage		Assets for incurred claims		Total	Assets for remaining coverage		Assets for incurred claims		Total
	Excluding loss comp.	Loss comp.	Present value of future cash flows	Risk adj. for non-fin. Risk		Excluding loss comp.	Loss comp.	Present value of future cash flows	Risk adj. for non-fin. Risk	
	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000	FRW'000
Opening reinsurance contract assets	**123,270**	**10,455**	**1,433,306**	**80,887**	**1,647,918**	**725,944**	**18,436**	**838,706**	**67,161**	**1,650,247**
Allocation of premium paid	(2,932,459)	-	-	-	**(2,932,459)**	(2,169,391)	-	-	-	**(2,169,391)**
Recoveries of incurred claims & insurance service expenses	-	78,288	3,211,518	440,798	**3,730,604**	-	(30,103)	928,881	33,839	**932,617**
Changes that relate to past service – changes in fulfilment cashflows - LIC	-	-	(285,304)	(40,500)	**(325,804)**	-	-	168,905	(26,193)	**142,712**
Change in risk of non-performance										
Changes that relate to future service - adjustments to the LIC	-	(43,768)	-	-	**(43,768)**	-	22,121	-	-	**22,121**
Effects of changes in non-performance risk of reinsurers			(30)		**(30)**					
Total Net Expenses from Reinsurance	**(2,932,459)**	**34,520**	**2,926,184**	**400,298**	**428,543**	**(2,169,391)**	**(7,982)**	**1,097,786**	**7,646**	**(1,071,941)**
Finance expenses from reinsurance contracts issued	-	506	68,845	9,446	**78,797**	-	-	52,667	5,911	**58,578**
Total amounts recognized in comprehensive income	**(2,932,459)**	**35,026**	**2,995,029**	**409,744**	**507,340**	**(2,169,391)**	**(7,982)**	**1,150,453**	**13,557**	**(1,013,363)**
Actual cashflows in the period	2,386,680	-	(1,029,701)	-	**1,356,979**	1,566,717	1	(555,853)	169	**1,011,034**
Net balance as at 31 December 2024	**(422,509)**	**45,481**	**3,398,634**	**490,631**	**3,512,237**	**123,270**	**10,455**	**1,433,306**	**80,887**	**1,647,918**

22 Other receivables

	2024	2023
	Frw'000	Frw'000
Car Loans	-	784
Prepaid expenses	38,178	31,414
Other receivables	10,931	13,630
	49,109	**45,828**

Other receivables relate to bid guarantee receivable from Integrated Polytechnic Regional College, Energy Utility Corporation Limited and Kibirizi hospital through Access Bank and staff salary advances.

23 Cash and bank balances

	2024	2023
	Frw'000	Frw'000
Deposits with financial institutions	3,190,659	3,070,363
Cash and bank balances	780,348	791,083
At end of year	**3,971,007**	**3,861,446**

For the purposes of the statement of cash flows, restricted cash is excluded from the definition of cash and cash equivalents at year end. The average interest rate on deposits with financial institutions was 9% (2023: 9%).

24 Insurance Contract liabilities

	2024	2023
	Frw'000	Frw'000
Insurance contract liabilities:		
A. Liability for remaining coverage (contracts not measured under PAA):		
- Excluding loss component	2,891,192	2,712,391
- Loss component	151,567	146,592
	3,042,759	**2,858,983**
B. Liability for incurred claims		
- Estimate of present value of future cashflows	3,879,012	1,920,166
- Risk adjustment for non-financial risk	590,023	188,586
	4,469,035	**2,108,752**
Total	**7,511,794**	**4,967,735**

