ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

ZEP-RE
PTA REINSURANCE COMPANY

30TH

ANNIVERSARY

Celebrating 30 years of dedication to innovation and sustainable growth of (re)insurance in Africa.

MISSION, VISION, VALUES

OUR VISION

To be a world class leading reinsurer in Africa

OUR MISSION

To provide first class security and quality services to our clients

OUR VALUES

- Customer driven
- A professional team
- We act with integrity
- We are a responsible corporate citizen

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CORPORATE INFORMATION

Board of Directors

Chileshe Mpundu Kapwepwe	**Chairperson (wef June 2022)**
Hosea Kashimba	**Vice Chairperson (wef June 2022)**
Hope Murera	**Managing Director**
Admassu Tadesse	**Re-elected on 24th June 2022**
Jadiah Mwarania	**Re-elected on 24th June 2022**
Mohammed Satti	**Re-elected on 24th June 2022**
Rehemah Namutebi	**Re-elected on 24th June 2022**
Simon Putsai Chikumbu	**Re-elected on 24th June 2022**
Chearyp Mkandawire - Sokoni	**Elected on 24th June 2022**
Frederic Ntimarubusa	**Elected on 24th June 2022**
Pritesh Modi	**Elected on 24th June 2022**
Christabel Michel Banda	**Retired on 24th June 2022**
Daher Warsama Robleh	**Retired on 24th June 2022**
Ewan Wheeler	**Retired on 30th September 2022**

Alternate Directors

Elirehema Joshua Doriye	**Elected on 24th June 2022 (Alternate to Hosea Kashimba)**
Jacqueline Njui	**Elected on 24th June 2022 (Alternate to Jadiah Mwarania)**
Kennedy Siamuwele	**Elected on 24th June 2022 (Alternate to Chearyp Mkandawire)**
Jean Pacifique Niragira	**Elected on 24th June 2022 (Alternate to Frederic Ntimarubusa)**
Jan Gross	**Elected on 24th June 2022 (Alternate to Pritesh Modi)**
Dev Anand Haman	**Elected on 24th June 2022 (Alternate to Chileshe Mpundu Kapwepwe)**
Joy Uwinema Ntare	**Elected on 24th June 2022 (Alternate to Admassu Tadesse)**
Zuheir Hassan Ibrahim	**Elected on 24th June 2022 (Alternate to Mohammed Satti)**

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Certified Public Accountants (Kenya)
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BANKERS

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Nairobi, Kenya

Stanbic Bank Kenya Limited
Stanbic Centre, Chiromo Road,
P.O. Box 72833 - 00200
Nairobi, Kenya.

Kenya Commercial Bank Limited
University Way Branch
P.O. Box 7206 - 00300
Nairobi, Kenya

Stanbic Bank Zambia Limited
Woodgate House, Nairobi Place, Cairo Road,
P.O. Box 319555
Lusaka, Zambia

Stanbic Bank Uganda Limited
Crested Towers, Plot 17 Hannington Road,
P.O. Box 7131
Kamplala, Uganda

Sudanese French Bank
P.O. Box 2775
Khartoum, Sudan

Commercial Bank of Ethiopia
P.O Box 255
Addis Ababa, Ethiopia

SCB Cameroon
530, Rue du Roi George
B. P. 300
Douala, Cameroon

Stanbic Bank Zimbabwe Limited
Parklane Branch
Harare, Zimbabwe

Board of Directors

Chileshe Mpundu Kapwepwe

Chileshe Mpundu Kapwepwe is a Non- Executive Director on the Board of ZEP- Re. She was elected to the Board in June 2019. She is the Secretary General of the Common Market of Eastern and Southern Africa (COMESA) and has extensive experience in both the public and private sectors spanning over 30 years in both local and international organisations. She has served as an Executive Director at the International Monetary Fund as well as Member of Parliament, Deputy Minister of Finance and Managing Director of the National Airports Corporation Limited in Zambia. She has served and continues to serve on several boards including the Zambia Revenue Authority, Bank of Zambia, Ecobank Zambia Limited, BP Zambia Limited, Zambia Privatisation Trust Fund, Airports Council International, African Civil Aviation Commission, Global Water Partnership Southern Africa.

She is a Chartered Accountant and holds a Masters degree in Business Administration from the University of Bath, United Kingdom.

Christabel Michel Banda: (Chairperson until May 24, 2022)

Christabel Michel Banda was appointed as a Non-Executive Director to the Board in May 2019. She was elected by the 30th Annual General Assembly in May 2021 as the Chairperson of the Board and served until the next elective AGM held on 24th June 2022. Her professional experience includes, serving as the Managing Director of ZSIC Life Limited (Zambia), holding various capacities in the private sector as an insurance, audit, and finance professional. She spearheaded the set-up of the Insurers Association of Zambia Secretariat and served as its first Executive Director. She also served as the President of the Association, and is immediate past Chairperson of the National Road Fund (Zambia) Agency.

She is currently studying towards a Doctorate in Business Administration. She is a holder of a Masters degree in Business Administration, a Chartered Insurer and a Chartered Accountant

Hosea Kashimba

Hosea Ezekiel Kashimba joined the Board in May 2021 and was re-elected in June 2022 as a non-Executive Director and serves as the Vice- Chairperson of ZEP-RE. Hosea is the Director General of the Public Service Social Security Fund (PSSSF), a position he was appointed to in 2019. Kashimba has 20 years experience in the public sector. Prior to his current appointment, he was the Acting Director General Parastatal Pensions Fund (PPF) and previously, the Director of Internal Audit PPF. He presently sits on the Board of Directors of Tanzania Reinsurance Company Ltd (TAN- RE), CRDB Bank Plc and is the Chairman of CRDB Bank Burundi and Watumishi Housing Investment company in Tanzania.

He is a holder of an MBA in Corporate Management and a Fellow Certified Public Accountant (FCPA) with knowledge and experience in Enterprise Risk Management, Internal Controls and Governance in both the Public and Private Sectors.

Board of Directors (continued)

Hope Murera

Hope Murera is the Managing Director & CEO of ZEP-RE and previously served as the General Manager and Company Secretary of ZEP-RE. Hope has over 20 years working experience in the insurance and reinsurance industry. She currently sits on the Boards of Uganda Reinsurance Company Limited, the Organisation of Eastern and Southern Africa (OESAI) and serves as the Vice Chairperson on the Board of Africa Trade Insurance Agency (ATI).

Hope holds a Bachelor of Laws degree from Makerere University in Uganda, an MBA from IMD International, Lausanne, Switzerland.

Admassu Tadesse

Admassu Tadesse is the TDB Group Managing Director and Chairman of the TDB Group Executive Management Board (President Emeritus). Prior to this role, he served as President & CEO of TDB (2012-2022). He serves on the governing organs of several global and continental industry bodies, notably the International Development Finance Club, Finance in Common and the Africa Investment Forum. He also serves as Chairman of the Board of Directors of Financial Sector Deepening Ethiopia, a-not-for-profit financial sector development agency. He is also a member of the Boards of Directors of the US Corporate Council on Africa and Gulf Africa Bank, in addition to the Boards of Directors of ZEP- RE (PTA Reinsurance) and TDB Group subsidiaries and special purpose funds. In the past, he has also served on the Boards of various development finance institutions/funds/associations in Paris and Geneva, as well as Johannesburg, Gaborone and Abidjan.

Prior to TDB Group, he served as Executive Vice-President for 10 years at the Development Bank of Southern Africa (DBSA) in Johannesburg, South Africa, where he was responsible for international finance and investment, as well as corporate s trategy. He started his career in New York City as an economist and management consultant working for special purpose development funds, including at the United Nations. He has been a member of the Institute of Directors of Mauritius/South Africa and the Institute of Bankers of South Africa/ Kenya. An economist and banker, Mr. Tadesse qualified at the London School of Economics and Political Science, Wits Business School and Western University of Canada. He also trained in advanced management and banking at Harvard Business School and INSEAD, among others. He is a recipient of multiple industry awards, including African Banker of the Year and African Business Leader of the Year.

Chearyp Mkandawire

Chearyp Mkandawire- Sokoni is a Non- Executive Director on the Board of ZEP- Re. She was elected to the Board in June 2022.She is the Chief Finance Officer of the Industrial Development Corporation (IDC) and has 22 years of post-qualification experience in finance, internal and external audit, compliance, strategy and leadership. She previously worked with KPMG (Malawi and Zambia offices), the Audit Commission (UK) and Copperbelt University and Chloride Zambia, a member of the ART Group. She is a graduate of the Advanced Management Program (AMP) of the Harvard University Business School and the University of Edinburgh Business School with an MBA – focused on Mergers & Acquisitions, Investment Management and Portfolio Management and Securities Exchange.

She is a Fellow of the Association of Chartered Certified Accountants (ACCA), Zambia Institute of Chartered Accountants (ZICA) and a member of the Society of Corporate Compliance and Ethics (SCCE). She sits on the Boards of the Zambia National Commercial (Zanaco) Bank. She previously served as the Chairperson of Superior Milling Company Board, and of the Investment Committee of Saturnia Regna Pension Fund Trust, and the Zambia Forestry and Forest Industries Corporation Plc (ZAFFICO) where she also chaired the Audit and Risk Management Committee.

Board of Directors (continued)

Frederic Ntimarubusa

Dr. Ntimarubusa is a Non- Executive Director on the Board of ZEP- Re. He was elected to the Board in June 2022 and is currently the CEO of the Burundi Insurance Corporation (BICOR). He holds a Law degree from the University of Burundi and a Doctorate of Law from the University of Antwerp, Belgium. He sits on the Board of Banque Commerciale de Burundi (BCB) and previously served on the Boards of the National Social Security Fund, Burundi and the Burundi National University as Chairperson and Vice- Chairperson, respectively.

Jadiah Mwarania

Jadiah Mwarania was elected to the Board in June 2022 as a non-Executive Director. Prior to the election, he served as Non- Executive Alternate Director since June 2019. He is the Managing Director of the Kenya Reinsurance Corporation Limited. He has worked with the Corporation for over 25 years and was previously the General Manager (Reinsurance Operations) and Acting Managing Director.

Mwarania is the Chairman of the Association of Kenya Reinsurers (AKR) and sits on the Board of the Insurance Training and Education Trust (ITET) and is a member of the Finance and Development Board Committee of the College of Insurance of Kenya.

Mwarania is a Chartered Insurer of the Chartered Insurance Institute of London, a Fellow of the Insurance Institute of London, a Fellow of the Kenya Institute of Management (FMKIM) and a Fellow of Insurance Institute of Kenya (FIIK). He is currently pursuing a PHD in strategic management at the University of Nairobi.

He holds a Bachelor of Commerce (Hons.) and Master of Business Administration (MBA) degrees from the University of Nairobi. He is also a holder of the Order of Grand Warrior Award (OGW).

Mohammed Satti

Mohammed Satti is a Non-Executive Director on the Board of ZEP- RE. He was elected to the Board in August 2020 and re-elected in June 2022. He is a highly qualified insurance and reinsurance professional with over 30 years' experience in varied components of the sector, including insurance, reinsurance, brokerage and insurance agency in Sudan. Mohammed has served in both Management and Underwriting positions and is currently the Secretary General of the National Insurance Regulatory Authority of Sudan. He holds a BSC (Insurance) from the Cairo University (Egypt).

Board of Directors (continued)

Pritesh Modi

Pritesh Modi is a Non- Executive Director on the Board of ZEP-RE. He was elected to the Board in June 2022. He is a qualified actuary and presently works with DEG, as the Senior Investment Manager and Actuary responsible for leading insurance investments in emerging markets globally across the insurance space. He previously served as the Director of Investments & Chief Actuary, Leap Frog Investments, Singapore, M&A Actuary, Northstar Financial Services (Hamilton, Bermuda), and Senior Actuarial Consultant, Willis Towers Watson (USA). Pritesh has 20 years of extensive insurance experience, across various insurance markets, particularly emerging markets. He has served as a Board member as well as in Board advisory capacity for insurance companies in Chile, Peru and Indonesia.

Rehemah Namutebi

Rehemah Namutebi is a Non-Executive Director on the Board of ZEP- Re. She was elected to the Board in June 2019 as an Alternate Director. The 30th and 31stGeneral Assemblies in May 2021 and June 2022 respectively, elected her as a substantive Director representing the Government of Rwanda. She is the Head of National Budget at the Ministry of Finance and Economic Planning of Rwanda. Rehemah has wide experience in strategic planning, budgeting and public finance management and has held different senior positions in the Government of Rwanda. She has also served as a member of several Boards of public and private organisations in Rwanda and Chairperson of different board committees. She currently sits on the Board of Prime Holding Limited

Simon Putsai Chikumbu

Simon Putsai Chikumbu serves as an Independent Director on the Board of ZEP- RE. He was elected to the Board in June 2019 and re-elected in June 2022. He currently serves as the Non-Executive Chairman of Aon Re Africa Pty Ltd, t/a Aon Reinsurance Solutions, where he worked for more than 25 years. Prior to his current position, he served as CEO & Principal Officer for 13 years. He has also served in the capacity of President of the Insurance Institute of Zimbabwe (IIZ), President and Chairman of the Insurance Institute of South Africa (IISA), Executive Committee member of the African Insurance Organization (AIO) and Chairman of the South Africa Reinsurance Brokers Association (SARBA). Simon sits on the Boards of FBC Reinsurance Company Ltd, Zimbabwe, and other companies in Southern Africa.

He is a Chartered Insurer, a Fellow of the Insurance Institute of South Africa and a Certified Director of the Institute of Directors (South Africa). He holds a BSC degree in Mechanical Engineering (University of Zimbabwe).

Senior Management Team

Hope Murera
Managing Director

Jephita Gwatipedza
Chief Operating Officer

Benjamin Kamanga
Director, Strategy & Investments

Ronald Kasapatu
Director, Partnerships, Govt. Relations, Agriculture & Micro Insurance

Rachael Gitonga
Chief Finance Officer

Miriam Magala
Company Secretary/ Head of Legal & Regulatory Affairs

Deniese Imoukhuede
Chief Risk Officer

Bernard Katambala
Regional Director, Eastern Africa Hub

Alexio Manyonde
Chief Technology Officer

Eliud Nderitu
Assistant Director Quality Assurance

Nicholas Malombe
Assistant Director, Life & Micro-Insurance

Shipango Muteto
Assistant Director, ZEP-RE Academy

Jerry Sogoli
Head of COMESA Pools & Stakeholder Relations

Joseph Nabimanya
HR & Administration Manager

Reuben Koech
Head of Investments

Notice of The 32nd Annual General Assembly

NOTICE IS HEREBY GIVEN that the **32nd Annual General Assembly** of ZEP-RE (PTA Reinsurance Company) will be held at Radisson Blu Hotel, Upperhill Nairobi, Kenya on **20th June 2023 at 0930** hours Kenyan time, as a hybrid (physical/virtual meeting) to conduct the following business:

1. To note the presence of a quorum.
2. To adopt the agenda.
3. To confirm minutes of the previous Annual General Assembly held on 24th June 2022.
4. To consider and adopt the Financial Statements for the year ended 31st December 2022 together with the Chairperson's Statement, the Directors' Report and Auditor's Report.
5. To approve the Directors' remuneration for the financial year ended 31 December 2022.
6. To declare a dividend in line with the Board of Directors recommendations. The Directors recommend approval of a dividend of US$ 5.3 million for the year ended 31 December 2022.
7. To approve an appropriation to the development impact fund in line with the Board of Directors recommendations. The Directors recommend appropriation of US$ 108,292 to the development impact fund (2021 – US$ 90,722).
8. To consider and if approved, appoint External Auditors for 2023 and approve their remuneration.
9. To undertake any other business.

BY ORDER OF THE BOARD

Miriam Magala

Secretary to the Board

Note

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on their behalf. A proxy need not be a member of the Company. To be valid, a proxy form, which is provided with this NOTICE, must be duly completed by the member and lodged with the Company Secretary vide email mmagala@zep-re.com and copy awanjohi@zep-re.com and not later than 1700 hours (EAT) on Tuesday, 6th June 2023.

REPORT OF THE CHAIRPERSON OF THE BOARD OF DIRECTORS

FOREWORD

On behalf of the Board of Directors, I am delighted to present to you the Company's Annual Report and Financial Statements for the year ended 31 December 2022.

1. 2022 ECONOMIC CONDITIONS

1.1 GLOBAL

The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weighed heavily on the economy. Global growth is estimated to have slowed from 6.2 percent in 2021 to 3.4 percent in 2022 according to the IMF.

" Underwriting discipline remained the company's top priority and selective risk acceptance resulted in a more stable loss ratio."

Chileshe Mpundu Kapwepwe, *Chairperson*

Despite these headwinds, real GDP was surprisingly strong in the third quarter of 2022 in numerous economies, including the United States, the euro area, and major emerging markets and developing economies. The sources of these surprises were in many cases domestic: stronger-than-expected private consumption and investment amid tight labor markets and greater-than-anticipated fiscal support. Households spent more to satisfy pent-up demand, particularly on services, partly by drawing down their stock of savings as economies reopened. Business investment rose to meet demand. On the supply side, easing bottlenecks and declining transportation costs reduced pressures on input prices and allowed for a rebound in previously constrained sectors, such as motor vehicles. Energy markets adjusted faster than expected to the shock from Russia's invasion of Ukraine.

In the fourth quarter of 2022, however, this uptick is estimated to have faded in most, though not all, major economies. US growth remains stronger than expected, with consumers continuing to spend from their stock of savings (the personal saving rate is at its lowest in more than 60 years, except for July 2005), unemployment near historic lows, and plentiful job opportunities. But elsewhere, high-frequency activity indicators (such as business and consumer sentiment, purchasing manager surveys, and mobility indicators) generally pointed to a slowdown.

Economic activity in China slowed in the fourth quarter amid multiple large COVID-19 outbreaks in Beijing and other densely populated localities. Renewed lockdowns accompanied the outbreaks until the relaxation of COVID-19 restrictions in November and December, which paved the way for a full reopening. Real estate investment continued to contract, and developer restructuring was proceeding slowly, amid the lingering property market crisis. China's slowdown has reduced global trade growth and international commodity prices.

Global headline inflation appears to have peaked in the third quarter of 2022. Prices of fuel and nonfuel commodities have declined, lowering headline inflation, notably in the United States, the euro area, and Latin America. But underlying (core) inflation has not yet peaked in most economies and remains well above pre-pandemic levels. These developments have caused central banks to raise rates faster than expected, especially in the United States and the euro area, and to signal that rates will stay elevated for longer. Financial markets are displaying high sensitivity to inflation news, with equity markets rising following recent releases of lower inflation data in anticipation of interest rate cuts, despite central banks' communicating their resolve to tighten policy further. With the peak in US headline inflation and an acceleration in rate hikes by several non-US central banks, the dollar has weakened since September but remains significantly stronger than a year ago.

1.2 REGIONAL

Real GDP growth in the sub- Saharan region is estimated to have declined to 3.8% in 2022 from 4.7% in 2021 as a worldwide slowdown, tighter global financial conditions, and a dramatic pickup in global inflation spill into a region already wearied by an ongoing series of shocks. Rising food and energy prices impacted the region's most vulnerable, and public debt and inflation were at levels not seen in decades.

Against this backdrop, and with limited options, many countries found themselves pushed closer to the edge. For the first half of the year, outflows from sub-Saharan Africa rivalled those associated with the onset of the COVID-19 crisis or the 2015 commodity price shock, adding to pressure on exchange rates, with the largest depreciations observed in Ghana, Malawi, and Sierra Leone. Global commodity prices were particularly turbulent. Wheat prices, for example, almost doubled at the onset of the Russian invasion of Ukraine but has since returned to pre-war levels. And with global supply chain disruptions adding to the fallout from the war in Ukraine, double-digit inflation was present in about 40 percent of the region's economies.

Policy space to confront the latest challenges remained thin as the region endured its third year of crisis. Over the past few years, as authorities struggled to protect lives and livelihoods throughout the COVID-19 pandemic, fiscal positions deteriorated, increasing regional public debt to about 60 percent of GDP. Regional indebtedness is now approaching levels last seen in the early 2000s before the impact of the Heavily Indebted Poor Countries Initiative, though with a different composition. The substitution of low-cost, long-term multilateral debt with higher-cost private funds has resulted in rising debt-service costs and higher rollover risks. Nineteen of the region's 35 low-income countries are in debt distress or at high risk of distress. Out of the other ten countries of the region, three have faced spreads of more than 1,000 basis points at some point over the past six months (Angola, Gabon, Nigeria).

2. BUSINESS PERFORMANCE

Insurance markets' growth remained subdued. The Company managed to register a 10.9% growth in gross premiums written over that of previous year showing remarkable resilience in spite of a slow-down in the economy due to the global pandemic. Kenya remained the largest contributor of the company's business in 2022 followed by Uganda, Zimbabwe, Tanzania, Ethiopia and Rwanda.

The Company's improved performance in 2022 was majorly attributable to improvement in the loss experience in our various markets as well as growth in the investment income and other income.

Underwriting discipline remained the Company's top priority and selective risk acceptance resulted in a more stable loss ratio.

The Company continues to implement measures both internally and in collaboration with peers through the Association of Kenya Reinsurers to improve the underwriting performance across the markets. This remains an area of focus and continuous improvement and various measures are ongoing.

Investment income grew from US$ 14.5 million in 2021 to

US$ 15.9 million in 2022. The rental and dividend income reported tremendous growth in 2022 growing by 50.3% and 61.2% respectively. In 2022, the waivers granted by the Company to some of the tenants who had been affected by the COVID-19 expired and the rents reverted back to the original lease terms.

Most bond markets reported improved performance while interest rates on term deposits remained bullish in 2022. The currency depreciation of most African local currencies against the United States Dollar however negatively impacted the investment income earned in local currencies.

The Company however reported an increase in its fair value losses on investment properties mainly from the Kenyan properties amounting to US$ 0.8 million.

Overall, the Company reported an impressive growth in profit of 19.4% mainly attributable to improved underwriting performance and growth in investment income.

Our asset base increased from US$ 476.6 million in 2021 to US$ 504.9 million in 2022, a growth of 5.9% while the Shareholders funds increased by 4.9% from US$ 294.8 million in 2021 to US$ 309.3 million in 2022.

3. DIVIDEND

The Board of Directors recommend a dividend of US$ 5.3 million from the results of 2022 (2021 – US$ 5.3 million).

4. RATING

A.M. Best affirmed the Company's financial strength rating of B++ and the issuer credit rating of 'bbb'. The outlooks on both rating remained stable. GCR also affirmed ZEP-RE's national scale financial strength rating of AAA with a stable outlook in November 2022. This reaffirms the strong financial position and proven best practices at a time when many other international reinsurers were downgraded or found their ratings put on watch.

5. GOVERNANCE

The 31st Annual General Assembly held on 24th June 2022 appointed three new substantive Directors, Ms. Chearyp Mkandawire - Sokoni, Dr. Frederic Ntimarubusa and Mr. Pritesh Modi to the Board of the Company. They replaced Ms. Christabel Michel Banda, Mr. Jan Gross, Mr. Chiboli Shakaba, Mr. Daher Warsama Robleh and Mr. Ewan Wheeler who retired from their positions during the course of the year. Mr. Jan Gross was elected as an alternate Director having served previously as a substantive Director.

The other Alternate Directors elected during the 31st Annual General Assembly were Ms. Jacqueline Njui, Mr. Dev Anand Haman and Jean Pacificque Niragira.

We wish to thank the retired Director and Alternate Directors for the service they rendered to the Company during their tenure.

6. 2023 ECONOMIC OUTLOOK

Global growth, estimated at 3.4 percent in 2022, is projected to fall to 2.9 percent in 2023 before rising to 3.1 percent in 2024. This is below the historical (2000–19) annual average of 3.8 percent. The forecast of low growth in 2023 reflects the rise in central bank rates to fight inflation, especially in advanced economies, as well as the war in Ukraine. The decline in growth in 2023 from 2022 is driven by advanced economies; in emerging market and developing economies, growth is estimated to have bottomed out in 2022. Growth is expected to pick up in China with the full reopening in 2023. The expected pickup in 2024 in both groups of economies reflects gradual recovery from the effects of the war in Ukraine and subsiding inflation. Following the path of global demand, world trade growth is expected to decline in 2023 to 2.4 percent, despite an easing of supply bottlenecks, before rising to 3.4 percent in 2024.

In Sub-Saharan Africa, growth is projected to remain moderate at 3.8 percent in 2023 amid prolonged fallout from the COVID-19 pandemic, although with a modest upward revision since October, before picking up to 4.1 percent in 2024. The small upward revision for 2023 (0.1 percentage point) reflects Nigeria's rising growth in 2023 due to measures to address insecurity issues in the oil sector. In South Africa, by contrast, after a COVID-19 reopening rebound in 2022, projected growth more than halves in 2023, to 1.2 percent, reflecting weaker external demand, power shortages, and structural constraints.

About 84 percent of countries are expected to have lower headline (consumer price index) inflation in 2023 than in 2022. Global inflation is set to fall from 8.8 percent in 2022 (annual average) to 6.6 percent in 2023 and 4.3 percent in 2024, above pre-pandemic (2017–19) levels of about 3.5 percent. The projected disinflation partly reflects declining international fuel and nonfuel commodity prices due to weaker global demand. It also reflects the cooling effects of monetary policy tightening on underlying (core) inflation, which globally is expected to decline from 6.9 percent in the fourth quarter of 2022 (year over year) to 4.5 percent by the fourth quarter of 2023. Still, disinflation will take time: by 2024, projected annual average headline and core inflation will, respectively, still be above pre-pandemic levels in 82 percent and 86 percent of economies

KEY FINANCIAL HIGHLIGHTS

2022		2021
US$236.2M	GROSS PREMIUM WRITTEN	US$213.0M
US$15.9M	INVESTMENT INCOME	US$14.5M
US$3.7M	UNDERWRITING PROFIT	US$3.6M
US$21.7M	PROFIT FOR THE YEAR	US$18.1M

58.2%
Net loss ratio

28.2%
Net Commission Ratio

97.3%
Combined Ratio

GROWTH IN TOTAL ASSETS
5.9%

GROWTH IN SHAREHOLDERS' EQUITY
4.9%

PROPOSED DIVIDENDS
$5.3M

APPRECIATION

On my own behalf and that of the Board I wish to thank and appreciate, the service of my predecessor Ms. Christabel Michel Banda for her contribution to the growth of this Company.

To my fellow directors, I thank you for your wise counsel, support, direction and service as members of the Board and various Board committees.

To management and staff, we are grateful for your hard work that ensured the Company not only achieved but also surpassed the targets for the year under review.

