

PACIS INSURANCE COMPANY LIMITED
ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

PACIS INSURANCE COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

CONTENTS	PAGE
Company information	1 - 2
Report of the Directors	3 - 4
Statement of Directors' responsibilities	5
Report of the independent auditor	6 - 10
Financial statements:	
Statement of profit or loss and other comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	15 - 113
The following pages do not form an integral part of these financial statements	
General insurance business revenue account (unaudited)	114 - 115

PACIS INSURANCE COMPANY LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2025

BOARD OF DIRECTORS

MR. JAMES THEURI	- Chairman
MRS. JEAN MOEGI	- Principal Officer (Exited 13 th February 2026)
MR. SYLVESTER NZIOKA	- Principal Officer (Appointed 13 th February 2026)
REV. FR. SIMON NGÁNGÁ	
MS. MIRIAM WAMBUI	
MS. EDITH AKOTH SIDDONDO	
VERY REV. FR. JUDE JAMES WAWERU	
MOST REV. DOMINIC KIMENGICH	
FA JOHN KIHARA MWANGI	- Appointed 27 th January 2025
DR. SAMUEL KIRUTHU	- Retired 22 nd July 2025
MR. KAMAU KURIA	- Appointed 19 th January 2026

REGISTERED OFFICE

Pacis Center, 4th Floor
Off Waiyaki Way, Westlands
P.O. Box 1870 - 00200
NAIROBI

PRINCIPAL PLACE OF BUSINESS

Pacis Center, 4th Floor
Off Waiyaki Way, Westlands
P.O. Box 1870 - 00200
NAIROBI

INDEPENDENT AUDITOR

Ernst & Young LLP
Kenya Re Towers, Off Ragati Road
P.O. Box 44286 - 00100
NAIROBI

COMPANY SECRETARIES

Bellmac Consulting LLP
I&M House, 3rd Floor, 2nd Ngong Avenue
P.O. Box 102 - 00202
NAIROBI

PRINCIPAL LEGAL ADVISORS

Nyiha, Mukoma and Company Advocates
Alta Towers, 7th Floor, Ring Road Kilimani
P.O. Box 28491- 00200
NAIROBI

PACIS INSURANCE COMPANY LIMITED
COMPANY INFORMATION (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

PRINCIPAL BANKERS

Absa Bank Kenya PLC
Absa Head Quarters, Waiyaki Way
P.O. Box 30120 - 00100
NAIROBI

Kenya Commercial Bank Limited
Kencom House, 8th Floor, Moi Avenue
P.O. Box 48400 - 00100
NAIROBI

NCBA Bank Kenya PLC
NCBA Center, Mara and Ragati Road, Upper Hill
P.O. BOX 30437-00100
NAIROBI

Equity Bank (Kenya) Limited
Equity Centre, Hospital Road, Upper Hill
P.O. Box 75104-00200
NAIROBI

Stanbic Bank Kenya Limited
Stanbic Bank Centre, Westlands Road, Chiromo
P.O. Box 30550 - 00100
NAIROBI

Family Bank Limited
Family Bank Towers, Muindi Mbingu Street
P.O. Box 74145 - 00200
NAIROBI

The Co-operative Bank of Kenya Limited
Co-operative Bank House, Haile Selassie Avenue
P.O. Box 48231 - 00100
NAIROBI

Caritas Microfinance Bank
Cardinal Otunga Plaza, Kaunda Street
P.O. Box 15353 - 00100
NAIROBI

Smep Microfinance Bank
Kirichwa Road, Off Argwings Kodhek Road
P.O. Box 64063 - 00620
NAIROBI

African Banking Corporation Limited
ABC Bank House, Woodvale Grove, Westlands
P.O. Box 13889 - 00800
NAIROBI

Sumac Microfinance Bank
Nginyo Towers, Ground Floor
P.O. Box 11687 - 00100
NAIROBI

National Bank of Kenya Limited
National Bank Building, Harambee Avenue
P.O. Box 72866 - 00200
NAIROBI

Bank of Africa
BOA House, Karuna Close, Off Waiyaki Way
Westlands
P.O. Box 69562 - 00400
NAIROBI

Diamond Trust Bank Kenya Limited
DTB Centre, Mombasa Road
P.O. Box 61711 - 00200
NAIROBI

CONSULTING ACTUARY

Zamara Actuaries, Administrators & Consultants Limited
Zamara Place, Ground Floor, Chiromo Road/Waiyaki Way, Westlands
P.O. BOX 52439 - 00200
NAIROBI

PACIS INSURANCE COMPANY LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2025

The Directors submit their annual report together with the audited financial statements for the year ended 31 December 2025, which shows the state of affairs of Pacis Insurance Company Limited ("the Company").

1. INCORPORATION

The Company is domiciled in Kenya where it is incorporated as a private company limited by shares under the Kenyan Companies Act, 2015. The address of the registered office is set out on page 1.

2. PRINCIPAL ACTIVITIES

The Company conducts all classes of general insurance business as defined by Section 31 of the Insurance Act (Cap 487), laws of Kenya with the exception of Aviation and Motor PSV (Matatu).

3. BUSINESS REVIEW

In the current year, the Company reported insurance revenue of KShs 3,384,100,000 (2024: KShs 2,876,438,000). This revenue mainly came from the Motor Private, Motor Commercial and Medical classes of business.

The Company reported a profit after tax of KShs 106,907,000 (2024: KShs 78,977,000).

As at 31 December 2025, the net asset position of the Company was KShs 1,080,812,000 (2024: KShs 984,359,000).

KEY PERFORMANCE INDICATORS	2025 KShs'000	2024 KShs'000
Insurance service result	71,786	954
Profit for the year	106,907	78,977

4. PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging, and this has a resultant effect on overall performance of the Company. The Company's strategic focus is to enhance revenue growth whilst maintaining profit margins, the success of which remains dependent on overall market conditions, marketing strategies and innovativeness to obtain market share. The Directors continue to monitor this situation closely with a view to assessing and mitigating its impact on the Company.

In addition to the business risks discussed above, the Company's activities expose it to a number of financial risks and insurance risks which are described in detail in Note 3 to the financial statements.

PACIS INSURANCE COMPANY LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

5. DIVIDEND

The Directors declared and paid an interim dividend in year 2025 of KShs 15,183,000 (2024: 10,048,000). The Directors do not recommend any further dividend in respect of the year ended 31 December 2025.

6. DIRECTORS

The Directors who held office during the year and to the date of this report are shown on page 1.

In accordance with the Company's Articles of Association, the Chairman of the board was due for retirement having served his full tenure as an independent Director. The Director's retirement was noted during the Annual General Meeting held on 22nd July 2025.

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

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

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

8. TERMS OF APPOINTMENT OF THE AUDITOR

Ernst & Young LLP continues in office in accordance Section 719 of the Companies Act, 2015. The Directors monitor the effectiveness, objectivity and independence of the auditor. The Directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KShs 4,313,953 has been charged to profit or loss in the year as disclosed in Note 7 to the financial statements.



PACIS INSURANCE COMPANY LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2025

The Kenyan Companies Act, 2015 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and of its profit or loss for that year. It also requires the Directors to ensure that the Company keeps proper accounting records that: (a) show and explain the transactions of the Company; (b) disclose, with reasonable accuracy, the financial position of the Company; and (c) enable the Directors to ensure that every financial statement required to be prepared complies with the requirements of the Kenyan Companies Act, 2015.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

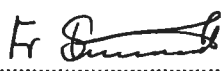
- i. designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. selecting and applying appropriate accounting policies; and
- iii. making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

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

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

The financial statements were approved by the board of Directors on 7/4/2026 2026 and signed on its behalf by:


.....
Mr. James Theuri
Director


.....
Rev. Fr. Simon Ngángá
Director


.....
Sylvester Nzioka
Principal officer

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF PACIS INSURANCE COMPANY LIMITED**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pacis Insurance Company Limited (the "Company") set out on pages 11 to 113, which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pacis Insurance Company Limited as at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015 and Insurance Act, Cap. 487.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Notes 1.1.2 to the financial statements which indicates that for the year ended 31 December 2025, the Company's management expenses amounted to KShs 768,078,941 which was above the maximum determined limit of KShs 605,101,085 resulting into excess expenditure of KShs.162,977,856. Section 70 of the Insurance Act - Limitation of Management Expenses stipulates that no insurer shall spend in any financial year as expenses of management an amount in excess of the prescribed limits. Section 196 (2a) authorizes the commissioner to cancel the license if the licensed person fails to comply with or acts in contravention of the Insurance Act, or any regulation or direction made under the Insurance Act. As stated in Note 1.1.2, this event or condition indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key Audit Matter Description	How the matter was addressed in the audit
Valuation of Insurance Contract Liabilities	
As at 31 December 2025, the Company's insurance contract liabilities amount to KShs 2.9 billion (2024: KShs 2.7 billion). Of this amount, KShs 1.4 billion (2024: KShs 1.4 billion) relates to liabilities for incurred claims (LIC), KShs 1.3 billion (2024: KShs 1.2 billion) being the present value of future cashflows and KShs 0.2 billion (2024: KShs. 0.1 billion) being the risk adjustment. The LIC reflects current, explicit, unbiased and probability-weighted estimate of the present value of the expected future cashflows (best estimate), and an explicit risk adjustment for non-financial risk. The estimation of the LIC is a complex process, applying actuarial and statistical methods over historical data and patterns requiring the use of estimates and judgements. It requires the use of complex formulas and computational tools that may be incorrectly configured, and for which inaccurate input data may be used. Additionally, the expected future cashflows relating to the LIC for catastrophes which are usually of less frequency but higher severity, are more difficult to estimate and their calculation require the use of expert judgement, especially for events taking place close to year end. Accordingly, we have identified the valuation of insurance contract liabilities as a key audit matter. The material accounting policies and detailed disclosures on insurance contract liabilities are included in Note 1.3 - Insurance Contracts, Note 5.1 Insurance Contract assets and liabilities per portfolio and Note 17 movements in Insurance Contract liabilities.	To test the valuation of insurance contract liabilities, our audit procedures included, but were not limited to the following: • We assessed the methodology and assumptions with respect to compliance with the Company's policies. • We tested the completeness and accuracy of data utilized by the Company in estimating the insurance contract liabilities by reconciling such amounts to the underlying accounting records and performing data-enabled audit procedures and claims data plausibility checks on the selected samples. • We performed audit procedures over key assumptions, including the implementation of those assumptions into the models. These procedures included testing underlying support and documentation, including reviewing a sample of experience studies supporting specific assumptions, challenging the nature, timing and completeness of changes recorded, and assessing whether individual changes were errors or refinements of estimates. • We tested the methodology and calculation of the insurance contract liabilities through both review of the calculation logic within the models, and through calculating an independent estimate of the fulfilment cashflows for a samples insurance contracts and comparing the results to those determined by the Company. • We assessed the adequacy of the Company's disclosures in the notes to the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters Description (Continued)

<i>Valuation of Investment properties</i>	
As at 31 December 2025, the carrying amount of the Company's investment properties was Kshs 746 million (2024: Kshs 712 million) as disclosed in Note 13 to the financial statements. The investment properties are measured at fair value in accordance with the International Accounting Standard (IAS) 40 Investment Property. The Company's policy is to revalue the investment properties annually with the assistance of an external valuer. The basis adopted in the valuation of investment properties was open market value assessed using the current replacement cost and market comparable approach. Given that deriving the valuation inputs for the fair valuation of investment properties involves significant estimation and assumptions (This includes future rent rates, replacement cost and prices of similar properties in the neighbourhood) and the importance of the disclosures relating to the assumptions used in the valuation, we considered this as a key audit matter.	We performed the following audit procedures in response to this matter: • Evaluated the objectivity and independence of the external valuer • Assessed whether the underlying assumptions applied in the determination of the fair value were justifiable in the context of the industry and nature of the investment properties. • Assessed whether the valuation methodologies and assumptions adopted in determining the fair values of the investment properties were in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board • Evaluated whether the determined fair values were in line with the market values for similar properties in similar locations • Assessed the adequacy of the Company's disclosures in respect of the assumptions used in valuation as set out in Note 13 to the financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included on pages 1 to 5 and on pages 114 to 115 of the document titled "Pacis Insurance Company Limited Annual Report and Financial Statements for the year ended 31 December 2025", which includes the Directors' Report as required by the Kenya Companies Act, 2015, Statement of Directors' Responsibilities, Company Information and Supplementary information on General Insurance Business Revenue Account. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon, except as prescribed by the Kenyan Companies Act, 2015.

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

Responsibilities of Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015 and the Insurance Act, Cap. 487 of Kenya, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

REPORT ON OTHER MATTERS PRESCRIBED BY THE KENYAN COMPANIES ACT, 2015

In our opinion, the information given in the report of the directors on pages 3 and 4 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Tom Nyakoe, Practising Certificate Number 2283.



For and on behalf of Ernst & Young LLP
Certified Public Accountants
Nairobi, Kenya

8 April, ... 2026



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PACIS INSURANCE COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

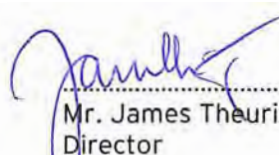
	Notes	2025 KShs '000	2024 KShs '000
Insurance revenue	4	3,384,100	2,876,438
Insurance service expense	4	<u>(2,963,640)</u>	<u>(2,884,983)</u>
Insurance service result before reinsurance contracts held		420,460	(8,545)
Allocation of reinsurance premiums	5.2	(497,737)	(382,182)
Amounts recoverable from reinsurers for incurred claims	5.4	<u>149,063</u>	<u>391,681</u>
Net (expense)/income from reinsurance contracts held		(348,674)	9,499
Insurance service result		71,786	954
Allowance for expected credit losses	3.2.3	6,127	31,776
Interest revenue calculated using the effective interest method	6.1	115,313	79,469
Investment income	6.2	52,633	50,374
Other operating income	6.3	<u>9,604</u>	<u>39,982</u>
Total investment income		183,677	201,601
Insurance finance expenses for insurance contracts issued	4	(143,304)	(124,756)
Reinsurance finance income for reinsurance contracts held	5.3	<u>54,272</u>	<u>46,396</u>
Net insurance financial result		(89,032)	(78,360)
Finance costs	4	<u>(9,150)</u>	<u>(7,674)</u>
Profit before tax		157,281	116,521
Income tax expense	10.1	<u>(50,374)</u>	<u>(37,544)</u>
Profit for the year		106,907	78,977
Other comprehensive income that will not be reclassified to the income statement			
Revaluation gain on property and equipment	11	5,564	6,853
Deferred tax	14	<u>(835)</u>	<u>(1,028)</u>
Other comprehensive income for the year, net of tax		<u>4,729</u>	<u>5,825</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>111,636</u>	<u>84,802</u>

The notes on pages 15 to 113 form an integral part of these financial statements.

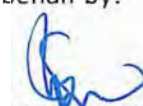
PACIS INSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	31 December 2025 KShs 000	31 December 2024 KShs 000
ASSETS			
Cash and bank balances	27	133,081	231,493
Deposits with financial institutions	21	1,079,791	404,325
Receivables arising out of direct insurance arrangements	18	596,202	577,140
Receivable from related parties	19	24,753	62,113
Government securities - 'amortised cost'	15	229,003	289,033
Other receivables	20	57,531	60,431
Investment properties	13	745,578	712,168
Reinsurance contract assets	5.5	1,259,919	1,403,055
Tax recoverable	10	30,355	46,093
Property and equipment	11	152,136	137,429
Right-of-use assets	23	70,753	45,567
Intangible assets	12	<u>136</u>	<u>344</u>
TOTAL ASSETS		<u>4,379,238</u>	<u>3,969,191</u>
LIABILITIES			
Insurance contract liabilities	5	2,922,849	2,710,681
Other payables and accruals	25	248,179	185,319
Lease liabilities	24	78,703	51,447
Deferred tax liabilities	14	<u>48,695</u>	<u>37,385</u>
TOTAL LIABILITIES		<u>3,298,426</u>	<u>2,984,832</u>
EQUITY			
Share capital	22	628,565	502,698
Share premium	22	5,712	5,712
Shareholder's contribution pending allotment	22	59,994	185,861
Revaluation reserve	22	29,528	24,799
Retained earnings		<u>357,013</u>	<u>265,289</u>
TOTAL EQUITY		<u>1,080,812</u>	<u>984,359</u>
TOTAL LIABILITIES AND EQUITY		<u>4,379,238</u>	<u>3,969,191</u>

The financial statements on pages 11 to 113 were approved and authorised for issue by the Board of Directors on 7141 2026 and were signed on its behalf by:


Mr. James Theuri
Director


Rev. Fr. Simon Ngángá
Director


Sylvester Nzioka
Principal officer

The notes on pages 15 to 113 form an integral part of these financial statements.

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

	Note	Share capital (Note 22.1) KShs'000	Shareholders' contribution pending allotment (Note 22.2) KShs'000	Share premium (Note 22.1) KShs'000	Revaluation Reserve (Note 22.3) KShs'000	Retained earnings KShs'000	Total KShs'000
Restated balance as at 1 January 2024		502,698	185,861	5,712	18,974	196,360	909,605
Profit for the year		-	-	-	-	78,977	78,977
Other comprehensive income for the year		-	-	-	5,825	-	5,825
Total comprehensive income		-	-	-	5,825	78,977	84,802
Dividends paid		-	-	-	-	(10,048)	(10,048)
31 December 2024		<u>502,698</u>	<u>185,861</u>	<u>5,712</u>	<u>24,799</u>	<u>265,289</u>	<u>984,359</u>
1 January 2025		502,698	185,861	5,712	24,799	265,289	984,359
Profit for the year		-	-	-	-	106,907	106,907
Other comprehensive income for the year		-	-	-	4,729	-	4,729
Total comprehensive income		-	-	-	4,729	106,907	111,636
Dividends paid		-	-	-	-	(15,183)	(15,183)
Allotment of shares	22.2	<u>125,867</u>	<u>(125,867)</u>	-	-	-	-
31 December 2025		<u>628,565</u>	<u>59,994</u>	<u>5,712</u>	<u>29,528</u>	<u>357,013</u>	<u>1,080,812</u>

The notes on pages 15 to 113 form an integral part of these financial statements.

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

	Notes	2025 KShs'000	2024 KShs'000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operating activities	26	472,081	278,278
Tax paid	10.2	<u>(24,161)</u>	<u>(14,428)</u>
Net cash generated from operating activities		447,920	263,850
CASH FLOW FROM INVESTING ACTIVITIES			
Interest received on government securities		23,651	30,585
Interest received from bank deposits and current accounts		83,224	48,884
Purchase of property and equipment	11	(4,719)	(3,821)
Proceeds from disposal of property and equipment		150	-
Sale/ (Purchase) of long-term deposits with financial institutions		306,274	(319,216)
Purchase of government securities		(260,000)	(144,200)
Proceeds from maturity of government securities		231,200	136,200
Proceeds from disposal of investment property		<u>-</u>	<u>200,564</u>
Net cash generated from/ (used in) investing activities		<u>379,780</u>	<u>(51,004)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(15,183)	(10,048)
Interest paid on lease liabilities	24	(8,953)	(7,674)
Payment of principal portion of lease liabilities	24	<u>(15,444)</u>	<u>(16,432)</u>
Net cash used in financing activities		<u>(39,580)</u>	<u>(34,154)</u>
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		352,770	175,500
Increase in cash and cash equivalents		788,120	178,692
Net foreign exchange difference		<u>(122)</u>	<u>(1,422)</u>
Cash and equivalents at 31 December	27	<u>1,140,768</u>	<u>352,770</u>

The notes on pages 15 to 113 form an integral part of these financial statements.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

1. 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 the years presented, unless otherwise stated.

1.1. Basis of preparation

1.1.1. Historical cost convention

The financial statements have been prepared under the historical cost convention, except as indicated otherwise below and are in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board. The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company considers the characteristics of the asset or liability if market participants would take those characteristics into consideration when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 impairment of assets.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

The financial statements are presented in Kenya shillings (KShs), and all values are rounded to the nearest thousand - KShs'000, except when otherwise indicated.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.1. Basis of preparation (continued)

1.1.2. Going concern

For the year ended 31 December 2025, the Company's management expenses amounted to KShs. 768,078,941 which was in excess of the maximum determined limit of KShs. 605,101,085, resulting to expenditure in excess of the maximum limit of KShs. 162,977,856.