24. Insurance contract liabilities (Continued)

	2024					2023				
	LRC (1)		LIC for contracts under the PAA		Total	LRC		LIC for contracts under the PAA		Total
	Excluding loss comp.	Loss comp.	Present value of future cash flows	Risk adj. for non-fin. Risk		Excluding loss comp.	Loss comp.	Present value of future cash flows	Risk adj. for non-fin. Risk	
Opening insurance contract liabilities	2,712,391	146,592	1,920,166	188,586	**4,967,735**	2,309,040	174,896	1,665,616	152,827	**4,302,379**
Net balance as at 1 January	**2,712,391**	**146,592**	**1,920,166**	**188,586**	**4,967,735**	**2,309,040**	**174,896**	**1,665,616**	**152,827**	**4,302,379**
Insurance revenue	**(8,374,026)**	**-**	**-**	**-**	**(8,374,026)**	**(6,301,333)**	**-**	**-**	**-**	**(6,301,333)**
Insurance service expenses – Claims	-	182,880	3,077,694	146,090	**3,406,664**	-	(329,707)	954,166	170,257	**794,716**
Other movements related to current service	-	-	-	358,805	**358,805**	-	-	-	(77,475)	**(77,475)**
Changes that relate to past service – changes in fulfilment cashflows - LIC	-	-	1,154,043	(118,937)	**1,035,106**	-	-	1,147,370	(68,838)	**1,078,532**
Changes that relate to future service - adjustments to the LIC	-	(179,593)	-	-	**(179,593)**	-	301,403	-	-	**301,403**
Insurance acquisition cashflows amortization	972,239	-	-	-	**972,239**	762,284	-	-	-	**762,284**
Insurance service expenses	**972,239**	**3,287**	**4,231,737**	**385,958**	**5,593,221**	**762,284**	**(28,304)**	**2,101,536**	**23,944**	**2,859,460**
Insurance service result	**(7,401,787)**	**3,287**	**4,231,737**	**385,958**	**(2,780,805)**	**(5,539,049)**	**(28,304)**	**2,101,536**	**23,944**	**(3,441,873)**
Finance expenses from insurance contracts issued	-	1,689	153,894	15,477	**171,060**	-	-	122,706	11,815	**134,521**
Total amounts recognised in comprehensive income	**(7,401,787)**	**4,976**	**4,385,632**	**401,436**	**(2,609,743)**	(5,539,049)	(28,304)	2,224,242	35,759	**(3,307,352)**
Cash flows	7,580,588	-	(2,426,786)	-	**5,153,802**	5,942,400	-	(1,969,692)	-	**3,972,708**
Net balance as at 31 December	**2,891,192**	**151,568**	**3,879,012**	**590,022**	**7,511,794**	**2,712,391**	**146,592**	**1,920,166**	**188,586**	**4,967,735**

24. Insurance contract liabilities (Continued)

Gross claims development Table

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The top half of table below illustrates how the Company's estimate of total claims outstanding for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the statement of financial position. An accident-year basis is considered to be most appropriate for the business written by the Company.

Accident year	2020 FRW'000	2021 FRW'000	2022 FRW'000	2023 FRW'000	2024 FRW'000	Total FRW'000
Estimate of ultimate claims costs (gross of reinsurance, undiscounted)						
– at end of accident year	1,244,717	2,050,245	1,905,264	1,862,454	4,421,029	11,483,709
– one year later	1,723,155	2,801,921	2,139,392	2,160,782	-	8,825,250
– two years later	2,030,727	2,865,041	2,103,922	-	-	6,999,690
– three years later	2,093,312	2,764,186	-	-	-	4,857,498
– four years later	2,027,911	-	-	-	-	2,027,911
Gross cumulative claims liabilities - accident years from 2019 to 2024	2,027,911	2,764,186	2,108,475	2,168,929	4,861,495	13,930,996
Gross cumulative claims liabilities - prior accident years	4,808					4,808
Cumulative gross claims and other directly attributable expenses paid	(2,012,651)	(2,698,122)	(1,880,848)	(1,824,941)	(1,568,327)	(9,984,889)
Effect of discounting	(199)	(655)	(2,821)	(9,238)	(58,989)	(71,902)
Effect of the risk adjustment margin for non-financial risk	1,849	4,974	30,870	40,853	511,477	590,023
Gross LIC for the contracts originated	21,718	70,383	255,676	375,603	3,745,656	4,469,036

25 Other payables

	2024	2023
	Frw'000	Frw'000
Accrued expenses	333,464	125,313
Medical outpatient fund*	467,734	426,813
Accrued leave	49,801	58,795
Health levy (Mutuelle De Sante)	145,409	71,370
Tax statutory deductions	465,551	145,965
Other deductions	566,769	399,982
	2,028,728	**1,228,238**

Other deductions relate to staff loans payable, Sacco deductions, salaries payables and line of business payables and other supplier payables. *Medical outpatient fund is a plan where the customer deposits funds with Britam to manage the outpatient services access through their accredited service providers within the region.

