

NIC HOLDINGS LIMITED

**ANNUAL REPORT AND
CONSOLIDATED AND SEPARATE AUDITED
FINANCIAL STATEMENTS FOR THE YEAR
ENDED**

31 DECEMBER 2025

NIC HOLDINGS LIMITED
ANNUAL REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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CORPORATE INFORMATION

DIRECTORS

Name	Role	Date of appointment
Dr. Alan Shonubi*	Chairman	29-Sep-18
Charles Tukacungurwa*	Director	20-Jan-06
Ketrah A. Tukuratiire (Mrs.)*	Director	30-Jul-15
AVM Walter Ogujiofor**	Director	26-Sep-23
Kabir Tukur**	Director	26-Sep-23
Bayo Folayan**	Director	30-Nov-11
Akinlolu Akinyele**	Director	29-Apr-25
Elias Edu **	Managing Director	1-May-25

* Ugandan

** Nigerian

BOARD SECRETARY

Samuel Menankiti Iloabuchi**
 Plot 3 Pilkington Road
 P. O. Box 7134
 Kampala, Uganda

REGISTERED OFFICE

NIC Building
 Plot 3 Pilkington Road
 P. O. Box 7134
 Kampala, Uganda

AUDITORS

BDO East Africa
 Certified Public Accountant of Uganda
 6th Floor, Block C
 Nakawa Business Park
 Plot 3-5 New Portbell Road, Nakawa
 P.O Box 9113
 Kampala, Uganda
www.bdo-ea.com

MAJOR BANKERS

United Bank of Africa Uganda Limited
 Plot 2 Jinja Road,
 P.O Box 7396
 Kampala, Uganda

Guaranty Trust Bank Uganda Ltd
 Plot 56 Kiira Road
 P O Box 7323
 Kampala, Uganda

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CORPORATE INFORMATION (CONTINUED)

MAJOR BANKERS (Continued)

Post Bank Uganda Limited
Plot 4/6 Nkurumah Road
Kampala, Uganda

Bank of Baroda Uganda Limited
Kampala Road
P.O.Box 7197
Kampala, Uganda

Stanbic Bank Uganda Limited
Kampala Road
P.O.Box 973
Kampala, Uganda

SOLICITORS

KTA Advocates
Floor 3, Plot 4 Hannington
Road, P.O. Box 37366,
Kampala, Uganda

CONSULTING ACTUARIES

Zamara Actuaries, Administrators and Consultants Limited
10th Floor, Landmark Plaza, Argwings Kodhek Road,
Opp. Nairobi Hospital,
P.O. Box 52439, City Square,
Nairobi, Kenya

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REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report together with the consolidated and separate financial statements for the year ended 31 December 2025, which disclose the financial position and performance of NIC Holdings Limited ("the Company" or "NIC") and its subsidiaries, NIC General Insurance Company Limited and NIC Life Assurance Company Limited (together "the Group"). The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and in compliance with the Companies Act Cap. 106 Laws of Uganda and the requirements of the Insurance Act Cap. 191 laws of Uganda. The directors confirm that proper accounting records have been maintained, effective internal controls and risk management systems are in place, and that the financial statements present a true and fair view of the consolidated and separate financial affairs of the Company and the Group.

LEGAL STATUS

NIC Holdings Limited (NIC) was established in 1964 by an Act of parliament and the National Insurance Corporation Act as a government parastatal. In 2000, the Government of Uganda incorporated a successor company, the National Insurance Corporation Limited (NICL) which took over the composite insurance business previously transacted by National Insurance Corporation. NICL was licensed as a composite insurance company under the Insurance Act Cap. 191 laws of Uganda, to transact general and long-term Insurance business as well as Health Insurance and Micro Insurance businesses. In 2011, following the enactment of Insurance (Amendment) Act which required composite insurance companies to separate their insurance businesses under different entities for general and long-term insurance respectively, the Company, pursuant to a resolution passed at the 12th Annual General Meeting (AGM), established two wholly owned insurance subsidiaries, NIC General Insurance Company Limited (NIC General) and NIC Life Assurance Company Limited (NIC Life). With the incorporation and subsequent licensing of the insurance subsidiaries, NICL was restructured into a holding and investment company. The Memorandum and Articles of Association was amended accordingly, and the name of the Company was changed to NIC Holdings Limited to reflect its status as a holding company.

PRIVATISATION AND PUBLIC LISTING

In 2005, following the completion of the first phase of privatization process, 60% of the equity shares of the Company was acquired by Corporate Holdings Limited, a special purpose vehicle owned by Industrial and General Insurance Plc (the ultimate holding company). In line with the objectives set prior to privatization, the balance 40% shares retained by Government after the first phase, was sold to individual and corporate shareholders during an Initial Public Offer (IPO) of NIC. The Group's shares were thereafter listed on the Uganda Securities Exchange (USE) on 25 March 2010 thus making NIC the first and only insurance company in Uganda to be listed on the USE. The public listing of the shares came with a reporting obligation to the USE and the Capital Markets Authority (CMA).

PRINCIPAL ACTIVITY

The principal activities of the Group are provision of general and long term insurance services and related activities. These include:

i. General Business :

- | | | |
|---|-------------------------------|--|
| • Workmen's Compensation / Employers' Liability | • Burglary Insurance | • Fire & Special Perils |
| • Personal Accident (Group and Individual) | • Goods-in-transit | • Contractors All Risks |
| • Cold Storage | • Bonds | • Machinery Break down/Boiler Expenses |
| • Erection-All-Risks | • Marine | • Marine & Aviation Hull and Liabilities |
| • Oil & Energy | • Physical Damage (All Risks) | |
| • Travel Insurance | | |

ii. Long term Business :

- | | | |
|--|-----------------------|------------------------------|
| • Group Life | • Individual Life | • Education Endowment |
| • Dividend Plus Plan | • Mortgage Protection | • Personal Pension & Annuity |
| • International Health & Medical Insurance | | |

iii. Rental Services :

- | | | |
|-----------------------------|---------------------|------------------------|
| • Residential accommodation | • Car parking space | • Office accommodation |
|-----------------------------|---------------------|------------------------|

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REPORT OF THE DIRECTORS (CONTINUED)

FINANCIAL RESULTS

Consolidated (loss)/profit before taxation

Taxation credit/(charge)

Consolidated (loss)/profit after taxation

Other comprehensive income

Total comprehensive (loss)/profit

Net Assets

31-Dec-25	
Group	Company
Ushs' 000	Ushs' 000
(2,019,714)	(881,781)
498,630	(49,577)
(1,521,084)	(931,358)
278,875	-
(1,242,209)	(931,358)
40,460,202	9,707,593

31-Dec-24	
Group	Company
Ushs' 000	Ushs' 000
947,192	(217,093)
(469,988)	(80,504)
477,204	(297,597)
(158,957)	-
318,247	(297,597)
41,702,411	10,638,951

FUTURE PROSPECTS

NIC Holdings remains committed to its strategic objective of becoming a preferred provider of insurance and financial services in Uganda and across East Africa. In 2025, shareholders injected UGX 4.13 billion into NIC Life to strengthen its balance sheet, settle legacy obligations, and restore stakeholder confidence. Although the life business closed the year below the regulatory Capital Adequacy Ratio threshold, management has implemented a recovery strategy focused on profitability, capital adequacy, and operational efficiency. Growth will be prioritized in credit life and group business through strategic partnerships, supported by system enhancements to improve service delivery and restore sustainable profitability.