The above condition indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue operating as a going concern and therefore, its ability to realise assets and discharge liabilities in the normal course of business. The material uncertainty arises from the possibility that the Commissioner, after giving a licensed insurer a reasonable opportunity of making representations, may by notice in writing cancel the licence of the insurer, either totally or in respect of any particular part of the insurer's business if the person fails to comply with or acts in contravention of the Act.

Management is continuing to implement the following measures to achieve operational efficiency and ensure management expenses are within the required limits:

- The Procurement Cost Control - Management is implementing quality review for all contracted costs to negotiate better terms with all suppliers with the aim of achieving contractual discounts while strengthening service delivery.
- The Revenue growth - Management is executing various revenue growth initiatives aimed at achieving an optimal and sustainable scale commensurate with the applicable expense structure.

The directors expect that the ongoing initiatives will strengthen the Company's financial position and improve its performance.

The Company's directors have made an assessment of the Company's ability to continue as a going concern and concluded that despite the material uncertainty noted above, the Company will be able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. This assessment is based on the fact that the Company will continue to be profitable and management will implement measures to ensure that the expenses revert back to the required regulatory limits.

The financial statements have therefore been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that the Company's maximum expenditure requirements will be rectified and that the regulator will not withdraw or impose conditions on the Company's business license following the issuance of these financial statements which indicate that the Company's limit on management expenses has been exceeded. The directors have therefore presumed that the realization of assets and settlement of liabilities will occur in the ordinary course of business.

The above measures by management adequately disclose their plans to manage expenses to an optimal level where the limitations on management expenses will not be breached.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.2. New standards, amendments and interpretations (Continued)

1.2.1. New standards, amendments and interpretations adopted by the Company

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The new and amended standards and interpretations effective as of 1 January 2025 that did not have a material impact on the Company are listed below:

	Effective for accounting period beginning on or after
Lack of exchangeability - Amendments to IAS 21	1 January 2025

1.2.2. New standards, amendments and interpretations issued but not effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented. The amendments are not expected to have a material impact on the Company, except for IFRS 18 - Presentation and Disclosure in Financial Statements and Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7. The directors are currently evaluating the potential effects of this standard on the Company's financial statements.

New standards or amendments	Effective for annual period beginning on or after
Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards Volume 11	1 January 2026
Contracts Referencing Nature-dependent Electricity- Amendments to IFRS 9 and IFRS 7	1 January 2026
IFRS 18 - Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027
Translation to a Hyperinflationary Presentation Currency - Amendments to IAS 21	1 January 2027
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37	To be determined
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	To be determined

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.2.3. New standards, amendments and interpretations issued but not effective (Continued)

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and the introduction of an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Company is currently working to identify all impacts the amendments will have on the financial statements.

1.3. Insurance Contracts

a) Classification and measurement

The Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the premium allocation approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA has the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cashflows and less amounts recognized in revenue for insurance services provided
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component
- Measurement of the liability for incurred claims is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

The Company capitalizes insurance acquisition cash flows for all product lines. The Company allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another IFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flow is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

The Company's classification and measurement of insurance and reinsurance contracts is explained in Note 2.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.3. Insurance Contracts (continued)

b) Presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance contracts issued and reinsurance contracts held, respectively, and presents separately:

- Portfolios of insurance issued that are assets
- Portfolios of insurance issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

In the statement of profit or loss and other comprehensive there is separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognized in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard

c) Insurance and reinsurance contracts classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues non-life insurance to individuals and businesses. Non-life products offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

The Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims arising from one or more insurance contracts issued by those entities.

The Company does not issue any contracts with direct participating features.

d) Insurance and reinsurance contracts accounting treatment

i) Separating components from insurance and reinsurance contracts

The Company assesses its insurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the host insurance contract. Currently, the Company's products do not include any distinct components that require separation.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.3. Insurance Contracts (continued)

b) Insurance and reinsurance contracts accounting treatment (Continued)

ii) Level of aggregation

The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). No group for level of aggregation purposes may contain contracts issued more than one year apart.

The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition (if any)
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous (if any)
- A group of the remaining contracts in the portfolio (if any)

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

For the aggregation of reinsurance contracts held by the Company, portfolios of similar risks will comprise individual reinsurance contracts held. As such, each reinsurance contract underwritten in a particular period is treated as a single group.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.3. Insurance Contracts (continued)

d) Insurance and reinsurance contracts accounting treatment (continued)

iii) Recognition

The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the groups of contracts and
- The dates when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held.
- and
- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

iv) Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. 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 Company can compel the policyholder to pay premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks

Or

Both the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.3. IFRS 17 Insurance Contracts (continued)

d) Insurance and reinsurance contracts accounting treatment (continued)

v) Measurement - Premium Allocation Approach

	ADOPTED APPROACH
PREMIUM ALLOCATION APPROACH(PAA) ELIGIBILITY	In determining the appropriate measurement method, the length of the contracts' coverage periods and the nature of insurance benefits provided under the contracts were considered. 99.8% of the insurance contracts underwritten by the Company have a coverage period of one year or less. These contracts therefore meet the criteria for PAA eligibility. Engineering insurance contain contracts with coverage periods greater than one year. However, these contracts are insignificant in relation to the entire portfolio, making up 0.2% of the entire portfolio. There is no material difference in the measurement of the liability for remaining coverage for these contracts between PAA and the general model and therefore they qualify for PAA. All the reinsurance contracts that the Company holds are one-year coverage period contracts. The contracts therefore qualify automatically for PAA measurement.
INSURANCE ACQUISITION CASH FLOWS FOR INSURANCE CONTRACTS ISSUED	Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortized over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group. For all classes of business, insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.
LIABILITY FOR REMAINING COVERAGE (LFRC), ADJUSTED FOR FINANCIAL RISK AND TIME VALUE OF MONEY	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC. For all classes of business, there is no adjustment for accretion of interest on the LFRC as the premiums are received within one year of the coverage period
LIABILITY FOR INCURRED CLAIMS (LFIC) ADJUSTED FOR TIME VALUE OF MONEY	LFIC is adjusted for the time value of money for all classes.
PREMIUM RECEIVABLE FROM INTERMEDIARIES	The Company has assessed all premium receivable from intermediaries under IFRS 9 and recognised an expected credit loss (ECL).
INSURANCE FINANCE INCOME AND EXPENSE	The change in LFIC as a result of changes in discount rates will be captured within profit or loss for all product lines

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.3. Insurance Contracts (continued)

a) Insurance contracts - initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary or
- For contracts longer than one year, the Company reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with:

- Increase in the duration of cover
- Size of the discount rates
- Loss ratios
- Deviation from the uniform distribution of risk across the period

The Company has set the below thresholds in assessing suitability of the PAA approach:

- The difference between the general model and the PAA liability in respect of long-term contracts should be within a threshold of 1% for the contracts to be deemed eligible for PAA measurement. The threshold set is considered to be an acceptable limit for accounting purposes
- The comparison of the general model and PAA results will also be assessed under the following stress scenarios:
 - An increase in the loss ratio by 10%
 - An increase in the expense ratio by 10%
 - An increase in the discount rate by 10%

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the new outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous groups depicting the losses recognised.

b) Reinsurance contracts - initial measurement

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.3. Insurance Contracts (continued)

f) Reinsurance contracts – initial measurement (Continued)

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

In determining the percentage of expected reinsurance recoveries for purposes of computing the loss recovery component, the Company will assess the historical recovery rate in respect of each portfolio of reinsurance contracts taking into consideration any changes in treaty terms such as retention limits and making adjustments accordingly.

In computing the reinsurance asset in respect of incurred claims, reinsurance contract cashflows will be derived by applying a reinsurance recovery percentage to the cashflow projections in respect of underlying contracts. The reinsurance asset in respect of the risk adjustment will also be computed by applying a recovery ratio to the risk adjustment in respect of the underlying contracts. Similar discount rate assumptions will apply for groups of reinsurance contracts held and underlying groups of contracts issued. This will effectively ensure that the assumptions driving the cashflow projections in respect of reinsurance contracts held are consistent with the assumptions in respect of underlying contract cashflows.

g) Insurance contracts – subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cash flows
- Plus any amounts relating to the amortization of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period
- minus any investment component paid or transferred to the liability for incurred claims

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. They reflect current estimates from the perspective of the Company, and include an explicit adjustment for non-financial risk (the risk adjustment).

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous groups depicting the losses recognised.

h) Reinsurance contracts held – subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss-recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.3. Insurance Contracts (continued)

i) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company uses a systematic and rational method to allocate:

- Insurance acquisition cashflows that are directly attributable to a group of insurance contracts to that group
- Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

All expenses incurred by the Company are deemed to be attributable. For purposes of allocating expenses across groups, the Company will allocate the expenses under each portfolio based on the proportion of the size of the total liabilities attributable to each group. The liabilities will include both premium liabilities for remaining coverage and liabilities for incurred claims excluding associated unallocated loss adjustment expenses (ULAE).

The Company has developed an expense allocation approach which is applied on allocating expenses across the Company's classes of business for purposes of preparing revenue accounts. The expense allocation approach is described as follows:

- Expenses relating to commissions and premium taxes are directly allocated to the classes of business from which they arise
- All other expenses are allocated based on the relative proportion of premiums written across the various classes of business

Expense cashflow projections in respect of ULAE will be estimated as the product of expense ratios based on incurred claims liabilities, derived from the expense allocation to IFRS 17 groups and projected cashflows in respect of claims. For the projection of expenses cashflows relating to remaining coverage fulfilment cashflows, the expense ratio will be applied to future projections of the PAA premium releases or earned premiums.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

In determining the asset for insurance acquisition cash flows, the Company will only consider commissions payable as acquisition cash flows. Accordingly, only commissions are considered in determining the Deferred Acquisition Cost (DAC) asset in respect of unexpired risks.

At the end of each reporting period, the Company revises the amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Company assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved. During the year, the impairment loss was reported at Nil(2024: Nil).

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.3. Insurance Contracts (continued)

j) Insurance contracts - modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled, or expired) or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

k) Risk adjustment

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

The risk adjustment reflects the following:

- The degree of diversification benefits the entity includes when determining the compensation it requires for bearing that risk; and
- Both favourable and unfavourable outcomes, in a way that reflects the entity's degree of risk aversion.

The Company will adopt the value at risk (VaR) approach based on a confidence level of 75%. Under the value at risk approach, the risk adjustment is estimated as the additional amount over the best estimate liability required to cover losses arising from extreme events. The approach entails stressing the various assumptions underlying the calculation of the best estimate liability. The assumptions are stressed one at a time to represent extreme events with a low likelihood of occurrence in accordance with the selected level of confidence. For each stress scenario, the difference between the best estimate liability and the liability computed based on the stressed assumptions is estimated to represent the additional amount required to cover losses arising from a given stress event.

l) Presentation

The Company has presented separately, in the statement of financial position, the carrying amounts of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contract they relate to.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.3. Insurance Contracts (continued)

m) Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

n) Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

o) Loss-recovery components

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

p) Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company presents finance income or expenses on insurance contracts in the statement of profit or loss.

q) Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

1.4. Interest and dividends

Interest income is recognised in the statement of profit or loss and other comprehensive income as it accrues and is calculated by using the effective interest rate method. The Company only includes interest on financial instruments at amortised cost. Other interest income includes interest on all financial assets measured at FVPL, using the contractual interest rate. The Company calculates interest income on financial assets, other than those considered credit-impaired, by applying the effective interest rate to the gross carrying amount of the financial asset.

Dividend income is recognised when the right to receive the payment is established.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
1. Material accounting policies (continued)

1.5. Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

1.6. Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any except for buildings (owner-occupied portion of the investment property), which is measured based on revalued amounts. Cost excludes the cost of day-to-day servicing. Replacement or major inspection cost are capitalized when incurred and if probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Buildings are shown at fair value on initial recognition, based on valuations by external independent valuers, less subsequent accumulated depreciation for buildings. Valuations are performed annually to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of buildings are credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserves directly in equity; all other decreases are charged to the statement of profit or loss and other comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from 'revaluation reserves' to retained earnings.

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

Motor vehicles	25%
Computer equipment	30%
Furniture, fittings and office equipment	12.5%
Buildings	32 years

The assets residual values and useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each reporting date and adjusted prospectively if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant 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 amount and are taken into account in determining (loss)/profit before tax.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.7. Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

1.8. Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be four years.

1.9. Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property, which can include right-of-use assets, is initially recognized at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the reporting date determined by annual valuations carried out by external registered valuers/Directors (Level 3). 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.

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

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

1.10. Financial instruments

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

Financial instruments are recognised when, and only when, the Company becomes party to the contractual provisions of the instrument.

The measurement category and the carrying amount of financial assets and liabilities in accordance with IFRS 9 are as follows:

Description	Classification Under IFRS 9	2025 KShs' 000	2024 KShs' 000
Other receivables	Amortised cost	23,339	33,893
Receivable from related parties	Amortised cost	24,753	62,113
Deposits with financial institutions	Amortised cost	1,079,791	404,325
Cash and bank balances	Amortised cost	133,081	231,493
Government securities	Amortised cost	229,003	289,033
Lease liabilities	Amortised cost	78,703	51,447
Other liabilities	Amortised cost	239,761	174,013

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.10.1. Financial assets

Initial recognition and measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial assets are classified, at initial recognition, on the trade date (the date the Company commits itself to the purchase or sale) measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

This is the category most relevant to the Company.

After initial measurement, debt instruments are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. ECLs are recognised in the statement of profit or loss when the investments are impaired.

The Company's financial assets at amortised cost include bank balances, deposits with financial institutions, receivables arising out of direct insurance arrangements, receivable from related parties, Government securities - 'amortised cost' and other financial receivables.

During the year and in the prior year, the Company did not hold financial assets at fair value through OCI and financial assets at fair value through profit or loss.

Derecognition /write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Company has transferred substantially all risks and rewards of ownership, or when the Company has no reasonable expectations of recovering the asset. Write off of financial assets measured at amortized costs is done through the profit and loss. No such write-off has been done by the company.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.10.1. Financial assets (Continued)

Default

The expected credit losses are estimated through making reference to past default experience of the counterparties involved in the various classes of financial assets. For receivables arising out of direct insurance arrangements, default is assumed to have occurred when the debt is past due by more than 90 days or when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. This is guided by the insurance revenue authority. For other financial assets, probabilities of default are guided by the counterparty's rating with accredited rating agencies.

Impairment

The Company recognises allowances for Expected Credit Losses (ECLs) financial instruments that are measured at amortised cost.

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

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

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

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

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

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

Reclassification of financial assets

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

1.10.2. Financial liabilities

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

- All other financial liabilities are classified and measured at amortised cost.
- All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
- All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the Company's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.10.3. Financial liabilities (Continued)

Subsequent measurement:

Financial liabilities are subsequently measured at amortized cost, with the exception of any financial liability held for trading or those designated at fair value, which are measured at fair value through profit or loss.

The Company's financial liabilities at amortised cost include other financial liabilities and lease liabilities.

During the year and in the prior year, the Company did not hold financial liabilities at fair value through profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Reclassification of financial liabilities

The Company does not reclassify its financial liabilities subsequent to their initial recognition.

1.10.4. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.11. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

1.12. Translation of foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than Kenyan shillings, the entity's functional currency, i.e. foreign currencies, are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Exchange differences on monetary assets and liabilities are recognised in profit or loss in the period in which they arise.

Exchange differences on financial assets and liabilities held at fair value through profit or loss are reported as part of the fair value gain or loss.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.13. Accounting for leases

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

1.13.1. Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, an estimate of costs to be incurred to restore the underlying asset back to its original state; and lease payments made at or before the commencement date less any lease incentives received. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Currently, the Company's leases have a term of between 4 to 6 year.

b) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification that is not accounted for as a separate lease. The lease payments are remeasured when there is a change in the lease term, future lease payments resulting from a change in an index or rate used to determine such lease payments, the amounts expected to be payable under the residual value guarantees or a change in the assessment of an option to purchase the underlying asset.

1.13.2. Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.14. Employee benefits

1.14.1. Retirement benefit obligations

The Company operates a defined contribution scheme for its employees. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the Company and employees. The employees of the Company are also members of the National Social Security Fund ("NSSF"). The Company's contribution to the defined contribution scheme and NSSF are charged to profit or loss in the year they relate to.

1.14.2. Other entitlements

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

1.15. Income tax

Income tax expense is the aggregate amount charged/ (credited) in respect of current tax in determining the profit or loss for the year. Tax is recognised in the statement of profit or loss and other comprehensive income 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.

1.15.1. 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 by the reporting date.

1.15.2. Deferred income tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting period.

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting period.

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable Company and the same taxation authority.

PACIS INSURANCE COMPANY LIMITED
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2025

1. Material accounting policies (continued)

1.16. Dividends

Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are accounted for as a separate component of equity until they have been declared at an annual general meeting. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date, whereby, disclosure is made in the financial statements as appropriate.

1.17. Receivables arising out of direct insurance arrangements

Premiums receivable from an intermediary

The policyholder pays in cash the premiums that are due under an insurance contract to an intermediary, and thereby discharges its obligations under the contract. The Company has not yet received in cash the premiums from the intermediary but is legally obliged to provide insurance contract services from this point.

Because the payment by the policyholder discharges its obligations under the insurance contract, the Company considers the right to receive premiums from the policyholder to be settled by the right to receive premiums from the intermediary. The Company, therefore, determines that the premiums receivable from the intermediary are not future cash flows within the boundary of an insurance contract but, instead, a separate financial asset. When the policyholder pays the premiums to the intermediary, the Company removes the premiums from the measurement of the group of insurance contracts and, applying IFRS 9, recognises a separate financial asset.

The Company applies the premium allocation approach on all contracts. Therefore, the Company increases the liability for remaining coverage when the policyholder pays the premiums to the intermediary and recognises a separate financial asset.

1.18. 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.

1.19. Share capital

Ordinary shares are recognized at par value and classified as 'share capital' in equity. Revenue reserve relates to retained earnings and revaluation differences on financial instruments carried at fair value through other comprehensive income.

2. Significant accounting judgements, estimates and assumptions

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

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

2.1. Insurance and reinsurance contracts

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the Company allocates the insurance acquisition cash flows to related groups and determines any loss-recovery component. When measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

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

2.2. Liability for remaining coverage

2.2.1. Insurance acquisition cash flows

All insurance contracts issued by the Company have a coverage period of one year or less. The Company is therefore eligible to choose to either recognize insurance acquisition cash flows as an expense immediately as incurred, or to allocate the insurance acquisition cash flows to related groups of insurance contracts recognized in the statement of financial position.

For all classes of insurance, insurance acquisition cash flows are allocated to related groups of insurance contracts recognized in the statement of financial position (including those groups that will include insurance contracts expected to arise from renewals). An asset for insurance acquisition cash flow is recognised for acquisition cash flows incurred before the related group of insurance contracts has been recognised.

The effect of electing to allocate insurance acquisition cash flows to related groups of insurance contracts recognised in the statement of financial position is to reduce the liability for remaining coverage by the value of the asset for insurance acquisition cash flows.

2.2.2. Assets for insurance acquisition cash flows

The Company recognizes assets for insurance acquisition cash flows relating to commissions incurred to acquire or renew insurance contracts that have not yet been recognized at the reporting date. These acquisition cash flows are allocated to the related group of insurance contracts and are included in the measurement of those groups when the related contracts are recognized.

The Company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about the amounts allocated to insurance contracts expected to arise from renewals of existing insurance contracts in a group and the volume of expected renewals from new contracts issued in the period.

At the end of each reporting period, the Company revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary revises the amounts of assets for insurance acquisition cash flows accordingly.

In the current and prior year, the Company allocated all insurance acquisition cashflows to groups of related insurance contracts and these were recognized in the statement of financial position. In addition, the Company did not change the inputs to its allocation methodology for insurance acquisition cash flows in the current and prior year.

2.2.3. Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on the underlying contracts and the recovery expected on such claims from reinsurance contracts held.