26 Related party transactions

The Company is wholly controlled by Britam Holdings Plc, a company incorporated in Kenya, which is also the ultimate parent company. There are several other companies related to Britam Insurance Co. (Rwanda) Limited through common shareholdings or common directorships.

The company maintains current accounts with the group companies for expenditure met on the company's behalf. The expenditure is of both capital and expense nature. The relevant balances are shown below.

i) Outstanding balances

Payables to related companies

	2024	2023
	Frw'000	Frw'000
Britam Holdings Plc	97,632	97,632
	97,632	**97,632**

The intercompany loan is at arm length as stipulated in the transfer pricing document. The loan is unsecured and payable upon request from Britam Holdings.

ii) Directors & senior management remuneration **2024** **2023**

	2024	2023
	Frw'000	Frw'000
Directors' remuneration;		
- Directors' fees	89,428	63,799
- Other directors' expenses	25,385	12,758
- Senior management (Basic salary & allowances)	518,584	484,658
- Senior management (Statutory deductions)	38,616	36,777
	672,013	**597,992**

27 Leases

This note provides information for leases where the Company is a lessee. The Company does not carry out lessor, activities.

(i) Amounts shown in the statement of financial position

The statement of financial position shows the following amounts related to leases:

	2024	2023
Right of use asset	Frw'000	Frw'000
At 01 January	221,293	280,305
Depreciation charge for the year	(59,011)	(59,012)
At 31 December	**162,282**	**221,293**

	2024	2023
Lease liabilities	Frw'000	Frw'000
At 1 January	241,975	285,283
Finance costs	35,749	43,360
Lease Payments	(86,668)	(86,668)
At 31 December	**191,056**	**241,975**

The table below shows the breakdown of the lease liabilities between current and non-current portions.

	2024	2023
Of which are:	Frw'000	Frw'000
Due within 12 months after the reporting period	3,936	3,936
Due over 12 months after the reporting period	187,120	238,039
	191,056	**241,975**

(ii) Amounts recognized in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2024	2023
	Frw'000	Frw'000
Depreciation charge of right of use asset (building)	59,011	59,012
Interest expense (included in finance costs)	35,749	43,360
	94,760	**102,372**

27 Leases (Continued)

(iii) The Company's leasing activities and how these are accounted for

The Company leases three office buildings and one warehouse. The rental contracts typically fixed for periods of three months to four years, but may have extension options as described in (v) below. The contracts only contain lease components, and there are no non-lease components.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the interest in the leased asset that is held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date and
- amounts expected to be payable by the Company under residual value guarantees.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for lease in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

27 Leases (continued)

(iii) The Company's leasing activities and how these are accounted for (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Company has chosen not revalue the right-of-use building.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and vehicles.

(iv) Variable lease payments

There are no variable payment terms in the leases.

(v) Extension and termination options

Extension and termination options are included in the leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the lessor.

(vi) Residual value guarantees

The Company has not provided any residual value guarantees on its leases.

28 Cash flow from operations

(a) Cash generated from operations

Cash from operations	Note	2024	2023
		FRW'000	FRW'000
Profit for the year		857,801	372,963
Adjustments for:			
Depreciation of property and equipment	17	30,842	40,102
Depreciation of right of use asset	27(i)	59,011	59,012
Amortisation of intangible assets	18	23,641	39,848
Reclassification of PPE	17	-	(392)
Disposal of PPE	17	1,094	-
Reclassification of Intangible assets	18	-	395
Disposal of intangible assets	18	62,790	92,503
Income tax expense	15(i)	342,916	266,226
Interest expense on leases	27(i)	35,749	43,360
Gain on disposal of fixed assets	13	-	(25,100)
Changes in operating assets/liabilities			
- Reinsurance contract assets	21	(1,864,319)	2,329
- Increase in other payables	25	800,490	327,750
- (Increase)/ decrease of other receivables	22	(3,281)	55,545
- Insurance contract liabilities	24	2,544,059	665,356
Cash generated from operations		**2,890,793**	**1,939,897**

29 Events after the reporting period

There are no material events after the reporting period that would require disclosure in or adjustment to the financial statements (2024: None)

30 Contingent liabilities and contingent assets

The company has not entered into any transactions that would result in any contingent assets However due to the nature of business there is possibility of contingent liabilities. As at 31 December, litigations amounting to Frw 140,655,387 were lodged against the Company due to disputed claims.