At the same time, NIC General achieved significant milestones in 2025, including the upgrade of its ERP core application software to enhance efficiency, data integrity, and customer service. The attainment of ISO Certification in November 2025 underscored the company's adherence to international standards in quality management, strengthening stakeholder confidence and opening new avenues for partnerships in regulated sectors. NIC General also reconciled its ledger with the Uganda Revenue Authority, benefiting from waivers under the Tax Procedures Code (Amendment) Act, 2024, thereby improving its fiscal position. These initiatives align with the company's broader commitment to digitalization, customer-centric innovation, and operational excellence.

Financial performance, the group's insurance revenue performance reflected contrasting dynamics across its subsidiaries but overall growth at the consolidated level. NIC Life recorded insurance revenue of UGX 1.05 billion in 2025 compared to UGX 2.21 billion in 2024, highlighting the impact of legacy obligations and the need for recovery measures. In contrast, NIC General posted strong growth, with insurance revenue rising to UGX 33.01 billion in 2025 from UGX 31.68 billion in 2024, underscoring its resilience and operational momentum. As a result, NIC Holdings' consolidated insurance revenue stood at UGX 33.63 billion in 2025 compared to UGX 33.40 billion in 2024, reflecting the group's overall resilience and capacity to generate growth despite challenges. Looking ahead, NIC Holdings' 2025–2030 strategic plan is closely aligned with the IGI Group's regional vision to deepen its footprint across East Africa, emphasizing diversification, product innovation, and leveraging synergies to capture opportunities in insurance, oil production, tourism, and infrastructure development. Against a backdrop of double-digit industry growth, stricter solvency requirements, and macroeconomic pressures, NIC Holdings' modernization initiatives and regional alignment place the group in a strong position to capitalize on emerging opportunities while navigating industry challenges.

The Group's financial performance for 2025 is a Loss After Tax (LAT) of Ushs 1.52 billion, a significant downturn from the Ushs 477.20 million profit recorded in 2024. While NIC General remained profitable, its earnings decreased to Ushs 519.65 million from the previous year's Ushs 2.17 billion. This decline, combined with a LAT of Ushs 931.36 million from NIC Holdings and a LAT of Ushs 1.11 billion from NIC Life which showed a slight recovery from its 2024 loss of Ushs 1.43 billion resulted in the overall net loss for the period. The overall group loss performance is attributable to disposal of investment property at fair value loss of Ushs 3.04 billion during the year 2025.

REPORT OF THE DIRECTORS (CONTINUED)

The Group's performance in 2025, despite recording a loss after tax arising majorly from the disposal loss on investment property (worth 3.04 billion), reflects the resilience of its underlying businesses. This performance was driven not only by sustained improvements in service delivery over the years but also by ongoing product development initiatives that have enhanced the Group's market competitiveness. The Group has also embarked on a significant digital transformation programme aimed at leveraging technology to drive future growth, improve operational efficiency, and strengthen its existing distribution channels. The Board remains confident in the ability of the Group's businesses to continue operating as going concerns and to create long-term value while building a more sustainable future to all stakeholders

The directors do not recommend the payment of a dividend for the year (2024: Nil)" as deemed appropriate.

RESEARCH AND DEVELOPMENT: The group is, on a continuous basis, carrying out research into insurance products and services. The results of these research efforts often lead to new product development.

EMPLOYMENT AND EMPLOYEES

- (a) Employment of physically challenged persons: It is the policy within the group that there should be no discrimination in considering applications for employment including those from disabled persons. All employees are given equal opportunities to develop. The group had no disabled person in its employment as at 31 December, 2025.
- (b) Health, safety at work and welfare of employees: Health and safety regulations are in force within the premises of the companies in the group. The group's remuneration structure is in line with best practice and is constantly being reviewed. The remuneration structure incorporates allowance/subsidy towards transportation, housing, and lunch. A further incentive is provided in the form of medical expenses reimbursement to all employees, subject to approved limits. Additionally, employees are rewarded adequately after yearly appraisals in line with the group's remuneration policy. Due to spike in the cost of living which made government to increase public sector wages, the Board approved general salary increase effective 1st January, 2023 to continue to attract top talents within the group.
- (c) Employees' Involvement and Training: The companies within the group are committed to keeping employees fully informed as much as possible regarding the group's performance and progress. A feedback system is in place to solicit views wherever practicable on matters which particularly affect employees. The employees' professional and technical expertise is the major asset and investment, and the group's policy of expanding skill-base has been extended by a range of training provided to the employees whose opportunities for career development have been enhanced.

DIRECTORS

The present Board of Directors is as shown on page 3.

At the 24th AGM held on 26th June, 2025, amongst other important businesses of the day, the Chairman, Dr. Alan Shonubi, and another director, Retired Air Vice Marshal Walter Ogujiofor, both retired by rotation in line with the Company's governance framework and the Listings Rules of the Uganda Securities Exchange. Being eligible and having offered themselves for re-election, both were duly re-elected. The AGM also approved the ratification of the appointments of Messrs Bayo Folayan and Akinlolu Akinyele as non-executive Directors. Before he was appointed a non-executive director, Mr. Folayan served as Managing Director from 2011 until his retirement with effect from 30 April 2025. The AGM further ratified the appointment of Mr. Elias Edu as Managing Director with effect from 1 May 2025. Before his appointment, Mr. Edu served as Company Secretary from June 2009 until his appointment as Managing Director.

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REPORT OF THE DIRECTORS (CONTINUED)

Directors' Shareholding

The interest of Directors in the issued share capital of the Company is as shown below:

Name of Director	Number of shares held in personal
Mrs. Ketrach Tukuratiire	1,185,018
Mr. Bayo Folayan	8,729,786
Mr. Elias Edu	485,127

The Memorandum and Articles of Association does not prescribe share qualification for Directors.