2.3. Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years. Large claims are usually separately assessed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

2. Significant accounting judgements, estimates and assumptions (continued)

2.3. Liability for incurred claims (continued)

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

2.4. Discount rates

Discount rates will only apply in the computation of the fulfilment cashflows in respect of incurred claims. Cashflows arising from incurred claims may be viewed as moderately illiquid as the contracts cannot be surrendered or cancelled post the coverage period. However, the variability in the claim settlement pattern limits the predictability of the cashflows and hence the ability to find a perfectly matching portfolio which can be held to maturity.

The method adopted for determining discount rates is the bottom-up approach, which entails adjusting a liquid risk-free yield curve to reflect the differences between the liquidity characteristics of the financial instruments that underly the rates observed in the market and the liquidity characteristics of the insurance contracts.

The liquidity characteristics of insurance contracts are assessed with regard to the level of predictability of the associated liability cashflows.

In determining the discount rates to use, the Company used observable current market inputs as required by the standard. The NSE Yield Curve was adopted given it provided readily available information that reflected current market conditions for the required period.

Discount rates applied for discounting of future cash flows were based on the NSE Yield Curves for the respective periods as shown below:

Tenor	2025	2024
91-day	7.73%	9.89%
182-day	7.80%	10.02%
1	9.21%	11.41%
2	9.96%	12.30%
3	10.70%	13.44%
4	10.47%	14.16%
5	10.64%	14.14%
6	11.43%	13.87%
7	12.54%	13.60%
8	12.85%	13.47%
9	12.89%	13.61%
10	12.60%	13.60%

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

2. Significant accounting judgements, estimates and assumptions (continued)

2.5. Measurement of expected credit losses (ECL)

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

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

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

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

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

Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
- When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account various factors including a comparison of a financial instruments credit risk or probability of default at the reporting date and the credit risk or probability of default at the date of initial recognition. Other events that may indicate unlikelihood to pay include:

- Internal rating of the counterparty indicating default or near-default
- The counterparty having past due liabilities to public creditors or employees
- The counterparty filing for bankruptcy protection
- Counterparty's listed debt or equity suspended at the stock exchange because of news about financial difficulties

IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The Company uses these guidelines in determining the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

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

For Investments in government securities, receivables from related parties, deposits with financial institutions, bank balances and other receivables, the reported ECL is on 12-months basis.

The carrying amounts of the Company's financial assets that are subject to impairment assessment are disclosed in note 3.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

2. Significant accounting judgements, estimates and assumptions (continued)

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

Management reviews the useful lives, depreciation methods and residual values of the items of property and equipment, intangible assets and right-of-use assets on a regular basis. During the financial year, the Directors determined no significant changes in the useful lives and residual values. The carrying amounts of property and equipment, intangible assets and right-of-use assets are disclosed in Notes 11, 12 and 22, respectively.

2.7. Accounting for leases under IFRS 16

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

Incremental borrowing rate

To determine the incremental borrowing rate, the Company:

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

Lease term/period

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

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

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

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

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

The carrying amounts of right-of-use and lease liabilities assets are disclosed in Notes 22 and 23, respectively.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk

The Company's activities expose it to a variety of risks, including insurance and financial risks (credit risk, and the effect of changes in debt and equity market prices and interest rates). The Company's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place which help manage liquidity, and seek to maximise return within an acceptable level of interest rate risk.

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Company manages them.

3.1 Insurance risk

The Company principally issues the following types of non-life insurance contracts: engineering; domestic package; fire industrial; public liability; marine; motor private; motor commercial; group personal accident; medical; theft; workmen's compensation and miscellaneous insurance. For non-life insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk. The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance held arrangements. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

The Company purchases reinsurance as part of its risk mitigation program. Reinsurance held is placed on a proportional basis. Proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to its marine business. Amounts recoverable from reinsurers are estimated in a manner consistent with underlying insurance contract liabilities and in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance held, to the extent that any reinsurer is unable to meet its obligations. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

3.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increase in the number of cases coming to court that have been inactive or latent for a long period of time. Estimated inflation is also a significant factor due to the long period typically required to settle these cases.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry, and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation).

The reinsurance arrangements include excess, surplus and quota coverage. The effect of such reinsurance arrangements is that the Company should not suffer total net insurance losses of more than set limits per class of business in any one year. In addition to the overall company reinsurance programme, individual business units are permitted to purchase additional reinsurance protection.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.1. Insurance risk (continued)

3.1.1 Frequency and severity of claims (continued)

The Company has specialised claims units dealing with the mitigation of risks surrounding known claims. This unit investigates and adjusts all claims. The claims are reviewed individually at least semi-annually and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

3.1.2 Sources of uncertainty in the estimation of future and discounted cashflows

Claims on all insurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, claims are settled over a long period of time and a large element of the liability for incurred claims relates to provisions for claims which have not fully developed but are expected to be incurred based on historical ultimate loss ratios. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered and damage or loss to property.

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

Concentration by class of business and maximum insured loss year ended 31 December 2025

Maximum insured loss

		KShs 0 - KShs 15M - KShs '000	KShs 15- KShs 250M KShs '000	Above KShs 250M KShs '000	Total KShs 250M KShs '000
Engineering	Gross	10,497	21,474	7,650	39,621
	Net	9,137	14,252	279	23,668
Fire domestic	Gross	3,860	11,174	3,316	18,350
	Net	3,853	9,581	2,309	15,743
Fire industrial	Gross	9,447	71,426	76,282	157,155
	Net	6,720	47,762	19,351	73,833
Liability	Gross	326,084	1,084	-	327,168
	Net	165,737	1,084	-	166,821
Marine	Gross	5,348	4,898	-	10,246
	Net	3,842	870	-	4,712
Motor private	Gross	454,463	95,390	19,833	569,686
	Net	454,282	88,930	19,665	562,877
Motor commercial	Gross	611,965	179,919	8,685	800,569
	Net	611,353	176,717	8,685	796,755
Personal accident	Gross	43,458	-	-	43,458
	Net	39,472	-	-	39,472
Medical	Gross	-	-	-	-
	Net	-	-	-	-
Theft	Gross	28,316	19,044	2,950	50,310
	Net	24,621	5,425	(625)	29,421
WCA	Gross	160,108	-	-	160,108
	Net	132,810	-	-	132,810
Miscellaneous	Gross	3,222	1,740	-	4,962
	Net	2,287	881	-	3,168
Total	Gross	1,656,768	406,149	118,716	2,181,633
	Net	1,454,114	345,502	49,664	1,849,280

The concentration by sector or maximum insured loss at the end of the year is broadly consistent with the prior year.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.1 Insurance risk (continued)

3.1.2 Sources of uncertainty in the estimation of future and discounted cashflows (continued)

Concentration by class of business and maximum insured loss Year ended 31 December 2024
Maximum insured loss

		KShs 0 - KShs 15M - KShs '000	KShs 15- KShs 250M KShs '000	Above KShs 250M KShs '000	Total KShs 250M KShs '000
Engineering	Gross	7,029	13,686	9,369	30,084
	Net	6,707	10,477	3,467	20,651
Fire domestic	Gross	4,003	7,035	5,451	16,489
	Net	3,996	5,958	4,468	14,422
Fire industrial	Gross	5,779	69,638	87,099	162,516
	Net	5,176	51,638	33,120	89,934
Liability	Gross	19,761	33,017	248,258	301,036
	Net	19,079	27,573	109,839	156,491
Marine	Gross	1,313	2,525	1,930	5,768
	Net	965	567	1,836	3,368
Motor private	Gross	530,074	8,209	-	538,283
	Net	530,118	5,667	-	535,785
Motor commercial	Gross	572,717	4,237	-	576,954
	Net	572,911	4,230	-	577,141
Personal accident	Gross	31,590	2,291	3,978	37,859
	Net	28,618	2,156	3,730	34,504
Medical	Gross	-	-	-	-
	Net	-	-	-	-
Theft	Gross	23,903	29,299	4,868	58,070
	Net	23,287	13,474	2,377	39,138
WCA	Gross	35,678	82,663	28,374	146,715
	Net	40,026	72,109	13,193	125,328
Miscellaneous	Gross	3,393	5,486	-	8,879
	Net	<u>2,669</u>	<u>1,641</u>	<u>-</u>	<u>4,310</u>
Total	Gross	<u>1,235,240</u>	<u>258,086</u>	<u>389,327</u>	<u>1,882,653</u>
	Net	<u>1,233,552</u>	<u>195,490</u>	<u>172,030</u>	<u>1,601,072</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.1 Insurance risk (continued)

3.1.2 Sources of uncertainty in the estimation of future and discounted cashflows (continued)

The breakdown of insurance contracts issued and reinsurance contracts held that are in an asset position and those in a liability position is set out in the table below:

Insurance contracts issued and reinsurance contracts held	2025	2024
Engineering	59,165	52,864
Fire domestic	9,488	7,768
Fire industrial	111,416	102,116
Liability	365,530	401,630
Marine	3,561	2,398
Motor private	717,985	771,884
Motor commercial	867,284	676,435
Personal accident	19,613	18,031
Medical	598,724	512,581
Theft	41,548	50,828
WCA	126,003	107,986
Miscellaneous	<u>2,532</u>	<u>6,160</u>
Total insurance contract liabilities	<u>2,922,849</u>	<u>2,710,681</u>
Reinsurance contracts held	1,259,919	1,403,055
Total net insurance contracts	<u>1,662,930</u>	<u>1,307,626</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.1. Insurance risk (continued)

3.1.3 Sensitivities

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

The assumptions are as follows:

	Insurance contract liabilities	Re-insurance contract assets	Net
31 December 2025			
Average claim cost (KShs)	158,881	29,451	129,430
Average number of claims	<u>6,159</u>	<u>409</u>	<u>5,750</u>
31 December 2024			
Average claim cost (KShs)	176,628	21,899	154,729
Average number of claims	<u>5,118</u>	<u>231</u>	<u>4,887</u>

	Change in Assumptions	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
31 December 2025					
Average claim cost (KShs '000)	+/- 16%	156,568	119,076	83,353	35,723
Average number of claims	+/-26%	1,140	1,620	1,620	1,620
Average inflation	+/-19%	166,562	141,577	99,104	42,473
31 December 2024					
Average claim cost (KShs '000)	+/- 10%	90,398	75,616	75,616	52,931
Average number of claims	+/-10%	253	473	473	473
Average inflation	+/-10%	72,280	61,438	61,438	43,007

The sensitivity analysis includes all components of the insurance contract liability including liability for remaining coverage and liability for incurred claims.

Sensitivity analysis - motor claims

The Company derives a substantial portion of its revenue from motor insurance. The claims payable under third party motor claims are most sensitive to changes in the average claims awarded to claimants.

These claims are influenced by changes in the inflation rates and the level of general claims awarded by the courts. In the opinion of the Directors, the claims provisions as at 31 December 2025 were adequate. Inflation affects motor and liability claims which may take more than one year to be concluded by the courts.

Claim severity and claims count sensitivities have considered the historical variation of average claims cost and the Company's experience with large losses. Claim severity exhibits non-linear effects with gross and net profit due to policy limits based on specific portfolio underwriting guidelines. The sensitivities have been derived using statistical dispersion measures. There was no change in methodology from prior year.

Average inflation assumptions incorporate trends in supplier costs. Inflation assumptions have compounding and non-linear impacts over extended periods of time. Average inflation sensitivity has considered variation in historical inflation rates as per the Central Bank of Kenya's official website.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.1 Insurance risk (continued)

3.1.4 Claims development table

The following tables show the undiscounted estimates of cumulative incurred claims, including both claims notified and incurred but not reported for each successive accident year at each reporting date, together with cumulative payments to date.

	2021 KShs'000	2022 KShs'000	2023 KShs'000	2024 KShs'000	2025 KShs'000	Total KShs'000
Claims Outstanding						
as at the end of year:	108,652	148,803	309,053	693,893	1,028,024	2,288,425
Accident year	769,370	870,884	1,248,859	1,503,828	1,028,024	5,420,965
One year later	509,081	496,048	657,474	693,893	-	2,356,496
Two years later	213,272	192,396	309,053	-	-	714,721
Three years later	173,521	148,803	-	-	-	322,324
Four years later	108,652	-	-	-	-	108,652
Five years later	-	-	-	-	-	-
Gross estimates of the undiscounted amount of the claims	<u>108,652</u>	<u>148,803</u>	<u>309,053</u>	<u>693,893</u>	<u>1,028,024</u>	<u>2,288,425</u>
Payments made:						
as at the end of year:	(59,170)	(69,046)	(97,377)	(409,174)	(600,746)	(1,235,513)
Accident year	(459,550)	(535,032)	(838,749)	(1,004,743)	(600,746)	(3,438,820)
One year later	(361,137)	(343,940)	(362,966)	(409,174)	-	(1,477,217)
Two years later	(119,960)	(78,591)	(97,377)	-	-	(295,928)
Three years later	(91,613)	(69,046)	-	-	-	(160,659)
Four years later	(59,170)	-	-	-	-	(59,170)
Five years later	-	-	-	-	-	-
Cumulative payments to date	<u>(59,170)</u>	<u>(69,046)</u>	<u>(97,377)</u>	<u>(409,174)</u>	<u>(600,746)</u>	<u>(1,235,513)</u>
Gross undiscounted liabilities for incurred claims	49,482	79,757	211,676	284,719	427,278	1,052,912
Effect of discounting	-	-	-	-	-	(195,662)
Outstanding claims for accident year 2020 and prior year	-	-	-	-	-	141,868
Incurred but not reported claims	-	-	-	-	-	436,944
Total gross liability for incurred claims	-	-	-	-	-	<u>1,436,062</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.2 Financial risk

The Company is exposed to a range of financial risks through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are credit risk and liquidity risk.

The Company is not exposed to interest rate risk as all its interest-bearing financial instruments are at fixed interest rates. The Company is also not significantly exposed to currency risk as it mainly transacts in Kenya shilling, and its assets and liabilities are largely denominated in the same currency; the foreign currency transactions are minimal.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. It manages these positions with an Asset Liability Management (ALM) framework that has been developed to achieve investment returns in excess of obligations under insurance contracts. The Company produces regular reports at portfolio and asset and liability class level that are circulated to the Company's key management personnel. The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders. The Company's ALM is also integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities (in particular, borrowings). The Company does not use hedge accounting.

The nature of the Company's exposure to financial risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

3.2.1 Operational risk

The Company mitigates this risk through its culture and values, a comprehensive system of internal controls and other measures such as back-up facilities, contingency planning and insurance. The initiation of transactions and their administration is conducted on the basis of the segregation of duties, designed to ensure the accuracy, completeness and validity of all transactions.

3.2.2 Concentration risk

The Company writes a diverse mix of business, and continually monitors this risk and the opportunities for mitigating actions through reinsurance. All insurance products that the Company offers 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.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.3 Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings and placing limits on deposits that can be held with each institution.

Key areas where the Company is exposed to credit risk are:

- Receivables arising out of direct insurance arrangements;
- Receivable from related parties;
- Deposits with financial institutions;
- Other receivables;
- Bank balances; and
- Government securities at amortised cost.

The Company manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties and to geographical and industry segments. Such risks are subject to regular review. Reinsurance is placed with counterparties that have a good credit rating and limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors to avoid concentration of risk.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim, the Company remains liable for the payment to the policyholder.

In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information.

The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. The exposure to individual counterparties is also managed through other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Directors include details of provisions for impairment on receivables and subsequent write offs. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the management. An experience adjustment on reinsurance cash flows is assessed and recognized in the income statement (see note 5.5).

Internal rating process

The Company's investment team rates uses ratings from accredited credit rating agencies, combined with qualitative and quantitative information, to determine the probabilities of default and recovery rates for various counterparties. Counterparties without an external rating are assigned to the unrated category. Information from various publicly available sources and internal information is used to determine whether an instrument has had a significant increase in credit risk.

The Company's internal credit ratings grades are:

Rating	Investment quality	Staging	Description of Credit Risk
Aaa	High grade	Stage 1	Highest quality / minimal credit risk.
Aa	High grade	Stage 1	Very high quality / very low credit risk.
A	High grade	Stage 1	High quality / low credit risk.
Baa	Standard grade	Stage 1	Moderate credit risk.
Ba	Standard grade	Stage 1	Moderate credit risk.
B	Standard grade	Stage 1	Moderate credit risk.
Caa-C	Substandard grade	Stage 2	High credit risk.
D	Individually impaired	Stage 3	Very high credit risk/Loss

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.3. Credit risk (continued)

Credit exposure

The table below provides information regarding concentration of credit risk for financial assets and reinsurance contract assets by industry. The amounts represents the maximum exposure to credit risk. Expected credit losses for qualifying assets have been recognized in the statement of profit or loss and other comprehensive income. The Company manages its credit exposure based on the carrying value of the financial assets and reinsurance contract assets.

Industry analysis

2025

In KShs'000	Financial services	Maximum exposure to credit risk		Total
		Government	Religious institutions	
Investments in government securities (Note 15)	-	211,716	-	211,716
Receivable from related parties (Note 18.2)	-	-	22,874	22,874
Other receivables (excluding non-financial assets) (Note 19)	23,336	-	-	23,336
Receivables arising out of direct insurance arrangements (Note 18.1)	308,225	63,771	159,427	531,423
Reinsurance contract assets (Note 5.5)	1,259,919	-	-	1,259,919
Bank balances (Note 27)	132,094	-	-	132,094
Deposits with financial institutions (Note 20)	<u>1,073,859</u>	<u>-</u>	<u>-</u>	<u>1,073,859</u>
Total credit risk exposure	<u>2,797,433</u>	<u>275,487</u>	<u>182,301</u>	<u>3,255,221</u>
Coverage ratio	85.94%	8.46%	5.60%	

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.3. Credit risk (continued)

2024	Maximum exposure to credit risk			
In KShs'000	Financial services	Government	Religious institutions	Total
Investments in government securities (Note 15)		267,926		267,926
Receivable from related parties (Note 18.2)			57,594	57,594
Other receivables (excluding non-financial assets) (Note 19)	30,328			30,328
Receivables arising out of direct insurance arrangements (Note 18.1)	307,078	35,822	199,579	542,479
Reinsurance contract assets (Note 5.5)	1,403,055			1,403,055
Bank balances (Note 27)	230,216			230,216
Deposits with financial institutions (Note 20)	<u>403,198</u>	<u>-</u>	<u>-</u>	<u>403,198</u>
Total credit risk exposure	<u>2,373,875</u>	<u>303,748</u>	<u>257,173</u>	<u>2,934,796</u>
Coverage ratio	80.89%	10.35%	8.76%	

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.3. Credit risk (continued)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counterparties.