To our shareholders, I thank you for the continued support and confidence in the Board of Directors and Management.

To our business partners and other stakeholders, I thank you for your cooperation and support and look forward to fruitful association in the years ahead.

Chileshe Mpundu Kapwepwe

Chairperson

MANAGING DIRECTOR'S REPORT

Dear Shareholder,

It is my pleasure to present a review of our business performance in the 2022 financial year.

The year 2022 has been a great one for this organization, as we were able to bounce back and return to our office fully, despite the fact that COVID-19 was present and continued to linger throughout the year. That notwithstanding, we took back our position, ready to deliver on our service promise.

2022 marked six years into the implementation of our 1B strategy which we continue to execute rigorously and as a result has seen the company record a 10.9% growth in revenue. Below are key highlights of successes recorded in the past year:

" The ZEP-RE brand continues to enjoy a good name across the continent thanks to the strengthened relationship management and client intimacy."

Hope Murera, *Managing Director*

Financial Highlights

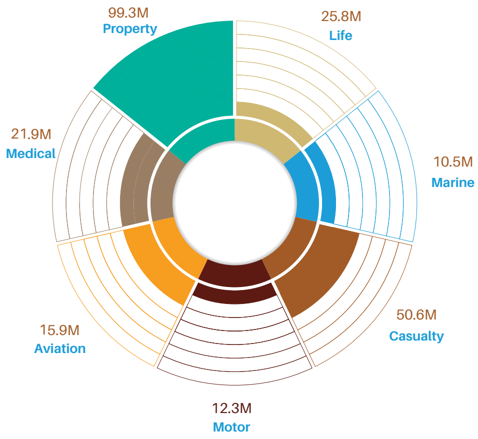
Gross Premium Income

The Company's Gross written premium for the year was US$236.2 million, representing a commendable growth of 10.9% from US$213.0 million reported in 2021.

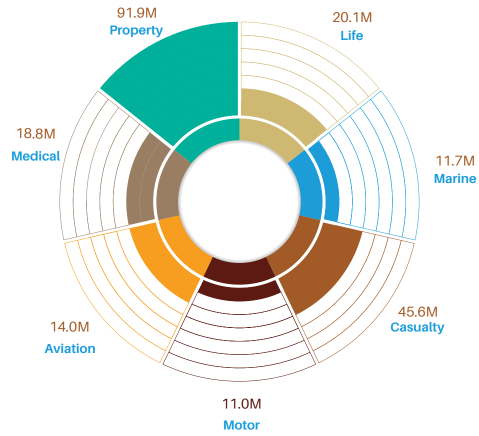
The growth was mainly attributable to double digit growth from the facultative business in line with the growth strategy of focused facultative business development. The growth was largely derived from Zambia, Kenya, DRC and Tanzania markets.

The Company however suffered from the continued depreciation of most African currencies in which it writes business against the reporting currency, the US dollar.

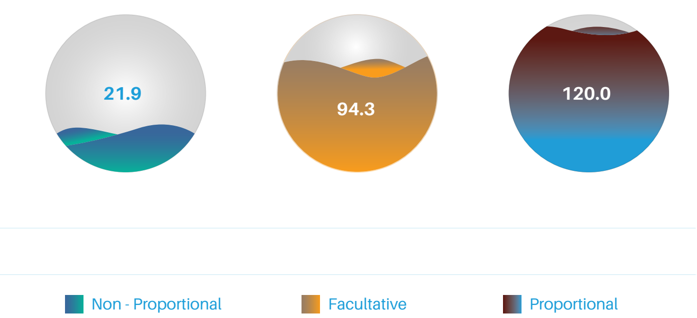
Gross Premium Written By Class - 2022



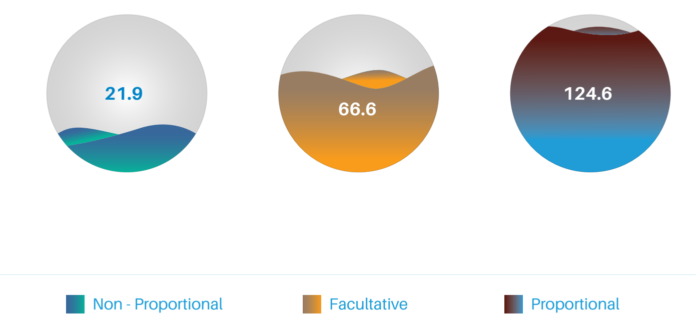
Gross Premium Written By Class - 2021



GPI BY TYPE- 2022 US Dollars in millions



GPI BY TYPE- 2021 US Dollars in millions



Loss Ratio

Gross claims paid during the year under review amounted to US$ 79.11 million, which is almost the same amount paid in 2021 (US$ 79.07 million). Adjusting for the movement in outstanding claims, incurred but not reported (IBNR) claims including retrocession recoveries, the net incurred loss ratio improved to 58.2% in 2022 from 58.8% in 2021 confirming the positive trend in underwriting discipline.

The improvement in the loss experience was mainly attributable to the exit from loss making accounts.

Underwriting Profit

The Company maintained its disciplined underwriting which, coupled with improved claims activity, yielded a stable net underwriting profit of US$ 3.67 million in 2022, compared to US$ 3.64 million in 2021, a marginal increase of 0.9%.

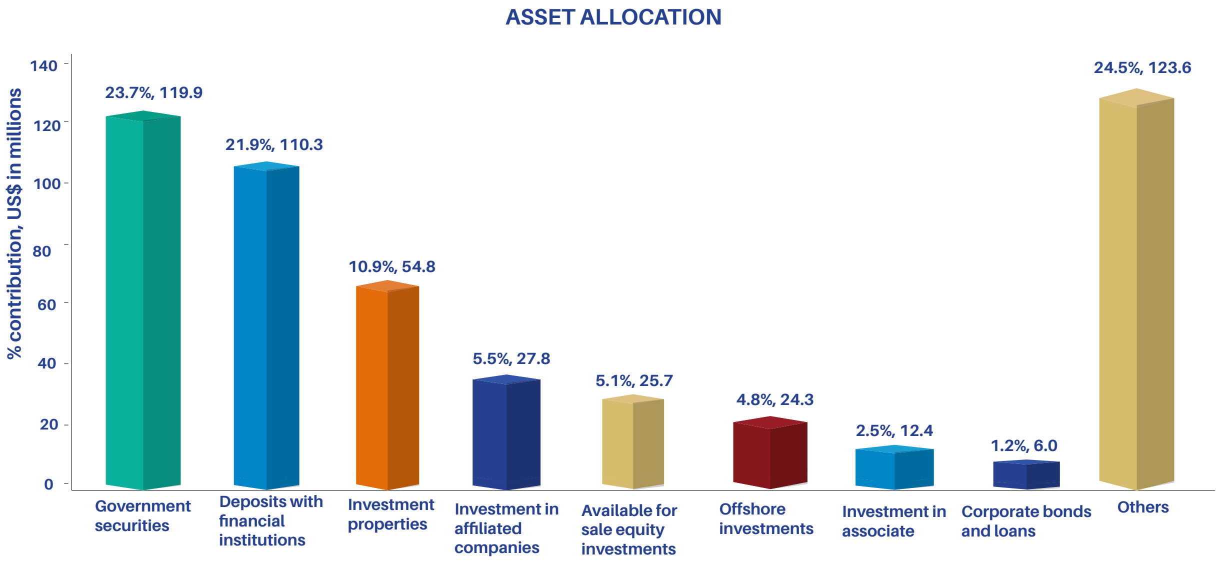
Investment Income

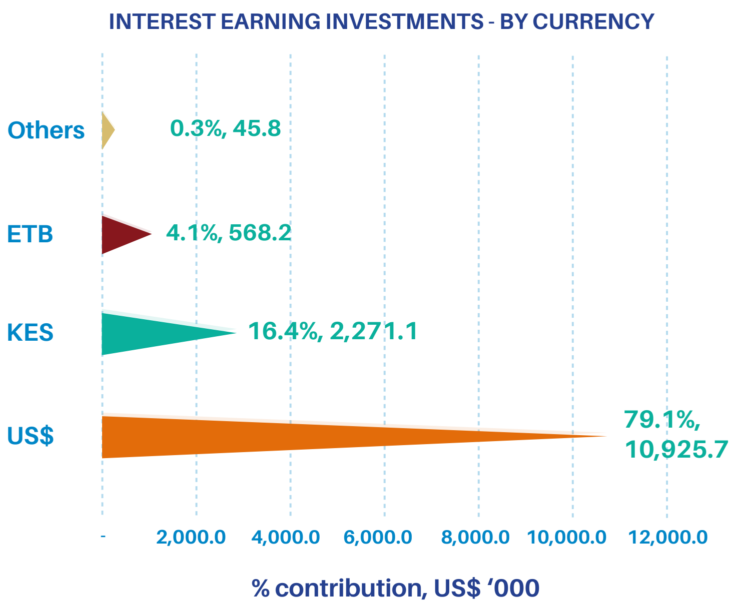
The Company recorded an impressive return on investment as investment and other income increased by 72.69% to stand at US$ 46.20 million compared to US$ 26.75 million in 2015. This was driven by the performance of the equity and fixed income markets.

The investment income grew by 9.4% to stand at US$ 15.85 million in 2022 compared to US$ 14.50 million in 2021. This was driven by the performance of the fixed income markets.
Moreover, the Company reported growth in dividend income attributable to higher dividends declared by listed companies and rental income growth mainly on account of the lapse of rent waivers offered in prior year.

The Company however reported a fair value loss on investment property from the ZEP-RE Place and Prosperity Place whose fair value declined due to current prevailing market conditions. Furthermore, the currency depreciation also negatively impacted the investment income earned in local currencies.

The investment portfolio increased by US$ 13.7 million from US$ 367.6 million in 2021 to US$ 381.3 million in December 2022. The increase was due to reinvestment of investment income receipts net of the Company's liquidity requirements, additional investments in Tanzania Reinsurance Company and fair value gains on revaluation of investment in affiliates.





Profit for the Year

The Company reported profit growth of 19.4% to close at US$ 21.7 million in 2021 compared to USS$ 18.1 million in 2021. This was mainly on account of growth in investment income and improved underwriting performance.

Shareholders' Funds

Shareholders' funds as at 31 December 2022 stood at US$ 309.31 million against US$ 294.84 million in 2021, representing a 4.9% increase mainly due to the significant retained earnings from the profit of the period.

Market Review

Global Reinsurance Markets

The Global reinsurance markets continue to be dogged by many challenges which include, inter-alia, supply chain disruptions caused by the Russia-Ukraine war, losses from natural and man-made disasters, and the effects of the COVID-19 pandemic which continue to slow down growth rates in many world economies.

The increase in the number of man-made and natural catastrophes made the year 2022, a challenging one for the global economies and the respective insurance industries. The economic and insured losses hit a record US$313 billion and US$132 billion, respectively and these showed 4% and 57% above the 21st-century averages. The issue of climate change has led to close to 20,000 heat-related fatalities in Europe and as an industry, there is a need to start modelling various scenarios to ensure that the impact/effects of same are manageable. The COVID-19 after-effects and the Russian-Ukraine war continue to cause supply chain disruptions and imported inflation in various markets across the world.

With Europe, China, and the USA being major providers of capital in many Emerging Markets the African insurance market specifically continues to be hard hit by world events with significant impacts being felt through rising interest rates, inflation, and shortages of capital and capacity in the insurance and reinsurance markets. The performance of the insurance industry continues to suffer from reduced margins due to uncompetitive pricing and an increase in loss incidents across most sectors. There have been several rating downgrades.

The Company has managed to deliver some positive growth and underwriting margins during the period under review. Gross premium reached US$236m showing a growth of 11% in dollar terms and growth was driven by balanced and diversified growth across all lines of business but marine and across all geographies except Zimbabwe. The execution of the 2023 January renewals was precise and well-orchestrated leading to an estimated premium growth of 12% in dollar terms. Management is confident that with the expected growth rates in Africa, results will improve in the medium term.

COMESA

Management is pleased to report that COMESA continues to be the Company's main focal market. The contribution of the business underwritten from the COMESA market increased from 78% to 84% during the period under review. Business from other markets outside the main territory of COMESA declined to 16% from 22% in 2021, mainly because of the Company's decision to pull out and/or scale down its participation in non-core and CAT-exposed markets of India, Nepal, and some unprofitable markets in North Africa. India and Nepal which used to contribute about 12% of the company's gross written premium or US$24 million in 2019, and this has significantly reduced to 1.7% or US$3.9 million in 2022.

Kenya, Uganda, Zimbabwe, Tanzania, DRC Congo, Zambia, Rwanda, and Ethiopia were the predominant markets in terms of gross premium written contribution. These eight countries contributed 86% to the company's gross premium written in 2022 up from 80% in 2021. The increase in contribution was supported by strong growth in Kenya, Tanzania, Zambia, Rwanda, Ethiopia, and the Democratic Republic of Congo. The growth realized in these key markets was mainly driven by the new business generated and the retention of existing businesses backed by improved underlying pricing.

Key Country Markets

Kenya

The company continued with measures of repricing insurance products in key classes of Life, Marine, Property, Engineering, and Bonds and selective underwriting. These measures have led to improved results in the Kenyan market and despite the Kenya shilling depreciating by 9%, the market grew by 6% and its contribution to the overall gross premium written remained strong at 39% but down from 41% in 2021. Kenya's contribution was weighed down by significantly high growth rates recorded in the key markets of Zambia, DRC Congo, and Rwanda.

Uganda

Uganda continues to deliver a double-digit growth rate and remains one of the Company's key markets. The country retained its position as the Company's second-largest market and its contribution increased to 11% (2021: 10%) supported by strong growth of 26%.

The regulatory environment remains strong in Uganda and enforcement of minimum rates, localization rules, and the cash and carry rules on premium payment remains. This has led to a significant improvement in debtors-to-premiums written ratios.

Zimbabwe

The Zimbabwean economy continues to face economic challenges in areas of foreign exchange stability, low production capacity, and poor energy supply which continues to hamper private and public sector infrastructure development. and this has affected the business growth in 2022.

The reinsurance market remained resilient, and the company maintained its strong presence in the market by writing dollar-denominated businesses. The country retained its position as the Company's third biggest market but its contribution declined to 8% from 9% in 2021.

Tanzania

The country retained its position as the Company's fourth biggest market and its contribution remained steady at 8% compared to 2021. The regulatory framework remains strong in Tanzania and the Tanzania Insurance Regulatory Authority introduced the cash and carry, minimum rates, and localization rules in 2018. These measures have continued to support market stability and the growth of the insurance industry.

The company recorded a strong growth of 26% in Tanzania and this growth was mainly driven by the retention of existing business at improved pricing, and the growth of new business backed by strong localization and minimum rates, the company also expects a strong growth in 2023.

Zambia

The country is the company's 5th biggest market and its contribution to the gross written premium increased to 6% compared to 3% in 2021. The company recorded its highest growth in the Zambian market closing at 162%. Growth was mainly supported the new business from micro-insurance which contributed about 40% of the gross written premium.

The Zambia Kwacha appreciated against the United States dollar in 2022. The company sees a lot of opportunities in the areas of agriculture index insurance and micro insurance. The expected implementation of localization rules will also help drive growth in 2023.

Democratic Republic of Congo (DRC)

The Company continues to record significant business growth in the DRC and during the period under review, the Company registered a growth rate of 123%. The country is now the sixth biggest market for the company with a contribution of 6% (2021:3%).

During the year under review, the regulator in DRC introduced localization rules and minimum rates. The company sees a lot of growth opportunities in DRC in 2023.

Rwanda

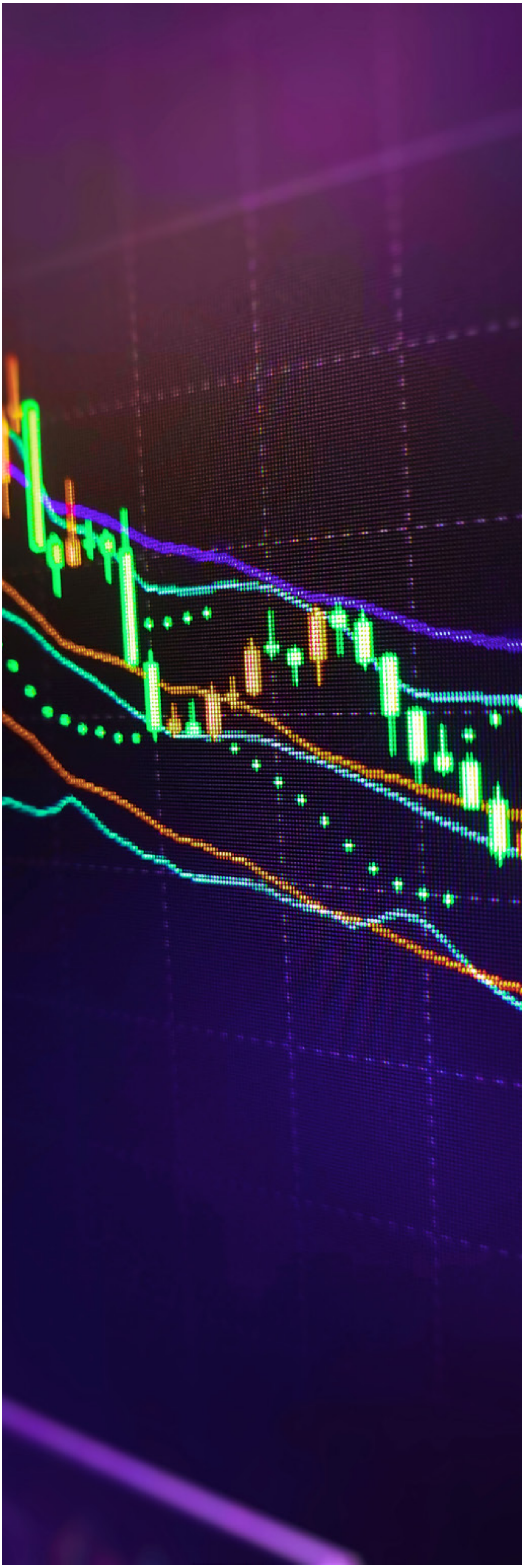
The country is the Company's 7th biggest market and its contribution to the Company's gross written premium increased to 4% up from 3% in 2021. The company registered a strong growth rate of 29% underpinned by strong business growth in both treaty and facultative business segments. During the year, the Company opened an office in Kigali strengthening further our engagement with clients and the industry at large in the market.

The market continues to be well-regulated, and the outlook for 2023 is positive. The localization rules will help the company in its growth strategies.

Ethiopia

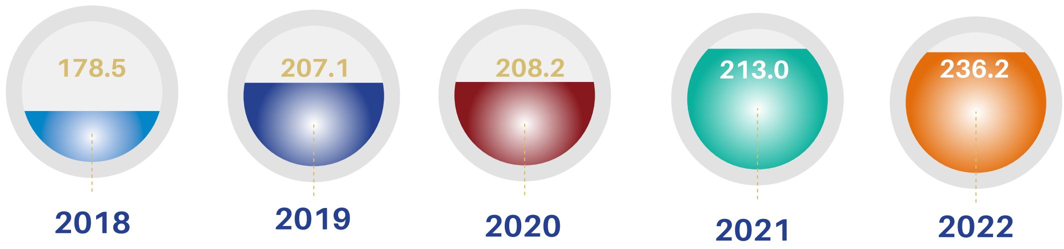
The country remains an important market for the company and its contribution to the overall gross premiums remained flat at 4% (same as the prior year). The cessation of hostilities between the warring parties has created some economic and political stability but challenges remain. The company's gross premium written grew by 11% compared to the prior year.

The Company is working with the market players in collaboration with our peers to support bond underwriting which is a core aspect of the Industry.

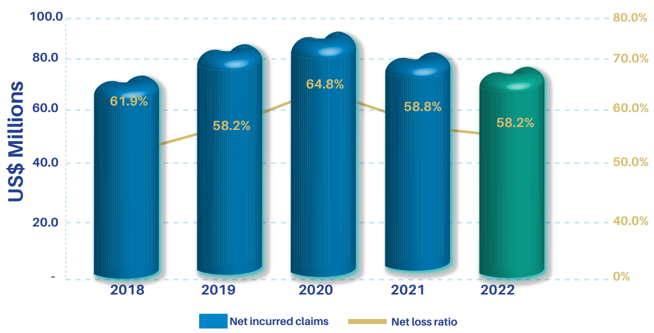


FINANCIAL TRENDS

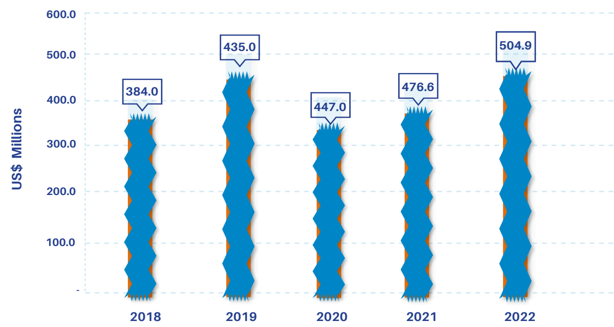
GROSS PREMIUM WRITTEN IN US$ MILLIONS



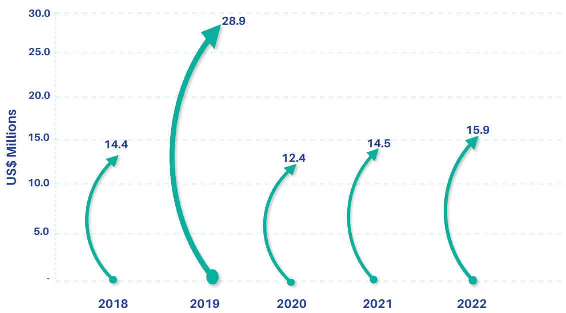
NET INCURRED CLAIMS AND LOSS RATIO



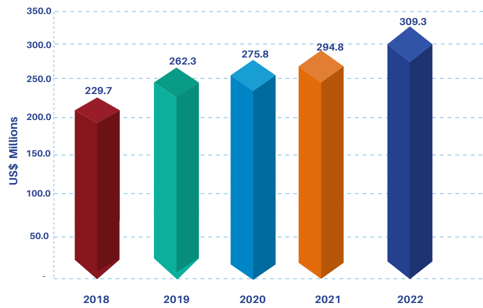
TOTAL ASSETS



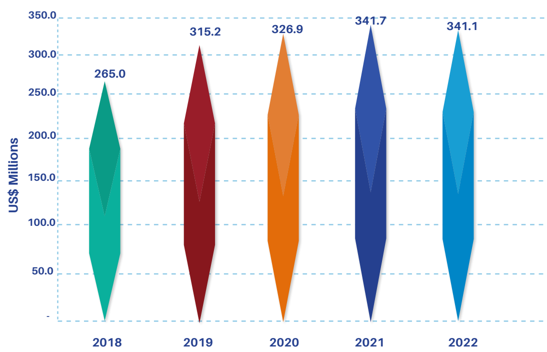
INVESTMENT INCOME



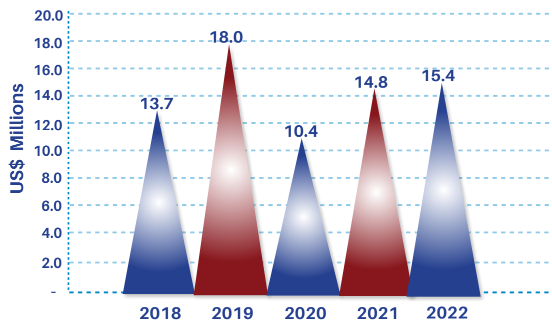
SHAREHOLDERS' FUNDS



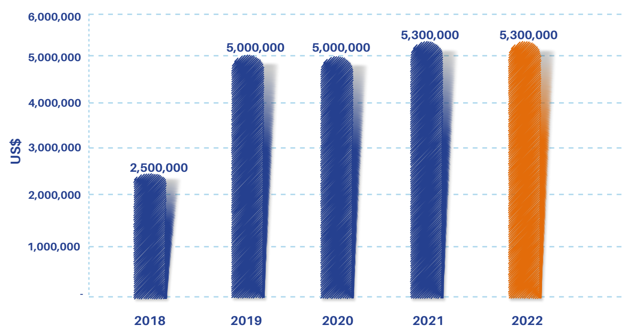
INVESTMENT PORTFOLIO



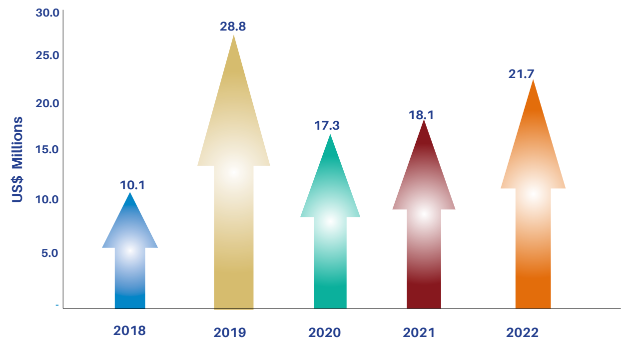
OPERATING EXPENSES



DIVIDENDS DECLARED



PROFIT FOR THE YEAR



ZEP-RE Academy

Introduction

The ZEP-RE Academy was established in 2016 to deliver the founding mandate of ZEP-RE (PTA Reinsurance Company) of training of insurance and reinsurance industry personnel in the sub-region, conducting research and development to contribute to innovation and new product offerings, developing underwriting manuals, articles, and other publications as well as mentoring of young leaders. The Academy has collaborated with Insurance Regulatory Authorities in the development of markets. Further, it has partnered with Insurance Institutes, Insurance Associations, and Insurance Training Institutions in the region to respond to each market's local training needs and requirements.

Academy: Return to In-person Training

Following gains made worldwide to combat the spread of the COVID-19 pandemic, and the consequent return to normal, the Academy resumed face-to-face training. To this end, in 2022, the Academy conducted in-person trainings in the Democratic Republic of Congo, Ethiopia, Kenya, Nigeria, Rwanda, Tanzania, and Zimbabwe.

Training Carried Out in 2022

Following gains made worldwide to combat the spread of the COVID-19 pandemic, and the consequent return to normal, the Academy resumed face-to-face training in addition to the already successful virtual training.

The ZEP-RE Academy conducted 19 in-person training programs in the Democratic Republic of Congo, Ethiopia, Kenya, Nigeria, Rwanda, Tanzania, and Zimbabwe and 15 webinars. A total of One Thousand Six Hundred and Seventy-Eight (1678) participants from 34 countries in Africa and beyond were trained, and of which One Thousand Two Hundred and Eleven (1211) were duly certified.