CORPORATE GOVERNANCE STATEMENT

The directors remain steadfast in implementing governance practices where substance prevails over form. The governance framework of NIC Holdings Limited allows the Board of Directors to carry out continuous oversight of management functions as well as periodic evaluation of the systems, enabling the directors to balance the Board's responsibility for oversight with their individual roles to provide strategic guidance for management actions. The Board is strengthened in the assurances that the respective trading subsidiaries also have in place governance frameworks ensuring their Boards maintain oversight through Board Committees constituted in line with regulatory requirements for insurance business.

The governance framework of NIC Holdings Limited provides for delegation. Thus, the Board has delegated some of its responsibilities to a number of committees with clear Terms of Reference (TOR) designed to help the Committees maintain close oversight of management functions.

The group's compliance with the governance best practices is constantly being reviewed to evaluate its effectiveness. The CMA also undertakes corporate governance assessment of listed companies, and the report issued subsequently is considered by the Board for implementation.

Regulatory Compliance

The group is committed to achieving full compliance with the extant legal provisions regulating business operations particularly those governing the operations of the subsidiaries. The wholesome adoption of global best practice makes it imperative to observe greater transparency, accountability and professionalism consistent with the vision of the NIC group. The Board continually monitors regulatory compliance, and this is one of the bases for assessment of management's performance. At the 22nd AGM in 2023 the shareholders approved the amendment of the MEMART proposed by the Board of Directors and effectively adopted Table F of the Companies Act Cap. 106 (Code of Corporate Governance) in line with the requirements under the Companies (Amendment) Act No. 16 of 2022 which became effective. On their part, the Company's subsidiaries have continued to meet on an ongoing basis, the compliance requirements under the Insurance Act Cap. 191 laws of Uganda and its implementing Regulations.

Shareholders' responsibilities

The shareholders' role is to appoint the Board of Directors and the External Auditors. This role is extended to holding the Board accountable and responsible for efficient and effective corporate governance.

Shareholding Structure as at 31 December 2025

Major Shareholders [top 10 shareholders]

<u>Name Of Shareholder</u>	<u>No. of Shares</u>	<u>%</u>
Corporate Holdings Limited (IGI Plc – Ultimate Holding	1,379,234,425	64.95%
Mr. Sudhir Ruparelia	147,793,953	6.96%
Stewards Credit Services Limited	80,000,383	3.77%
Mr. Simon Mwebaze	51,316,500	2.42%
Mr. Joseph Tukuratiire	47,623,903	2.24%
Mr. Ronald Balyejjusa Ssettumba	43,649,692	2.06%
Mr. Rashid Ssenyonga	26,022,405	1.23%
Prof. Samuel Kisakye Sejjaaka	20,000,000	0.94%
Mr. Timothy Sabiiti Mutebile	17,812,500	0.84%
ITF Abala Brian Mundu Abala Joseph	12,825,000	0.60%
2090 other Shareholders	297,390,816	14.00%
TOTAL	2,123,669,577	100.00%

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REPORT OF THE DIRECTORS (CONTINUED)

Shareholding Structure as at 31 December 2025 (Continued)

Shares Distribution Schedule as at 31 December 2025

Description	No. of Shareholders	No. of Shares Held	Percentage Holding
Between 0 and 1,000 Shares	137	48,589	0.00%
Between 1,001 and 5,000 Shares	120	325,766	0.02%
Between 5,001 and 10,000 Shares	439	3,162,215	0.15%
Between 10,001 and 1,000,000 Shares	1,346	144,847,843	6.82%
Above 1,000,001 Shares	59	1,975,285,164	93.01%
Total	2,101	2,123,669,577	100.00%

The total number of shares reflected in the Shareholders' Register is inclusive of the bonus shares of 707,889,859 units allotted to shareholders on 8th July, 2022 bringing the Company's paid up share capital to Ushs 10,618,347,885/- made up of 2,123,669,577 ordinary shares of Ushs5/- per share.

RIGHTS ISSUE

At the 21st AGM held on 14th July, 2022, the Group's shareholders approved the increase in authorized share capital from Ushs 13,000,000,000/- (Thirteen Billion Uganda Shillings) to Ushs 31,000,000,000/- (Thirty-One Billion Uganda Shillings) divided into 6,200,000,000 (Six Billion, Two Hundred Million) ordinary shares of Ushs 5/- (Five Uganda Shillings) per share. The shareholder equally approved the resolution authorizing the Board of Directors to increase the Group's paid-up share capital from Ushs 10,618,347,885/- to any amount up to Ushs 30,226,191,025/- by the creation of new Ordinary shares of Ushs5/- (Five Uganda Shillings) per share to be offered concurrently to the existing shareholders of the Group and to any interested member of the public at a price to be determined by the Board. The Rights Issue process could not be completed in 2025. The Board will decide on the appropriate date for the offer.

BOARD OF DIRECTORS

The Board of Directors has ultimate responsibility for the management of the group. The Board provides the broad strategic objectives of the NIC group and is responsible for the overall corporate governance framework, ensuring that appropriate controls, systems and practices are put in place in each member of the group to guide the operations of the group.

Delegation and effective control

The Board maintains effective control of the Company through a well-developed governance structure which includes Board committees. These committees provide in-depth focus on specific areas of board responsibility. The governance structure provides that Board Committees render reports to the Board during Board meetings. Directors' attendance at Board meetings in 2025 is shown below.

		28th Feb, 2025	17th April, 2025	29th April, 2025	26th June,	17th Sept, 2025	3rd Dec, 2025
Board Member	Designation						
Dr. Alan SHONUBI	Chairman	√	√	√	√	√	√
Mr. Charles TUKACUNGURWA	Director	√	√	√	√	√	√
AVM Walter OGUJIOFOR Rtd	Director	√	√	√	√	√	√
Mr. Kabir TUKUR	Director	√	√	√	√	√	√
Mrs. Ketrach A. TUKURATIIRE	Director	√	√	√	√	√	√
Mr. Bayo FOLAYAN	Director	√	√	√	√	√	√
Mr. Akinlolu AKINYELE	Director				√	√	√
Mr. Elias EDU	Managing Director		√	√	√	√	√

Key

√	Present
x	Absent

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REPORT OF THE DIRECTORS (CONTINUED)

Directors have full and unrestricted access to Management, information and the resources required to carry out their roles and responsibilities, including external legal advice at the group's expense. The access to information also includes unlimited access to the advice and services of the Company Secretary who assists and facilitates the effective discharge of directors' responsibilities as relate to their entities.

