

**SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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Group and Company Information

Principal place of business

Sanlam Allianz Tower, Waiyaki Way
Westlands
P O Box 44041 – 00100
Nairobi

Registered office

LR No. 209/927
Uhuru Highway, building Sanlam House
P O Box 10493 – 00100
Nairobi

Principal Bankers

Kenya Commercial Bank Limited
Kencom House
P O Box 48400 – 00100
Nairobi

Absa Bank Kenya
Barclays Plaza
P O Box 46661 – 00100
Nairobi

Standard Chartered Bank Kenya Limited
Kenyatta Avenue
P O Box 30001 – 00100
Nairobi

Co-operative Bank of Kenya Limited
Ukulima Branch
P O Box 74956 – 00200
Nairobi

Family Bank Limited
Kenyatta Avenue Branch
P.O. Box 74145 – 00200
Nairobi

National Bank of Kenya Limited
Kenyatta Avenue
P O Box 30645 – 00100
Nairobi

Company secretary

Emma Wachira
Sanlam Allianz Tower
Waiyaki Way
Westlands
P O Box 44041 – 00100
Nairobi

Independent auditor

KPMG Kenya
Certified Public Accountants (Kenya)
8th Floor, ABC Towers
ABC Place, Waiyaki Way
P O Box 40612-00100
Nairobi

Legal advisers

Kaplan & Stratton Advocates
Williamson House, 4th Ngong Avenue
Nairobi

Muriu Mungai Advocates
MMC Arches
Spring Valley Crescent
Nairobi

Simba & Simba Advocates
6th Floor, Finance House
Loita Street
Nairobi

Ayugi & Njonjo Advocates
4th Floor, Capital Hill Square, Upper Hill
Nairobi

Waruhiu & Company Advocates
12th Floor, International House
Mama Ngina Street
Nairobi

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Five-year group review

In millions of KShs	2025	2024	2023	2022	2021
		Re-presented**		Restated	
Statement of profit or loss:					
Profit(loss) before tax and share of profit of associate	1,315	1,424	243	286	(414)
Profit(loss) after tax attributed to shareholders	832	1,055	(127)	(83)	(542)
Insurance business:	2025	2024	2023	2022	2021
Insurance service result	951	653	686	(82)	IFRS 4*
Investment return	3,658	4,722	1,061	2,045	IFRS 4*
Net financial result	(229)	1,147	388	881	IFRS 4*
Statement of financial position:	2025	2024	2023	2022	2021
				Restated	Restated
Total equity	4,751	1,921	866	993	1,076
Life insurance contract liabilities (Note 23(a))	30,421	27,535	25,154	25,938	24,200
General insurance contract liabilities (Note 23(a))	-	2,623	2,776	3,686	3,969
Share capital	2,717	720	720	720	720
Total assets	39,372	39,166	35,535	36,717	34,254
Key indicators:	KShs	KShs	KShs	Restated KShs	KShs
Basic earnings/(loss) per share	2.01	5.02	(1.12)	(0.50)	(2.79)
Market capitalisation at year end (KShs m)	4,597	713	864	1,380	1,663
Group share prices at the NSE:					
Annual high	11.0	6.70	9.58	15	14
Annual low	4.0	3.90	6	7.56	9
Share price at year end	8.46	4.95	6	9.58	11.55

**Comparative information has been re-presented due to a discontinued operation and changes in classification.

IFRS 4* These items were not assessed under IFRS 17 in 2020 and 2021. 2021 restatement was done only on the statement of financial position.

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Report of the directors

The directors are pleased to present the annual report and audited consolidated and separate financial statements for the year ended 31 December 2025 which discloses the state of affairs of Sanlam Allianz Holdings Ltd (the "Company") and its subsidiaries (together the "Subsidiaries" and each one a "Subsidiary") (together the "Group").

The annual report and consolidated and separate financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Kenyan Companies Act, 2015.

Business review

Principal activities

The principal activity of the Group as a non-banking financial institution is the underwriting of life and non-life insurance risks such as those associated with death, disability, credit protection, mortgage protection and through its subsidiary Sanlam Allianz Life Insurance (Kenya) Limited.

The Group has interests in a wholly owned investment companies Sanlam Securities Limited and Sanlam General insurance Limited, wholly owned former investment management company (Sanlam Investments Limited) (dormant), Mae Properties Limited (dormant) and Chem Chemi Mineral Water Limited (dormant).

The principal activity of the company is investment in subsidiaries for dividend earning and land which it holds for sale.

Financial performance, Value of New Business (VNB) and New Business Projections: Value of new business is a strong indicator that the business is currently underwriting business sustainably, the new business is being underwritten profitably and that future profits are expected from the profitable long-term book.

Projections indicate that Group, through its subsidiaries is expected to continue posting positive operating profits and Value of New business in the future.

The below table illustrates the strategies that will drive the business achieve its objective.

	Strategic thrust	Management effort	Enablers
1	Strategic partnering & Channels	Bancassurance partners Brokers & Independent Agents Direct channels	Governance Customer service Risk management
2	Innovation	Technology/Digitization Processes Products Customer experience/Journey	Talent management Systems/processes
3	Strategic Expense management	Operating mode Transaction Processing	Data management Capital management
4	Culture & Control environment	Culture change	Leadership

The Group's performance

The Group recorded a profit before tax of KShs 1,315 million (2024: KShs 1,424 million), reflecting a decline in performance primarily due to lower returns on financial assets compared to the prior year.

The key performance indicators of the Group over a five-year period have been highlighted on page 2.

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Report of the directors (Continued)

The directors who held office during the year and up to the date of this report are as follow with their full details on profile of directors' page 13 –16:

Director	Directorship	Nationality
Dr John P N Simba	Non-executive and Chairman	Kenyan
Dr Patrick Tumbo	Executive	Kenyan
Rohan Baloobhai Patel	Non-executive	Kenyan
Nelius Bezuidenhout	Non-executive Resigned 18 July 2025	South African
Cornelius Foord	Non-executive	South African
Freda Britz	Non-executive	South African
Dr Grace Mirigo Mwai	Non-executive	Kenyan
Rose Agutu	Non-executive	Kenyan
Amine El Kernighi	Non-executive Resigned 12 November 2025	Morroco
Mugove Nyimo	Non-executive Appointed 20 August 2025	South African
Dr. Martin Oduor Otieno	Non-executive Appointed 17 November 2025	Kenyan

Financial statements

At the date of this report, the directors were not aware of any circumstances, which would have rendered the values attributed to the assets and liabilities in the financial statements of the Group and Company to be misleading.

Disclosures to the auditor

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

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

Auditor

The auditor, KPMG Kenya, have expressed their willingness to continue in office in accordance with the Kenyan Companies Act, 2015.

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

Going concern

The directors are aware of the following conditions:

- During the year under review, the Group reported an after-tax profit of KShs 832 million (2024: after-tax profit of KShs 1,055 million) while the Company reported an after-tax profit of KShs 640 million (2024: an after-tax profit of KShs 188 million),
- The consolidated cumulative losses as at 31 December 2025 was KShs 1,370 million (2024 KShs 2,320 million) while the Company cumulative losses as at 31 December 2025 was KShs 1,924 million (2024: KShs 2,569 million).
- The Group reported consolidated negative cash flows from operating activities of KShs 2,246 million for the year ended 31 December 2025 (2024: negative cash flows of KShs 2,561 million).
- As at 31 December 2025, the Group holds a credit facility with a balance of KShs 1.4 billion with Sanlam Emerging Markets Pty.

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Report of the directors (Continued)

Going concern (continued)

The following are mitigation measures put in place by the directors to address the above-mentioned matters:

- (i) Sanlam Allianz Life Insurance (Kenya) Limited, a subsidiary of Sanlam Allianz Holdings (Kenya) PLC has demonstrated a strong financial performance in the year ended 31 December 2025, generating an after-tax profit of KShs. 1,360 million. A dividend of KShs 900 million has already been paid in 2025 and further KShs 800 million has been proposed subsequent to 2025 year-end to its shareholder, Sanlam Allianz Holdings (Kenya) PLC, to enable the entity to fund its financial obligations for the year 2026.
- (ii) The merger between the Sanlam General Insurance Limited and Jubilee Allianz General Insurance (Kenya) Limited and the subsequent transfer of Sanlam General Insurance Limited assets and liabilities to Sanlam Allianz General Insurance (Kenya) Limited (formerly Jubilee Allianz General Insurance (Kenya) Limited) occurred during the year.
- (iii) Sanlam Emerging Markets the intermediate parent company advanced a loan of KShs 1,085 million to Sanlam General Insurance Limited to bridge the capital shortfall on 5 May 2022. Further, the loan agreement between Sanlam General Insurance Limited (the borrower) and Sanlam Emerging Markets (Pty) Limited (the lender) provides that "payment shall not be commenced or continued if it results in the CAR of the Borrower falling below 100%" and "(notwithstanding the Maturity Date), the loan shall not be repaid nor shall the lender exercise any right of set-off against other amounts which may be due by the lender to the borrower until the date upon which the CAR Shortfall has been extinguished, whereupon, the loan (together with all accrued interest, costs and charges) shall automatically become repayable in full." Following merger between the Sanlam General Insurance Limited and Jubilee Allianz General Insurance (Kenya) Limited effective 31 October 2025, CAR is no longer applicable to Sanlam General Insurance Limited since it ceased underwriting non-life insurance business. The loan is now payable following the completion of the Sanlam General Insurance Limited portfolio transfer.
- (iv) Sanlam Allianz Holdings (Kenya) PLC credit facility of KShs 0.2 billion was advance by Sanlam Emerging Markets (Pty) Limited to facilitate additional acquisition of minority in Sanlam General Insurance Limited of 7.40%.
- (v) The capital raise of Kes 2.5 billion was successful and the proceeds were utilized to settle the loan balance of Kes 3.2 billion from Stanbic Bank Kenya Limited.

The Directors have considered the above-mentioned matters and have prepared the year 2025 Sanlam Allianz Holdings (Kenya) PLC Group financial results on a going concern basis. The basis assumes that the Group and Sanlam Allianz Holdings (Kenya) PLC will continue operating as going concern for the foreseeable future.

Approval of consolidated and separate financial statements

The consolidated and separate financial statements of Sanlam Allianz Holdings (Kenya) PLC for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors on 21 April 2026.

By Order of the Board



Emma Wachira
Company Secretary

Date: 21 April 2026

Risk management

The Group's activities expose it to a variety of financial risks including credit, liquidity, and market risks.

The Group's overall risk management policies are set out by the board and implemented by the management and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the Group's performance by setting acceptable levels of risk.

The Group does not hedge against any risks.

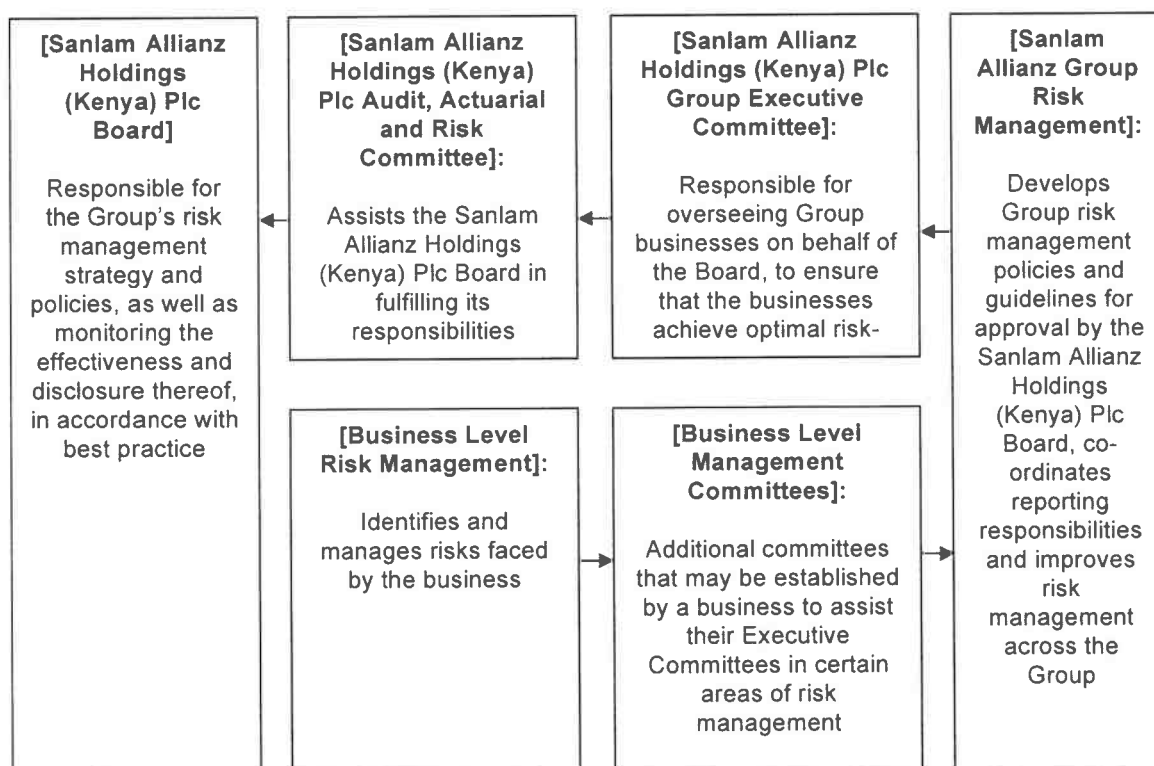
(a) Governance structure

The Board meetings of the Group are held according to a Board calendar that is planned at the beginning of each year. The Board meetings are scheduled in a manner that increases the efficiency of the Board. Meetings of the Boards and Board Sub-committees of the subsidiaries are held first, and Sanlam Allianz Holdings (Kenya) PLC's Board and Board Sub-committees meet after the subsidiaries Boards conclude their meetings and prepare their reports for submission to the Board of Sanlam Allianz Holdings (Kenya) PLC.

The agenda of the Board focuses on Group strategy, capital management, accounting policies, financial results, dividend policy, human resource development, corporate governance and requirements of the Capital Markets Authority (CMA) and Nairobi Securities Exchange (NSE). The Board of each group company is responsible for statutory matters as well as monitoring operational efficiency and risk issues throughout the Group.

The Group operates within a decentralised business model. In terms of this philosophy, the Sanlam Allianz Holdings (Kenya) PLC Board sets the Group risk management policies and frameworks while the individual businesses take responsibility for all operational and risk-related matters at a business level, within the limits set by these policies and frameworks.

The following diagram generically depicts the flow of risk management information from the individual businesses to the Sanlam Allianz Holdings (Kenya) PLC Board.



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Risk management (Continued)

(a) Governance structure (continued)

A number of other risk monitoring mechanisms are operating within the Group as part of the overall risk management structure. The most important of these are illustrated in the following table.

OTHER RISK MONITORING MECHANISMS		
[Capital Management] Reviews and oversees the management of the Group's capital base	[Asset and Liability Matching] Determines appropriate investment policies and guidelines for policyholder portfolios where guarantees are provided	
[Compliance] Facilitates management of compliance through analysing of statutory and regulatory requirements, and monitoring implementation and execution thereof	[Group Risk Forum] Aids co-ordination and transfer of knowledge between businesses and the Group, and assists Group Risk Management in identifying risks requiring escalation to the Sanlam Allianz Holdings (Kenya) Plc Board	[Non-listed Assets] The Audit Committee reviews and approves the valuation of all unlisted assets in the Group for recommendation to the Sanlam Allianz Holdings (Kenya) Plc Board
[Chief Financial Officer (Finance)] Ensures that sound financial practices are followed, adequate and accurate reporting occurs, and financial statement risk is minimised	[Actuarial] Monitors and reports on key risks affecting the life insurance operations. Determines capital requirements of the life insurance operations and the potential impact of strategic decisions thereon, by using appropriate modelling techniques	[Group Legal and Corporate Secretarial] Reviews and reports on corporate governance practices and structures. Reports on applicable Legal and compliance matters
[Sanlam Forensics] Investigates and reports on fraud and illegal behaviour in businesses	[Investment Committee] Determines and monitors appropriate investment strategies for policyholder solutions	[IT Risk Management] Manages and reports Group-wide IT risks
[Risk Officer] Assists business management in their implementation of the Group risk management strategy, and to monitor the risk profile of the business	[Internal Audit] Assists the Sanlam Allianz Holdings (Kenya) Plc Board and management by monitoring the adequacy and effectiveness of risk management in businesses	

(b) Group risk policies and guidelines

All risks are managed in terms of the policies and guidelines of the Board and its committees. Some of the main policies are:

- (i) The Group Enterprise Risk Management (ERM) Framework

Risk management (Continued)

(b) Group risk policies and guidelines (continued)

- (a) The Group Strategic Risk Management (SRM);
- (b) Group Risk Escalation Policy (REP);
- (c) Group Business Continuity Policy (BCP);
- (d) Group Information and Communication Technology (ICT) Risk Management Policy;
- (e) Assets and Liabilities Matching (ALM) Policy; and
- (f) Group Investment Policy.

The above policies were developed by SanlamAllianz Group Enterprise Risk Management and have been implemented by all Group businesses. The maturity of the implementation within the Group does, however, vary from business to business due to different cost/benefit scenarios, complexity of risks and the degree of risk integration.

At the quarterly Sanlam Allianz Holdings (Kenya) PLC Board, risk management reports are tabled that must also indicate the extent of compliance with the Sanlam Allianz Risk Management Policies.

The aim of the Group Escalation Policy is to ensure that key risks and risk events in any business in the Group are reported to the appropriate governance level. The Group Business Continuity Policy ensures that effective vertical and horizontal recovery abilities, consistent with business priorities, exist across the Group, to deal with disasters and related contingencies. The Sanlam Allianz Holdings (Kenya) PLC Group Strategic Risk Management is briefly summarised below:

Sanlam Allianz Holdings (Kenya) PLC Group Strategic Risk Management (SRM)

Definition

SRM is a high-level over-arching approach to ensure that:

- (i) All risks which could jeopardise or enhance achievement of the Group's strategic goals are identified;
- (ii) Appropriate structures, policies, procedures and practices are in place to manage these risks;
- (iii) Sufficient organisational resources are applied to, and corporate culture is fully supportive of, the effective implementation of these structures, policies, procedures and practices;
- (iv) The organisation's risks are indeed being managed in accordance with the foregoing; and
- (v) The impact of strategic decisions on the risk-adjusted return on Group Embedded Value is considered by way of appropriate modelling techniques prior to such decisions being implemented.

Objective

The primary objective of SRM is to optimise the Group's risk-adjusted return on Group Embedded Value.

Philosophy

SRM is achieved by:

- (i) Applying a decentralised philosophy, in that the individual businesses are responsible for the identification of risks in their business and to apply appropriate risk management. Only significant risks are escalated to the Sanlam Allianz Holdings (Kenya) PLC. Group level, in accordance with the Group Risk Escalation Policy (mentioned above). This policy guides the businesses to assess the impact of the risk (on a scale of insignificant to extreme), likelihood of risk (on a scale of rare to almost certain), and accordingly to determine the role players to whom the risk should be reported (from the Enterprise Risk Manager of the business to the chairman of the Audit, Actuarial, Risk and Compliance Committee).

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Risk management (Continued)

(a) Group risk policies and guidelines (continued)

Philosophy (continued)

Risk is inherent in doing business and includes all of the uncertain consequences of business activities that could prevent Sanlam Allianz Holdings (Kenya) PLC from achieving its strategic goals. The Group's strategic risk management process is aimed at managing three elements of risk:

- (i) **Opportunity:** managing risk on the upside as an "offensive" function; focusing on actions taken by management to increase the probability of success and decrease the probability of failure;
- (ii) **Hazard:** managing risk on the downside as a "defensive" function; focusing on the prevention or mitigation of actions that can generate losses; and
- (iii) **Uncertainty:** managing the uncertainty associated with risk, focusing on achieving overall financial performance that falls within a defined acceptable range.

Process

Each business has a documented process that links into the business's normal management process and includes:

- Strategic organisational and risk management context:
 - Strategic context (defining the strengths, weaknesses, opportunities and threats relative to the business environment),
 - Organisational context (understanding the business's goals, strategies, capabilities and values), and
 - Risk management context (setting of scope and boundaries).
- Developing risk evaluation criteria, defining a logical framework for risk identification, establishing a risk identification process, analysing the risks identified, evaluating the risks against established risk criteria, deciding on the appropriate action and communication, with the aim of continuous management and improvement.

(c) Risk types

The Group is exposed to the following main risks:

	Risk type	Description	Potential significant impact
GENERAL RISKS	Operational	Operational risk is the risk that there is a loss as a result of inadequate or failed internal processes, people or systems and external events. Operational risk includes:	All Group businesses
		Information and technology risk: the risk of obsolescence of infrastructure, deficiency in integration, failures/inadequacies in systems/networks and the loss of accuracy, confidentiality, availability and integrity of data.	
		Going concern/business continuity risk: the risk that inadequate processes, people, financial controls and resources exist to continue business in the foreseeable future.	
		Legal risk: the risk that the Group will be exposed to contractual obligations which have not been provided for.	
		Compliance risk: the risk of not complying with laws and regulations, as well as investment management mandates.	
		Fraud risk: the risk of financial crime and unlawful conduct occurring within the Group.	

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Risk management (Continued)

(c) Risk types (continued)

	Risk type	Description	Potential significant impact
GENERAL RISKS	Taxation	Taxation risk is the risk of financial loss due to changes in tax legislation that result in the actual tax on shareholders' fund earnings being higher than expected, with a corresponding reduction in return on Group Embedded Value; or the actual policyholder tax being higher than that assumed in the determination of premium rates and guaranteed policy benefits.	All Group businesses
	Reputational	Reputational risk is the risk that the actions of a business (e.g. the treatment of clients, employment equity and social responsibility) harm its reputation and brand.	All Group businesses
	Legislation	Legislation risk is the risk that unanticipated new acts or regulations will result in the need to change business practices that may lead to financial loss.	All Group businesses
	Strategic	Strategic risk is the risk that the Group's strategy is inappropriate or that the Group is unable to implement its strategy.	All Group businesses
FINANCIAL AND BUSINESS (SPECIFIC RISKS)	Market	Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price. Market risk includes:	Life insurance General insurance
		— Equity risk: the risk that the fair value of cash flows of a financial instrument will fluctuate as a result of changes in equity prices.	
		— Interest rate risk: the risk that the value of an unmatched financial instrument will fluctuate as a result of changes in interest rates and the risks that mismatch losses will be incurred in respect of a matched asset/liability position following changes in interest rates.	
		— Foreign Exchange Risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.	
		— Property risk: the risk that the value of investment properties will fluctuate as a result of changes in the environment.	Life insurance General insurance
	Credit	Credit risk is the risk that the Group will incur a financial loss from the inability or unwillingness of a counterparty to a financial instrument to discharge its contractual obligations. Credit risk includes:	Group
		— Reinsurance risk: concentration risk with individual reinsurers, due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings.	Life insurance General insurance
Liquidity	— Liquidity risk is the risk relating to the difficulty/inability to accessing/raising funds to meet commitments associated with financial instruments or policy contracts.	All Group businesses	
Insurance	Insurance risk includes:		Life insurance General insurance
	— Underwriting risk: the risk that the actual experience relating to mortality, disability and medical risks will deviate negatively from the expected experience used in the pricing of solutions and valuation of policy liabilities.		
	— Persistency risk: the risk of financial loss due to negative lapse, surrender and paid-up experience.		

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Risk management (Continued)

(c) Risk types (continued)

	Risk type	Description	Potential significant impact
FINANCIAL AND BUSINESS (SPECIFIC RISKS)	Insurance	Insurance risk includes:	Life insurance General insurance
		— Expense risk: the risk of loss due to actual expense experience being worse than that assumed in premium rates and the valuation of policy liabilities.	
		— Concentration risk: the risk of financial loss due to having written large proportions of business with policyholders of the same/similar risk profile.	
	Capital adequacy	Capital adequacy risk is the risk that there are insufficient assets to provide for variations in actual future experience, worse than that which has been assumed in the valuation bases.	Life insurance General insurance

1. Operational risk

The Group mitigates this risk through the strategic planning process, selection of experienced and technically competent staff with high ethical values, a comprehensive system of internal controls, internal audit, forensic and compliance functions and other measures such as back-up facilities, contingency planning and insurance. The initiation of transactions and their administration is conducted based on the segregation of duties, designed to ensure the correctness, completeness and validity of all transactions. The management of risks associated with human resources is addressed in the Corporate Governance Report. The following functions assist in mitigating operational risk:

(i) Internal audit

A board-approved internal audit charter governs internal audit activity within the Group. A regular risk-focused review of internal control and risk management systems is carried out and has unrestricted access to the Chairman of the Audit Committee and the Sanlam Allianz Holdings (Kenya) PLC Board. The authority, resources, scope of work and effectiveness of the functions are reviewed regularly.

(ii) External audit

The Group's external auditor is KPMG Kenya. The external auditors consider internal control relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances and express an independent opinion on the annual financial statements. Non-audit services rendered by the external auditors are strictly governed by a Group policy in this regard.

(iii) Enterprise Risk Management

The Enterprise Risk Management function performs an annual review of the Group's risk management processes. The purpose of this review is to continuously identify potential areas for improved risk management in line with developing international best practice and the changing risk profile of the Group or any business units. The function also supports business units within the Group to incorporate risk considerations into their agenda and all decision-making processes.

2. Information and technology risk

The Group Information and Communication Technology risk management policies are authorised and ratified by the Group Executive Committee. These policies stipulate the role of the Information Security manager and other persons with IT risk management roles. Furthermore, it provides a framework of IT risk management, the methods of reporting, assessment and action, appropriate documentation and management of all risk-related IT incidents that have occurred, timing of communication and liaison with other functions in the Group.

3. Compliance risk

Laws and regulations:

The Group considers compliance with applicable laws, industry regulations and codes an integral part of doing business. The Group compliance function facilitates the management of compliance through the analysis of statutory and regulatory requirements and monitoring the implementation and execution thereof.

4. Fraud risk

The Group recognises that financial crime and unlawful conduct are in conflict with the principles of ethical behaviour, as set out in the Group's code of ethics and undermines the organisational integrity of the Group. The financial crime combating policy for the Sanlam Allianz Holdings (Kenya) PLC Group is designed to counter the threat of financial crime and unlawful conduct. A zero-tolerance approach is applied in combating financial crime and all offenders will be prosecuted. The forensic services function at Group level oversees the prevention, detection and investigation of incidents of unlawful conduct that are of such a nature that they may have an impact on the Group. The head of each business unit is responsible for the implementation of the policy in his or her respective business and is accountable to the Group Chief Executive and the Board of SanlamAllianz Holdings Ltd. Quarterly reports are submitted by Group Forensic Services to the Group's Audit Committee on the incidence of financial crime and unlawful conduct in the Group and on measures taken to prevent, detect, investigate and deal with such conduct.

5. Taxation risk

The risk is addressed through clear contracting to ensure that policy contracts entitle policyholders to after-tax returns, where applicable. The Group's internal tax resources monitor the impact of changes in tax legislation and are involved in the development of new products. External tax advice is obtained as required. The Group consults widely with tax consultants when considering new initiatives to identify tax impact. As much as possible, the Group policy is to negotiate contracts gross of tax. Overseas contracts are negotiated inclusive of taxes and preference is given to parties in countries where Kenya has double taxation agreement.

6. Reputational risk

Actions with a potential reputational impact are escalated to the appropriate level of senior management. The Audit committee and board of directors are involved as required. Events with an industry-wide reputational impact are addressed through industry representative groups. Quarterly reports on the client complaints and adverse media mentions are submitted to the Executive Committee.

7. Strategic risk

The Group's governance structure and various monitoring tools in place ensure that any events that affect the achievement of the Group's strategy are escalated and addressed at the earliest opportunity. The Board has no tolerance for any breaches. Group strategy is addressed on a continuous basis at various forums within the Group, the most important of which are:

- The Group's strategic direction and success is discussed and evaluated at an annual strategic session of the Group's Board as well as at the scheduled Board meetings during the year;
- As part of the annual budgeting process, the Group businesses present their strategic plans and budgets to the Executive Committee of the Group, which ensures that the businesses' strategies are aligned with the overall Group strategy; and
- The Group's Executive Committee, which includes the Group Chief and the Chief Executives of the various Group businesses, meets on a regular basis to discuss, among others, the achievement of the businesses' and Group's strategies. Any strategic issues are identified at these meetings and corrective actions are immediately implemented.

**SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

Profile of Directors

DR. JOHN P N SIMBA

Age: 81

Designation: Board Chairman

Appointed: to the Board in December 2001.

Appointed: as Chairman in March 2002

Profile

Dr. John Simba is a distinguished legal practitioner and corporate leader with extensive experience across public and private sector institutions. He is a Senior Partner at Simba & Simba Advocates and a founder member of Funguo Investments Ltd. His previous roles include service at the Attorney General's Chambers, Industrial and Commercial Development Corporation (ICDC) and as Executive Chairman (CEO) of National Bank of Kenya Limited.

He holds an LLD (Hons) from the University of Nairobi and an LLB from the University of Dar es Salaam. He is an Advocate of the High Court of Kenya and a Fellow of the Institute of Chartered Accountants in England and Wales. He is also a member of the International Bar Association, the Law Society of Kenya, the East Africa Law Society and the Institute of Directors (Kenya).

Other Directorships

Chairman; Sanlam Allianz Life Insurance (Kenya) Limited

Chairman; Bamburi Cement Limited

Chairman, Funguo Investments Limited

Non-Executive Director; Almasi Beverages Limited

Non-Executive Director; Carbacid Investments Limited

DR. PATRICK TUMBO

Age: 62

Designation: Group Chief Executive Officer, Sanlam Allianz Holdings (Kenya) PLC and its subsidiaries, and is a member of the Leadership Council of Sanlam Allianz Africa.

Appointed to the board on 2 August 2018

Profile

Dr. Tumbo is a career Insurance Business Leader, with over 30 years of experience. In Kenya and beyond, he has immensely contributed to the growth and development of the local and regional insurance sector. He has played a key role in the development of guiding policies, legislative advocacy and peer leadership for the establishment of critical pillars to accelerate insurance penetration in Kenya in line with the Vision 2030 National Development Agenda and this earned him the commendation from the President of Kenya as an Elder of the Burning Spear, EBS. He previously served at AIG Kenya, PTA Reinsurance (ZEP-Re), CIC Insurance Group and Jubilee Insurance Group in senior leadership positions. He is currently the Chairman & Trustee of the Insurance Training & Education Trust of Kenya and past Chairman of Association of Kenya Insurers. He is also the Chairman, Organisation of Eastern and Southern Africa Insurers (OESAI).

Dr. Tumbo is a Chartered Insurer and a Fellow member of the Society of Fellows of the Chartered Insurance Institute of London, and an Associate of Insurance Institute of Kenya. He holds an honorary Doctor of Business Administration (DBA) from the Commonwealth University, a Master of Business Administration (MBA) with Strategic Management as a major and Marketing as a minor from the University of Nairobi, and a Bachelor of Commerce (Insurance) from the University of Nairobi. Dr. Tumbo has also attended several Corporate Governance, Leadership, Strategy and Advanced Management training programs from the Institute of Directors – Nairobi Kenya, IESE - Barcelona Spain, London Business School – London United Kingdom, Lagos Business School – Lagos Nigeria and the Strathmore Business School – Nairobi Kenya, among others.

**SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

PROFILE OF THE DIRECTORS (Continued)

Dr. Tumbo has been honored with the Africa Insurance CEO of the Year Award at AIO, the Insurance CEO of the Year and Life-Time Achievement Awards and the Gender Champion of the Year Award by the ILO and Federation of Women Entrepreneurs.

Other Directorships

Non-Executive Director; Sanlam Allianz Life Insurance (Kenya) Limited
Chairman; Organisation of Eastern and Southern African Insurers

ROHAN PATEL

Age: 50

Designation: Non-Executive Director
Appointed to the Board on 16 May 2014

Profile

Rohan Patel is an accomplished business leader with extensive experience in investment management and real estate development. He holds an MBA in International Management Development, an MSc in Management and a BA in Geography, both from the London School of Economics (LSE). He also holds a Certificate in Real Estate Development and Hotel Investment from Cornell University.

Other Directorships

Group Chief Executive Officer; Akasya Investment Holdings Limited
Group Chief Executive Officer; Akasya Estates Limited
Non-Executive Director; Sanlam Allianz Holdings (Kenya) PLC
Non-Executive Director; Sanlam Allianz Life Insurance (Kenya) Limited
Non-Executive Director; Sanlam Allianz Investments Limited
Non-Executive Director, Carbacid Investments PLC
Non-Executive Director, CBRE;
Executive Director, Westlands Triangle Properties Limited

FREDA BRITZ

Age: 59

Designation: Independent and Non-Executive Director
Appointed: 8 November 2018

Profile:

Mrs. Britz is a seasoned finance professional with over 25 years of experience in the financial sector and audit. She is a qualified Chartered Accountant, and she holds a Bachelor of Commerce from the Rand Afrikaans University, a Postgraduate Diploma in Accountancy (Honours), and CTA, CA(SA), CMA (CIMA), Cert. Fir SAICA.