The Academy continues to provide training and capacity building to a wider range of beneficiaries. During the year across the countries mentioned trainings were conducted for industry regulators, industry players, aggregators in both Micro and Agriculture insurance sectors.

Key Highlights from Trainings Carried Out

The Proficiency in Short-Term Reinsurance Practice (PSTRP)

The Proficiency in Short-Term Reinsurance Practice (PSTRP) and Claims Management Course is the ZEP-RE Academy's flagship course that combines all key reinsurance functions of underwriting, program design, accounting, reinsurance portfolio placement and claims management. It is designed to equip the trainees with technical reinsurance knowledge and skills that would enable them carry out reinsurance

Visit to the port of Dar es Salaam during marine insurance training by ZEP-RE Academy underwriting, accounting, and claims tasks competently. In 2022, the Academy recorded its highest registered PSTRP webinar so far, with 62 participants registering for the course, and 57 sitting the final examination administered by the College of Insurance. The Webinar generated revenue of US$23,600 for the Academy.

Regulator Training

The Academy conducted training for regulators, as part of its mandate to collaborate with insurance regulatory authorities in the development of markets. It carried out the Introduction to Reinsurance for Regulators training in Zimbabwe, designed as a response to one of the resolutions from the East African Insurance Supervisors' Association (EAISA) Forum 2022 which mandated that the Academy train the staff of the various regulators. The objective of the training was to equip participants with the technical insurance and reinsurance knowledge and skills needed to enable them carry out their insurance regulatory tasks effectively and efficiently.

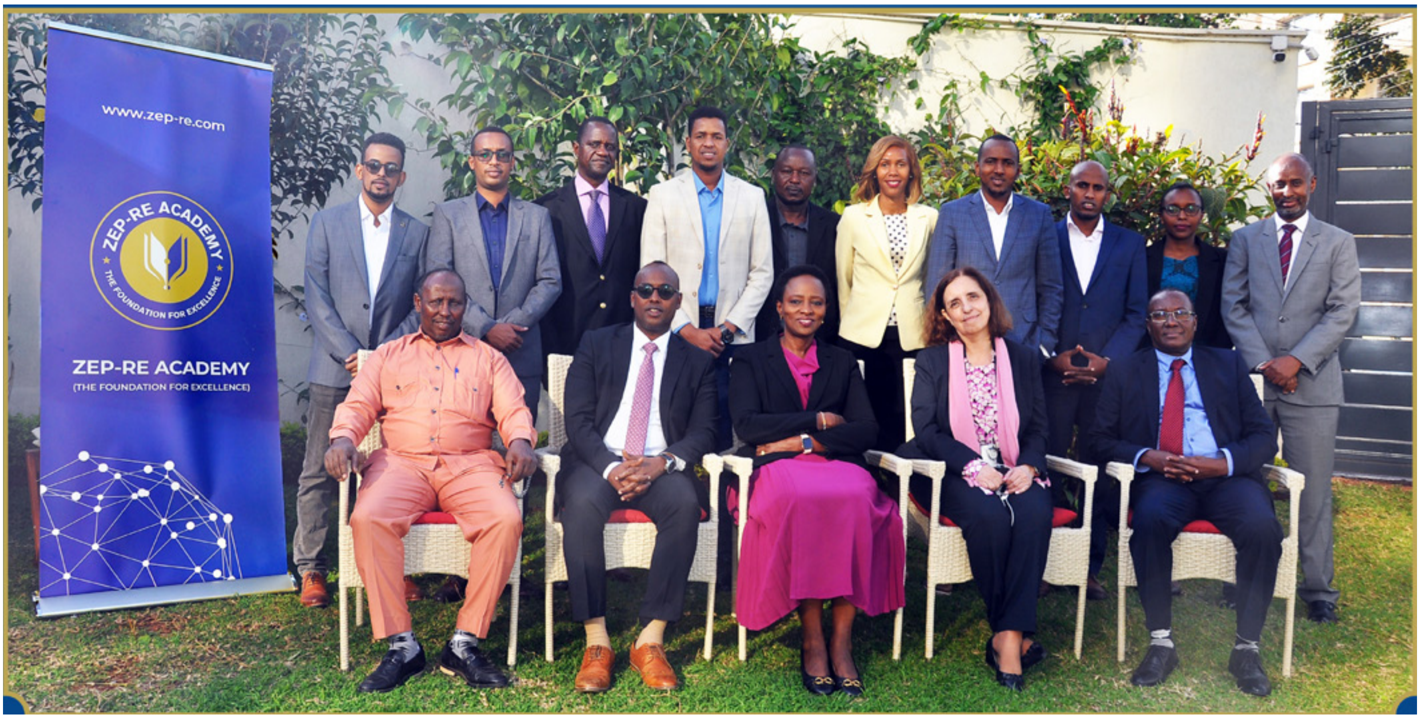
The Academy also conducted capacity building for the insurance regulator in Somalia - the non-banking division of the Central Bank of Somalia (CBS), to provide technical assistance to develop its regulatory and supervisory capacity. The program contributed to increasing the technical understanding and knowledge of the CBS staff on Insurance and Takaful products and operations. It further enhanced their technical capacity to provide prudential and regulatory oversight as well as market conduct supervision within the insurance market in Somalia.

Practical Training

The Academy conducted the Property Loss Adjusting Workshop in Tanzania, and the Essentials of Marine Cargo Insurance Training in Kenya in 2022. These in-person training courses were designed to include practical on-site learning experience. The Loss Adjusting Workshop in Tanzania included a visit to a petroleum company that allowed the participants to explore the key considerations by a risk or loss adjustor during a site inspection. The Essentials of Marine Cargo Insurance Workshop included a site visit to the Kenya Ports Authority (KPA) where participants – many of whom had never been to a port – were able to conceptualize the risks underwritten in this class of insurance.

Partnership with the Chartered Insurance Institute (CII)

The Academy partners with various stakeholders, including Insurance Institutes, Insurance Associations, and Insurance Training Institutions in order to respond to each market's training needs and requirements. In 2022, the Academy had



Insurance Capacity Building for the Central Bank of Somalia held in December 2022

Insurtech as a Growth Tool

IIn 2022, ZEP-RE continued on the journey to be thought leaders in insurance technology. The insurance industry continues to see numerous investments in technology, with just over US$100 million raised by the top ten Insurtech companies in 2022 globally. The investments were spread across growth, efficiency, and financial inclusion.

In the year under review, the Company's commitment to innovation was displayed through investment in solutions and partnerships with the tech companies.

ZEP-RE sponsored and presented the keynote address at the DX5 (formerly CIO Africa) Insurtech Summit, on the topic "Future of Insurance is Digital".

ZEP-RE hosted the Insurance CEOs breakfast where technology discussions focussed on shared platforms, data sharing, and embedded insurance. The business showcased its telematics technology output by submitting the project for an award to the DX100 Awards in Mombasa.

The Company launched the ZEP-RE Innovation Hub in partnership with the Westerwelle Startup Haus Kigali. The Innovation Hub will see a cohort of innovators go through a hackathon and 6 months incubation to develop their Insurtech ideas in 2023. A key objective to this initiative is to promote the adoption of Insurtech solutions across the industry. This is expected to increase access and reach of insurance products to grow penetration in our region.

Investment in solutions

ZEP-RE completed investment into Medbook Group, a medical insurance technology company. The investment gives opportunity for driving Medbook towards closing the information asymmetry in the industry. Medbook has solutions that cover the medical value chain and helping them deploy these with service providers and insurers will build a much better data visibility in the industry, which will enable better management

Partnerships with Technology companies

ZEP-RE entered into partnership with Planet Labs from the USA to use Planet Data's satellite networks for image and data provision to the agricultural insurance project. This will enable monitoring of weather indices that drive the insurance product being offered.

Further, the Company completed a partnership with a motor digital certificates technology company. This technology has brought efficiency and better fraud management to the Kenyan market, and the objective is to spread the benefit throughout Africa.

Looking Ahead

ZEP-RE's mandate for insurance market development continues to drive the technology activities being undertaken. Motivating the industry to innovate and invest in technology will be a priority activity in the next few years.

Launch of ZEP-RE Innovation Hub in Kigali, Rwanda

DEVELOPMENT MANDATE

1.0 Delivering our Mandate

As a COMESA institution, we have engaged more with Governments and Regulators to align on how best to deliver our shared mandates for growing the insurance industry in the region. Penetration of insurance in our COMESA markets remains low at less than 3% which implies that the bulk of our communities, especially the most vulnerable remain u protected. ZEP-RE has taken an increased focus to change this by leading initiatives and in partnership with regional governments to promote the financial inclusion agenda through insurance to change the narrative and build resilience of our communities.

In 2022, we continued to work with regional governments to strengthen and support development of National Agriculture schemes in Tanzania, Democratic Republic of Congo, and Malawi. Further, the company has deployed its subsidiary ACRE Africa, to augment these efforts through leveraging their technology and digital solutions to increase reach and access of agriculture insurance to small holder farmers.

1.1 New Office

The ZEP-RE brand continues to enjoy a good name across the continent thanks to the strengthened relationship management and client intimacy. We increased our geographical footprint by opening up our 9th country office in Kigali Rwanda to get closer to our cedants. Further, our customer centricity, through efficiency in claims payments, has endeared us to our cedants and enabled us to grow and protect our market share.

1.2East Africa Regulators Workshop

The Company hosted the 4th Annual East Africa Insurance Supervisors Association (EAISA) Regulators' Strategic Forum in May 2022.

ZEP-RE continues to engage with the regional Regulators and other policy makers to support development of policies that promote premium retention and financial inclusion initiatives aimed at developing the insurance and reinsurance business in Africa particularly in the COMESA region in line with our founding mandate. This year, the Regulators forum included participation from the regulators of DRC and Zimbabwe.

1.3 ZEP-RE Joins InsuResilience Global Partnership:

The Company became a member of the InsuResilience Global Partnership for Climate and Disaster Risk Finance and Insurance, whose vision is to increase protection of the vulnerable communities against the impacts of disasters. Through this new partnership with InsuResilience Global Partnership we shall add our voice to programmes that aim to promote and increase access to inclusive insurance solutions which is in line with the company's focus on building resilience in our markets.

1.4 The Horn of Africa De-Risking, Inclusion & Value Enhancement of Pastoral Economies (DRIVE) Project

ZEP-RE was selected by as implementing agent on behalf of the regional governments of Kenya, Ethiopia, and Somalia to deliver the risk management and inclusion component of the Horn of Africa De-Risking, Inclusion and Value Enhancement of Pastoral Economies (DRIVE) Project. The project aims to increase resilience of pastoralist communities in the Horn of Africa region through Index-Based Livestock Insurance (IBLI) and scale up financial protection for pastoralists across the Horn of Africa with a package of financial services including savings to address shocks.

The Company has been at work throughout the year starting off with the recruitment of new staff to work for the DRIVE Project and developing systems and structures to efficiently execute on the project. I am proud to report that the project has kicked off in earnest and 17,000 pastoralists have been enrolled on the programme in Kenya and another 2,000 pastoralists in Somalia in the October to December 2022 maiden sales window.

DRIVE Capacity Building session in Wajir County, Kenya in October 2022

Official DRIVE Project launch in Mogadishu, Somalia in August 2022

DRIVE IN A NUTSHELL

De-risking Inclusion and Value chain enhancement for pastoralist communities in The Horn of Africa

DRIVE is a regional project, implemented in 4 HOA countries

Djibouti | Ethiopia | Kenya | Somalia

$360.5 Million

TOTAL PROJECT COST, with financing from IDA and GRIF

Impact

1.6 Million

Pastoralists and their dependants having access to financial services (drought insurance, savings, digital account)

$572 Million

Private capital enabled from (re)/insurers and through the facility to de-risk private investments

2500

Pastoralist groups supported and connected to markets

Project Objectives

To enhance pastoralists' access to financial services for drought risk mitigation, include them in the value chains and facilitate the livestock trade in the Horn of Africa

The project has two components with strong linkages

1. Package of financial services for climate resilience ($ 179 M)

Support the provision of an integrated package of financial services to build climate resilience

Implemented by: **ZEP-RE (PTA Reinsurance Company)**

2. Livestock Value Chains and Trade Facilitation ($ 181.5M)

Better include pastoralists in the livestock value chain and facilitate trade in the HOA

Implemented by countries MDAs (Ministries, Departments and Agencies)

2.0 Government policy, regulatory framework, and financial inclusion

Collaborative initiatives with governments of the region during 2022, focused on policy formulation to support insurance growth, creating sustainable insurance markets, enhancing financial inclusion initiatives, and growing the micro insurance sector for both crop and livestock agriculture.

2.1 Policy support and formulation

The COMESA Policy Organs through the 43rd COMESA Council of Ministers held in November 2021 asked Member States to utilise ZEP-RE's technical capacity and resources to develop policies, products and services that will help support financial inclusion.

The Company is working with COMESA Secretariat to support their agriculture strategy as part of developmental initiatives in 2023. This will include leveraging on the services of ZEP-RE's subsidiary, Acre Africa Ltd. expertise in linking smallholder farmers to financial products and climate risk solutions.

a) Democratic Republic of Congo

The Company collaborated with ARCA, the DRC Regulator and engaged the market on initiatives aimed at formalizing the domestication of reinsurance business. Currently premium retention stands at about 15% and it is expected to increase further once the initiatives are implemented fully. The Company also assisted the regulator with initiatives to deepen insurance services through implementation of mandatory classes. Marine cargo will become compulsory beginning 1st March 2023 with other identified classes to follow.

b) Zambia

The Zambia Insurance Act was signed into law in May 2021. The commencement order was made on 29th November 2022. ZEP-RE has been supporting the regulator and stakeholders in the market to action the new Act with a focus on long term sustainable underwriting. Subsidiary regulations so far implemented out of these efforts include licensing, solvency guidelines and governance regulations. The Company is working with the regulator and market to implement reinsurance guidelines aimed at helping improve the market's technical performance and increase premium retentions locally for market growth.

c) Ethiopia and Tanzania

The Company engaged regulators and stakeholders in the Ethiopian and Tanzanian markets to discuss challenges and co-operate on solutions to support growth and development. This included regulator training by Acre Africa on agriculture insurance and risk solutions. Key focus area for collaboration in mid-term planned include improvement in underwriting standards and technical capacity development.

d) Micro insurance regulatory framework

The Company has been working with other governments in the region to support their financial inclusion initiatives including the Democratic Republic of Congo, Malawi, and Zambia. Ongoing engagements have centred on how micro insurance regulatory frameworks could be established and use to promote financial inclusion.

There is growth potential for micro insurance industry in the three countries with currently over 10 million people in the micro insurance sector of Malawi and Zambia remaining uninsured. This demography would benefit most from micro insurance products and the Company intends to keep up efforts in 2022 to assist in implementation of the regulatory and business development framework.

e) National Agriculture Insurance Schemes (NAIS) frameworks (DRC, Malawi, and Tanzania)

The Company assisted Governments with the study and preliminary activities associated with NAIS. These schemes are part of risk management in agriculture (crop and livestock) with the intention of providing financial support to the farmers in the event of failure due to climate risk, natural calamities, pests, and diseases. NAIS programmes in the three countries have the potential to provide crop risk cover to over 4 million farmer households at inception.

2.2 Financial inclusion

In 2022, ZEP-RE worked with countries in the region to support financial inclusion initiatives aimed at scaling up penetration and the protection of low to middle income households from risks attendant including health, income, and savings.

a) Micro-credit products initiatives

The Company has been working with governments and market players in Ethiopia, Kenya, Uganda, Rwanda, Zambia, and Zimbabwe to offer micro insurance products in life with the benefit payable being outstanding loan balances. In 2022, over 220,000 lives were covered, and loans assured stood at approximately US$ 2.7 million. In Uganda over 200,000 lives have been covered and loan amounts assured stood at approximately US$ 8.9 million.

b) Universal insurance

A long-term savings scheme in Rwanda is currently being supported in partnership with the government and stakeholders in the market. The main cover is life and funeral expenses (with an element of government subsidy). In 2022, 90,000 lives were insured with total benefits totalling US$ 117.8 million.

c) Collateral Replacement Indemnity

The collateral replacement indemnity (CRI) is a product that targets borrowers in the lower to middle income mortgage market without the requisite deposit usually demanded by ZEP-RE (PTA Reinsurance Company) mortgage financing companies but have the capacity to pay if spread over a period. The product is offered in over 11 countries through local insurers and ZEP-RE provides reinsurance capacity. In 2021 over US$ 6 million in loans were guaranteed and over 50 lenders were participating in the programme. Beneficiaries since inception of the product total over 10,000 families.

d) Agriculture insurance

ZEP-RE supported regional government food security agenda programs through reinsurance and technical capacity development in the following countries.

- Zambia

ZEP-RE is an active supporter of the supported the FISP programme in 2021. The FISP programme has covered over 5 million farmers over the last five years and is the largest agriculture program supported by the Company. Among the support provided included reinsurance, product development and monitoring. In 2022 the Company worked with the Technical Working Group comprising the Ministry of Agriculture, the World Food Programme, SMART Zambia, Mayfair, etc.) to explore ways of restructuring the scheme and make it more sustainable by adopting best index insurance practices. During the 2022 season the Company partnered with local insurers to provide cover 160,000 farmers in the Northern and Luapula provinces of Zambia for a maximum cover of US$ 40,000,000.

- Uganda

The Company supported the National Crop Insurance Scheme (NAIS) consortium with reinsurance capacity, product improvement and capacity development. The NAIS programme provides cover to 300,000 farmers and the Company is working with stakeholders to exploit its potential for scalability especially in the pastoral sector.

e) Capacity building initiatives

- Regulator trainings

The ZEP-RE Academy in partnership with ACRE Africa Ltd facilitated trainings in agriculture insurance for insurance regulators from Uganda, Zimbabwe, Tanzania, and Rwanda in 2022. The trainings are meant to help regulators appreciate key aspects of agriculture insurance and equip them with the necessary tools required to assist them promote agriculture insurance in their respective jurisdictions. The Company intends to focus on training regulators in Kenya, Ethiopia, Nigeria, Sudan, Zambia and Malawi in 2023.

- IFC Technical assistance for Zambia

The Pensions and Insurance Authority (PIA) and the International Finance Corporation (IFC) signed a 2-year cooperation agreement to support the Zambia climate insurance market development project. The Company won the tender to be appointed as the Technical Assistance The goal of the project is to improve the resilience of smallholder farmers in Zambia by connecting them to climate services and inclusive insurance products.

The key deliverables include providing support to develop products, partnership and distribution channels, reinsurance linkages awareness and capacity building and knowledge transfer. Projected impact from this exercise will be the design of at least 3 products, 1,500,000 insurance policies, development of new policies and improvement of existing regulatory framework and capacity building for the market.

3.0 COMESA Pools and support for regional trade

ZEP-RE manages two schemes that promote regional cross border trade. The COMESA Yellow Card scheme is a regional third-party motor vehicle insurance scheme, and the COMESA RCTG scheme is a cross border custom guarantee bond scheme used for the transit of goods through all transiting Member States.

3.1 COMESA Yellow Card Scheme

The COMESA Yellow Card Scheme is a regional third-party motor vehicle insurance scheme established in 1994 and provides third party legal liability cover and compensation for medical expenses resulting from road traffic accidents caused by visiting motorists. ZEP-RE manages the Reinsurance Pool of the Scheme and is responsible for business acceptance, payment of claims, all administrative work, management of investments and preparation of the accounts of the Schemes. The scheme has now expanded beyond the COMESA countries.

The Yellow Card Scheme is operational in 13 countries and usage of being made available to more countries. In 2022 over 250,000 yellow cards were issued and gross premiums of US$ 14 million underwritten. Claims incurred by the Scheme amounted to US$ 4,000,000.

3.2 The COMESA RCTG Scheme

The COMESA RCTG Scheme is a regional transit movement facility that allows a single custom guaranteed bond to be used for the transit of goods across custom borders of the participating countries. As manager of the Reinsurance Pool of the RCTG Scheme, we are responsible for business acceptance, payment of claims, structuring of the retrocession programme, management of investments and preparation of the accounts of the Schemes. The RCTG Scheme is fully operational in the Northern Corridor, namely: Burundi, Kenya, Rwanda, Tanzania, and Uganda. The Djibouti corridor is being operationalised in 2023.

In 2022 the value of bonds issued amounted to US$ 995 million. Carnets issued during the period totalled 330,000 and over 1500 sureties and clearing agents participated in the Scheme. The Scheme remains a critical tool in supporting the US$ 10 billion intra COMESA trade

Corporate Social Responsibility

In 2022, the MenTenda program was launched at Highway Secondary School. In this program, our male colleagues were involved in the mentorship of Form 2 students in a well-structured program, that, according to the volunteer mentors was both rewarding and enriching, not only to the mentees, but to the mentors themselves. ZEP-RE will continue with the program in order to create a tangible impact on the boy-child, and through this, transform the boys and build leaders out of them.

ZEP-RE continues to support girl child education through the provision of scholarships to students of Gashora Girls' Academy, (Rwanda Girls' Initiative) Our sponsorship beneficiaries continue to excel in their studies and continue t to join world-class universities across the globe.

Under the Global Give Back Circle initiative which is managed by Kenya Community Development Foundation (KCDF), ZEP-RE provides scholarships for university education for at-risk girls. These girls, upon completion of their studies usually return to their communities and initiate change. The GGBC teaches the girls to pay it forward by lifting other people in their communities through socio-economic and other activities.

ZEP-RE and KCDF mentors pose for a photo at the MENTENDA launch

ZEP-RE Staff participating in the Community give back at Highway Secondary School

Our People

The Company's achievements and success for the year 2022 are ascribed to its staff. Their commitment, creativity, and passion enabled the Company to meet and exceed the planned goals.

ZEP-RE employees are its greatest asset. The Company invests in their development and well-being and strives to create a positive and inclusive work environment where everyone feels valued and respected.

During the year 2022, 12 new members of staff were recruited, spread over all our offices in the COMESA region and beyond. At the end of the year 2022, our staff compliment was 90, composed of 42 Female and 48 Male, focused to gender parity.

The ZEP-RE Academy offered programs to all our clients in the region. The Academy trained over 1,200 participants from 34 countries regionally for 2022.

The Company's Young Professional Program (YPP), focused on developing skills for young professionals in the industry, sourced and trained 8 young professionals from Kenya, Zambia, Zimbabwe, Rwanda, DRC, Uganda and Ethiopia in the fields of Underwriting, Accounting and Actuarial Sciences.

Staff members posing for a photo at ZEP-RE Place

Appreciation

I take this opportunity to express my appreciation and gratitude to the management team and staff for their contribution in making our company the success it has become, and our business partners and clients for their support and loyalty.

I would also like to thank the ZEP-RE Board of Directors for their support, wisdom, and counsel

To our shareholders, I appreciate your great support and for confidently entrusting us with the Company to create value for ZEP-RE and all our Stakeholders

Thank you.

03

Celebrating
30 years *of*
dedication to innovation and sustainable growth of (re)insurance in Africa.

OUR CONTROL ENVIRONMENT

Our Enterprise Risk Management (ERM) Framework

A comprehensive Enterprise Risk Management framework is an essential prerequisite for supporting the achievement of ZEP-RE's strategic objectives. The framework facilitates decision-making across the organisation that is consistent with our Board-approved risk appetite objectives.

We seek to ensure the long-term profitability and financial strength of our organisation by employing a robust and comprehensive risk management system, that is closely linked with the process of accepting risks. This requires that responsible persons identify, analyze and measure the level of profitability and risks associated with a business opportunity, whilst measuring, monitoring and reporting on the amount and use of, as well as return on, capital allocated to this opportunity.

The Enterprise Risk Management system supports the company's ability to effectively deal with future uncertainties, thereby reducing the downside implications, whilst allowing for opportunity to cease on upside potential, allowing for sustainable value-creation for our shareholders and the safeguarding of our policyholders.

Roles and Responsibilities

At the heart of any good risk management system, is the governance that underpins it. ZEP-RE employs a 'three lines of defence' model in executing its risk management. This comprises:

- The business functions (the first line) – where both staff and line management actively control business risks undertaken through day-to-day decisions made within their roles.
- The oversight function (the second line) – where the risk and compliance (and other related) functions validate the integrity and effectiveness of the company's risk management systems and oversee the decisions of the business functions, ensuring that the company's risk appetite objective remain intact.
- The assurance line (the third line) – which consists of the internal and external audit function that are mandated with the responsibility of providing independent assurance on the validity and effectiveness of the company's risk management systems.

Although Executive Management are not directly involved within the lines of defence, they play a key role as the primary stakeholders serviced by the three lines of defence, given their responsibility for the operations of the three lines of defence model.
The Chief Risk officer leads the company's risk management function and is tasked with the responsibility for the overall leadership and co-ordination of the risk management function.

A Risk Management Steering Committee meet periodically to discuss the management of all of the company's material risks. The committee consists of the heads of all business functions and is headed by the Chief Risk officer. All outcomes are reported to Executive Management and the Board.

The Risk and Audit Committee, which meet quarterly, supervises the adequacy and effectiveness of ZEP-RE's risk management capabilities and monitor the risk profile of the company; whilst the Board has ultimate control over the company's risk management framework, monitoring the risk profile and capital adequacy of the company and ensuring that risks are being taken within the risk-appetite objectives, as approved.

The Risk Management Framework

The risk management activity of the company incorporates all aspect of risk management, but with specific regards to drivers that can materially impair ZEP-RE's strategic objectives.

In the process of establishing the objectives of the company over the strategic period, Management defines the risks underpinning the strategy and the amount and type of risk that it is willing to take in order to achieve its targets. The impact of these events on the company's objectives is assessed and measures taken to manage the risks, are defined.

To define the events underpinning the company's strategic objectives, identified risks are classified and measured through the use of risk registers, which evaluates the likely impact and the probability of occurrence of the event. This analysis serves as a basis for Management to consider the risk management approach to utilise, i.e. to accept, mitigate, transfer or avoid, for the purpose of minimizing the potential exposure. From this point onwards, the risks are monitored and controlled, with reporting to the various stakeholders of the company.

The risk appetite statement defines the key indicators for each material risk, as well as their target and threshold values. Of significance is the capital adequacy ratio, defined within ZEP-RE's capital management framework, which defines the target range and tolerances, amongst other things, and is detailed in the internal document regulating the company's capital management. The monitoring of ZEP-RE's capital adequacy position, in relation to the organisation's risk appetite, is an ongoing process, which considers changes in the business decisions that impact the company's risk profile and profitability.