Board Committees of the Company

The following Board Committees are in place to further ensure effectiveness in the performance of Board's duties: Audit, Risk and Compliance Committee, Human Resources and Remuneration Committee and Investment Committee.

Audit, Risk & Compliance Committee

The central role of the Board Audit, Risk and Compliance Committee (BARCC) is to assist the Board in fulfilling its oversight responsibilities as they relate to the integrity of the financial statements, the external auditor's qualifications and independence, and the performance of the group's internal audit functions and its external auditor. The Committee regularly reviews the group's financial position and makes recommendations to the Board on all financial matters. The Committee oversees the implementation of enterprise risk management as well as monitors compliance with laws and regulations.

The Board Audit and Risk Committee (BARCC) serves as an independent and objective monitor of the group's financial reporting process and system of internal control, and facilitates ongoing communication between the External Auditor, Management, Internal Audit, the Board and regulators with regard to the group's financial situation.

The composition and record of attendance at BARCC meetings in 2025 is shown below

BARCC Member	Designation	26th Feb, 2025	28th April, 2025	23rd June, 2025	15th Sept, 2025	27th Nov, 2025
AVM Walter OGUJIOFOR Rtd	Chairman	√	√	√	√	√
Mr. Charles TUKACUNGURWA	Member	√	√	√	√	√
Mr. Bayo FOLAYAN	Member	√	√	√	√	√

Human Resources and Remuneration Committee

The role of Human Resources and Remuneration Committee BHRRC is to provide oversight function on human capital resources of the group ensuring implementation of the Organizational framework and Remuneration Policy. The Committee ensures that the compensation of executive and senior management and other key personnel is consistent with the approved budget, NIC's objectives, strategy and control environment. The goal of the Committee is to maintain compensation policies that will attract and retain the highest quality of skilled manpower in line with the vision/mission of the NIC group.

The composition and record of attendance at BHRRC meetings in 2025 is shown below

BHRRC Member	Designation	27th Feb, 2025	25th April, 2025	18th June, 2025	16th Sept, 2025	25th Nov, 2025
Mr. Ketrach A. TUKURATIIRE	Chairman	√	√	√	√	√
Mr. Kabir TUKUR	Member	√	√	√	√	√
Mr. Bayo FOLAYAN	Member	√	√	√	√	√
Mr. Akinlolu AKINYELE	Member				√	√
Mr. Elias EDU	Managing Director			√	√	√

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REPORT OF THE DIRECTORS (CONTINUED)

Investment Committee

The role of the Board Investment Committee (BIC) is to assist the Board in setting the Investment Policy, ensuring that the investment of available funds is conducted in accordance with the Investment Policy. The Committee is further required to set/establish the Risk Policy to guide the investment.

The composition and record of attendance at BIC meetings in 2025 is shown below.

BIC Member	Designation	25th Feb, 2025	20th June, 2025	15th Sept, 2025	26th Nov, 2025
Mr. Charles TUKACUNGURWA	Chairman	√	√	√	√
Mr. Kabir TUKUR	Member	√	√	√	√
Mr. Bayo FOLAYAN	Member	√			
Mr. Elias EDU	Managing Director		√	√	√

Additional governance oversight

In addition to maintaining adequate oversight on the Company's investment in subsidiaries which constitute 100% of its business as a holding company, the Board has ensured that the subsidiaries Boards are well constituted with qualified and experienced directors who maintain oversight on the group's business through the following 4 (four) Board Committees for each of the subsidiaries: Board Audit Committee (BAC), Board Establishment & Remuneration Committee (BERC), Board Investment, Assets & Liabilities Committee (BIALC); and Board Risk & Compliance Committee (BRCC). The Annual Reports of the subsidiaries disclose that regular Board meetings have been held on a quarterly basis and that the Committees are fully functional with clear terms of reference which enhance the oversight responsibilities of the Board.

Remuneration of Directors

NIC's Remuneration Policy is consistent with the provisions of the Companies Act, CAP 106 Laws of Uganda and the extant Corporate Governance Guidelines applicable to the remuneration of Directors. The consolidated package of Directors is included as Note 39 (b) to the Financial Statements. The shareholders approved an exit package for retiring directors of the Group being the yearly retainer divided by twelve and multiplied by the number of years served on the Board and payable only once within the group.

AUDITORS

The External Auditors, BDO East Africa ("BDO"), were first appointed at the 23rd Annual General Meeting AGM held on 17th October, 2024 and being eligible for re-appointment have expressed willingness to continue in office. Therefore, in accordance with the provisions of Section 163 (2) of the Companies Act Cap.106 Laws of Uganda, a resolution would be proposed at the next AGM to re-appoint BDO as External Auditors and authorize the Board of Directors to determine their remuneration.

BY ORDER OF THE BOARD

Samuel Menankiti Iloabuchi, Esq
COMPANY SECRETARY

 , 2026
KAMPALA

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STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Group's directors are responsible for the preparation and presentation of the separate and consolidated financial statements that give true and fair view of NIC Holdings Limited comprising the Statement of financial position as at 31 December 2025, the Statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cashflows for the year ended 31 December 2025 and the Notes to the financial statements as set out on pages 24 to 93, including material accounting policies, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and have been prepared in the manner required by the Companies Act Cap. 106 Laws of Uganda.

The Group's directors are also responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The Directors have made an assessment of the Group's ability to continue as a going concern and are confident that there are adequate plans and initiatives to ensure the Company will continue to operate as a going concern in the year ahead.

Approval of the consolidated and separate financial statements

The Consolidated and separate financial statements of NIC Holdings Limited, as identified in the first paragraph for the year ended 31 December 2025 were approved by the Board of Directors on and authorised for issue on
11th June _____, 2026



Dr. Alan Shonubi
Chairman



Elias Edu
Managing Director

Date: 11th June _____, 2026



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info@bdo-ea.com
Website: www.bdo-ea.com

BDO East Africa
Certified Public Accountants of Uganda
6th Floor, Block C, Nakawa Business Park
Plot 3-5, New Port Bell Road
P.O. Box 9113
Kampala, Uganda

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of NIC Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of NIC Holdings Limited ("the Group" and "the Company"), which comprise:

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

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of, the consolidated and separate financial position of the Group and Company as at 31 December 2025, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act Cap. 106 laws of Uganda, and the Insurance Act Cap. 191 laws of Uganda.