Other Directorships:

Sanlam Allianz Life Insurance (Kenya) Limited

CORNIE FOORD

Age: 68

Designation: Non-Executive Director
Appointed: 8 November 2018

**SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

PROFILE OF THE DIRECTORS (Continued)

Profile:

Mr. Foord has over 24 years' experience in financial services within the PSG and Sanlam Allianz Groups. He holds a BCompt and BCompt (Hons) CTA from the University of South Africa, a Master of Commerce in Business Management from the University of Johannesburg and has completed the Delivering Information Services programme at Harvard Business School. He is a member SAICA (AGA) Member (South African Institute for Chartered Accountants).

DR GRACE MIRIGO MWAI

Age: 46

Designation: Independent and Non-Executive Director
Appointed: 9 May 2019

Profile:

Dr. Grace Mirigo Mwai has over 16 years of leadership experience in international development. She currently serves as She is currently the Program Manager, Sustainable Agri food systems – Africa at International Maize and Wheat Improvement Center (CIMMYT). She holds a Doctorate in Business Administration, MSc. in Organization Development (USIU), MBA and a Bachelor of Commerce from the University of Nairobi.

She is also a Certified Public Accountant - Kenya.

Other Directorships:

Sanlam Allianz Life Insurance (Kenya) Limited

ROSE AGUTU

Age: 63

Designation: Independent and Non-Executive Director

Appointed: 9 May 2019

Profile:

Rose Agutu has over 35 years of banking experience at senior leadership levels and corporate governance levels. Her expertise spans broad geographical, product and functional scope in and outside Africa. She is an operations and technology executive with strong track record in execution of Customer Solutions.

Rose holds a Bachelor of Commerce from the University of Nairobi and an MSc in International Business Administration from SOAS, University of London. She has also completed the Women's Leadership Development Program at the University of California and Corporate Governance Directors Training at the Centre for Corporate Governance, Nairobi.

Other Directorships:

Sanlam Allianz Life Insurance (Kenya) Limited
Board Trustee (Non-Executive) M-PESA Holding Company Limited

Amine El Kernighi (47)

Designation: Non-Executive Director
Appointed: 12 March 2024 and resigned on 12 November 2025

**SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

PROFILE OF THE DIRECTORS (Continued)

Profile:

Occupation: Regional Executive Director, Southern and Eastern Africa, Sanlam Allianz
Qualification: Engineering Degree in Automation and Industrial IT (Mohammadia School of Engineers), Morocco, Certified Black Belt Lean Six Sigma (Ecole Centrale), Morocco.

Dr. MARTIN LUKE ODUOR OTIENO (69)

Designation: Independent and Non-Executive Director
Appointed: 17 November 2025

Profile:

Dr. Martin Luke Oduor-Otieno has extensive experience in strategic leadership, financial management and corporate governance. He is the Founder of The Leadership Group Limited and serves as an independent advisor on leadership, governance and business matters, as well as an executive coach. He was awarded the national honour of Chief of the Order of the Burning Spear (CBS) in recognition of his contribution to Kenya's development.

He holds a Doctor of Business Leadership (Honoris Causa) from KCA University, an Advanced Management Program (AMP 173) from Harvard Business School, an Executive Master of Business Administration from ESAMI/Maastricht Business School, and a Bachelor of Commerce (Accounting) from the University of Nairobi. He is a Fellow of ICPAK and ICPSK, a Professional Certified Coach (ICF), a Fellow of the Kenya Institute of Bankers and the Institute of Directors (Kenya), and an Accredited Governance Auditor (ICPSK).

Other Directorships

Sanlam Allianz Life Insurance (Kenya) Limited
Chairman, East African Breweries PLC (EABL)
Director; British American Tobacco (BAT)
Director; Africa Nenda Foundation
Chancellor, KCA University

MUGOVE NYIMO (49)

Designation: Non-Executive Director
Appointed: 20 August 2025

Profile:

Mugove Nyimo has over 25 years of experience across the insurance value chain and has led financial services operations across the African continent. He currently serves as a Regional Executive at Sanlam Allianz, providing strategic oversight and regional leadership. He holds a Master of Business Administration (MBA) and a Postgraduate Diploma in Management Practice from the University of Cape Town, a BCom in Risk Management from the University of South Africa, and an Advanced Diploma in Insurance Studies from the Insurance Institute of South Africa.

He has also completed the Management Advanced Programme at Wits Business School and the Enterprise Leadership Programme at Oxford Business School, among other executive programmes.

Other Directorships

Sanlam Allianz Holdings (Kenya) PLC
Sanlam Allianz Life Insurance (Kenya) Limited
Non-Executive Director - NICO Holdings PLC

**SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

Statement of directors' responsibilities

The Directors are responsible for the preparation and true and fair view representation of the consolidated and separate financial statements of Sanlam Allianz Holdings (Kenya) PLC (Group and Company) set out on pages 27 to 157 which comprise the consolidated and separate statements of financial position as at 31 December 2025, and the consolidated and separate statements of profit or loss, consolidated and separate statements of other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policies.

The Directors' responsibilities include determining that the basis of preparation described in Note 2 is an acceptable basis for preparing and presenting the consolidated and separate financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Kenyan Companies Act, 2015, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, 2015, the Directors are required to prepare consolidated and separate financial statements for each financial year which give a true and fair view of the financial position of the Group and Company as at the end of the financial year and of the profit or loss of the Group and Company for that year. It also requires the Directors to ensure the Group keeps proper accounting records which disclose with reasonable accuracy the financial position and profit or loss of the Group and Company.

The Directors accept responsibility for the consolidated and separate financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Accounting Standards and in the manner required by the Kenyan Companies Act, 2015. The Directors are of the opinion that the consolidated and separate financial statements give a true and fair view of the financial position of the Group and Company and of their profit or loss.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of consolidated and separate financial statements, as well as adequate systems of internal financial control.

The directors are aware of the following conditions:

- (i) During the year under review, the Group reported an after-tax profit of KShs 832 million (2024: after-tax profit of KShs 1,055 million) while the Company reported an after-tax profit of KShs 640 million (2024: an after-tax profit of KShs 188 million),
- (ii) The consolidated cumulative losses as at 31 December 2025 was KShs 1,370 million (2024 KShs 2,320 million) while the Company cumulative losses as at 31 December 2025 was KShs 1,924 million (2024: KShs 2,569 million).
- (iii) The Group reported consolidated negative cash flows from operating activities of KShs 2,246 million for the year ended 31 December 2025 (2024: negative cash flows of KShs 2,561 million)
- (iv) As at 31 December 2025, the Group holds a credit facility with a balance of KShs 1.4 billion with Sanlam Emerging Markets Pty.

The following are mitigation measures put in place by the directors to address the above-mentioned matters:

- (i) Sanlam Allianz Life Insurance (Kenya) Limited, a subsidiary of Sanlam Allianz Holdings (Kenya) PLC has demonstrated a strong financial performance in the year ended 31 December 2025, generating an after-tax profit of KShs. 1,360 million. A dividend of KShs 900 million has already been paid in 2025 and further KShs 800 million has been proposed subsequent to 2025 year-end to its shareholder, Sanlam Allianz Holdings (Kenya) PLC, to enable the entity to fund its financial obligations for the year 2026.

**SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

Statement of directors' responsibilities (Continued)

- (ii) The merger between the Sanlam General Insurance Limited and Jubilee Allianz General Insurance Limited and the subsequent transfer of Sanlam General Insurance Limited assets and liabilities to Sanlam Allianz General Insurance Limited (formerly Jubilee Allianz General Insurance Limited) occurred during the year.
- (iii) Sanlam Emerging Markets the intermediate parent company advanced a loan of KShs 1,085 million to Sanlam General Insurance Limited to bridge the capital shortfall on 5 May 2022. Further, the loan agreement between Sanlam General Insurance Limited (the borrower) and Sanlam Emerging Markets (Pty) Limited (the lender) provides that "payment shall not be commenced or continued if it results in the CAR of the Borrower falling below 100%" and "(notwithstanding the Maturity Date), the loan shall not be repaid nor shall the lender exercise any right of set-off against other amounts which may be due by the lender to the borrower until the date upon which the CAR Shortfall has been extinguished, whereupon, the loan (together with all accrued interest, costs and charges) shall automatically become repayable in full." Following merger between the Sanlam General Insurance Limited and Jubilee Allianz General Insurance Limited effective 31 October 2025, CAR is no longer applicable to Sanlam General Insurance Limited since it ceased underwriting non-life insurance business. The loan is now payable following the completion of the Sanlam General Insurance Limited portfolio transfer.
- (iv) Sanlam Allianz Holdings (Kenya) PLC credit facility of KShs 0.2 billion was advanced by Sanlam Emerging Markets (Pty) Limited to facilitate additional acquisition of minority in Sanlam General Insurance limited of 7.40%.
- (v) The capital raise of Kes 2.5 billion was successful and the proceeds were utilized to settle the loan balance of Kes 3.2 billion from Stanbic Bank Kenya Limited.

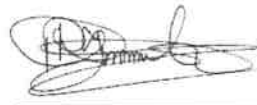
The Directors have considered the above-mentioned matters and have prepared the year 2025 Sanlam Allianz Holdings PLC Group financial results on a going concern basis. The basis assumes that the Group and Sanlam Allianz Holdings (Kenya) PLC will continue operating as going concerns for the foreseeable future.

Approval of the consolidated and separate financial statements

The consolidated and separate financial statements, as indicated above, were approved and authorised for issue by the Board of Directors on 21 April 2026.



Dr John P N Simba
Chairman



Dr Patrick Tumbo
Group Chief Executive Officer

Date: 21 April 2026

**SANLAM ALLIANZ HOLDINGS KENYA PLC
(FORMERLY SANLAM KENYA PLC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

Directors' remuneration report

Information not subject to audit

The Company's Directors Remuneration Policy and Strategy

The Board establishes and approves formal and transparent remuneration policies to attract and retain both executive and non-executive Board members. These policies clearly stipulate remuneration elements such as Directors' fees, honorarium and attendance allowances that are competitive and in line with those of other players in the industry.

In accordance with the guidelines provided in the Companies (General) (Amendment) Regulations, Code of Corporate Governance as well as shareholder approval granted at the Annual General Meeting; the Directors and the Chairman are paid a taxable sitting allowance of KShs 112,268 and KShs 157,176 respectively, for every meeting attended. It is proposed that each Director and the Chairman receive a gross fee of KShs 3,345,345 and KShs 4,249,909 respectively per annum for the financial year ended 31 December 2025 subject to approval by shareholders during the Annual General Meeting.

Contract of service

In accordance with the Capital Markets Authority (CMA) regulations on non-executive Directors, a third of the Board retires by rotation and is elected at every Annual General Meeting by the shareholders on rotation basis. The Group Chief Executive Officer has a permanent and pensionable contract with Sanlam Allianz Holdings (Kenya) PLC which commenced on 2 August 2018.

Changes to directors remuneration

During the period, there were no changes in Directors Remuneration which is set as per the guidelines provided in Companies (General) (Amendment) Regulations and the Code of Corporate Governance.

Statement of voting on the directors remuneration report at the previous annual general meeting

During the Annual General Meeting held on 27th June 2025, the shareholders unanimously approved the payments of Directors fees for the year ended 31 December 2025 by a show of hands. The Group will schedule its Annual General Meeting in 4th June 2026; the Notice of the Annual General Meeting will be circulated to the shareholders beforehand and approval will be sought from shareholders to pay Director Fees for the financial year ended 31 December 2025.

Information subject to audit

The following table shows a single figure remuneration for the Executive Directors, Chairman and Non-Executive directors in respect of qualifying services for the year ended 31 December 2025 together with the comparative figures for 2024. The aggregate Directors' emoluments are shown on Note 32 (d). The fees paid to Sanlam Allianz Emerging Markets directors do not accrue to them personally.

For the year ended 31 December 2025	Salary and short-term benefits KShs '000	Fees KShs '000	Total KShs '000
Patrick Tumbo – Executive	104,330	-	104,330
John P N Simba – Chairman	-	4,818	4,818
Amine El Kernighi	-	2,221	2,221
Rose Agutu	-	3,119	3,119
Grace Mwai	-	3,904	3,904
Rohan Baloobhai Patel	-	3,208	3,208
Nelius Bezuidenhout	-	3,568	3,568
Cornelius Foord	-	3,119	3,119
Freda Britz	-	3,657	3,657
Total	104,330	27,614	131,944

**SANLAM ALLIANZ HOLDINGS KENYA PLC
(FORMERLY SANLAM KENYA PLC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

Directors' remuneration report (Continued)

For the year ended 31 December 2024	Salary and short-term benefits	Fees	Total
	KShs '000	KShs '000	KShs '000
Patrick Tumbo – Executive	172,152	-	172,152
John P N Simba – Chairman	-	4,099	4,099
Amine El Kernighi	-	2,178	2,178
Rose Agutu	-	2,177	2,177
Grace Mwai	-	2,664	2,664
Rohan Baloobhai Patel	-	2,728	2,728
Nelius Bezuidenhout	-	2,813	2,813
Cornelius Foord	-	2,177	2,177
Freda Britz	-	2,897	2,897
	172,152	21,733	193,885

Pension related benefits

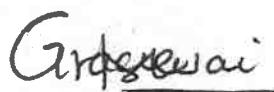
	2025 KShs '000	2024 KShs '000
Dr Patrick Tumbo – Executive	9,038	7,844
	9,038	7,844

All the directors' remuneration for the relevant financial years we paid before the close of the year.

Approval of the Directors' remuneration report

The Directors confirm that this report has been prepared in accordance with the Kenyan Companies Act, 2015, Capital Markets Authority (CMA) Code and listing rules and reflects the disclosure requirements under the IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) with respect to related parties (see Note 32 to the consolidated and separate financial statements).

On behalf of the Board



Grace Mwai
Chairperson, Remuneration Committee

Date:
21 April 2026

**SANLAM ALLIANZ HOLDINGS KENYA PLC
(FORMERLY SANLAM KENYA PLC)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

Report of the Statutory Actuary – Sanlam Allianz Life Insurance (Kenya) Limited

I have conducted a statutory actuarial valuation of the long-term business of Sanlam Allianz Life Insurance (Kenya) Limited (formerly Sanlam Life Insurance Limited) as at 31 December 2025.

This valuation has been conducted in accordance with generally accepted actuarial principles and in compliance with the requirements of the Insurance Act Cap 487 of the Laws of Kenya. Those principles require that prudent principles for future outgo under contracts, generally based upon the assumptions that current conditions will continue. Provision is therefore not made for all possible contingencies.

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

In my opinion, the long-term business of the Company was financially sound and the actuarial value of the liabilities in respect of all classes of long-term insurance business did not exceed the amount of funds of the long-term insurance business at 31 December 2025.



Takalani Sikhavhakhavha
Statutory Actuary
Fellow of the Actuarial Society of South Africa

Date: 21 April 2026



KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers
Waiyaki Way
PO Box 40612 00100 GPO
Nairobi, Kenya

Telephone +254 20 2806000
Email info@kpmg.co.ke
Website www.kpmg.com/eastafrica

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC)

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Sanlam Allianz Holdings (Kenya) PLC (formerly Sanlam Kenya Plc) ("the group and company") set out on pages 27 to 156, which comprise the consolidated and separate statement of financial position as at 31 December 2025, and the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the group and company as at 31 December 2025, and its consolidated and separate financial performance and its consolidated and separate 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 the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the group and company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated and separate financial statements of public interest entities in Kenya. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in the separate financial statements.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC) (CONTINUED)**

Report on the audit of the consolidated and separate financial statements (Continued)

Valuation of insurance contract liabilities and reinsurance contract assets in the consolidated financial statements	
Refer to the following notes in the consolidated financial statements:	
Note 2 (c) - Material Accounting Policies, IFRS 17 Insurance Contracts Note 4 - Insurance Revenue Note 5 - Insurance Service Expenses Note 6 - Net Financial Results Note 17 - Reinsurance Contract Assets Note 23 - Insurance and Reinsurance contracts	
The key audit matter	How the matter was addressed in our audit
<p>At 31 December 2025, the Group has insurance contract liabilities amounting to KShs 30,420,933,000 and reinsurance contract assets amounting to KShs 558,544,000.</p> <p>Significant judgements and estimations were applied in determining the value of the insurance and reinsurance contracts to be recognised in the financial statements as the valuation process involves the selection of actuarial methods and assumptions relating to the asset/liability for remaining coverage, asset/liability for incurred claims inclusive of risk adjustment for non-financial risk, Contractual Service Margin (CSM) and any associated loss component.</p> <p>The most significant assumptions made in the valuation of the Group's insurance contract liabilities and reinsurance contract assets relate to:</p> <ul style="list-style-type: none"> — Future mortality, morbidity, and longevity risks; — Policy holder behaviour and persistency risks with regards to lapse, surrender and paid-up rates; — Maintenance expenses, acquisition costs, initial and renewal expenses; — Discounting of cashflows; — Expense inflation rate; — Risk adjustment for non-financial risk; — Premium escalations; — Application of the General Measurement Model (GMM), Variable Fee Approach (VFA) and Premium Allocation Approach ("PAA model") as described in IFRS 17 Insurance Contracts (IFRS 17); 	<p>Our audit procedures in this area included the following:</p> <p>In order to address the risk relating to the valuation of insurance contract liabilities and reinsurance contract assets, our audit approach included the use of insurance actuarial specialists.</p> <p>Below is a summary of the procedures performed, with the assistance of our actuarial specialists:</p> <ul style="list-style-type: none"> — We assessed the skills and experience of management's actuarial team by inspecting professional qualifications and tenure in the role. — We assessed the valuation methodology and assumptions for compliance against the latest actuarial guidance, regulatory requirements and Company accounting policy in accordance with IFRS 17; — We challenged key assumptions and the methodologies and processes used to determine and update these assumptions through comparison with externally observable data and our assessment of the Group's analysis of experience to date and allowance for future uncertainty. Our challenge focused on the following assumptions: <ul style="list-style-type: none"> – non-financial assumptions (mortality, longevity, lapses/withdrawal, initial and renewal expenses, acquisition costs, maintenance expenses, premium collection rate), economic assumptions (expense inflation rate, discount rate and associated illiquidity premium);



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC) (CONTINUED)**

Report on the audit of the consolidated and separate financial statements (Continued)

Key audit matters (continued)

The key audit matter	How the matter was addressed in our audit
<ul style="list-style-type: none"> — Valuation and discounting of the liability for remaining coverage (LRC) and incurred claims (LIC); — Valuation of fulfilment cash flows and CSM; and — Valuation of the acquisition cash flows. <p>We considered the valuation of insurance contract liabilities and reinsurance contract assets to be a key audit matter in our audit of the financial statements because of the following:</p> <ul style="list-style-type: none"> — Significant judgement and high degree of estimation are applied by management; and — The quantitative and qualitative magnitude of insurance contracts in relation to the financial statements. 	<ul style="list-style-type: none"> — We assessed managements' determination of the confidence levels applied in the determination of the risk adjustment for non-financial risk, in line with the minimum regulatory requirement; — We tested the effectiveness of management controls over models, including that any changes to models have been appropriately tested and the impacts quantified by management; — We evaluated and recalculated the accuracy of the risk adjustment for non-financial risk, including the calculation method, and the change in risk adjustment for non-financial risk for risk expired in accordance with the related IFRS 17 accounting policies; — We evaluated whether the associated disclosures of the insurance contract liabilities and reinsurance contract assets in the consolidated and separate financial statements are adequate and in accordance with IFRS 17.

Other information

The directors are responsible for the other information. The other information comprises the *Group and Company information, Five-year group review, Report of the directors, Risk management, Profile of the Directors, Statement of Directors' responsibilities, Directors' remuneration report and Reports of the statutory actuary*, but does not include the consolidated and separate financial statements, and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the additional other information to be included in the published *Sanlam Allianz Holdings (Kenya) PLC Integrated report for the year ended 31 December 2025*, which is expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015 as set out below.

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

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report on in this regard.

Directors' responsibilities for the consolidated and separate financial statements

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Kenyan Companies Act, 2015 and for such internal control, as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SANLAM ALLIANZ HOLDINGS KENYA PLC
(FORMERLY SANLAM KENYA PLC) (CONTINUED)**

Report on the audit of the consolidated and separate financial statements (Continued)

Directors' responsibilities for the consolidated and separate financial statements (continued)

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 Group's and 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SANLAM ALLIANZ HOLDINGS KENYA PLC
(FORMERLY SANLAM KENYA PLC) (CONTINUED)**

Report on the audit of the consolidated and separate financial statements (Continued)

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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 Kenyan Companies Act, 2015, we report to you, solely based on our audit of the consolidated and separate financial statements, that in our opinion;

- (i) The information in the report of the directors on pages 3 to 5 is consistent with the consolidated and separate financial statements; and
- (ii) The auditable part of the director's remuneration report on page 19 to 20 has been prepared in accordance with the Kenya Company Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Maurice Gachuhi, Practicing Certificate No. P/2699.

For and on behalf of:

**KPMG Kenya
Certified Public Accountants
PO Box 40612 – 00100
Nairobi, Kenya**

Date:

21 April 2026



UNIQUE CODE: 49290260421

**SANLAM ALLIANZ HOLDINGS KENYA PLC
(FORMERLY SANLAM KENYA PLC)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	Group		Company	
		2025 KShs.'000	2024 KShs.'000 Re-presented*	2025 KShs.'000	2024 KShs.'000
Continuing operations					
Insurance revenue	4	4,413,161	4,560,247	-	-
Insurance service expenses	5	(3,242,905)	(3,565,605)	-	-
Net expenses from reinsurance contracts	5(d)	(218,780)	(341,534)	-	-
Insurance service result		951,476	653,108	-	-
Interest revenue calculated using the effective interest method	6	101,981	260,371	-	-
Other interest income	6	2,381,807	2,334,663	-	-
Other investment revenue	6	1,175,045	2,127,963	-	-
Net investment income		3,658,833	4,722,997	-	-
Net finance expenses from insurance contracts	6	(3,880,545)	(3,557,854)	-	-
Net finance expenses from reinsurance contracts	6	(7,291)	(17,830)	-	-
Net financial result		(229,003)	1,147,313	-	-
Other operating expenses	5(c)	(174,344)	(128,478)	(75,262)	(109,358)
Other incomes	7	973,137	487,121	884,783	998,431
Finance costs	22	(205,985)	(734,812)	(163,632)	(700,510)
Profit before tax		1,315,281	1,424,252	645,889	188,563
Income tax expense	8(a)	(477,246)	(606,245)	(1,143)	(462)
Profit from continuing operations		838,035	818,007	644,746	188,101
Discontinued operations					
(Loss)/profit from discontinued operations, net of tax	31(b)	(54,924)	236,880	-	-
Gain on disposal of discontinued operations	31(b)	49,173	-	-	-
Profit for the period		832,284	1,054,887	644,746	188,101
Profit attributable to:					
Owners of the parent	28	826,697	959,870	644,746	188,101
Non-controlling interests	12(b)	5,587	95,017	-	-
		832,284	1,054,887	644,746	188,101
Earnings per share:					
Basic - KShs	28	2.01	6.67	1.57	1.31
Diluted - KShs	28	1.52	6.67	1.19	1.31

* Comparative information has been re-presented due to a discontinued operation and changes in classification.

The notes set out on pages 35 to 156 form an integral part of these financial statements.

**SANLAM ALLIANZ HOLDINGS KENYA PLC
(FORMERLY SANLAM KENYA PLC)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

**CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	Group		Company	
		2025 KShs.'000	2024 KShs.'000 Re-presented*	2025 KShs.'000	2024 KShs.'000
Profit for the year, after tax:		<u>832,284</u>	<u>1,054,887</u>	<u>644,746</u>	<u>188,101</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>832,284</u>	<u>1,054,887</u>	<u>644,746</u>	<u>188,101</u>
Attributable to:					
Owners of the parent		826,697	959,870	644,746	188,101
Non-controlling interests		<u>5,587</u>	<u>95,017</u>	<u>-</u>	<u>-</u>
		<u>832,284</u>	<u>1,054,887</u>	<u>644,746</u>	<u>188,101</u>

* Comparative information has been re-presented due to a discontinued operation and changes in classification.

The notes set out on pages 35 to 156 form an integral part of these financial statements.

**SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Note	Group		Company	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
ASSETS		KShs.'000	KShs.'000	KShs.'000	KShs.'000
Property and equipment	10(a)	451,282	472,664	-	-
Right-of-use asset	10(b)	37,962	33,736	-	-
Investment properties	11(a)	2,425,680	2,399,680	-	-
Intangible assets	9	-	1,087	-	-
Investments in subsidiaries	12(a)	-	-	1,347,070	1,138,859
Deferred income tax asset	27	72,697	93,984	-	-
Financial assets:					
— Equity securities - At fair value through profit or loss	14	197,322	155,557	-	-
— Government securities - At fair value through profit or loss	14	31,887,776	28,864,569	-	-
— Government securities - At amortised cost	14	1,397,388	1,109,562	-	-
Loans	13	70,582	74,645	-	-
Reinsurance contract assets	17	558,544	423,411	-	-
Inventory	16	84,053	82,055	84,053	82,055
Current income tax receivable	8(b)	217,103	269,909	1,646	2,450
Receivables from intermediaries	18	-	-	-	-
Receivables and other assets	19	298,949	298,148	113,900	30,863
Deposits with financial institutions	14	505,982	1,540,386	-	-
Cash and bank balances	20	1,166,978	467,210	21,391	56,475
Assets held for sale	31(c)	-	2,879,329	-	-
TOTAL ASSETS		39,372,298	39,165,932	1,568,060	1,310,702

The notes set out on pages 35 to 156 form an integral part of these financial statements.

**SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025 (Continued)

	Note	Group		Company	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024
		KShs.'000	KShs.'000	KShs.'000	KShs.'000
EQUITY AND LIABILITIES					
Issued share capital	21	2,717,104	720,000	2,717,104	720,000
Statutory fund	21	3,288,229	3,371,581	-	-
Retained losses		(1,370,387)	(2,319,915)	(1,924,112)	(2,568,858)
Shareholder's funds		4,634,946	1,771,666	792,992	(1,848,858)
Non-controlling interests	12(b)	115,579	149,471	-	-
Total capital and reserves		4,750,525	1,921,137	792,992	(1,848,858)
LIABILITIES					
Insurance contract liabilities	23	30,420,932	27,535,254	-	-
Deferred income tax liability	27	1,409,655	1,445,377	-	-
Lease liabilities	10(b)	40,557	37,644	-	-
Provisions	25	34,570	33,678	-	-
Current income tax payable	8(b)	14,154	-	-	-
Payables and other liabilities	26	1,282,374	1,210,482	566,857	117,932
Borrowings	22	1,419,531	4,216,156	208,211	3,041,628
Liabilities directly attributed with the assets held for sale	31	-	2,766,204	-	-
Total liabilities		34,621,773	37,244,795	775,068	3,159,560
TOTAL EQUITY AND LIABILITIES		39,372,298	39,165,932	1,568,060	1,310,702

The financial statements on pages 27 to 156 were approved and authorised for issue by the Board of Directors on 21 April 2026 and signed on its behalf by:


Dr John P N Simba
Chairman


Dr Patrick Tumbo
Group Chief Executive Officer

The notes set out on pages 35 to 156 form an integral part of these financial statements.

**SANLAM ALLIANZ HOLDINGS KENYA PLC
(FORMERLY SANLAM KENYA PLC)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

Year ended 31 December 2025:	Note	Share capital KShs.'000	Statutory fund KShs.'000	Retained earnings KShs.'000	Total KShs.'000	Non- controlling interests KShs.'000	Total KShs.'000
At 1 January 2025		720,000	3,371,581	(2,319,915)	1,771,666	149,471	1,921,137
Total comprehensive income for the year;							
Profit for the year after tax	21	-	-	826,697	826,697	5,587	832,284
Transfer to the statutory fund	21	-	928,122	(928,122)	-	-	-
Transfer to retained earnings	21	-	(1,011,474)	1,011,474	-	-	-
Rights issues	21	1,997,104	-	-	1,997,104	-	1,997,104
Transactions with minorities		-	-	39,479	39,479	(39,479)	-
At 31 December 2025		2,717,104	3,288,229	(1,370,387)	4,634,946	115,579	4,750,525
At 1 January 2024		720,000	2,380,139	(2,288,343)	811,796	54,454	866,250
Total comprehensive income for the year;							
Profit for the year, after tax	21	-	-	959,870	959,870	95,017	1,054,887
Transfer to the statutory fund	21	-	1,378,870	(1,378,870)	-	-	-
Transfer to retained earnings	21	-	(387,428)	387,428	-	-	-
At 31 December 2024		720,000	3,371,581	(2,319,915)	1,771,666	149,471	1,921,137

Transfer to retained earnings from statutory fund is done through the recommendation of appointed statutory actuary after valuation of the liabilities.

The notes set out on pages 35 to 156 form an integral part of these financial statements.

**SANLAM ALLIANZ HOLDINGS KENYA PLC
(FORMERLY SANLAM KENYA PLC)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital KShs.'000	Retained earnings KShs.'000	Total KShs.'000
Year ended 31 December 2025:			
At 1 January	720,000	(2,568,858)	(1,848,858)
Right issue	1,997,104	-	1,997,104
Profit for the year, after tax	-	644,746	644,746
At 31 December	<u>2,717,104</u>	<u>(1,924,112)</u>	<u>792,992</u>
Year ended 31 December 2024:			
At 1 January	720,000	(2,756,959)	(2,036,959)
Profit for the year, after tax	-	188,101	188,101
At 31 December	<u>720,000</u>	<u>(2,568,858)</u>	<u>(1,848,858)</u>

The notes set out on pages 35 to 156 form an integral part of these financial statements.

**SANLAM ALLIANZ HOLDINGS KENYA PLC
(FORMERLY SANLAM KENYA PLC)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 KShs. '000	2024 KShs. '000
Cash flows from operating activities			
Cash (utilized in)/generated from operations	30(a)	(1,842,672)	(2,336,191)
Income tax paid	8(b)	(403,240)	(224,852)
Net cash flows (used in) operations		(2,245,912)	(2,561,043)
Cash flows from investing activities			
Purchase of intangible assets	9	-	(1,813)
Proceed from disposal of investment property	11	-	64,900
Disposal of discontinued operation	31(a)	(54,633)	-
Purchase of property and equipment	10	(24,853)	(31,307)
Loans repaid	13	4,329	11,236
Land and development	16	(1,998)	(1,700)
Purchase of financial assets through profit and loss	14(a)	(13,394,373)	(2,933,118)
Purchase of financial assets at amortised cost	14(a)	(1,385,160)	(207,767)
Proceeds from disposal of financial assets at fair value through profit or loss	14(a)	12,385,509	2,180,785
Proceeds from disposal of financial assets at amortised cost	14(a)	1,118,805	197,820
Proceeds from disposal of equity securities	14(a)	58,850	352,881
Net rental income	11	169,756	140,631
Dividend income received	7	11,381	30,197
Interest received		4,131,375	4,040,938
Net cash flows from investing activities		3,018,988	3,843,683
Cash flows from financing activities			
Principal lease payments	10(b)(i)	(8,220)	(34,345)
Interest on lease payments	10(b)(i)	(5,561)	(21,546)
Interest paid on borrowings	22	(192,144)	(1,125,000)
Proceed from rights issue	21	1,997,104	-
Repayment of principal on borrowings	22	(3,000,000)	-
Acquisition of NCI	12	(208,211)	-
Proceed from borrowings	22	208,211	-
Net cash flows used in financing activities		(1,208,821)	(1,180,891)
Increase in cash and cash equivalents		(435,745)	101,749
Effects of changes in exchange rates	12(a)	-	(723)
Cash and cash equivalents at start of year	20	2,007,596	2,039,290
Reclassification to assets held for sale	31	-	(132,720)
Cash and cash equivalents at end of year	20	1,571,851	2,007,596

The notes set out on pages 35 to 156 form an integral part of these financial statements.

**SANLAM ALLIANZ HOLDINGS KENYA PLC
(FORMERLY SANLAM KENYA PLC)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 KShs. '000	2024 KShs. '000
Cash flow from operating activities			
Cash generated from operations	30(b)	358,051	255,439
Income tax paid	8(b)	(1,143)	(1,491)
Cash flows from operations		356,908	253,948
Cash flows from investing activities			
Purchase of additional investment in subsidiary	12(a)	(208,211)	-
Dividends received	7	800,000	900,000
Interest received		5,046	5,101
Investment in land and development	16	(1,998)	(1,700)
Net cash flows from investing activities		594,837	903,401
Cash flow from financing activities			
Proceeds from rights issue	21	1,997,104	-
Proceeds from borrowings	22	208,211	-
Repayment of principal on borrowings	22	(3,000,000)	-
Repayment of Interest on borrowings	22	(192,144)	(1,125,000)
Net cash flows used in financing activities		(986,829)	(1,125,000)
Decrease in cash and cash equivalents		(35,084)	32,349
Cash and cash equivalents at start of year	20	56,475	24,126
Cash and cash equivalents at end of year	20	21,391	56,475

The notes set out on pages 35 to 156 form an integral part of these financial statements.