The Risk Management Function regular evaluates the ZEP-RE's risk profile relative to the Board-approved risk appetite objectives and communicates breaches to Management, the Risk and Audit Committee and the Board. An essential aspect within ZEP-RE's risk management framework is the establishment of an appropriate risk culture across the organisation. This is based on knowledge, cooperation and open communication about the company's risks, with the

Board tasked with setting the tone of the company's risk appetite and Executive Management driving the message across the organisation.

Risk Types

Defining ZEP-RE's risk appetite requires the identification of the main risks to which the company is exposed to, as it executes its strategy. The following risk classification are used for internal risk monitoring purposes:

1. **Reinsurance Risk,** which consists of:
   •**Underwriting/Pricing Risk** – Risk of loss due to inappropriate selection or approval of inwards business acceptances and from fluctuations in timing, frequency & severity of insured events, relative to expectations at the time of underwriting/pricing.

   •**Reserving Risk** – Risk of loss due to current reserve provisions being underestimated and hence insufficient to cover their run-off.

   •**Catastrophe Risk** – Risk of loss arising due to a single event or series of events, of major magnitude, usually over a short period, leads to a significant deviation in actual claims from the total expected claims.

2. **Financial Risk**, which consists of:
   •**Market Risk** - Risk of loss arising from changes in the market value of assets relative to liabilities, due to adverse financial scenarios. Market risks covers interest rates risk, currency risk, equity risk, credit spread risk, property risk and concentration risk.

   •**Credit Risk** – Risk of loss arising due to the failure of a counterparty to meet its obligations in terms of timing, quality and quantity, either in part of wholly, or due to the inability or unwillingness to meet its obligations.

   •**Liquidity Risk** - Risk of loss due to the proceeds of financial assets being insufficient to fund the obligations of the reinsurance business and other short-term maturing obligations.

3. **Operational Risk** - Risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events and their impact.

4. **Regulatory and Compliance Risk** - Risk of loss arising from failure to comply with existing local, regional or international laws or regulatory policies. This also includes unexpected changes to existing policies or the development, administration and enforcement of regulations in markets where Zep-Re operates.

5. **Governance Risk** - Risk of loss arising from the system by which ZEP-RE is directed and controlled and the distribution of rights and responsibilities among different participants in the company (such as the general assembly the board of directors, managers, shareholders, creditors, auditors and regulators).

6. **Strategic and Business Risk** - Risk of loss due to adverse business decisions, improper implementation of adopted strategic decisions and insufficient responsiveness to changes in the business environment Strategic and business risk include reputational risk and risk of credit rating downgrade.

Capital Management

ZEP-RE is not subject to any regulatory imposition on capital requirements. However, the company's capital adequacy position at any given time has a significant bearing on its ratings. Therefore, the capital needs of the organisation are determined using the proprietary capital model of the rating agency, A.M. Best. This is a risk-based tool, under which ZEP-RE's capital requirements are calculated according to the level of risks associated with its balance sheet, for example, financial, reserving and pricing risks.

Furthermore, ZEP-RE's risk appetite objective for its capital management seeks to ensure that the company can continue in operation following the occurrence of extreme adverse losses arising from its operations in any given year. As per the criteria of A.M. Best, ZEP-RE is required to maintain a capital adequacy position at a level that is consistent with the value at risk measure and annual solvency probability of 99.6%. Under this scenario, the company is expected to be able to withstand an exceptional year of losses that statistically occurs once every 250 years. At year-end 2022, ZEP-RE remained strongly capitalised and complaint with the rating agency's requirement, as the capital adequacy position remained supported by retained earnings.

The capital management framework seeks to secure the going concern of the organisation, guarantee the profitability of the business and safeguard the long-term and stable return on shareholders' investments, by paying out dividends based on a defined criterion, as established in the company's dividend policy. In this manner, the risk management function regularly reviews ZEP-RE's prospective capital adequacy position, to ensure capital is optimally allocated, in view of the changes to the business environment.

Financial Strength Ratings of ZEP-RE

In September 2022, A.M. Best affirmed the company's financial strength rating of B++ and the issuer credit rating of 'bbb'. The outlooks on both rating remained stable. GCR also affirmed ZEP-RE's national scale financial strength rating of AAA with a stable outlook in November 2022.

According to A.M. Best, ZEP-RE's balance sheet strength is designated as very strong, with the operating performance also considered strong, while the impact of the business profile and enterprise risk management are considered to have a neutral and marginal contribution, respectively, towards the company's rating assessment.

The agency's opinion regarding ZEP-RE's very strong balance sheet strength is underpinned by the company's risk-adjusted capitalisation, which is evaluated as being held at the strongest level, as well as its prudent asset allocation and low underwriting leverage. Although, A.M. Best points to ZEP-RE's exposure to high-country risk, through the high level of economic, political, and financial system risk associated with the company's operations, the agency acknowledges the company's good geographic diversification and conservative asset management strategy, as partially offsetting factors to this risk.

The company's strong operating performance assessment continues to reflect its track record of producing solid operating results. A.M. Best recognises ZEP-RE's competitive position within markets that offer attractive profit potential and considers the organisation's enterprise risk management framework to be evolving.

According to GCR, the key factors underpinning ZEP-RE's rating outcome, included the company's diverse membership and influence within the markets of the COMESA region, high levels of risk-adjusted capitalisation and liquidity coverage and its strong financial profile.

04

Celebrating
30 years *of*
dedication to innovation and sustainable growth of (re)insurance in Africa.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

GOVERNANCE STATEMENT

ZEP-RE is committed to good principles of Corporate Governance. We adhere to responsible company management and control with specific focus on long term creation of wealth, continued value addition to our shareholders and recognition of the interest of other stakeholders. We place critical importance on promoting and respecting the interests of shareholders, efficient practices at all decision levels and a communication policy that is open and transparent both internally and externally.

The key aspects of our approach to Corporate Governance are as follows: -

CORPORATE GOVERNANCE STANDARDS

As a regional organisation, ZEP-RE is not subject or required to comply with any one particular local jurisdiction but has the benefit of drawing upon best practices of corporate governance from different parts of the world including the the UK Corporate Governance Code, the Common Wealth Association for Corporate Governance (CACG) Guidelines: Principles for Corporate Governance in the Commonwealth, King IV Code of Corporate Governance, the Kenya Code of Best Practice for Corporate Governance. With the objective of enhancing corporate governance in line with best practice; following approval by the Board, the Company is further implementing recommendations of the Corporate Governance Assessment undertaken in March 2019 by Nestor Advisers (a Global leader based in the United Kingdom in providing corporate governance advisory services).

GOVERNANCE STRUCTURE

ZEP-RE is a limited liability company governed by the Agreement establishing the Company, a multi-state agreement that established the Company and governs the way it operates. The Company has three main governing organs namely the General Assembly, the Board of Directors and Management team.

GENERAL ASSEMBLY

The General Assembly is the highest organ of the Company and is constituted by the shareholders. All powers of the Company are vested in the General Assembly.

Share Classes

The Company's shareholders are divided into three classes: -

(a) Class A shareholders – Comprise Member States and Signatory States, institutions owned by Member States or Signatory States and COMESA institutions who elect to become members subject to ratification by the General Assembly.

(b) Class B shareholders – Private insurance and reinsurance institutions from the region and eligible investors from the within and outside the Region (Class 'B' Shareholders).

(c) Class C shareholders - Development finance institutions.

Non delegable powers of the General Assembly

Under the Charter, the following key powers are reserved for the General Assembly and may not be delegated under any circumstances: -

- Increasing of the authorised Share Capital of the Company;
- Electing and removing Directors and their Alternates and determining their allowances;
- Appointing and dismissing the Managing Director;
- Selecting external auditors of the Company and to certify the balance sheet and the statement of profit and loss of the Company;
- Allocating and distributing the net income of the Company;
- Terminating the operations of the Company and distribute its assets;
- Admitting new Members.

At ZEP-RE, the principle of "one share, one vote" applies. Shareholders may exercise their voting rights personally or through a proxy appointed in writing.

Board of Directors

Role

The Board of ZEP-RE is responsible for the overall direction of the business of the Company and is accountable to the shareholders for the operations of the Company.

The Charter of the Company outlines the following key functions of the Board:-

Administering the organisation structure and determining the responsibilities attaching to all posts within the Company.
Determining the terms of service of the Managing Director.
Approving the budget of the Company.
Provide guidance and ensuring that the Company operates on sound reinsurance principles.
Submission to the General Assembly for approval the accounts for each financial year and an annual report.
Preparing the work of the General Assembly and disseminate its decisions.

The terms of service and remuneration of the Board are determined by the General Assembly.

Appointment

The appointment of the Board Members is done every three years through a formal and transparent election process that involves the entire membership of the company. Each member is given the opportunity to nominate candidates to the vacant positions of Director and Alternate Director and all members participate in the voting and appointment of directors. Mid-term replacements are done through transparent by-elections.

Composition

The current Board comprises 12 directors, that is ten (10) Non-Executive directors', one (01) Independent director and the Managing Director as Executive director. Senior management officials of the company attend Board meetings by invitation.

Access to information and resources

All directors have access to management and to such information as is needed to carry out their duties and responsibilities fully and effectively. The Board is also kept informed of the latest developments regarding the company's business.

During the year, the directors were provided with appropriate and timely information by Management to enable the Board to maintain full and effective control over strategic, financial, operational and compliance issues.

The important issues considered by the Board in 2022 included; the approval of the 2022 audited financial statements, review of the implementation status of the 1B (I Believe) strategy plan, the impact and sustainability initiatives, 2022 operational performance, risk management actions, approval of the 2023 budget and strategy.

Implementation of strategy

The Board is responsible for providing strategic direction and strategic oversight. However, the primary responsibility of implementing strategy and day to day operations has been delegated to the Managing Director. The Managing Director is supported in this role by a Management team.

Charter

The Board of Directors is guided by a Charter that steers Board operations and helps Directors take advantage of each member's professional competencies and personal qualities to ensure the effectiveness of Board operations.

Other legal instruments

In addition, the Board has in place other legal instruments including a Code of Business Conduct and Ethics, Rules of Procedure to guide the conduct of meetings and an Evaluation Policy to enable review the board's performance.

Internal Control Framework

The Board acknowledges its overall responsibility for the Company's internal control system and for reviewing its effectiveness. Management is accountable to the Board for monitoring this system and for providing assurance that it has done so. The Company has in place an internal control framework that is meant to ensure that the business, operational, financial and compliance risks are effectively managed.

Board Committees

To assist the Board in the performance of its duties, the Board Risk & Audit Committee, the Board Strategy & Investments Committee and the Nominations, Remuneration & Human Resources Committee have been put in place. The Committees operate under clearly defined mandates which spell out their responsibilities, scope of authority and procedure for reporting to the Board.

The Committees have unlimited access to Company information, the advice and services of Management and may seek independent professional advice on any matter within their purview.

Risk and Audit Committee

The Committee members are: Mr. Simon Chikumbu (Chairman), Ms. Chearyp Mkandawire- Sokoni, Ms. Rehema Namutebi, Mr. Jadiah Mwarania.

The Committee's main objective is to perform centralised oversight, policy setting, information gathering and communication to the Board, regarding ZEP-RE's key risks and its related risk management activities & processes by:-

(a) Ensuring that the Company implements best practice standards in risk management, legal, ethical and moral practices.

(b) Ensuring the highest standards in financial reporting.

(c) Advising and ensuring that the Board of Directors makes informed decisions regarding risk management issues, accounting and financial policies.

(d) Providing guidance to the Company on how to augment the risk management regime.

(e) Constantly reviewing Internal and External audit systems and reports.

(f) Ensure and maintain shareholder/investor confidence in the Company.

The Risk and Audit Committee held three (03) meetings in 2022.

The External Auditor and Internal Auditor have unrestricted access to and submit formal reports to the Committee.

Strategy and Investments Committee

The Committee comprises of Mr. Hosea Kashimba (Chair), Mr. Pritesh Modi, Mr. Tadesse Admassu, Mr. Simon Chikumbu, Ms. Hope Murera, and Ms. Nnenna Nwabufo.

The Committee's main objectives are to assist the Board in fulfilling its obligations by providing guidance and making recommendations to the Board on the following matters: -

(a) Implementation and or revision of all Company strategy initiatives,
(b) Provide guidance and oversight on the investment policy of the Company and all major investment transactions,
(c) Monitor the effectiveness of strategy plans and investment policies.

The Strategy and Investments Committee held four (04) meetings in 2022.

Governance and Human Resources Committee

The Committee is charged with the primary responsibility of

a. Continuous review of the company's corporate governance standards and ensuring adherence to the company's corporate governance standards and best practice, including, examining and review of the selection, appointment of directors, appraisal standards, remuneration incentive proposals, and trainings.

b. Examining and reviewing the selection and appointment of staff, remuneration and incentive models, performance appraisal standards of senior management.

c. Monitoring, evaluating, advising and making recommendations to the Board with regard to staff working conditions.

d. Oversight of the activities of the Development Impact Fund.

The members of the committee also form part of the Special Vetting Committee that vet appointments to the Board of ZEP-RE.

The Committee comprises Ms. Rehemah Namutebi (Chairperson), Mr. Mohammed Satti, and Dr. Ntimarubusa.

The Governance and Human Resources Committee held two (02) meetings in 2022.

Committees Reporting to the Board

The Committees through their respective Chairpersons submitted reports to the Board.

Directors' Remuneration

For services on the Board and Board Committees, Directors received remuneration in line with terms approved by the General Assembly. In 2022, the aggregate amount of emoluments paid to Directors' is shown in Note 35 (ii) to the financial statements.

Board Attendance in 2022

The table below shows Board and General Meetings attendance by substantive Directors or through their Alternates,

	Attendance of Board and AGM Meetings in 2022				
	105th Board	106th Board	31st AGM	107th Board	108th Board
Ms Chileshe Kapwepwe	✓	✓	✓	✓	✓
Ms Hope Murera	✓	✓	✓	✓	✓
Mr Jan Gross	✓	✓	[redacted]		
Mr Admassu Tadesse	✓	✓	✓	✓	✓
Mr. Hosea Kashimba	✓	✓	✓	✓	✓
Mr Jadiah Mwarania*	✓	✓	✓	✓	✓
Mr Daher Warsama Robleh	✓	✓	✓	✓	✓
Ms Christabel Michel Banda	✓	✓	✓	✓	✓
Ms Rehemah Namutebi	✓	✓	✓	✓	✓
Mr. Pritesh Modi	[redacted]			✓	✓
Ms. Chearyp Mkandawire - Sokoni				✓	✓
Mr. Simon Putsai Chikumbu	✓	✓	✓	✓	✓
Mr. Mohammed Satti	✓	✓	✓	✓	✓

*Mr Mwarania was represented at the 31st AGM by the Alternate Director, Ms. Jacqueline Njui.

Managing Director and the Management team

The Managing Director is responsible for the day to day running of the Company. He or She is appointed by the General Assembly upon recommendation of the Board of Directors on a fixed term renewable contract. He or She reports regularly to the Board on the operations of the Company.

The Managing Director is assisted in his or her role by a Management team. The members of the Management team are appointed by the Board of Directors on fixed term renewable contracts. Rules and policy documents issued by the Board of Directors determine the manner Management manages the Company and executes decisions.

The Board monitors the performance of Management and gives counsel and direction where necessary. Certain issues and transactions such as strategy direction, major investments or capital expenditure require the approval of the Board.

The Board does not engage in the day-to-day operational issues.

Chairperson

Managing Director

Report of the Directors

The Board of Directors hereby submit their report together with the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of the Company. The report is made in accordance with the provisions of Article 31 of the Agreement Establishing ZEP-RE (PTA Reinsurance Company).

Principal activities

The Company underwrites all classes of life and non-life reinsurance risks as mandated under Article 5 paragraph 1 of the Agreement establishing ZEP-RE (PTA Reinsurance Company). The business is divided into the following business classes:

- Property
- Casualty
- Motor
- Marine
- Aviation
- Life
- Medical

Results and dividend for the year

The profit for the year of US$ 21.66 million (2021: US$ 18.14 million) has been transferred to retained earnings. The Directors recommend a dividend of US$ 5,300,000 for the year ended 31 December 2022 (2021: US$ 5,300,000).

Directors

The current Directors of the Company are shown on page 1. This Board was elected by the 31st Annual General Assembly held in Nairobi, Kenya on 24th June 2022 for a term of three years and its term ends in June 2025.

Secretary

Miss Miriam Magala continued in service as the Company Secretary.

Auditors

The Company's auditors, PricewaterhouseCoopers LLP, expressed willingness to continue in office and a specific resolution will be submitted to the 31st Annual General Assembly in this respect.

BY ORDER OF THE BOARD

SECRETARY 2023

Statement of Directors' Responsibilties

Article 31 of the Agreement establishing ZEP–RE (PTA Reinsurance Company) requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company at the end of the financial year and its financial performance for the year then ended. The directors are responsible for ensuring that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Company; disclose with reasonable accuracy at any time the financial position of the Company; and that enables them to prepare financial statements of the company that comply with prescribed financial reporting standards and the requirements of the Agreement establishing ZEP-RE (PTA Reinsurance Company). They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and as per the Agreement establishing ZEP-RE (PTA Reinsurance Company). They also accept responsibility for:

i) Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;

ii) Selecting suitable accounting policies and then apply them consistently; and

iii) Making judgements and accounting estimates that are reasonable in the circumstances.

Having 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 responsibility.

Approved by the Board of Directors on the **23rd March 2023** and signed on its behalf by:

-- Chairperson

------------------------------------ Managing Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZEP-RE (PTA REINSURANCE COMPANY)

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of ZEP-RE (PTA Reinsurance Company) (the "Company") set out on pages 45 to 98 which comprise the statement of financial position at 31 December 2022, the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended and the notes to the financial statements, which include significant accounting policies and other explanatory information.
In our opinion, the financial statements of ZEP-RE (PTA Reinsurance Company) "(the Company)" are prepared, in all material respects, in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Other information

The other information comprises Corporate information, The Board of Directors' profiles, Notice of the 32nd Annual General Assembly, Report of the Chairperson of the Board of Directors, Corporate governance report, Report of the Directors, Statement of Directors' responsibilities and Supplementary information which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not and will not express any form of assurance conclusion thereon.

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements in accordance with the basis of accounting described in International Financial Reporting Standards and the requirements of Article 31 of the Agreement establishing ZEP-RE (PTA Reinsurance Company), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZEP-RE (PTA REINSURANCE COMPANY) (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.

Bernice Kimacia

Bernice Kimacia, Practicing Certificate Number 1457
Engagement partner responsible for the audit
For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi
23rd March 2023

Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December	Notes	2022	2021
		US$	US$
Gross premiums written	3	236,212,884	213,012,675
Less: Retrocession premiums		(104,352,933)	(78,698,993)
Net written premiums		131,859,951	134,313,682
Movement in unearned premiums reserve		2,708,996	1,859,054
Net earned premiums		134,568,947	136,172,736
Investment income	4	15,854,628	14,495,255
Commissions earned		14,770,121	11,706,102
Other income		3,120,605	1,557,251
Total income		168,314,301	163,931,344
Gross incurred claims	5	96,353,054	90,937,937
Less: amounts recoverable from retrocessionaires		(18,001,181)	(10,886,063)
Net claims incurred		78,351,873	80,051,874
Operating and other expenses	6	15,448,750	14,833,005
Loss/(gain) on foreign exchange transactions		170,837	(38,983)
Commissions expenses		52,684,368	50,941,127
Total outgo		146,655,828	145,5787,023
Profit for the year		21,658,473	18,144,321
Other comprehensive income for year			
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain on revaluation of property	25(ii)	195,344	393,355
Fair value (loss)/gain on revaluation of equity investments	25(i)	(3,325,967)	331,351
Foreign exchange loss on revaluation of equity investments	25(i)	(1,978,552)	(502,375)
Fair value (loss)/gain on revaluation of offshore investments	25(i)	(2,030,445)	54,068
Fair value loss on revaluation of corporate bond		(75,000)	-
Fair value loss on revaluation of government securities	25(i)	(670,624)	(255,662)
Fair value gain on revaluation of investment in affiliated companies	25 (iii)	3,661,187	1,752,229
Total other comprehensive income for the year		(4,224,057)	1,772,966
Total comprehensive income for year		17,434,416	19,917,287
Earnings per share:			
- Basic and diluted 7		0.37	0.31

Statement of Financial Position

At 31 December	Notes	2022 US$	2021 US$
ASSETS			
Property and equipment	9	2,646,040	2,287,397
Intangible assets	10	989,347	1,103,178
Investment properties	11	54,807,236	50,335,931
Equity investments at FVOCI			
-Quoted equity investments	12	23,435,400	27,639,732
-Unquoted equity investments	12	2,294,266	1,522,988
-Investment in affiliated companies	12	27,769,647	22,619,385
Equity accounted investments			
-Investment in Associate	12	12,406,482	3,300,452
Receivables arising out of reinsurance arrangements	13	36,750,888	32,429,282
Deposits retained by ceding companies	14	9,034,562	7,674,411
Retrocessionaires share of reinsurance liabilities	15	39,490,323	34,995,508
Other receivables	16	10,458,801	7,862,357
Deferred acquisition costs	17	8,224,945	9,599,362
Government securities			
- Amortised cost	18	117,552,590	96,895,063
- FVOCI	18	2,352,460	1,916,961
Offshore investments			
- Amortised cost	19	15,078,136	15,077,494
- FVOCI	19	9,241,964	10,272,409
Deposits with financial institutions	20	110,344,970	137,370,180
Corporate Bonds			
- Amortised cost	21	1,088,527	643,408
- FVOCI	21	4,925,000	-
Cash and bank balances	22	15,999,661	13,075,816
Total assets		**504,891,245**	**476,621,314**
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	24	58,820,232	58,476,731
Share premium	24	60,594,253	58,507,819
Property revaluation reserve	25	1,377,505	1,182,161
Investments revaluation reserve	25	(13,958,621)	(5,878,033)
Investment in affiliated companies revaluation reserve	25	13,727,758	10,066,571
Retained earnings	26	188,753,190	172,485,439
Total equity		**309,314,317**	**294,840,688**
LIABILITIES			
Reinsurance contract liabilities	27	111,877,107	101,284,908
Provision for unearned premiums and unexpired risks	28	35,784,456	38,481,461
Deferred income	29	57,050	57,865
Payables arising from retrocession arrangements	30	15,373,677	12,360,650
Payables arising from reinsurance arrangements	30	14,842,271	13,101,436
Deposits retained on ceded reinsurance business		437,807	437,807
Deferred retrocession commission revenue	31	3,032,208	3,163,931
Other payables	32(i)	12,239,922	11,209,392
Dividends payable	33	1,932,430	1,683,176
Total liabilities		**195,576,928**	**181,780,626**
Total equity and liabilities		**504,891,245**	**476,621,314**

The financial statements on pages 45 to 98 were approved and authorised for issue by the Board of Directors on 23rd March 2023 and were signed on its behalf by:

Chairperson

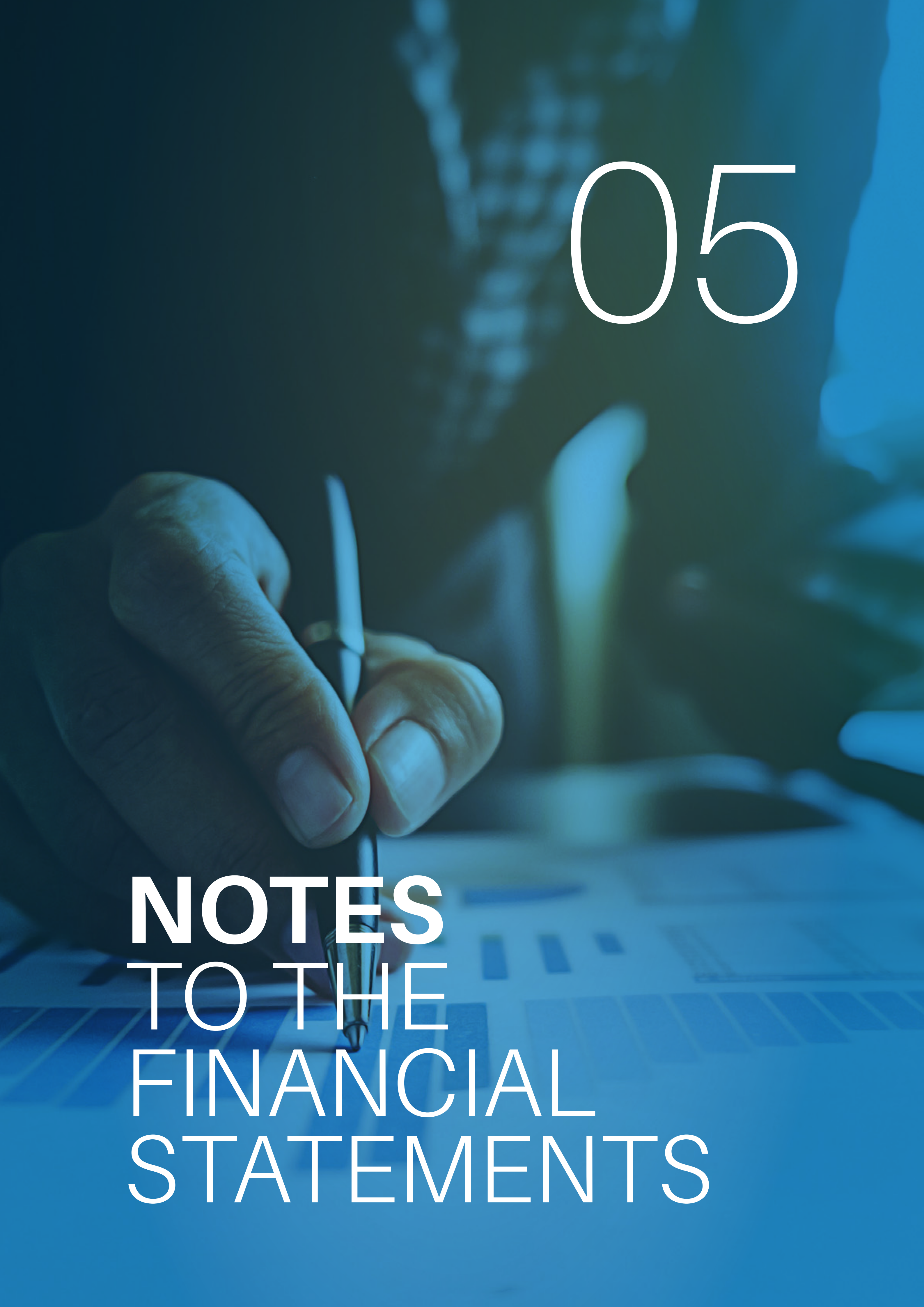
Managing Director

Statement Of Changes In Equity

	Notes	Share capital	Share premium	Property revaluation reserve	Investments revaluation reserve	Investment in affiliated companies revaluation reserve	Retained earnings	Total
		US$	US$	US$	US$	US$	US$	US$
As at 1 January 2021		57,983,758	55,613,910	788,806	(5,505,415)	9,185,139	157,685,720	275,751,918
Total comprehensive income for the year		-	-	393,355	(372,618)	1,752,229	18,144,321	19,917,287
Transactions with owners								
Shares issued during the year	24	3,470	20,369	-	-	-	-	23,839
Dividends declared	33	-	-	-	-	-	(5,000,000)	(5,000,000)
Transfer to development impact fund	32(ii)	-	-	-	-	-	(86,302)	(86,302)
Impact of revaluation of affiliate to associate		-	-	-	-	-	870,903	870,903
Changes on initial reclassification of affiliate to associate	25(iii)	-	-	-	-	(870,797)	870,797	-
Issue of shares through capitalisation of 2020 dividends	33	489,503	2,873,540	-	-	-	-	3,363,043
At 31 December 2021		**58,476,731**	**58,507,819**	**1,182,161**	**(5,878,033)**	**10,066,571**	**172,485,439**	**294,840,688**
As at 1 January 2022		58,476,731	58,507,819	1,182,161	(5,878,033)	10,066,571	172,485,439	294,840,688
Total comprehensive income for the year		-	-	195,344	(8,080,588)	3,661,187	21,658,473	17,434,416
Transactions with owners								
Shares issued during the year	24	68,200	418,066	-	-	-	-	486,266
Dividends declared	33	-	-	-	-	-	(5,300,000)	(5,300,000)
Transfer to development impact fund	32(ii)	-	-	-	-	-	(90,722)	(90,722)
Issue of shares through capitalisation of 2021 dividends	33	275,301	1,668,368	-	-	-	-	1,943,669
At 31 December 2022		**58,820,232**	**60,594,253**	**1,377,505**	**(13,958,621)**	**13,727,758**	**188,753,190**	**309,314,317**

STATEMENT OF CASH FLOWS

Year ended 31 December	Notes	2022	2021
		US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operating activities	36	22,002,400	7,824,273
Interest paid on lease liabilities	32	(74,919)	(43,500)
		21,927,481	**7,780,773**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	9	(264,130)	(39,081)
Purchase of intangible assets	10	(76,086)	(570,984)
Purchase of investment properties	11	(5,175,995)	(118,627)
Purchase of unquoted equity investments	12(i)	(810,342)	(998,276)
Purchase of shares in associate	12(ii)	(5,426,118)	(746)
Purchase of shares in affiliated companies	12(i)	(4,698,761)	-
Proceeds of disposal of property and equipment		2,744	-
Proceeds of disposal of unquoted equity investments		39,064	228,669
Net cash used in investing activities		**(16,409,624)**	**(1,499,045)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of issue of shares		486,266	23,839
Dividends paid	33	(3,107,077)	(1,288,801)
Payment of the principal portion of lease liability	32	(72,977)	(49,919)
Net cash used in financing activities		(2,693,788)	(1,314,881)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,824,069	4,966,847
CASH AND CASH EQUIVALENTS AT 1 JANUARY		20,337,422	15,370,575
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**37**	**23,161,491**	**20,337,422**



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NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1 ESTABLISHMENT

The Company was established by member states of the then Preferential Trade Area for Eastern and Southern Africa (now COMESA) for purposes of:

Fostering the development of the Insurance and Reinsurance industry in the COMESA sub-region;
Promotion of the growth of national, sub-regional and regional underwriting and retention capacities; and
Supporting sub-regional economic development.