Basis for Opinion

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

Report on the Audit of the Consolidated and Separate Financial Statements (continued)

Emphasis of Matter

(a) Capital Adequacy Ratio (CAR)

We draw attention to Note 7(B)(d) of the consolidated and separate financial statements, which discloses the details of the NIC Life Assurance Company Limited (the “Subsidiary”) capital requirements including Capital Adequacy Ratio (CAR) which is below the minimum percentage of 200% as per Insurance (Capital Adequacy and prudential requirements) regulations, 2020. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

1 Valuation of insurance and reinsurance contract liabilities/assets

Key Audit Matter

This is a key audit matter due to the degree of judgment and estimation required in determination of insurance and reinsurance contract liabilities and/or assets. The significant judgements involved in determining the insurance and reinsurance contract liabilities/assets include estimation of discount rate (DR) used in determination of discounted best estimate liabilities (BEL) and risk adjustment (RA) for non-financial risks. Other related areas requiring significant judgements or estimations or underlying assumptions included but not limited to; determination of loss component, premium deficiency provision, grouping of insurance and reinsurance contracts, materiality under premium allocation approach (PAA) eligibility test, estimation of coverage units, determination of contractual service margin (CSM), and determining non-directly attributable expenses.

Related Disclosures

Refer to Note 4.2.1 for the material accounting policy information on the insurance contract and reinsurance contract liabilities/assets, and for descriptions of the underlying assumptions used in determining the discount rates, the risk adjustments for the non-financial risks, and among other related areas involving significant estimates and/or judgements. The methodologies or approaches and key output of measuring the insurance contract liabilities/assets and reinsurance contract liabilities/assets are further described in Note 4.2.1, Note 26, and Note 27 of the financial statements.

Audit Response

- We assessed and challenged the applied valuation methodology(ies), reviewed actuary’s assumptions in compliance with the actuarial guidance, and validated applied methodology(ies) with underlying assumptions against the Group’s material accounting policies and requirements of IFRS 17 Insurance Contracts and guidelines issued by Uganda’s Insurance Regulatory Authority.

Report on the Audit of the Consolidated and Separate Financial Statements (continued)

Key Audit Matters (continued)

- We tested the design, implementation, and operating effectiveness of both management controls over the measurement model and information technology (IT) application controls related to insurance revenue and insurance contract liabilities, including assessments to ensure that changes to the model or system have been appropriately tested.
- We reviewed the applied discount rate with approach used, assessed assumptions per the Group's policy, assessed adequacy of computed best estimate liability (BEL) and evaluated reasonableness of such assumptions or inputs like source of risk-free rate against the external market data.
- We obtained and reviewed actuary's workings for the PAA eligibility test, and further obtained the justification of actuary's basis of evaluating materiality of variance between the liability for remaining coverage using PAA and General Measurement Method (GMM).
- We reviewed the accuracy of applied risk adjustment (RA) with the approach used, assessed underlying assumptions for non-financial risk adjustment, and evaluated inputs against the best practice and guidelines stipulated by IFRS 17 Accounting Standard. We also evaluated the reasonableness of the adopted confidence level while calculating risk adjustment.
- We involved an internal actuary as a specialist to support in technically reviewing the insurance liabilities valuation report, especially assessment of methodologies, analysis of assumptions, and validation of data inputs, and review estimations/judgements/assumptions to confirm compliance with actuarial standards and the requirements of IFRS 17 Insurance Contracts.
- We reviewed disclosures in the consolidated and separate financial statements for completeness and adequacy, in line with IFRS 17 Insurance Contract for insurance and reinsurance contracts.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the NIC Holdings Limited Annual Report and Consolidated and Separate Financial Statements for the year ended 31 December 2025 but does not include the consolidated and separate financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the other information expected to be included in the Annual Report 2025, which is expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information, which we do not and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Report on the Audit of the Consolidated and Separate Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards and the requirements of the Insurance Act Cap. 191 laws of Uganda and Companies Act Cap. 106 laws of Uganda, and for such internal control as management determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process of the consolidated and separate financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

Report on the Audit of the Consolidated and Separate Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

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

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

We also provide those charged with governance that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

As required by the Companies Act Cap. 106 of the Laws of Uganda, we report to you based on our audit, that:

- (i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
- (ii) In our opinion, proper books of account have been kept by the Group and the Company, so far as appears from our examination of those books; and
- (iii) The Group's and the Company's consolidated and separate statements of financial position (balance sheet) and consolidated and separate statements of profit or loss and other comprehensive income (income statement) are in agreement with the books of account.

As required by the Insurance Act Cap. 191 laws of Uganda, we report to you, solely based on our audit of the consolidated and separate financial statements, that as disclosed under Note 7(B)(d), NIC Life Assurance Company Limited's ("Subsidiary") capital adequacy ratio (CAR) as at 31 December 2025 was below 200% required by the Capital Adequacy and Prudential Requirements 2020.



Report on the Audit of the Consolidated and Separate Financial Statements (continued)

The engagement partner responsible for the audit resulting in this independent auditor's report is **CPA Nicholus Mushabenta** - holding a practicing license number - **P0507**

Nicholus Mushabenta
Partner

BDO East Africa,
Certified Public Accountants of Uganda,
P.O Box 9113, Kampala.



Date: 13 / June / 2026

Ref: A1100773N14

NIC HOLDINGS LIMITED
ANNUAL REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

		31 December 2025 (Ushs'000)		31 December 2024 (Ushs'000)	
		Group	Company	Group	Company
ASSETS					
	Notes				
Cash and cash equivalents balances	17	2,391,246	18,996	1,055,893	97,276
Other receivables and prepayments	24a	6,166,918	40,029	2,248,283	2,034,777
Income tax recoverable	14c	-	437,814	-	-
Reinsurance contract assets	19	1,468,752	-	-	-
Financial Assets:					
-At fair value through profit or loss	18a	1,456,864	-	1,970,496	-
-At fair value through other comprehensive income	18b	4,277,107	-	4,138,470	-
-At amortized cost	18c	8,621,623	-	12,405,042	-
Statutory deposits at amortised cost	25	1,360,686	-	1,199,857	-
Investment in subsidiaries	20	-	16,730,765	-	10,685,765
Investment properties	21	42,380,800	-	55,740,100	7,350,000
Property and equipment and right of use asset	23a	12,859,367	-	12,678,668	-
Intangible assets	23b	301,041	-	-	-
TOTAL ASSETS		81,284,404	17,227,604	91,436,809	20,167,818
LIABILITIES					
Other payables and accruals and lease liabilities	29	18,005,710	2,409,907	22,471,116	1,877,642
Income tax payable	14c	4,598,886	-	4,903,429	53,147
Dividend payable	30	1,336,017	1,336,017	1,344,025	1,344,025
Insurance contract liabilities	26	9,338,495	-	6,804,038	-
Reinsurance contract liabilities	27	-	-	1,235,590	-
Investment contract liabilities	28	4,289,110	-	4,654,708	-
Loans and borrowing	31	2,106,387	2,106,387	6,254,053	6,254,053
Related party loan	33	-	1,667,700	-	-
Deferred tax liabilities	22	1,149,597	-	2,067,439	-
TOTAL LIABILITIES		40,824,202	7,520,011	49,734,398	9,528,867
NET ASSETS		40,460,202	9,707,593	41,702,411	10,638,951
EQUITY					
Share capital	32a	10,618,348	10,618,348	10,618,348	10,618,348
Share premium	32b	67,417	67,417	67,417	67,417
Other capital contribution	34	1,915,000	1,915,000	1,915,000	1,915,000
Retained earnings	35	26,477,784	(2,893,172)	27,998,868	(1,961,814)
Fair value reserve	36	(72,264)	-	(193,911)	-
Assets revaluation reserve	37	1,453,917	-	1,296,689	-
SHAREHOLDERS' FUNDS		40,460,202	9,707,593	41,702,411	10,638,951