**SANLAM ALLIANZ HOLDINGS KENYA PLC
(FORMERLY SANLAM KENYA PLC)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

1. General information

Sanlam Allianz Holdings (Kenya) PLC is listed at the Nairobi Securities Exchange, with its principal activity as a non-banking financial institution being underwriting life insurance risks such as those associated with death, disability, credit protection, mortgage protection through its subsidiary Sanlam Allianz Life Insurance (Kenya) Limited. The Group has other dormant subsidiaries listed on note 32. The registered address being P.O. Box 10493 – 00100 Nairobi. The Group does business in Kenya and engages over 1,000 employees and financial advisers. The consolidated financial statements of the company as at and for the year ended 31 December 2025 comprise the company and its subsidiaries (together referred to as the “Group”). The separate financial statements are the unconsolidated company financial statements. Where reference is made in the accounting policies to Group or Company it should be interpreted as being applicable to the consolidated or separate financial statements as the context requires. The consolidated and separate financial statements are hereinafter referred to as “the financial statements”.

List of abbreviations

EEV	-	European Embedded Value Principles
IFRS	-	Accounting Standards – International Financial Reporting Standards
ISA	-	International Standards on Auditing
IESBA	-	Ethics for Professional Accountants (including International Independence Standards)
FVTPL	-	Fair Value Through Profit or Loss
IAS	-	International Accounting Standards
DPF	-	Discretionary Participation Features
GMM	-	General Measurement Model
VFA	-	Variable Fee Approach
PAA	-	Premium Allocation Approach
CSM	-	Contractual Service Margin
PPFM	-	Principles and Practices of Financial Management
BEL	-	Best Estimate Liability
RA	-	Risk Adjustment
NSSF	-	National Social Security Fund
FVOCI	-	Fair Value through Other Comprehensive Income
SPPI	-	Solely Payments of Principal and Interest
ECL	-	Expected Credit Loss
PD	-	Probability of Default
LGD	-	Loss Given Default
EAD	-	Exposure at Default
EIR	-	Effective Interest Rate
SICR	-	Significant Increase in Credit Risk
CAR	-	Capital Adequacy ratio

2. Material accounting policies

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

(a) Basis of preparation

The financial statements are prepared on a going concern basis in accordance with IFRS accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting standards) and in the manner required by the Kenyan Companies, Act, 2015. The preparation of financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) requires the use of estimates and assumptions.

**SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

2. Material accounting policies (Continued)

(a) Basis of preparation (continued)

It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the Group. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates.

The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgements of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in note 2 (b).

Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors. The effect of a change in an accounting estimate is recognised prospectively by including it in separate and consolidated statement of profit or loss in:

- the period of the change, if the change affects that period only; or
- the period of the change and future periods, if the change affects both.

For purposes of reporting under the Kenyan Companies Act, 2015 the balance sheet in these financial statements is represented by the statement of financial position and the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

The measurement basis used is the historical cost basis, except for the following items which are carried at fair value or valued using another measurement basis:

- Investment properties;
- Financial assets measured at fair value through profit or loss and at fair value through other comprehensive income; and

The financial statements are presented in Kenya Shillings (KShs '000), rounded to the nearest thousand. The financial statements comprise consolidated and company statements of profit or loss, consolidated and company statements other comprehensive income, consolidated and company statements of changes in equity and consolidated and company statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements.

For purposes of the Kenyan companies Act, 2015, the balance sheet is represented by the consolidated and company statements of financial position and the profit and loss account by the consolidated and company statements of profit or loss. Income and expenses, excluding the components of other comprehensive income, are recognised in the consolidated and company statements of profit or loss.

Other comprehensive income is recognised in the statement of other comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognised in the statement of profit or loss as required or permitted by IFRS Accounting Standards. Reclassification adjustments are amounts reclassified to statement of profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods.

Transactions with the owners of the Company in their capacity as owners are recognised in the statement of changes in equity.

**SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

2. Material accounting policies (Continued)

(a) Basis of preparation (continued)

Going concern

The directors are aware of the following conditions:

- (i) During the year under review, the Group reported an after-tax profit of KShs 832 million (2024: after-tax profit of KShs 1,055 million) while the Company reported an after-tax profit of KShs 640 million (2024: an after-tax profit of KShs 188 million),
- (ii) The consolidated cumulative losses as at 31 December 2025 was KShs 1,370 million (2024 KShs 2,320 million) while the Company cumulative losses as at 31 December 2025 was KShs 1,924 million (2024: KShs 2,569 million).
- (iii) The Group reported consolidated negative cash flows from operating activities of KShs 2,246 million for the year ended 31 December 2025 (2024: negative cash flows of KShs 2,561 million)
- (iv) As at 31 December 2025, the Group holds a credit facility with a balance of KShs 1.4 billion with Sanlam Emerging Markets Pty.

The following are mitigation measures put in place by the directors to address the above-mentioned matters:

- (i) Sanlam Allianz Life Insurance (Kenya) Limited, a subsidiary of Sanlam Allianz Holdings (Kenya) PLC has demonstrated a strong financial performance in the year ended 31 December 2025, generating an after-tax profit of KShs. 1,360 million. A dividend of KShs 900 million has already been paid in 2025 and further KShs 800 million has been proposed subsequent to 2025 year-end to its shareholder, Sanlam Allianz Holdings (Kenya) PLC, to enable the entity to fund its financial obligations for the year 2026.
- (ii) The merger between the Sanlam General Insurance Limited and Jubilee Allianz General Insurance Limited and the subsequent transfer of Sanlam General Insurance Limited assets and liabilities to Sanlam Allianz General Insurance (Kenya) Limited (formerly Jubilee Allianz General Insurance Limited) occurred during the year.
- (iii) Sanlam Emerging Markets the intermediate parent company advanced a loan of KShs 1,085 million to Sanlam General Insurance Limited to bridge the capital shortfall on 5 May 2022. The loan has been extended for until the borrower CAR improves to required regulatory level.
- (iv) Further, the loan agreement between Sanlam General Insurance Limited (the borrower) and Sanlam Emerging Markets (Pty) Limited (the lender) provides that "payment shall not be commenced or continued if it results in the CAR of the Borrower falling below 100%" and "(notwithstanding the Maturity Date), the loan shall not be repaid nor shall the lender exercise any right of set-off against other amounts which may be due by the lender to the borrower until the date upon which the CAR Shortfall has been extinguished, whereupon, the loan (together with all accrued interest, costs and charges) shall automatically become repayable in full." Following merger between the Sanlam General Insurance Limited and Jubilee Allianz General Insurance Limited effective 31 October 2025, CAR is no longer applicable to Sanlam General Insurance Limited since it ceased underwriting non-life insurance business. The loan is now payable following the completion of the merger.
- (v) Sanlam Allianz Holdings (Kenya) PLC credit facility of KShs 0.2 billion was advance by Sanlam Emerging Markets (Pty) Limited to facilitate additional acquisition of minority in Sanlam General Insurance limited of 7.40%.
- (vi) The capital raise of KShs 2.5 billion was successful and the proceeds were utilized to settle the loan balance of KShs 3.2 billion from Stanbic Bank Kenya Limited.

**SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

2. Material accounting policies (Continued)

(b) Basis of preparation (continued)

Going concern (continued)

The Directors have considered the above-mentioned matters and have prepared the year 2025 Sanlam Allianz Holdings (Kenya) PLC Group financial results on a going concern basis. The basis assumes that the Group and Sanlam Allianz Holdings (Kenya) PLC will continue operating as going concern for the foreseeable future.

(b) New standards, amendments and interpretations

(i) New standards and interpretations effective and adopted during the year

The group and company adopted the following standards and interpretations applicable for the first time to their annual reporting commencing 1 January 2025. The adoption of following standards did not have material impact on the group and company.

The following standards and interpretations applicable to their annual reporting commencing 1 January 2025. The adoption of the standards did not have material impact on the group and company.

Description	Effective date	Executive summary
Lack of Exchangeability – Amendments to IAS 21	1 Jan 2025	Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements.

(ii) New standards and interpretations not yet adopted during the year

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

Description	Effective date	Executive summary
— Classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7).	1 Jan 2026	The amendments include guidance on the classification of financial assets, including those with contingent features.
— Annual improvements to IFRS accounting standards (volume 11) – IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> .	1 Jan 2026	The annual improvements process aims to improve the clarity and internal consistency of IFRS Accounting Standards. In this volume of improvements, the International Accounting Standards Board (IASB) makes minor amendments to IFRS 9 Financial Instruments and to a further four accounting standards (IFRS 1, IFRS 7, IFRS 10, IAS 7).

SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

2. Material accounting policies (Continued)

(b) New standards, amendments and interpretations (continued)

(ii) *New standards and interpretations not yet adopted during the year (continued)*

Description	Effective date	Executive summary
<p>— Annual improvements to IFRS accounting standards (volume 11)</p> <ul style="list-style-type: none"> – IFRS 7 <i>Financial Instruments: Disclosures</i> and its accompanying <i>Guidance on implementing IFRS 7</i>; – IFRS 9 <i>Financial Instruments</i>; – IFRS 10 <i>Consolidated Financial Statements</i>; and – IAS 7 <i>Statement of Cash flows</i> 		
<p>— Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7</p>	1 Jan 2026	<p>Companies face challenges in applying IFRS 9 Financial Instruments to contracts referencing nature-dependent electricity – sometimes referred to as renewable power purchase agreements (PPAs). The International Accounting Standards Board (IASB) has now amended IFRS 9 to address these challenges.</p> <p>The amendments include guidance on:</p> <p>the ‘own-use’ exemption for purchasers of electricity under such PPAs; and hedge accounting requirements for companies that hedge their purchases or sales of electricity using PPAs.</p>
<p>— IFRS 18 Presentation and disclosure in financial statements</p>	1 Jan 2027	<p>The new standard includes enhanced guidance on how companies group information in the financial statements.</p> <p>This includes guidance on whether material information is included in the primary financial statements or is further disaggregated in the notes.</p>

SANLAM ALLIANZ HOLDINGS (KENYA) PLC
(FORMERLY SANLAM KENYA PLC)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

2. Material accounting policies (Continued)

(b) New standards, amendments and interpretations (continued)

(iii) *New standards and interpretations not yet adopted during the year (continued)*

Description	Effective date	Executive summary
IFRS 19 Disclosure initiative – subsidiaries without public accountability. (Disclosures)	01 Jan 2027	Subsidiaries of companies using IFRS Accounting Standards can substantially reduce their disclosures and focus more on users' needs. A subsidiary that does not have public accountability and has a parent that produces consolidated accounts under IFRS Accounting Standards, is permitted to apply IFRS 19.
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	To be determined	The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

*The implementation and the effective dates of IFRS Sustainability Disclosure Standards are subject to local regulation. The Institute of Certified Public Accountants of Kenya (ICPAK) pronounced that these standards should be adopted by public interest entities effective 1 January 2027. The Directors do not plan to apply the above standards, until they become effective. Based on their assessment of the potential impact of application the above are not expected to have a significant impact on the Company's financial statements. There are no other standards that are not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on near future transactions.

(c) IFRS 17 Insurance Contracts

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 Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM.

2. Material accounting policies (Continued)

(c) IFRS 17 Insurance Contracts (continued)

Recognition, measurement, and presentation of insurance contracts

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 Group expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

In addition, investment components are included in insurance revenue and insurance service expenses. Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants (Amendments to IAS 1, Presentation of Financial Statements).

Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants (Amendments to IAS 1, Presentation of Financial Statements)

The amendment clarifies that the classification of liabilities as current or non-current is based solely on a Group's right to defer settlement for at least 12 months at the reporting date. The right needs to exist at the reporting date and must have substance.

Only covenants with which a Group must comply on or before the reporting date may affect this right. Covenants to be complied with after the reporting date do not affect the classification of a liability as current or noncurrent at the reporting date. However, disclosure about covenants is now required to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

The amendments did not have a material impact on the Group's financial statements.

The amendments also clarify that the transfer of a company's own Equity securities is regarded as settlement of a liability. If a liability has any conversion options, then those generally affect its classification as current or noncurrent, unless these conversion options are recognized as equity under IAS 32, Financial Instruments: Presentation.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

The amendments did not have a material impact on the Group's financial statements.

International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

On 23 May 2023, the International Accounting Standards Board (the IASB or Board) issued International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 (the Amendments) to clarify the application of IAS 12 Income Taxes to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes).

The Amendments introduce:

- provide a temporary mandatory relief from deferred tax accounting for top-up tax; and
- require companies to provide new disclosures to compensate for the potential loss of information resulting from the relief.

The amendments did not have a material impact on the Group's financial statements.

2. Material accounting policies (Continued)

(c) IFRS 17 Insurance Contracts (continued)

(i) Identifying contracts in the scope of IFRS 17 (continued)

The Group applies IFRS 17 - Insurance Contracts to insurance contracts it holds and investment contracts with discretionary participation features (DPF) it issues.

All references to insurance contracts in these consolidated financial statements apply to insurance contracts issued or acquired, and investment contracts with DPF issued, unless specifically stated otherwise. Once a contract has been classified as an insurance contract the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during the coverage period, unless the term of the contract is modified.

Insurance contracts without direct participation features

A contract is classified as an insurance contract without direct participation features where the Group provides insurance coverage by accepting significant insurance risk when agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk is assessed on a contract level and exists where there is at least one scenario in which the insured event results both in significant additional payments and also in an overall loss to the Group on a present value basis. A contract where the Group generates an investment return for the policyholder (investment-return service) that does not meet the criteria for being a substantially investment-related service contract (an insurance contract with direct participation features), is also classified as an insurance contract without direct participation features.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss. The accounting model applied to these insurance contracts for liability measurement purposes is the General Measurement Model (GMM), unless the Premium Allocation Approach (PAA) applies. The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the insurance contract liabilities for certain eligible types of contracts.

Insurance contracts with direct participation features

The Group issues insurance contracts with direct participation features that are substantially investment-related service contracts where underlying items are managed on behalf of the policyholders. The Group expects to pay amounts to these policyholders equal to a substantial share of the fair value returns on the underlying items, and a substantial proportion of any change in the amounts to be paid to the policyholders is expected to vary with the change in fair value of the underlying items. Underlying items comprise reference portfolios of investment assets that determine some of the amounts payable to the policyholders. The accounting model applied to these insurance contracts for liability measurement purposes is the Variable Fee Approach (VFA).

Investment contracts

Investment contracts with DPF are in scope of IFRS 17 as the Group also issues insurance contracts. These contracts do not include a transfer of significant insurance risk and are measured under the VFA if they meet the eligibility requirements of direct participating contracts.

2. Material accounting policies (Continued)

(c) IFRS 17 Insurance Contracts (continued)

(i) Identifying contracts in the scope of IFRS 17 (continued)

An investment contract with DPF entitles the policyholder to receive benefits or bonuses in addition to guaranteed benefits that are expected to be a significant proportion of the total contractual benefits, the timing or amount of which are contractually at the discretion of the Group, but which has to be exercised in a reasonable way. The benefits are based on the investment performance of a specified pool of underlying assets. Other investment contracts with or without investment management services fall within the scope of IFRS 9 – Financial Instruments and are designated as at fair value through profit or loss.

(ii) Level of aggregation

Each business within the Group manages insurance contracts issued within product lines. Insurance contracts within each product line are allocated to portfolios of insurance contracts that are managed together and subject to similar risks.

Portfolios are divided into groups of insurance contracts, based on whether:

- (a) contracts are onerous at initial recognition.
- (b) contracts at initial recognition have no significant possibility of becoming onerous subsequently; and
- (c) groups of remaining contracts.

An insurance contract is expected to be onerous if the fulfilment cash flows allocated to the contract at initial recognition in total are a net outflow. For insurance contracts measured under the PAA, the Group has assumed that these contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. For reinsurance contracts the references to onerous contracts are replaced with references to contracts on which there is a net gain at initial recognition. Each group of contracts does not include contracts issued more than one year apart in the same group. These groups represent the level of aggregation at which insurance revenue is measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Group determines the appropriate level at which reasonable and supportable information is available to determine these groups of contracts. Where the Group has reasonable and supportable information to conclude that a set of contracts will all be in the same group, then it may measure that set of contracts (i.e. at a level higher than the individual contracts), to determine whether the contracts are onerous on initial recognition. If the Group cannot support such a conclusion, then it determines the group by considering individual contracts.

(iii) Contracts boundaries

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which:

- The Group can compel the policyholder to pay premiums; or
- The Group has a substantive obligation to provide the policyholder with insurance contract services.

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

2. **Material accounting policies (Continued)**

(c) **IFRS 17 Insurance Contracts (continued)**

(iii) **Contracts boundaries (continued)**

The Group considers the legal rights and the commercial substance of the contracts in this assessment. Cash flows outside of the boundary of the insurance contract relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

(v) **Measurement – overview**

On initial recognition, the Group measures a group of insurance contracts as the total of following under General Measurement Model:

- the fulfilment cash flows,
- the contractual service margin (CSM), and
- risk adjustment.

The PAA is a modification of the General Measurement Model that allows the use of simplified approach for measuring the liability for remaining coverage for certain eligible types of contracts.

Fulfilment cash flows

The fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows within the contract boundary. The fulfilment cash flows consider all reasonable and supportable information available at the reporting date without undue cost or effort. Fulfilment cash flows are determined separately for insurance contracts issued and reinsurance contracts issued or held. Fulfilment cash flows are allocated to groups of insurance contracts for measurement purposes. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. This risk adjustment represents compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts. The Group followed the margins approach in determining the risk adjustment which only applies to non-financial assumptions. The range for the aggregate confidence level was 90%.

Variable fee approach

The fulfilment cash flows for insurance contracts with direct participation features can also be determined as the obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for future services. The variable fee comprises the amount of the entity's share in the fair value of the underlying items less fulfilment cash flows (e.g. amounts payable to the policyholder) that do not vary based on the underlying items.

Reinsurance contracts

Fulfilment cash flows of reinsurance contracts include the effect of any risk of non-performance by the issuer of the reinsurance contract where material, including the effects of collateral and losses from disputes. The fulfilment cash flows are calculated using all cash flows within the reinsurance contract boundary, including future new business contracts where relevant. The Group applies judgement in determining the value of future new business.

Provision for minimum investment return guarantees

In addition to the fulfilment cash flows described above, a stochastic modelling approach was used to provide for the possible cost of minimum investment return guarantees provided by some participating and market-related policies, consistent with actuarial guidance note.

2. Material accounting policies (Continued)

(c) IFRS 17 Insurance Contracts (continued)

(iv) Measurement – overview

Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued which represents the unearned profit that the Group expects to recognise as it provides insurance contract services. If a group of insurance contracts is not onerous at initial recognition, the CSM is measured as the equal and opposite amount of the net inflow resulting from the total of the fulfilment cash flows, any derecognised assets or liabilities for insurance acquisition cash flow or other cash flows paid before the recognition date. This results in no income or expenses arising on initial recognition. For groups of contracts acquired, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

If a group of insurance contracts is onerous at initial recognition, the Group immediately recognises this net outflow as an expense in profit or loss with no CSM recognised on the statement of financial position at initial recognition. A loss component, which is equal to this net outflow representing the expected future losses on the group of insurance contracts, is recognised at initial recognition and tracked over the coverage period of the insurance contracts for measurement purposes. The loss component therefore forms part of the liability for remaining coverage.

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

- Reinsurance contracts initiated by the group that provide proportionate coverage: The date on which any underlying insurance contract is initially recognised. This applies to the group's quota share reinsurance contracts.
- Other reinsurance contracts initiated by the group: The beginning of the coverage period of the group of reinsurance contracts. However, if the group recognises 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 recognised on that earlier date.
- Reinsurance contracts acquired: The date of acquisition.

Best estimate of future experience

The best estimate of future experience is determined as follows:

- Future investment return assumptions for cash flows which vary with the underlying items are consistent with the expected long-term investment returns on the assets backing the insurance contracts, derived from market yields of fixed interest securities on the valuation date, with adjustments for the other asset classes.
- The appropriate asset composition of the various asset portfolios is considered. The allowance for investment management expenses, taxation at current tax rates and charges for investment guarantees is determined separately from the future investment returns and discount rates for measurement purposes.
- Investment return assumptions are based on an assessment of longer-term economic conditions. The future investment returns are based on the market yields of Kenyan fixed interest securities on the valuation date.

2. Material accounting policies (Continued)

(c) IFRS 17 Insurance Contracts (continued)

(iv) Measurement – overview (continued)

Best estimate of future experience (continued)

- Future expense assumptions are based on the 2025 actual expenses and escalated at estimated expense inflation rates per annum, with a higher rate assumed for legacy business. The allocation of initial and maintenance expenses is based on functional cost analyses and reflects actual expenses incurred during 2025. The future expense assumptions do not include any costs that are not directly attributable to the fulfilment of the insurance contracts.
- Assumptions with regard to future mortality, disability and disability payment termination rates are consistent with SanlamAllianz recent experience or expected future experience if this would result in a more accurate liability. In particular, mortality and disability rates are adjusted to allow for expected deterioration in mortality rates as a result of HIV/Aids and for expected improvements in mortality rates in the case of annuity business.
- Persistency assumptions with regard to lapse, surrender and paid-up rates are consistent with SanlamAllianz's recent experience or expected future

Discount rates

The estimates of future cash flows are adjusted to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of future cash flows. For cash flows that vary based on the returns on underlying items the entity used a top-down approach and for cash flows that do not vary based on the returns on the underlying items the entity used a bottom-up approach under IFRS 17 to determine discount rates. The risk free rate used is government bonds yield curve as at valuation date and the confidence level applied used was 90%. The tables below set out the yield curve used to discount the cash flows of insurance contracts.

Year	1 Year	5 Years	10 Years	15 Years	20 Years
2025	9.21%	10.64%	12.60%	12.87%	13.48%
2024	11.41%	14.14%	13.60%	13.72%	14.78%

The discount rates applied to the estimates of the future cash flows:

- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts.
- are consistent with observable current market prices (if any); and
- exclude the effect of factors that influence such observable market prices, but do not affect the future cash flows of the insurance contracts.

Cash flows are divided between cash flows that vary based on the returns on underlying items and cash flows that do not vary based on the returns on underlying items. Cash flows that vary based on the returns on underlying items are be discounted using rates that reflect that variability. The government bonds yield curve was applied to cash flows that do not vary based on the returns on underlying items. Insurance contracts such as non-participating life annuities that cannot be surrendered or lapsed are illiquid.

Bonus rate assumptions

Separate asset portfolios are maintained in support of policy liabilities for each of the major lines of business; each portfolio having an asset mix appropriate for the specific product. Bonus rates are declared for each class of participating business in relation to the funding level of each portfolio and the expected future net investment return on the assets of the particular investment portfolio.

- experience if this would result in a more accurate liability.

2. Material accounting policies (Continued)

(c) IFRS 17 Insurance Contracts (continued)

(iv) Measurement – overview (continued)

Smoothed-bonus business

Smoothed-bonus business provide for the payment of an investment return (net of tax and investment costs) to the policyholder, in the form of bonuses. The use of bonuses is a mechanism to smooth returns to policyholders in order to reduce the effects of volatile investment performance, and bonus rates are determined in line with the product design, policyholder reasonable expectations, affordability and the approved bonus philosophy.

Any returns not yet distributed are retained in a policyholder bonus stabilisation reserve, for future distribution to policyholders. In the event of adverse investment performance, this reserve may become negative.

The funding level of portfolios is bolstered through loans from the capital portfolio and cancellation of non-vested bonuses in instances where negative stabilisation reserves will not be eliminated by these management actions. Bonus declarations are made in accordance with the SanlamAllianz Principles and Practices of Financial Management (PPFM).

Subsequent measurement (excluding PAA)

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

- the liability for remaining coverage, comprising:
 - (a) the fulfilment cash flows related to service to be provided under the contract in future periods; and
 - (b) the remaining CSM of the group at that date.
- the liability for incurred claims, comprising the fulfilment cash flows for past incurred claims and expenses not paid, including claims that have been incurred but not reported. The liability for incurred claims also includes the payment of any investment components or other amounts that are not related to the provision of insurance contract services and that are not included in the liability for remaining coverage.

Fulfilment cash flows

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of fulfilment cash flows, discount rates appropriate to the measurement model being used and current estimates of the risk adjustment for non-financial risk.

Contractual service margin

For groups of insurance contracts measured under the GMM, the CSM at the start of the period is explicitly accreted with interest based on the discount rates applied to the fulfilment cash flows at initial recognition.

For groups of insurance contracts measured under the VFA, the CSM at the start of the period is implicitly accreted with interest equal to the effect of the time value of money on the variable fee in each period.

2. Material accounting policies (Continued)

(c) IFRS 17 Insurance Contracts (continued)

(iv) Measurement – overview (continued)

Contractual service margin – continued

The impact of changes in estimates of the fulfilment cash flows on the measurement of the CSM depends on whether the changes are related to current (or past) or future service:

- changes that relate to current or past service are recognised in profit or loss; and
- changes that relate to future service are recognised by adjusting the CSM within the liability for remaining coverage, including changes in the risk adjustment for non-financial risk that relate to future service. This excludes any changes which give rise to a loss on a group of insurance contracts, as well as any changes which adjust the loss recovery component on a group of reinsurance contracts.

For groups of insurance contracts measured under the GMM:

- changes in estimates of the present value of future cash flows included in the liability for remaining coverage, are related to future service and adjust the CSM. These changes are based on the discount rates applied to the fulfilment cash flows at initial recognition. Changes in the estimates that relate to the effect of the time value of money and the effect of financial risk and changes therein, do not adjust the CSM and are recognised in profit or loss; and
- differences in the investment components expected to become payable in the period and actual investment components payable in the period, are related to future service and adjust the CSM.

For groups of insurance contracts measured under the VFA, the fulfilment cash flows can also be determined as the obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for future services:

The following changes relate to future service and therefore adjust the CSM:

- changes in the group's share of the fair value of the underlying items, including any variances in the group's share of the fair value returns on the underlying items in the reporting period, and changes that relate to the effect of and changes in the time value of money and financial risks;
- changes in the fulfilment cash flows that do not vary with returns on the underlying items:
 - (a) changes related to the effect of and changes in the time value of money and financial risks, including the effect of financial guarantees (changes in TVOG);
 - (b) changes in estimates of the present value of future cash flows included in the liability for remaining coverage, excluding the impacts described above that do not adjust the CSM; and
 - (c) changes in the risk adjustment for non-financial risk that relate to future service.

The experience adjustments arising from premiums received (including related cash flows such as insurance acquisition cash flows) that do not vary based on the returns on underlying items, adjust the CSM if they relate to future service, or such amounts are recognised in insurance revenue in the reporting period if they relate to current (or past) service. The Group applies judgement to determine whether these experience adjustments relate to current (or past) service or future service. The experience adjustments arising from incurred claims and administration expenses relate to current (or past) service and are recognised in profit or loss.

2. Material accounting policies (Continued)

(c) IFRS 17 Insurance Contracts (continued)

(iv) Measurement – overview (continued)

Contractual service margin – continued

An amount of the CSM at the end of the period is recognised in insurance revenue in profit or loss in each reporting period based on the insurance contract services provided under the group of contracts, defined based on the coverage units provided in the current period and expected to be provided in the future.

Contracts measured under the PAA

The PAA is applied to all insurance contracts with a coverage period of one year or less. In some scenarios, the PAA is also applied where the group expects that the measurement of a groups of insurance contracts issued under the PAA would produce a measurement of the liability for remaining coverage that would not differ materially from the one that would be produced by applying the GMM. The group does not therefore adjust the carrying amount of the liability for remaining coverage with effects of time value of money.

For insurance contracts issued, the liability for remaining coverage represents the portion of the premiums received related to insurance coverage to be provided in future. The carrying amount of a group of insurance contracts issued at the end of each reporting date is the sum of; the liability for remaining coverage; and the liability for incurred claims, comprising the fulfilment cash flows for past incurred claims not paid. The group recognises insurance acquisition cash flows as an expense in the profit or loss for contracts measured under PAA. For a group of insurance contracts issued, at the end of each reporting date, the group measures the liability for remaining coverage as the carrying amount at the start of the reporting period:

- plus the premiums received in the period;
- minus insurance acquisition cash flows (if not recognised as an expense in profit or loss);
- plus any amounts relating to the amortisation of insurance acquisition cash flows (if not recognised as an expense in profit or loss);
- minus the amount recognised as insurance revenue for the services provided in the period; and
- minus any investment component paid or transferred to the liability for incurred claims.

Coverage units

The coverage units of the group of insurance contracts are identified by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period. The coverage units for contracts measured under the GMM consider the quantity of benefits and expected coverage period of investment-return services (where relevant), in addition to the insurance coverage provided per group. The coverage units for contracts measured under the VFA consider the quantity of benefits and expected coverage period of investment-related services as well as any insurance coverage provided (where relevant). Coverage units are not applicable to contracts measured under the PAA.

Loss component

The loss component represents the expected losses to be incurred on a group of insurance contracts, i.e. groups of insurance contracts where the cash outflows are expected to exceed the cash inflows included in the fulfilment cash flows at initial recognition.

2. Material accounting policies (Continued)

(c) IFRS 17 Insurance Contracts (continued)

(iv) Measurement – Overview (continued)

Loss component (continued)

Subsequent to initial recognition, the loss component of a group of insurance contracts is adjusted for changes in estimates of the fulfilment cash flows that relate to future service (consistent with the equivalent treatment for groups of insurance contracts with a CSM), with such increases or reversals of losses recognised in profit or loss. The subsequent changes in the fulfilment cash flows of the liability for remaining coverage are allocated to the loss component on a systematic basis based on the expected incurred claims and administration expenses and expected release of the risk adjustment in each reporting period, such that the loss component reduces to zero by the end of the coverage period of a group of insurance contracts.

These changes in the fulfilment cash flows allocated to the loss component are excluded from insurance revenue and insurance service expenses. This ensures that the recognition of insurance revenue depicts the consideration to which the Group expects to be entitled in exchange for the insurance contract services provided. For reinsurance arrangements the loss recovery component is adjusted for changes in estimates that relate to future service and adjust the loss component of the onerous groups of underlying insurance contracts.

Insurance revenue

Insurance revenue represents the changes in the liability for remaining coverage over the period by the Group, excluding changes in the liability that do not relate to services expected to be covered by the consideration received. For contracts not measured under the PAA, the total consideration for a group of contracts includes the following amounts:

- the expected claims and administration expenses incurred in the period (excluding amounts allocated to the loss component and excluding investment components payable in the period);
- the amount of the CSM recognised in profit or loss;
- the release of the risk adjustment for risk expired (excluding amounts allocated to the loss component);
- amounts related to income tax that are specifically chargeable to policyholders;
- premium experience adjustments relating to current service (including experience adjustments arising from related cash flows such as insurance acquisition cash flows); and
- the amortisation of insurance acquisition cash flows.

For contracts measured under the PAA, insurance revenue for the period is the amount of expected premium receipts allocated to the period based on the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then insurance revenue for the period is allocated on the basis of the expected timing of incurred insurance service expenses.

Insurance service expenses

The following amounts are recognised in insurance service expenses:

- the expected claims and administration expenses incurred (excluding amounts allocated to the loss component and excluding investment components payable in the period);

2. Material accounting policies (Continued)

(c) IFRS 17 Insurance Contracts (continued)

(iv) Measurement – overview (continued)

Insurance service expenses (continued)

- experience adjustments relating to claims and administration expenses incurred;
- the initial loss on onerous groups of contracts recognised during the period;
- the increases and reversals of losses on onerous contracts;
- the changes in liability for incurred claims relating to past service; and
- the amortisation of insurance acquisition cash flows.

These amounts refer only to expenses which are directly attributable to fulfilling the insurance contracts. Non-attributable expenses are recognised separately in profit or loss.

Income or expenses from reinsurance contracts

The Group presents income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount. Income or expense from reinsurance contracts comprise reinsurance service expenses less amounts recovered from reinsurers. The amounts recognised as income or expenses reflect the features of reinsurance contracts held that differ from insurance contracts issued, for e.g. the loss recovery component recognised during the reporting period rather than an initial loss recognised.

Insurance finance income and expense

The Group recognises all insurance finance income or expenses for the reporting period in profit or loss. Under the GMM and PAA, the effect of and changes in financial risk form part of the insurance finance income and expenses. For groups of insurance contracts measured under the VFA, the fair value returns on the underlying items are recognised in insurance finance income and expenses. Insurance finance income or expenses (charges) for VFA contracts are recognised insurance finance income and expenses. The amounts recognised in insurance finance income or expenses are before any allowance for investment management expenses, taxation at current tax rates and charges for investment guarantees. The changes in the risk adjustment for non-financial risk have been disaggregated between the insurance service result and insurance finance income and expenses.

Amortisation of insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting, and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio. Insurance acquisition cash flows are amortised in insurance revenue and insurance service expenses in each reporting period in a systematic way based on the passage of time. For long-term insurance contracts issued in Kenya, the insurance acquisition cash flows are amortised in line with the coverage units used to recognise the CSM in insurance revenue.