The company is domiciled in Kenya and has regional offices in Cote D'Voire and Zimbabwe and country offices in Zambia, Ethiopia, Uganda, Democratic Republic of Congo, Rwanda and a Retakaful Window in Sudan.

2 SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation

(i) New standards and interpretations adopted by the Company

The following standards and interpretations have been applied by the Company for the first time for the financial reporting year commencing on or after 1 January 2022:

IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment - Annual periods beginning on or after 1 April 2021

The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The March 2021 amendment will only be available if an entity chose to apply the May 2020 optional practical expedient.

Amendment to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract - Annual periods beginning on or after 1 January 2022

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use - Annual periods beginning on or after 1 January 2022

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

Amendment to IFRS 3 'Business Combinations' Asset or liability in a business combination clarity - Annual periods beginning on or after 1 January 2022

The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination.

In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

(ii) New standards and interpretations not yet adopted by the Company

IFRS 17 Insurance Contracts - Annual periods beginning on or after 1 January 2023

The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.

For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.

Structure and status of the Company implementation project

To support the adoption of IFRS 17, an IFRS 17 steering committee was constituted in 2022, sponsored by the Chief Financial Officer and comprising of the Finance, Risk & Actuarial, ICT and Operations teams.

The Board through the Company's Board Risk and Audit Committee (BRAC) provides oversight and governance over the implementation of the IFRS 17 project. Accounting policy papers, actuarial methodologies and disclosure requirements are in the process of being defined and are being implemented throughout the Company.

The IFRS 17 steering committee, under the supervision of the Board, has made significant inroads to facilitate the reporting of the opening balance sheet as at the transition date, 1st January 2022. This opening balance will form the starting balances of the comparative period information within the Company's financial statements for the year-end 2023. As IFRS 17 is being implemented retrospectively, it is expected that the balances for the comparative period of 2022, will be restated.

The IFRS 17 project team remains up to date, and closely monitors, all technical developments from the IASB and industry to evaluate the effects of such developments. In addition, the team has contracted an implementation partner to support the process and a consultant to provide assurance on the process and give ongoing guidance on the standard implementation.

In addition the following activities are scheduled to be carried out:

- Designing key controls required to implement IFRS 17- Ongoing;
- Produce and request business sign- off , as well as external audit sign -off of transition balances;
- Finalise the layout and disclosure of the IFRS 17 compliant annual financial statements;
- Finalise the management reporting and key performance measures;
- Continue engaging with the executive committee and business through various training initiatives;
- Finalise and implement future financial and data governance processes and accountabilities.

Classification of Contracts

The Company has classified its in-force inwards reinsurance contracts and reinsurance contracts held as at the transition date, into groupings, according to how it will be managed under IFRS 17. Groupings of the inwards reinsurance contracts will be separated from groupings of reinsurance contracts held. The classification exercise has reviewed the rights and obligations arising from the reinsurance contracts by considering:

1. Reinsurance contract liabilities.
2. Contracts with investments features such as discretionary participation features.
3. Contract boundaries – whereby a grouping reflects all cashflows that relate directly to the fulfilment of the contract.

2 SIGNIFICANT ACCOUNTING POLICIES(continued)

a) Basis of preparation(continued)

(ii) New standards and interpretations not yet adopted by the Company(continued)

Measurement model

IFRS 17 introduces various measurement models in valuing reinsurance contract liabilities reflecting the duration of the contracts, and the level of policyholder participation in the insurance Company's performance. The outcome of an evaluation suggests that the Company will utilise the premium allocation approach (PAA) to support the valuation of its short-duration contracts that have a coverage period of 12 months of less. This is a simplified measurement approach that allows for the liability for remaining coverage to be calculated based on the premium received, less earned premiums and unamortised acquisitions expenses. However, the liability for incurred claims, under the approach, will be measured in the same way as with the General Measurement Model (GMM).

For contracts that exhibit longer-durations greater than 12 months, the Company may have to use the GMM approach to value its liabilities. Under this approach, cashflows arising from reinsurance contracts are required to be discounted, to reflect its present value, along with the application of a risk margin to reflect the non-financial risks associated with the estimated cashflows, in order to derive the Contractual Service Margin (CSM). This CSM represents the profitability of the reinsurance contracts.

The decision to use the GMM model will be based on the outcome of an eligibility test, which demonstrates that the difference in the outcomes of the PAA and GMM approach to the valuation of the Company's liabilities are material. The same approach will be applied to both reinsurance contracts issued and reinsurance contracts held.

Depending on the combination of approaches used to measure the Company's liabilities, the table below provides an indication of the potential direction of the Company's liabilities valuation compared with its current position under IFRS 4:

Activity	Differences compared with IFRS 4 liability measurement	Impact on IFRS 17's equity position
Discounting	The cashflows arising for reinsurance contracts will be discounted to reflect their present value. Under IFRS 4, the Company does not apply this requirement.	Increase
Risk Adjustment	An application of a risk margin is required to consider the non-financial risks associated with the estimated cashflows. Under IFRS 4, the Company does not apply this requirement.	Decrease

The Company is currently measuring the liabilities arising from its in-force business, as if IFRS 17 has always applied. However, there are significant areas of judgement that are subject to change as the Company progresses with implementation. In addition to decisions guiding the level of discount rates and risk margins applied to the estimated cashflows arising from the reinsurance contracts, the Company also has to consider its transition approach.

Accounting policy choices

The following table sets out the accounting policy choices under consideration by the Company. Currently the policy choices are under internal and external reviews by management and implementing partner with ongoing quality assurance.

2 SIGNIFICANT ACCOUNTING POLICIES(continued)

a) Basis of preparation(continued)

(ii) New standards and interpretations not yet adopted by the Company(continued)

IFRS 17 Insurance Contracts - Annual periods beginning on or after 1 January 2023 (continued)

	IFRS 17 options
Insurance acquisition cash flows	Provided that the coverage period of each contract in the Company at initial recognition is no more than one year, IFRS 17 allows an accounting policy choice of either expensing the insurance acquisition cash flows when incurred or amortizing them over the contract's coverage period.
Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LRC, 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 LRC.
Liability for Incurred Claims ("LIC") adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.
Insurance finance income and expenses	IFRS 17 provides an accounting policy choice to recognise the impact of changes in discount rates and other financial variables in profit or loss or in OCI. The accounting policy choice (the PL or OCI option) is applied on a portfolio basis.
Disaggregation of risk adjustment	An insurer is not required to include the entire change in the risk adjustment for non- financial risk in the insurance service result. Instead, it can choose to split the amount between the insurance service result and insurance finance income or expenses.

Areas of significant judgements

The Company expects to make key judgements and estimates in the application of IFRS 17 on discount rates, risk adjustments.

Transition

As IFRS 17 is being applied retrospectively, the Company needs to evaluate the effect on legacy in-force contracts, as if the new accounting standard has always applied. The appropriate transition approach to be used will depend on the availabile of historical data to support the measurement of liabilities arising from these older contracts. Where a fully retrospective approach is impracticable due to lack of historical data or application of hindsight, the Company with choose between the modified retrospective approach, which uses modifications allowed under IFRS 17 to value older contracts, or a fair value approach. The Company is in the process of determining whether there is reasonable information for all contracts in force as at the transition date.

Accordingly, the Company will:

- identify, recognise and measure each Company of insurance contracts and any assets for insurance acquisition cash flows as if IFRS 17 had always applied;
- derecognise any existing balances that would not exist if IFRS 17 had always applied; and
- recognise any resulting net difference in equity.

2 SIGNIFICANT ACCOUNTING POLICIES(continued)

a) Basis of preparation (continued)

(ii) New standards and interpretations not yet adopted by the Company (continued)

IFRS 17 Insurance Contracts - Annual periods beginning on or after 1 January 2023 (continued)

Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current - Annual periods beginning on or after 1 January 2023

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.

Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'- Annual periods beginning on or after 1 January 2023

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

(b) Income recognition

i) Premium

Gross written premium and the related expenses are based upon reports from ceding companies.

Premiums relating to the expired risk period are taken as earned and recognised as revenue for the period while premium relating to the unexpired risk period is treated as a provision for unearned premium.

ii) Commissions

Commissions receivable are recognised as income in the period in which they are earned.

iii) Retrocessions ceded

Retrocession premiums payable are recognised in the period in which the related premium income and claims are earned /incurred, respectively.

The Company uses retrocession arrangements to increase its aggregate underwriting capacity, to diversify its risk and to reduce its risk of catastrophic loss on reinsurance assumed. The ceding of risks to retrocessionaires does not relieve the company of its obligations to its cedants. The Company regularly reviews the financial condition of its retrocessionaires. Premium and losses ceded under retrocession contracts are reported as reductions of premiums earned and claims incurred. Amounts recoverable from or due to retrocessionaires are measured consistently with the amounts associated with the retroceded reinsurance contracts and in accordance with the terms of each retrocession contract. Retrocession liabilities are primarily premiums payable for retrocession contracts and are recognised as an expense when due.

Retrocessionaires' shares of outstanding claims and unearned premium reserves are reported as assets in the statement of financial position.

iv) Claims incurred

Claims incurred comprise claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of each reporting period, but not settled at that date. They are determined from time to time on the basis of the best information available at the time the records for the year are closed, and include provisions for claims incurred but not reported ("IBNR").

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 SIGNIFICANT ACCOUNTING POLICIES(continued)

a) Basis of preparation (continued)

(ii) New standards and interpretations not yet adopted by the Company (continued)

IFRS 17 Insurance Contracts - Annual periods beginning on or after 1 January 2023 (continued)

v) Deferred acquisition costs (DAC) and deferred retrocession commission revenue (DRR)

Deferred acquisition costs and deferred retrocession commission revenue comprise insurance commissions, brokerage and other related expenses incurred and revenue received that relate to un-expired polices at year end.

These costs and revenues are recognised over the period in which the related revenues are earned.

vi) Interest income

Interest income is recognized on a time proportion basis that takes into account the effective yield on the principal outstanding.

vii) Dividend income

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

viii) Rental income

Rental income is recognised on a straight line basis over the period of the lease.

All investment income is stated net of investment expenses.

(c) Currency translation

i) Functional and Presentation Currency

Even though the Company is domiciled in Kenya whose functional currency is Kenya Shilling, the Company operates in many countries and has significant activities of the Company being conducted in United States Dollars (US$). As such the Company's functional currency is the United States Dollars (US$). The financial statements are presented in United States Dollars (US$) which is the Company's Functional and Presentation Currency.

ii) Transactions and balances

Transactions during the year in currencies other than the US Dollar are translated using the exchange rates prevailing at the dates such transactions occur. The resultant gains or losses from such translation are recognised in profit or loss.

Monetary assets and liabilities expressed in the various functional currencies of member states are translated into United States Dollars (US$) using the closing rate. Non-monetary items carried at fair value that are denominated in these functional currencies are retranslated 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 currency other than the US dollar are not retranslated.

The resultant translation gains or losses on translation of the monetary assets and liabilities are recognised in profit or loss.

(d) Receivables and payables related to reinsurance contracts

Receivables and payables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. These include amounts due to and from cedants and brokers. Subsequent to initial recognition, receivables related to reinsurance contracts are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment, with the impairment loss determined using the expected credit loss model, recorded in the statement of profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Intangible assets - computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (not exceeding 5 years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense when incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These costs are amortised over their estimated useful lives.

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

(f) Property and equipment

All property and equipment are initially recorded at cost. Land and buildings are subsequently shown at market value, based on valuations by external independent valuers, less subsequent depreciation and any accumulated impairment losses. All other property and equipment are stated at historical cost less depreciation and any accumulated impairment losses.

Increases in the carrying amount of land and buildings arising from revaluations are credited to other comprehensive income and accumulated in the revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve. All other decreases are charged to profit or loss. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Freehold land is not depreciated. Depreciation is calculated on other property and equipment on the straight line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life as follows:

Buildings	50 years
Motor vehicles	4 years
Office furniture and fittings	8 years
Office equipment	8 years
Computers	3 years

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts.

An item of property and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Gains and losses on derecognition of property and equipment are determined by reference to their carrying amounts. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

(g) Investment properties

Investment properties comprise land and buildings and parts of buildings held to earn rentals and/or for capital appreciation. They are carried at fair value, determined annually by external independent valuers. Fair value is based on active market prices as adjusted, if necessary, for any difference in the nature, condition or location of the specific asset.

Investment properties are not subject to depreciation. Changes in their carrying amount between the ends of each reporting periods are recognised through profit or loss. On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment properties (continued)

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

(h) Financial instruments

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

(i) Classification

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

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

(ii) Recognition and derecognition

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

(iii) Measurement

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

Debt instruments

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

Classification and subsequent measurement of debt instruments depends on:

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

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

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

- ·FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(iii) Measurement (continued)

Debt instruments (continued)

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

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

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

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

Equity instruments

The Company subsequently measures all equity investments at fair value. The Company's management has elected to present fair value gains and losses on equity investments in OCI, with no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value

(iv) Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This includes listed equity securities and quoted debt instruments on major exchanges (NSE, USE). The quoted market price used for financial assets held by the Company is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For example a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(iv) Determination of fair value (continued)

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

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

(v) Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Company, including:
  - ✓ An adverse changes in the payment status of issuers or debtors in the Company; or
  - ✓ National or local economic conditions that correlate with defaults on the assets in the Company

IFRS 9 replaced the previous 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' ("ECL") model. The expected credit loss impairment model applies to the following financial instruments that are not measured at FVTPL or FVTOCI:

- Government securities measured at amortised cost;
- Receivables arising from reinsurance arrangements;
- Other receivables;
- Corporate bonds;
- Deposits with financial institutions; and
- Cash and bank balances.

No impairment loss is recognised on equity investments and offshore investments measured at FVOCI.

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(v) Impairment (continued)

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

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

Measurement of expected credit losses

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

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

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset

Measurement of expected credit losses

Expected credit losses

Expected credit losses are computed as a product of the Probability of Default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD).
ECL = PD x LGD x EAD
In applying the IFRS 9 impairment requirements, the Company follows one of the approaches below:

- The general approach
- The simplified approach

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

Financial Asset	Impairment approach
Receivables arising out of reinsurance arrangements	Simplified approach
Other receivables	General approach
Government securities at amortised cost	General approach
Corporate bonds	General approach
Deposits with financial institutions	General approach
Cash and bank balances	General approach

The General Approach

Under the general approach, at each reporting date, the Company determines whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised.
• **Stage 1** - where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, the Company will recognise 12 month ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.

• **Stage 2** - where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, the Company will recognise lifetime ECL but interest income will continue to be recognised on a gross basis.

• **Stage 3** - where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, the Company will continue to recognise lifetime ECL but they will now recognise

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(v) Impairment (continued)

interest income on a net basis. As such, interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

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

The Simplified approach

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

Definition of default

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

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

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

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

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Significant increase in credit risk (SIICR)

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience, expert credit assessment and forward-looking information.

The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month expected credit losses and one that is based on lifetime expected credit losses.

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

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

Incorporation of forward-looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and forecast scenarios based on consideration of a variety of external actual and forecast information. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Company operates.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(v) Impairment (continued)

The base case represents a best estimate and is aligned with information used by the Company for other purposes, such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes.

Measurement of ECL

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

To determine lifetime and 12-month PDs, the Company uses the PD tables supplied by [Rating Agency X based on the default history of obligors with the same credit rating. The Company adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings (see (i)).The PDs are recalibrated based on current bond yields and CDS prices, and adjusted to reflect forward-looking information as described above. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, loan-to-¬value ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include:

• instrument type;
• credit risk grading;
• collateral type;
• date of initial recognition;
• remaining term to maturity; industry; and
• geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the Company uses to derive the default rates of its portfolios. This includes the PDs provided in the Standard and Poor's default study.

Receivables arising out of reinsurance contracts

The ECL of receivables arising out or reinsurance contracts are determined using a loss rates. Loss rates are calculated with reference to days past due and actual credit loss experience over the past seven years.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(vi) Modification of contracts

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

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

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

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

(vii) Write off policy

The Company writes off financial assets, in whole or in part when it has exhausted all practical recovery effort and has concluded that there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity; and (ii) the Company is foreclosing on collateral and the value of the collateral is such as there is no reasonable expectation of recovering in full.

The Company may write-off financial assets that are still subject to enforcement activity. There were no assets written off during the year ended 31 December 2022 and 31 December 2021.

(i) Deferred income

This represents the value of a parcel of land at initial recognition (valued in 1994) owned by the company. This land was granted to the company by the Kenya Government. The amount is amortised over the lease period and is stated net of accumulated write-back to profit or loss.

(j) Employee entitlements

The estimated monetary liability for employees' accrued annual leave entitlements at the end of the reporting period is recognised as an expense accrual.

Entitlements to gratuity are recognised when they accrue to qualifying employees. A provision is made for estimated annual gratuity as a result of services rendered by employees up to the end of the reporting period.

The company operates a provident fund, which is a defined contribution plan for its employees. The assets of the fund are held in separate trustee administered funds, which are funded from contributions from both the company and employees.

The company's obligations to the provident fund are charged to profit or loss as they fall due.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short term highly liquid investments with original maturities of three months to less.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Dividends

Dividends payable on ordinary shares are charged to equity in the period in which they are declared.

(m) Development Impact Fund

The Company has set up a Development Impact Fund who's key objective is to support the Company's CSR mandate which considers the social, environmental, and economic wellbeing of its stakeholders while protecting the shareholders through minimizing any impact such activities would have on the income statement.

(n) Taxation

In accordance with Article 7 (Income Tax Exemptions) of the Headquarters agreement between The Government of the Republic of Kenya and ZEP-RE (PTA Reinsurance Company), (the "Agreement") exempts the Company, its property and assets from all forms of direct taxation.

Article 8 (Duty and Tax Exemptions) of the Agreement allows the Company to import or purchase free of duty and Value added Tax (VAT), material, equipment and motor vehicles. Article 9 (Privileges and Immunities for the Directors of the Company and their Alternates) provides that Directors of the Company and their Alternates are accorded immunities, exemptions and privileges as accorded to non-resident diplomatic missions and envoys and no taxes shall be levied on or in respect of emoluments paid by the Company to its non-resident Directors and alternate directors.

Article 10 (Officials, Experts and Consultants of the Company) exempts the officials of the Company from any form of direct taxation of salaries and emoluments and any income derived from sources outside Kenya. It also exempts from tax salaries and emoluments paid to officials designated by the Managing Director. Article 10 also provides that applicability of the exemptions to Kenyan nationals shall be determined by the Government of Kenya, which is yet to be agreed.

The tax status of the Company may vary depending on changes to the income tax rules applicable in the member states it operates.

(o) Investment in associate

Investment in associate is accounted for using the equity method of accounting in the financial statements. The associate is a company in which the Company exercises significant influence but which it does not control. Significant influence is the power to participate in financial and operating policy decisions of the investment but it is not control or joint control over those policies.

Under the equity method, the investment in associate is carried in the statement of financial position at cost as adjusted for post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the carrying value of the investments. Losses of the associate in excess of the Company's interest in the associate are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(p) Share Capital

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

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual agreement.

(q) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current yea

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

3. GROSS PREMIUMS WRITTEN

(i) Class-wise distribution

The premium income of the Company can be analysed between the main classes of business as shown below:

	2022 US$	2021 US$
Class of business:		
Property	99,329,790	91,870,094
Casualty	50,573,963	45,625,148
Motor	12,271,766	10,950,009
Marine	10,472,887	11,676,902
Aviation	15,874,537	13,969,653
Life	25,826,766	20,102,052
Medical	21,863,175	18,818,817
	236,212,884	**213,012,675**

(ii) Geographical distribution

Region	2022 Gross premium US$	%	2021 Gross premium US$	%
COMESA	197,841,801	83.75	166,178,455	78.01
Non – COMESA (Africa)	34,215,619	14.49	34,154,517	16.04
Other regions	4,155,464	1.76	12,679,703	5.95
Total	**236,212,884**	**100.00**	**213,012,675**	**100.00**

(iii) Type - distribution

	2022	%	2021	%
Proportional	119,961,999	50.78	124,559,248	58.47
Non-proportional	21,941,791	9.29	21,851,795	10.26
Facultative	94,309,094	39.93	66,601,632	31.27
Total	**236,212,884**	**100.00**	**213,012,675**	**100.00**

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

4	INVESTMENT INCOME	2022	2021
		US$	US$
	Interest from government securities	7,507,175	6,862,565
	Interest from deposits with financial institutions	6,110,917	5,663,719
	Interest from corporate bonds	84,715	52,589
	Associate share of profit	470,226	464,150
	Income from offshore investments	14,195	17,340
	Rental income	790,043	525,614
	Dividend income	1,582,047	981,487
	Fair value losses on investment properties (Note 11)	(704,690)	(459,456)
	Write back of investment accruals	-	387,247
		15,854,628	**14,495,255**

Investment income earned on financial assets, analysed by category of asset is as follows:

Investments held at fair value through other comprehensive income	1,596,242	998,827
Investments held at amortised cost	14,173,033	13,430,270
	15,769,275	14,429,097
Investment income on non-financial assets (investment properties)	85,353	66,158
Total investment income	**15,854,628**	**14,495,255**

5	GROSS INCURRED CLAIMS		
	Gross settled claims	79,107,884	80,868,800
	Change in outstanding claims	17,245,170	10,069,137
		96,353,054	**90,937,937**

6	OPERATING AND OTHER EXPENSES		
	Employee emoluments and benefits (Note 8)	9,549,019	9,427,663
	Auditors' remuneration	56,700	54,996
	General assembly and Board expenses	324,542	291,144
	Depreciation of property and equipment (Note 9)	288,096	217,083
	Amortisation of intangible assets (Note 10)	189,917	202,959
	Provision for expected credit losses arising from reinsurance premium receivables (Note 13(ii))	(305,724)	577,283
	Repairs and maintenance costs	567,282	461,477
	Premium taxes and charges	2,351,451	2,136,835
	Other expenses	2,427,467	1,463,565
		15,448,750	**14,833,005**

NOTES TO THE FINANCIAL STATEMENTS (continued)

7	EARNINGS PER SHARE	2022	2021
	Profit attributable to shareholders (US$)	21,658,473	18,144,321
		=========	=========
	Weighted average number of shares issued (Note 24(iii))	**58,543,163**	**58,351,648**
		=========	=========
	Earnings per share (US$) - basic and diluted	**0.370**	**0.311**
		========	========

Earnings per ordinary share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares issued.

There were no potentially dilutive shares outstanding at 31 December 2022 and 31 December 2021. The diluted earnings per share is therefore the same as the basic earnings per share disclosed above.

8	EMPLOYEE EMOLUMENTS AND BENEFITS	2022	2021
		US$	US$
	Staff costs include the following:		
	- Salaries and wages (including bonuses)	7,026,517	7,103,459
	- Staff retirement benefits	996,224	1,102,465
	- Other staff benefits	1,526,278	1,221,739
		---------	---------
		9,549,019	**9,427,663**
		=========	=========

The number of persons employed by the company at the year-end was 91 (2021: 85).