The consolidated financial statements on pages 19 to 93 were approved by the board of directors on 11th June 2026 and were signed on its behalf by:



Director



Director

The accounting policies and notes on pages 24 to 93 form an integral part of these financial statements.

NIC HOLDINGS LIMITED
ANNUAL REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 (Ushs'000)		2024 (Ushs'000)	
		Group	Company	Group	Company
Insurance revenue	9(a)	33,630,781	-	33,404,643	-
Insurance service expenses	9(b)	(27,564,978)	-	(24,754,375)	-
Insurance service results before reinsurance contracts held		6,065,803	-	8,650,268	-
Expenses from reinsurance contracts held	9(d)	(9,038,713)	-	(12,729,544)	-
Income from reinsurance contracts held	9(d)	2,358,614	-	2,673,129	-
Net expense from reinsurance contracts held		(6,680,099)	-	(10,056,415)	-
Insurance service result		(614,296)	-	(1,406,147)	-
Investment income	10(a)	2,299,568	289,454	2,746,419	408,608
Interest income calculated using the Effective Interest method	10(c)	1,591,135	-	1,243,770	-
Expected credit loss (ECL) provision	11	(377,267)	61,944	1,015,716	(13,482)
Fair value loss through profit or loss	18(a)	(513,632)	-	(601,335)	-
Fair value (losses)/gains on investment properties	21	(2,403,877)	(586,705)	5,001	-
Investment return		595,927	(235,307)	4,409,571	395,126
Insurance finance expense	9(c)	(362,918)	-	(549,848)	-
Reinsurance finance income	9(e)	(80,822)	-	105,718	-
Net finance result		(443,740)	-	(444,130)	-
Net investment and finance result		152,187	(235,307)	3,965,441	395,126
Other income	10(d)	501,160	730	342,496	128,089
Finance costs	12(d)	(662,929)	(698,224)	(713,075)	(583,796)
Foreign exchange gain/(loss)	15	27,309	94,359	1,621	(1,925)
Other expenses- non-attributable	12(b)	(1,423,145)	(43,339)	(1,243,144)	(154,587)
Net investment and finance result and net other income / (other expenses)		(1,405,418)	(881,781)	2,353,339	(217,093)
(Loss)/profit before taxation		(2,019,714)	(881,781)	947,192	(217,093)
Taxation credit/(charge)	14(a)	498,630	(49,577)	(469,988)	(80,504)
(Loss)/profit after taxation		(1,521,084)	(931,358)	477,204	(297,597)
Other comprehensive income (OCI)					
Items within OCI that may not be reclassified to Profit or Loss:					
Fair value gain/(loss) on financial assets, gross of tax	18(b)	173,781	-	(421,256)	-
Deferred tax on gain/(loss) on equity instruments measured at fair value through other comprehensive income	22(a)	(52,134)	-	126,377	-
		121,647	-	(294,879)	-
Revaluation gain on property and equipment	23(a)(i)	224,612	-	192,747	-
Deferred tax on revaluation gain on property and equipment	22(a)	(67,384)	-	(56,825)	-
		157,228	-	135,922	-
Other comprehensive income/(loss) net of tax		278,875	-	(158,957)	-
Total comprehensive (loss)/profit for the year		(1,242,209)	(931,358)	318,247	(297,597)
Earnings per share					
Basic and Diluted (Ushs)	16	(0.72)	(0.44)	0.22	(0.14)

The accounting policies and notes on pages 24 to 93 form an integral part of these consolidated and company financial statements

NIC HOLDINGS LIMITED
ANNUAL REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2025

	Share capital Ushs'000	Share premium Ushs'000	Retained Earnings Ushs'000	Fair value reserve Ushs'000	Assets revaluation reserve Ushs'000	Other capital contribution Ushs'000	Total Ushs'000
At 1 January 2025	10,618,348	67,417	27,998,868	(193,911)	1,296,689	1,915,000	41,702,411
Loss for the year	-	-	(1,521,084)	-	-	-	(1,521,084)
Other comprehensive Income	-	-	-	121,647	157,228	-	278,875
Total comprehensive income	-	-	(1,521,084)	121,647	157,228	-	(1,242,209)
At 31 December 2025	10,618,348	67,417	26,477,784	(72,264)	1,453,917	1,915,000	40,460,202
At 1 January 2024	10,618,348	67,417	27,388,404	100,968	1,160,767	1,555,000	40,890,904
Profit for the year	-	-	477,204	-	-	-	477,204
Other comprehensive Income	-	-	-	(294,879)	135,922	-	(158,957)
Total comprehensive income	-	-	477,204	(294,879)	135,922	-	318,247
Deposit for shares	-	-	-	-	-	360,000	360,000
Fair value Reserve on disposed shares	-	-	133,260	-	-	-	133,260
	-	-	133,260	-	-	360,000	493,260
At 31 December 2024	10,618,348	67,417	27,998,868	(193,911)	1,296,689	1,915,000	41,702,411

The accounting policies and notes on pages 24 to 93 form an integral part of these financial statements.

NIC HOLDINGS LIMITED
ANNUAL REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2025

	Share capital Ushs'000	Share Premium Ushs'000	Retained Earnings Ushs'000	Other capital contribution Ushs'000	Total Ushs'000
At 1 January 2025	10,618,348	67,417	(1,961,814)	1,915,000	10,638,951
Loss for the year	-	-	(931,358)	-	(931,358)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	(931,358)	-	(931,358)
	-	-	-	-	-
At 31 December 2025	10,618,348	67,417	(2,893,172)	1,915,000	9,707,593
At 1 January 2024	10,618,348	67,417	(1,664,217)	1,555,000	10,576,548
Loss for the year	-	-	(297,597)	-	(297,597)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	(297,597)	-	(297,597)
Dividends declared during the year	-	-	-	-	-
Deposit for shares	-	-	-	360,000	360,000
	-	-	-	360,000	360,000
At 31 December 2024	10,618,348	67,417	(1,961,814)	1,915,000	10,638,951

The accounting policies and notes on pages 24 to 93 form an integral part of these financial statements.