As management, we have made relevant reserves on these claims based on our rates or court judgement where the court has pronounced itself. We don't expect any adverse impact on the financial statements.

31 Capital commitments

The company had no commitments as at 31 December 2024. (2023: Nil).

32 Restatement note

The Company had no restatement in the year ended 31 December 2024.

33 Current and non-current distinction of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

As at 31 December 2024	Within 12 months FRW'000	After 12 months FRW'000	Total FRW'000
ASSETS			
Cash and bank balances	780,348	-	780,348
Deposits with financial institutions	3,190,659	-	3,190,659
Government securities at amortised cost	1,484,431	4,975,513	6,459,944
Other receivables	49,109	-	49,109
Current tax recoverable	81,464	-	81,464
Reinsurance contract assets	3,512,237	-	3,512,237
Deferred income tax	-	128,981	128,981
Intangible assets	-	115,817	115,817
Right of use assets	-	162,282	162,282
Property and equipment	-	82,365	82,365
Total assets	**9,098,248**	**5,464,958**	**14,563,206**
LIABILITIES			
Other payables	1,939,913	-	1,939,913
Lease liabilities	54,239	136,817	191,056
Insurance contract liabilities	-	7,511,794	7,511,794
Due to related parties	-	97,632	97,632
Total liabilities	**1,994,152**	**7,746,243**	**9,740,395**

As at 31 December 2023	Within 12 months FRW'000	After 12 months FRW'000	Total FRW'000
ASSETS			
Cash and bank balances	791,083	-	791,083
Deposits with financial institutions	3,070,363	-	3,070,363
Government securities at amortised cost	971,297	3,255,592	4,226,889
Other receivables	45,828	-	45,828
Current tax recoverable	52,646	-	52,646
Reinsurance contract assets	1,647,918	-	1,647,918
Deferred income tax	-	128,981	128,981
Intangible assets	-	202,248	202,248
Right of use assets	-	221,293	221,293
Property and equipment	-	95,262	95,262
Total assets	**6,579,135**	**3,903,376**	**10,482,511**
LIABILITIES			
Other payables	1,228,238	-	1,228,238
Lease liabilities	63,930	178,045	241,975
Insurance contract liabilities	-	4,967,735	4,967,735
Due to related parties	-	97,632	97,632
Total liabilities	**1,292,168**	**5,243,412**	**6,535,580**

Contacts of the related parties are as shown below:

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Britam Centre Junction of Mara/Ragati Roads, Upper Hill
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E-mail: baicl@britam.co.ke
Website (Group) : www.britam.com

BRITAM LIFE ASSURANCE COMPANY (KENYA) LIMITED
Britam Centre Junction of Mara/Ragati Roads, Upper Hill
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CEO/Principal officer: Ambrose Dabani
E-mail: insurance@britam.com

BRITAM GENERAL INSURANCE COMPANY (KENYA) LIMITED
Renaissance Corporate Park
Elgon Road
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P.O Box 30375-00100, Nairobi, Kenya
CEO/ Principal Officer: James Mbithi
Tel: (+254) 020 2833000/0703094000
Email: info@britam.com

BRITAM ASSET MANAGERS (KENYA) LIMITED
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RELATED PARTIES WITH HOLDING COMPANY

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MANAGEMENT

Chief Executive Officer	Andrew Kulayige
Chief Finance Officer	Lawrence Gathanji
Business Development Manager	Esperent Shema
Head of Medical	Oliver Matura
Internal Audit Manager	Adrien Masengesho
Underwriting Manager	Jean Paul Nkusi
Claims Manager	Reverien Ndikumukiza
Marketing Manager	Germaine Urayeneza