9	PROPERTY AND EQUIPMENT	2022	2021
		US$	US$
	Cost or valuation	4,776,453	4,167,395
	Accumulated depreciation	(2,130,413)	(1,879,998)
		----------	----------
	Net book value	2,646,040	2,287,397
		=========	=========
	Comprising;		
	Buildings	1,944,628	1,784,983
	Motor vehicles	33,380	46,634
	Office furniture and fittings	258,471	174,232
	Work in progress – Furniture and fittings	62,630	-
	Office equipment	76,910	89,138
	Computers equipment	37,351	29,223
	Right of use assets	232,670	163,187
		----------	----------
	Net book value	**2,646,040**	**2,287,397**
		========	========

An independent valuation of the Company's land and buildings was carried out by Gimco Limited, property registered valuers, to determine the fair value of buildings. The valuer has appropriate qualifications and recent experience in the valuation of properties in the relevant location. The valuation, done annually, was carried out as at 31 December 2022 on an open market value basis. In estimating the fair value of the buildings, the highest and best use of the properties is their current

9 PROPERTY AND EQUIPMENT (continued)

use. There has been no change to the valuation technique during the year. Had the Company's buildings been measured on a historical cost basis, their carrying amount would have been US$ 567,124 (2021: US$ 602,823).

No depreciation has been charged in arriving at the results for the year in respect of certain fully depreciated property and equipment with a cost of US$ 1,219,990 (2021: US$ 1,219,990) which are still in use. If depreciation had been charged during the year on the cost of these assets, it would have amounted to US$ 285,887 (2021: US$ 285,887).

	Land and Buildings US$	Motor vehicles US$	Office furniture and fittings US$	Office equipment US$	Computer equipment US$	Work in progress - Furniture & Fittings US$	Right of use assets US$	Total US$
COST OR VALUATION								
At 1 January 2021	1,420,029	167,461	860,040	221,061	686,785	-	407,984	3,763,360
Additions	-	-	20,591	-	18,490	-	-	39,081
Disposals	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	958	(958)	-	-	-
Revaluation surplus	364,954	-	-	-	-	-	-	364,954
At 31 December 2021	1,784,983	167,461	880,631	222,019	704,317	-	407,984	4,167,395
At 1 January 2022	1,784,983	167,461	880,631	222,019	704,317	-	407,984	4,167,395
Additions	-	-	149,869	8,170	43,461	62,630	188,850	452,980
Disposals	-	-	-	-	(3,567)	-	-	(3,567)
Revaluation surplus	159,645	-	-	-	-	-	-	159,645
At 31 December 2022	1,944,628	167,461	1,030,500	230,189	744,211	62,630	596,834	4,776,453
ACCUMULATED DEPRECIATION								
At 1 January 2021	-	107,573	656,711	111,918	651,917	-	163,197	1,691,316
Charge for the year	28,401	13,254	49,688	18,163	25,977	-	81,600	217,083
Eliminated on disposals	-	-	-	2,800	(2,800)	-		-
Reclassifications	(28,401)	-	-	-	-	-	-	(28,401)
Written back on revaluation								
At 31 December 2021	-	120,827	706,399	132,881	675,094	-	244,797	1,879,998
At 1 January 2022	-	120,827	706,399	132,881	675,094	-	244,797	1,879,998
Charge for the year	35,699	13,254	65,630	20,398	33,748	-	119,367	288,096
Eliminated on disposal	-	-	-	-	(1,982)	-		(1,982)
Written back on revaluation	(35,699)	-	-	-	-		-	(35,699)
At 31 December 2022	-	134,081	772,029	153,279	706,860	-	364,164	2,130,413
NET BOOK VALUE								
At 31 December 2022	1,944,628	33,380	258,471	76,910	37,351	62,630	232,670	2,646,040
At 31 December 2021	1,784,983	46,634	174,232	89,138	29,223	-	163,187	2,287,397

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 PROPERTY AND EQUIPMENT (continued)

Details of the company's freehold land and buildings and information about fair value hierarchy as at 31 December 2022 are as follows:

	2022	2021
	US$	US$
Level 1	-	-
Level 2	-	-
Level 3	1,944,628	1,784,983
Fair value at 31 December	**1,944,628**	**1,784,983**

There were no transfers between the levels during the year.

10 INTANGIBLE ASSETS – COMPUTER SOFTWARE	2022	2021
	US$	US$
Cost	2,374,564	2,298,478
Accumulated amortisation	(1,385,217)	(1,195,300)
Net book value	**989,347**	**1,103,178**

Movement analysis:	Software licences	Other software	Work in Progress	Total
COST	**US$**	**US$**	**US$**	**US$**
At 1 January 2021	636,533	368,851	722,110	1,727,494
Additions	-	-	570,984	570,984
Capitalization	-	569,753	(569,753)	-
At 31 December 2021	636,533	938,604	723,341	2,298,478
At 1 January 2022	636,533	938,604	723,341	2,298,478
Additions	-	-	76,086	76,086
At 31 December 2022	636,533	938,604	799,427	2,374,564
ACCUMULATED AMORTISATION				
At 1 January 2021	631,655	360,686	-	992,341
Charge for the year	4,878	198,081	-	202,959
At 31 December 2021	636,533	558,767	-	1,195,300
At 1 January 2022	636,533	558,767	-	1,195,300
Charge for the year	-	189,917	-	189,917
At 31 December 2022	636,533	748,684	-	1,385,217
NET BOOK VALUE				
At 31 December 2022	**-**	**189,920**	**799,427**	**989,347**
At 31 December 2021	**-**	**379,837**	**723,344**	**1,103,178**

All software is amortised over a period of three years.

11 INVESTMENT PROPERTIES	2022	2021
	US$	US$
Fair value of investment properties	**54,807,236**	**50,335,931**
	=========	=========

Investment properties comprise:

	Zep-Re Place	Prosperity House	Zambia land	Zambia Business Park	Mombasa Road Land	Harare Property	Sudan Property	Ethiopia Property	Total
At fair value:	US$	US$	US$	US$	US$	US$	US$	US$	US$
At 1 January 2021	9,926,388	5,248,745	199,439	33,000,000	1,141,032	240,000	921,156	-	50,676,760
Additions	-	22,843		-	12,436	-	83,348	-	118,627
Fair value gain/(loss) on revaluation	(275,725)	(57,500)	(199,439)	8,000	79,072	-	(13,864)	-	(459,456)
	---------	---------	--------	--------	--------	--------	--------	--------	---------
At 31 December 2021	**9,650,663**	**5,214,088**	**-**	**33,008,000**	**1,232,540**	**240,000**	**990,640**	**-**	**50,335,931**
	=========	=========	========	=======	========	=======	=======	========	=========
At 1 January 2022	9,650,663	5,214,088	-	33,008,000	1,232,540	240,000	990,640	-	50,335,931
Additions	-	15,086		-	-	-	-	5,160,909	5,175,995
Fair value (loss)/gain on revaluation	(288,771)	(441,725)	-	-	(119,179)	50,000	94,985	-	(704,690)
	---------	---------	--------	--------	--------	--------	--------	--------	---------
At 31 December 2022	**9,361,892**	**4,787,449**	**-**	**33,008,000**	**1,113,361**	**290,000**	**1,085,625**	**5,160,909**	**54,807,236**
	=========	=========	========	========	========	=======	=======	========	=========

Investment properties were last valued by Gimco Limited for the Kenya properties, Knight Frank Zambia Limited for the Zambia property, Knight Frank Zimbabwe for the Zimbabwe property and Elshibly Consultants for the Sudan property, registered valuers, at 31 December 2022, on an open market basis. The valuers have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year. The fair value gain arising from the revaluation has been dealt with in profit or loss.

The Ethiopia property was valued at cost as it relates to purchase of executive apartments currently under construction with a completion date of 31st March 2024.

All the Company's investment properties are held under leasehold interests.

Details of the company's investment properties and information about fair value hierarchy at 31 December 2022 are as follows:

	2022	2021
	US$	US$
Level 1	-	-
Level 2	-	-
Level 3	54,807,236	50,335,931
	---------	---------
Fair value at 31 December	**54,807,236**	**50,335,931**

NOTES TO THE FINANCIAL STATEMENTS (continued)

12	(i) EQUITY INVESTMENTS AT FVOCI	2022	2021
	Quoted equity investments	US$	US$
	At 1 January	27,639,732	27,348,265
	Additions	1,245,235	2,381,913
	Disposals	(145,048)	(1,919,422)
	Fair value gains/(losses) (Note 25 (i))	(3,325,968)	331,351
	Exchange difference on revaluation (Note 25 (i))	(1,978,551)	(502,375)
	At 31 December	23,435,400	27,639,732
	Unquoted equity investments		
	At 1 January	1,522,988	753,381
	Additions	810,342	998,276
	Disposals	(39,064)	(228,669)
	At 31 December	**2,294,266**	**1,522,988**

Investment in affiliated Companies

	Uganda Reinsurance Corporation	WAICA Reinsurance Corporation	Tanzania Reinsurance Corporation	TDB	Total
	US$	US$	US$	US$	US$
At 1 January 2021	1,964,653	7,493,254	2,582,717	10,187,278	22,831,809
Reclassification of Affiliate to Associate	(1,964,653)	-	-	-	(1,964,653)
Fair value gain (Note 25(iii))	-	718,189	324,168	603,324	1,752,229
At 31 December 2021	-	8,211,443	2,906,885	10,790,602	22,619,385
At 1 January 2022	-	8,211,443	2,906,885	10,790,602	22,619,385
Additions	-	-	-	-	4,698,761
Fair value gain (Note 25(iii))	-	1,303,425	302,801	1,214,165	3,661,187
Reclassification of Affiliate to Associate	-	-	(3,209,686)	-	(3,209,686)
At 31 December 2022		**9,514,868**	**-**	**12,004,767**	**27,769,647**

The investments above are reported at fair value. The investments at 31 December 2022 have been reported at the company's share of the affiliated companies' net assets value based on the affiliates' last audited financial statements. In 2022, Tanzania Reinsurance Corporation was reclassified from an affiliate to an associate as the Company had a 28.0% ownership in the associate.

12 (ii) EQUITY ACCOUNTED INVESTMENTS

Investment in associate

Equity investments measured at fair value through profit or loss.

	2022 US$	2021 US$
At 1 January	3,300,452	-
Reclassification from affiliate	3,209,686	1,964,653
Additions	5,426,118	746
Impact of revaluation in the year	-	870,903
Associate share of profit	470,226	464,150
At 31 December	**12,406,482**	**3,300,452**

13 RECEIVABLES ARISING OUT OF REINSURANCE ARRANGEMENTS

	2022 US$	2021 US$
Receivables from reinsurance arrangements	47,291,801	43,243,287
Provision for expected credit losses (Note 13 (ii) below)	(10,540,913)	(10,814,005)
Net carrying value	**36,750,888**	**32,429,282**

Receivables from reinsurance arrangements are stated net of provision for expected credit losses.

(i) Ageing of receivables arising out of reinsurance arrangements

	2022 US$	2021 US$
0 - 90 days	7,481,414	9,443,328
91-120 days	4,048,492	3,846,201
121-270 days	12,135,579	6,938,368
271 – 360 days	4,066,630	3,442,757
Over 360 days	9,018,773	8,758,628
At 31 December	**36,750,888**	**32,429,282**
Average age (days) – gross written premium basis	**57**	**56**

(ii) Movement in the provision for expected credit losses

	2022	2021
At 1 January	10,814,005	10,236,722
(Credit)/ charge for the year (Note 6)	(305,724)	577,283
Written- off during the year as uncollectible	32,632	-
At 31 December	**10,540,913**	**10,814,005**

========= =========

There were no transfers between the levels during the year.

14 DEPOSITS RETAINED BY CEDING COMPANIES

This amount represents insurance premiums retained by ceding companies. The movement in the account is shown below:

	2022	2021
	US$	US$
At 1 January	7,674,411	6,189,747
Increase during the year	1,360,151	1,484,664
	---------	---------
At 31 December	**9,034,562**	**7,674,411**
	=========	=========

The ECL of deposits retained by ceding companies was assessed and determined to be immaterial.

15 RETROCESSIONAIRES SHARE OF REINSURANCE LIABILITIES

	2022	2021
	US$	US$
Retrocessionaires share of :		
Provision for unearned premiums and unexpired risks (Note 28)	17,837,872	15,545,360
Notified outstanding claims (Note 27)	9,498,975	8,341,860
Incurred but not reported (Note 27)	12,153,476	11,108,288
	---------	---------
	39,490,323	**34,995,508**
	=========	=========

16 OTHER RECEIVABLES

Staff receivables	2,962,985	2,965,143
Receivable from World Bank	1,107,927	-
Receivable from COMESA Yellow Card Pool	934,114	230,836
Receivable from ACRE Africa Limited	875,751	588,276
Receivable from Retakaful window	814,284	1,354,175
Prepayments	659,732	687,220
Rent receivable	474,900	330,642
Other receivables	2,827,377	1,872,108
Provision for expected credit losses	(198,269)	(166,043)
	----------	----------
	10,458,801	**7,862,357**
	=========	=========

17 DEFERRED ACQUISITION COSTS (DAC)

This amount represents insurance commissions, brokerage and other related expenses incurred that relate to un-expired polices at year end. The movement in the account is as shown below:

	2022	2021
	US$	US$
At 1 January	9,599,362	10,442,816
Decrease during the year	(1,374,417)	(843,454)
	---------	---------

At 31 December	**8,224,945**	**9,599,362**
	=========	=========

18 GOVERNMENT SECURITIES

	2022 US$	2021 US$
Comprised of:		
Treasury bonds and bills	93,803,539	62,657,729
Loans and receivables due from Governments	27,407,203	37,466,854
	---------	---------
	121,210,742	100,124,583
	---------	---------
Provision for expected credit losses	(1,305,692)	(1,312,559)
	---------	---------
	119,905,050	**98,812,024**
	=========	=========
Maturity profile:		
(i) Treasury bonds & bills maturing:		
- Within 6 months	-	-
- In 6 months to 1 year	-	-
- In 1 to 5 years	19,689,242	14,859,062
- After 5 years	74,114,297	47,798,667
	---------	---------
	93,803,539	**62,657,729**
	=========	=========
(ii) Loans and receivables due from the Governments maturing:		
- Within 6 months	12,325,287	10,486,410
- In 6 months to 1 year	-	-
- In 1 to 5 years	15,081,916	20,013,772
- After 5 years	-	6,966,672
	---------	---------
At 31 December	27,407,203	37,466,854
	=========	=========
Analysis by currency denomination:		
Securities in US Dollars	117,047,837	95,577,055
Securities in Kenya Shillings	4,162,905	4,547,528
	---------	---------
	121,210,742	**100,124,583**
	=========	=========
(iii) Analysis by issuing country:		
United States	26,165,638	-
Kenya	21,163,891	28,323,023
Egypt	16,115,910	16,115,609
Nigeria	14,909,609	14,904,054
Senegal	14,363,973	10,051,493
Ivory Coast	9,670,617	9,742,580
Zimbabwe	9,277,248	11,130,465
Zambia	5,920,493	5,878,066
Mauritius	2,352,460	1,916,961
Rwanda	637,083	638,750
Uganda	633,820	-
Tanzania	-	1,423,582
	---------	---------
	121,210,742	**100,124,583**
	=========	=========
Movement in provision for expected credit losses		
At 1 January	(1,312,559)	(1,319,425)
Credit for the year	6,867	6,866
	---------	---------

	At 31 December	**(1,305,692)**	**(1,312,559)**
		========	========

19	**OFFSHORE INVESTMENTS**	**2022**	**2021**
		US$	**US$**
(i)	*Amortized cost*		
	Credit Suisse Floating Rate Bond Fund	15,078,136	15,077,494
	Movement during the year		
	At 1 January	15,077,494	15,081,977
	Additions	642	-
	Disposals	-	(4,483)
		---------	---------
	At 31 December	**15,078,136**	**15,077,494**
		========	========
(ii)	*FVOCI*		
	Wealth fund	2,771,447	3,465,382
	Credit Suisse Discretionary Fund	5,768,838	6,807,027
	Harding Loevner Global Equity Fund	701,679	-
		---------	---------
		9,241,964	**10,272,409**
		=========	=========
	Movement during the year		
	At 1 January	25,349,903	10,218,341
	Additions	1,000,000	-
	Fair value gain (Note 25(i))	(2,030,446)	54,068
		---------	---------
	At 31 December	**9,241,964**	**10,272,409**
		========	========

20	**DEPOSITS WITH FINANCIAL INSTITUTIONS**		
	Analysis by currency denomination:		
	Deposits in United States Dollars	67,954,867	107,944,812
	Deposits in Kenya Shillings	24,693,407	17,501,773
	Deposits in Ethiopian Birr	7,465,714	10,495,860
	Deposits in West African Franc	7,387,205	-
	Deposits in Rwandese Franc	1,149,100	-
	Deposits in Great Britain Pound	1,072,275	-
	Deposits in Malawian Kwacha	613,353	175,086
	Deposits in Zimbabwean Dollar	345,085	-
	Deposits in Ugandan Shillings	-	1,543,610
	Deposits in Sudanese Pound	-	59,601
	Deposits in Zambian Kwacha	-	10
		---------	---------
		110,681,006	137,720,752
	Provision for expected credit losses	**(336,036)**	**(350,572)**
		----------	----------
		110,344,970	**137,370,180**
		=========	=========

Maturity analysis:

Deposits with financial institutions maturing:		
Within 3 months of placement	7,161,830	7,261,606
After 3 months of placement	103,519,176	130,459,146
	----------	----------

	110,681,006	**137,720,752**
	=========	=========

20 DEPOSITS WITH FINANCIAL INSTITUTIONS (continued)

	2022 US$	2021 US$
Movement in provision for expected credit losses		
At 1 January	(350,572)	(365,108)
Credit for the year	14,536	14,536
	---------	---------
At 31 December	**(336,036)**	**(350,572)**
	========	========

Deposits with financial institutions have an average maturity of 3 to 12 months (2021: 3 to 12 months).

21 CORPORATE BONDS AND LOANS

	2022 US$	2021 US$
Analysis by currency denomination:		
United States Dollar	6,041,192	665,641
	---------	---------
Provision for expected credit losses	(27,665)	(22,233)
	---------	---------
	6,013,527	**643,408**
	=========	=========
Maturity analysis:		
Corporate bonds and loans maturing:		
- Within 1 year	-	-
- Between 1 to 5 years	1,116,192	643,408
- > 5 years	4,897,335	-
	---------	---------
	6,013,527	**643,408**
	=========	=========
Movement in provision for expected credit losses		
At 1 January	(22,233)	(16,801)
Charge for the year	(5,432)	(5,432)
	---------	---------
At 31 December	**(27,665)**	**(22,233)**
	========	========

Analysis by valuation:

(i) Amortized cost

Acorn Project (Two) LLP Note	**1,088,527**	**643,408**
	=========	=========

(ii) FVOCI

Africa Credit Opportunities Fund 2	**4,925,000**	**-**
	=========	=========

22 CASH AND BANK BALANCES

	2022 US$	2021 US$
Analysis by currency denomination:		
United States Dollars	10,101,364	3,541,944
Central African Franc	1,979,998	641,218
Burundian Francs	1,401,226	1,032,230
Ethiopian Birr	586,741	639,955
West African Franc	556,713	5,256,336
Kenya Shillings	460,496	456,175
Rwandese Francs	265,364	60,303
Tanzanian Shilling	211,668	124,295
Zimbabwean Dollar	207,499	1,018,718
Sudanese Pound	157,649	8,069
European Euro	34,738	126,801
Ugandan Shilling	28,478	136,401
Malawian Kwacha	11,809	6,596
Zambian Kwacha	8,732	63,017
	16,012,475	**13,112,058**
Provision for expected credit losses	(12,814)	(36,242)
	15,999,661	**13,075,816**

	2022 US$	2021 US$
Movement in provision for expected credit losses		
At 1 January	(36,242)	(59,671)
Credit for the year	23,428	23,429
At 31 December	**(12,814)**	**(36,242)**

23 WEIGHTED AVERAGE EFFECTIVE INTEREST/RETURN RATES

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

	2022 %	2021 %
Government securities		
Securities in Kenya Shillings	4.2	9.9
Securities in United States Dollars	6.1	6.8
Deposits with financial institutions		
Deposits in United States Dollars	2.2	3.6
Deposits in Kenya Shillings	4.2	7.0
Deposits in Ethiopian Birr	6.1	8.8
Deposits in West African Francs	(0.6)	0.6
Deposits in Rwandese Francs	0.3	-
Deposits in Malawian Kwacha	0.4	3.7
Deposits in Zambian Kwacha	3.5	0.2
Deposits in Uganda Shilling	3.5	1.0

NOTES TO THE FINANCIAL STATEMENTS (continued)

24	ISSUED CAPITAL		2022	2021
			US$	US$
(i)	**Issued capital**			
	Ordinary shares of US$ 1 each:			
	Share capital		58,820,232	58,476,731
	Share premium		60,594,253	58,507,819
			----------	----------
	Paid up capital		**119,414,485**	**116,984,550**
			=========	=========
(ii)	**Paid up shares**	**No of shares**	**Share capital**	**Share premium**
	Year ended 31 December 2021			
	At 1 January 2021	57,983,758	57,983,758	55,613,910
	Issue of shares	3,470	3,470	20,369
	Dividends capitalised	489,503	489,503	2,873,540
		---------	----------	---------
	At 31 December 2021	**58,476,731**	**58,476,731**	**58,507,819**
		=========	=========	=========
	Year ended 31 December 2022			
	At 1 January 2022	58,476,731	58,476,731	58,507,819
	Issue of shares	68,200	68,200	418,066
	Dividends capitalised	275,301	275,301	1,668,368
		---------	----------	---------
	At 31 December 2022	**58,820,232**	**58,820,232**	**60,594,253**
		=========	=========	=========
			2022	**2021**
(iii)	**Weighted average number of shares (Note 7)**		**58,543,163**	**58,351,648**
			=========	=========

25	RESERVES	2022	2021
		US$	US$
	Investments revaluation reserve (Note 25 (i))	(13,958,621)	(5,878,033)
	Property revaluation reserve (Note 25 (ii))	1,377,505	1,182,161
	Investment in affiliated companies revaluation reserve (Note 25 (iii))	13,727,758	10,066,571
		---------	---------
		1,146,642	**5,370,699**
		=========	=========
(i)	**Investments revaluation reserve**		
	At 1 January	(5,878,033)	(5,505,415)
	Fair value (loss)/gain on revaluation of equity investments	(3,325,967)	331,351
	Foreign exchange loss on revaluation of equity investments (Note 12)	(1,978,552)	(502,37
	Fair value gain on revaluation of offshore investments (Note 19(ii))	(2,030,445)	54,068
	Fair value gain on revaluation of corporate bond	(75,000)	-
	Fair value gain on government securities	(670,624)	(255,662)
		----------	----------------
	At 31 December	**(13,958,621)**	**(5,878,033)**
		=========	=========

25 RESERVES (continued)

The investments revaluation reserve represents accumulated gains and losses arising on the revaluation of financial assets that have been recognised in the other comprehensive income. This reserve is not available for distribution.

The Company reviews the status of the investment portfolio at every financial reporting for expected credit losses. In determining whether an impairment loss should be recognized in profit or loss, the Company checks whether there is evidence that the assets are impaired and that the fair values have declined irreversibly. At 31 December 2022 and 31 December 2021, none of the shares have been determined by the Directors' to bear a permanent impairment hence no losses have been recognised in profit or loss.

(ii) Property revaluation reserve - Buildings	2022 US$	2021 US$
At 1 January	1,182,161	788,806
Revaluation surplus (Note 9)	159,645	364,954
Depreciation written back on revaluation (Note 9)	35,699	28,401
Net gain on revaluation of property	195,344	393,355
At 31 December	**1,377,505**	**1,182,161**

The property revaluation reserve arises on the revaluation of buildings that are classified as part of property and equipment- owner occupied. When the revalued buildings are sold, the portion of the properties' revaluation reserve that relates to that asset, and that is effectively realised, is transferred directly to retained earnings.

This reserve is not available for distribution.

(iii) Investment in affiliated Companies revaluation reserve

This relates to valuation gains or losses in investments in affiliated Companies. In 2022, a net fair value gain of US$ 3,661,187 (2021:US$ 1,752,229) was realized in the year.

	2022 US$	2021 US$
At 1 January	10,066,571	9,185,139
Fair value gain	3,661,187	1,752,229
Reclassification to Associate	-	(870,797)
	13,727,758	**10,066,571**

26 RETAINED EARNINGS

Retained earnings	**188,655,033**	**172,485,439**
The movement in retained earnings is as follows:		
At 1 January	172,485,439	157,685,720
Dividend declared (Note 33)	(5,300,000)	(5,000,000)
Transfer to development impact fund	(90,722)	(86,302)
Changes on initial reclassification of Affiliate to Associate	-	870,797
Impact of revaluation of Affiliate to Associate	-	870,903
Profit for year	21,560,316	18,144,321
	182,655,033	**172,485,439**

During the year ended 31 December 2022, the dividend arising out of 2021 profits amounting to US$ 5,300,000 was declared at the Annual General Meeting and paid out as detailed under Note 33.

In respect of 2021, the appropriation to the development impact fund from retained earnings was US$ 90,722 as detailed under Note 32.

27 REINSURANCE CONTRACT LIABILITIES

	2022 US$	2021 US$
Reinsurance contracts comprise:		
- claims reported and claims handling expenses	62,977,935	56,546,687
- claims incurred but not reported (IBNR)	48,899,172	44,738,221
Total reinsurance liabilities	**111,877,107**	**101,284,908**

Gross claims reported and the retrocessionaires share of claims handling expenses, liabilities and the liability for claims incurred but not reported are as shown below.

			2022			2021
	Gross	Retrocessions	Net	Gross	Retrocessions	Net
	US$	US$	US$	US$	US$	US$
Outstanding claims	62,977,935	(9,498,975)	53,478,960	56,546,687	(8,341,860)	48,204,827
IBNR	48,899,172	(12,153,476)	36,745,696	44,738,221	(11,108,288)	33,629,933
Total outstanding claims	**111,877,107**	**(21,652,451)**	**90,224,656**	**101,284,908**	**(19,450,148)**	**81,834,760**

The Company's outstanding claims and IBNR were reviewed by an independent actuary; Actuarial Services (EA) Limited, registered Actuaries at 31 December 2022.

For the current year, the Company's actuaries used a combination of the Chain Ladder and the Bornhuetter Ferguson ("B-F") methods to determine estimated claims. The Chain-Ladder method uses historical claim patterns to determine expected future ultimate claims from each year. The B-F Method uses both estimated loss ratios and claim development patterns to project the ultimate claims. The Chain Ladder was first used to determine initial claims losses with the B-F Method then applied to determine the ultimate claim losses from which the IBNR reserves were estimated.