2025	Gross carrying amount			
In KShs'000	High grade	Standard grade	Unrated	Total
Investments in government securities (Note 15)	229,003	-	-	229,003
Receivable from related parties (Note 18.2)	-	24,753	-	24,753
Other receivables (excluding non-financial assets) (Note 19)	-	23,339	-	23,339
Receivables arising out of direct insurance arrangements (Note 18.1)	-	-	596,202	596,202
Reinsurance contract assets (Note 5.5)	-	1,259,919	-	1,259,919
Bank balances (Note 27)	-	130,070	3,011	133,081
Deposits with financial institutions (Note 20)	-	1,014,791	65,000	1,079,791
Total gross carrying amount	229,003	2,452,872	664,213	3,346,088
ECL	<u>(17,287)</u>	<u>(8,801)</u>	<u>(64,779)</u>	<u>(90,867)</u>
Total credit risk exposure	<u>211,716</u>	<u>2,444,071</u>	<u>599,434</u>	<u>3,255,221</u>
Coverage ratio	7.5%	0.4%	9.8%	2.7%

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.3. Credit risk (continued)

2024 In KShs'000	High grade	Gross carrying amount		Total
		Standard grade	Unrated	
Investments in government securities (Note 15)	289,033	-	-	289,033
Receivable from related parties (Note 18.2)	-	62,113	-	62,113
Other receivables (excluding non-financial assets) (Note 19)	-	33,893	-	33,893
Receivables arising out of direct insurance arrangements (Note 18.1)	-	-	577,140	577,140
Reinsurance contract assets (Note 5.5)	-	1,403,055	-	1,403,055
Bank balances (Note 27)	-	227,240	4,253	231,493
Deposits with financial institutions (Note 20)	-	399,925	4,400	404,325
Total gross carrying amount	289,033	2,126,226	585,793	3,001,052
ECL	(21,107)	(10,488)	(65,399)	(96,994)
Total credit risk exposure	267,926	2,115,738	520,394	2,904,058
Coverage ratio	7.3%	0.5%	11.2%	3.2%

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

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.3. Credit risk (continued)

A reconciliation of changes in gross carrying amounts and corresponding allowances for ECL by stage for financial assets is as follows. The balances are in 'KShs '000'.

a) Deposits with financial institutions

	2025			2024		
Gross carrying amount	12mECL	LTECL	Total	12mECL	LTECL	Total
At 1 January	405,452	-	405,452	132,141	-	132,141
New assets originated or purchased	986,545	-	986,545	319,216	-	319,216
Payments and assets derecognized	(306,274)	-	(306,274)	(45,905)	-	(45,905)
At 31 December	<u>1,085,723</u>	<u>-</u>	<u>1,085,723</u>	<u>405,452</u>	<u>-</u>	<u>405,452</u>

	2025			2024		
Loss allowances	12mECL	LTECL	Total	12mECL	LTECL	Total
At 1 January	1,127	-	1,127	3,523	-	3,523
New assets originated or purchased	5,390	-	5,390	887	-	887
Payments and assets derecognized	(585)	-	(585)	(3,283)	-	(3,283)
At 31 December	<u>5,932</u>	<u>-</u>	<u>5,932</u>	<u>1,127</u>	<u>-</u>	<u>1,127</u>

During the year, the gross carrying amount for deposits with financial institutions increased by >100% as a result of placements during the year; the increase was offset by payments and derecognition made and the resultant was an increase in loss allowance by >100%.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.3. Credit risk (continued)

A reconciliation of changes in gross carrying amounts and corresponding allowances for ECL by stage for financial assets is as follows:

b) Investment in Government securities

	2025			2024		
Gross carrying amount	12mECL	LTECL	Total	12mECL	LTECL	Total
At 1 January	310,140	-	310,140	219,078	-	219,078
New assets originated or purchased	260,000	-	260,000	144,200	-	144,200
Payments and assets derecognized	<u>(323,850)</u>	<u>-</u>	<u>(323,850)</u>	<u>(53,138)</u>	<u>-</u>	<u>(53,138)</u>
At 31 December	<u>246,290</u>	<u>-</u>	<u>246,290</u>	<u>310,140</u>	<u>-</u>	<u>310,140</u>

	2025			2024		
Loss allowances	12mECL	LTECL	Total	12mECL	LTECL	Total
At 1 January	21,107	-	21,107	3,231	-	3,231
New assets originated or purchased	15,555	-	15,555	28,307	-	28,307
Payments and assets derecognized	<u>(19,375)</u>	<u>-</u>	<u>(19,375)</u>	<u>(10,431)</u>	<u>-</u>	<u>(10,431)</u>
At 31 December	<u>17,287</u>	<u>-</u>	<u>17,287</u>	<u>21,107</u>	<u>-</u>	<u>21,107</u>

During the year, the gross carrying amount for investment in Government securities at amortised cost decreased by 20.59% as a result of purchases during the year; the decrease was offset by payments and derecognition made and the resultant was a decrease in loss allowance by 18%.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.3. Credit risk (continued)

A reconciliation of changes in gross carrying amounts and corresponding allowances for ECL by stage for financial assets is as follows:

c) Other receivables

	2025			2024		
	12mECL	LTECL	Total	12mECL	LTECL	Total
Gross carrying amount						
At 1 January	37,458	-	37,458	81,585	-	81,585
New assets originated or purchased	11,058		11,058	26,833		26,833
Payments and assets derecognized	(25,174)	-	(25,174)	(70,960)	-	(70,960)
			-			
At 31 December	<u>23,342</u>	<u>-</u>	<u>23,342</u>	<u>37,458</u>	<u>-</u>	<u>37,458</u>
Loss allowances						
At 1 January	3,565	-	3,565	2,858	-	2,858
New assets originated or purchased	1,053		1,053	2,554		2,554
Payments and assets derecognized	(4,615)	-	(4,615)	(1,847)	-	(1,847)
At 31 December	<u>3</u>	<u>-</u>	<u>3</u>	<u>3,565</u>	<u>-</u>	<u>3,565</u>

During the year, the gross carrying amount for other receivables decreased by 37.68% as a result of additional receivables raised during the year; the decrease was offset by payments and derecognition made and the resultant was a decrease in loss allowance by 100%.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.3. Credit risk (continued)

A reconciliation of changes in gross carrying amounts and corresponding allowances for ECL by stage for financial assets is as follows:

e) Bank balances

	2025			2024		
	12mECL	LTECL	Total	12mECL	LTECL	Total
Gross carrying amount						
At 1 January	232,467	-	232,467	95,600	-	95,600
New assets originated or purchased	3,892,868	-	3,892,868	3,610,578	-	3,610,578
Payments and assets derecognized	(3,991,524)	-	(3,991,524)	(3,473,711)	-	(3,473,711)
At 31 December	<u>133,811</u>	<u>-</u>	<u>133,811</u>	<u>232,467</u>	<u>-</u>	<u>232,467</u>
Loss allowances						
At 1 January	1,277	-	1,277	3,426	-	3,426
New assets originated or purchased	28,714	-	28,714	19,834	-	19,834
Payments and assets derecognized	(29,004)	-	(29,004)	(21,983)	-	(21,983)
At 31 December	<u>987</u>	<u>-</u>	<u>987</u>	<u>1,277</u>	<u>-</u>	<u>1,277</u>

During the year, the gross carrying amount for bank balances decreased by 42.44% as a result of increased deposits during the year; the decrease was offset by withdrawals made and the resultant was a decrease in loss allowance by 23%.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.3. Credit risk (continued)

Receivables arising out of direct insurance arrangements and dues from related parties

As at 31 December, the ageing analysis of these receivables arising is as follows:

Set out below is the information about the credit risk exposure on the Company's receivables arising out of direct insurance arrangements and related party receivables using a provision matrix. Management considers default to have occurred when receivables arising out of direct insurance arrangements and dues from related parties are outstanding for more than 90 days.

a) Receivables arising out of direct insurance arrangements (Balances in KShs '000')

2025	0 to 30 days	31 - 60 days	61 - 90 days	> 91 days	Total
Expected credit loss rate	2.86%	4.33%	6.74%	13.42%	9.80%
Estimated total gross carrying amount at default	<u>114,971</u>	<u>86,922</u>	<u>57,855</u>	<u>401,232</u>	<u>660,980</u>
Expected credit loss	<u>3,284</u>	<u>3,762</u>	<u>3,897</u>	<u>53,836</u>	<u>64,779</u>
2024	0 to 30 days	31 - 60 days	61 - 90 days	> 91 days	Total
Expected credit loss rate	3.86%	4.61%	7.31%	13.80%	10.18%
Estimated total gross carrying amount at default	<u>110,401</u>	<u>90,911</u>	<u>60,822</u>	<u>380,405</u>	<u>642,539</u>
Expected credit loss	<u>4,259</u>	<u>4,191</u>	<u>4,445</u>	<u>52,504</u>	<u>65,399</u>

b) Dues from related parties (Balances in KShs '000')

The net allowance for expected credit losses, increase/ (decrease) charged to profit and loss is as below:

2025	0 to 30 days	31 - 60 days	61 - 90 days	> 91 days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	7.06%	7.06%
Estimated total gross carrying amount at default	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,632</u>	<u>26,632</u>
Expected credit loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,879</u>	<u>1,879</u>
2024	0 to 30 days	31 - 60 days	61 - 90 days	> 91 days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	6.78%	6.78%
Estimated total gross carrying amount at default	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,632</u>	<u>66,632</u>
Expected credit loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,519</u>	<u>4,519</u>

Financial assets	2025 KShs'000	2024 KShs'000
Receivables arising out of direct insurance arrangement (Note 18.1)	620	48,301
Receivable from related parties (Note 18.2)	2,640	(2,487)
Other receivables (Note 19)	3,562	(707)
Deposits with financial institutions (Note 20)	(4,805)	2,396
Bank balances (Note 26)	290	2,149
Investment in government securities (Note 15)	<u>3,820</u>	<u>(17,876)</u>
	<u>6,127</u>	<u>31,776</u>

3.2.4 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn. The Company is exposed to daily calls on its available cash for claims settlement and other expenses. The Company does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. On large claims arrangements are in place to obtain cash calls from reinsurers.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.4.1 Undiscounted cash flows by remaining maturities

The table below presents the undiscounted cash flows payable by the Company under financial liabilities by remaining contractual maturities. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

The assets that are held by the Company to manage the Company's liquidity risk are disclosed in Note 3.2.4.4.

All figures are in Kenya Shillings.

Financial liabilities

31 December 2025	0-1 year KShs'000	1-2 years KShs'000	2-5 years KShs'000	Over 5 years KShs'000	Total KShs'000
Liabilities					
Lease liabilities	24,397	25,095	25,195	51,799	126,486
Other payables	<u>239,761</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,761</u>
	<u>264,158</u>	<u>25,095</u>	<u>25,195</u>	<u>51,799</u>	<u>366,247</u>
Off-balance sheet items					
Financial guarantees and bid bonds (Note 31)	<u>35,381</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,381</u>
31 December 2024					
Liabilities					
Lease liabilities	17,144	15,424	15,212	22,427	70,207
Other payables	<u>174,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,013</u>
	<u>191,157</u>	<u>15,424</u>	<u>15,212</u>	<u>22,427</u>	<u>244,220</u>
Off-balance sheet items					
Financial guarantees and bid bonds (Note 31)	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>

3.2.4.2 Analysis of mean duration of insurance contract liabilities and financial assets

The Company engages in short-term insurance contracts and funds the insurance liabilities with a portfolio of debt securities and deposits with financial institutions exposed to market risk.

Short-term insurance liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non-interest bearing. However, due to the time value of money and the impact of interest rates on the level of loss incurred by the Company's policyholders (where a reduction of interest rate would normally produce a higher insurance liability), the Company matches the cash flows of assets and liabilities in this portfolio by estimating their mean duration.

The mean duration of liabilities is calculated using historical claims data to determine the expected settlement pattern for claims arising from the insurance contracts in force at the statement of financial position date (both incurred claims and future claims arising from the unexpired risks at the statement of financial position date). The mean durations are:

	2025	2024
Net short term insurance liabilities - property risk	0.30 years	0.30 years
Net short term insurance liabilities - casualty risk	0.06 years	0.06 years
Financial assets (excluding equity securities)	1 year	1 year

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.4 Liquidity risk (Continued)

3.2.4.3 Maturity profiles (Continued)

Maturity analysis for insurance and reinsurance contract assets (undiscounted cash flow basis)

The following tables summarises the maturity profile of portfolios of insurance contracts issued that are liabilities of the Company based on the estimates of the undiscounted cash flows expected to be paid out in the periods presented. The tables also show the maturity profiles of portfolios of reinsurance contracts held that are assets of the Company based on the estimates of the undiscounted cash flows expected to be received in the periods presented.

2025	Carrying Amount KShs'000	No stated maturity KShs'000	0-1 year KShs'000	1-2 years KShs'000	2-3 years KShs'000	> 5 years KShs'000	Total undiscounted cash flows
Engineering	59,165	-	57,532	-	-	-	57,532
Fire Domestic	9,488	-	10,919	-	-	-	10,919
Fire Industrial	111,416	-	125,447	-	-	-	125,447
Liability	365,530	-	408,262	-	-	-	408,262
Marine	3,561	-	4,338	-	-	-	4,338
Motor Private	717,985	-	748,324	-	-	-	748,324
Motor Commercial	867,284	-	917,500	-	-	-	917,500
Personal Accident	19,613	-	22,343	-	-	-	22,343
Medical & Health	598,724	-	630,871	-	-	-	630,871
Theft	41,548	-	44,679	-	-	-	44,679
W.C.A	126,003	-	135,757	-	-	-	135,757
Miscellaneous	<u>2,532</u>	<u>-</u>	<u>2,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,933</u>
Insurance contract liabilities	<u>2,922,849</u>	<u>-</u>	<u>3,108,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,108,905</u>
Reinsurance contract assets	<u>1,259,919</u>	<u>-</u>	<u>1,365,975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,365,975</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.4 Liquidity risk (Continued)

3.2.4.3 Maturity profiles (Continued)

Maturity analysis for insurance and reinsurance contract assets (undiscounted cash flow basis)

	2024	Carrying Amount KShs'000	No stated maturity KShs'000	0-1 year KShs'000	1-2 years KShs'000	2-5 years KShs'000	> 5 years KShs'000	Total undiscounted cash flows
Engineering		52,864	-	53,945	-	-	-	53,945
Fire Domestic		7,768	-	7,750	-	-	-	7,750
Fire Industrial		102,116	-	105,205	-	-	-	105,205
Liability		401,630	-	410,990	-	-	-	410,990
Marine		2,398	-	2,401	-	-	-	2,401
Motor Private		771,884	-	807,377	-	-	-	807,377
Motor Commercial		676,435	-	699,856	-	-	-	699,856
Personal Accident		18,031	-	18,350	-	-	-	18,350
Medical & Health		512,581	-	506,976	-	-	-	506,976
Theft		50,828	-	52,956	-	-	-	52,956
W.C.A		107,986	-	108,426	-	-	-	108,426
Miscellaneous		<u>6,160</u>	<u>-</u>	<u>6,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,146</u>
Insurance contract liabilities		<u>2,710,681</u>	<u>-</u>	<u>2,780,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,780,378</u>
Reinsurance contract assets		<u>1,403,055</u>	<u>-</u>	<u>1,489,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,489,111</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

3.2.4 Liquidity risk (Continued)

3.2.4.4 Maturity profiles (Continued)

Maturity analysis for financial assets (contractual undiscounted cash flow basis)

The following table shows the maturity profile for financial assets held to manage liquidity risk as of 31 December 2025:

	Carrying Amount KShs'000	No stated maturity KShs'000	Contractual cash flows (undiscounted)				Total undiscounted cash flows
			0-1 year KShs'000	1-2 years KShs'000	2-5 years KShs'000	> 5 years KShs'000	
Government securities - 'amortised cost'	229,003	-	174,000	9,000	9,000	165,500	357,500
Cash and bank balances	133,081	-	133,081	-	-	-	133,081
Deposits with financial institutions	<u>1,079,791</u>	-	<u>1,079,791</u>	-	-	-	<u>1,079,791</u>
	<u>1,441,875</u>	-	<u>1,386,872</u>	<u>9,000</u>	<u>9,000</u>	<u>165,500</u>	<u>1,570,372</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.2. Financial risk (continued)

The following table shows the maturity profile for financial assets held to manage liquidity risk as of 31 December 2024:

	Carrying Amount KShs'000	No stated maturity KShs'000	Contractual cash flows (undiscounted)				Total undiscounted cash flows
			0-1 year KShs'000	1-2 years KShs'000	2-5 years KShs'000	> 5 years KShs'000	
Government securities - 'amortised cost'	289,033	-	231,200	9,000	9,000	156,500	405,700
Cash and bank balances	231,493	-	231,493	-	-	-	231,493
Deposits with financial institutions	<u>404,325</u>	<u>-</u>	<u>404,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>404,325</u>
	<u>924,851</u>	<u>-</u>	<u>867,018</u>	<u>9,000</u>	<u>9,000</u>	<u>156,500</u>	<u>1,041,518</u>

3.3 Capital management

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

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

The Insurance (Capital Requirements) Regulations 2015 under Section 180 of the Insurance Act require that a Company, should maintain risk-based capital determined by its size and risk profile. Such a Company should achieve the prescribed capital requirement and maintain a capital adequacy ratio which shall at all times be at least 100%. The Company's capital adequacy ratio as at the reporting date was above the regulatory minimum requirement as indicated below. In the prior year, the regulatory minimum requirement was not met.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

3. Management of insurance and financial risk (continued)

3.3. Capital management (continued)

	2025 KShs'000	2024 KShs'000
Tier-1 capital	1,080,807	984,354
Deductions	<u>(133,401)</u>	<u>(193,247)</u>
Total Capital Available (TCA)	<u>947,406</u>	<u>791,107</u>
Absolute Amount Minimum 1	600,000	600,000
Volume of Business Minimum 2	478,189	405,213
Risk Based Capital Minimum	923,323	915,765
Minimum Required Capital	923,323	915,765
Capital Adequacy Ratio	103%	86%

As at 31 December 2025, the Company was compliant with the CAR ratio being at 103% (2024: 86%). The Company has taken the following measures to ensure that the CAR ratio is sustained at above 100% in future.

- The board of directors have passed a resolution that declares that no dividends would be paid to the extent that the CAR goes below the prescribed ratio of 100%.
- The management and directors are actively pursuing the following strategies which are expected to sustain the profitability of the Company going forward.
- Premium debt collection - Enforcement of cash and carry culture to reduce creation of new debt, and aggressive collection of outstanding premium debt from brokers and customers.
- Entrenching experience-based pricing to deliver sustainable profitable underwriting across all non-motor product lines and aggressively weeding out remaining loss-making motor businesses to deliver motor profitability.
- Efficient financial investments management to deliver sustainable returns, including incremental allocation of free cash flows to low-risk profitable assets to support stabilisation of the capital adequacy ratio.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

4. Insurance service revenue and expenses

2025 (KShs'000)	Engineering	Fire Domestic	Fire Industrial	Liability	Marine	Motor Private	Motor Commercial	Personal Accident	Medical	Theft	Workmen's Compensation	Miscellaneous	Total
Insurance revenue	39,691	18,819	168,154	318,213	8,856	562,324	692,682	42,721	1,311,505	53,838	158,293	9,004	3,384,100
Incurred claims and other expenses	(57,840)	(9,725)	(113,877)	(161,354)	(3,723)	(772,912)	(824,580)	(24,583)	(1,282,478)	(22,771)	(108,048)	(1,467)	(3,383,358)
Amortization of insurance acquisition cash flows	(8,505)	(3,689)	(40,347)	(63,588)	(1,682)	(55,073)	(68,672)	(8,113)	(128,149)	(8,052)	(32,411)	(1,322)	(419,603)
Losses on onerous contracts and reversals of those losses	(7,158)	-	-	-	-	16,517	-	-	-	-	-	-	9,359
Changes to liabilities for incurred claims	21,805	726	30,297	110,438	(78)	274,181	202,415	5,177	149,235	15,256	20,335	175	829,962
Insurance service expense	(51,698)	(12,688)	(123,927)	(114,504)	(5,483)	(537,287)	(690,837)	(27,519)	(1,261,392)	(15,567)	(120,124)	(2,614)	(2,963,640)
Insurance service result before reinsurance contracts held	(12,007)	6,131	44,227	203,709	3,373	25,037	1,845	15,202	50,113	38,271	38,169	6,390	420,460
Interest accreted	(3,190)	(80)	(4,298)	(25,628)	(17)	(45,827)	(36,876)	(701)	(10,331)	(2,952)	(4,885)	(12)	(134,797)
Effect of changes in interest rates	(137)	(2)	(145)	(2,125)	(2)	(2,848)	(2,544)	(35)	(61)	(254)	(354)	-	(8,507)
Insurance finance expense	(3,327)	(82)	(4,443)	(27,753)	(19)	(48,675)	(39,420)	(736)	(10,392)	(3,206)	(5,239)	(12)	(143,304)
Finance cost	106	51	455	860	24	1,521	1,873	116	3,546	146	428	24	9,150