(d) Consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries as at 31 December 2025.

2. Material accounting policies (Continued)

(d) Consolidation (continued)

(i) Subsidiaries

Any losses within a subsidiary which are attributed to the non-controlling interest are recognised as such even if this results in a deficit balance. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, NCI and other components of equity, while any resultant gain or loss is recognised in profit or loss.

(ii) Non-controlling interests (NCI)

The interest of non-controlling shareholders in subsidiaries is stated at the non-controlling shareholders' share of the recognised values of the subsidiaries' assets and liabilities. Net losses attributable to non-controlling shareholders in excess of the non-controlling interest are recognised as negative reserves against non-controlling shareholders' interest. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Subsidiaries

Any losses within a subsidiary which are attributed to the non-controlling interest are recognised as such even if this results in a deficit balance. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, NCI and other components of equity, while any resultant gain or loss is recognised in profit or loss.

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2. Material accounting policies (Continued)

(d) Consolidation (continued)

(vi) Non-controlling interests (NCI)

The interest of non-controlling shareholders in subsidiaries is stated at the non-controlling shareholders' share of the recognised values of the subsidiaries' assets and liabilities. Net losses attributable to non-controlling shareholders in excess of the non-controlling interest are recognised as negative reserves against non-controlling shareholders' interest. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(vii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(ix) Subsidiaries

Any losses within a subsidiary which are attributed to the non-controlling interest are recognised as 2

(e) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost comprises the fair value of assets given, liabilities assumed and Equity securities issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. The Group's identifiable assets and liabilities are measured at their acquisition-date fair value. Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's net identifiable assets. Non-controlling interests that are not present ownership interests are measured at fair value. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

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2. Material accounting policies (Continued)

(e) Business combinations and goodwill (continued)

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the amount recognised for non-controlling interests, and any previous interest held, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the of the acquiree are assigned to those units.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

An operating segment is a component of an entity:

- (i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- (ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decision about resources to be allocated to the segment and assess its performance; and
- (iii) for which discrete financial information is available.

An operating segment may engage in business activities for which it is yet to earn revenues, for example, start-up operations may be operating segments before earning revenues.

(g) Investment return

(i) Investment income

Investment income comprise of interest income, rental income and dividends.

- interest earned from financial assets at fair value through profit or loss is recognised on a time proportion basis.
- Rental income is recognised on an accrual basis on a straight-line method.
- Dividends are recognised when the Group's right to receive the payment is established.

(ii) Realised/unrealised gains and losses

Realised/unrealised gains and losses are recorded in the other investment revenue and other incomes lines in the statement of profit or loss and include gains and losses on financial assets and investment properties.

Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

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2. Material accounting policies (Continued)

(h) Property and equipment (continued)

All categories of property and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalised as part of the computer equipment.

Motor vehicles, furniture, equipment and computers are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the statement of profit or loss in the year in which they are incurred.

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 using the following annual rates:

Freehold land	-	Nil
Property (owner occupied)	-	2.5%
Computers	-	25%
Motor vehicles	-	25%
Furniture and equipment	-	12.5%

When no parts of items of property and equipment have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item. The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting date. An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

(i) Investment properties

Investment property is property held to earn rentals and/or for capital appreciation or both. Investment property, including interest in leasehold land, is initially recognised at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the reporting date determined by annual valuations carried out by external valuers. Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate. The carrying amount excludes the costs of day-to-day servicing of an investment property.

When the Group can reliably determine the fair value of a self-constructed investment property under construction or development, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss. The difference between the carrying value and fair value of the properties at the date of reclassification to investment properties is recognised in other comprehensive income as a revaluation surplus.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to profit or loss.

2. Material accounting policies (Continued)

(i) Investment properties (continued)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply IAS 16 for owned property and IAS 40 for a property interest held by a lessee under an operating lease can qualify as investment property if the lessee applies the fair value model.

The lessee accounts for the lease as if it were a finance lease. The entity shall treat any difference at that date between the carrying amount of the property in accordance with IAS 16 or IAS 40 and its fair value in the same way as a revaluation in accordance with IAS 16.

(j) Intangible assets

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

Amortisation is calculated using the straight-line method to write down the cost of each licence or item of software over its estimated useful life (three to five years).

Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle. Amortisation ceases at the earlier of the date that the asset is classified as held for disposal and the date that the asset is derecognised. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

Software under implementation is recognised as work in progress at historical costs less any accumulated impairment loss. The cost of such software includes professional fees and costs directly attributable to the software.

The software is not amortised until it is available for the intended use. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statement of profit or loss in the year in which the expenditure is incurred.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

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2. Material accounting policies (Continued)

(k) Borrowing costs

All borrowing costs are recognised in the profit or loss in the year in which they are incurred.

(l) Financial assets

(i) Classification

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

- Equities and Government securities measured at fair value through profit or loss, and
- Government securities and other financial assets measured at amortised cost.

(ii) Recognition and derecognition

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

(iii) Measurement

Classification and subsequent measurement of debt instruments depends on:

- (a) the Group's business model for managing the financial assets; and
- (b) the cash flow characteristics of the asset (whether the contractual cash flows are solely payments of principal and interest (SPPI)).

Based on these factors, the Group classifies its debt instruments into one of the following two measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: The group does not have assets held at FVOCI.
- FVTPL: Assets that do not meet the criteria for amortised cost are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other investment revenue in the period in which it arises.

Debt instruments

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. In addition, on initial recognition the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2. Material accounting policies (Continued)

(I) Financial assets (continued)

(iii) Measurement (continued)

Debt instruments (continued)

Business model: the business model reflected how the Group manages the assets in order to generate cash flows i.e. whether the Group's objective is solely to collect the contractual cash flows from the assets (government securities) or is to collect both interest and cash flows arising from the sale of assets. Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel and how risks are assessed and managed.

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

Equity securities

The Group subsequently measures all equity investments at fair value. Dividends from such investments are presented separately under other incomes in the statement of profit or loss when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVTPL are recognised in other investment revenue in the statement of profit or loss.

(iv) **Determination of fair value**

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This includes listed equity securities and quoted debt instruments on major exchanges (NSE). The Group evaluates the market activities level through the fund manager reports determine whether each financial instrument is trading "enough" on the NSE. The Government bond yield curve used is thus considered to be an appropriate curve for discounting the liability cash flows without the need to make further adjustments for liquidity. For instruments that are not actively traded, the market price is adjusted for an illiquidity premium.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position. Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

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2. Material accounting policies (Continued)

(I) Financial assets (continued)

(iv) Determination of fair value (continued)

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

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

(v) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model applies to the following financial instruments that are not measured at FVTPL.

- Government securities measured at amortised cost
- Rent and other receivables,
- Mortgage loan,
- Corporate bonds at amortised cost.
- Deposits with financial institutions at amortised cost; and
- Cash and bank balances

No impairment loss is recognised on equity investments and financial assets measured at FVPL. The Group recognises loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The Group will recognise loss allowances at an amount equal to lifetime ECLs, except on financial instruments for which credit risk has not increased significantly since initial recognition.

Loss allowances for rent receivables and receivables from intermediaries will always be measured at an amount equal to lifetime ECLs. The impairment requirements of IFRS 9 require management judgement, estimates and assumptions, particularly in the following areas, which are discussed in detail below:

- (i) assessing whether the credit risk of an instrument has increased significantly since initial recognition; and
- (ii) incorporating forward-looking information into the measurement of ECLs.

Measurement of expected credit losses

ECLs are a probability-weighted estimate of credit losses and will be measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows;

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2. Material accounting policies (Continued)

(l) Financial assets (continued)

(v) Impairment (continued)

Measurement of expected credit losses – continued

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset. These events include but not limited to breach of covenant and other indicators of financial distress on the part of the debtor and default in payment of amounts due.

Expected credit losses are computed as a product of the Probability of Default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD).

$$\text{ECL} = \text{PD} \times \text{LGD} \times \text{EAD}$$

Expected credit losses

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

- The general approach
- The simplified approach

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

Financial asset	Impairment approach
Loans (mortgage)	General approach
Receivables from intermediaries	Simplified approach
Rent and inter-company receivables	Simplified approach
Corporate bonds at amortised cost	General approach
Deposits with financial institutions at amortised cost	General approach
Cash and bank balances	General approach
Trade and lease receivables	Simplified approach

The general approach

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

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

The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss. Under the simplified approach, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

2. Material accounting policies (Continued)

(I) Financial assets (continued)

(v) Impairment (continued)

Definition of default

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

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

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

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

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. For financial assets that are credit impaired, the Group will continue to recognise lifetime ECL but they will now recognise interest income on a net basis. As such, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the asset.

Significant increase in credit risk (SICR)

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience, expert credit assessment and forward-looking information. The assessment of significant increase in credit risk is key in establishing the point of switching between the requirement to measure an allowance based on 12-month expected credit losses and one that is based on lifetime expected credit losses. The Group monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

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

Incorporation of forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables including interest rates, inflation, sovereign risk, regulatory environment, exchange rates and other industry-specific indicators and a representative range of other possible forecast scenarios based on a variety of external actual and forecast information.

2. Material accounting policies (Continued)

(I) Financial assets (continued)

(v) Impairment (continued)

Incorporation of forward-looking information – continued

External information includes economic data and forecasts published by governmental bodies and monetary authorities. The base case represents a best estimate and is aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The process of stress testing equips senior management with perspectives on identifying concentrations, controlling risk exposures, and identifying management actions which may need to be taken in situations of stress. For this process to be effective, it is important to stress all material risks that the business is exposed to with appropriate regularity.

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables (i) Probability of Default; (ii) Loss given default (LGD); and (iii) Exposure at default (EAD). To determine lifetime and 12-month PDs, the Group uses internally developed PD tables based on the default history of obligors with the same credit rating. The Group adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings (see (n) (i)). The PDs are recalibrated based on current bond yields and CDS prices and adjusted to reflect forward-looking information as described above. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan-to-value ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Group considers a longer period. Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include: instrument type; credit risk grading; collateral type; date of initial recognition; remaining term to maturity; industry; and geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous. When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the Group uses to derive the default rates of its portfolios.

This includes the PDs provided by rating agencies.

2. Material accounting policies (Continued)

(I) Financial assets (continued)

(v) Impairment (continued)

Receivables from intermediaries

The right to receive corresponding amounts from the intermediary is a separate right that does not arise under the insurance contract with the policyholder but instead arises from the service agreement between the insurer and the intermediary. The origination of this separate right is considered to settle the right to receive premiums; therefore, the premium under the insurance contract should be considered receivable by the insurer when it is received by the intermediary.

The entity's policy on operating receivables from intermediaries is accounting for them as financial assets under IFRS 9. The ECL of operating Receivables from intermediaries are determined at using a provision matrix. Loss rates are calculated with reference to days past due and actual credit loss experience over the past few years.

The base case represents a best estimate and is aligned with information used by the Group for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The process of stress testing equips senior management with perspectives on identifying concentrations, controlling risk exposures, and identifying management actions which may need to be taken in situations of stress. For this process to be effective, it is important to stress all material risks that the business is exposed to with appropriate regularity.

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables (i) Probability of Default; (ii) Loss given default (LGD); and (iii) Exposure at default (EAD).

(vi) Modification of contracts

The Group rarely renegotiates or otherwise modifies the contractual cash flows of securities. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- If the counterparty is in financial difficulty;
- Whether any substantial new terms are introduced that affect the risk profile of the instrument;
- Significant extension of the contract term when the borrower is not in financial difficulty;
- Significant change in interest rate;
- Change in the currency the security is denominated in; or
- Inclusion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new EIR for the asset. The date of renegotiation is consequently considered the date of initial recognition for impairment calculation purposes, including the purpose of determining whether a SICR has occurred.

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2. Material accounting policies (Continued)

(l) Financial assets (continued)

(vi) Modification of contracts

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR.

(vii) Write off policy

The Group writes off financial assets, in whole or in part when it has exhausted all practical recovery effort and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity; and (ii) the Group is foreclosing on collateral and the value of the collateral is such as there is no reasonable expectation of recovering in full. The Group may write-off financial assets that are still subject to enforcement activity. The outstanding contractual amounts of such assets written off during the year ended 31 December 2025 was KShs Nil (2024: Nil). The Group still seeks to recover amounts it is legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery

(m) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Company operates), which is Kenya Shillings. Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the reporting date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the statement of profit or loss in the year in which they arise, except for differences arising on translation of non-monetary financial assets which are recognised in other comprehensive income.

(n) Inventory

Inventory, comprising plots held for resale is stated at the lower of cost and net realisable value. The cost of land and development includes infrastructure costs incurred in respect of unsold plots, which are capitalised and released to income as the plots are sold. Cost is calculated on specific costs incurred to bring land and development to its present condition.

(o) Employee entitlements

(i) Retirement benefit obligations

The Group operates a defined contribution retirement benefit scheme for qualifying employees. The Group and all its employees also contribute to the National Social Security Fund which is also a defined contribution scheme. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group's contributions to the defined contribution schemes are charged to the statement of profit or loss in the year to which they relate.

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2. Material accounting policies (Continued)

(o) Employee entitlements

(i) Long-term staff retention scheme

The Group has a long-term staff retention scheme that is separately administered by Trustees under a legal entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay qualifying employees the benefits due to them on vestation. The amount expensed each year is approved by the Board of directors and charged directly to the statement of profit or loss. The Group has no claim whatsoever on the amounts that have not vested as this is redistributed to the existing qualifying members.

(ii) Bonus

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

(iii) Other entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the statement of financial position date is recognised as an expense accrual.

(p) Other financial liabilities

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

Borrowings, trade and other liabilities are classified as financial liabilities and are carried at amortised cost. Gains and losses on financial liabilities at amortised cost are recognised on derecognition and through the amortisation process. Gains and loss on financial liabilities at fair value through profit or loss are recognised in the statement of profit or loss.

(q) Income tax expense

Income tax expense is the aggregate amount charged/ (credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the statement of profit or loss except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

Current income tax

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Kenyan Income Tax Act. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

Deferred income tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered or the liability is settled.

2. **Material accounting policies (Continued)**

(q) **Income tax expense (continued)**

Deferred income tax (continued)

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. However, for investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. Deferred tax liabilities are recognised for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Value added taxes and premium taxes

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

- when the value added taxes or premium tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; or
- receivables and payables that are measured with the amount of value added taxes or premium tax included.

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

(r) **Dividends**

Dividends on ordinary shares 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.

(s) **Expenses**

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

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

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2. Material accounting policies (Continued)

(s) Expenses (continued)

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

(t) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business, is part of a single co-ordinated plan to dispose of such a line of business, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the group statement of comprehensive income. An impairment loss is recognised when a financial assets fair value less selling costs is lower of its carrying amount.

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

(u) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

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2. Material accounting policies (Continued)

(w) Cash and cash equivalents

Cash and cash equivalents include cash in hand and on demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. In the statement of financial position, bank overdrafts are included as borrowings under current liabilities. For the purpose of the consolidated cash flow, cash and cash equivalents consist of cash and cash equivalent as defined above, net of outstanding bank overdrafts.

(x) Significant judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Group, the directors make certain judgements and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(y) Significant judgements made in applying the Group's accounting policies

The judgements made by the directors in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- (a) Whether it is probable that future taxable profits will be available against which temporary differences can be utilised (Note 27), judgement on recoverability of deferred tax asset;
- (b) The classification of financial assets and leases (Note 14 and Note 10(b)), judgement on correct classification of financial assets and leases;
- (c) Classification of contracts as insurance or investments contracts (Notes 2 (c) and 23). Whether assets are impaired and if whether there have been a Significant Increase in Credit Risk (SICR) (Note 2(n)(v)); and
- (d) Whether land and buildings meet the criteria to be classified as investment property (Note 10 (a) & (b)).

Significant judgements and changes in judgements made when applying IFRS 17 specifically, the inputs, assumptions and estimation techniques used in measurement including coverage units, release of CSM and risk adjustment further details are included in note IFRS 17 Insurance contracts (Note 2(c)) which include:

- methods used to measure insurance contracts and processes for estimating the inputs to those methods
- any changes in methods and processes for estimating inputs used to measure contracts, the reason for each change and the type of contracts affected
- the approach used to:
 - identify changes in discretionary cash flows for contracts without direct participation features
 - determine the risk adjustment for non-financial risk
 - determine discount rates

2. Material accounting policies (Continued)

(y) Significant judgements made in applying the Group's accounting policies
(continued)

Going concern

Management does an assessment of the Group's and Company's ability to continue as a going concern at the end of every financial year.

The assessment involves review of the Group's and Company's net assets and total assets against total liabilities and the plans management have put in place to address any going concern indicators. Furthermore, an assessment of events and conditions that may cast significant doubt upon the Group's and Company's ability to continue as a going concern is done.

The Group and Company also evaluates existing growth opportunities and potential threats that may have a significant impact on their existence including compliance with statutory requirements. The Group and Company leverage on existing opportunities in developing future business plan to ensure that they continue operating in a profitable manner.

(i) Key sources of estimation uncertainty

Valuation of insurance contract liabilities

Critical assumptions are made by the actuary in determining the present value of actuarial liabilities and estimating the liabilities for claims that have occurred but have not yet been reported to the Group (incurred but not reported (IBNR)). The liability for life insurance contracts is based on assumptions updated at each reporting period to derive best estimate liabilities in addition to the liabilities for incurred claims.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Group base mortality and morbidity on standard industry and Kenya's mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences.

For life insurance policies where death or disability is the insured risk, the most significant factors that could increase the amount and frequency of claims are epidemics or widespread changes in lifestyle, resulting in earlier or more claims than expected. For annuity contracts where longevity is the main insurance risk, the most significant factor which could increase the amount and frequency of claims is improvement in medical science.

Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders. Discount rates are determined using the bottom-up approach and the risk-free rate used is government bonds yield curve as at valuation date and the confidence level applied used was 90%.

IFRS17 requires contracts to be allocated to groups where each group cannot contain contracts issued more than one year apart. We thus have annual cohorts as the maximum but may have shorter groups where it makes sense e.g. monthly cohorts for Annuity business. Further, each product have its own cohorts.

The inputs, assumptions and estimation techniques used in measurement including coverage units, release of CSM and risk adjustment further details are included in note IFRS 17 Insurance contracts (Note 2 (c)).

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2. Material accounting policies (Continued)

(y) Significant judgements made in applying the Group's accounting policies (continued)

(i) Key sources of estimation uncertainty (continued)

ECL Measurement

Management assesses the carrying value of the Group's assets on an annual basis.

- Significant increase of credit risk: As explained in Note 2 (n) (v), 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. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to Note 2 (n) (v) for more details.
- Models and assumptions used: The Group uses various models and assumptions in measuring fair 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.
- 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: When measuring ECL the Group 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.

Income taxes

The Group is subject to income taxes under the Kenya Income Tax Act. Estimates are required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and the deferred tax provisions in the period in which such determination is made.

(z) Events after the reporting date

The financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Events that are indicative of conditions that arose after the reporting date are disclosed, but do not result in an adjustment of the financial statements themselves.

(aa) Share capital and share premium

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. Incremental costs attributable to the issue or cancellation of Equity securities are recognised directly in equity, net of tax if applicable.

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2. Material accounting policies (Continued)

(z) Events after the reporting date (Continued)

(bb) Statutory fund - life business

The Group matches the assets to liabilities, after which there is a surplus/deficit that is transferred to the statutory fund. The Insurance Act regulations stipulate that only a maximum 30% of this can be transferred to the shareholders. The statutory actuary advises on the amount to be transferred to the shareholders. When a transfer is made to the shareholders, tax at the prevailing corporation rate 2024: 30% (2023:30%) is incurred.

(cc) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

The following criteria are considered in the determination of whether the sale is highly probable:

- The asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.
- The appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated.
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.
- The probability of shareholders' approval (if required in the jurisdiction) should be considered as part of the assessment of whether the sale is highly probable.

Such assets, or disposal groups, are generally measured at their fair value or valuation in accordance with the applicable accounting policy. The assets are classified in the statement of financial position as assets held for sale, whereas the liabilities are classified as liabilities directly attributed to the assets held for sale.

3. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

Executive Committee is appointed by the Board of Directors. It consists of the Group Chief operating decision maker (Chief Executive Officer (CEO)) and all the positions that directly report to the CEO.

The reportable segments are based on product features that vest various benefits to the policyholder which are mainly categorized into risk products, savings, participating and non-life products. The following summary describes the products and services that each reportable segment offers.

3. Segment information (Continued)

Reportable segments

Life risk

Life risk contracts provide protection against risk of premature death, disability or critical illness and, in the case of annuity contracts, extended longevity. These include term assurance, critical illness, non-participating whole-life contracts and immediate annuities with fixed and guaranteed terms.

Life savings

Life savings contracts provide both savings and protection. Deferred annuities with fixed and guaranteed terms. Universal life contracts that provide both a lump sum benefit payable on death and access to an account value.

Investments

These are operations at the holding entity which includes investing in the subsidiaries by providing the required capital and in return earns dividends. It invests in properties (land) that it sells.

This also includes operation of all other non-insurance subsidiaries. Segment results that are reported to the Group management committee include items that are directly attributable to a segment and those that can be allocated on a reasonable basis. Unallocated items mainly relate to the once off costs.

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3. Segment information (continued)

(a) Segment statement of comprehensive income for the year ended 31 December 2025

	Life risk KShs.'000'	Life savings KShs.'000'	Investment KShs.'000'	Segment total KShs.'000'	Consolidation adjustment KShs.'000'	Total KShs.'000'
Segment revenue						
Insurance revenue	4,271,287	141,874	-	4,413,161	-	4,413,161
Interest revenue calculated using the effective interest method	101,981	-	-	101,981	-	101,981
Other interest income	2,381,807	-	-	2,381,807	-	2,381,807
Other investment revenue	1,175,045	-	-	1,175,045	-	1,175,045
Total	7,930,120	141,874	-	8,071,994	-	8,071,994
Insurance service expenses	(3,242,905)	-	-	(3,242,905)	-	(3,242,905)
Insurance service result	951,476	-	-	951,476	-	951,476
Insurance finance income and expenses	(3,880,545)	-	-	(3,880,545)	-	(3,880,545)
Interest expenses (included in 'other finance costs	(5,561)	-	(200,424)	(205,985)	-	(205,985)
Claims and benefits	4,180,472	1,041,843	-	5,222,315	-	5,222,315
Fees and commissions	381,028	305,976	-	687,004	-	687,004
Employee benefits	442,279	270,241	-	712,520	-	712,520
Depreciation and amortization	47,420	-	-	47,420	-	47,420
Segment profit/(loss) before taxation	1,340,932	-	766,063	2,106,995	(791,714)	1,315,281
Segment assets	20,979,683	10,264,863	3,598,699	34,843,245	-	34,843,245
Segment liabilities	20,976,568	9,444,365	-	30,420,933	-	30,420,933
Liabilities directly attributed with the assets held for sale	-	-	-	-	-	-
Additions to non-current assets	-	-	-	-	-	-
Borrowings	-	-	1,419,531	1,419,531	-	1,419,531

All expenses, including depreciation and amortization costs, have been charged to the respective operating segments. All revenues and expenses are included in the consolidated statement of profit or loss.

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NOTES TO FINANCIAL STATEMENTS
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3. Segment information (Continued)

(a) Segment statement of comprehensive income for the year ended 31 December 2024

All expenses, including depreciation and amortization costs, have been charged to the respective operating segments. All revenues and expenses are included in the consolidated statement of profit or loss.

	Life risk KShs.'000'	Life savings KShs.'000'	Investment KShs.'000'	Segment total KShs.'000'	Consolidation adjustment KShs.'000'	Total KShs.'000'
Segment revenue						
Insurance revenue	4,389,292	170,955	-	4,560,247	-	4,560,247
Interest revenue calculated using the effective interest method	260,371	-	-	260,371	-	260,371
Other interest income	2,334,663	-	-	2,334,663	-	2,334,663
Other investment revenue	2,127,963	-	-	2,127,963	-	2,127,963
Total	9,112,289	170,955	-	9,283,244	-	9,283,244
Insurance service expenses	(3,565,605)	-	-	(3,565,605)	-	(3,565,605)
Insurance service result	1,424,252	-	-	1,424,252	-	1,424,252
Insurance finance income and expenses	(3,557,854)	-	-	(3,557,854)	-	(3,557,854)
Interest expenses (included in 'other finance costs	-	-	(700,510)	(700,510)	-	(700,510)
Claims and benefits	2,611,442	2,249,644	-	4,861,086	-	4,861,086
Fees and commissions	571,051	28,475	-	599,526	-	599,526
Employee benefits	562,836	68,198	-	631,034	-	631,034
Depreciation and amortization	59,492	-	-	59,492	-	59,492
Segment profit/(loss) before taxation	1,984,751	-	746,184	2,730,935	(598,079)	2,132,856
Segment assets	19,785,194	8,627,306	1,537,405	29,949,905	-	29,949,905
Segment liabilities	18,165,889	9,369,365	-	27,535,254	-	27,535,254
Liabilities directly attributed with the assets held for sale	-	-	2,766,204	2,766,204	-	2,766,204

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3. Operating segments

(b) Reconciliations of information on reportable segments to the amounts

Revenue	2025 KShs.'000'	2024 KShs.'000' Re-presented
Total segment revenue	8,071,994	9,283,244
Unallocated interest revenue	-	-
Consolidated revenue	8,071,994	9,283,244
Represented by:		
Insurance revenue	4,413,161	4,560,247
Other interest income	2,381,807	2,334,663
Interest revenue calculated using the effective interest method	101,981	260,371
Other investment revenue	1,175,045	2,127,963
	8,071,994	9,283,244
Profit before tax		
Total profit before tax for reportable segments	1,340,932	2,135,733
Unallocated amounts	(87,738)	184,331
Life insurance contracts	(226,071)	(359,365)
Other incomes	(72,649)	(82,993)
Investment income	866,333	507,513
Other operating expenses	(305,102)	(260,457)
Interest expenses (included in 'other finance costs')	(200,424)	(700,510)
Consolidated profit before tax	1,315,281	1,424,252
Assets		
Total assets for reportable segments	34,843,245	37,748,579
Unallocated amounts	550,775	816,310
Property and equipment	489,245	492,993
Other	3,489,033	108,050
Consolidated total assets	39,372,298	39,165,932
Liabilities		
Total liabilities for reportable segments	30,420,933	27,535,254
Unallocated amounts	-	-
Loans and borrowings	1,419,531	4,216,156
Deferred income tax liability	1,409,654	1,445,377
Other	1,371,655	4,048,008
Consolidated total liabilities	34,621,773	37,244,795

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3. Operating segments (Continued)

(c) Reconciliations of information on reportable segments to the amounts reported in the financial statements (continued)

Other material items 2025	Reportable segment KShs.'000'	Reinsurance contracts Adjustments KShs.'000'	Consolidated Total KShs.'000'
Insurance service expenses	(3,242,905)		(3,242,905)
Insurance service result	1,170,256	(218,780)	951,476
Insurance finance income and expenses	(3,880,545)		(3,880,545)
Interest expenses (included in 'other finance costs')	(200,424)	-	(200,424)
Depreciation and amortisation	47,420	-	47,420
Additions to non-current assets	-		
Other material items 2024	Reportable segment KShs.'000'	Reinsurance contracts Adjustments KShs.'000'	Consolidated Total KShs.'000' Re-presented
Insurance service expenses	(3,565,605)	-	(3,565,605)
Insurance service result	994,642	(341,534)	653,108
Insurance finance income and expenses	(3,557,854)	-	(3,557,854)
Interest expenses (included in 'other finance costs')	(734,812)	-	(734,812)
Depreciation and amortisation	59,492	-	59,492
Additions to non-current assets	(5,672,959)	-	(5,672,959)

Products and services

The following table analyses the Group's revenue by product and service offered.

	2025 KShs.'000'	2024 KShs.'000'
Life risk insurance contracts	965,697	846,590
Immediate fixed annuity	1,981,939	2,172,878
Other	1,348,495	1,456,285
Participating in insurance contracts	-	-
Variable annuity	-	-
Unit-linked and other investment-linked	117,030	84,494
Consolidated revenue	4,413,161	4,560,247

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4. Insurance revenue

	Life risk KShs.'000'	Life savings KShs.'000'	Non-life KShs.'000'	Total KShs.'000'
2025				
Contracts not measured under the PAA				
Amounts relating to changes in liabilities for remaining coverage				
– CSM recognised for services provided	473,906	72,116	-	546,022
– Change in risk adjustment for non- financial risk for risk expired	32,815	838	-	33,653
– Expected claims incurred and other insurance service expenses	2,398,568	-	-	2,398,568
– Other	125,634	68,920	-	194,554
	<u>3,030,923</u>	<u>141,874</u>	<u>-</u>	<u>3,172,797</u>
Contracts measured under the PAA	<u>1,240,364</u>	<u>-</u>	<u>-</u>	<u>1,240,364</u>
Total insurance revenue	<u>4,271,287</u>	<u>141,874</u>	<u>-</u>	<u>4,413,161</u>
Insurance revenue				
	Life risk KShs.'000'	Life savings KShs.'000'	Non-life KShs.'000'	Total KShs.'000'
2024				
Contracts not measured under the PAA				
Amounts relating to changes in liabilities for remaining coverage				
– CSM recognised for services provided	316,897	208,092	-	524,989
– Change in risk adjustment for non- financial risk for risk expired	27,212	-	-	27,212
– Expected incurred claims and other insurance service expenses	2,265,137	-	-	2,265,137
– Other	387,434	(37,137)	-	350,297
	<u>2,996,680</u>	<u>170,955</u>	<u>-</u>	<u>3,167,635</u>
Contracts measured under the PAA	<u>1,392,612</u>	<u>-</u>	<u>-</u>	<u>1,392,612</u>
Total insurance revenue	<u>4,389,292</u>	<u>170,955</u>	<u>-</u>	<u>4,560,247</u>

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5. Insurance service expenses

	Note	2025 KShs.'000'	2024 KShs.'000'
Claims and benefits		2,314,645	2,611,442
Fees and commissions		687,004	599,526
Employee benefits	5(a)	712,520	631,034
Amortisation of intangible assets		-	8,541
Depreciation on property and equipment		35,055	36,751
Depreciation on right of use asset		12,080	14,200
Auditor's remuneration*		15,854	12,905
Professional fees		7,576	15,241
Legal fees		9,341	9,523
Repair and maintenance		20,707	29,801
Premium tax and stamp duty		59,972	51,120
Other administrative expenses	5(b)	506,981	486,504
Total expenses		4,381,735	4,506,588
Amounts attributed to insurance acquisition cash flows incurred during the year		(1,029,548)	(917,257)
Total expenses		3,352,187	3,589,331
Represented by:			
Insurance service expenses		3,242,905	3,565,605
Other operating expenses (Note 5 (c))**		109,282	23,726
Total		3,352,187	3,589,331

* Auditor's remuneration relates to fees for the statutory audit of the financial statements.

**Other operating expenses relate to non-attributable expenses incurred during the period.

(a) Employee benefit expenses

	2025 KShs.'000'	2024 KShs.'000'
Wages and salaries	654,492	583,212
Social security contributions	5,584	2,870
Contributions to defined contribution plans	52,444	44,952
Total employee benefit expenses	712,520	631,034

The total number of permanent employees for the Group as at 31 December 2025 was 90 compared to 164 as at 31 December 2024.

Total employees for the Company as at 31 December 2025 was nil (2024: nil).

The company employees were transferred to the operating subsidiaries where they provide employment services.

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5. Expenses (Continued)

(b) Other administrative expenses

	2025 KShs.'000'	2024 KShs.'000'
Office rent	40,031	39,319
Property insurance	6,035	5,900
Sales promotion	92,514	70,678
Telephone, electricity, internet, and postage	26,945	30,521
Premium collection charges	32,405	34,445
Travel, accommodation & entertainment	34,251	54,310
Per policy costs and software licenses	45,899	47,207
Outsourced services	7,476	10,125
Bank charges	22,893	24,181
Printing and stationery	9,657	12,458
Management fees	3,511	-
Other expenses	185,364	157,360
Total other administrative expenses	506,981	486,504

Other expenses comprise marketing expenses, other office expenses and KShs. 52,224,514 for the rights issue including KShs. 9,005,089 for reparation of Reporting Accountant's Report.

(c) Other expenses (non-insurance investments)

	Group		Company	
	2025 KShs.'000'	2024 KShs.'000'	2025 KShs.'000'	2024 KShs.'000'
Non attributable expenses (Note 5)*	109,282	23,726	-	-
Other operating expenses**	65,062	104,752	75,262	109,358
Total	174,344	128,478	75,262	109,358

* Non attributable expenses comprise of cost of sales, administration costs and capital raising costs.