NIC HOLDINGS LIMITED
ANNUAL REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
CONSOLIDATED AND SEPARATE STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

		31 December 2025 (Ushs'000)		31 December 2024 (Ushs'000)	
	Notes	Group	Company	Group	Company
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from/(used in) operations	38	(4,977,012)	2,134,291	(1,967,101)	(855,920)
Lease liability interest paid	29	(60,906)	-	(78,280)	-
Loans and borrowings interest paid	31	(1,125,730)	(1,125,730)	(775,569)	(724,570)
Tax paid	14c	(212,779)	(61,266)	(679,277)	(91,752)
Net cash generated from/(used in) operating activities		(6,376,425)	947,296	(3,500,227)	(1,672,242)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment- land & building	23(a)	(58,310)	-	-	-
Purchase of property and equipment- Furniture, Motor Vehicles & Computer equipment	23(a)	(114,043)	-	(30,189)	-
Purchase of intangibles	23(b)	(301,041)	-	-	-
Investments in subsidiaries (NIC Life)	20	-	(4,130,000)	-	-
Sale/Purchase of investment properties	21	-	3,530,000	-	-
Sales of unquoted shares	18(b)	-	-	(2,746,792)	-
Sale/purchase/transfer of unquoted shares	18(b)	-	-	4,133,505	-
Proceeds from the disposal of investment property	25(a)	7,363,962	1,072,634	-	-
Proceeds from disposal of property and equipment - Furniture & equipment	25(a)	37,100	-	-	-
Proceeds from liquidated government bonds	18c	7,658,985	-	-	-
Dividend received	10(a)	47,029	-	97,267	50,000
Purchase of statutory deposit at amortised cost	25	(1,333,298)	-	(776,440)	-
Purchase of government securities	18('c)(i)	(11,906,038)	-	(1,082,200)	-
Purchase of fixed deposits	18('c)(ii)	(4,865,960)	-	(12,077,638)	-
Staff loans disbursed	18('c)(iii)	(133,234)	-	(150,660)	-
Matured statutory deposits- cost	25	1,244,599	-	756,960	-
Interest received on matured statutory deposits	25	119,412	-	136,562	-
Matured government securities- cost	18('c)(i)	4,478,773	-	1,154,535	-
Interest received on matured government securities	18('c)(i)	925,682	-	627,698	-
Matured Fixed deposits- cost	18('c)(ii)	7,684,341	-	10,790,568	-
Interest received on matured fixed deposits	18('c)(ii)	459,659	-	516,117	-
Staff loans repayments	18('c)(iii)	113,107	-	76,968	-
Net cash (used in)/generated from investing activities		11,420,727	472,634	1,426,261	50,000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	30	(8,008)	(8,008)	(5,079)	(5,079)
Lease payment (Principal)	29	(649,517)	-	(570,551)	-
Loans and borrowings received	31	2,091,944	2,091,944	4,050,000	3,500,000
Related party borrowing received	31	-	1,530,000	-	-
Repayment of loans	31	(5,128,323)	(5,128,323)	(3,191,968)	(2,127,560)
Other capital contribution	34	-	-	360,000	360,000
Net cash generated from/used in financing activities		(3,693,905)	(1,514,388)	642,402	1,727,361
Net (decrease)/increase in cash and cash equivalents		1,350,397	(94,457)	(1,431,564)	105,119
Cash and cash equivalents at the beginning of the year		1,093,087	116,410	2,524,651	11,291
Cash and cash equivalents at the end of the year		2,443,483	21,952	1,093,087	116,410
Represented by:					
Cash and cash equivalents	17	2,443,483	21,952	1,093,087	116,410

NIC HOLDINGS LIMITED
ANNUAL REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025
NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

1 GENERAL INFORMATION

NIC Holdings Limited (formerly National Insurance Corporation Limited) was established by an Act of Parliament under the National Insurance Corporation Act 1964, Laws of Uganda. It was subsequently incorporated in November 2000 as National Insurance Corporation Limited (NIC).

In 2005, NIC was privatised with the continental insurance giant, Industrial General Insurance (IGI) Plc acquiring majority (60%) stake through its special purpose vehicle, Corporate Holdings Limited. Consequently, IGI Plc became the parent company of NIC.

In 2010, the balance of 40% shares still retained by the government was sold to the public in an initial public offer (IPO) process, and NIC got listed on the Uganda Securities Exchange (USE). Therefore, the Group is a public limited liability company with 40% of shares in the Group listed on the Main Investment Market Segment (MIMS) of the Uganda Securities Exchange with effect from 25 March 2010.

The Group was a licenced composite insurance company conducting both general and long term insurance business until September 2014 when the licence was withdrawn in compliance with the Insurance Act Cap. 191 which requires composites insurance companies to separate their general business and long term business. The Group's licenced wholly owned subsidiaries, NIC General Insurance Company Limited and NIC Life Assurance Company Limited, carried out general insurance and long term insurance businesses respectively for the year ended 31 December 2025.

Therefore, these consolidated financial statements present combined results of its subsidiaries for year ended 31 December 2025.

Its Registered Office is at :

Plot 3 Plikington Road,
P. O. Box 7134,
Kampala, Uganda.

2 GOING CONCERN

The Company's Directors and the Directors of subsidiaries (NIC Life Assurance Company Limited and NIC General Insurance Company Limited) performed assessments of their ability to continue as going concern and they are satisfied that the Companies have the resources to continue in business for the foreseeable future. This conclusion has been arrived at after taking into account the following:

- i. Of the Group's licensed wholly owned subsidiaries, NIC General Insurance Company Limited is in compliance with the capital adequacy and minimum capital requirements prescribed under the Insurance Act, Cap. 191, Laws of Uganda, while NIC Life Assurance Company Limited did not meet the required thresholds as at the reporting date. These are disclosed in Note 7(d).
- ii. The Company's executive management and that of the subsidiaries, are not aware of any material uncertainties that may cast significant doubt on their ability to continue as going concern. Therefore, the consolidated and Company financial statements continued to be prepared on the going concern basis.

SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of these consolidated and company financial statements are set out below.