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

4. Insurance service revenue and expenses (continued)

2024 (KShs'000)	Engineering	Fire Domestic	Fire Industrial	Liability	Marine	Motor Private	Motor Commercial	Personal Accident	Medical	Theft	Workmen's Compensation	Miscellaneous	Total
Insurance revenue	28,064	17,288	165,769	266,638	4,448	547,634	557,654	34,592	1,054,921	55,454	139,433	4,543	2,876,438
Incurred claims and other expenses	(52,704)	(7,726)	(155,050)	(202,124)	(2,051)	(740,510)	(630,045)	(21,714)	(1,040,966)	(38,709)	(113,916)	(4,719)	(3,010,234)
Amortization of insurance acquisition cash flows	(5,176)	(3,358)	(39,365)	(53,259)	(796)	(54,074)	(55,218)	(7,033)	(102,290)	(10,687)	(28,873)	(335)	(360,464)
Losses on onerous contracts and reversals of those losses	-	-	-	9,751	227	15,031	-	-	-	-	-	-	25,009
Changes to liabilities for incurred claims	(5,485)	236	11,708	(8,339)	238	172,819	106,897	9,145	159,489	(2,336)	16,209	125	460,706
Insurance service expense	(63,365)	(10,848)	(182,707)	(253,971)	(2,382)	(606,734)	(578,366)	(19,602)	(983,767)	(51,732)	(126,580)	(4,929)	(2,884,983)
Insurance service result before reinsurance contracts held	(35,301)	6,440	(16,938)	12,667	2,066	(59,100)	(20,712)	14,990	71,154	3,722	12,853	(386)	(8,545)
Interest accreted	(1,169)	(24)	(1,816)	(14,810)	(36)	(44,304)	(31,422)	(1,318)	(14,234)	(1,114)	(4,236)	(20)	(114,503)
Effect of changes in interest rates	(165)	(1)	(600)	(1,691)	-	(4,279)	(2,875)	(28)	(69)	(214)	(331)	-	(10,253)
Insurance finance expense	(1,334)	(25)	(2,416)	(16,501)	(36)	(48,583)	(34,297)	(1,346)	(14,303)	(1,328)	(4,567)	(20)	(124,756)
Finance cost	75	44	442	711	12	1,460	1,489	93	2,814	151	371	12	7,674

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

5. Insurance and reinsurance contracts

5.1. Insurance contract assets and liabilities per portfolio

Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

	Assets	Liabilities 2025	Net	Assets	Liabilities 2024	Net
Insurance contracts issued						
Engineering	-	59,165	59,165	-	52,864	52,864
Fire Domestic	-	9,488	9,488	-	7,768	7,768
Fire Industrial	-	111,416	111,416	-	102,116	102,116
Liability	-	365,530	365,530	-	401,630	401,630
Marine	-	3,561	3,561	-	2,398	2,398
Motor Private	-	717,985	717,985	-	771,884	771,884
Motor Commercial	-	867,284	867,284	-	676,435	676,435
Personal Accident	-	19,613	19,613	-	18,031	18,031
Medical & Health	-	598,724	598,724	-	512,581	512,581
Theft	-	41,548	41,548	-	50,828	50,828
W.C.A	-	126,003	126,003	-	107,986	107,986
Miscellaneous	-	<u>2,532</u>	<u>2,532</u>	-	<u>6,160</u>	<u>6,160</u>
Total insurance contracts issued	-	<u>2,922,849</u>	<u>2,922,849</u>	-	<u>2,710,681</u>	<u>2,710,681</u>
Reinsurance contracts held	<u>1,259,919</u>		<u>1,259,919</u>	<u>1,403,055</u>		<u>1,403,055</u>
Total reinsurance contracts assets	<u>1,259,919</u>		<u>1,259,919</u>	<u>1,403,055</u>		<u>1,403,055</u>

The Company disaggregates information to provide disclosure in respect of major product lines separately. This disaggregation has been determined based on how the company is managed.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025
5.2 Allocation of reinsurance premiums

	2025 KShs'000	2024 KShs'000
Actual premium received for future service	(513,600)	(376,496)
Premium reserve total release	<u>15,863</u>	<u>(5,686)</u>
Allocation of reinsurance premiums (Note 17)	<u>(497,737)</u>	<u>(382,182)</u>

5.3 Reinsurance finance income for reinsurance contracts held

Interest income on amounts recoverable from reinsurers for incurred claims	53,987	49,236
Effect of change in discount rates	<u>285</u>	<u>(2,840)</u>
Reinsurance finance income for reinsurance contracts held (Note 17)	<u>54,272</u>	<u>46,396</u>

5.4 Amounts recoverable from reinsurers for incurred claims

Gross amounts recoverable from reinsurers for incurred claims	156,373	419,557
Effect of discounting and risk adjustment on claim recoveries	<u>(7,310)</u>	<u>(27,876)</u>
Amounts recoverable from reinsurers for incurred claims (Note 17)	<u>149,063</u>	<u>391,681</u>

5.5 Reinsurance contract assets

Reinsurance premium	202,667	183,893
Present value of reinsurance incurred claims cash flows	459,951	607,012
Net amounts recoverable from reinsurers	703,357	698,206
Experience adjustment	<u>(106,056)</u>	<u>(86,056)</u>
Amounts recoverable from reinsurers for incurred claims (Note 17)	<u>1,259,919</u>	<u>1,403,055</u>

Movement in experience adjustment for reinsurance contract assets:

At 1 January	86,056	6,056
Increase in experience adjustment	<u>20,000</u>	<u>80,000</u>
At 31 December	106,056	86,056

6. Interest revenue, investment and other income

6.1 Interest revenue calculated using the effective interest method

	2025 KShs'000	2024 KShs'000
Interest from Government securities	26,001	30,585
Interest from bank deposits and current accounts	<u>89,312</u>	<u>48,884</u>
	<u>115,313</u>	<u>79,469</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

6. Interest revenue, investment and other income (Continued)

6.2 Investment income

	2025 KShs'000	2024 KShs'000
Rental income from investment properties	52,633	50,429
Loss on valuation of quoted shares	<u>-</u>	<u>(55)</u>
	<u>52,633</u>	<u>50,374</u>

6.3 Other operating income

Gain on disposal of property and equipment	150	-
Gain arising from changes in the fair value of investment properties (Note 13)	9,421	14,132
Gain arising from disposal of investment property	-	24,160
Miscellaneous income*	155	3,112
Foreign exchange loss	<u>(122)</u>	<u>(1,422)</u>
	<u>9,604</u>	<u>39,982</u>

* Miscellaneous income includes tender fees and cost of medical card replacements.

7. Operating and other expenses

Insurance service expense is arrived at after charging the following attributable operating expenses:

	2025 KShs'000	2024 KShs'000
Staff costs (Note 8)	365,397	349,112
Directors' fees (note 27)	18,802	12,551
Bank charges	7,006	5,758
Depreciation on right-of-use assets (Note 22)	17,316	16,539
Amortisation of intangible assets (Note 12)	208	339
Stationery	17,541	19,489
Marketing	151,774	121,125
Depreciation on equipment (Note 11)	11,587	11,739
Auditor's remuneration	4,314	3,907
Stamp duty	643	716
Premium tax	32,219	27,612
Repairs and maintenance expenditure	8,767	3,347
Licenses	26,230	17,033
Motor vehicles expenses	2,237	3,303
Motor vehicles insurance certificates	3,197	3,519
Office expenses	33,713	30,299
Policyholders' compensation fund	8,055	6,903
Professional and legal fees	36,032	37,226
Telephone and postage	11,920	12,775
Miscellaneous expenses	<u>4,176</u>	<u>7,209</u>
	<u>761,134</u>	<u>690,501</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

8. Staff costs

	2025 KShs'000	2024 KShs'000
Salaries and wages	283,495	263,437
Staff medical covers	34,653	34,233
Staff welfare	25,404	34,955
Retirement benefit costs - defined contribution scheme	<u>21,845</u>	<u>16,487</u>
	<u>365,397</u>	<u>349,112</u>

The average number of persons employed during the period, by category, were:

	2025 Number	2024 Number
- Underwriting	31	29
- Marketing	37	35
- Claims	31	27
- Management, administration and finance	<u>38</u>	<u>37</u>
Total	<u>137</u>	<u>128</u>

9. Profit before tax

	2025 KShs'000	2024 KShs'000
The profit before tax is arrived at after charging:		
Staff costs (Note 8)	365,397	349,112
Depreciation on equipment (Note 11)	11,587	11,739
Amortisation of intangible assets (Note 12)	208	339
Depreciation on right of use assets (Note 22)	17,316	16,539
Directors' remuneration (Note 27)	18,802	12,551
Auditor's remuneration (Note 7)	4,314	3,907

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

10. Tax

10.1 Income tax expense

	2025 KShs'000	2024 KShs'000
Deferred tax charge	10,475	20,427
Prior year underprovision of current tax	<u>39,899</u>	<u>17,117</u>
Tax charge	<u>50,374</u>	<u>37,544</u>
Profit before tax	157,281	116,521
Tax calculated at the rate of 30%	47,184	34,956
Tax effect of:		
Expenses not deductible for tax purposes	1,777	468
Deferred tax on fair value gain on investment property 15%	<u>1,413</u>	<u>2,120</u>
Tax charge	<u>50,374</u>	<u>37,544</u>

10.2 Tax recoverable

At 1 January	46,093	48,782
Prior year underprovision of current tax	(39,899)	(17,117)
Income tax paid	<u>24,161</u>	<u>14,428</u>
At 31 December	<u>30,355</u>	<u>46,093</u>

Tax recoverable relates to advance tax paid by the Company. The decrease relates to tax expense accrued during the year.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

11. Property and equipment

31 December 2025	Buildings * KShs'000	Motor vehicles KShs'000	Computer equipment KShs'000	Furniture and fittings KShs'000	Total KShs'000
Cost					
At January 2025	112,833	131	21,694	117,083	251,741
Additions	-	-	1,955	2,764	4,719
Transfer from investment property (Note 13)	16,011	-	-	-	16,011
Derecognition of fully depreciated assets	-	-	287	51	338
Elimination of depreciation during the year	(2,985)	-	-	-	(2,985)
Revaluation gain	<u>5,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,564</u>
At 31 December 2025	<u>131,423</u>	<u>131</u>	<u>23,936</u>	<u>119,898</u>	<u>275,388</u>
Accumulated depreciation					
At January 2025	-	125	17,259	96,928	114,312
Charge for the year	2,985	6	2,761	5,835	11,587
Derecognition of fully depreciated assets	-	-	287	51	338
Elimination of depreciation during the year	<u>(2,985)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,985)</u>
At 31 December 2025	<u>-</u>	<u>131</u>	<u>20,307</u>	<u>102,814</u>	<u>123,252</u>
Net carrying amount at 31 December 2025	<u>131,423</u>	<u>-</u>	<u>3,629</u>	<u>17,084</u>	<u>152,136</u>
31 December 2024					
Cost					
At January 2024	104,849	131	19,131	115,825	239,936
Additions	-	-	2,563	1,258	3,821
Transfer from investment property (Note 13)	4,116	-	-	-	4,116
Elimination of depreciation during the year	(2,985)	-	-	-	(2,985)
Revaluation gain	<u>6,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,853</u>
At 31 December 2024	<u>112,833</u>	<u>131</u>	<u>21,694</u>	<u>117,083</u>	<u>251,741</u>
Accumulated depreciation					
At January 2024	-	92	14,254	91,212	105,558
Charge for the year	2,985	33	3,005	5,716	11,739
Elimination of depreciation during the year	<u>(2,985)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,985)</u>
At 31 December 2024	<u>-</u>	<u>125</u>	<u>17,259</u>	<u>96,928</u>	<u>114,312</u>
Net carrying amount at 31 December 2024	<u>112,833</u>	<u>6</u>	<u>4,435</u>	<u>20,155</u>	<u>137,429</u>

* Buildings comprise of the owner occupied portion of Pacis Centre. The owner-occupied portion of the property is 20.7% of the entire building. The value of the owner-occupied portion is derived as a percentage of the value of the entire investment property.

If the buildings were measured using the cost model, the carrying amounts would be, as follows:

	2025	2024
Cost	644,430	644,430
Accumulated depreciation	<u>(161,108)</u>	<u>(144,997)</u>
Net carrying amount	<u>483,322</u>	<u>499,433</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

12. Intangible assets

	Computer software KShs'000
31 December 2025	
Cost	
At 1 January 2025	42,164
Additions	-
At 31 December 2025	<u>42,164</u>
Amortisation	
At 1 January 2025	41,820
Charge for the year	208
At 31 December 2025	<u>42,028</u>
Net carrying amount at 31 December 2025	<u>136</u>
31 December 2024	
Cost	
At 1 January 2024	42,164
De-recognition of fully amortised software	-
At 31 December 2024	<u>42,164</u>
Amortisation	
At 1 January 2024	41,481
Charge for the year	339
At 31 December 2024	<u>41,820</u>
Net carrying amount at 31 December 2024	<u>344</u>

13. Investment properties

	2025 KShs'000	2024 KShs'000
At 1 January	712,168	867,852
Transfer to property and equipment (Note 11)	(16,011)	(4,116)
Acquisition of investment property	40,000	-
Disposal of investment property	-	(165,700)
Net gain from fair value remeasurement	<u>9,421</u>	<u>14,132</u>
At 31 December	<u>745,578</u>	<u>712,168</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

13. Investment properties (continued)

The Company's investment properties consist of the following:

Property description	Type	Land KShs'000	Developments KShs'000	2025 Totals KShs'000
Pacis Centre Office Building - Nairobi	Commercial	225,503	480,075	705,578
Donholm Property	Commercial	<u>35,000</u>	<u>5,000</u>	<u>40,000</u>
		<u>260,503</u>	<u>485,075</u>	<u>745,578</u>
Property description	Type	Land KShs'000	Developments KShs'000	2024 Totals KShs'000
Pacis Centre Office Building - Nairobi	Commercial	<u>300,000</u>	<u>412,168</u>	<u>712,168</u>
		<u>300,000</u>	<u>412,168</u>	<u>712,168</u>
			2025 KShs'000	2024 KShs'000
Rental income derived from investment properties (Note 6.2)			<u>52,633</u>	<u>50,430</u>

Direct operating expenses (including repairs and maintenance) generating rental income (included in other operating and administrative expense)

- -

The Company performs annual valuation of investment properties and buildings. The valuation of investment properties and buildings (Note 11) was performed by Knight Frank Limited in 2025 and 2024, registered valuers and an industry specialist in valuing these types of investment properties, based on an open market valuation as at 31 December 2025 and 31 December 2024. The valuation considers recent prices of similar properties with adjustments made to reflect any changes in economic conditions since the date of the transactions at those prices.

The fair value of investment property and buildings is determined using recognised valuation techniques. These techniques comprise both the Market Value (MV) method and current replacement cost method. Under the MV method, a property's fair value is the price received to sell an asset in an orderly transaction between market participants at the measurement date under current market conditions. The current replacement cost method reflects the amount that would be required currently to replace the service capacity of an asset. During the year, a commercial property at Donholm, Nairobi was acquired through a direct ownership transfer from shareholders.

There were no restrictions on the realisability of the Company's investment property or the remittance of income.

At the reporting date, the Company had no contractual obligations to purchase, construct or develop investment property, or for repairs, maintenance, or enhancements.

The following assumptions have been used in the valuation of Pacis Center:

Method used	2025 Discounted cash flow	2024 Discounted cash flow
Current occupancy	100%	100%
Applicable Yield - ARY	8.50%	8.50%
Annual growth rate	5.00%	5.00%
reversionary risk premium	0.35%	0.35%
RARY - Exit Yield/ Cap Rate	8.85%	8.85%
Discount Rate (ARY + Annual Growth Rate)	13.50%	13.50%
Irrecoverable landlord expenses	1.00%	1.00%
Permanent voids	5.00%	5.00%
Letting fees	7.50%	7.50%

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

13. Investment properties (continued)

Investment properties (continued)

Significant unobservable inputs

Property type	Valuation technique	Significant unobservable inputs	Range
Commercial property	Discounted cash flow	Rent growth rates	5% - 7.5% (5%)
		Capital expenditure allowance	2% - 3% (2.5%)
		Long term void rate	3% - 6% (5%)
		Discount rate	12% - 15% (13.5%)

Tenants leases expiring within one year are subject to review at various dates during the next financial year.

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

14. Deferred tax

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30%. The movement on the deferred income tax account is as follows:

	2025 KShs'000	2024 KShs'000
At 1 January	(37,385)	(15,930)
Charge/ (credit) to profit or loss (Note 10.1)	(10,475)	(20,427)
Charge/ (credit) to OCI	<u>(835)</u>	<u>(1,028)</u>
At 31 December	<u>(48,695)</u>	<u>(37,385)</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

14. Deferred tax (Continued)

Deferred tax are attributable to the following items:

31 December 2025	1 January 2025 KShs'000	Charge/(credit) to profit or Loss KShs'000	Charge/(credit) OCI KShs'000	31 December 2025 KShs'000
Property and equipment	1,144	(6,581)	-	(5,437)
Intangible assets	425	(464)	-	(39)
Leave pay provision	3,392	(866)	-	2,526
Allowance for expected credit loss	29,032	(1,772)	-	27,260
Right of use asset and lease liabilities	1,764	621	-	2,385
Fair value measurement on investment properties	(68,673)	(1,413)	-	(70,086)
Revaluation of buildings (owner occupied)	<u>(4,469)</u>	<u>-</u>	<u>(835)</u>	<u>(5,304)</u>
Net deferred tax liability	<u>(37,385)</u>	<u>(10,475)</u>	<u>(835)</u>	<u>(48,695)</u>
31 December 2024	1 January 2024 KShs'000	Charge/(credit) to profit or Loss KShs'000	Charge/(credit) OCI KShs'000	31 December 2024 KShs'000
Property and equipment	7,125	(5,981)	-	1,144
Intangible assets	850	(425)	-	425
Leave pay provision	3,909	(517)	-	3,392
Allowance for expected credit loss	40,448	(11,416)	-	29,032
Lease liabilities	1,732	32	-	1,764
Fair value measurement on investment properties	(66,553)	(2,120)	-	(68,673)
Revaluation of buildings (owner occupied)	<u>(3,441)</u>	<u>-</u>	<u>(1,028)</u>	<u>(4,469)</u>
Net deferred tax asset / (liability)	<u>(15,930)</u>	<u>(20,427)</u>	<u>(1,028)</u>	<u>(37,385)</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

15. Investments in Government securities

	2025 KShs'000	2024 KShs'000
Amortised cost financial assets		
Treasury bonds	88,386	88,879
Treasury bills	<u>157,904</u>	<u>221,261</u>
	246,290	310,140
Expected credit loss	<u>(17,287)</u>	<u>(21,107)</u>
	<u>229,003</u>	<u>289,033</u>
The movement in expected credit loss is as shown below:		
At 1 January	21,107	3,231
(Increase)/ decrease in expected credit loss (Note 3.2.3)	<u>(3,820)</u>	<u>17,876</u>
At 31 December	<u>17,287</u>	<u>21,107</u>
Treasury bills and bonds maturing:		
Within 91 days	-	95,000
Within 91 days to 1 year	157,904	136,200
Maturing within 2 to 25 years	<u>88,386</u>	<u>78,940</u>
	<u>246,290</u>	<u>310,140</u>

Treasury bonds and bills are debt securities issued by the Government of Kenya and are classified as held at amortized cost. The effective interest rate realised on these securities for the year ended 31 December 2025 was 13% (2024: 13%).

Included in Government securities are treasury bonds and treasury bills with Central Bank of Kenya amounting to KShs 211.5 million (2024: KShs 182.7 million) which are under lien as required by the Insurance Regulatory Authority. The Company has the intention and ability to hold the securities until maturity.