** Other expenses comprise of compliance expenses incurred in running the non-insurance entities.

(d) Net expenses from reinsurance

	2025 KShs.'000'	2024 KShs.'000'
Contracts measured under the PAA		
Life Insurance	(218,780)	(341,534)
Net expenses from reinsurance	(218,780)	(341,534)

(e) Finance cost

	Group		Company	
	2025 KShs.'000'	2024 KShs.'000'	2025 KShs.'000'	2024 KShs.'000'
Interest on lease liabilities	5,561	-	-	-
Interest on borrowings(note 22)	200,424	734,812	163,632	700,510
Finance costs	205,985	734,812	163,632	700,510

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6. Net financial result

The following table analyses the Group's net financial result in profit or loss

2025	Life risk	Non-life	Total
Investment return	KShs.'000'	KShs.'000'	KShs.'000'
Interest revenue calculated using the effective interest method	101,981	-	101,981
Interest revenue	2,381,807	-	2,381,807
Other investment revenue from financial instruments designated as at FVTPL	1,175,045	-	1,175,045
Total other investment income	3,658,833	-	3,658,833
2025	Life risk	Non-life	Total
Finance expenses	KShs.'000'	KShs.'000'	KShs.'000'
Risk adjustment unwind	(26,896)	-	(26,896)
Interest accreted	(94,698)	-	(94,698)
Effect of changes in interest rates and other financial assumptions	(1,841,621)	-	(1,841,621)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(3,775,489)	-	(3,775,489)
Total net finance expenses from insurance contracts	(5,738,704)	-	(5,738,704)
Net finance income from reinsurance contracts			
Interest accreted	(453)	-	(453)
Other	(6,838)	-	(6,838)
Total net finance expense from reinsurance contracts	(7,291)	-	(7,291)
Represented by:			
Amounts recognised in profit or loss	(229,003)	-	(229,003)
(a) Insurance finance income and expenses			
Net finance expenses from insurance contracts	(3,880,545)	-	(3,880,545)
Recognised in profit or loss	(3,880,545)	-	(3,880,545)
2024	Life risk	Non-life	Total
Investment return	KShs.'000'	KShs.'000'	KShs.'000'
Interest revenue calculated using the effective interest method	260,371	-	260,371
Interest revenue	2,334,663	-	2,334,663
Other investment revenue from financial instruments designated as at FVTPL	2,127,963	-	2,127,963
Total other investment income	4,722,997	-	4,722,997

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6. Net financial result (Continued)

The following table analyses the Group's net financial result in profit or loss

2024	Life risk	Non-life	Total
Finance expenses	KShs.'000'	KShs.'000'	KShs.'000'
Risk adjustment unwind	(31,536)	-	(31,536)
Interest accreted	33,112	-	33,112
Effect of changes in interest rates and other financial assumptions	(1,333,580)	-	(1,333,580)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(2,225,850)	-	(2,225,850)
Net foreign exchange loss	-	-	-
Total net finance expenses from insurance contracts	(3,557,854)	-	(3,557,854)
Net finance income from reinsurance contracts			
Interest accreted	1,959	-	1,959
Other	(19,789)	-	(19,789)
Total net finance income from reinsurance contracts	(17,830)	-	(17,830)
Represented by:			
Amounts recognised in profit or loss	1,147,313	-	1,147,313
(a) Insurance finance income and expenses			
Net finance expenses from insurance contracts	(3,557,854)	-	(3,557,854)
Recognised in profit or loss	(3,557,854)	-	(3,557,854)

7. Other income (*non-insurance investments)

	Group		Company	
	2025	2024	2025	2024
	KShs.'000'	KShs.'000'	KShs.'000'	KShs.'000'
Other incomes	519,883	172,129	69,072	4,970
Disposal of inventory	-	32,500	-	32,500
Investment income				
Net rental Income (Note 11)	169,757	140,631	-	-
Dividends	11,381	30,197	800,000	900,000
Other investment revenue from financial instruments mandatorily measured at FVTPL	197,704	69,313	-	-
Fair value gains/(losses)	74,412	42,351	15,711	60,961
Total investment income	453,254	282,492	815,711	960,961
Total other income	973,137	487,121	884,783	998,431

*These are dividends from investment in subsidiaries, sale of land, unlisted equities dividend & valuation gains/(loss), and rental investment properties.

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8. (a) Income taxes

Amount recognised in of profit or loss	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2025 KShs.'000	2024 KShs.'000
Current tax expense:				
Current year tax charge	36,074	17,031	1,143	1,491
Under/(over) provision of current tax from prior years	-	(341)	-	(1,029)
Capital gain tax	1,166	-	-	-
Deferred tax expense:				
Under/(over) provision of deferred tax from prior years	21,031	(815)	-	-
Deferred income tax charge (Note 27(a))	418,975	590,370	-	-
Tax expense on continuing operations	477,246	606,245	1,143	462
Reconciliation of income tax expense to tax based on accounting profit: -				
Profit before income tax	1,315,281	1,661,132	645,889	188,563
Tax calculated at a statutory rate of 30% (2023: 30%)	394,584	498,340	193,767	56,569
Tax effect of:				
Income not subject to tax	(722,640)	(721,258)	(245,161)	(55,078)
Expenses not deductible for tax	364,130	239,949	72,116	-
Under/(over) provision of current tax from prior years	(2,786)	(341)	-	(1,029)
Capital gain tax	1,166	-	-	-
Deferred tax prior year adjustment	-	(815)	-	-
Unrecoverable deferred tax from discontinued operation	21,031	-	-	-
Deferred tax current year tax credit	23,994	(988)	(19,579)	-
Deferred tax charge on life fund surplus	397,767	591,358	-	-
Income tax expense	477,246	606,245	1,143	462

Tax expense on continuing operation excludes the tax income from discontinued operation of KShs. 66 million (2024: KShs. 675)

8. (b) Current income tax receivable/(payable):

	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2025 KShs.'000	2024 KShs.'000
At start of the year :current tax receivable	270,025	227,787	2,450	1,325
: current tax payable	-	-	-	-
Income tax paid	403,240	224,852	339	1,587
Current year tax charge	(36,074)	(17,031)	(1,143)	(1,491)
Under/(over) provision of current tax from prior years	(753)	341	-	1,029
Transfer from deferred tax on life fund surplus	(433,489)	(166,040)	-	-
Net tax position	202,949	269,909	1,646	2,450
At end of the year: current tax receivable	217,103	269,909	1,646	2,450
Current tax payable	14,154	-	-	-

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9. Intangible assets – software: Group

	2025 KShs.'000	2024 KShs.'000
Cost:		
At 1 January	211,484	209,671
Additions	-	1,813
Disposed	(211,484)	-
At 31 December	-	211,484
Amortisation		
At start of year	(210,397)	(201,131)
Charge for the year	-	(9,266)
Disposed	210,397	-
At 31 December	-	(210,397)
Carrying amount At 31 December	-	1,087

10. (a) Property and equipment

Group

Year ended 31 December 2025	Motor vehicles KShs.'000	Computer equipment KShs.'000	Furniture and equipment KShs.'000	Owner occupied property KShs.'000	Total KShs.'000
Cost					
At 1 January	10,411	127,120	282,828	446,320	866,679
Additions	-	11,120	13,733		24,853
Disposals	-	-	-	-	-
At 31 December	10,411	138,240	296,561	446,320	891,532
Depreciation					
At 1 January	(10,411)	(116,228)	(200,450)	(66,948)	(394,037)
Disposals	-	-	-	-	-
Charge for the year	-	(9,122)	(25,933)	(11,158)	(46,213)
At 31 December	(10,411)	(125,350)	(226,383)	(78,106)	(440,250)
Carrying amount					
At 1 January	-	8,773	84,519	379,372	472,664
At 31 December	-	12,890	70,178	368,214	451,282

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10. (a) Property and equipment (Continued)

Group					
Year ended 31 December 2024	Motor vehicles KShs.'000	Computer equipment KShs.'000	Furniture and equipment KShs.'000	Owner occupied property KShs.'000	Total KShs.'000
Cost					
At 1 January	11,786	167,453	409,332	446,320	1,034,891
Additions	-	20,029	11,278	-	31,307
Disposals	(1,375)	-	(544)	-	(1,919)
At 31 December	10,411	187,482	420,066	446,320	1,064,279
Depreciation					
At 1 January	(11,786)	(166,715)	(268,850)	(55,790)	(503,141)
Disposals	1,375	-	544	-	1,919
Charge for the year	-	(9,920)	(40,086)	(11,158)	(61,164)
At 31 December	(10,411)	(176,635)	(308,392)	(66,948)	(562,386)
Carrying amount At 1 January	-	738	140,482	390,530	531,750
Carrying amount Reclassification to assets held for sale	-	10,847	111,674	379,372	501,893
At 31 December	-	8,773	84,519	379,372	472,664

None of the group equipment has been pledged as collateral (2024; nil).

Company

- The company is a holding entity with only shareholder activities supported by subsidiaries. Therefore, the company had no equipment.
- There are no restrictions on the titles and no item of property or equipment is pledged as collateral (2024; nil).

10. (b) Leases

This note provides information for leases where the Group is a lessee.

The Group leases office space for branch operations across the country. These leases span for a period of 5 to 6 years and the Group negotiates for new lease three month before expiry with existing or new landlord. The offices are fitted to put them in operational state and fittings are capitalized and depreciated as per note 2(i)

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 Group recognises a right-of-use asset at an amount equal to 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 are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Group'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.

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10. (b) Leases (Continued)

Measurement of right of use assets and lease liabilities (continued)

(i) Right of use asset (continued)

Amounts recognised in profit or loss	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2025 KShs.'000	2024 KShs.'000
Amortization of right of use asset	12,365	44,174	-	-
Interest on lease liabilities	5,561	19,480	-	-
Total amount recognised in profit or loss	17,926	63,654	-	-

Amounts recognised in statement of cash flows

	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2025 KShs.'000	2024 KShs.'000
Principal lease payments	8,220	34,345	-	-
Interest on lease payments	5,561	21,546	-	-
Total cash outflows for leases	13,781	55,891	-	-

(ii) Extension options

Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options will be exercisable only by the Group and not by the lessors.

The Group current opts to negotiate new lease terms with the lessors.

The Group has estimated that the potential future lease payments, should it exercise the extension options, would result in an increase in lease liability of KShs 56 million (2024 – KShs 53 million).

11. Investment properties

Group:	2025 KShs.'000	2024 KShs.'000
At start of year	2,399,680	2,479,580
Disposal	-	(64,900)
Fair value gain/(loss)	26,000	(15,000)
At end of year	2,425,680	2,399,680
	2025 KShs.'000	2024 KShs.'000
Rental income from operating leases	248,895	202,324
Direct operating expenses from property that generated rental income	(79,139)	(61,693)
	169,756	140,631

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11. Investment properties (Continued)

The following table shows the valuation technique used in measuring the fair values of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants.	Expected market rental growth 5%. Void periods 6 months at the beginning of each lease. Occupancy rate 90%. Rent-free periods 6 months at the beginning of each lease. Discount rate 14%.	The estimated fair value would increase (decrease) if: — expected market rental growth were higher (lower); — void periods were shorter (longer); — the occupancy rate was higher (lower); — rent-free periods were shorter (longer); or — the discount rate was lower (higher).

Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Expectations about the future residual values are reflected in the fair value of the properties. Minimum lease payments expected on leases of investment properties are as follows:

	2025 KShs. '000	2024 KShs. '000
Within 1 year	14,646	113,913
Within 2 – 5 years	38,127	459,272
Later than 5 years	6,083	278,929
	<u>58,856</u>	<u>852,114</u>

12. (a) Investments in subsidiaries

Company	Country of incorporation	Shareholding in 2025	At 1 January 2025 KShs.'000	Additions of interest in investment in subsidiary KShs.'000	At 31 December 2025 KShs.'000
Sanlam Allianz Life Insurance (Kenya) Limited (formerly Sanlam Life Insurance Limited)	Kenya	100%	873,399	-	873,399
Sanlam General Insurance Limited	Kenya	79.26%	94,642	208,211	302,853
Sanlam Securities Limited	Kenya	100%	170,818	-	170,818
Sanlam Investments Limited	Kenya	100%	-	-	-
Mae Properties Limited	Kenya	100%	-	-	-
Chem Chemi Mineral Water Limited	Kenya	100%	-	-	-
			<u>1,138,859</u>	<u>208,211</u>	<u>1,347,070</u>

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12. (a) Investments in subsidiaries (Continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The impairment of Sanlam Securities Limited was determined by the value Family Bank Limited shares which comprise of the only cash generating asset.

Company	Country of incorporation	Shareholding in 2024	At 1 January 2024 KShs.'000	Impairment of investment in subsidiary KShs.'000	At 31 December 2024 KShs.'000
Sanlam Allianz Life Insurance (Kenya) Limited	Kenya	100%	873,399	-	873,399
SanlamAllianz General Insurance Limited	Kenya	71.86%	94,642	-	94,642
Sanlam Securities Limited	Kenya	100%	483,897	(313,079)	170,818
Sanlam Investments Limited	Kenya	100%	-	-	-
Mae Properties Limited	Kenya	100%	-	-	-
Chem Chemi Mineral Water Limited	Kenya	100%	-	-	-
			1,451,938	(313,079)	1,138,859

Set out below is the summarised financial information of Sanlam General Insurance Limited, the only subsidiary with non-controlling interest, though not significantly immaterial to the Group. The amounts disclosed are before intercompany eliminations.

Summarised statement of financial position	2025 KShs.'000	2024 KShs.'000
Non-current assets	1,505,640	1,340,154
Current assets	277,974	537,985
Liabilities directly attributed with the assets held for sale	(1,211,320)	(1,174,528)
Current liabilities	(14,582)	(172,834)
Net assets	557,712	530,777
Summarised statement of comprehensive income	2025 KShs.'000	2024 KShs.'000 Re-presented*
Net financial result	112,380	134,839
Finance cost	(36,792)	(34,302)
Profit/(loss) before income tax	75,588	100,537
Income tax expense	(42,902)	-
Other comprehensive income	32,686	100,537
Results from discontinued operation	(5,751)	236,880
Total comprehensive income/(loss) for the year	26,935	337,417
Total comprehensive income allocated to non-controlling interests	26,935	337,417

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12. (a) Investments in subsidiaries (Continued)

*Comparative information has been re-presented due to a discontinued operation and changes in classification.

Summarised cash flows	2025 KShs.'000	2024 KShs.'000
Net cash generated from operating activities	4,079	24,223
Net cash used in investing activities	(301,118)	226,523
Net cash used in financing activities	-	12,670
Net increase in cash and cash equivalents	(297,039)	263,416
Cash and cash equivalents at start of year	297,039	167,065
Reclassification to assets held for sale	-	(132,720)
Effects of changes in exchange rates	-	(723)
Cash and cash equivalents at end of year	-	297,039

12. (b) Non-controlling interest movement

Sanlam General Insurance Limited (20.74%)	2025 KShs.'000	2024 KShs.'000
At 1 January	149,471	54,454
Acquisition of minority interest	(39,479)	-
NCl share of total comprehensive income	5,587	95,017
At 31 December	115,579	149,471

13. Loans

These are mortgage advance issued to former directors and staff and the Group has charged the property title to collateralize the loan.

As at the reporting date, the carrying value of the loans receivable fairly approximates the fair value of the loans.

Mortgage loans are secured on the underlying property.

	Group	
	2025 KShs.'000	2024 KShs.'000
Gross mortgage loans		
At 1 January	103,145	114,381
Accrued interest	1,977	1,415
Interest received	(1,977)	(1,415)
Loan repayments	(4,329)	(11,236)
At 31 December	98,816	103,145
Impairment:		
At 1 January	(28,500)	(28,203)
Movement in the year	266	(297)
At 31 December	(28,234)	(28,500)
Net mortgages at 31 December	70,582	74,645

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13. Loans (Continued)

Maturity profile of mortgage loans based on contractual undiscounted cashflows

	Group	
	2025 KShs.'000	2024 KShs.'000
Loans maturing:		
Within 1 year	43,858	41,365
In 1 - 5 years	6,260	22,429
After 5 years	48,698	52,519
	<u>98,816</u>	<u>116,313</u>

14. Financial assets at fair value through profit or loss and at amortised cost

(a) Classification

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

- those to be measured subsequently at fair value through profit or loss and
- those to be measured at amortised cost.

For assets measured at fair value, gains and losses are recorded in other investment income line in profit or loss.

Group:	Amortised cost	Mandatorily at	Designated	Total
At 31 December 2025:	KShs.'000	FVTPL	at FVTPL	KShs.'000
		KShs.'000	KShs.'000	KShs.'000
Equity securities	-	197,322	-	197,322
Government securities at fair value through profit or loss	-	-	31,887,776	31,887,776
Government securities at amortised cost	1,397,388	-	-	1,397,388
Loans (Note 13)	70,582	-	-	70,582
Receivables and other financial assets (excluding prepayments, advances)	-	-	-	-
Deposits with financial institutions	505,982	-	-	505,982
Cash and cash equivalent	1,571,851	-	-	1,571,851
Total	3,545,803	197,322	31,887,776	35,630,901
At 31 December 2024:	Amortised cost	Mandatorily at	Designated	Total
	KShs.'000	FVTPL	at FVTPL	KShs.'000
		KShs.'000	KShs.'000	KShs.'000
Equity securities	-	155,557	-	155,557
Government securities at fair value through profit or loss	-	-	28,864,569	28,864,569
Government securities at amortised cost	1,109,562	-	-	1,109,562
Loans (Note 13)	74,645	-	-	74,645
Receivables	204,469	-	-	204,469
Deposits with financial institutions	1,540,386	-	-	1,540,386
Cash and cash equivalent	467,210	-	-	467,210
Total	3,396,272	155,557	28,864,569	32,416,398

All the government securities and deposits with financial institutions are measured either at fair value through profit or loss or at amortised cost. At 31 December 2025, the maximum exposure to credit risk of these financial assets was their carrying amount of Kshs.31,887,776,000 (2024: Kshs. 28,864,569,000) These financial assets have not been hedged by the use of credit derivatives or similar securities.

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14. Financial assets at fair value through profit or loss and at amortised cost (Continued)

(a) Classification (continued)

Financial assets movement

The movement in financial assets is as shown below:

Year ended 31 December 2025:	Opening balance KShs. '000	Transfer for discontinued operation KShs. '000	ECL adjustment KShs. '000	Purchases KShs. '000	Disposals KShs. '000	Fair value adjustment KShs. '000	Accrued interest KShs. '000	Closing balance KShs. '000
Equity securities	155,557	-	-	-	(58,850)	100,615	-	197,322
Government securities at fair value through profit or loss	30,489,174	(1,624,605)	-	13,394,373	(12,385,509)	2,089,664	(75,321)	31,887,776
Government securities at FVTPL reclassification to assets held for sale	(1,624,605)	1,624,605	-	-	-	-	-	-
Government securities at amortised cost	1,109,562	-	-	1,385,160	(1,118,805)	-	21,471	1,397,388
Deposits with financial institutions	1,673,106	(298,927)	(4,341)	8,116,694	(9,063,876)	-	83,326	505,982
Deposits with financial institutions reclassification to assets held for sale	(132,720)	132,720	-	-	-	-	-	-
Total	31,670,074	(166,207)	(4,341)	22,896,227	(22,627,040)	2,190,279	29,476	33,988,468
Year ended 31 December 2024:	Opening balance KShs. '000	ECL adjustment KShs. '000	Purchases KShs. '000	Disposals KShs. '000	Fair value adjustment KShs. '000	Accrued interest KShs. '000	Closing balance KShs. '000	
Equity securities	439,384	-	-	(352,881)	69,054	-	155,557	
Government securities at fair value through profit or loss	26,571,319	-	2,933,118	(2,180,785)	3,003,863	161,659	30,489,174	
Government securities at FVTPL reclassification to assets held for sale	(1,686,634)	-	(455,000)	696,543	(179,514)	-	(1,624,605)	
Government securities at amortised cost	1,095,918	1,359	207,767	(197,820)	-	2,338	1,109,562	
Deposits with financial institutions	1,561,335	(12,902)	9,842,955	(9,718,282)	-	-	1,673,106	
Reclassification to assets held for sale	(134,839)	2,119	-	-	-	-	(132,720)	
Total	27,846,483	(9,424)	12,528,840	(11,753,225)	2,893,403	163,997	31,670,074	

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14. Financial assets at fair value through profit or loss and at amortised cost (Continued)

(a) Classification (continued)

Maturity analysis: As at 31 December 2025:	< 1 year KShs.'000	1 - 5 years KShs.'000	> 5 years KShs.'000	Payable on demand KShs.'000	Total KShs.'000
Equity securities	-	-	-	197,322	197,322
Government securities at fair value through profit or loss	277,895	3,228,178	11,074,826	17,306,877	31,887,776
Government securities at amortised cost	1,397,388	-	-	-	1,397,388
Deposits with financial institutions	505,982	-	-	-	505,982
Total	2,181,265	3,228,178	11,074,826	17,504,199	33,988,468
As at 31 December 2024:					
Equity securities	-	-	-	155,557	155,557
Government securities at fair value through profit or loss	373,171	3,216,786	11,063,035	14,211,577	28,864,569
Government securities at amortised cost	-	1,109,562	-	-	1,109,562
Deposits with financial institutions	1,540,386	-	-	-	1,540,386
Total	1,913,557	4,326,348	11,063,035	14,367,134	31,670,074

Included within the government securities are bonds held under lien as required by the Insurance Regulatory Authority KShs. 1.8 billion.

(b) Determination of fair value and fair value hierarchy

Below is the required disclosure of fair value measurements, using a three-level fair value hierarchy that reflects the significance of the inputs used in determining the measurements.

Level 1

Included in level 1 category are financial assets and liabilities that are measured in whole or in part by reference to unadjusted, quoted prices in an active market for identical assets and liabilities. Quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Included in level 2 category are financial assets and liabilities measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). For example, instruments measured using valuation techniques such as discounted cash flows, based on assumptions that are supported by prices from observable current market transactions are categorized as level 2. Fair value is determined by discounting estimated cash flows with a discount rate based on a market yield for similar instruments at year-end. Inputs applied include a market discount rate and credit risk of the counterparty. The market discount rate used is the 91 days treasury bill rate.

Level 3

Financial assets and liabilities measured using inputs that are not based on observable market data are categorised as level 3. Non-market observable inputs mean that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

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14. Financial assets at fair value through profit or loss and at amortised cost (Continued)

(b) Determination of fair value and fair value hierarchy (continued)

Level 3 (continued)

Significant unobservable inputs are developed as follows;

The Group's level 3 financial assets indicated below comprise of unquoted equities valued using market approach and government securities.

- Expected prepayment rates are derived from historical prepayment trends, adjusted to reflect current conditions.
- The probabilities of defaults and loss severities for commercial assets are derived from the CDS market. When this information is not available, the inputs are obtained from historical default and recovery information and adjusted for current conditions.
- The probabilities of default and loss severities for retail assets are derived from historical default and recovery information and adjusted for current conditions.
- Correlations between and volatilities of the underlying are derived through extrapolation of observable volatilities, recent transaction prices, quotes from other market participants, data from consensus pricing services and historical data adjusted for current conditions.
- Risk-adjusted spreads are derived from the CDS market (when this information is available) and from historical defaults and prepayment trends adjusted for current conditions.
- Expected cash flows are derived from the entity's business plan and from historical comparison between plans and actual results.
- Expected market rental growth 5%.
- Void periods 6 months at the beginning of each lease.
- Occupancy rate 90%.
- Rent-free periods 6 months at the beginning of each lease.
- Discount rate 14.2%.

Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations for which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group. Therefore, unobservable inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include three key inputs to the valuation process are: a) Cash flows—the cash generated from ownership of the asset; b) Timing—the time period(s) in which cash flows are received; and c) Required return—the interest rate used to discount the future cash flows to a present value.

Financial asset carried at fair value categorized at Level 3 relate to investment in unlisted Kenyan bank shares. The market approach has been applied in valuation using the comparable company analysis approach. The comparable companies chosen in computing the comparable company analysis of listed banks in Kenya (Nairobi Securities Exchange). The comparable companies are appropriate as they operate under similar regulatory and market conditions as the equity security considered.

As at 31 December 2025:	Level 1 KShs.'000	Level 2 KShs.'000	Level 3 KShs.'000	Total carrying value KShs.'000
Equity securities	-	-	197,322	197,322
Government securities at fair value through profit or loss	31,887,776	-	-	31,887,776
Government securities at amortised cost	1,389,282	-	-	1,389,282
Total	33,277,058	-	197,322	33,474,380

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14. Financial assets at fair value through profit or loss and at amortised cost (Continued)

(b) Determination of fair value and fair value hierarchy (continued)

Level 3 (continued)

Significant unobservable inputs are developed as follows:

As at 31 December 2024:	Level 1 KShs.'000	Level 2 KShs.'000	Level 3 KShs.'000	Total carrying value KShs.'000
Equity securities	-	-	155,557	155,557
Government securities at fair value through profit or loss	28,864,569	-	-	28,864,569
Government securities at amortised cost	1,109,562	-	-	1,109,562
Total	29,974,131	-	155,557	30,129,688

The group has considered the impact of changes in discount rate in its own on the valuation of its financial assets measured at fair value categorized at Level 3. Discount rate changes will only have an impact in extreme situations and are not material for the 2025 and 2024 financial years.

Valuation technique used to derive the fair values

Level 3 fair values of land and buildings have been derived using values that can only be estimated using a combination of complex market prices, mathematical models, and subjective assumptions. These include sales prices of comparable land and buildings in proximity are adjusted for differences in key attributes such as property size and location, estimated value of future cashflow from rental incomes and appropriate estimated discount for commercial properties. The fair valuation basis considers the existing use and the tenancies and considers the normal lease structure for similar buildings. The table below analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

As at 31 December 2025	Level 1 KShs. '000	Level 2 KShs. '000	Level 3 KShs. '000	Total KShs. '000
Investment properties	-	-	2,425,680	2,425,680
As at 31 December 2024	KShs. '000	KShs. '000	KShs. '000	KShs. '000
Investment properties	-	-	2,399,680	2,399,680

Investment properties are stated at fair value, which has been determined based on valuations performed by Knight Frank Limited during the year and was determined by the discounted cash flows method with inputs referenced to the market prices of similar properties of the type and in the area in which the property is situated. Knight Frank Limited are industry specialists in valuing investment properties and have appropriate recognized professional qualification and recent experience in the location and category of property being valued.

The expected cashflow are derived from the expected lease receipts from tenants occupying the building and discounting the using specifically determined discount rate this category of assets. Equity securities carried at fair value categorized at Level 3 has been valued using the comparative company analysis approach. The comparable companies chosen in computing the Price to Book multiple of listed banks in Kenya. The comparable companies are appropriate as they operate under similar regulatory and market conditions as the equity security considered.

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15. Weighted average effective interest rate

The following table summarises the fixed average effective interest rates at the year-end on the principal interest-bearing investments. The interest contractual rates do not fluctuate during the term of the investments.

	2025	2024
Government securities - At fair value through profit or loss	10%	13%
Mortgage loans and corporate bonds	10%	10%
Deposits with financial institutions	9%	4%

16. Inventory

	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2025 KShs.'000	2024 KShs.'000
At start of year	82,055	90,108	82,055	90,108
Additions	1,998	1,700	1,998	1,700
Inventory attributable to disposal	-	(9,753)	-	(9,753)
As at December	84,053	82,055	84,053	82,055

17. Reinsurance contract assets

	2025 KShs.'000	2024 KShs.'000
Reinsurance contract assets - general insurance	-	838,048
Reinsurance contract assets - life insurance	558,544	423,411
Reclassification to assets held for sale	-	(838,048)
Total	558,544	423,411

18. Receivable from intermediaries

	2025 KShs.'000	2024 KShs.'000
Gross receivables	-	291,378
Expected credit loss allowance	-	(59,700)
Reclassification to assets held for sale	-	(231,678)
Net receivables	-	-

The carrying value of receivables above approximates their fair value. These are amounts are recoverable from intermediaries in relation to contracts that have been issued through them to the policyholders.

19. Receivables and other assets

	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2025 KShs.'000	2024 KShs.'000
Rent outstanding	7,039	6,044	-	-
Due from related companies (Note 32(a))	195,019	102,250	113,900	18,457
Prepayments	57,960	93,697	-	-
Other receivables	38,931	96,157	-	12,406
	298,949	298,148	113,900	30,863

The carrying value of receivables above approximates their fair value. Other receivables are advances that are recoverable within three months.

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20. Cash and cash equivalents

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

	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2025 KShs.'000	2024 KShs.'000
Cash and bank balances	1,166,978	467,210	21,391	-
Deposit with maturity less than 3-months	404,873	1,673,106	-	56,475
Deposits with financial institutions reclassification to assets held for sale	-	(132,720)	-	-
Cash and cash equivalent in the statement of cash flows	1,571,851	2,007,596	21,391	56,475
Cash and cash equivalent in the statement of financial position	1,166,978	467,210	21,391	56,475

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

21. Capital and reserves

Group and Company:

Share capital issued and fully paid	Ordinary shares	2025	2024
	thousands	KShs.'000	KShs.'000
At start and end of year	144,000	720,000	720,000
Rights issue	399,420	1,997,104	-
At the end of the year	543,420	2,717,104	720,000

The total number of authorised ordinary shares increased to 900,000,000 with a par value of KShs. 5 per share. The company issued 399,420,000 additional ordinary shares at par value of KShs. 5 per share through a rights issue in May 2025 thus increasing total issued shares to 543,420,000 shares. All issued shares are fully paid. 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 meetings of the Group and Company. All ordinary shares rank equally with regards to the Group and Company residual assets.

Statutory fund

The statutory fund represents a reserve maintained within the long-term insurance business and represents unallocated surpluses from previous actuarial valuations as required by section 46(5) of the Insurance Act. Transfers from this fund are made upon recommendation of the actuary. This movement has been shown on the statement of changes in equity.

	Group	
	2025 KShs.'000	2024 KShs.'000
Balance at the beginning of the year	3,371,581	2,380,139
Surplus for the year	928,122	1,378,870
Transfer to retained earnings	(1,011,474)	(387,428)
Closing fund	3,288,229	3,371,581

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22. Borrowings

Finance costs incurred	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2025 KShs.'000	2024 KShs.'000
Stanbic loan	150,516	649,710	150,516	649,710
Interest on related party loan	36,792	34,302	-	-
Sub total	187,308	684,012	150,516	649,710
Guarantee and other fees	18,677	50,800	13,116	50,800
Total finance cost	205,985	734,812	163,632	700,510

The movement in the loan balance during the period is as shown below:

	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2025 KShs.'000	2024 KShs.'000
At start of year	4,216,156	4,657,144	3,041,628	3,516,918
Loans received during the year	208,211	-	208,211	-
Accrued interest	187,308	684,012	150,516	649,710
Interest repayments	(192,144)	(1,125,000)	(192,144)	(1,125,000)
Principal repayments	(3,000,000)	-	(3,000,000)	-
At end of year	1,419,531	4,216,156	208,211	3,041,628

Net asset/(debt) reconciliation

	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2025 KShs.'000	2024 KShs.'000
Cash and cash equivalents	1,839,073	467,210	21,391	56,475
Financial assets held at FVTPL	33,749,709	33,427,399	-	-
Borrowings	(1,419,531)	(4,216,156)	(208,211)	(3,041,628)
Lease liabilities	-	(33,678)	-	-
Net asset/(debt)	34,169,251	29,644,775	(186,820)	(2,985,153)

Maturity profile of the borrowings:

The maturity profile of borrowing is as shown below:

	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2024 KShs.'000	2023 KShs.'000
Current	1,419,531	3,041,628	-	3,041,628
Non-current	-	1,174,528	-	-
	1,419,531	4,216,156	-	3,041,628

The Group on 21 December 2017 and on 19 December 2018 acquired loan facilities from Sanlam Capital Markets Property Limited of USD 10 million and USD 17 million respectively for a period of two years. Sanlam Allianz Holdings (Kenya) PLC extended repayment to 17 February 2021 and refinanced the loan facilities with a Kenya shilling loan from Stanbic Bank Kenya Limited of KShs 3 billion with interest referenced to 3-month average of the Government of Kenya 182-day Treasury Bill Rate plus 4.5% margin for a term of three years.

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22. Borrowings (Continued)

In 2022 the facility was restructured to a KShs 4 billion facility with the same bank for another two years to March 2025 and at higher margin of 4.95% with interest expense being capitalized. In 2024 the company started servicing the loan with dividends received from subsidiaries and extended the loan at the same terms for three months to June 2025 to enable finalise the capital raising to settle the loan. The final principal balance repayment was made in May 2025 following a successful capital raise of KShs 2.5 billion.

Interest rate is referenced to 3-month average of the Government of Kenya 182-day Treasury Bill Rate plus 4.95% margin. The facility is sufficiently collateralized by a corporate guarantee issued by Sanlam Emerging Markets.

The capital raise of KShs. 2.5 billion was successful and the proceeds were utilized to settle the loan balance of KShs. 3.2 billion from Stanbic Bank.

Sanlam Allianz Holdings (Kenya) PLC credit facility of KShs 0.2 billion was advance by Sanlam Emerging Markets (Pty) Limited to facility acquisition of minority in Sanlam General Insurance limited at no interest.