28 PROVISION FOR UNEARNED PREMIUMS AND UNEXPIRED RISKS (UPR)

The reserve represents the liability for reinsurance business contracts where the company's obligations are not expired at the year end. The Unearned Premium Reserve ('UPR') was calculated using a time-apportionment basis. A combination of the 8ths method and the 24ths method were applied in computing UPR. The 8ths method was used for Proportional Treaty business where the risk profile is evenly spread over an underwriting quarter, and the 24ths method was used for Facultative business, which assumes that the risk profile of the business is spread evenly over the year. The movement in the reserve is as shown below:

			2022			2021
	Gross	Retrocessions	Net	Gross	Retrocessions	Net
	US$	US$	US$	US$	US$	US$
At 1 January	38,481,461	(15,545,360)	22,936,101	39,517,615	(12,552,114)	26,965,501
Movement in the year:						
- Unearned premiums	(629,968)	(2,292,512)	(2,922,480)	1,134,192	(2,993,246)	(1,859,054)
- Foreign exchange gain	(2,067,037)	-	(2,067,037)	(2,170,346)	-	(2,170,346)
	(2,697,005)	(2,292,512)	(4,989,517)	(1,036,154)	(2,993,246)	(4,029,400)
At 31 December	**35,784,456**	**(17,837,872)**	**17,946,584**	**38,481,461**	**(15,545,360)**	**22,936,101**
		(Note 15)			**(Note 15)**	

29 DEFERRED INCOME

Deferred income represents the value of the Mombasa Road leasehold land at initial recognition. This land was granted to the company by the Kenya Government and is included in investment properties as disclosed in note 11. The amount is amortised to income over the lease term. The movement on the deferred income account during the year is as follows:

29 DEFERRED INCOME (continued)

	2022	2021
	US$	US$
Arising from Government grant	80,686	80,686
- At 1 January and at 31 December		
Accumulated amortisation:	22,821	22,007
At 1 January		
Credited to other income for the year	815	814
At 31 December	**23,636**	**22,821**
At 31 December	**57,050**	**57,865**

30 PAYABLES ARISING FROM RETROCESSION ARRANGEMENTS

(i) This amount represents the liability for short term retrocession contracts. The movement in the account is shown below:

	2022	2021
	US$	US$
At 1 January	12,360,650	11,291,993
Increase during the year	3,013,027	1,068,657
At 31 December	**15,373,677**	**12,360,650**

(ii) PAYABLES ARISING OUT OF REINSURANCE ARRANGEMENTS

This amount represents credit balances in reinsurance balances. The movement in the account is shown below:

	2022	2021
	US$	US$
At 1 January	13,101,436	11,970,272
Increase during the year	1,740,835	1,131,164
At 31 December	**14,842,271**	**13,101,436**

31 DEFERRED RETROCESSION COMMISSION REVENUE

This amount represents retrocession insurance commissions, brokerage and other related revenue received that relate to un-expired polices at year end. The movement in the account is shown below:

	2022	2021
	US$	US$
At 1 January	3,163,931	2,588,541
(Decrease)/ increase during the year	(131,723)	575,390
At 31 December	**3,032,208**	**3,163,931**

32(i) OTHER PAYABLES

	2022	2021
Rent deposits	295,131	293,866
Other liabilities	8,924,308	8,609,422
Leave pay provision	190,846	180,491
Provision for gratuity	2,217,430	1,635,001
Lease liabilities	380,183	264,310
Development impact fund (Note 32 (ii))	232,024	226,302
	12,239,922	**11,209,392**

NOTES TO THE FINANCIAL STATEMENTS (continued)

32(i) OTHER PAYABLES(continued)

	2022 US$	2021 US$
The lease liabilities are split as follows:		
Current	69,891	101,533
Non-current	310,292	162,777
	380,183	**264,310**
The movement in lease liabilities is as follows:		
At 1 January	264,310	314,229
Addition	188,850	-
Interest on lease liabilities	74,919	43,500
Lease payments made in the year	(147,896)	(93,419)
	380,183	**264,310**
The total cash outflow for lease in the year was:		
Interest on lease liabilities	74,919	43,500
Payments of the principal portion of lease liabilities	72,977	49,919
	147,896	**93,419**

32(ii) DEVELOPMENT IMPACT FUND

The movement in the development impact fund is as follows:		
At 1 January	226,302	140,000
Appropriation from retained earnings	90,722	86,302
Expenses	(85,000)	-
At 31 December	**232,024**	**226,302**

In respect of the current year, the Directors propose an appropriation of US$ 108,292 from the retained earnings (2021: US$ 90,722). This appropriation is subject to approval of shareholders at the Annual General Meeting to be held on 20th June 2023 and has therefore not been recognised as a liability in these financial statements.

33 DIVIDENDS PAYABLE

	2022 US$	2021 US$
The movement in dividends payable is as follows:		
At 1 January	1,683,176	1,335,020
Final dividend declared	5,300,000	5,000,000
Dividend paid	(3,107,077)	(1,288,801)
Dividend capitalised	(1,943,669)	(3,363,043)
At 31 December	**1,932,430**	**1,683,176**

In respect of the current year, the Directors' propose a dividend of US$ 5,300,000 (2021: US$ 5,300,000). This dividend is subject to approval of shareholders at the Annual General Meeting to be held on 20th June 2023 and has therefore not been recognised as a liability in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

34 CAPITAL COMMITMENTS

Capital expenditure authorised but not contracted for at the end of the reporting period and which is not recognised in the financial statements is as follows:

	2022 US$	2021 US$
Property and equipment	26,841	-
Investment properties	-	11,533
	26,841	**11,533**

The capital commitment in 2022 relates to fit outs at the ZEP-RE Business Park offices in Zambia.

35 RELATED PARTIES

The Company is owned by Governments, private and public institutions of COMESA member states. Some of these are Insurance and Reinsurance companies.

A portion of the Company's underwriting business is transacted with ceding companies that are shareholders of the Company. All related parties transactions are carried out on an arms-length basis. The transactions carried out with related parties during the year and the balances due from or due to related parties at year end are disclosed below:

		2022 US$	2021 US$
(i)	**Transactions with related parties**		
	Gross earned premium:		
	Shareholders	25,597,475	22,835,522
	Claims paid	6,159,506	9,250,327
	Shareholders		
(ii)	Directors' remuneration		
	Directors' fees	153,100	181,965
	Other emoluments paid (per diem)	20,936	1,050
		174,036	**183,015**
(iii)	Key management remuneration		
	Salaries and other short-term employment benefits	1,338,444	1,353,971
	Gratuity	255,000	332,534
		1,593,444	**1,686,505**
(iv)	Outstanding balances with related parties		
	Premiums receivable from related parties	2,445,625	2,902,545
	Staff car and other loans	2,962,985	2,965,143
	Staff gratuity	2,217,430	1,635,001
		7,626,040	**7,502,689**

The staff gratuity is a defined benefit payable to management at the time of resignation, retirement, layoff or voluntary retirement, death, retrenchment, disability or termination.

36 CASH GENERATED FROM OPERATIONS

	Note	2022 US$	2021 US$
Profit for the year		21,658,473	18,144,321
Adjustments for:			
Gain on disposal of property and equipment		(1,159)	-
Fair value loss on investment properties	4	704,690	459,456
Associate share of profit		(470,226)	(464,150)
Provision for expected credit losses - deposits with financial institutions	20	(14,536)	(14,536)
Depreciation of property and equipment		168,729	135,483
Depreciation of right of use asset	9	119,367	81,600
Amortisation of intangible assets	10	189,917	202,959
Interest on lease liabilities	32	74,919	43,500
Amortisation of deferred income	29	(815)	(814)
Changes in:			
- Provision for unearned premiums and unexpired risk		(2,697,005)	(1,036,154)
- Reinsurance contract liabilities		10,592,199	7,211,716
- Deposits retained by ceding companies		(1,360,151)	(1,484,664)
- Deposits retained on ceded reinsurance business		-	(3,971)
- Deferred acquisition costs (DAC)		1,374,417	843,454
- Receivables arising out of reinsurance arrangements		(4,321,606)	(6,218)
- Retrocessionaires share of technical liabilities		(4,494,815)	(3,098,057)
- Payables arising out of retrocession arrangements		3,013,027	1,068,657
- Deferred retrocession commission revenue (DRR)		(131,723)	575,390
- Payables arising from reinsurance arrangements		1,740,835	1,131,164
- Other receivables		(2,596,444)	(1,272,944)
- Other payables		748,935	1,209,817
Other Operating activities:			
Purchase of quoted equity investments	12(i)	(1,245,235)	(2,381,913)
Purchase of offshore investments		(1,000,642)	(307,720)
Purchase of government securities		(56,414,074)	(42,133,897)
Proceeds on maturity of government securities		34,650,424	43,682,096
Proceeds of disposal of offshore securities		-	312,203
Proceeds of disposal of quoted equity investments		145,048	1,919,422
Movement in corporate bonds and loans		(5,370,119)	(221,502)
Net movement in deposits with financial institutions		26,939,970	(16,770,425)
Net cash generated from operations		**22,002,400**	**7,824,273**

37 CASH AND CASH EQUIVALENTS

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

	2022 US$	2021 US$
Cash and bank balances	15,999,661	13,075,816
Deposits with financial institutions maturing within 3 months (Note 20)	7,161,830	7,261,606
	23,161,491	**20,337,422**

38 OPERATING LEASE COMMITMENTS

Net rental income earned during the year was US$ 790,043 (2020: US$ 525,614). At the end of the reporting period, the Company had contracted with tenants for the following future lease receivables:

	2022	2021
	US$	US$
Not later one year	543,177	589,970
Later than 1 year but not later than 5 years	674,118	1,512,537
More than 5 years	-	-
	1,217,295	**2,102,507**

Leases are for a period of six years.

39 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The ultimate liability arising from claims payable under reinsurance contracts

The main assumption applied in the estimation of the ultimate claims liability is the expectation that the Company's past claims experience can be used to project future claims development and hence ultimate claims costs. Actuarial methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by event years. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example 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 conditions and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved. A margin for adverse deviation may also be included in the liability valuation.

Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

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

Useful lives of property and equipment

The company reviews the estimated useful lives of property and equipment at the end of each annual reporting period.

39 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Fair valuation of investment properties and property

The fair value model has been applied in accounting for investment property and property. The Company commissioned external, independent and professionally qualified real estate valuers that hold recognised relevant professional qualification and have recent experience in the locations and types of investment properties valued to determine the fair value of the investment property as at 31 December 2022 and 31 December 2021 on the basis of open market value. The current use of the investment properties equates to the highest and best use.

Fair value of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques are used to determine fair values, they are calibrated and periodically reviewed by qualified management personnel independent of the area that created them to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require the directors to make estimates.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded securities or other available fair value indicators.

Other areas of judgement

Management exercises critical judgment in determining the classification of debt and equity instruments and considers the substance of the contractual terms of the various instruments.

Management has also made critical judgements in determining its functional currency.

40 RISK MANAGEMENT OBJECTIVES AND POLICIES

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

(i) Reinsurance risk

ZEP- RE writes the following classes of business: Property, Casualty, Motor, Marine, Aviation, Medical and Life.The company has in place a detailed underwriting manual covering risk acceptance procedures, accumulation control and how to arrange for reinsurance protection. It guides the underwriters in their day to day transaction of business, while emphasising prudence and professionalism. The Company aims to have a diversified portfolio of business with a sufficiently large population of risks, in order to reduce reliance on one geographical area or class of business.

Frequency and severity of claims

The principal risk in the business is the possibility that the insured event will occur with the likelihood that the actual claims will exceed the amount of reinsurance premiums and reserves available.

The possibility of such occurrences cannot be eliminated. The only option is to minimise the financial consequences of each occurrence as far as possible. The Company has endeavoured to achieve this by putting in place reinsurance programmes that provide protection for individual risks and catastrophic events. The Company has subsequently entered

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Frequency and severity of claims (continued)

into retrocession arrangements with reputable retrocessionaires. The objective is to make sure that the Company is adequately protected against all the liabilities assumed from its business transactions.

The retrocession arrangements however do not discharge the Company of its obligations to the ceding companies and consequently the Company has put in place a business review structure that ensures control of risk quality and conservative use of treaty limits, terms and conditions.

Finally, as part of its annual renewals, the financial condition of each retrocessionaire is reviewed and as a result, the programme is placed with a select group of financially secure and experienced companies in the world market.

Sources of uncertainty in the estimation of future claim payments

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The liability for these contracts comprise a provision for IBNR, a provision for reported claims not yet paid and a provision for unexpired risks at the end of the reporting period.

In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from loss adjustors and information on the cost of settling claims with similar characteristics in previous periods. The main assumption underlying this technique is that the Company's past claims development experience be used to project future claims development and hence ultimate claims costs.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The tables below provide disclosure of the concentration of reinsurance exposure by the main classes of business in which the Company operates. The amounts are the carrying amounts of the reinsurance exposure (gross and net of retrocession) arising from reinsurance contracts:

At 31 December 2022		Maximum insured loss			Total
Class of business		US$ 0m - US$ 0.25m	US$ 0.25m - US$ 1m	Over US$ 1m	
Property	Gross	76,399,583	7,886,355,771	7,408,560,253	15,371,315,607
	Net	69,207,062	405,206,901	2,741,478,990	3,215,892,953
Casualty	Gross	49,957,427	3,935,814,514	309,814,507	4,295,586,448
	Net	45,683,452	194,684,000	237,902,562	478,270,014
Motor	Gross	39,029,568	60,791,657	37,036,291	136,857,516
	Net	38,624,793	53,743,293	37,036,291	129,404,377
Marine	Gross	33,142,964	1,057,161,817	117,151,376	1,207,456,157
	Net	30,869,891	88,171,192	117,151,376	236,192,459
Aviation	Gross	4,508,428	6,896,375,630	14,236,750	6,915,120,808
	Net	2,142,144	12,447,724	14,236,750	28,826,618
Life	Gross	4,959,843	30,261,421	16,136,608	51,357,872
	Net	4,692,949	16,766,187	14,820,810	36,279,946
Medical	Gross	641,990	278,727,194	1,373,800	280,742,984
	Net	641,315	2,118,171	1,373,800	4,133,286
Total	**Gross**	**208,639,803**	**20,145,488,004**	**7,904,309,585**	**28,258,437,392**
	Net	**191,861,606**	**773,137,468**	**3,164,000,579**	**4,128,999,653**

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

At 31 December 2021		Maximum insured loss			Total
Class of business		US$ 0m - US$ 0.25m	US$ 0.25m - US$ 1m	Over US$ 1m	
Property	Gross	75,490,262	10,815,190,425	8,414,161,697	19,304,842,384
	Net	66,240,631	416,289,410	3,065,011,545	3,547,541,586
Casualty	Gross	54,249,219	2,769,310,108	340,412,637	3,163,971,964
	Net	50,209,461	202,376,589	292,796,027	545,382,077
Motor	Gross	39,733,547	96,073,243	52,873,751	188,680,541
	Net	38,686,513	57,041,193	52,873,751	148,601,457
Marine	Gross	33,994,987	1,254,072,166	807,457,521	2,095,524,674
	Net	30,337,884	99,481,869	294,652,230	424,471,983
Aviation	Gross	5,902,178	4,872,482,699	4,570,000	4,882,954,877
	Net	3,298,720	10,390,558	4,570,000	18,259,278
Life	Gross	4,925,479	43,720,025	27,158,857	75,804,361
	Net	4,748,253	20,750,689	25,712,602	51,211,544
Medical	Gross	1,246,797	276,462,760	-	277,709,557
	Net	1,242,153	1,510,559	-	2,752,712
Total	**Gross**	**215,542,469**	**20,127,311,426**	**9,646,634,463**	**29,989,488,358**
	Net	**194,763,615**	**807,840,867**	**3,735,616,155**	**4,738,220,637**

The company's retention (net liabilities) shown for the above classes is protected by retrocession treaties as follows:

	2022	2021
Class	**Limit (US$)**	**Limit (US$)**
Fire/Engineering risk & Cat Excess of loss	141,500,000 in excess of 3,500,000	171,500,000 in excess of 3,500,000
Accident and Motor	8,500,000 in excess of 1,500,000	8,500,000 in excess of 1,500,000
Marine & Energy Excess of loss	18,500,000 in excess of 1,500,000	18,500,000 in excess of 1,500,000

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

(ii) Financial risk management

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and reinsurance liabilities. In particular the key financial risk is that the proceeds from its financial assets might not be sufficient to fund the obligations arising from its reinsurance business. The most important components of this financial risk are interest rate risk, equity price risk, currency risk and credit risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the company primarily faces due to the nature of its investments and liabilities are interest rate risk, currency risk and equity price risk.

The Company manages these risks within an asset liability management (ALM) framework that has been developed to achieve long-term investment returns in excess of its obligations in reinsurance business.

The notes below explain how financial risks are managed using the categories utilised in the company's ALM framework.

(a) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The key areas that the Company is exposed to credit risk are:

- Receivables arising out of reinsurance arrangements both inward and outward;
- Retrocessionaires' share of outstanding claims;
- Deposits and cash balances held with banks and other financial institutions; and
- Investments in government securities.

The Company manages its exposure in the following ways:

- places its retrocession programme with rated securities – investment grade and above;
- dealing with only credit-worthy counterparties;

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Financial risk management (continued)

(a) Credit risk (continued)

- placing limits on the Company's exposure to a single counterparty or group of counterparties while placing investments.

In respect of its exposure from receivables arising out of reinsurance arrangements the Company manages this through regular analysis of the ability of the existing and potential clients to meet premium obligations and by reviewing signed treaty shares where appropriate, having close relations with cedants and intermediaries to enhance timely settlement of premiums, offsetting of outstanding premiums against claims and avoiding renewal of treaties with cedants who have poor underwriting and credit history.

Provision for impairment losses are recognised for debts at the end of reporting period.

Maximum exposure to credit risk before collateral held:

At 31 December 2022	
	US$
Deposits retained by ceding companies	9,034,562
Retrocessionaires share of technical liabilities	39,490,323
Other receivables (excluding prepayments) (Note 16)	9,799,069
Receivables arising out of reinsurance arrangements (Note 13)	36,750,888
Government securities (Note 18)	119,905,050
Offshore investments (Note 19)	24,320,100
Deposits with financial institutions (Note 20)	110,344,970
Corporate bonds and loans (Note 21)	6,013,527
Bank balances (Note 22)	15,999,661

	371,658,150
	=========

31 December 2021	
	US$
Deposits retained by ceding companies	7,674,411
Retrocessionaires share of technical liabilities	34,995,508
Other receivables (excluding prepayments) (Note 16)	7,175,137
Receivables arising out of reinsurance arrangements (Note 13)	32,429,282
Government securities (Note 18)	98,812,024
Offshore investments (Note 19)	25,349,903
Deposits with financial institutions (Note 20)	137,370,180
Corporate bonds and loans (Note 21)	643,408
Bank balances (Note 22)	13,075,816

	357,525,669
	===========

The following table sets out the expected credit loss analysis for financial assets measured at amortised cost:

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Financial risk management (continued)

(a) Credit risk (continued)

	31 December 2022	31 December 2021
	12-month ECL	**12-month ECL**
	Shs'000	**Shs'000**
Deposits with financial institutions	110,681,006	137,720,752
Loss allowance	(336,036)	(350,572)
Amortised cost	**110,344,970**	**137,370,180**
Government bonds at amortised cost	121,210,742	100,124,583
Loss allowance	(1,305,692)	(1,312,559)
Amortised cost	**119,905,050**	**98,812,024**
Corporate bonds and commercial papers at amortised cost	6,041,192	665,641
Loss allowance	(27,665)	(22,233)
Amortised cost	**6,013,527**	**643,408**
Cash and cash equivalents	16,012,475	13,112,058
Loss allowance	(12,814)	(36,242)
Amortised cost	**15,999,661**	**13,075,816**
Receivables arising out of reinsurance arrangements	47,291,801	43,243,287
Loss allowance	(10,540,913)	(10,814,005)
Amortised cost	**36,750,888**	**32,429,282**
Other receivables	10,657,070	8,028,400
Loss allowance	(198,269)	(166,043)
Amortised cost	**10,458,801**	**7,862,357**
Total financial assets	**311,894,286**	**302,894,721**
Total loss allowance	**(12,421,389)**	**(12,701,654)**
Total financial assets at amortised cost	**299,472,897**	**290,193,067**

(b) Market risks

Interest rate risk

Exposure to interest sensitive assets is managed by use of a yield curve in order to ensure that the company does not hold low yielding investments in a high interest environment. The company has an investment committee which sets investment guidelines that seek to reduce exposure to interest rate risks.

The Company's management monitors the sensitivity of reported interest rate movements on a monthly basis by assessing the expected changes in the different portfolios due to a parallel movement of plus 100 basis points in all yield curves of financial assets and financial liabilities. These particular exposures illustrate the company's overall exposure to interest rate sensitivities included in the company's ALM framework and its impact on the company's profit or loss by business.

At 31 December 2022 if interest rates on government securities had been 10% higher/lower with all other variables held constant, profit for the year would have been US$ 750,718 (2021: US$ 686,257) lower/higher.

At 31 December 2022 if interest rates on deposits with financial institutions had been 10% higher/lower with all other variables held constant, profit for the year would have been US$ 611,092 (2021: US$ 566,372) lower/higher.

At 31 December 2022 if interest rates on corporate bonds and loans had been 10% higher/lower with all other variables held constant, profit for the year would have been US$ 8,472 (2021: US$ 5,259) lower/higher.

Note 23 discloses the weighted average interest rate on principal interest-bearing investments.

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Financial risk management (continued)

(b) Market risk (continued)

Equity price risk

Equity price risk is the potential loss in fair value resulting from adverse changes in share prices.

The Company has a portfolio of equity investments quoted in Nairobi Stock Exchange (NSE), Uganda Securities Exchange (USE) and Rwanda Stock Exchange (RSE). As such it is exposed to share price fluctuations. The Company manages its exposure to this risk as follows:

- Setting a limit on the maximum proportion of the investment portfolio that can be invested in equity;
- Diversification in the equity portfolio; and,
- Regular review of the portfolio and the market performance.

At 31 December 2022, if the share prices at the NSE had increased/decreased by 8% with all other variables held constant and all the company's equity instruments moved according to the historical correlation to the index, total comprehensive income for the year would have been US$ 1,874,832 (2021: US$ 2,211,179) higher/lower, and equity would have been US$ 1,874,832 (2021: US$ 2,211,179) higher/lower.

Currency risk

The Company operates in a number of countries and as a consequence writes business and receives premium in several currencies. The Company's obligations to, and receivables from the cedants are therefore in these original currencies. The Company is therefore exposed to the exchange rate risk where there is a mismatch between assets and liabilities per currency.

The Company mitigates its currency risk by ensuring that the net exposure to this risk is maintained within acceptable levels by regular review of the level of mismatch for key currencies.

At 31 December 2022, if the US dollar had weakened/strengthened by 10% against the Kenya shilling with all other variables held constant, the net assets for the year would have been US$ 738,183 higher/lower (2021: US$ 439,363 lower/higher) mainly as a result of Kenya shilling denominated investments, receivables, payables and bank balances. This is not significant as the portion of Kenya shilling denominated net assets constitute 2.4% (2021: 1.5%) of the company's net assets.

At 31 December 2022, if the US dollar had weakened/strengthened by 10% against the Ethiopian Birr with all other variables held constant, the net assets for the year would have been US$ 533,860 (2021: US$ 749,789) higher/lower mainly as a result of Ethiopian Birr denominated deposits, receivables and payables. At 31 December 2022, the Ethiopian Birr denominated net assets constitute 1.7% (2021: 2.5%) of the net assets.

At 31 December 2022, if the US dollar had weakened/strengthened by 10% against the West African Francs (XOF) with all other variables held constant, the net assets would have been US$ 481,818 (2021: US$ 643,235) higher/lower, mainly as a result of West African Francs denominated investments, receivables and payables. At 31 December 2022, the West African Francs denominated net assets constitute 1.6% (2021: 2.1%) of the net assets.

The company had significant foreign currency positions at 31 December as per the table overleaf (all amounts expressed in US Dollars).