16. Quoted equity investments at fair value through profit or loss

	2025 KShs'000	2024 KShs'000
At 1 January	-	55
Disposal of equity instruments	-	-
Remeasurement recognised in profit or loss	<u>-</u>	<u>(55)</u>
At 31 December	<u>-</u>	<u>-</u>

The Company's quoted equity investments at fair value through profit or loss comprise investments in equity instruments of companies listed on the Nairobi Securities Exchange.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability

2025 - ALL PORTFOLIOS

	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	1,153,654	16,517	1,380,387	160,123	-	2,710,681
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	1,153,654	16,517	1,380,387	160,123	-	2,710,681
Insurance revenue	(3,384,100)	-	-	-	-	(3,384,100)
Insurance service expenses	419,603	(9,359)	2,547,816	5,580	-	2,963,640
Incurred claims and other expenses	-	-	3,294,969	88,389	-	3,383,358
Amortization of insurance acquisition cash flows	419,603	-	-	-	-	419,603
Losses on onerous contracts and reversals of those losses	-	(9,359)	-	-	-	(9,359)
Changes to liabilities for incurred claims	-	-	(747,153)	(82,809)	-	(829,962)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(2,964,497)	(9,359)	2,547,816	5,580	-	(420,460)
Insurance finance expenses	-	-	116,224	18,573	-	134,797
Effect of movements in exchange rates	-	-	7,535	972	-	8,507
Total changes in the statement of comprehensive income	(2,964,497)	(9,359)	2,671,575	25,125	-	(277,156)
Cash flows						-
Premiums received	3,536,785	-	-	-	-	3,536,785
Claims and other expenses paid	-	-	(2,615,900)	-	-	(2,615,900)
Insurance acquisition cash flows	(431,561)	-	-	-	-	(431,561)
Total cash flows	3,105,224	-	(2,615,900)	-	-	489,324
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts						-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	1,294,381	7,158	1,436,062	185,248	-	2,922,849
Insurance contract liabilities as at 31/12	1,294,381	7,158	1,436,062	185,248	-	2,922,849
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	1,294,381	7,158	1,436,062	185,248	-	2,922,849

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2024 - ALL PORTFOLIOS

	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	1,024,938	41,526	1,001,221	153,189	-	2,220,874
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	1,024,938	41,526	1,001,221	153,189	-	2,220,874
Insurance revenue	(2,876,438)	-	-	-	-	(2,876,438)
Insurance service expenses	360,464	(25,009)	2,558,990	(9,462)	-	2,884,983
Incurred claims and other expenses	-	-	2,935,183	75,051	-	3,010,234
Amortization of insurance acquisition cash flows	360,464	-	-	-	-	360,464
Losses on onerous contracts and reversals of those losses	-	(25,009)	-	-	-	(25,009)
Changes to liabilities for incurred claims	-	-	(376,193)	(84,513)	-	(460,706)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(2,515,974)	(25,009)	2,558,990	(9,462)	-	8,545
Insurance finance expenses	-	-	108,360	16,396	-	124,756
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(2,515,974)	(25,009)	2,667,350	6,934	-	133,301
						-
Cash flows						-
Premiums received	3,025,044	-	-	-	-	3,025,044
Claims and other expenses paid	-	-	(2,288,184)	-	-	(2,288,184)
Insurance acquisition cash flows	(380,354)	-	-	-	-	(380,354)
Total cash flows	2,644,690	-	(2,288,184)	-	-	356,506
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts						-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	1,153,654	16,517	1,380,387	160,123	-	2,710,681
						-
Insurance contract liabilities as at 31/12	1,153,654	16,517	1,380,387	160,123	-	2,710,681
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	1,153,654	16,517	1,380,387	160,123	-	2,710,681

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2025 - ENGINEERING

	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	14,704	-	34,193	3,967	-	52,864
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	14,704	-	34,193	3,967	-	52,864
Insurance revenue	(39,691)	-	-	-	-	(39,691)
Insurance service expenses	8,505	7,158	36,201	(166)	-	51,698
Incurred claims and other expenses	-	-	55,113	2,727	-	57,840
Amortization of insurance acquisition cash flows	8,505	-	-	-	-	8,505
Losses on onerous contracts and reversals of those losses	-	7,158	-	-	-	7,158
Changes to liabilities for incurred claims	-	-	(18,912)	(2,893)	-	(21,805)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(31,186)	7,158	36,201	(166)	-	12,007
Insurance finance expenses	-	-	2,730	460	-	3,190
Effect of movements in exchange rates	-	-	121	16	-	137
Total changes in the statement of comprehensive income	(31,186)	7,158	39,052	310	-	15,334
						-
Cash flows						-
Premiums received	39,621	-	-	-	-	39,621
Claims and other expenses paid	-	-	(40,096)	-	-	(40,096)
Insurance acquisition cash flows	(8,558)	-	-	-	-	(8,558)
Total cash flows	31,063	-	(40,096)	-	-	(9,033)
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts			-			-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	14,581	7,158	33,149	4,277	-	59,165
						-
Insurance contract liabilities as at 31/12	14,581	7,158	33,149	4,277	-	59,165
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	14,581	7,158	33,149	4,277	-	59,165

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)
2024 - ENGINEERING

	Liabilities for remaining coverage	Loss component	Liabilities for incurred claims	Risk adjustment	Assets for insurance acquisition cash flows	Total
	Excluding loss component		Estimates of the present value of future cash flows			
Insurance contract liabilities as at 01/01	13,776	-	13,842	2,120	-	29,738
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	13,776	-	13,842	2,120	-	29,738
Insurance revenue	(28,064)	-	-	-	-	(28,064)
Insurance service expenses	5,176	-	56,566	1,623	-	63,365
Incurred claims and other expenses	-	-	51,106	1,598	-	52,704
Amortization of insurance acquisition cash flows	5,176	-	-	-	-	5,176
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	5,460	25	-	5,485
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(22,888)	-	56,566	1,623	-	35,301
Insurance finance expenses	-	-	1,110	224	-	1,334
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(22,888)	-	57,676	1,847	-	36,635
						-
Cash flows						-
Premiums received	29,857	-	-	-	-	29,857
Claims and other expenses paid	-	-	(37,325)	-	-	(37,325)
Insurance acquisition cash flows	(6,041)	-	-	-	-	(6,041)
Total cash flows	23,816	-	(37,325)	-	-	(13,509)
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	14,704	-	34,193	3,967	-	52,864
						-
Insurance contract liabilities as at 31/12	14,704	-	34,193	3,967	-	52,864
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	14,704	-	34,193	3,967	-	52,864

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2025 - FIRE DOMESTIC

	Liabilities for remaining coverage	Loss component	Liabilities for incurred claims Estimates of the present value of future cash flows	Risk adjustment	Assets for insurance acquisition cash flows	Total
Insurance contract liabilities as at 01/01	6,815	-	855	98	-	7,768
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	6,815	-	855	98	-	7,768
Insurance revenue	(18,819)	-	-	-	-	(18,819)
Insurance service expenses	3,689	-	8,761	238	-	12,688
Incurred claims and other expenses	-	-	9,412	313	-	9,725
Amortization of insurance acquisition cash flows	3,689	-	-	-	-	3,689
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(651)	(75)	-	(726)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(15,130)	-	8,761	238	-	(6,131)
Insurance finance expenses	-	-	69	11	-	80
Effect of movements in exchange rates	-	-	2	-	-	2
Total changes in the statement of comprehensive income	(15,130)	-	8,832	249	-	(6,049)
Cash flows	-	-	-	-	-	-
Premiums received	18,350	-	-	-	-	18,350
Claims and other expenses paid	-	-	(6,985)	-	-	(6,985)
Insurance acquisition cash flows	(3,596)	-	-	-	-	(3,596)
Total cash flows	14,754	-	(6,985)	-	-	7,769
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	6,439	-	2,702	347	-	9,488
Insurance contract liabilities as at 31/12	6,439	-	2,702	347	-	9,488
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	6,439	-	2,702	347	-	9,488

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2024 - FIRE DOMESTIC	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	7,458	-	214	32	-	7,704
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	7,458	-	214	32	-	7,704
Insurance revenue	(17,288)	-	-	-	-	(17,288)
Insurance service expenses	3,358	-	7,428	62	-	10,848
Incurred claims and other expenses	-	-	7,631	95	-	7,726
Amortization of insurance acquisition cash flows	3,358	-	-	-	-	3,358
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(203)	(33)	-	(236)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(13,930)	-	7,428	62	-	(6,440)
Insurance finance expenses	-	-	21	4	-	25
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(13,930)	-	7,449	66	-	(6,415)
Cash flows	-	-	-	-	-	-
Premiums received	16,488	-	-	-	-	16,488
Claims and other expenses paid	-	-	(6,808)	-	-	(6,808)
Insurance acquisition cash flows	(3,201)	-	-	-	-	(3,201)
Total cash flows	13,287	-	(6,808)	-	-	6,479
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	6,815	-	855	98	-	7,768
Insurance contract liabilities as at 31/12	6,815	-	855	98	-	7,768
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	6,815	-	855	98	-	7,768

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2025 - FIRE INDUSTRIAL	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	59,049	-	38,591	4,476	-	102,116
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	59,049	-	38,591	4,476	-	102,116
Insurance revenue	(168,154)	-	-	-	-	(168,154)
Insurance service expenses	40,347	-	81,702	1,878	-	123,927
Incurred claims and other expenses	-	-	108,953	4,924	-	113,877
Amortization of insurance acquisition cash flows	40,347	-	-	-	-	40,347
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(27,251)	(3,046)	-	(30,297)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(127,807)	-	81,702	1,878	-	(44,227)
Insurance finance expenses	-	-	3,779	519	-	4,298
Effect of movements in exchange rates	-	-	128	17	-	145
Total changes in the statement of comprehensive income	(127,807)	-	85,609	2,414	-	(39,784)
Cash flows						-
Premiums received	157,155	-	-	-	-	157,155
Claims and other expenses paid	-	-	(70,779)	-	-	(70,779)
Insurance acquisition cash flows	(37,292)	-	-	-	-	(37,292)
Total cash flows	119,863	-	(70,779)	-	-	49,084
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	51,105	-	53,421	6,890	-	111,416
Insurance contract liabilities as at 31/12	51,105	-	53,421	6,890	-	111,416
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	51,105	-	53,421	6,890	-	111,416

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2024 - FIRE INDUSTRIAL	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	61,785	-	21,289	3,257	-	86,331
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	61,785	-	21,289	3,257	-	86,331
Insurance revenue	(165,769)	-	-	-	-	(165,769)
Insurance service expenses	39,365	-	142,432	910	-	182,707
Incurred claims and other expenses	-	-	152,159	2,891	-	155,050
Amortization of insurance acquisition cash flows	39,365	-	-	-	-	39,365
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(9,727)	(1,981)	-	(11,708)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(126,404)	-	142,432	910	-	16,938
Insurance finance expenses	-	-	2,107	309	-	2,416
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(126,404)	-	144,539	1,219	-	19,354
Cash flows						-
Premiums received	162,515	-	-	-	-	162,515
Claims and other expenses paid	-	-	(127,237)	-	-	(127,237)
Insurance acquisition cash flows	(38,847)	-	-	-	-	(38,847)
Total cash flows	123,668	-	(127,237)	-	-	(3,569)
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	59,049	-	38,591	4,476	-	102,116
Insurance contract liabilities as at 31/12	59,049	-	38,591	4,476	-	102,116
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	59,049	-	38,591	4,476	-	102,116

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2025 - LIABILITY	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	124,326	(1)	248,482	28,823	-	401,630
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	124,326	(1)	248,482	28,823	-	401,630
Insurance revenue	(318,213)	-	-	-	-	(318,213)
Insurance service expenses	63,588	-	56,573	(5,657)	-	114,504
Incurred claims and other expenses	-	-	156,838	4,516	-	161,354
Amortization of insurance acquisition cash flows	63,588	-	-	-	-	63,588
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(100,265)	(10,173)	-	(110,438)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(254,625)	-	56,573	(5,657)	-	(203,709)
Insurance finance expenses	-	-	22,284	3,344	-	25,628
Effect of movements in exchange rates	-	-	1,882	243	-	2,125
Total changes in the statement of comprehensive income	(254,625)	-	80,739	(2,070)	-	(175,956)
Cash flows						-
Premiums received	327,168	-	-	-	-	327,168
Claims and other expenses paid	-	-	(121,832)	-	-	(121,832)
Insurance acquisition cash flows	(65,480)	-	-	-	-	(65,480)
Total cash flows	261,688	-	(121,832)	-	-	139,856
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts						-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	131,389	(1)	207,389	26,753	-	365,530
Insurance contract liabilities as at 31/12	131,389	(1)	207,389	26,753	-	365,530
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	131,389	(1)	207,389	26,753	-	365,530

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2024 - LIABILITY

	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	96,579	9,750	123,272	18,860	-	248,461
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	96,579	9,750	123,272	18,860	-	248,461
Insurance revenue	(266,638)	-	-	-	-	(266,638)
Insurance service expenses	53,259	(9,751)	202,474	7,989	-	253,971
Incurred claims and other expenses	-	-	190,656	11,468	-	202,124
Amortization of insurance acquisition cash flows	53,259	-	-	-	-	53,259
Losses on onerous contracts and reversals of those losses	-	(9,751)	-	-	-	(9,751)
Changes to liabilities for incurred claims	-	-	11,818	(3,479)	-	8,339
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(213,379)	(9,751)	202,474	7,989	-	(12,667)
Insurance finance expenses	-	-	14,527	1,974	-	16,501
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(213,379)	(9,751)	217,001	9,963	-	3,834
Cash flows						-
Premiums received	301,036	-	-	-	-	301,036
Claims and other expenses paid	-	-	(91,791)	-	-	(91,791)
Insurance acquisition cash flows	(59,910)	-	-	-	-	(59,910)
Total cash flows	241,126	-	(91,791)	-	-	149,335
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts						-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	124,326	(1)	248,482	28,823	-	401,630
Insurance contract liabilities as at 31/12	124,326	(1)	248,482	28,823	-	401,630
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	124,326	(1)	248,482	28,823	-	401,630

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2025 - MARINE	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	2,221	-	159	18	-	2,398
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	2,221	-	159	18	-	2,398
Insurance revenue	(8,856)	-	-	-	-	(8,856)
Insurance service expenses	1,682	-	3,790	11	-	5,483
Incurred claims and other expenses	-	-	3,723	-	-	3,723
Amortization of insurance acquisition cash flows	1,682	-	-	-	-	1,682
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	67	11	-	78
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(7,174)	-	3,790	11	-	(3,373)
Insurance finance expenses	-	-	15	2	-	17
Effect of movements in exchange rates	-	-	2	-	-	2
Total changes in the statement of comprehensive income	(7,174)	-	3,807	13	-	(3,354)
						-
Cash flows						-
Premiums received	10,246	-	-	-	-	10,246
Claims and other expenses paid	-	-	(3,723)	-	-	(3,723)
Insurance acquisition cash flows	(2,006)	-	-	-	-	(2,006)
Total cash flows	8,240	-	(3,723)	-	-	4,517
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts						-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	3,287	-	243	31	-	3,561
						-
Insurance contract liabilities as at 31/12	3,287	-	243	31	-	3,561
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	3,287	-	243	31	-	3,561

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2024 - MARINE	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	1,131	227	211	32	-	1,601
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	1,131	227	211	32	-	1,601
Insurance revenue	(4,448)	-	-	-	-	(4,448)
Insurance service expenses	796	(227)	1,831	(18)	-	2,382
Incurred claims and other expenses	-	-	2,037	14	-	2,051
Amortization of insurance acquisition cash flows	796	-	-	-	-	796
Losses on onerous contracts and reversals of those losses	-	(227)	-	-	-	(227)
Changes to liabilities for incurred claims	-	-	(206)	(32)	-	(238)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(3,652)	(227)	1,831	(18)	-	(2,066)
Insurance finance expenses	-	-	32	4	-	36
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(3,652)	(227)	1,863	(14)	-	(2,030)
Cash flows						
Premiums received	5,770	-	-	-	-	5,770
Claims and other expenses paid	-	-	(1,915)	-	-	(1,915)
Insurance acquisition cash flows	(1,028)	-	-	-	-	(1,028)
Total cash flows	4,742	-	(1,915)	-	-	2,827
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	2,221	-	159	18	-	2,398
Insurance contract liabilities as at 31/12	2,221	-	159	18	-	2,398
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	2,221	-	159	18	-	2,398

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2025 - MOTOR PRIVATE	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	236,863	16,518	464,609	53,894	-	771,884
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	236,863	16,518	464,609	53,894	-	771,884
Insurance revenue	(562,324)	-	-	-	-	(562,324)
Insurance service expenses	55,073	(16,517)	505,052	(6,321)	-	537,287
Incurred claims and other expenses	-	-	752,239	20,673	-	772,912
Amortization of insurance acquisition cash flows	55,073	-	-	-	-	55,073
Losses on onerous contracts and reversals of those losses	-	(16,517)	-	-	-	(16,517)
Changes to liabilities for incurred claims	-	-	(247,187)	(26,994)	-	(274,181)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(507,251)	(16,517)	505,052	(6,321)	-	(25,037)
Insurance finance expenses	-	-	39,575	6,252	-	45,827
Effect of movements in exchange rates	-	-	2,523	325	-	2,848
Total changes in the statement of comprehensive income	(507,251)	(16,517)	547,150	256	-	23,638
Cash flows	-	-	-	-	-	-
Premiums received	569,687	-	-	-	-	569,687
Claims and other expenses paid	-	-	(591,980)	-	-	(591,980)
Insurance acquisition cash flows	(55,244)	-	-	-	-	(55,244)
Total cash flows	514,443	-	(591,980)	-	-	(77,537)
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	244,055	1	419,779	54,150	-	717,985
Insurance contract liabilities as at 31/12	244,055	1	419,779	54,150	-	717,985
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	244,055	1	419,779	54,150	-	717,985

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2024 - MOTOR PRIVATE	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	245,537	31,549	390,567	59,757	-	727,410
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	245,537	31,549	390,567	59,757	-	727,410
Insurance revenue	(547,634)	-	-	-	-	(547,634)
Insurance service expenses	54,074	(15,031)	579,921	(12,230)	-	606,734
Incurred claims and other expenses	-	-	720,510	20,000	-	740,510
Amortization of insurance acquisition cash flows	54,074	-	-	-	-	54,074
Losses on onerous contracts and reversals of those losses	-	(15,031)	-	-	-	(15,031)
Changes to liabilities for incurred claims	-	-	(140,589)	(32,230)	-	(172,819)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(493,560)	(15,031)	579,921	(12,230)	-	59,100
Insurance finance expenses	-	-	42,216	6,367	-	48,583
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(493,560)	(15,031)	622,137	(5,863)	-	107,683
Cash flows	-	-	-	-	-	-
Premiums received	538,282	-	-	-	-	538,282
Claims and other expenses paid	-	-	(548,095)	-	-	(548,095)
Insurance acquisition cash flows	(53,396)	-	-	-	-	(53,396)
Total cash flows	484,886	-	(548,095)	-	-	(63,209)
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	236,863	16,518	464,609	53,894	-	771,884
Insurance contract liabilities as at 31/12	236,863	16,518	464,609	53,894	-	771,884
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	236,863	16,518	464,609	53,894	-	771,884

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2025 - MOTOR COMMERCIAL	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	260,391	-	372,800	43,244	-	676,435
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	260,391	-	372,800	43,244	-	676,435
Insurance revenue	(692,682)	-	-	-	-	(692,682)
Insurance service expenses	68,672	-	612,477	9,688	-	690,837
Incurred claims and other expenses	-	-	795,254	29,326	-	824,580
Amortization of insurance acquisition cash flows	68,672	-	-	-	-	68,672
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(182,777)	(19,638)	-	(202,415)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(624,010)	-	612,477	9,688	-	(1,845)
Insurance finance expenses	-	-	31,860	5,016	-	36,876
Effect of movements in exchange rates	-	-	2,253	291	-	2,544
Total changes in the statement of comprehensive income	(624,010)	-	646,590	14,995	-	37,575
Cash flows	-	-	-	-	-	-
Premiums received	800,569	-	-	-	-	800,569
Claims and other expenses paid	-	-	(567,923)	-	-	(567,923)
Insurance acquisition cash flows	(79,372)	-	-	-	-	(79,372)
Total cash flows	721,197	-	(567,923)	-	-	153,274
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	357,578	-	451,467	58,239	-	867,284
Insurance contract liabilities as at 31/12	357,578	-	451,467	58,239	-	867,284
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	357,578	-	451,467	58,239	-	867,284

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2024 - MOTOR COMMERCIAL	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	243,081	-	261,334	39,984	-	544,399
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	243,081	-	261,334	39,984	-	544,399
Insurance revenue	(557,654)	-	-	-	-	(557,654)
Insurance service expenses	55,218	-	524,147	(999)	-	578,366
Incurred claims and other expenses	-	-	610,574	19,471	-	630,045
Amortization of insurance acquisition cash flows	55,218	-	-	-	-	55,218
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(86,427)	(20,470)	-	(106,897)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(502,436)	-	524,147	(999)	-	20,712
Insurance finance expenses	-	-	30,038	4,259	-	34,297
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(502,436)	-	554,185	3,260	-	55,009
						-
Cash flows						-
Premiums received	576,954	-	-	-	-	576,954
Claims and other expenses paid	-	-	(442,719)	-	-	(442,719)
Insurance acquisition cash flows	(57,208)	-	-	-	-	(57,208)
Total cash flows	519,746	-	(442,719)	-	-	77,027
ation from assets for insurance acquisition cash flows to groups						-
Insurance contracts						-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	260,391	-	372,800	43,244	-	676,435
						-
Insurance contract liabilities as at 31/12	260,391	-	372,800	43,244	-	676,435
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	260,391	-	372,800	43,244	-	676,435