Sanlam Emerging Markets advanced a loan to Sanlam General Insurance Limited of KShs 1,085,700,000 in 2022. The loan had been issued for an initial period of 18 months to November 2024 at the rate of 3% per annum and later extended for a further 18 months to 05 May 2025. The loan is now payable following the transfer of the associated risk with the business transfer to Sanlam Allianz General Insurance (Kenya) Limited. There is no collateral issued for this borrowing.

The carrying value of the borrowings approximates the fair value of the borrowings because this is a variable rate loan and therefore the carrying amount approximates its fair value at any reporting date.

**SANLAM ALLIANZ HOLDINGS (KENYA) PLC
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23. Insurance and reinsurance contracts (Continued)	(a) Movements in insurance and reinsurance contract balances	Life risk					Total KShs.'000'
		GMM KShs.'000'	PAA KShs.'000'	Life savings KShs.'000'	Total Life KShs.'000'	Non-life KShs.'000'	
31 December 2025							
Insurance contracts							
Insurance contract liabilities							
Insurance contract balances	19,942,114	1,135,111	9,343,707	30,420,932	-	30,420,932	
Total	19,942,114	1,135,111	9,343,707	30,420,932	-	30,420,932	
Reinsurance contracts							
Reinsurance contract assets	(139,448)	(419,095)	-	(558,543)	-	(558,543)	
31 December 2024							
Insurance contracts							
Insurance contract liabilities							
Insurance contract balances	18,165,889	1,087,535	8,281,830	27,535,254	-	27,535,254	
Total	18,165,889	1,087,535	8,281,830	27,535,254	-	27,535,254	
Reinsurance contracts							
Reinsurance contract assets	(71,060)	(352,351)	-	(423,411)	-	(423,411)	

SANLAM ALLIANZ HOLDINGS (KENYA) PLC
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

23.	Insurance and reinsurance contracts (Continued)					
(a)	Movements in insurance and reinsurance contract balances (continued)					
(i)	Life Risk - Insurance Contracts					
	<i>Analysis by remaining coverage and incurred claims - contracts not measured under PAA</i>					
		Liabilities for remaining coverage Excluding loss component KShs '000'	Loss component KShs '000'	Liabilities for incurred claims KShs '000'	Total KShs '000'	
	Opening liabilities	17,490,894	132,226	542,769	18,165,889	
	Changes in the statement of profit or loss					
	Insurance revenue	-	-	-	-	
	Contracts under the fair value transition approach	(3,030,923)	(32,826)	-	(3,063,749)	
	Other contracts	(3,030,923)	(32,826)	-	(3,063,749)	
	Total insurance revenue					
	Insurance service expenses					
	Incurred claims and other insurance service expenses	-	-	2,060,077	2,060,077	
	Initial loss on onerous contracts recognized in the period	-	79,175	-	79,175	
	Losses and reversals of losses on onerous contracts	-	(29,926)	-	(29,926)	
	Adjustments to liabilities for incurred claims	-	-	(166,600)	(166,600)	
	Total insurance service expenses		49,249	1,893,477	1,942,726	
	Investment components and premium refunds	(1,169,134)	-	1,169,134	-	
	Insurance service result	(4,200,057)	16,423	3,062,611	(1,121,023)	
	Net finance expenses from insurance contracts (Note 6)	3,838,746	41,799	-	3,880,545	
	Total changes in the statement of profit or loss OCI	(361,311)	58,222	3,062,611	2,759,522	
	Cash flows					
	Premiums received	3,076,671	-	-	3,076,671	
	Claims and other insurance service expenses paid, including investment components	-	-	(3,262,917)	(3,262,917)	
	Insurance acquisition cash flows	(797,051)	-	-	(797,051)	
	Total cash flows	2,279,620	-	(3,262,917)	(983,297)	
	Closing liabilities	19,409,203	190,448	342,463	19,942,114	

SANLAM ALLIANZ HOLDINGS (KENYA) PLC
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

23. Insurance and reinsurance contracts (Continued)

(a) Movements in insurance and reinsurance contract balances (continued)

(i) Life Risk - Insurance Contracts (continued)

Analysis by remaining coverage and incurred claims - contracts not measured under PAA (continued)

	Liabilities for remaining coverage Excluding loss component KShs '000'	Loss component KShs '000'	Liabilities for incurred claims KShs '000'	Total KShs '000'
Opening liabilities	15,442,067	8,959	708,320	16,159,346
Changes in the statement of profit or loss				
Insurance revenue	(2,997,142)	(16,362)	-	(3,013,504)
Contracts under the fair value transition approach	-	-	-	-
Other contracts	(2,997,142)	(16,362)	-	(3,013,504)
Total insurance revenue				
Insurance service expenses	-	-	1,960,995	1,960,995
Incurred claims and other insurance service expenses	-	120,794	-	120,794
Losses and reversals of losses on onerous contracts	-	-	(57,394)	(57,394)
Adjustments to liabilities for incurred claims	-	-	-	-
Total insurance service expenses	(1,149,822)	120,794	1,903,601	2,024,395
Investment components and premium refunds	(4,146,964)	104,432	1,149,822	-
Insurance service result	3,539,019	18,835	3,053,423	3,557,854
Net finance expenses from insurance contracts (Note 6)	(607,945)	123,267	3,053,423	2,568,745
Total changes in the statement of profit or loss OCI				
Cash flows	3,363,488	-	-	3,363,488
Premiums received	-	-	(3,218,974)	(3,218,974)
Claims and other insurance service expenses paid, including investment components	(706,716)	-	-	(706,716)
Insurance acquisition cash flows	2,656,772	-	(3,218,974)	(562,202)
Total cash flows	17,490,894	132,226	542,769	18,165,889
Closing liabilities				

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FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

2025	CSM					Total KShs '000'
	Estimates of present value of future cash flows KShs '000'	Risk adjustment for non-financial risk KShs '000'	Contracts under fair value transition approach KShs '000'	Other contracts KShs '000'	Subtotal KShs '000'	
Opening liabilities	16,140,756	231,673	333,948	1,459,512	1,793,460	18,165,889
Changes in the statement of profit or loss						
Changes that relate to current services						
CSM recognised for services provided	-	-	(85,199)	(388,707)	(473,906)	(473,906)
Change in risk adjustment for non-financial risk for risk expired	-	(32,815)	-	-	-	(32,815)
Expected claims incurred excluding investment components	(2,092,903)	-	-	-	-	(2,092,903)
Expected administration and other expenses	(338,491)	-	-	-	-	(338,491)
Premium experience adjustments relating to current service	(125,634)	-	-	-	-	(125,634)
Total changes that relate to current services	(2,557,028)	(32,815)	(85,199)	(388,707)	(473,906)	(3,063,749)
Changes that relate to future services						
Contracts initially recognised in the year	(303,223)	18,842	-	284,381	284,381	-
Changes in estimates that adjust the CSM	(153,976)	(82,849)	6,182	230,643	236,825	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	49,246	3	-	-	-	49,249
Changes that relate to past services						
Claims incurred during the period excluding investment components	2,060,077	-	-	-	-	2,060,077
Adjustment to liabilities for incurred claims	(166,600)	-	-	-	-	(166,600)
Insurance service result	(1,071,504)	(96,819)	(79,017)	126,317	47,300	(1,121,023)
Net finance expenses from insurance contracts	3,592,722	89,366	39,616	158,841	198,457	3,880,545
Total changes in the statement of profit or loss	2,521,218	(7,453)	(39,401)	285,158	245,757	2,759,522
Cashflows	(983,297)	-	-	-	-	(983,297)
Closing liabilities	17,678,677	224,220	294,547	1,744,670	2,039,217	19,942,114

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

2024	CSM					Total KShs '000'
	Estimates of present value of future cash flows KShs '000'	Risk adjustment for non-financial risk KShs '000'	Contracts under fair value transition approach KShs '000'	Other contracts KShs '000'	Subtotal KShs '000'	
Opening liabilities	13,631,611	184,426	646,460	1,696,849	2,343,309	16,159,346
Changes in the statement of profit or loss Changes that relate to current services						
CSM recognised for services provided (Note 4)	-	-	(59,211)	(257,686)	(316,897)	(316,897)
Change in risk adjustment for non-financial risk for risk expired (Note 4)	-	(27,212)	-	-	-	(27,212)
Experience adjustments	(248,412)	955	-	(155,846)	(155,846)	(403,303)
Total changes that relate to current services	(248,412)	(26,257)	(59,211)	(413,532)	(472,743)	(747,412)
Changes that relate to future services						
Contracts initially recognised in the year	(386,034)	14,779	-	371,255	371,255	-
Changes in estimates that adjust the CSM	579,971	24,760	(313,389)	(291,342)	(604,731)	-
Changes in estimates that result in losses and reversals of losses on onerous contracts	116,612	4,182	-	-	-	120,794
Changes that relate to past services						
Adjustment to liabilities for incurred claims	(362,491)	-	-	-	-	(362,491)
Insurance service result	(300,354)	17,464	(372,600)	(333,619)	(706,219)	(989,109)
Net finance expenses from insurance contracts	3,371,701	29,783	60,088	96,282	156,370	3,557,854
Total changes in the statement of profit or loss	3,071,347	47,247	(312,512)	(237,337)	(549,849)	2,568,745
Premium received, incurred claims and insurance acquisition cashflows						
	(562,202)	-	-	-	-	(562,202)
Closing liabilities	16,140,756	231,673	333,948	1,459,512	1,793,460	18,165,889

SANLAM ALLIANZ HOLDINGS (KENYA) PLC
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NOTES TO FINANCIAL STATEMENTS
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23. Insurance and reinsurance contracts (Continued)		Liabilities for incurred claims				Total
(a)	Movements in insurance and reinsurance contract balances (continued)	Liabilities for remaining coverage KShs '000'	Estimate of PV of cashflows KShs '000'	adjustment for non-financial risk KShs '000'	Risk	KShs '000'
(iii)	Life Risk - Insurance Contracts - Contracts measured under PAA (continued)					
	2025					
	Opening liabilities	323,988	746,300	17,247		1,087,535
	Changes in the statement of profit or loss					
	Insurance revenue	(1,240,364)	-	-		(1,240,364)
	Contracts under the full retrospective transition approach	(1,240,364)	-	-		(1,240,364)
	Total insurance revenue					
	Insurance service expenses					
	Incurred claims and other insurance service expenses	-	374,241	-		374,241
	Insurance acquisition cash flows	296,662	-	-		296,662
	Adjustments to liabilities for incurred claims	-	-	(2,322)		(2,322)
	Total insurance service expenses	296,662	374,241	(2,322)		668,581
	Insurance service results	(943,702)	374,241	(2,322)		(571,783)
	Changes in the statement of profit or loss					
	Cash flows					
	Premiums received	1,461,732	-	-		1,461,732
	Claims and other insurance service expenses paid, including investment components	-	(545,711)	-		(545,711)
	Insurance acquisition cash flows	(296,662)	-	-		(296,662)
	Total cash flows	1,165,070	(545,711)	-		619,359
	Closing liabilities	545,356	574,830	14,925		1,135,111

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NOTES TO FINANCIAL STATEMENTS
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23. Insurance and reinsurance contracts (Continued)					
(a)	Movements in insurance and reinsurance contract balances (continued)				
(iii)	Life Risk - Insurance Contracts - Contracts measured under PAA (continued)				
	2024	Liabilities for incurred claims	Liabilities for	Estimate of	Total
		Risk	remaining	PV of	KShs '000'
		adjustment for	coverage	cashflows	
		non-financial	KShs '000'	KShs '000'	KShs '000'
		risk			
Opening liabilities	386,989	-	386,989	744,031	1,131,020
Changes in the statement of profit or loss					
Insurance revenue	(1,392,612)	-	(1,392,612)	-	(1,392,612)
Contracts under the full retrospective transition approach					
Total insurance revenue	(1,392,612)	-	(1,392,612)	-	(1,392,612)
Insurance service expenses					
Incurred claims and other insurance service expenses	-	17,247	-	585,847	603,094
Insurance acquisition cash flows	232,634	-	232,634	-	232,634
Adjustments to liabilities for incurred claims	-	-	-	-	-
Total insurance service expenses	232,634	17,247	232,634	585,847	835,728
Insurance service results	(1,159,978)	17,247	(1,159,978)	585,847	(556,884)
Changes in the statement of profit or loss	(1,159,978)	17,247	(1,159,978)	585,847	(556,884)
Cash flows					
Premiums received	1,329,611	-	1,329,611	-	1,329,611
Claims and other insurance service expenses paid, including investment components	-	-	(583,578)	(583,578)	(583,578)
Insurance acquisition cash flows	(232,634)	-	(232,634)	-	(232,634)
Total cash flows	1,096,977	-	1,096,977	(583,578)	513,399
Closing liabilities	323,988	17,247	323,988	746,300	1,087,535

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

23. Insurance and reinsurance contracts (Continued)					
(a) Movements in insurance and reinsurance contract balances (continued)					
(iii) Life Risk - Insurance Contracts - Contracts measured under PAA (continued)					
	Liabilities for remaining coverage KShs '000'	Liabilities for incurred claims	Risk adjustment for non-financial risk KShs '000'	Total KShs '000'	
Opening liabilities	386,989	744,031	-	1,131,020	
Changes in the statement of profit or loss					
Insurance revenue	(1,392,612)	-	-	(1,392,612)	
Contracts under the full retrospective transition approach	(1,392,612)	-	-	(1,392,612)	
Total insurance revenue					
Insurance service expenses					
Incurred claims and other insurance service expenses	-	585,847	17,247	603,094	
Insurance acquisition cash flows	232,634	-	-	232,634	
Adjustments to liabilities for incurred claims	-	-	-	-	
Total insurance service expenses	232,634	585,847	17,247	835,728	
Insurance service results	(1,159,978)	585,847	17,247	(556,884)	
Changes in the statement of profit or loss					
Cash flows					
Premiums received	1,329,611	-	-	1,329,611	
Claims and other insurance service expenses paid, including investment components	-	(583,578)	-	(583,578)	
Insurance acquisition cash flows	(232,634)	-	-	(232,634)	
Total cash flows	1,096,977	(583,578)	-	513,399	
Closing liabilities	323,988	746,300	17,247	1,087,535	

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)

23. Insurance and reinsurance contracts (Continued)

(a) Movements in insurance and reinsurance contract balances (continued)

(iv) Life Savings - Insurance Contracts (continued)

Analysis by remaining coverage and incurred claims - Contracts not measured under PAA (continued)

2024

	Liabilities for remaining coverage		Liabilities for incurred claims KShs '000'	Total KShs '000'
	Excluding loss component KShs '000'	Loss component KShs '000'		
Opening liabilities	7,704,046	-	-	7,704,046
Changes in the profit or loss				
Insurance revenue	(170,954)	-	-	(170,954)
Total	(170,954)	-	-	(170,954)
Insurance service result				
Insurance finance income or expenses	1,982,678	-	-	1,982,678
Total changes in the statement of profit or loss	1,811,724	-	-	1,811,724
Cash flows				
Premiums received	1,228,088	-	-	1,228,088
Claims and other insurance service expenses paid, including investment components	(2,249,644)	-	-	(2,249,644)
Insurance acquisition cash flows	(210,541)	-	-	(210,541)
Change in Policy loans	(1,843)	-	-	(1,843)
Total cash flows	(1,233,940)	-	-	(1,233,940)
Closing liabilities	8,281,830	-	-	8,281,830

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FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

2025	Insurance and reinsurance contracts (Continued)	Estimates of present value of future cash flows KShs '000'	Risk adjustment for non-financial risk KShs '000'	CSM		
				Other contracts KShs '000'	Subtotal KShs '000'	Total KShs '000'
	(a) Movements in insurance and reinsurance contract balances (continued)					
	(ii) Life Savings - Insurance Contracts (continued)					
	<i>Analysis by measurement component – Contracts not measured under the PAA (continued)</i>					
	Opening liabilities	7,984,016	19,065	278,749	278,749	8,281,830
	Changes in the statement of profit or loss					
	Changes that relate to current services					
	CSM recognised for services provided	-	-	(72,116)	(72,116)	(72,116)
	Change in risk adjustment for non-financial risk for risk expired	-	(4,766)	(838)	(838)	(5,604)
	Experience Adjustments	683,860	3,816	34,230	34,230	721,906
	Changes that relate to future services					
	Contracts initially recognised in the year	-	-	-	-	-
	Expected unwind of discounting of the best estimate of the liability for remaining coverage	497,250	-	-	-	497,250
	Expected administration and other expenses	(158,007)	-	-	-	(158,007)
	Expected incurred claims excluding investment components	(1,125,303)	-	-	-	(1,125,303)
	Changes in estimates that adjust the CSM	38,568	-	(38,568)	(38,568)	-
	Insurance service result	(63,632)	(950)	(77,292)	(77,292)	(141,874)
	Net finance expenses from insurance contracts	1,858,159	-	-	-	1,858,159
	Total changes in the statement of profit or loss	1,794,527	(950)	(77,292)	(77,292)	1,716,285
	Premium received	1,492,518	-	-	-	1,492,518
	Claims and other insurance service expenses paid, including investment components	(1,899,960)	-	-	-	(1,899,960)
	Insurance acquisition cashflows	(232,498)	-	-	-	(232,498)
	Change in policy loans	(14,468)	-	-	-	(14,468)
	Total cashflows	(654,408)	-	-	-	(654,408)
	Closing liabilities	9,124,135	18,115	201,457	201,457	9,343,707

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FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

2024	Estimates of present value of future cash flows KShs '000'	Risk adjustment for non-financial risk KShs '000'	CSM		
			Other contracts KShs '000'	Subtotal KShs '000'	Total KShs '000'
23. Insurance and reinsurance contracts (Continued)					
(a) Movements in insurance and reinsurance contract balances (continued)					
Reinsurance Contracts – Life risk					
Opening liabilities	6,533,541	12,932	1,157,573	1,157,573	7,704,046
Changes in the statement of profit or loss					
Changes that relate to current services					
CSM recognised for services provided	-	-	(208,092)	(208,092)	(208,092)
Change in risk adjustment for non-financial risk for risk expired	-	(852)	-	-	(852)
Experience adjustments	-	-	37,990	37,990	37,990
Changes that relate to future services					
Contracts initially recognised in the year	35,257	(2,524)	(32,733)	(32,733)	-
Changes in estimates that adjust the CSM	666,480	9,509	(675,989)	(675,989)	-
Insurance service result	701,737	6,133	(878,824)	(878,824)	(170,954)
Insurance finance income or expenses	1,982,678	-	-	-	1,982,678
Total changes in the statement of profit or loss	2,684,415	6,133	(878,824)	(878,824)	1,811,724
Premium received, incurred claims and insurance acquisition cashflows	(1,233,940)	-	-	-	(1,233,940)
Closing liabilities	7,984,016	19,065	278,749	278,749	8,281,830

**SANLAM ALLIANZ HOLDINGS (KENYA) PLC
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

23. Insurance and reinsurance contracts (Continued)					
(a) Movements in insurance and reinsurance contract balances (continued)					
Reinsurance Contracts – Life risk					
2025					
Net opening balance	244,531	-	178,880	423,411	
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	-	-	-	-	
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses	(425,258)	-	(2,868)	(428,126)	
Change in risk adjustment for non-financial risk for risk expired	(1,373)	-	-	(1,373)	
Adjustments to assets for incurred claims	-	-	194,635	194,635	
Release of Contractual Service Margin	(40,624)	-	-	(40,624)	
Total amounts recoverable from reinsurers	(467,255)	-	191,767	(275,488)	
Experience adjustments	108,546	-	-	108,546	
Net expenses from reinsurance contracts	(358,709)	-	191,767	(166,942)	
Net finance income from reinsurance contracts	(5,818)	-	-	(5,818)	
Total changes in the statement of profit or loss and OCI	(364,527)	-	191,767	(172,760)	
Cash flows					
Premiums paid	557,372	-	-	557,372	
Amounts received	-	-	(249,480)	(249,480)	
Total cash flows	557,372	-	(249,480)	307,892	
Net closing balance	437,376	-	121,167	558,543	

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FOR THE YEAR ENDED 31 DECEMBER 2025 (CONTINUED)**

23.	Insurance and reinsurance contracts (Continued)				
(a)	Movements in insurance and reinsurance contract balances (continued)				
	Reinsurance Contracts – Life risk (continued)				
	2024				
	Net opening balance	(745,797)	-	1,182,349	436,552
	Changes in the statement of profit or loss and OCI				
	Allocation of reinsurance premiums paid	-	-	-	-
	Amounts recoverable from reinsurers				
	Recoveries of incurred claims and other insurance service expenses	(531,712)	-	223,973	(307,739)
	Change in risk adjustment for non-financial risk for risk expired	(5,613)	-	-	(5,613)
	Adjustments to assets for incurred claims	987,546	-	(985,535)	2,011
	Release of Contractual Service Margin	(16,928)	-	-	(16,928)
	Total amounts recoverable from reinsurers	433,293	-	(761,562)	(328,269)
	Experience adjustments	(15,275)	-	-	(15,275)
	Net expenses from reinsurance contracts	418,018	-	(761,562)	(343,544)
	Net finance income from reinsurance contracts	(17,830)	-	-	(17,830)
	Total changes in the statement of profit or loss and OCI	400,188	-	(761,562)	(361,374)
	Cash flows				
	Premiums paid	607,385	-	-	607,385
	Amounts received	(17,247)	-	(241,905)	(259,152)
	Total cash flows	590,138	-	(241,905)	348,233
	Net closing balance	244,529	-	178,882	423,411

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23. Insurance and reinsurance contracts (Continued)									
(a)	Movements in insurance and reinsurance contract balances (continued)								
	Reinsurance Contracts – Life risk (continued)								
	Contracts not measured under the PAA								
2025		Estimate of PV of cashflows KShs '000'	Risk adjustment for non- financial risk KShs '000'	Contracts under fair value transition approach KShs '000'	Other Contracts KShs '000'	Subtotal KShs '000'	Total KShs '000'		
	Opening liabilities	(117,101)	17,723	5,693	164,745	170,438	71,060		
	Changes in the statement of profit or loss								
	Changes that relate to current services								
	CSM recognised for services rendered	-	-	(2,235)	(38,389)	(40,624)	(40,624)		
	Change in risk adjustment for non-financial risk for risk expired	-	(1,373)	-	-	-	(1,373)		
	Experience adjustments	111,414	-	-	-	-	111,414		
	Changes that relate to future services								
	Contracts initially recognised in the year	(105,241)	4,354	-	100,887	100,887	-		
	Changes in recovery of losses on onerous underlying contracts that adjust the CSM	-	-	1,226	-	1,226	1,226		
	Changes in estimates that adjust the CSM	(47,163)	(2,574)	3,695	46,042	49,737	-		
	Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	-	(2,645)	(2,645)	(2,645)		
	Net expense from reinsurance contracts	(40,990)	407	2,686	105,895	108,581	67,998		
	Net finance income from reinsurance contracts	(44,663)	2,435	683	35,727	36,410	(5,818)		
	Total changes in the statement of profit or loss	(85,653)	2,842	3,369	141,622	144,991	62,180		
	Cash flows	6,208	-	-	-	-	6,208		
	Net closing balance	(196,546)	20,565	9,062	306,367	315,429	139,448		

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NOTES TO FINANCIAL STATEMENTS
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23. Insurance and reinsurance contracts (Continued)												
(a) Movements in insurance and reinsurance contract balances (continued)												
Reinsurance Contracts – Life risk (continued)												
Contracts not measured under the PAA												
2025	Estimate of PV of cashflows KShs '000'	Risk adjustment for non- financial risk KShs '000'	Contracts under fair value transition approach KShs '000'	Other Contracts KShs '000'	Subtotal KShs '000'	Total KShs '000'						
Opening liabilities	3,573	(17,624)	(122,925)	-	(122,925)	(136,976)						
Changes in the statement of profit or loss												
Changes that relate to current services												
CSM recognised for services rendered	-	-	(865)	(16,063)	(16,928)	(16,928)						
Change in risk adjustment for non-financial risk for risk expired	-	(5,613)	-	-	-	(5,613)						
Experience adjustments	(51,879)	37,239	124,113	63,290	187,403	172,763						
Changes that relate to future services												
Contracts initially recognised in the year	(70,994)	3,922	-	67,072	67,072	-						
Changes in recovery of losses on onerous underlying contracts that adjust the CSM	(29,941)	(3,411)	5,240	28,112	33,352	-						
Changes in estimates that adjust the CSM	-	-	-	-	-	-						
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	-	-	-	-						
Net expense from reinsurance contracts	(152,814)	32,137	128,488	142,411	270,899	150,222						
Net finance income from reinsurance contracts	(43,504)	3,210	130	22,334	22,464	(17,830)						
Total changes in the statement of profit or loss	(196,318)	35,347	128,618	164,745	293,363	132,392						
Cash flows	75,644	-	-	-	-	75,644						
Net closing balance	(117,101)	17,723	5,693	164,745	170,438	71,060						

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23. Insurance and reinsurance contracts (Continued)						
(a) Movements in insurance and reinsurance contract balances (continued)						
Reinsurance Contracts – Life risk (continued)						
Contracts measured under the PAA (continued)						
2025	Assets for remaining coverage	Loss-recovery component KShs '000'	Estimate of PV of cashflows KShs '000'	Risk adjustment for non-financial risk KShs '000'	Total KShs '000'	
Opening balance	173,469	-	171,475	7,407	352,351	
Changes in the statement of profit or loss						
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	(423,839)	-	-	-	(423,839)	
Change in risk adjustment for non-financial risk for risk expired	-	-	-	-	-	
Adjustments to assets for incurred claims	-	-	191,767	-	191,767	
Total amounts recoverable from reinsurers	(423,839)	-	191,767	-	(232,072)	
Net expenses from reinsurance contracts	-	-	-	-	-	
Total changes in the statement of profit or loss	(423,839)	-	191,767	-	(232,072)	
Cash flows						
Premiums paid	548,296	-	-	-	548,296	
Amounts received	-	-	(249,480)	-	(249,480)	
Total cash flows	548,296	-	(249,480)	-	298,816	
Closing balance	297,926	-	113,762	7,407	419,095	

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23. Insurance and reinsurance contracts (Continued)		(a) Movements in insurance and reinsurance contract balances (continued)				
Reinsurance Contracts – Life risk (continued)		Contracts measured under the PAA (continued)				
2025		Assets for remaining coverage		Assets for incurred claims		Total
		Excluding loss-recovery component KShs '000'	Loss-recovery component KShs '000'	Estimate of PV of cashflows KShs '000'	Risk adjustment for non-financial risk KShs '000'	KShs '000'
Opening balance		(793,230)	-	835,046	-	41,816
Changes in the statement of profit or loss						
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses		-	-	225,983	-	225,983
Change in risk adjustment for non-financial risk for risk expired		-	-	-	7,407	7,407
Adjustments to assets for incurred claims		452,203	-	(647,649)	-	(195,446)
Total amounts recoverable from reinsurers		452,203	-	(421,666)	7,407	37,944
Net expenses from reinsurance contracts		(79,509)	-	(421,666)	7,407	(493,768)
Total changes in the statement of profit or loss		(79,509)	-	(421,666)	7,407	(493,768)
Cash flows						
Premiums paid		514,496	-	-	-	514,496
Amounts received		-	-	(241,905)	-	(241,905)
Total cash flows		514,496	-	(241,905)	-	272,591
Closing balance		173,469	-	171,475	7,407	352,351

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23. Insurance and reinsurance contracts (Continued)

(b) Contractual Service Margin

Accretion is based on the interest rates as per the yield curve and recognition is based on the projected runoff of the coverage units till maturity of the contracts.

(i) Expected recognition of contractual service margin under VFA

	2025	1 year or less KShs '000'	1-2 Years KShs '000'	2-3 Years KShs '000'	3-4 Years KShs '000'	4-5 Years KShs '000'	5-10 Years KShs '000'	More than 10 years KShs '000'
Life Savings								
Opening balance	201,456	170,324	134,968	103,766	81,491	63,740	6,809	
Allocation of investment return to contracts under the variable fee approach	16,912	16,247	14,625	8,830	8,287	24,739	5,447	
Recognised in statement of profit or loss	(48,044)	(51,603)	(45,827)	(31,105)	(26,038)	(81,670)	(12,256)	
Closing balance	170,324	134,968	103,766	81,491	63,740	6,809	-	
2024								
Life Savings								
Opening balance	278,749	245,215	222,047	186,449	144,491	110,083	11,648	
Allocation of investment return to contracts under the variable fee approach	29,391	30,523	32,548	27,688	17,552	30,020	22,160	
Recognised in statement of profit or loss	(62,925)	(53,691)	(68,146)	(69,646)	(51,960)	(128,455)	(33,808)	
Closing balance	245,215	222,047	186,449	144,491	110,083	11,648	-	

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23. Insurance and reinsurance contracts (Continued)													
(b) Contractual Service Margin (continued)													
(ii) Expected recognition of contractual service margin under GMM													
	2025												
Life insurance	1 year or less KShs '000'	1-2 Years KShs '000'	2-3 Years KShs '000'	3-4 Years KShs '000'	4-5 Years KShs '000'	5-10 Years KShs '000'	More than 10 years KShs '000'						
Expected opening balance of CSM	2,039,216	1,870,538	1,743,820	1,607,751	1,452,618	1,289,920	683,508						
Accretion of interest on liabilities under the general model	291,845	302,875	269,684	227,784	198,362	806,119	1,874,650						
Recognised in statement of profit or loss	(460,523)	(429,593)	(405,753)	(382,917)	(361,060)	(1,412,531)	(2,558,158)						
Expected closing balance of CSM	1,870,538	1,743,820	1,607,751	1,452,618	1,289,920	683,508	-						
	2024												
Life insurance	1 year or less KShs '000'	1-2 Years KShs '000'	2-3 Years KShs '000'	3-4 Years KShs '000'	4-5 Years KShs '000'	5-10 Years KShs '000'	More than 10 years KShs '000'						
Expected opening balance of CSM	1,793,460	1,580,009	1,407,636	1,277,447	1,140,426	1,000,708	489,719						
Accretion of interest on liabilities under the general model	243,970	229,860	232,259	192,737	161,039	595,632	1,423,519						
Recognised in statement of profit or loss	(457,421)	(402,233)	(362,448)	(329,758)	(300,757)	(1,106,621)	(1,913,238)						
Expected closing balance of CSM	1,580,009	1,407,636	1,277,447	1,140,426	1,000,708	489,719	-						

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23. Insurance and reinsurance contracts (Continued)												
(b)	Contractual Service Margin (continued)											
(iii)	Reinsurance contracts											
	Expected recognition of contractual service margin											
	2025											
	Life insurance	1 year or less KShs '000'	1-2 Years KShs '000'	2-3 Years KShs '000'	3-4 Years KShs '000'	4-5 Years KShs '000'	5-10 Years KShs '000'	More than 10 years KShs '000'				
	Expected opening balance of CSM	315,430	302,124	293,200	280,459	259,272	236,073	128,892				
	Accretion of interest on liabilities under the general model	43,519	50,045	46,606	37,829	36,231	168,573	100,123				
	Recognised in statement of profit or loss	(56,825)	(58,969)	(59,347)	(59,016)	(59,430)	(275,754)	(229,015)				
	Expected closing balance of CSM	302,124	293,200	280,459	259,272	236,073	128,892	-				
	2024											
	Life insurance	1 year or less KShs '000'	1-2 Years KShs '000'	2-3 Years KShs '000'	3-4 Years KShs '000'	4-5 Years KShs '000'	5-10 Years KShs '000'	More than 10 years KShs '000'				
	Expected opening balance of CSM	170,438	159,189	147,365	137,763	125,580	110,142	49,469				
	Accretion of interest on liabilities under the general model	21,338	20,471	22,220	18,704	14,206	63,607	28,087				
	Recognised in statement of profit or loss	(32,587)	(32,295)	(31,822)	(30,887)	(29,644)	(124,280)	(77,556)				
	Expected closing balance of CSM	159,189	147,365	137,763	125,580	110,142	49,469	-				

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23. Movements in insurance and reinsurance contract balances (Continued)

(c) Carrying value of new insurance contracts issued	2025				2024			
	Groups of contracts that are expected to be profitable	Groups of contracts that are onerous at initial recognition	New Contracts Issued during the year	Groups of contracts that are expected to be profitable	Groups of contracts that are onerous at initial recognition	New Contracts Issued during the year	Groups of contracts that are expected to be profitable	Groups of contracts that are onerous at initial recognition
(i) Carrying value of new insurance contracts issued – Life risk								
Life insurance- risk business								
Estimate of the present value of future cash inflows	2,965,790	149,213	3,115,003	2,926,547	127,448	3,053,995		
Estimate of the present value of cash outflows	(1,863,378)	(124,947)	(1,988,325)	(1,902,211)	(82,372)	(1,984,583)		
Insurance acquisition cash flows	(799,189)	(100,317)	(899,506)	(638,302)	(115,718)	(754,020)		
Risk adjustment for non-financial risk	(18,842)	(3,124)	(21,966)	(14,779)	(2,215)	(16,994)		
Contractual service margin	(284,381)	-	(284,381)	(371,255)	-	(371,255)		
Carrying value of new Insurance contracts issued	-	(79,175)	(79,175)	-	(72,857)	(72,857)	-	(72,857)

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23. Movements in insurance and reinsurance contract balances (Continued)

(c) Carrying value of new insurance contracts issued (continued)

(i) Carrying value of new insurance contracts issued – Life risk (continued)

	2025			2024		
	Groups of contracts that are expected to be profitable	Groups of contracts that are onerous at initial recognition	New Contracts issued during the year	Groups of contracts that are expected to be profitable	Groups of contracts that are onerous at initial recognition	New Contracts issued during the year
Life insurance- Savings business						
Estimate of the present value of future cash inflows	(21,473)	-	(21,473)	(35,257)	-	(35,257)
Estimate of the present value of cash outflows	-	-	-	-	-	-
Insurance acquisition cash flows	-	-	-	-	-	-
Risk adjustment for non-financial risk	4,517	-	4,517	2,524	-	2,524
Contractual service margin	16,956	-	16,956	32,733	-	32,733
Carrying value of new Insurance contracts issued	-	-	-	-	-	-

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23. Movements in insurance and reinsurance contract balances (Continued)

(c) Carrying value of new insurance contracts issued (continued)

(ii) Carrying value of new reinsurance contracts held

Carrying value of new reinsurance contracts held – Life risk

	2025			2024		
	Groups of contracts that are expected to be profitable	Groups of contracts that are onerous at initial recognition	New Contracts Issued during the year	Groups of contracts that are expected to be profitable	Groups of contracts that are onerous at initial recognition	New Contracts Issued during the year
Life insurance- Savings business						
Estimate of the present value of future cash inflows	36,629	-	36,629	29,595	-	29,595
Estimate of the present value of cash outflows	(141,870)	-	(141,870)	(100,589)	-	(100,589)
Insurance acquisition cash flows	-	-	-	-	-	-
Risk adjustment for non-financial risk	4,354	-	4,354	3,922	-	3,922
Contractual service margin	100,887	-	100,887	67,072	-	67,072
Carrying value of new Insurance contracts issued	-	-	-	-	-	-

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24. Non life re-insurance contract liabilities

	2025 KShs.'000'	2024 KShs.'000'
At start of year	-	53,586
Premium ceded to reinsurers	-	783,359
Payments to reinsurers	-	(718,148)
Reclassification to liabilities directly attributed with the assets held for sale	-	(118,797)
	<u>-</u>	<u>(118,797)</u>
At end of year	<u>-</u>	<u>-</u>

25. Provisions

	Group	
	2025 KShs.'000	2024 KShs.'000
Provision for claims litigation	<u>33,678</u>	<u>33,678</u>
	<u>33,678</u>	<u>33,678</u>
The movement in the provisions is as follows:		
At 1 January	33,678	34,570
Used amounts reversed	<u>892</u>	<u>(892)</u>
At end of year	<u>34,570</u>	<u>33,678</u>

The above provisions relate to general provision for legal insurance claims of business transfer arrangements by Sanlam Securities Limited and the directors have a reason to believe the amounts provided will be paid out as benefits under the claims. The amounts are payable on demand.