NOTES TO THE FINANCIAL STATEMENTS (continued)

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Financial risk management (continued)

(b) Market Risks (continued)

Currency Risk (continued)

At 31 December 2022	US$	XOF	KES	SDG	UGX	TZS	RWF	ETB	ZMW	Others	Total
Assets											
Property and equipment	1,360,055	71,916	1,109,840	-	22,084	-	1,180	12,597	68,368	-	2,646,040
Intangible assets	989,347	-	-	-	-	-	-	-	-	-	989,347
Investment properties	54,807,236	-	-	-	-	-	-	-	-	-	54,807,236
Quoted equity investments	11,675,349	-	11,760,051	-	-	-	-	-	-	-	23,435,400
Unquoted equity investments	2,294,266	-	-	-	-	-	-	-	-	-	2,294,266
Investment in Affiliated companies	27,769,647	-	-	-	-	-	-	-	-	-	27,769,647
Investment in Associate companies	8,901,636	-	-	-	3,504,846	-	-	-	-	-	12,406,482
Receivables arising out of reinsurance arrangements	9,827,090	2,227,490	5,330,825	1,019,653	2,018,371	2,138,707	1,269,346	4,801,900	1,312,416	6,805,090	36,750,888
Retrocessionaires share of technical liabilities	39,490,323	-	-	-	-	-	-	-	-	-	39,490,323
Deposits retained by ceding companies	1,380,431	4,572,762	135,569	-	-	2,395	233,479	(24,096)	-	2,734,022	9,034,562
Deferred acquisition costs	2,460,587	52,671	2,970,556	6,225	405,188	469,190	393,139	379,406	215,518	872,465	8,224,945
Other receivables	10,458,801	-	-	-	-	-	-	-	-	-	10,458,801
Government securities	115,742,145	-	4,162,905	-	-	-	-	-	-	-	119,905,050
Offshore investments	24,320,100	-	-	-	-	-	-	-	-	-	24,320,100
Deposits with financial institutions	65,658,831	66,019	26,653,407	-	-	-	1,149,100	7,465,714	-	9,351,899	110,344,970
Corporate Bonds and Loans	4,925,000	-	1,088,527	-	-	-	-	-	-	-	6,013,527
Cash and bank balances	10,087,210	2,536,711	460,496	157,649	28,478	211,668	265,364	586,741	8,732	1,656,612	15,999,661
Total	**392,148,054**	**9,527,569**	**53,672,176**	**1,183,527**	**5,978,967**	**2,821,960**	**3,311,608**	**13,222,262**	**1,605,034**	**21,420,088**	**504,891,245**
Liabilities											
Reinsurance contract liabilities	29,692,403	2,610,938	32,751,774	754,214	5,798,096	5,503,921	2,525,610	6,637,489	2,935,082	22,667,580	111,877,107
Payables arising from retrocession arrangements	7,805,566	959,448	1,812,698	29,427	301,107	523,652	174,587	49,886	81,296	3,636,010	15,373,677
Payables arising from reinsurance arrangements	7,535,766	926,284	1,750,041	28,410	290,699	505,552	168,553	48,162	78,486	3,510,318	14,842,271
Deposits retained on ceded reinsurance business	437,807	-	-	-	-	-	-	-	-	-	437,807
Unearned premium reserves	16,302,666	212,717	9,832,648	19,107	1,583,108	1,656,854	1,390,431	1,148,123	926,617	2,712,185	35,784,456
Deferred Retrocession Revenue	3,032,208	-	-	-	-	-	-	-	-	-	3,032,208
Other payables	12,096,737	-	143,185	-	-	-	-	-	-	-	12,239,922
Dividends payable	1,932,430	-	-	-	-	-	-	-	-	-	1,932,430
Total	**78,835,583**	**4,709,387**	**46,290,346**	**831,158**	**7,973,010**	**8,189,979**	**4,259,181**	**7,883,660**	**4,021,481**	**32,526,093**	**195,519,878**
Net financial position exposure	**313,312,471**	**4,818,182**	**7,381,830**	**352,369**	**(1,994,043)**	**(5,368,019)**	**(947,573)**	**5,338,602**	**(2,416,447)**	**(11,106,005)**	**309,371,367**

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Financial risk management (continued)

(b) Market Risks (continued)

Currency Risk (continued)

At 31 December 2021	US$	NPR	KES	SDG	UGX	TZS	RWF	ETB	ZMW	Others	Total
Assets											
Property and equipment	1,175,714	-	959,413	-	19,091	-	1,020	10,890	59,101	62,168	2,287,397
Intangible assets	1,103,178	-	-	-	-	-	-	-	-	-	1,103,178
Investment properties	50,335,931	-	-	-	-	-	-	-	-	-	50,335,931
Quoted equity investments	13,445,721	-	14,194,011	-	-	-	-	-	-	-	27,639,732
Unquoted equity investments	1,522,988	-	-	-	-	-	-	-	-	-	1,522,988
Investment in Affiliated companies	19,712,500	-	-	-	-	2,906,885	-	-	-	-	22,619,385
Investment in Associate companies	-	-	-	-	3,300,452	-	-	-	-	-	3,300,452
Receivables arising out of reinsurance arrangements	7,951,196	621,903	5,510,225	465,474	1,541,644	2,170,912	1,588,148	2,807,969	918,721	8,853,090	32,429,282
Retrocessionaires share of technical liabilities	34,995,508	-	-	-	-	-	-	-	-	-	34,995,508
Deposits retained by ceding companies	412,963	15,947	175,190	-	-	3,094	316,900	(31,139)	-	6,781,456	7,674,411
Deferred acquisition costs	2,853,360	31,585	3,626,758	123,207	472,641	481,716	307,259	406,878	181,752	1,114,206	9,599,362
Other receivables	7,862,357	-	-	-	-	-	-	-	-	-	7,862,357
Government securities	94,264,496	-	4,547,528	-	-	-	-	-	-	-	98,812,024
Offshore investments	25,349,903	-	-	-	-	-	-	-	-	-	25,349,903
Deposits with financial institutions	107,594,240	-	17,501,773	59,601	1,543,610	-	-	10,495,860	10	175,086	137,370,180
Corporate Bonds and Loans	-	-	643,408	-	-	-	-	-	-	-	643,408
Cash and bank balances	3,497,610	-	456,175	8,069	136,401	124,295	60,303	639,955	63,017	8,089,991	13,075,816
Total	**372,077,665**	**669,435**	**47,614,481**	**656,351**	**7,013,839**	**5,686,902**	**2,273,630**	**14,330,413**	**1,222,601**	**25,075,997**	**476,621,314**
Liabilities											
Reinsurance contract liabilities	26,838,705	4,909,197	26,345,380	647,840	4,895,974	5,466,337	2,125,620	5,718,171	1,818,917	22,518,767	101,284,908
Payables arising from retrocession arrangements	5,288,199	105,405	1,936,948	3,192	467,715	331,142	122,008	24,042	42,724	4,039,275	12,360,650
Payables arising from reinsurance arrangements	5,605,129	111,722	2,053,031	3,383	495,746	350,987	129,320	25,483	45,284	4,281,351	13,101,436
Deposits retained on ceded reinsurance business	437,807	-	-	-	-	-	-	-	-	-	437,807
Unearned premium reserves	15,732,569	110,479	12,785,482	342,850	1,670,064	1,636,307	1,027,239	1,064,826	704,060	3,407,585	38,481,461
Deferred Retrocession Revenue	3,163,931	-	-	-	-	-	-	-	-	-	3,163,931
Other payables	11,109,379	-	100,013	-	-	-	-	-	-	-	11,209,392
Dividends payable	1,683,176	-	-	-	-	-	-	-	-	-	1,683,176
Total	**69,858,895**	**5,236,803**	**43,220,854**	**997,265**	**7,529,499**	**7,784,773**	**3,404,187**	**6,832,522**	**2,610,985**	**34,246,978**	**181,722,761**
Net financial position exposure	**302,218,770**	**(4,567,368)**	**4,393,627**	**(340,914)**	**(515,660)**	**(2,097,871)**	**(1,130,557)**	**7,497,891**	**(1,388,384)**	**(9,170,981)**	**294,898,553**

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Financial risk management (continued)

(c) Liquidity risk

The Company is exposed to calls on its available cash resources from reinsurance claims and settlement of retrocession premiums. The Company ensures that the maturity profile of investments is well managed so that cash is readily available to meet claims as they arise.

The table below shows the contractual timing of cash flows arising from assets and liabilities included in the Company's ALM framework for management of reinsurance contracts as of 31 December 2022:

	Total Amount 2022	No stated maturity				Contractual cash flows (undiscounted)		
			0-1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	> 5 yrs
Financial assets:								
Receivables arising out of reinsurance arrangements	36,750,888	-	36,750,888	-	-	-	-	-
Deposits retained by ceding companies	9,034,562	-	9,034,562	-	-	-	-	-
Notified outstanding claims (Note 15)	9,498,975	-	9,498,975	-	-	-	-	-
Government securities	113,740,283	2,352,460	12,325,287	-	27,624,420	6,187,179	-	65,250,937
Deposits with financial institutions	110,681,006	2,526,388	105,221,832	1,691,286	-	-	-	1,241,500
Corporate bonds and loans	6,013,527	-	-	-	1,088,527	-	-	4,925,000
Cash and bank balances	15,999,661	-	15,999,661	-	-	-	-	-
Total	**301,718,902**	**4,878,848**	**188,831,205**	**1,691,286**	**28,712,947**	**6,187,179**		**71,417,437**
Reinsurance liabilities:								
Outstanding Claims (Note 27)	62,977,935	-	62,977,935	-	-	-	-	-
Payables arising from retrocession arrangements	15,373,677	-	15,373,677	-	-	-	-	-
Payables arising from reinsurance arrangements	14,842,271	-	14,842,271	-	-	-	-	-
Deposits retained on ceded reinsurance business	437,807	-	437,807	-	-	-	-	-
Other payables	11,859,739	232,024	9,410,285	-	2,217,430	-	-	-
Dividends payable	1,932,430	-	1,932,430	-	-	-	-	-
Total	**107,423,859**	**232,024**	**104,974,405**	**-**	**2,217,430**	**-**	**-**	**-**
Net liquidity surplus	**194,295,043**	**4,646,824**	**83,856,800**	**1,691,286**	**26,495,517**	**6,187,179**		**71,417,437**

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Financial risk management (continued)

(c) Liquidity risk (continued)

The table below shows the contractual timing of cash flows arising from assets and liabilities included in the Company's ALM framework for management of short term reinsurance contracts as of 31 December 2021:

	Total Amount 2021	No stated maturity				Contractual cash flows (undiscounted)		
			0-1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	> 5 yrs
Financial assets:								
Receivables arising out of reinsurance arrangements	32,429,282	-	32,429,282	-	-	-	-	-
Deposits retained by ceding companies	7,674,411	-	7,674,411	-	-	-	-	-
Notified outstanding claims (Note 15)	8,341,860	-	8,341,860	-	-	-	-	-
Government securities	101,637,667	1,916,961	10,486,410	-	26,803,827	8,883,307		53,547,162
Deposits with financial institutions	137,720,752	5,353,360	121,925,925	9,228,770	-	-	-	1,212,697
Corporate bonds and loans	643,408	-	-	-		643,408	-	-
Cash and bank balances	13,075,816	-	13,075,816	-		-		-
Total	**301,523,196**	**7,270,321**	**193,933,704**	**9,228,770**	**26,803,827**	**9,526,715**	**-**	**54,759,859**
Reinsurance liabilities:								
Outstanding Claims (Note 27)	56,546,687	-	56,546,687	-	-	-	-	-
Payables arising from retrocession arrangements	12,360,650	-	12,360,650	-		-	-	-
Payables arising from reinsurance arrangements	13,101,436	-	13,101,436	-		-	-	-
Deposits retained on ceded reinsurance business	437,807	-	437,807	-		-	-	-
Other payables	10,945,082	226,302	9,083,779	-	1,635,001	-	-	-
Dividends payable	1,683,176	-	1,683,176	-		-	-	-
Total	**95,074,838**	**226,302**	**93,213,535**	**-**	**1,635,001**	**-**		
Net liquidity surplus	**206,448,358**	**7,044,019**	**100,720,169**	**9,228,770**	**25,812,234**	**9,526,715**	**-**	**54,759,859**

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Fair value of financial assets and liabilities

(i) Financial instruments not measured at fair value

The fair value of investment securities held at amortised cost as at 31 December 2022 is estimated at US$ 117,635,042 (2021: US$ 101,035,334) compared to their carrying value of US$ 125,918,576 (2021: US$ 99,455,434). The fair values of the Company's other financial assets and liabilities approximate the respective carrying amounts, due to the generally short periods to contractual repricing or maturity dates as set out above.

(ii) Fair value hierarchy

The Company specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices in active markets for identical assets or liabilities. This level includes equity securities and debt instruments listed on the Nairobi Securities Exchange.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly as derived from prices.

- Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The company considers relevant and observable market prices in its valuations where possible.

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used) as well as the analysis by level of the fair value hierarchy.

Financial assets/ liabilities	Fair value as at 31 December		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2022 US$	2021 US$				
Quoted equity investments	23,435,400	27,639,732	Level 1	Quoted bid prices in an active market	N/A	N/A
Offshore investments	10,272,409	10,272,409	Level 1	Quoted bid prices in an active market	N/A	N/A
Investment in affiliated companies	27,769,647	22,619,385	Level 3	Net Asset value	N/A	N/A

There were no transfers between the levels during the period (2021: nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

40 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Fair value of financial assets and liabilities (continued)

	Level 1	Level 2	Level 3	Total
At 31 December 2022	**US$**	**US$**	**US$**	**US$**
Financial assets:				
Quoted equity investments	23,435,400	-	-	23,435,400
Offshore investments	9,241,964	15,078,136	-	24,320,100
Investment in affiliated companies	-	-	27,769,647	27,769,647
Investment in associate	-	-	12,406,482	12,406,482

	=========	=========	=========	=========
Total	**32,677,364**	**15,078,136**	**40,176,129**	**87,931,629**
	=========	=========	=========	=========
At 31 December 2021				
Financial assets:				
Quoted equity investments	27,639,732	-	-	27,639,732
Offshore investments	10,272,409	15,077,494	-	25,349,903
Investment in affiliated companies	-	-	22,619,385	22,619,385
Investment in associate	-	-	3,300,452	3,300,452
	=========	=========	=========	=========
Total	**37,912,141**	**15,077,494**	**25,919,837**	**78,909,472**
	=========	=========	=========	=========

(iv) Financial assets by category

At 31 December 2022	Amortised cost	Fair value through other comprehensive income	Total
	US$	**US$**	**US$**
Quoted equity investments	-	23,435,400	23,435,400
Unquoted equity investments	-	2,294,266	2,294,266
Investment in affiliated companies	-	27,769,647	27,769,647
Investment in associate	-	12,406,482	12,406,482
Receivables arising out of reinsurance arrangements	36,750,888	-	36,750,888
Deposits retained by ceding companies	9,034,562	-	9,034,562
Other receivables	10,458,801	-	10,458,801
Government securities	117,552,590	2,352,460	119,905,050
Offshore investments	15,078,136	9,241,964	24,320,100
Deposits with financial institutions	110,344,970	-	110,344,970
Corporate bonds and loans	1,088,527	4,925,000	6,013,527
Cash and bank balances	15,999,661	-	15,999,661
Total assets	**316,308,135**	**82,425,219**	**398,733,354**

At 31 December 2021	Amortised cost	Fair value through other comprehensive income	Total
	US$	**US$**	**US$**
Quoted equity investments	-	27,639,732	27,639,732
Unquoted equity investments	-	1,522,988	1,522,988
Investment in affiliated companies	-	22,619,385	22,619,385
Investment in associate	-	3,300,452	3,300,452
Receivables arising out of reinsurance arrangements	32,429,282	-	32,429,282
Deposits retained by ceding companies	7,674,411	-	7,674,411
Other receivables	7,862,357	-	7,862,357
Government securities	96,895,063	1,916,961	98,812,024
Offshore investments	15,077,494	10,272,409	25,349,903
Deposits with financial institutions	137,370,180	-	137,370,180
Corporate bonds and loans	643,408	-	643,408
Cash and bank balances	13,075,816	-	13,075,816
Total assets	**311,028,011**	**67,271,927**	**378,299,938**

41 CAPITAL MANAGEMENT

The Company is not subject to any externally imposed capital requirements. However, the Company continues to actively grow its available capital to meet rating agencies' requirements for its target rating as well as achieve a comfortable internally determined capital adequacy ratio (available capital divided by required risk adjusted capital).

The Company's capital management remains within the company's set appetite, as defined in the capital management framework, and hence its risk-adjusted capital position continues to reflect the "strongest' category as defined by A.M. Best. The objective of the framework is to ensure that the company's risk-adjusted capital position remains at a sufficiently strong level.

The Company's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support new business growth;
- to satisfy the requirements of its reinsured and rating agencies;
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- to allocate capital efficiently to support growth;
- to safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

An important aspect of the Company's overall capital management process is the setting of target risk-adjusted rate of return which is aligned to performance objectives and ensures that the company is focused on the creation of value for shareholders.

The Company has a number of sources of capital available to it and seeks to optimise its retention capacity in order to ensure that it can consistently maximise returns to shareholders. The Company considers not only the traditional sources of capital funding but the alternative sources of capital including retrocession, as appropriate, when assessing its deployment and usage of capital.

The Company's risk appetite objective for its capital management seeks to ensure that the company can continue in operation following the occurrence of extreme adverse losses arising from its operations in any given year. As per the criteria of A.M. Best, the Company is required to maintain a capital adequacy position at a level that is consistent with the value at risk measure and annual solvency probability of 99.6%. Under this scenario, the company is expected to be able to withstand an exceptional year of losses that statistically occurs once every 250 years. At year-end 2022, ZEP-RE remained strongly capitalised and complaint with the rating agency's requirement, as the capital adequacy position remained supported by retained earnings.

REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

APPENDIX I

Class of insurance Business	Property	Casualty	Motor	Marine	Aviation	Life	Medical	Total
	US$	US$	US$	US$	US$	US$	US$	US$
Gross premiums written	99,329,789	50,573,963	12,271,766	10,472,887	15,874,537	26,874,276	20,815,666	236,212,884
Less: retrocession premiums	(50,018,030)	(24,484,716)	(425,106)	(3,574,531)	(15,581,698)	(8,789,689)	(1,479,163)	(104,352,933)
Net premiums written	49,311,759	26,089,247	11,846,660	6,898,356	292,839	18,084,587	19,336,503	131,859,951
Change in UPR	274,535	1,700,511	20,562	86,425	6,573	1,099,642	1,587,785	4,776,033
Exchange gains on revaluation of UPR	(1,009,428)	(462,709)	(105,743)	(53,676)	(3,655)	(183,639)	(248,187)	(2,067,037)
Net earned premiums	**48,576,866**	**27,327,049**	**11,761,479**	**6,931,105**	**295,757**	**19,000,590**	**20,676,101**	**134,568,947**
Gross claims paid	26,142,993	16,298,924	7,030,398	2,439,345	488,136	12,585,246	14,122,842	79,107,884
Change in gross outstanding claims	5,032,597	1,692,578	(223,021)	140,137	99,388	2,643,126	1,207,394	10,592,199
Exchange gains on revaluation of outstanding claims	3,042,395	1,094,723	1,676,877	265,920	4,062	272,510	296,484	6,652,971
Less: amounts recoverable from retrocessionaires	(5,894,244)	(9,328,162)	469,983	(187,763)	(216,754)	(2,813,361)	(30,880)	(18,001,181)
Net claims incurred	**28,323,741**	**9,758,063**	**8,954,237**	**2,657,639**	**374,832**	**12,687,521**	**15,595,840**	**78,351,873**
Commissions earned	(8,128,815)	(3,651,885)	(50,612)	(343,552)	(1,375,588)	(1,008,356)	(211,313)	(14,770,121)
Commissions expense	25,830,729	12,036,079	1,209,707	2,788,577	1,230,784	5,063,381	4,525,110	52,684,367
Charges and taxes	890,784	490,299	89,714	105,957	3,651	342,542	391,178	2,314,125
Expenses of management	5,178,568	2,636,676	639,789	546,005	827,620	1,401,092	1,085,226	12,314,976
Total expenses and commissions	**23,771,266**	**11,511,169**	**1,888,598**	**3,096,987**	**686,467**	**5,798,659**	**5,790,201**	**52,543,347**
Underwriting profit/(loss)	**(3,518,141)**	**6,057,817**	**918,644**	**1,176,479**	**(765,542)**	**514,410**	**(709,940)**	**3,673,727**
Key ratios:								
Loss ratio *(net claims incurred/net earned premium)*	58.3	35.7	76.1	38.3	126.7	66.8	75.4	58.2
Commissions ratio *(net commissions /net earned premium)*	36.4	30.7	9.9	35.3	(49.0)	21.3	20.9	28.2
Expense ratio *(management expenses/net earned premium)*	10.7	9.6	5.4	7.9	279.8	7.4	5.2	9.2
Combined ratio (underwriting outgo/net earned premium)	107.2	77.8	92.2	83.0	358.8	97.3	103.4	97.3
	========	========	========	========	========	========	========	========

REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2021

APPENDIX II

Class of insurance Business	Property	Casualty	Motor	Marine	Aviation	Life	Medical	Total
	US$	US$	US$	US$	US$	US$	US$	US$
Gross premiums written	91,870,094	45,625,148	10,950,009	11,676,902	13,969,653	20,102,052	18,818,817	213,012,675
Less: retrocession premiums	(39,449,662)	(16,678,393)	(661,211)	(4,773,667)	(13,163,773)	(3,970,447)	(1,840)	(78,698,993)
Net premiums written	52,420,432	28,946,755	10,288,798	6,903,235	805,880	16,131,605	18,816,977	134,313,682
Change in UPR	1,457,949	260,317	247,057	93,084	46,704	969,859	954,430	4,029,400
Exchange gains on revaluation of UPR	(1,169,356)	(89,657)	(95,545)	(134,679)	(1,161)	(74,215)	(605,733)	(2,170,346)
Net earned premiums	**52,709,025**	**29,117,415**	**10,440,310**	**6,861,640**	**851,423**	**17,027,249**	**19,165,674**	**136,172,736**
Gross claims paid	26,806,133	16,233,414	7,312,064	2,794,706	169,965	12,485,191	13,268,554	79,070,027
Change in gross outstanding claims	2,618,345	4,728,118	(110,284)	(1,354,669)	(15,498)	1,519,434	(173,730)	7,211,716
Exchange gains on revaluation of outstanding claims	1,671,508	798,137	1,076,961	383,323	292	75,994	649,979	4,656,194
Less: amounts recoverable from retrocessionaires	(5,751,397)	(4,354,525)	(399,818)	1,306,383	6,725	(1,489,529)	(203,902)	(10,886,063)
Net claims incurred	**25,344,589**	**17,405,144**	**7,878,923**	**3,129,743**	**161,484**	**12,591,090**	**13,540,901**	**80,051,874**
Commissions earned	(5,608,370)	(3,429,510)	(52,405)	(515,551)	(1,168,373)	(931,437)	(456)	(11,706,102)
Commissions expense	24,919,696	10,993,341	1,119,004	2,972,714	1,086,750	5,229,695	4,619,926	50,941,126
Charges and taxes	861,454	276,506	86,413	86,602	25,323	345,084	455,453	2,136,835
Expenses of management	4,791,067	2,379,370	571,048	608,955	728,523	1,048,331	981,409	11,108,703
Total expenses and commissions	**24,963,847**	**10,219,707**	**1,724,060**	**3,152,720**	**672,223**	**5,691,673**	**6,056,332**	**52,480,562**
Underwriting profit/(loss)	**2,400,589**	**1,492,564**	**837,327**	**579,177**	**17,716**	**(1,255,514)**	**(431,559)**	**3,640,300**
Key ratios:								
Loss ratio (net claims incurred/net earned premium)	48.1	59.8	75.5	45.6	19.0	73.9	70.7	58.8
Commissions ratio (net commissions /net earned premium)	36.6	26.0	10.2	35.8	(9.6)	25.2	24.1	28.8
Expense ratio (management expenses/net earned premium)	9.1	8.2	5.5	8.9	85.6	6.2	5.1	8.2
Combined ratio (underwriting outgo/net earned premium)	95.4	94.9	92.0	91.6	97.9	107.4	102.3	97.3
	========	========	========	========	========	========	========	========

Class	Shareholder	2022		2021	
		Shareholding		Shareholding	
		US$	%	US$	%
CLASS A	Kenya Reinsurance Corporation Ltd	12,063,925	20.53	11,916,140	20.40
	TDB	10,982,923	18.67	10,982,923	18.78
	Government of Rwanda	3,821,464	6.50	3,773,073	6.45
	PSSSF	2,474,702	4.21	2,443,318	4.18
	Government of Sudan	2,315,114	3.94	2,315,114	3.96
	National Insurance Corporation (T) Ltd	2,044,193	3.48	2,044,193	3.50
	Government of Djibouti	1,672,303	2.84	1,772,303	3.03
	Government of Zambia	1,537,741	2.61	1,537,741	2.63
	ZSIC – Pension Trust	1,474,855	2.51	1,476,864	2.53
	NICE	1,497,521	2.55	1,497,521	2.56
	Government of Kenya	501,816	0.85	501,816	0.86
	Sheikan Ins. & Reins. Ltd	428,277	0.73	428,277	0.73
	SOCABU	422,350	0.72	416,994	0.71
	COMESA Secretariat	390,980	0.66	386,030	0.66
	EMOSE	383,517	0.65	378,654	0.65
	Industrial Development Corporation - Zambia	337,615	0.57	333,355	0.57
	Government of Mauritius	269,563	0.46	266,145	0.46
	ZSIC Life	267,315	0.45	267,315	0.46
	CMAR (NY Havana)	249,925	0.42	249,925	0.43
	Société Nationaled'Assurances (SA)	178,952	0.30	178,952	0.31
	ZIC	134,404	0.23	132,700	0.23
CLASS B	Mayfair Insurance Company Ltd	72,877	0.12	72,877	0.12
	SORAS	526,534	0.90	526,534	0.90
	United Insurance Company Ltd	530,863	0.90	524,141	0.90
	Amerga	728,875	1.24	621,777	1.06
	Emeritus Reinsurance Company Ltd	498,597	0.85	497,719	0.85
	Juba Insurance Company Ltd	431,438	0.73	425,975	0.73
	Blue Shield Insurance Company Ltd	380,072	0.65	380,072	0.65
	GXA	271,319	0.46	271,319	0.46
	Assurances BICOR	249,039	0.42	249,039	0.43
	Statewide Insurance Company Ltd	241,221	0.41	236,183	0.40
	SONARWA	147,077	0.25	147,077	0.25
	National Insurance Corporation (U) Ltd	135,910	0.23	135,910	0.23
	Apollo Insurance Company Ltd	127,369	0.22	127,369	0.22
	Sanlam General Insurance Uganda Ltd	116,017	0.20	116,017	0.20
	IPEC	68,200	0.12	-	-
CLASS C	African Development Bank	7,415,934	12.61	7,415,934	12.68
	DEG	3,429,435	5.83	3,429,435	5.86
	TOTAL	**58,820,232**	**100**	**58,476,731**	**100**

Key:

SOCABU	=	Sociétéd'Assurances du Burundi
EMOSE	=	EmpresaMocambicana de Seguros
SONARWA	=	Société Nouvelle d'Assurances du Rwanda
SORAS	=	SociétéRwandaised'Assurances
ZIC	=	Zanzibar Insurance Corporation
PSSSF	=	Public Service Social Security Fund
ZSIC	=	Zambia State Insurance Corporation
TDB	=	The Eastern and Southern African Trade Development Bank
CMAR (NY Havana)	=	CompagnieMalgached'Assurances et Reassurances (NY Havana)
NICE	=	National Insurance Corporation of Eritrea (Share) Company
COMESA	=	Common Market for Eastern and Southern Africa
DEG	=	Deutsche Investitions- und EntwicklungsgesellschaftmbH
IPEC	=	Insurance and Pensions Commission

AMBEST

certifies that

ZEP-RE (PTA Reinsurance Company)

AM Best Number: 078388

has a

BEST'S FINANCIAL STRENGTH RATING

of

B++ (Good)

Effective Date: September 16, 2022

President & CEO, A M Best Rating Services

AM BEST amb SINCE 1899

Chief Rating Officer, AM Best Rating Services

Best's Credit Ratings are subject to change. To confirm the latest rating or to learn more about Best's Credit Ratings, visit www.ambest.com.

GCR RATINGS

Certifies that

ZEP-RE (PTA Reinsurance Company)

Has a

Financial Strength Rating of

National Scale: **$AAA_{(KE)}$ / Outlook: Stable**

24-Nov-22

DATE

Group Head of Ratings

GCR's ratings are subject to change.
To confirm the latest rating or to learn more about GCR, visit www.GCRratings.com

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