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2025 - PERSONAL ACCIDENT	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	10,102	-	7,104	825	-	18,031
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	10,102	-	7,104	825	-	18,031
Insurance revenue	(42,721)	-	-	-	-	(42,721)
Insurance service expenses	8,113	-	19,319	87	-	27,519
Incurred claims and other expenses	-	-	23,971	612	-	24,583
Amortization of insurance acquisition cash flows	8,113	-	-	-	-	8,113
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(4,652)	(525)	-	(5,177)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(34,608)	-	19,319	87	-	(15,202)
Insurance finance expenses	-	-	605	96	-	701
Effect of movements in exchange rates	-	-	31	4	-	35
Total changes in the statement of comprehensive income	(34,608)	-	19,955	187	-	(14,466)
Cash flows						-
Premiums received	43,458	-	-	-	-	43,458
Claims and other expenses paid	-	-	(19,223)	-	-	(19,223)
Insurance acquisition cash flows	(8,187)	-	-	-	-	(8,187)
Total cash flows	35,271	-	(19,223)	-	-	16,048
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts						-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	10,765	-	7,836	1,012	-	19,613
Insurance contract liabilities as at 31/12	10,765	-	7,836	1,012	-	19,613
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	10,765	-	7,836	1,012	-	19,613

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2024 - PERSONAL ACCIDENT	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	7,488	-	9,906	1,516	-	18,910
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	7,488	-	9,906	1,516	-	18,910
Insurance revenue	(34,592)	-	-	-	-	(34,592)
Insurance service expenses	7,033	-	13,430	(861)	-	19,602
Incurred claims and other expenses	-	-	21,266	448	-	21,714
Amortization of insurance acquisition cash flows	7,033	-	-	-	-	7,033
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(7,836)	(1,309)	-	(9,145)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(27,559)	-	13,430	(861)	-	(14,990)
Insurance finance expenses	-	-	1,176	170	-	1,346
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(27,559)	-	14,606	(691)	-	(13,644)
Cash flows	-	-	-	-	-	-
Premiums received	37,859	-	-	-	-	37,859
Claims and other expenses paid	-	-	(17,408)	-	-	(17,408)
Insurance acquisition cash flows	(7,686)	-	-	-	-	(7,686)
Total cash flows	30,173	-	(17,408)	-	-	12,765
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	10,102	-	7,104	825	-	18,031
Insurance contract liabilities as at 31/12	10,102	-	7,104	825	-	18,031
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	10,102	-	7,104	825	-	18,031

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2025 - MEDICAL	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	366,336	-	131,043	15,202	-	512,581
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	366,336	-	131,043	15,202	-	512,581
Insurance revenue	(1,311,505)	-	-	-	-	(1,311,505)
Insurance service expenses	128,149	-	1,128,218	5,025	-	1,261,392
Incurred claims and other expenses	-	-	1,261,327	21,151	-	1,282,478
Amortization of insurance acquisition cash flows	128,149	-	-	-	-	128,149
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(133,109)	(16,126)	-	(149,235)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(1,183,356)	-	1,128,218	5,025	-	(50,113)
Insurance finance expenses	-	-	8,568	1,763	-	10,331
Effect of movements in exchange rates	-	-	54	7	-	61
Total changes in the statement of comprehensive income	(1,183,356)	-	1,136,840	6,795	-	(39,721)
Cash flows	-	-	-	-	-	-
Premiums received	1,355,151	-	-	-	-	1,355,151
Claims and other expenses paid	-	-	(1,097,369)	-	-	(1,097,369)
Insurance acquisition cash flows	(131,918)	-	-	-	-	(131,918)
Total cash flows	1,223,233	-	(1,097,369)	-	-	125,864
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	406,213	-	170,514	21,997	-	598,724
Insurance contract liabilities as at 31/12	406,213	-	170,514	21,997	-	598,724
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	406,213	-	170,514	21,997	-	598,724

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2024 - MEDICAL	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	287,297	-	131,614	20,138	-	439,049
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	287,297	-	131,614	20,138	-	439,049
Insurance revenue	(1,054,921)	-	-	-	-	(1,054,921)
Insurance service expenses	102,290	-	888,701	(7,224)	-	983,767
Incurred claims and other expenses	-	-	1,026,447	14,519	-	1,040,966
Amortization of insurance acquisition cash flows	102,290	-	-	-	-	102,290
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(137,746)	(21,743)	-	(159,489)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(952,631)	-	888,701	(7,224)	-	(71,154)
Insurance finance expenses	-	-	12,015	2,288	-	14,303
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(952,631)	-	900,716	(4,936)	-	(56,851)
Cash flows	-	-	-	-	-	-
Premiums received	1,142,619	-	-	-	-	1,142,619
Claims and other expenses paid	-	-	(901,287)	-	-	(901,287)
Insurance acquisition cash flows	(110,949)	-	-	-	-	(110,949)
Total cash flows	1,031,670	-	(901,287)	-	-	130,383
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	366,336	-	131,043	15,202	-	512,581
Insurance contract liabilities as at 31/12	366,336	-	131,043	15,202	-	512,581
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	366,336	-	131,043	15,202	-	512,581

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2025 - THEFT	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	19,106	-	28,425	3,297	-	50,828
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	19,106	-	28,425	3,297	-	50,828
Insurance revenue	(53,838)	-	-	-	-	(53,838)
Insurance service expenses	8,052	-	8,400	(885)	-	15,567
Incurred claims and other expenses	-	-	22,195	576	-	22,771
Amortization of insurance acquisition cash flows	8,052	-	-	-	-	8,052
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(13,795)	(1,461)	-	(15,256)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(45,786)	-	8,400	(885)	-	(38,271)
Insurance finance expenses	-	-	2,570	382	-	2,952
Effect of movements in exchange rates	-	-	225	29	-	254
Total changes in the statement of comprehensive income	(45,786)	-	11,195	(474)	-	(35,065)
Cash flows	-	-	-	-	-	-
Premiums received	50,310	-	-	-	-	50,310
Claims and other expenses paid	-	-	(17,728)	-	-	(17,728)
Insurance acquisition cash flows	(6,797)	-	-	-	-	(6,797)
Total cash flows	43,513	-	(17,728)	-	-	25,785
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	16,833	-	21,892	2,823	-	41,548
Insurance contract liabilities as at 31/12	16,833	-	21,892	2,823	-	41,548
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	16,833	-	21,892	2,823	-	41,548

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2024 - THEFT	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	16,360	-	9,672	1,480	-	27,512
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	16,360	-	9,672	1,480	-	27,512
Insurance revenue	(55,454)	-	-	-	-	(55,454)
Insurance service expenses	10,687	-	39,374	1,671	-	51,732
Incurred claims and other expenses	-	-	36,952	1,757	-	38,709
Amortization of insurance acquisition cash flows	10,687	-	-	-	-	10,687
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	2,422	(86)	-	2,336
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(44,767)	-	39,374	1,671	-	(3,722)
Insurance finance expenses	-	-	1,182	146	-	1,328
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(44,767)	-	40,556	1,817	-	(2,394)
Cash flows	-	-	-	-	-	-
Premiums received	58,070	-	-	-	-	58,070
Claims and other expenses paid	-	-	(21,803)	-	-	(21,803)
Insurance acquisition cash flows	(10,557)	-	-	-	-	(10,557)
Total cash flows	47,513	-	(21,803)	-	-	25,710
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	19,106	-	28,425	3,297	-	50,828
Insurance contract liabilities as at 31/12	19,106	-	28,425	3,297	-	50,828
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	19,106	-	28,425	3,297	-	50,828

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2025 - WCA	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	47,768	-	53,959	6,259	-	107,986
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	47,768	-	53,959	6,259	-	107,986
Insurance revenue	(158,293)	-	-	-	-	(158,293)
Insurance service expenses	32,411	-	86,023	1,690	-	120,124
Incurred claims and other expenses	-	-	104,488	3,560	-	108,048
Amortization of insurance acquisition cash flows	32,411	-	-	-	-	32,411
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(18,465)	(1,870)	-	(20,335)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(125,882)	-	86,023	1,690	-	(38,169)
Insurance finance expenses	-	-	4,159	726	-	4,885
Effect of movements in exchange rates	-	-	314	40	-	354
Total changes in the statement of comprehensive income	(125,882)	-	90,496	2,456	-	(32,930)
						-
Cash flows						-
Premiums received	160,108	-	-	-	-	160,108
Claims and other expenses paid	-	-	(76,889)	-	-	(76,889)
Insurance acquisition cash flows	(32,272)	-	-	-	-	(32,272)
Total cash flows	127,836	-	(76,889)	-	-	50,947
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts						-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	49,722	-	67,566	8,715	-	126,003
						-
Insurance contract liabilities as at 31/12	49,722	-	67,566	8,715	-	126,003
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	49,722	-	67,566	8,715	-	126,003

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2024 - WCA	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	42,159	-	39,137	5,988	-	87,284
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	42,159	-	39,137	5,988	-	87,284
Insurance revenue	(139,433)	-	-	-	-	(139,433)
Insurance service expenses	28,873	-	98,084	(377)	-	126,580
Incurred claims and other expenses	-	-	111,137	2,779	-	113,916
Amortization of insurance acquisition cash flows	28,873	-	-	-	-	28,873
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(13,053)	(3,156)	-	(16,209)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(110,560)	-	98,084	(377)	-	(12,853)
Insurance finance expenses	-	-	3,919	648	-	4,567
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(110,560)	-	102,003	271	-	(8,286)
Cash flows						-
Premiums received	146,715	-	-	-	-	146,715
Claims and other expenses paid	-	-	(87,181)	-	-	(87,181)
Insurance acquisition cash flows	(30,546)	-	-	-	-	(30,546)
Total cash flows	116,169	-	(87,181)	-	-	28,988
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts						-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	47,768	-	53,959	6,259	-	107,986
Insurance contract liabilities as at 31/12	47,768	-	53,959	6,259	-	107,986
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	47,768	-	53,959	6,259	-	107,986

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2025 - MISCELLANEOUS	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	5,973	-	167	20	-	6,160
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	5,973	-	167	20	-	6,160
Insurance revenue	(9,004)	-	-	-	-	(9,004)
Insurance service expenses	1,322	-	1,300	(8)	-	2,614
Incurred claims and other expenses	-	-	1,456	11	-	1,467
Amortization of insurance acquisition cash flows	1,322	-	-	-	-	1,322
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(156)	(19)	-	(175)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(7,682)	-	1,300	(8)	-	(6,390)
Insurance finance expenses	-	-	10	2	-	12
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(7,682)	-	1,310	(6)	-	(6,378)
Cash flows	-	-	-	-	-	-
Premiums received	4,962	-	-	-	-	4,962
Claims and other expenses paid	-	-	(1,373)	-	-	(1,373)
Insurance acquisition cash flows	(839)	-	-	-	-	(839)
Total cash flows	4,123	-	(1,373)	-	-	2,750
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	2,414	-	104	14	-	2,532
Insurance contract liabilities as at 31/12	2,414	-	104	14	-	2,532
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	2,414	-	104	14	-	2,532

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2024 - MISCELLANEOUS	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cash flows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 01/01	2,287	-	163	25	-	2,475
Insurance contract assets as at 01/01	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 01/01	2,287	-	163	25	-	2,475
Insurance revenue	(4,543)	-	-	-	-	(4,543)
Insurance service expenses	335	-	4,602	(8)	-	4,929
Incurred claims and other expenses	-	-	4,708	11	-	4,719
Amortization of insurance acquisition cash flows	335	-	-	-	-	335
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-
Changes to liabilities for incurred claims	-	-	(106)	(19)	-	(125)
Impairment of assets for insurance acquisition cash flow	-	-	-	-	-	-
Reversal of impairment of assets for insurance acquisition cash flows	-	-	-	-	-	-
Investment components	-	-	-	-	-	-
Insurance service result	(4,208)	-	4,602	(8)	-	386
Insurance finance expenses	-	-	17	3	-	20
Effect of movements in exchange rates	-	-	-	-	-	-
Total changes in the statement of comprehensive income	(4,208)	-	4,619	(5)	-	406
Cash flows	-	-	-	-	-	-
Premiums received	8,879	-	-	-	-	8,879
Claims and other expenses paid	-	-	(4,615)	-	-	(4,615)
Insurance acquisition cash flows	(985)	-	-	-	-	(985)
Total cash flows	7,894	-	(4,615)	-	-	3,279
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	5,973	-	167	20	-	6,160
Insurance contract liabilities as at 31/12	5,973	-	167	20	-	6,160
Insurance contract assets as at 31/12	-	-	-	-	-	-
Net insurance contract (assets)/liabilities as at 31/12	5,973	-	167	20	-	6,160

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2025 - REINSURANCE CONTRACT ASSETS	Assets for remaining coverage		Amounts recoverable on assets for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 01/01	183,893	-	1,156,068	63,094	1,403,055
Reinsurance contract liabilities as at 01/01	-	-	-	-	-
Net Reinsurance contract assets as at 01/01	183,893	-	1,156,068	63,094	1,403,055
An allocation of reinsurance premiums	(497,737)	-	-	-	(497,737)
Amounts recoverable from reinsurers for incurred claims	-	2,912	164,043	(17,892)	149,063
Amounts recoverable for incurred claims and other expenses	-	-	765,796	53,962	819,758
Loss-recovery on onerous underlying contracts and adjustments	-	2,912	-	-	2,912
Changes to amounts recoverable for incurred claims	-	-	(601,753)	(71,854)	(673,607)
Reinsurance investment components	-	-	-	-	-
Net income or expense from reinsurance contracts held	(497,737)	2,912	164,043	(17,892)	(348,674)
Reinsurance finance income	-	-	46,667	7,319	53,986
Effects of changes in non-performance risk of reinsurers	-	-	253	33	286
Total changes in the statement of comprehensive income	(497,737)	2,912	210,963	(10,540)	(294,402)
Cash flows					
Premiums paid	513,600	-	-	-	513,600
Amounts received	-	-	(362,334)	-	(362,334)
Total cash flows	513,600	-	(362,334)	-	151,266
Other movements	-	-	-	-	-
Net Reinsurance contract assets as at 31/12	199,755	2,912	1,004,698	52,554	1,259,919
Reinsurance contract assets as at 31/12	199,755	2,912	1,004,698	52,554	1,259,919
Reinsurance contract liabilities as at 31/12	-	-	-	-	-
Net Reinsurance contract assets as at 31/12	199,755	2,912	1,004,698	52,554	1,259,919

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

17. Movements in insurance contract liability (Continued)

2024 - REINSURANCE CONTRACT ASSETS	Assets for remaining coverage		Amounts recoverable on assets for incurred claims		Total
	Excluding loss recovery component	Loss recovery component	Estimates of the present value of future cash flows	Risk adjustment	
Reinsurance contract assets as at 01/01	189,578	-	862,994	56,180	1,108,752
Reinsurance contract liabilities as at 01/01	-	-	-	-	-
Net Reinsurance contract assets as at 01/01	189,578	-	862,994	56,180	1,108,752
An allocation of reinsurance premiums	(382,182)	-	-	-	(382,182)
Amounts recoverable from reinsurers for incurred claims	-	-	390,876	805	391,681
Amounts recoverable for incurred claims and other expenses	-	-	663,705	47,475	711,180
Loss-recovery on onerous underlying contracts and adjustments	-	-	-	-	-
Changes to amounts recoverable for incurred claims	-	-	(272,829)	(46,670)	(319,499)
Reinsurance investment components	-	-	-	-	-
Net income or expense from reinsurance contracts held	(382,182)	-	390,876	805	9,499
Reinsurance finance income	-	-	40,287	6,109	46,396
Effects of changes in non-performance risk of reinsurers	-	-	-	-	-
Total changes in the statement of comprehensive income	(382,182)	-	431,163	6,914	55,895
Cash flows					
Premiums paid	376,497	-	-	-	376,497
Amounts received	-	-	(138,089)	-	(138,089)
Total cash flows	376,497	-	(138,089)	-	238,408
Other movements	-	-	-	-	-
Net Reinsurance contract assets as at 31/12	183,893	-	1,156,068	63,094	1,403,055
Reinsurance contract assets as at 31/12	183,893	-	1,156,068	63,094	1,403,055
Reinsurance contract liabilities as at 31/12	-	-	-	-	-
Net Reinsurance contract assets as at 31/12	183,893	-	1,156,068	63,094	1,403,055

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

18. Receivables arising out of direct insurance arrangements

	2025 KShs'000	2024 KShs'000
Gross receivables arising out of direct insurance arrangements	660,981	642,539
Expected credit loss	(64,779)	(65,399)
Net receivables arising out of direct insurance arrangements	596,202	577,140

The movement in expected credit loss is as shown below:

At 1 January	65,399	113,700
Decrease in expected credit loss (Note 3.2.3)	<u>(620)</u>	<u>(48,301)</u>
At 31 December	<u>64,779</u>	<u>65,399</u>

Historical experience was used to compute the probabilities of default and the percentage of loss given default. Default is deemed to have occurred if premiums are outstanding for more than 90 days.

19. Receivable from related party

	2025 KShs'000	2024 KShs'000
Receivable from sale of unquoted shares	26,632	66,632
Expected credit loss	<u>(1,879)</u>	<u>(4,519)</u>
	<u>24,753</u>	<u>62,113</u>

The movement in expected credit loss is as shown below:

At 1 January	4,519	2,032
Increase/(decrease) in expected credit loss (Note 3.2.3)	<u>(2,640)</u>	<u>2,487</u>
At 31 December	<u>1,879</u>	<u>4,519</u>

20. Other receivables

Financial assets		
Rent receivable	7,403	4,601
Rental deposits*	6,023	7,000
Other deposits with various institutions**	8,316	1,063
Receivable from sale of investment property	1,600	24,794
Expected credit loss	<u>(3)</u>	<u>(3,565)</u>
	<u>23,339</u>	<u>33,893</u>
Non-financial assets		
Staff advances	1,621	253
Prepayment	<u>32,571</u>	<u>26,285</u>
	<u>34,192</u>	<u>26,538</u>
Total	<u>57,531</u>	<u>60,431</u>

The movement in expected credit loss is as shown below:

At 1 January	3,565	2,858
Increase in expected credit loss (Note 3.2.3)	<u>(3,562)</u>	<u>707</u>
At 31 December	<u>3</u>	<u>3,565</u>

* Rental deposits relate to refundable deposits held by landlords.

** Other deposits with various institutions represent amounts held on lien as securities for provider guarantees.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

21. Deposits with financial institutions

	2025 KShs'000	2024 KShs'000
Deposits with commercial banks	1,085,723	405,452
	<u>1,085,723</u>	<u>405,452</u>
Expected credit loss on deposits with commercial banks	(5,932)	(1,127)
	<u>(5,932)</u>	<u>(1,127)</u>
	<u>1,079,791</u>	<u>404,325</u>

The movement in expected credit loss is as shown below:

At 1 January	1,127	3,523
Increase/(decrease) in expected credit loss (Note 3.2.7)	<u>4,805</u>	<u>(2,396)</u>
At 31 December	<u>5,932</u>	<u>1,127</u>

Deposits with financial institutions are interest bearing and have an average effective maturity period of three months.

The effective interest rate realised on the deposits during the year ended 31 December 2025 was 9.8% (2024: 12.8%).