26. Payables and other liabilities

	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2025 KShs.'000	2024 KShs.'000
Amount due to related parties (Note 32(b))	95,600	54,647	724	15,057
Trade creditors	6,084	121,670	-	-
Payroll creditors	2,240	11,188	-	-
Accruals expenses	107,363	86,676	-	-
Commission payable	201,566	225,953	-	-
Other payables	<u>869,521</u>	<u>710,348</u>	<u>566,133</u>	<u>102,875</u>
Total	<u>1,282,374</u>	<u>1,210,482</u>	<u>566,857</u>	<u>117,932</u>

The carrying amounts disclosed above reasonably approximate fair value at reporting date due to their short-term nature. The expense provision relates to expenses incurred but paid but are expected to be settled in the next 12 months. Other payables comprise of payroll liabilities and accrued expenses payable within three months.

27. Deferred income taxation

(a) Recognized deferred tax at Group

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2023: 30%).

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27. Deferred income taxation (Continued)

(a) Recognized deferred tax at Group (continued)

The movement on the deferred income tax account is as follows:

For the year ended 31 December 2025:	At start of year KShs.'000	(Charge)/ credit to income statement KShs.'000	Prior year adjustment KShs.'000	Transfer to current tax liability KShs.'000	At end of year KShs.'000
Property and equipment	7,986	-	(79)	-	7,907
Other deductible differences	85,998	(21,208)	-	-	64,790
Deferred tax asset	93,984	(21,208)	(79)	-	72,697
Deferred tax on life fund surplus	(1,445,377)	(397,767)	-	433,489	(1,409,655)
Deferred tax liability	(1,445,377)	(397,767)	-	433,489	(1,409,655)
Total	(1,351,393)	(418,975)	(79)	433,489	(1,336,958)

For the year ended 31 December 2024:	At start of year KShs.'000	(Charge)/ credit to income statement KShs.'000	Prior year adjustment KShs.'000	Transfer to current tax liability KShs.'000	At end of year KShs.'000
Property and equipment	6,538	645	803	-	7,986
Other deductible differences	85,643	343	12	-	85,998
Deferred tax asset	92,181	988	815	-	93,984
Deferred tax on life fund surplus	(1,020,059)	(591,358)	-	166,040	(1,445,377)
Deferred tax liability	(1,020,059)	(591,358)	-	166,040	(1,445,377)
Total	(927,878)	(590,370)	815	166,040	(1,351,393)

For the year ended 31 December 2025:	Group			Company		
	At start of year KShs.'000	Movement KShs.'000	At end of year KShs.'000	At start of year KShs.'000	Movement KShs.'000	At end of year KShs.'000
Temporary differences on property and equipment	-	-	-	-	-	-
Other temporary differences	-	-	-	-	-	-
Trading tax losses	470,062	(65,263)	404,799	470,062	(65,263)	404,799
Total	470,062	(65,263)	404,799	470,062	(65,263)	404,799
Deferred tax asset at 30%	141,019	(19,579)	121,440	141,019	(19,579)	121,449

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27. Deferred income taxation (Continued)

(a) Unrecognised deferred tax asset of the Company

The group has not to recognise deferred tax on the company noting related income is tax exempt and hence the deferred tax is unrecoverable.

For the year ended 31 December 2024:	Group			Company		
	At start of year KShs.'000	Movement KShs.'000	At end of year KShs.'000	At start of year KShs.'000	Movement KShs.'000	At end of year KShs.'000
Temporary differences on property and equipment	-	-	-	-	-	-
Other temporary differences	-	-	-	-	-	-
Trading tax losses	524,799	(54,737)	470,062	524,799	(54,737)	470,062
Total	524,799	(54,737)	470,062	524,799	(54,737)	470,062
Deferred tax asset at 30%	157,440	(16,421)	141,019	157,440	(16,421)	141,019

28. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computation:

(a) Group

	2025 KShs.'000	2024 KShs.'000
Net profit/(loss) attributable to ordinary shareholders for basic and diluted earnings	826,697	959,870
Weighted average number of ordinary shares for basic earnings per share in '000	410,280	144,000
Diluted earnings per share in '000	543,420	144,000
Basic earnings per ordinary share KShs.	2.01	6.67
Diluted earnings per ordinary share KShs.	1.52	6.67

(b) Company

	2025 KShs. '000	2024 KShs. '000
Net profit/(loss) attributable to ordinary shareholders for basic and diluted earnings	644,746	188,101
Weighted average number of ordinary shares for basic earnings per share in '000	410,280	144,000
Diluted earnings per share in '000	543,420	144,000
Basic earnings per ordinary share KShs.	1.57	1.31
Diluted earnings per ordinary share KShs.	1.19	1.31

29. Contingent liabilities – Group and Company

The Group, like other insurance entities, is subject to litigation arising in the normal course of insurance business. The directors are of the opinion that this litigation will not have a material effect on the financial statement position of the Group. Contingencies regarding litigations at the end of the year amounted to KShs 103,966,854 (2024: KShs. 171,770,507).

These contingent liabilities include KShs 57,771,597 (2024: KShs. 57,771,597) which in the advocates assessment of the case is less likely to materialize. These claims arose from general insurance claims. The information usually required by IAS 37 Provisions, Contingent Liabilities and Contingent Assets is not disclosed on the grounds it can be expected to prejudice the outcome of the petition.

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30. Cash generated from operations

(a) Group	Note	2025 KShs.'000	2024 KShs.'000
Profit before tax and discontinued operation:		1,315,281	1,661,131
Adjusted for:			
Amortization of intangible assets	9	-	9,266
Depreciation of property and equipment	10(a)	46,213	61,164
Amortization of right of use asset	10(b)(i)	12,365	44,174
Finance charge on lease	10(b)	5,561	19,480
Cost of sales	16	-	9,753
Interest income on financial assets at fair value through profit and loss		(3,826,684)	(4,000,801)
Fair value gains on financial assets as at fair value through profit and loss		(2,190,278)	(3,054,916)
Revaluation loss on investment property	11	(26,000)	15,000
Interest on financial assets at amortized cost		(20,761)	(210,495)
Unrealized foreign exchange (gain)/loss	12(a)	-	723
Dividend income	7	(11,381)	(30,197)
Rental income	11	(169,756)	(211,414)
Finance costs	22	200,424	734,812
		<u>(4,665,016)</u>	<u>(4,952,320)</u>
Changes in working capital and insurance liabilities:			
Reinsurance contract liabilities		-	65,211
Reinsurance contract assets		(135,132)	(108,110)
Insurance contract liabilities		2,885,678	2,387,671
Receivables and other financial assets		(783)	(34,658)
Provisions, payables and other charges		72,581	306,015
Cash (utilised in)/generated from operations		<u>(1,842,672)</u>	<u>(2,336,191)</u>

(b) Company

Reconciliation of profit before income tax to cash generated from operations.

Cash flow from operations	Note	2025 KShs.'000	2024 KShs.'000
Loss before income tax		645,889	188,563
Adjusted for:			
Investment income		(3,773)	(4,970)
Deemed dividend		(65,263)	-
Cost of sales – Inventory	16	-	9,753
Dividend income	7	(800,000)	(900,000)

Reconciliation of profit before income tax to cash generated from operations.

Cash flow from operations	Note	2025 KShs.'000	2024 KShs.'000
Intercompany balance write-off (deemed dividend)		-	(352,597)
Impairment of investment	12(a)	-	313,079
Interest expense	22	150,516	649,710
Total cashflows		<u>(72,631)</u>	<u>(96,462)</u>
Receivables and other assets		(84,640)	(1,829)
Payables and other charges		515,322	353,730
Net cash used in from operations		<u>358,051</u>	<u>255,439</u>

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30. Cash generated from operations (Continued)

(c) Reclassification of interest on lease payments

An immaterial amount relating to payments of interest on lease liabilities of KShs 21.5 million has been reclassified from operating activities to financing activities to align with requirements of IAS 7. The reclassification had no impact on investing activities, statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity.

31. Discontinued operations

Following the regulatory approval effective 31 October 2025 of the merger between Sanlam General Insurance Limited and Sanlam Allianz General Insurance (Kenya) Limited (formerly Jubilee General Insurance Limited), Sanlam General Insurance Limited transferred all insurance underwriting related assets and liabilities to Sanlam Allianz General Insurance Limited. The merger was triggered by the joint venture between Allianz SE and Sanlam Limited in the African countries where one or both companies have a presence. The portfolio was transferred as at 31 October 2025 and Sanlam General Insurance Limited ceased to operate as non-life underwriting entity regulated by Insurance Regulatory Authority.

(a) Effect of disposal on the financial position of the Group

Assets:	2025
	KShs'000
Property and equipment	19,697
Intangible assets	1,067
Government securities	1,661,752
Deposits with financial institutions	249,998
Reinsurance contract assets	820,182
Insurance contract assets	363,213
Other receivables	81,211
Right of use asset	80,795
Cash and bank balances	25,242
Total assets	3,303,157
Liabilities	
Insurance contract liabilities	(2,640,033)
Reinsurance contract liabilities	(139,230)
Sanlam General Insurance Limited to payables	(120,071)
Other payables	(136,433)
Lease liability	(95,955)
Total liabilities	(3,131,722)
Net assets and liabilities	(171,434)
Consideration received, satisfied in cash	220,607
Cash and cash equivalents disposed off	(275,240)
Net cash outflows	(54,633)

31. (b) Results from discontinued operation

	2025	2024
	KShs.'000	KShs.'000
Insurance service expenses	2,579,439	2,810,845
Net expenses from reinsurance contracts	(1,832,410)	(1,606,650)
Net expenses from reinsurance contracts	(332,650)	(640,869)
Insurance service result	414,379	563,326
Other investment revenue	195,511	234,501
Net impairment loss on financial assets	34,612	182,742
Investment return	230,123	417,243

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31. (b) Results from discontinued operation (Continued)

	2025 KShs.'000	2024 KShs.'000
Net financial result	230,123	417,243
Other operating expenses	<u>(720,457)</u>	<u>(744,363)</u>
Results from operating activities	<u>(75,955)</u>	<u>236,205</u>
Profit before income tax	(75,955)	236,205
Income tax expense	<u>21,031</u>	<u>675</u>
Results from operating activities, net of tax	<u>(54,924)</u>	<u>236,880</u>
Proceeds on sale of discontinued operation	220,607	-
Net assets and liabilities from discontinued operation (31(a))	<u>(171,434)</u>	<u>-</u>
Gain from discontinued operation	49,173	-
Results from operating activities, net of tax	<u>(54,924)</u>	<u>236,880</u>
(Loss)/profit from discontinued operations, net of tax	<u>(5,751)</u>	<u>236,880</u>

(c) Disposal group held for sale

As at 31 December 2024, the assets and liabilities transferred comprised the following:

Assets	Note	2024 KShs'000
Property and equipment	10 (a)	29,229
Right of use assets	10 (b)	23,049
Receivables from intermediaries	18 (a)	231,678
Reinsurance contract assets	17 (a)	838,048
Government securities at fair value through profit or loss	14 (a)	1,624,605
Deposits with financial institutions	20	<u>132,720</u>
Assets held for sale		<u>2,879,329</u>
Assets	Note	KShs'000
Liabilities		
Insurance contract liabilities	23	2,622,808
Reinsurance contract liabilities	24	118,797
Lease liabilities	10(b)	<u>24,599</u>
Liabilities directly attributed with the assets held for sale		<u>2,766,204</u>

The assets have been stated at the lower of the fair value less costs to sale and carrying value which has been determined according to the applicable accounting policy.

32. Related party transactions

The Group is controlled by the following entities.

Name	Type	Place of incorporation	Ownership interest	
			2025	2024
Hubris Holdings Limited	Immediate parent entity	Kenya	66.19%	57.14%
Sanlam Allianz Africa (Proprietary) Limited	Intermediate parent entity	South Africa	66.19%	57.14%
Sanlam Limited	Ultimate parent entity and controlling party	South Africa	66.19%	57.14%

There are no other companies that are related to the Group through common shareholdings.

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32. Related party transactions (Continued)

(a) Amounts due from related parties:

	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2025 KShs.'000	2024 KShs.'000
Hubris Holding (Parent)	-	18,457	-	18,457
Sanlam Allianz investments Limited formerly Sanlam Investment East Africa (common ultimate parent)	2,383	-	-	-
Sanlam Emerging Markets Proprietary Limited (Intermediate parent)	45,689	83,793	-	-
Sanlam Allianz Life Insurance (Kenya) Limited formerly Sanlam Life Insurance Limited(subsidiary)	-	-	113,900	-
Sanlam Allianz General Insurance Limited (common ultimate parent)	146,947	-	-	-
Total	195,019	102,250	113,900	18,457

The amounts due from related parties have been disclosed as part of receivables and other assets. There were no provisions made or amounts written off on related party balances during the year (2024: Nil).

The amounts due from related parties are non-interest bearing and will be paid using cash and cash equivalents.

The intercompany balance arises due to functions carried out by one related entity for the benefit of the other, including IT support, investment management and other operation support.

The balances are settled on a monthly basis.

(b) (i) Amounts due to related parties

	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2025 KShs.'000	2024 KShs.'000
Sanlam Emerging Markets Proprietary Limited (Intermediate parent)	-	54,647	-	-
Sanlam Allianz Africa Proprietary Limited (ultimate parent)	85,094	-	-	-
Sanlam Allianz Life Insurance (Kenya) Limited (subsidiary)	-	-	-	15,057
Sanlam Allianz General Uganda (common ultimate parent)	9,782	-	-	-
Hubris Holding Limited (immediate parent)	724	-	724	-
Total	95,600	54,647	724	15,057
Premiums receivable from relate parties (Director)	-	-	-	-

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32. Related party transactions

(c) (i) Amounts due to related parties

The amounts due to related parties are non-interest bearing and will be paid using cash and cash equivalents within 3 months after the intercompany transaction. The intercompany balance arises due to functions carried out by one related entity for the benefit of the other, including IT support, investment management and other operation support.

(b) (ii) Borrowings

Sanlam Emerging Markets (ultimate parent company) advanced a loan of KShs 1,085,700,000 to Sanlam General Insurance Limited as subsidiary of Sanlam Allianz Holdings (Kenya) PLC in 2022. The loan is for a period of 18 months at a rate of 3% per annum. This loan is to bridge the capital gap and ensure group entities are compliant with the regulations.

(d) Key management compensation:	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2025 KShs.'000	2024 KShs.'000
Salaries and other short-term employment benefits	98,061	215,166	-	-
Post-employment benefits	5,387	16,462	-	-
Long term service incentive	-	75,579	-	-
	<u>103,448</u>	<u>307,207</u>	<u>-</u>	<u>-</u>
(d) Directors' remuneration:	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2025 KShs.'000	2024 KShs.'000
Fees	2,025	32,422	-	-
Other emoluments (included in (c) above)	10,688	96,573	-	-
Long term Service incentive	-	75,579	-	-
Total	<u>12,713</u>	<u>204,574</u>	<u>-</u>	<u>-</u>
(e) Directors' pension				
Pension benefits	<u>9,038</u>	<u>7,844</u>	<u>-</u>	<u>-</u>
(f) Other related party transactions through the statement of profit or loss				
	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2024 KShs.'000	2023 KShs.'000
Fund management fees payable to Sanlam Allianz Investments Ltd (formerly Sanlam Investments East Africa Limited (Common ultimate parent)	89,179	53,577	-	-
Management fees payable to Sanlam Emerging Markets Proprietary Limited (Intermediate parent)	24,628	25,854	-	-
Finance costs payable to Sanlam Capital Markets (Common ultimate parent)	49,908	85,102	13,116	50,800

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32. Related party transactions (Continued)

(f) Other related party transactions through the statement of profit or loss (continued)

	Group		Company	
	2025 KShs.'000	2024 KShs.'000	2024 KShs.'000	2023 KShs.'000
Interest expense on intercompany advances payable to Sanlam Allianz Life Insurance (Kenya) Limited (Subsidiary)	10,954	12,063	-	-
	<u>174,669</u>	<u>176,596</u>	<u>13,116</u>	<u>50,800</u>

(e) Particulars of the Group's principal subsidiaries are shown below:

	Country of incorporation and domicile	Primary business operation	% Held
Sanlam Allianz Life Insurance (Kenya) Limited	Kenya	Life insurance	100
Sanlam General Insurance Limited	Kenya	Investment	79.26
Sanlam Securities Limited	Kenya	Investment	100
Sanlam Investments Limited	Kenya	Investment Managers	100
Mae Properties Limited	Kenya	Investment in Properties (dormant)	100
Chem Chemi Mineral Water Limited	Kenya	Dealing with bottled water (dormant)	100

The assets and liabilities held by the respective companies can only be transferred within the subsidiaries if a proper Board resolution is passed and sanctioned by the shareholders as provided by the regulatory framework touching on transfer of the said assets and liabilities.

33. Capital management

Group

Objective

The Group's objective in managing its capital is to ensure that it supports the development of its business and is able to continue as a going concern, while at the same time maximising the return to its shareholders. The Life and General insurance subsidiaries of the Group are subject to the following external capital requirements as guided by the Risk Based Capital guidelines in the Insurance Act;

The risk-based capital of an insurer shall be the square root of the sum of the squares of capital required for;

- (i) insurance risk;
- (ii) market risk;
- (iii) credit risk; and
- (iv) capital required for operational risk,

The Capital Adequacy Ratio (CAR) is the measure used for capital and the minimum requirement as stipulated by the guidelines is 100%. As at 31 December 2025, Sanlam Allianz Life Insurance (Kenya) Limited had complied with the external capital requirements with a CAR of 275 (2024: 283%).

Other businesses of the Group are not subject to any external capital requirements.

33. Capital management (Continued)

Group (continued)

Objective (continued)

The effective management of Sanlam Allianz Holdings (Kenya) PLC capital base is an essential component of meeting the Group's strategic objective of maximising shareholder value. The capital value used by the Group as the primary performance measurement base is the Group Embedded Value. The Group Embedded Value is the aggregate of the following components:

- (i) The embedded value of covered business, which comprises the long - term required capital supporting these operations and their net value of in - force business; and
- (ii) The fair value of other Group operations, which includes the land and property development, capital markets and short - term insurance.

The management of the Group's capital base requires a continuous review of optimal capital levels, including the use of alternative sources of funding, to maximise return on Group Embedded Value.

The Group has an integrated capital and risk management approach. The amount of capital required by the various businesses is directly linked to their exposure to financial and operational risks. Risk management is accordingly an important component of effective capital management.

All the subsidiaries of the Group are within the Kenyan jurisdiction and therefore apply the same capital management policies and processes.

Processes for managing capital:

(a) Capital allocation methodology

Group businesses are each allocated an optimal level of capital and are measured against appropriate return hurdles. The following methodology is used to determine the allocation of long-term required capital to the covered business:

- The level and nature of the supporting capital is determined by minimum regulatory capital requirements as well as economic, risk and growth considerations. Regulatory capital must comply with specific requirements of the Insurance Act and Kenya Companies Act, 2015. A deterministic modelling process is used to determine the long-term required capital levels.
- The fair value of *other Group operations* includes the working capital allocated to the respective operations.

The Group's policy to ensure appropriate capital levels is twofold:

- (i) The Group dividend policy is based on the annual declaration of all discretionary capital that is not required for normal operations or expansion; and
- (ii) Performance targets are set for other Group operations based on an expected return on the fair value of the businesses, equal to their internal hurdle rates. This ensures that all non-productive working capital is declared as a dividend to the Group.

(b) Required capital

(i) Long-term required capital – covered business

The Group's *covered business* requires significantly higher levels of allocated capital than the other Group operations.

33. Capital management (Continued)

(c) Required capital (Continued)

(i) Long-term required capital – covered business (Continued)

The optimisation of long-term required capital is accordingly a primary focus area of the Group's capital management philosophy given the significant potential to enhance shareholder value.

The following main strategies are used to achieve this objective:

(i) Appropriate matching of assets and liabilities for policyholder solutions.

This is especially important for long-duration policyholder solutions that expose the Group to interest rate risk, e.g. non-participating annuities, but also for participating business where asset/liability matching and investment strategy have a direct impact on capital requirements.

(ii) Managing the impact of new business on capital requirements by limiting volumes of capital-intensive new business per business.

(iii) The asset mix of the long-term required capital also impacts on the overall capital requirement. An increased exposure to interest-bearing instruments reduces the volatility of the capital base and accordingly also the capital requirement.

The expected investment return on these instruments are however lower than equity with a potential negative impact on the return on Group Embedded Value.

There is accordingly a trade-off between lower capital levels and the return on capital.

The Group's stochastic capital model is used to determine the optimal asset mix that will ensure the highest return on capital.

(iv) Certain of the Group's long term required capital covered business investments in other Group operations qualify, to a varying degree, to be utilised as regulatory capital for the covered business.

Maximum capital efficiency can therefore be achieved by optimising the level of such investments held in the life company's regulatory capital.

The Group continues to improve and further develop its capital management models and processes in line with international best practice and the current significant international developments surrounding solvency and capital requirements.

(ii) Other Group operations

The performance measurement of other Group operations is based on the return achieved on the fair value of the businesses. Risk adjusted return targets are set for the businesses to ensure that each business' return target takes cognisance of the inherent risks in the business.

This approach ensures that the management teams are focused on operational strategies that will optimise the return on fair value, thereby contributing to the Group's main objective of optimising return on Group Embedded Value.

33. Capital management (Continued)

(d) Discretionary capital

Any capital in excess of requirements, and not optimally utilised, is identified on a continuous basis. The pursuit of structural growth initiatives has been set as the preferred application of Group capital, subject to such initiatives yielding the applicable hurdle rate and being complementary to or in support of Group strategy.

Any discretionary capital not being efficiently redeployed will be returned to shareholders in the most effective form.

Company

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

34. Risk management

The Group's robust risk management framework continues to be applied across the various risk areas introduced by financial instruments.

Non-financial risks emerging from global movement restrictions, remote working are being assessed, identified and managed through timely application of the Group's risk management framework.

(a) Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices, property prices, and foreign currency exchange rates.

Market risk arises in business units due to fluctuations in both the value of liabilities and the value of investments held. At Group level, it also arises in relation to the overall portfolio businesses and in the value of investment assets owned directly by the shareholders.

(i) Equity risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's shareholders are exposed to the following sources of equity risk:

- (i) Direct equity shareholdings in shareholder funds;
- (ii) The indirect impact from changes in the value of equities held in policyholders' funds from which management charges or a share of performance are taken;
- (iii) Equity assets backing insurance liabilities that are not participating or not fully market linked; and
- (iv) Interest in the free estate of long term with profit funds

Changes in prices of equities will have the following impact in the statement of profit or loss and with a similar impact on the carrying value of equity securities.

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34. Risk management (Continued)

(a) Market risk (continued)

(i) Equity risk (continued)

	Gross Portfolio KShs.'000	% Change in base	Profit or loss KShs.'000	Equity KShs.'000
31 December 2025				
Equities and similar securities	197,322	+/-8.6%	+/- 16,970	+/- 11,879
31 December 2024				
Equities and similar securities	155,556	+/-8.6%	+/- 13,378	+/- 9,365

Change in base is the relative movement in the carrying value of equities and similar securities over the two reporting periods: 2025 and 2024.

Linked and market-related business

Linked and market-related business are contracts where there is a direct relationship between the returns earned on the underlying portfolio and the returns credited to the contract. Policyholders carry the full market risk in respect of linked business. Market-related policies, however, provide for guaranteed minimum benefits at death or maturity, and therefore expose the life insurance business to market risk. The risk relating to guaranteed minimum benefits is managed by appropriate investment policies, determined by the Actuarial committee, and by adjusting the level of guarantees for new policies to prevailing market conditions. These investment policies are then reflected in the investment guidelines for the policyholder portfolios.

Market risk on stable, reversionary bonus and participating annuity business (smoothed-bonus business)

In the event of adverse investment performance, this reserve may become negative. Negative bonus stabilisation reserves are allowed for in the valuation of these liabilities to the extent that the shortfall is expected to be recovered by declaring lower bonuses in the subsequent three years. The funding level of portfolios is bolstered through loans from shareholders in instances where negative stabilisation reserves will not be eliminated by these management actions. At end of year 2025, all stable and reversionary bonus business portfolios had a funding level in excess of 100%. (2024: 100%) Equity risk is borne by policyholders to the extent that the after-tax and after - cost investment return is declared as bonuses.

The capital portfolio is however exposed to some equity risk as an under performance in equity markets may result in an underfunded position that will require financial support by the capital portfolio. The Group manages this risk through an appropriate investment policy. Actuarial committee oversees the investment policy for the various smoothed-bonus portfolios. The aim is to find the optimum balance between high investment returns (to be able to declare competitive bonus rates) and stable investment returns given the need to meet guaranteed benefits and to support the granting of stable bonus rates.

The requirements for the investment management of each portfolio are set out in investment guidelines, which cover, inter alia, the following:

- Limitations on exposure to volatile assets;
- The benchmarks for the performance measurement of each asset class and limits on deviations from these benchmarks;

34. Risk management (Continued)

(a) Market risk (continued)

(i) Equity risk (continued)

Market risk on stable, reversionary bonus and participating annuity business (smoothed-bonus business) (continued)

- Credit risk limits;
- Limits on asset concentration – with regard to strategic investments, the exposure of policyholders' portfolios to these investments is based on portfolio investment considerations and restricted with reference to a specific counter's weight in the benchmark portfolio.
- Limits on exposure to some particular types of assets, such as unlisted equities, property and hedge funds; and
- Regulatory constraints.

Feedback on the investment policy and its implementation and the performance of the smoothed-bonus portfolios is provided quarterly to the Sanlam Allianz Holdings (Kenya) PLC Board.

The Group's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit-linked business.

The Group's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each sector and market and careful and planned use of financial instruments.

(ii) Interest rate risk

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

The Group is not exposed to cash flow interest risk as it does not hold instruments with a floating rate to match long term liabilities.

The Group is however exposed to fair value interest risk as it holds investments in government bonds, corporate bonds and deposits with financial institutions which are designated at fair value through profit and loss.

Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

The Group manages this risk by adopting close asset liability matching criteria, to minimise the impact of mismatches between the value of assets and liabilities from interest rate movements.

Interest rate risk is managed as follows with regard to long-term life business.

Changes in prices of public loans and stock as a result of changes in interest rates will have the following impact in the statement of profit or loss and value of the financial assets and liabilities.

The impact is net of tax.

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34. Risk management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

	Gross portfolio	% change in base	2025 KShs.'000	Gross portfolio	% change in base	2024 KShs.'000
Financial assets						
Government bonds	31,887,776	(14%)	(4,612,407)	27,667,238	(16%)	(4,001,928)
Deposits with financial institutions	101,109	10%	26,663	1,540,386	10%	156,142
Financial liabilities						
Borrowings	1,211,817	10%	121,182	4,657,144	10%	465,714

The table below summarises the exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual maturity and interest rate repricing.

At 31 December 2025	Carrying amount KShs.'000	Contractual cashflows (undiscounted)		
		< 1 Year KShs.'000	1 - 5 Years KShs.'000	> 5 Years KShs.'000
Assets				
Government securities	31,887,776	277,895	3,228,178	11,074,826
Deposits with financial institutions	101,109	101,109	-	-
Government securities - At amortised cost	1,397,388	1,397,388	-	-
Cash and bank balances	1,571,851	1,571,851	-	-
Total	34,958,124	3,348,243	3,228,178	11,074,826
Liabilities				
Borrowings	1,211,817	3,200,000	1,008,500	-
Lease liabilities	67,866	52,524	17,146	15,431
Total	1,279,683	3,252,524	1,025,646	15,431

At 31 December 2024	Carrying amount KShs.'000	Contractual cashflows (undiscounted)		
		< 1 Year KShs.'000	1 - 5 Years KShs.'000	> 5 Years KShs.'000
Assets				
Government securities	31,598,736	4,656,097	17,737,512	35,475,024
Deposits with financial institutions	1,673,106	1,686,009	-	-
Cash and bank balances	467,210	467,210	-	-
Total	33,739,052	6,809,316	17,737,512	35,475,024
Liabilities				
Borrowings	3,041,628	3,254,628	-	-
Lease liabilities	37,644	62,375	56,138	45,471
Total	3,079,272	3,317,003	56,138	45,471

34. Risk management (Continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Linked and market - related business

Linked and market-related business relates to contracts where there is a direct relationship between the returns earned on the underlying portfolio and the returns credited to the contract. Policyholders carry the full interest rate risk in respect of linked business. The life business is exposed to interest rate risk to the extent that guaranteed minimum benefits at death or maturity are provided. Refer to equity risk above for the management of market risk in respect of these policies.

Stable, reversionary bonus and participating annuity business (smoothed - bonus business)

The life business is exposed to interest rate risk to the extent that changes in effective interest rates result in negative stabilisation reserves that cannot be eliminated through the smoothed - bonus management action philosophy. The use of bonuses is a mechanism to smooth returns to policyholders to reduce the effects of volatile investment performance, and bonus rates are determined in line with the product design, policyholder reasonable expectations, affordability and the approved bonus philosophy. The purpose of these reserves is therefore to manage volatility in cash earnings available for bonus distribution.

Guarantee plans

Our Flexi Saver and Flexi Educator policies provide for guaranteed maturity amounts. The life insurance business is therefore exposed to interest rate risk, if the assets backing these liabilities do not provide a comparable yield to the guaranteed value.

Interest rate risk is managed by matching the liabilities with assets that have similar investment return profiles as the liabilities.

(b) Currency risk

The Group is exposed to currency risk due to revenue collected in foreign currency. The revenue amounts in foreign currency are not significant and consequent claims are paid in foreign currency.

(c) Property risk

The Group is subject to property price risk due to holdings of investment properties in a variety of locations. Investment in property is managed by a professional property manager with regard to liquidity requirements and the expectations of shareholders' and policyholders as well as overall risk appetite. The Group Investment Committee also monitors property assets owned directly by the Group on a quarterly basis.