22. Share capital

22.1 Paid up share capital

	2025 KShs'000	2024 KShs'000
Authorised capital:		
8,000,000 (2024: 8,000,000) ordinary shares of KShs 100 each	800,000	800,000

The movement in share capital is as shown below:

	Number of Shares		Share premium		Share capital	
	2025 KShs'000	2024 KShs'000	2025 KShs'000	2024 KShs'000	2025 KShs'000	2024 KShs'000
At 1 January	5,027	5,027	5,712	5,712	502,698	502,698
Allotted shares during the year	<u>1,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,867</u>	<u>-</u>
At 31 December	<u>6,286</u>	<u>5,027</u>	<u>5,712</u>	<u>5,712</u>	<u>628,565</u>	<u>502,698</u>

Authorised share capital:

8,000,000 (2024: 8,000,000) ordinary shares of KShs 100 each	800,000	800,000
Issued and fully paid up share capital:		
6,286,000 (2024: 5,027,000) ordinary shares of KShs 100 each	628,565	502,698

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

22.2 Shareholders' contribution pending allotment

	2025 KShs'000	2024 KShs'000
At 1 January	185,861	185,861
Additional share capital	-	-
Alloted shares	<u>(125,867)</u>	<u>-</u>
At 31 December	<u>59,994</u>	<u>185,861</u>

This is share capital contribution by the shareholders to the Company pending allotment of the Company shares. The allotment will be completed once the requisite documents have been filed with the registrar of Companies and share certificate issued to the shareholder.

22.3 Revaluation reserves

Revaluation reserves represent gain or loss arising from changes in the fair value of property and equipment and is made up as below;

	2025 KShs'000	2024 KShs'000
At 1 January	24,799	18,974
Gain arising from changes in the fair value of property and equipment net of tax	<u>4,729</u>	<u>5,825</u>
	<u>29,528</u>	<u>24,799</u>

23. Right-of-use assets

At 1 January	45,567	56,226
Additions	42,502	5,880
Depreciation charge for the year (Note 9)	<u>(17,316)</u>	<u>(16,539)</u>
At 31 December	<u>70,753</u>	<u>45,567</u>

The Company leases various offices. The leases of offices are typically for periods of between 4 and 6 years, with no options to renew. None of the leases contain any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

24. Lease liabilities

	2025 KShs'000	2024 KShs'000
At start of year	51,447	61,998
Additions	42,502	5,881
Interest charged to profit or loss	9,151	7,674
Cash flows:		
- Payments under leases (interest)	(8,953)	(7,538)
- Payments under leases (principal)	<u>(15,444)</u>	<u>(16,568)</u>
At end of year	<u>78,703</u>	<u>51,447</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

24. Lease liabilities (Continued)

The leases expiring within one year are subject to review at various dates during the next financial year. Below is the maturity analysis of lease liabilities based on contractual discounted payments:

	2025 KShs'000	2024 KShs'000
0-1 year	15,180	12,563
1-2 years	15,615	11,303
2-5 years	15,677	11,147
Over 5 years	<u>32,231</u>	<u>16,434</u>
	<u>78,703</u>	<u>51,447</u>

Weighted average effective interest rates at the reporting date was 13%.

The carrying amounts of the Company's lease liabilities are denominated in Kenya shillings. Maturity analysis of the repayment structure of lease liabilities based on contractual undiscounted cashflows is as follows:

	2025 KShs'000	2024 KShs'000
Gross lease liabilities - minimum lease payments		
0-1 year	24,397	17,144
1-2 years	25,095	15,424
2-5 years	25,195	15,212
Over 5 years	<u>51,799</u>	<u>22,427</u>
Total gross lease	<u>126,486</u>	<u>70,207</u>

The following amounts are recognized in profit or loss:

Depreciation expense of right of use assets	17,316	16,539
Interest expense on lease liabilities	<u>9,151</u>	<u>7,674</u>
Total amount recognized in profit or loss	<u>26,467</u>	<u>24,213</u>

25. Other payables and accruals

Customers' rent deposit	14,078	14,078
Commissions payable	94,572	111,171
Sundry payables and accruals*	126,734	46,684
Dividend payable	<u>4,377</u>	<u>2,080</u>
	239,761	174,013
Leave accrual	8,418	11,306
	<u>248,179</u>	<u>185,319</u>

The carrying amounts disclosed above reasonably approximate the fair value at the reporting date.

*Mainly includes accruals for audit, legal, actuarial and ICT services.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

26. Cash flows from operating activities

	2025 KShs'000	2024 KShs'000
Profit before tax	157,281	116,521
Adjustments for:		
Interest income on Government securities (Note 6.1)	(26,001)	(30,585)
Interest income on deposits with financial institutions (Note 6.1)	(89,312)	(48,884)
Loss on valuation of quoted shares (Note 6.2)	-	55
Fair value gain on revaluation of investment properties (Note 6.3)	(9,421)	(14,132)
Gain on sale of investment property (Note 6.3)	-	(24,160)
Allowance for expected credit losses (Note 3.2.3)	(6,127)	(31,776)
Increase/ (decrease) in experience adjustment for reinsurers (Note 5.5)	20,000	80,000
Gain on disposal of property and equipment	(150)	-
Depreciation on right-of-use assets (Note 22)	17,316	16,539
Depreciation on property and equipment (Note 11)	11,587	11,739
Amortization of intangible assets (Note 12)	208	339
Interest expense on lease liabilities (Note 24)	9,151	7,674
Unrealized foreign exchange gains/losses	122	1,422
Operating profit before working capital changes	84,654	84,752
Changes in working capital:		
reinsurance contract assets	123,136	(374,303)
Insurance contract liabilities	212,168	489,807
Other receivables	7,706	64,663
Receivables arising out of direct insurance arrangements	(18,442)	78,546
Other payables	<u>62,859</u>	<u>(54,805)</u>
Cash generated from operating activities	<u>472,081</u>	<u>278,278</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

27. Cash and bank balances

	2025 KShs'000	2024 KShs'000
Cash at bank	133,811	232,467
Expected credit loss on cash at bank	<u>(987)</u>	<u>(1,277)</u>
	132,824	231,190
Cash in hand	<u>257</u>	<u>303</u>
Total cash and bank balances	<u>133,081</u>	<u>231,493</u>

The movement in expected credit loss is as shown below:

At 1 January	(1,277)	(3,426)
Decrease in expected credit loss (Note 3.2.7)	<u>290</u>	<u>2,149</u>
At 31 December	(987)	(1,277)

For the purposes of the statement of cash flows, the period-end cash and cash equivalents comprise the following:

Cash at bank and in hand	134,068	232,770
Investments in Government securities maturing within 91 days (Note 15)	-	95,000
Deposits with financial institutions maturing within 90 days	<u>1,006,700</u>	<u>25,000</u>
	<u>1,140,768</u>	<u>352,770</u>

28. Related parties disclosures

The Company is owned by the Catholic Church in Kenya through the various Archdioceses, Dioceses, the Catholic Missionary Priests, and the Association of the Catholic Nuns together with affiliated institutions of the Church. In the normal course of business, insurance policies are sold to related parties at terms and conditions similar to those offered in the ordinary course of business.

Transactions with related parties and outstanding balances with related parties arise from the normal sale of insurance contracts and other transactions to the various Catholic Church Archdioceses, Dioceses, the Catholic Missionary Priests, and the Association of the Catholic Nuns together with affiliated institutions.

	2025 KShs'000	2024 KShs'000
a) Transactions with related parties		
Sale of insurance contracts	<u>111,523</u>	<u>110,237</u>
Claims paid	<u>53,019</u>	<u>57,411</u>
Depreciation on right-of-use assets	<u>2,390</u>	<u>5,918</u>
Lease liabilities interest	<u>1,471</u>	<u>935</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

28. Related parties' transactions and balances (continued)

Outstanding balances with related parties:	2025 KShs'000	2024 KShs'000
Receivables arising out of direct insurance arrangements	36,004	18,143
Receivable from sale of unquoted shares and issue of share capital	24,753	62,113
Insurance contract liabilities	51,578	41,446
Right-of-use assets	14,339	35,510
Lease liabilities	10,873	2,366
Key management compensation:		
Short-term employee benefits:		
- key management compensation	78,322	71,527
Shareholder contribution pending allotment	185,861	185,861
Directors' fees	18,802	12,551

Outstanding balances at the reporting date are unsecured and settlement will take place in cash. Related parties have been assessed for impairment according to provisions of IFRS 9 as disclosed in notes 1.11 and 18.2.

Depreciation on right-of-use assets and lease liabilities interest relate to depreciation and interest charged on the lease contracts with various lessors for spaces occupied at branches.

29. Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data.

Fair value hierarchies are determined at the time of acquisition of an asset class and remain unchanged throughout the life of that class of assets. There was no movement between levels during the year.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

29. Fair value of financial instruments (continued)

29.1 Fair value of financial instruments not measured at fair value

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

The Company did not hold any financial assets or financial liabilities that were measured at fair value at the reporting date.

Management has assessed that investment in Government securities - treasury bills, deposits with financial institutions, cash and bank balances, other receivables, receivables arising out of direct insurance arrangements, receivables from related parties, lease liabilities and other payables and accruals approximate their carrying amounts largely due to the short-term maturities of these instruments and/or because they carry interest rates that reasonably approximate market rates.

29.2 Fair value of non-financial instruments measured at fair value

The valuation inputs, valuation techniques and fair value hierarchy of investment properties are disclosed in note 13.

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

30. Maturity analysis of assets and liabilities

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

31-Dec-25	Within 12 months KShs'000	After 12 months KShs'000	Total KShs'000
Assets			
Cash and bank balances	133,081	-	133,081
Deposits with financial institutions	1,079,791	-	1,079,791
Receivables arising out of direct insurance arrangements	596,202	-	596,202
Receivable from related party	-	24,753	24,753
Government securities - 'amortised cost'	157,904	71,099	229,003
Other receivables	57,531	-	57,531
Investment properties	-	745,578	745,578
Reinsurance contract assets	125,919	-	1,259,919
Tax recoverable	30,355	-	30,355
Property and equipment	-	152,136	152,136
Right-of-use assets	-	70,753	70,753
Intangible assets	-	136	136
	<u>3,314,783</u>	<u>1,064,455</u>	<u>4,379,238</u>
Liabilities			
Insurance contract liabilities	1,416,931	1,505,918	2,922,849
Other payables and accruals	248,179	-	248,179
Lease liabilities	24,397	54,306	78,703
Deferred tax liabilities	-	48,695	48,695
	<u>1,689,507</u>	<u>1,608,919</u>	<u>3,298,426</u>
Net position	<u>1,625,276</u>	<u>(544,464)</u>	<u>1,080,812</u>
31-Dec-24			
Assets			
Cash and bank balances	231,493	-	231,493
Deposits with financial institutions	404,325	-	404,325
Receivables arising out of direct insurance arrangements	577,140	-	577,140
Receivable from related party	-	62,113	62,113
Government securities - 'amortised cost'	231,200	57,833	289,033
Other receivables	60,431	-	60,431
Investment properties	-	712,168	712,168
Reinsurance contract assets	140,305	-	1,403,055
Tax recoverable	46,093	-	46,093
Property and equipment	-	137,429	137,429
Right-of-use assets	-	45,567	45,567
Intangible assets	-	344	344
	<u>2,953,737</u>	<u>1,015,454</u>	<u>3,969,191</u>
Liabilities			
Insurance contract liabilities	1,787,350	923,331	2,710,681
Other payables and accruals	185,319	-	185,319
Lease liabilities	20,578	30,869	51,447
Deferred tax liabilities	-	37,385	37,385
	<u>1,993,247</u>	<u>991,585</u>	<u>2,984,832</u>
Net position	<u>960,490</u>	<u>23,869</u>	<u>984,359</u>

PACIS INSURANCE COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

31. Operating leases

Operating lease commitments - the Company as a lessor

The Company has entered into operating leases on its investment property portfolio consisting of certain office buildings (see Note 13). These leases have terms of between 5 and 6 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties. Rental income recognised by the Company during the year is KShs 52,633,000(2024: KShs 50,429,000).

Future undiscounted lease payments to be received under operating leases as at 31 December are, as follows:

	2025 KShs'000	2024 KShs'000
0 - 1 year	33,560	53,675
1 - 2 years	28,310	26,566
2 - 3 years	27,646	19,325
3 - 4 years	22,987	13,310
4 - 5 years	<u>12,029</u>	<u>1,869</u>
Above 5 years		
Total	<u>124,532</u>	<u>114,745</u>

32. Contingent liabilities and commitments

In common with the insurance industry in general, the Company is subject to litigation arising in the normal course of insurance business. The Directors are of the opinion that any outstanding litigation in this respect will not have a material effect on the financial position or performance of the Company.

	2025 KShs'000	2024 KShs'000
Commitments		
Financial guarantees	30,481	25,000
Bid bond	<u>5,000</u>	<u>5,000</u>
	<u>35,381</u>	<u>30,000</u>

The guarantees facility relates to the documents written by the bank to support performance by the Company to third parties in the ordinary course of the Company's business. The guarantees are held with Bank of Africa Kenya.

The bid bond facility is utilized by the bank for issuance of bid bonds in favour of third parties in the ordinary course of the Company's business.

Credit risk for off balance sheet items

Since the bank guarantees and bid bonds are fully secured by bank deposits for which an expected credit loss has been recognized, no expected credit losses have been recognized for these off - balance sheet items.

33. Events after the reporting date

The estimates and judgements applied to determine the financial position at 31 December 2025, most specifically as they relate to the calculations of impairment, were based on a range of forecast economic conditions as at that date. The Directors have assessed the impact of the Iran conflict and concluded that it is not expected to have a material impact on the Company.

The Directors are not aware of any other event after the reporting date, as defined by IAS 10 Events after the Reporting Period, that require disclosure in or adjustments to the financial statements as at the date of this report.

PACIS INSURANCE COMPANY LIMITED
Supplementary information (Unaudited)
FOR THE YEAR ENDED 31 DECEMBER 2025
GENERAL INSURANCE BUSINESS REVENUE ACCOUNT

2025 (KShs'000)	Engineerin g	Fire Domestic	Fire Industrial	Liability	Marine	Motor Private	Motor Commercial	Personal Accident	Medical	Theft	Workmen's Compensatio n	Miscellaneous	Total
Insurance revenue	39,691	18,819	168,154	318,213	8,856	562,324	692,682	42,721	1,311,505	53,838	158,293	9,004	3,384,100
Incurred claims and other expenses	(57,840)	(9,725)	(113,877)	(161,354)	(3,723)	(772,912)	(824,580)	(24,583)	(1,282,478)	(22,771)	(108,048)	(1,467)	(3,383,358)
Amortization of insurance acquisition cash flows	(8,505)	(3,689)	(40,347)	(63,588)	(1,682)	(55,073)	(68,672)	(8,113)	(128,149)	(8,052)	(32,411)	(1,322)	(419,603)
Losses on onerous contracts and reversals of those losses	(7,158)	-	-	-	-	16,517	-	-	-	-	-	-	9,359
Changes to liabilities for incurred claims	21,805	726	30,297	110,438	(78)	274,181	202,415	5,177	149,235	15,256	20,335	175	829,962
Insurance service expense	(51,698)	(12,688)	(123,927)	(114,504)	(5,483)	(537,287)	(690,837)	(27,519)	(1,261,392)	(15,567)	(120,124)	(2,614)	(2,963,640)
Insurance service result before reinsurance contracts held	(12,007)	6,131	44,227	203,709	3,373	25,037	1,845	15,202	50,113	38,271	38,169	6,390	420,460
Interest accreted	(3,190)	(80)	(4,298)	(25,628)	(17)	(45,827)	(36,876)	(701)	(10,331)	(2,952)	(4,885)	(12)	(134,797)
Effect of changes in interest rates	(137)	(2)	(145)	(2,125)	(2)	(2,848)	(2,544)	(35)	(61)	(254)	(354)	-	(8,507)
Insurance finance expense	(3,327)	(82)	(4,443)	(27,753)	(19)	(48,675)	(39,420)	(736)	(10,392)	(3,206)	(5,239)	(12)	(143,304)
Finance cost	106	51	455	860	24	1,521	1,873	116	3,546	146	428	24	9,150

PACIS INSURANCE COMPANY LIMITED
Supplementary information (Unaudited)
FOR THE YEAR ENDED 31 DECEMBER 2025
GENERAL INSURANCE BUSINESS REVENUE ACCOUNT

2024 (KShs'000)	Engineering	Fire Domestic	Fire Industrial	Liability	Marine	Motor Private	Motor Commercial	Personal Accident	Medical	Theft	Workmen's Compensation	Miscellaneous	Total
Insurance revenue	28,064	17,288	165,769	266,638	4,448	547,634	557,654	34,592	1,054,921	55,454	139,433	4,543	2,876,438
Incurred claims and other expenses	(52,704)	(7,726)	(155,050)	(202,124)	(2,051)	(740,510)	(598,269)	(21,714)	(1,040,966)	(38,709)	(113,916)	(4,719)	(2,978,458)
Amortization of insurance acquisition cash flows	(5,176)	(3,358)	(39,365)	(53,259)	(796)	(54,074)	(55,218)	(7,033)	(102,290)	(10,687)	(28,873)	(335)	(360,464)
Losses on onerous contracts and reversals of those losses	-	-	-	9,751	227	15,031	-	-	-	-	-	-	25,009
Changes to liabilities for incurred claims	(5,485)	236	11,708	(8,339)	238	172,819	106,897	9,145	159,489	(2,336)	16,209	125	460,706
Insurance service expense	(63,365)	(10,848)	(182,707)	(253,971)	(2,382)	(606,734)	(546,590)	(19,602)	(983,767)	(51,732)	(126,580)	(4,929)	(2,853,207)
Insurance service result before reinsurance contracts held	(35,301)	6,440	(16,938)	12,667	2,066	(59,100)	11,064	14,990	71,154	3,722	12,853	(386)	23,231
Interest accreted	(1,169)	(24)	(1,816)	(14,810)	(36)	(44,304)	(31,422)	(1,318)	(14,234)	(1,114)	(4,236)	(20)	(114,503)
Effect of changes in interest rates	(165)	(1)	(600)	(1,691)	-	(4,279)	(2,875)	(28)	(69)	(214)	(331)	-	(10,253)
Insurance finance expense	(1,334)	(25)	(2,416)	(16,501)	(36)	(48,583)	(34,297)	(1,346)	(14,303)	(1,328)	(4,567)	(20)	(124,756)
Finance cost	75	44	442	711	12	1,460	1,489	93	2,814	151	371	12	7,674
2024 (KShs'000)													
Insurance revenue	28,064	17,288	165,769	266,638	4,448	547,634	557,654	34,592	1,054,921	55,454	139,433	4,543	2,876,438
Incurred claims and other expenses	(52,704)	(7,726)	(155,050)	(202,124)	(2,051)	(740,510)	(630,045)	(21,714)	(1,040,966)	(38,709)	(113,916)	(4,719)	(3,010,234)
Amortization of insurance acquisition cash flows	(5,176)	(3,358)	(39,365)	(53,259)	(796)	(54,074)	(55,218)	(7,033)	(102,290)	(10,687)	(28,873)	(335)	(360,464)
Losses on onerous contracts and reversals of those losses	-	-	-	9,751	227	15,031	-	-	-	-	-	-	25,009
Changes to liabilities for incurred claims	(5,485)	236	11,708	(8,339)	238	172,819	106,897	9,145	159,489	(2,336)	16,209	125	460,706
Insurance service expense	(63,365)	(10,848)	(182,707)	(253,971)	(2,382)	(606,734)	(578,366)	(19,602)	(983,767)	(51,732)	(126,580)	(4,929)	(2,884,983)
Insurance service result before reinsurance contracts held	(35,301)	6,440	(16,938)	12,667	2,066	(59,100)	(20,712)	14,990	71,154	3,722	12,853	(386)	(8,545)
Interest accreted	(1,169)	(24)	(1,816)	(14,810)	(36)	(44,304)	(31,422)	(1,318)	(14,234)	(1,114)	(4,236)	(20)	(114,503)
Effect of changes in interest rates	(165)	(1)	(600)	(1,691)	-	(4,279)	(2,875)	(28)	(69)	(214)	(331)	-	(10,253)
Insurance finance expense	(1,334)	(25)	(2,416)	(16,501)	(36)	(48,583)	(34,297)	(1,346)	(14,303)	(1,328)	(4,567)	(20)	(124,756)
Finance cost	75	44	442	711	12	1,460	1,489	93	2,814	151	371	12	7,674