The majority of the investment properties are held in respect of market-related and non-participating policyholder business as well as smoothed - bonus business. Refer to equity risk above for a description on how the risks associated with these types of business are managed. Comprehensive measures and limits are in place to control the exposure of the insurance businesses' capital to market risk. Continuous monitoring takes place to ensure that appropriate assets are held in support of the capital and investment return targets. Limits are applied in respect of the exposure to asset classes and individual counters.

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34. Risk management (Continued)

(c) Property risk (continued)

Market risk – sensitivities (continued)

Sensitivities that illustrate the effect of changes in investment return assumptions on the value of in-force (VIF) business and change in VIF relative to the base value is an indication of how the present value of future after-tax profits (including the allowance for the cost of capital at risk) are impacted based on these assumptions. An analysis of the Group's sensitivity on investment return (and inflation) decreased by 1% and with bonus rates and discount rates changing commensurately, the impact on the on the value of in-force business net of cost of capital would be a decrease of KShs 8 million (2023: decrease of KShs. 6 million) assuming all other variable remain constant. The basis of valuation of insurance contract liabilities is prescribed in the Insurance Act of Kenya 2020. The Act prescribes Net premium valuation method which is very conservative. The rates prescribed by the Act are applicable for all insurers in the country.

(d) Market risk – capital

The liabilities are inherently based on estimates and assumptions set out in this basis of preparation and as also disclosed under critical accounting estimates and judgements in the condensed consolidated interim financial statements. It is reasonably possible that outcomes in future financial years will be different to the current assumptions and estimates, possibly significantly, impacting on the reported results. Accordingly, sensitivity analyses are provided for changes from the base estimates and assumptions

Sensitivities	% change in base	Life risk KShs. '000	Life savings KShs. '000	Non-Life KShs. '000
31 December 2025				
Interest rate risk	+(-)3%	189,123	743,652	46,349
Price risk – equity	+(-)4%	-	-	113,000
31 December 2024				
Interest rate risk	+(-)3%	+(-)191,188	+(-)712,094	6,996
Price risk - equity	+(-)4%	-	-	111,960

The above sensitivity analysis excluded unit linked investments, as the movement in assets and liabilities offset each other.

(e) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets, and is managed on a Group-wide basis. The Group does not grade the credit quality of financial assets that are neither past due nor impaired. Sanlam Allianz Holdings (Kenya) PLC recognises that a sound credit risk policy is essential to minimise the effect on the Group as a result of loss due to a major corporate failure and the possible systemic risk such a failure could lead to. The Sanlam Allianz Holdings (Kenya) PLC Investment Risk Policy and Strategy has been established for this purpose. The governance structures ensure that an appropriate credit culture and environment is maintained, such that no transactions are concluded outside areas of competence, nor without following normal procedures. This credit culture is the product of a formal credit risk strategy and credit risk policy. The credit risk strategy stipulates the parameters for approval of credit applications, such as: economic sector; risk concentration; maximum exposure per obligor, group, and industry; geographical location; product type; currency; maturity, anticipated profitability or excess spread; economic capital limits; and cyclical aspects of the economy.

34. Risk management (Continued)

(f) Credit risk (continued)

All facilities are reviewed on at least an annual basis by the appropriate approval authority. Where possible, Sanlam Allianz Holdings Kenya PLC interest is protected by obtaining acceptable security. Covenants are also stipulated in the loan agreements, specifying actions that are agreed to.

In addition to the above measures, the portfolios are also managed in terms of the investment guidelines of the life insurance operations, which place limits in terms of the lowest credit quality that may be included in a portfolio, the average credit quality of instruments in a portfolio as well as limits on concentration risk.

The Group is also exposed to credit risk in respect of its working capital assets. The following are some of the main credit risk management actions:

- Unacceptable concentrations of credit risk to groups of counterparties, business sectors and product types are avoided by dealing with a variety of major banks and spreading debtors and loans among a number of major industries, customers and geographic areas.
- Long-term insurance business debtors are secured by the underlying value of the unpaid policy benefits in terms of the policy contract.
- Exposure to external financial institutions concerning deposits and similar transactions is monitored against approved limits.

The Group takes on exposure to credit risk, which is the risk that a counter party will cause a financial loss to the Group by failing to pay amounts in full when due. Credit risk is an important risk for the Group's 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 Group 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 Group 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 revolving basis and subject to annual or more frequent review. The exposure to any one borrower is further restricted by sub-limits. 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. Exposure to credit risk is also managed in part by obtaining collateral, corporate, and personal guarantees.

The credit quality of financial assets is assessed by reference to external credit ratings if available or internally generated information about counterparty default rates. None of the Group's credit risk counterparties are rated except the Government of Kenya, the issuer of the Group's government securities which has B+ rating and the reinsurance companies from whom reinsurance balances are due.

The Company Group 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.

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34. Risk management (Continued)

(f) Credit risk (continued)

Group

Assets	Note	External credit rating	Internal credit rating	12-Month or lifetime ECL	2025 KShs.'000	2024 KShs.'000
Government securities - At fair value through profit or loss	14	B+	-	-	31,887,776	26,571,319
Government securities at amortised cost	14	-	-	12 months	1,397,388	1,095,918
Reinsurance contract assets		-	Group 2	-	558,544	423,411
Loans	17	-	Group 2	12 months	70,583	86,178
Receivables and other financial assets (excluding prepayments, advances and vat)		-	Group 2	Mix of both lifetime & 12	128,577	130,129
Deposits with financial institutions	14	-	Group 2	12 months	101,109	1,540,386
Total	-	-	-	-	34,143,977	29,847,341

The above table represents credit risk exposure to the Group at 31 December 2024 and 2023, without taking account of any collateral held or other credit enhancements attached. The exposures set out above are based on carrying amounts as reported in the statement of financial position. Other receivables balance shown in the table is less prepaid amounts while the cash and bank balances are less cash in hand balances. As shown above, 91% of the total maximum exposure is derived from government securities (2024: 91%) In the opinion of the Directors there is no other significant concentration of the credit risk at year end.

Mortgage loans are secured by collateral in the form of charges over land and buildings. The fair values of collateral held for mortgages amounted to KShs 211,400,000 (2024: KShs 216,400,000). In case of default the collateral would be realised thereby reducing the Group's credit risk. There were no changes in the quality of the collaterals. There was no collateral sold or repledged within the year. Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

Company

Assets	Note	External credit rating	Internal credit rating	12-Month or lifetime ECL	2025 KShs.'000	2024 KShs.'000
Receivables from related parties	32(a)	-	Group 2	12 months	113,900	18,457
Receivables and other financial assets (excluding prepayments)		-	Group 2	Mix of both lifetime & 12	-	18,091
Cash and bank balances	20	-	Group 2	12 months	21,391	56,475
Total	-	-	-	-	135,291	93,023

34. Risk management (Continued)

(f) Credit risk (continued)

The above table represents a worst-case scenario of credit risk exposure to the Company at 31 December 2025 and 2024, without taking account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on carrying amounts as reported in the statement of financial position. Other receivables balance shown in the table is less prepaid amounts while the cash and bank balances are less cash in hand balances.

Measurement of 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. 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 Group's modelling 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 Group uses EAD models that reflect the characteristics of the portfolios. The Group 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; and
- Intermediary.

The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

34. Risk management (Continued)

(f) Credit risk (continued)

Measurement of ECL (continued)

Stages of credit quality and expected credit loss measurement

The group uses a three-stage model in determining the ECL allowance on its advances to customers which is based on changes in credit risk quality since initial recognition.

Stage 1: No significant increase in credit risk since initial recognition. Includes advances to customers not credit impaired at initial recognition. 12-month ECL allowance is recognised. Indicators include less than one full instalment in arrears, technical cures and restructures. The effective interest is calculated on the gross carrying amount (i.e. before taking into account any ECL allowances).

Stage 2: A significant increase in credit risk has been identified. However, advances to customers are determined not to be credit impaired. ECL is measured based on a lifetime basis. Indicators include but not limited to; one or two full instalments in arrears, fully cured restructures but excluding technical cures. The effective interest is calculated on the gross carrying amount (i.e. before taking into account any ECL allowances).

Stage 3: Represents advances to customers that are credit-impaired. ECL measured based on a lifetime basis. Indicators include but not limited to; three or more instalments in arrears, the customer is in financial distress and technical cures identified. The effective interest is calculated on the net carrying amount (i.e. after taking into account any ECL allowances).

Impairment and provisioning policies

The loss allowance recognised in the period is impacted by a variety of factors as follows: Transfers between Stage 1 and Stage 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit impaired in the period, and the consequent "step up" or "step down" between 12-month and lifetime ECL;

- Additional allowance for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The table provide details of the key principles applied over each asset class that is in scope.

Financial asset	Description	Key principle applied
Cash and bank balances	Cash assets have been defined as cash in bank, on hand or in other accounts. These excludes liquid deposits held with financial institutions	SanlamAllianz annually performs the bank credit risk analysis for banking institutions, within which institutions are scored and ranked. Institutions are then assigned an internal rating rank based on the score and assigned a credit rating.

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34. Risk management (Continued)

(f) Credit risk (continued)

Measurement of ECL (continued)

Impairment and provisioning policies

Financial asset	Description	Key principle applied
Deposits with financial institutions	Deposits with financial institutions are cash transfers to financial institutions for the purposes of a term investment during which the principal can be redeemed with interest earned at the call of the investor. This will exclude any cash in a bank account that is earning interest on existing balances	SanlamAllianz annually performs the bank credit risk analysis for banking institutions, within which institutions are scored and ranked. Institutions are then assigned an internal rating rank based on the score and assigned a credit rating.
Government Securities	This is secured or unsecured short term or long-term debt issued by a sovereign Government	SanlamAllianz utilizes the ECL model based on PD, LGD and EAD reviewing sovereign debt credit risk. The loss allowance is adjusted for credit risk ratings and a macro economic outlook adjustment.
Other receivables	These are all other receivables that are neither investment assets nor insurance receivable	These are each assessed individually based on the unique factors that include the nature, aging, collateral to determine a loss rate adjusted with a macroeconomic factor

Maximum exposure to credit risk

The amount that best represents the Group's and Company maximum exposure before collateral to credit risk at end of year 2025 is tabulated in the industry analysis below:

Group: As at 31 December 2025	Government KShs.'000	Financial services KShs.'000	Others KShs.'000	Total KShs.'000
Government securities	33,285,164	-	-	33,285,164
Loans	-	70,583	-	70,583
Receivables and other assets	-	-	1,354,259	1,354,259
Deposits with financial institutions	-	101,109	-	101,109
Reinsurers' share of insurance contract liabilities	-	558,544	-	558,544
Cash and cash equivalents	-	1,571,851	-	1,571,851
	33,285,164	2,302,087	1,354,259	36,941,510
Company				
Receivables and other financial assets	-	-	197,953	197,953
Cash and cash equivalents	-	-	21,391	21,391
	-	-	219,344	219,344

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34. Risk management (Continued)

(f) Credit risk (continued)

The amount that best represents the Group's and Company maximum exposure before collateral to credit risk at end of year 2024 is tabulated in the industry analysis and re-presented below:

Group:	Government	Financial	Others	Total
As at 31 December 2024	KShs.'000	services	KShs.'000	KShs.'000
		KShs.'000		
Government securities	29,974,131	-	-	29,974,131
Loans	-	74,645	-	74,645
Receivables and other assets	-	-	1,209,820	1,209,820
Deposits with financial institutions	-	1,540,386	-	1,540,386
Cash and cash equivalents	-	467,210	-	467,210
	29,974,131	2,082,241	1,209,820	33,266,192
Company				
Receivables and other financial assets	-	-	112,918	112,918
Cash and cash equivalents	-	56,475	-	56,475
	-	56,475	112,918	169,393

Credit exposure by staging

Owing to the fact that there is no readily available credit rating information, the group assesses the credit quality of the institution, taking into account its financial position, past experience and other factors.

The life insurance businesses' maximum exposure to credit risk is equivalent to the amounts recognised in the statement of financial position, as there are no financial guarantees provided to parties outside the Group, nor are there any loan commitments provided that are irrevocable over the life of the facility (nor revocable only in adverse circumstances).

The credit quality of each class of financial asset that is neither past due nor impaired, has been assessed as acceptable within the parameters used to measure and monitor credit risk, as described above.

There are no assets that would have been past due or impaired, had the terms not been renegotiated.

The Group holds collateral on mortgages for the past due or impaired receivables in form of legal charges to the title. The management continues to actively follow up past due and impaired receivables. The decrease in the ECL provision is attributable two factors; Repayment and reduction in the days outstanding.

In case of loan the balance is capped at the registered charge and interest charge also ceases when the loan become none performing.

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34. Risk management (Continued)

(f) Credit risk (continued)

Maximum exposure to credit risk (continued)

The following is a movement of ECL provision account:

	Loans KShs.'000	Stage 1 cash and bank balances KShs.'000	Government securities KShs.'000	Total KShs.'000
The movement in the provisions is as follows:				
At 1 January 2025	28,203	3,223	2,132	33,558
Additional provision	(266)	1,118	-	852
Unused amounts reversed	-	-	(774)	(774)
At end of year	27,937	4,341	1,358	33,636
At 1 January 2024	28,203	3,223	2,132	33,558
Additional provision	296	9,679	-	9,975
Unused amounts reversed	-	-	(774)	(774)
At end of year	28,499	12,902	1,358	42,759

The table below provides information regarding the credit risk exposure of the Group using the expected credit loss stages for assets at amortised cost.

	Carrying value KShs.'000	Impairment charge KShs.'000	Total KShs.'000
At 31 December 2025:			
Government securities at amortised cost	1,397,388	1,358	1,398,746
Loans	70,583	27,937	98,520
Reinsurers' share of technical provisions and reserves	558,544	-	558,544
Receivables and other financial assets	1,474,175	119,243	1,593,418
Deposits with financial institutions	101,109	262	101,371
Cash and equivalents	1,571,851	4,079	1,575,930
Gross financial assets	5,173,650	152,879	5,326,529
At 31 December 2024:			
Government securities at amortised cost	1,109,563	1,358	1,110,921
Loans	74,646	28,499	103,145
Receivable from intermediaries	231,678	111,926	343,604
Receivables and other financial assets	1,209,820	-	1,209,820
Deposits with financial institutions	1,540,386	12,902	1,553,288
Cash and bank balances	467,210	-	467,210
Gross financial assets	4,633,303	154,685	4,787,988

34. Risk management (Continued)

(g) Reinsurance risk

Sanlam Allianz Holdings (Kenya) PLC makes use of reinsurance to:

- Access underwriting expertise;
- Access product opportunities;
- Enable it to underwrite risks greater than its own risk appetite; and
- Protect its mortality/risk book against catastrophes.

The use of reinsurance exposes the Group to credit risk. The counterparty risks of reinsurers are managed under the Group's credit risk framework.

The Group's reinsurance arrangements include proportionate, excess and catastrophe coverage. All risk exposures in excess of specified monetary limits are reinsured. Catastrophe insurance is in place for single-event disasters.

Credit risk in respect of reinsurance is managed by placing the Group's reinsurance only with subsidiaries of companies that have high international or similar credit ratings.

(h) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities and policy holder liabilities. The board has developed a risk management framework for the management of the Group short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due.

The Group manages liquidity risk by continuously reviewing forecasts and actual cash flows and maintaining banking facilities to cover any shortfalls.

Liquidity risk – policyholder solutions

Stable, reversionary bonus and participating annuity business (smoothed - bonus business)

These policyholder solutions expose the Group to liquidity risks. Expected cash flows are taken into account in determining the investment guidelines and asset spread of the portfolios. Limits are also placed on the exposure to illiquid investments.

Other policyholder business

Policyholder portfolios supporting linked and market-related business, participating annuities and other non-participating life business are invested in appropriate assets, taking into account expected cash outflows.

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34. Risk management (Continued)

(h) Liquidity risk (continued)

The following table summarises the overall maturity profile of the business:

At 31 December 2025:	< 1 Year KShs'000	2 - 5 Years KShs'000	5-10 Years KShs'000	10-20 Years KShs'000	>20 Years KShs'000	On demand KShs'000	Total KShs'000
Liabilities							
Borrowings	1,419,531	-	-	-	-	-	1,419,531
Insurance contract liabilities	4,723,455	9,373,582	6,557,862	3,849,129	1,031,182	4,885,722	30,420,932
Lease liabilities	14,646	38,127	6,083	-	-	-	58,856
Other payables excluding payroll creditors	1,488,329	-	-	-	-	-	1,488,329
Total	7,645,961	9,411,709	6,563,945	3,849,129	1,031,182	4,885,722	33,387,648
At 31 December 2025:						On demand KShs'000	Total KShs'000
Assets							
Equity securities						197,322	197,322
Government securities at FVTPL	277,896	3,228,178	5,784,384	17,306,877	5,290,441	-	31,887,776
Government securities at amortised cost	1,397,388	-	-	-	-	-	1,397,388
Deposits with financial institutions	505,982	-	-	-	-	-	505,982
Loans	28,233	21,174	21,174	-	-	-	70,581
Reinsurance assets	558,543	-	-	-	-	558,543	1,117,086
Other receivables	263,979	-	-	-	-	-	263,979
Cash and bank balances	1,166,978	-	-	-	-	-	1,166,978
Total assets	4,198,999	3,249,352	5,805,558	17,306,877	5,290,441	755,865	36,607,092
Liquidity (deficit)/surplus	(3,446,962)	(6,162,357)	(758,387)	13,457,748	4,259,259	(4,129,857)	3,219,444

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34. Risk management (Continued)

(h) Liquidity risk (continued)

Company	1 Year KShs.'000	1 - 5 Years KShs.'000	Over 5 years KShs.'000	On demand KShs.'000	Total KShs.'000
Borrowings	208,211	-	-	-	208,211
Payables and other liabilities	566,564	-	-	-	566,564
Total financial liabilities	774,775	-	-	-	774,775
Receivables and other financial assets	(113,900)	-	-	-	(113,900)
Deposits with financial institutions	-	-	-	-	-
Cash and bank balances	21,391	-	-	-	21,391
Total financial assets	(92,509)	-	-	-	(92,509)
(Gap)/surplus	(867,577)	-	-	-	(867,577)

The liquidity risk is brought about by timing differences between principal amount realizable on assets and liabilities are normally mitigated through interest received from financial asset and cashflows new business.

Total Interest received KShs. 3,941,731 (2024: KShs. 3,868,956) and this is expected to recur annually until maturity.

Maturing bond also reinvested to continue generating cash flows to meet future obligations.

As at 31 December 2024 Group	1 Year KShs.'000	1 - 5 Years KShs.'000	Over 5 years KShs.'000	On demand KShs.'000	Total KShs.'000
Borrowings	4,216,156	-	-	-	4,216,156
General insurance contract liabilities	2,622,796	-	-	-	2,622,796
Life insurance contract liabilities	4,599,507	8,578,768	10,187,883	4,169,096	27,535,254
Payables and other liabilities	1,210,482	-	-	-	1,210,482
Lease liabilities	67,866	61,080	-	-	128,946
Total financial liabilities	12,716,807	8,639,848	10,187,883	4,169,096	35,713,634

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34. Risk management (Continued)

(h) Liquidity risk (continued)

As at 31 December 2024

Group	1 year KShs.'000	1 - 5 years KShs.'000	Over 5 years KShs.'000	On demand KShs.'000	Total KShs.'000
Equity securities	-	-	-	155,557	155,557
Government securities at FVTPL	1,997,776	3,216,788	11,063,035	14,211,575	30,489,174
Government securities at amortised cost	-	1,109,562	-	-	1,109,562
Loans	41,365	22,429	52,519	-	116,313
Reinsurance assets	1,261,459	63,353	6,590	-	1,331,402
Receivable from intermediaries	231,678	-	-	-	231,678
Receivables and other financial assets	298,166	-	-	-	298,166
Deposits with financial institutions	1,540,471	-	-	-	1,540,471
Cash and bank balances	467,210	-	-	-	467,210
Total financial assets	5,838,125	4,412,132	11,122,144	14,367,132	35,739,533
(Gap)/surplus	(6,878,682)	(4,227,716)	934,261	10,198,036	25,899
Company	1 year KShs.'000	1 - 5 years KShs.'000	Over 5 years KShs.'000	On demand KShs.'000	Total KShs.'000
Borrowings	3,041,628	-	-	-	3,041,628
Payables and other liabilities	117,161	-	-	-	117,161
Total financial liabilities	3,158,789	-	-	-	3,158,789
Receivables and other financial assets	31,315	-	-	-	31,315
Deposits with financial institutions	-	-	-	-	-
Cash and bank balances	56,475	-	-	-	56,475
Total financial assets	87,790	-	-	-	87,790
(Gap)/surplus	(3,070,999)	-	-	-	(3,070,999)

The liquidity risk is brought about by timing differences between principal amount realizable on assets and liabilities are normally mitigated through interest received from financial asset and cashflows new business. Total Interest received KShs. 3,868,956 (2023: KShs. 3,418,493) and this is expected to recur annually until maturity. Maturing bond also reinvested to continue generating cash flows to meet future obligations.

(i) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities.

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34. Risk management (Continued)

(i) Insurance risk

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

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

The Group manages underwriting risk through:

- Its product development process and underwriting policy to prevent anti - selection and ensure appropriate premium rates (loadings) for substandard risks;
- Adequate reinsurance arrangements to limit exposure per individual and manage concentration of risks;
- Claims handling policy; and
- Adequate pricing and reserving.

Quarterly full actuarial valuations and the Group's regular profit reporting process assist in the timely identification of experience variances. The following policies and practices are used by the Group as part of its underwriting strategy to mitigate underwriting risk: This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

Underwriting risk

Sensitivity analysis

to be affected by a change in any subset of the portfolio.

Life risk and life savings	2025					
	CSM		Profit or loss		Equity	
	Gross KShs. '000	Net KShs. '000	Gross KShs. '000	Net KShs. '000	Gross KShs. '000	Net KShs. '000
Mortality rates (1% increase)	5,076	4,037	(2,672)	(725)	(1,870)	(508)
Mortality rates (1% decrease)	(5,076)	(4,037)	2,672	725	1,870	508
Expenses (5% increase)	(74,698)	(61,806)	(29,836)	(29,836)	(20,885)	(20,885)
Expenses (5% decrease)	74,698	61,806	29,836	29,836	20,885	20,885
Lapse rates (5% increase)	(12,670)	(10,079)	(2,907)	(2,703)	(2,035)	(1,892)
Lapse rates (5% decrease)	12,670	10,079	2,907	2,703	2,035	1,892

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34. Risk management (Continued)

(i) Insurance risk (continued)

Life risk and life savings	2025					
	CSM		Profit or loss		Equity	
	Gross KShs. '000	Net KShs. '000	Gross KShs. '000	Net KShs. '000	Gross KShs. '000	Net KShs. '000
Participating						
Mortality rates (1% increase)	(743)	(743)	(153)	(153)	(107)	(107)
Mortality rates (1% decrease)	743	743	153	153	107	107
Expenses (5% increase)	(25,478)	(25,478)	(5,093)	(5,093)	(3,565)	(3,565)
Expenses (5% decrease)	25,478	25,478	5,093	5,093	3,565	3,565
Lapse rates (5% increase)	319	319	39	39	27	27
Lapse rates (5% decrease)	(319)	(319)	(39)	(39)	(27)	(27)

Life risk and life savings	2024					
	CSM		Profit or loss		Equity	
	Gross KShs. '000	Net KShs. '000	Gross KShs. '000	Net KShs. '000	Gross KShs. '000	Net KShs. '000
Mortality rates (1% increase)	3,778	3,209	(5,368)	(3,088)	(3,758)	(2,162)
Mortality rates (1% decrease)	(3,778)	(3,209)	5,368	3,088	3,758	2,162
Expenses (5% increase)	(74,088)	(62,930)	(30,667)	(30,667)	(21,467)	(21,467)
Expenses (5% decrease)	74,088	62,930	30,667	30,667	21,467	21,467
Lapse rates (5% increase)	(5,028)	(4,271)	(1,237)	(1,050)	(866)	(735)
Lapse rates (5% decrease)	5,028	4,271	1,237	1,050	866	735

Participating						
Mortality rates (1% increase)	(836)	(836)	(147)	(147)	(103)	(103)
Mortality rates (1% decrease)	836	836	147	147	103	103
Expenses (5% increase)	(29,980)	(29,980)	(5,146)	(5,146)	(3,602)	(3,602)
Expenses (5% decrease)	29,980	29,980	5,146	5,146	3,602	3,602
Lapse rates (5% increase)	(319)	(319)	(55)	(55)	(38)	(38)
Lapse rates (5% decrease)	319	319	55	55	38	38

34. Risk management (Continued)

(i) Insurance risk (continued)

Policies and practices: underwriting strategy

All long-term insurance product additions and alterations are required to pass through the approval framework that forms part of the life insurance business' governance process. The statutory actuaries approve the policy conditions and premium rates of new and revised products.

Specific testing for HIV/Aids is carried out in all cases where the applications for risk cover exceed a set limit. Product pricing and reserving policies also include specific allowance for the risk of HIV/ Aids.

Applications for risk cover are reviewed by experienced underwriters and evaluated against established standards. Retention limits are applied to limit the exposure per individual life; Appropriate income replacement levels apply to disability insurance.

The experience of reinsurers is used where necessary for the rating of substandard risks;

- The risk premiums for Group risk business and some of the in-force individual risk business can be adjusted within 12 months should claims experience deteriorate to the extent that such an adjustment is considered necessary.
- Risk profits are determined on a regular basis; and
- Regular investigations into mortality and morbidity experience are conducted to ensure that corrective action, for example re-rating of premiums, is taken where necessary.

(i) Persistency risk

Distribution models are used by the Group to identify high-risk clients. Client relationship management programmes are aimed at managing client expectations and relationships to reduce lapse, surrender and paid-up rates. The design of insurance products excludes material lapse, surrender and paid-up value guarantees, subject to regulatory constraints, to limit financial loss at surrender. Persistency experience is monitored to ensure that negative experience is timorously identified, and corrective action taken. The Group's reserving policy is based on the statutory required Gross Premium Method which ensures that adequate provision is made for lapses, surrenders and paid-up policies.

(ii) Expense risk

Expenses are managed through the Group's budgeting process and continuous monitoring of actual expenses versus budgeted is conducted and reported on.

SanlamAllianz Life analyses its expenses into 3 categories:

- (a) Those that relate to whether or not policies are in force and so can be expressed as a per policy amount in KShs increasing with the assumed expense inflation.
- (b) Those that relate to the amount of premium and so can be expressed as a percentage of premium.
- (c) Investment related expenses expressed as a percentage of funds under management.

There has been an increase in fixed per policy expenses as a result of lower than expected new business volumes and the reduced size of the existing book. The existing book has reduced because new business volumes and reinstatements are insufficient to replace exiting policies. Maturities arising from policies sold in the previous years also increased in 2025.

34. Risk management (Continued)

(i) Insurance risk (continued)

(iii) Mortality

Mortality experience analyses have shown that the assurance mortality experienced by SanlamAllianz Life on individual life is lower than previously assumed. This emerges as a mortality profit in the Analysis of Surplus. The mortality assumptions for some products have been revised to closer reflect the current and expected future experience. For most products observed experience was in line with the expected experience and the mortality assumptions are unchanged from 2020. Most of the profits emerging from mortality experience arise from accidental riders. An allowance for expected excess Covid-19 mortality was however allowed for as we continue to monitor the mortality experience post the pandemic.

The annuity mortality basis was also maintained in 2025 similar to the 2024 basis with no significant variances noted between the actual observed and expected mortality experience. The assumed mortality rates on the annuity business continue to include an allowance for the expected improvement in annuitant's mortality over time.

(iv) Operating assumption changes

- The change in mortality assumptions for IL resulted in a positive impact on the VIF but this was offset by a change in the loss ratios on credit life (34% to 40%). This resulting in a negative impact of KShs. 22m.
- There was a positive impact from persistency mainly driven by an increase in the assumed premium collection rate on the bancassurance line of business from 95% to 97%
- Increase in unit maintenance costs on the individual life book from KShs. 5,765 to KShs. 6,417 while those in annuity business increased from 2,214 to 2,722, which were only offset partially by reduction in premium related expenses from 2.7% to 2.5%. This resulting in a negative impact on VIF of KShs. 7m.

The main economic assumptions (p.a.) used are as follows:

	2025	2024
	%p.a	%p.a
Risk discount rate	20.0	23.1
Overall investment returns (pre-tax)	14.9	17.9
Expense inflation rate	12.0	15.1

(v) Claims risk

The risk that Sanlam Allianz Holdings (Kenya) PLC may pay fraudulent claims (claims risk) is mitigated by employing highly trained client service staff to ensure that fraudulent claims are identified and investigated thoroughly. The legitimacy of claims is verified by internal, financial and operating controls that are designed to contain and monitor claims risks. The SanlamAllianz forensic investigation team also advises on improvements to internal control systems.

The Group writes a diverse mix of business and continually monitors this risk and the opportunities for mitigating actions through reinsurance. The Group's life insurance businesses are focused on different market segments, resulting in a mix of individual and institutional clients, as well as entry-level, middle market and high net worth clients. The tables below provide an analysis of the Group's exposure to the value of benefits insured:

Concentration risk has not provided for life savings and non-life.

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34. Risk management (Continued)

(i) Insurance risk (continued)

(v) Claims risks (continued)

Value of benefits insured per individual: non-participating life business

Sum assured	Number of lives		Before Reinsurance		After reinsurance	
	2025	2024	2025	2024	2025	2024
KShs'000						
0 – 3,510	172,703	188,305	79,251,296	95,791,055	67,948,138	80,469,420
3,510 – 7,020	6,261	8,056	30,920,683	41,097,439	22,962,358	30,784,146
7,020 – 35,102	5,890	7,023	85,610,060	94,016,774	37,818,478	46,225,935
35,102 – 56,164	547	419	24,291,070	18,288,885	3,806,000	3,230,000
>56,164	413	253	40,041,145	23,884,172	2,632,000	1,826,000
Total	185,814	204,056	260,114,254	273,078,325	135,166,974	162,535,501

Value of non-participating annuity payable per annum per life insured

Sum assured	Number of lives		Before Reinsurance		After reinsurance	
	2025	2024	2025	2024	2025	2024
KShs'000						
0 – 143	1,558	1,643	104,719,487	109,006,183	104,719,487	109,006,183
143 – 286	1,246	1,245	256,919,977	255,966,333	256,919,977	255,966,333
286 – 428	634	624	221,453,610	217,988,147	221,453,610	217,988,147
428 – 571	404	386	199,505,808	190,765,740	199,505,808	190,765,740
571 – 714	206	211	131,105,248	134,366,906	131,105,248	134,366,906
>714	698	677	917,884,223	887,671,852	917,884,223	887,671,852
Total	4,746	4,786	1,831,588,353	1,795,765,161	1,831,588,353	1,795,765,161

The following tables disclose the concentration of insurance liabilities by the class of business in which the contract holder operates and by maximum insured loss limit included in the terms of the policy.

The amounts are the carrying amounts of insurance liabilities (gross and net of reinsurance) arising from insurance continued

Life business

Year ended 31						
December 2025		3 - 3m	3 - 15m	15 - 250m	250 - 1000m	Total
		KShs.'000	KShs.'000	KShs.'000	KShs.'000	KShs.'000
Ordinary life	Gross	24,799,138	10,345,728	2,231,136	-	37,376,002
	Net	21,547,150	2,340,500	363,250	-	24,250,900
Group life	Gross	48,273,553	66,049,794	104,545,317	3,869,589	222,738,253
	Net	41,845,041	48,329,144	20,675,888	66,000	110,916,073
Total	Gross	73,072,691	76,395,522	106,776,453	3,869,589	260,114,255
	Net	63,392,191	50,669,644	21,039,138	66,000	135,166,973

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34. Risk management (Continued)

(i) Insurance risk (continued)

(v) Claims risk (continued)

Year ended 31 December 2024		3 - 3m KShs.'000	3 - 15m KShs.'000	15 - 250m KShs.'000	250 - 1000m KShs.'000	Total KShs.'000
Ordinary life	Gross	24,465,574	8,683,246	1,690,801	-	34,839,621
	Net	21,249,512	2,123,700	322,250	-	23,695,462
Group life	Gross	59,883,293	94,121,249	82,971,732	1,262,431	238,238,705
	Net	50,632,168	68,152,188	20,037,683	18,000	138,840,039
Total	Gross	84,348,867	102,804,495	84,662,533	1,262,431	273,078,326
	Net	71,881,680	70,275,888	20,359,933	18,000	162,535,501

The concentration by sector or maximum insured loss at the end of the year is broadly consistent with the prior year.

(vi) Capital adequacy risk

The insurance subsidiaries SanlamAllianz Life Insurance Limited and SanlamAllianz General Limited are adequately capitalised, with Capital Adequacy Requirement (CAR) covered by the excess of assets over liabilities.

Refer to the capital management section (Note 33) for details on the management of the Group's capital base.

35. Subsequent events – Group and Company

As at the date of approval of the financial statements for issue, the Directors were not aware of any matter or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements, which would significantly affect the financial position of the Group and results of its operation as laid out in these financial statements.

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