3 Basis of preparation

3.1 Statement of compliance with IFRS Accounting Standards.

The Group's consolidated and company financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards board (IASB) as well as IFRS Interpretations (IFRIC). Additional requirements issued by national regulators have been included where appropriate.

For purposes of reporting under the Companies Act Cap 106 Laws of Uganda, the balance sheet is represented in these financial statements by the statement of financial position and the profit and loss account is represented by the statement of comprehensive income.

3.2 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with IFRS Accounting Standards, the Uganda Companies Act Cap 106, and the Insurance Act Cap. 191 Laws of Uganda. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The consolidated and company financial statements are presented in Uganda Shillings rounded to the nearest thousand (Ushs'000).

The preparation of consolidated and company financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the consolidated and company financial statements are disclosed.

3.2 Basis of preparation (Continued)

The consolidated and separate financial statements comprise the consolidated and separate statement of financial position, the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity, consolidated and separate statement of cash flow and the related notes to the financial statements.

The consolidated and separate financial statements have been prepared in accordance with the going concern principle under the historical cost convention as modified by valuation of land and buildings, financial assets, financial liabilities, and investment properties at fair value through profit or loss and/ or fair value through other comprehensive income.

4 MATERIAL ACCOUNTING POLICIES

4.1 Critical Accounting Estimates and Judgements

Preparing consolidated and company financial statements in accordance with IFRS Accounting Standards requires that management to makes use of estimates, assumptions and judgements that affect the application of the accounting principles and reported amounts of assets, liabilities and contingent liabilities at the statement of financial position date as well as the reported income and expenses for the year. Critical estimates and judgements are continually evaluated by considering expectations of future events that are believed to be reasonable under the circumstances. Although the critical estimates are based on management's best knowledge, experience, insight, use of experts, and judgement of current facts at the statement of financial position date, the actual outcome may materially deviate from these estimates. That is, there is a possibility that the carrying values of assets or liabilities will change materially in the next financial year. Below are the Group's identified critical estimates and judgements;

Insurance and reinsurance contracts liabilities/assets

Critical estimates and judgements are made by the company's Directors in determining actuarial liabilities in respect of the policies issued under the General insurance business. The group contracted an independent actuary to determine the valuation of insurance contract liabilities.

The assumptions used include:

Discount rates

The discounting of reserves was conducted using the bottom-up approach in accordance with the choices outlined in the Standard. The discount rates were determined based on the USE yield curve, as at 31 December 2025. No discounting was applied for any obligations due in less than 1 year after the valuation date.

Risk adjustment

The group has adopted a Value at Risk (VaR) approach to calibrate the size of the Risk Adjustment per class and convert this to a factor (or percentage) which is applied to the present value of future cashflows for each class. Further, the Company has adopted a 75% in line with the regulatory requirements

Expense allocation

The group has adopted an expense allocation policy which splits the group's expenses into attributable and non-attributable expenses. The expenses relating to the company's direct investment in property, including personnel costs, repairs, maintenance, rates and utilities are non-attributable and all other expenses are attributable.

Mortality and morbidity rates

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

Longevity

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

Lapse and surrender rates

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

Investment return

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

Estimate of future cash flows

This is the discounted present value of the unbiased, probability-weighted estimate of future cash flows applied to a group of insurance contracts. Cash flows are projected up until the contract boundary of the contract using probability weighted best estimate assumptions to get a best-estimate assessment of the future cashflows, such as premiums, claims, commission and expenses. The discount rate applied to give the best-estimate liability reflects the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts. This is derived from observable market data.

Valuation of investment properties and property and equipment measured at revalued amount (Refer to Note 23(a) and Note 21)

Critical estimates were made by the Directors in the determination of fair values for the Group's investment properties and all property and equipment measured using the revaluation model. The fair values of these properties were estimated using the market approach (Direct Sale Comparison Method) for land and depreciated replacement cost approach for building by the the contracted Valuers, engaged to carryout valuation as at 31 December 2025.

The approach used by the valuer involves unobservable inputs (Level 3 inputs) aimed at ascertaining fair values which reflect market conditions as at the report date. Refer to Note 21 for more details.

Property and Equipment

Significant estimates are made by the directors in determining depreciation rates for property and equipment, and when reassessing the useful lives of property and equipment measured using cost model. The rates used are set out in Accounting policy below. As at the year ended 31 December 2025, there were no indications of impairment on the assets held by the Group and the Company. As such, there is no impairment loss that has been recognised in the statement of profit or loss.

For property and equipment measured using revaluation model, critical assumptions are used by the valuer in determining the revalued amounts. Refer to critical accounting estimates and judgement for more details.

Financial assets at fair value through other comprehensive income

At each reporting date, the Group's management uses estimates regarding the fair value of financial assets measured at fair value through Other Comprehensive Income. These are shares whose value can not be obtained directly from an active market (Unquoted shares). Management adopt the price paid by a new member in the most recent transaction (as reported during annual general meeting), or, adopt the new price per share as communicated by the investee especially based on new shares issued through script dividend (post annual general meeting).

Provision for expected credit losses

The Group uses a general model to calculate ECLs for its financial assets. The steps and the elements involved in the computation are described in note 4.2.6. The information about the ECLs on the Group's financial assets is disclosed in Note 11(b).

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Determination of the lease term for lease contracts with renewal and termination options (As a lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset). In most of the leases which expired during the year, the company exercised the option to renew the lease term, while for few leases, the Group exercised the option to terminate due to poor business performance at the

Estimating the incremental borrowing rate (IBR)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The standard defines IBR as the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group clustered and estimated its IBR for leases depending on the lease currency and similar lease characteristics. For all lease paid in Ushs, the Group used the average commercial bank lending rate as per Bank of Uganda state of economy report of December 2025 that reported the average rates to be 18.85% for Ushs loans (2024: 17.37%) and 7.86% (2023: 18.8%) for dollar related commercial lending rate.

Income taxes (Refer to Note 14 and Note 22)

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the Group and the tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing. The Group contracted an independent tax consultant for tax computation of balances to be reported in the Consolidated and Company financial statements.

However, there is currently no clear tax laws guiding the basis for the taxation of long-term insurance business. The tax law is only clear with guidelines on how to ascertain the taxable income and tax liability (if any) for short-term insurance business. It is thus important to note the following assumptions and judgements taken by the Group in relation to taxation of life business;

- (i) *The Group adopted best practices of tax laws and accounting. On this basis, tax computation was done with similar guidelines for short-term business.*
- (ii) *Change in insurance contract liabilities and investment contract liabilities as per the actuarial valuation report, have been considered as allowable transactions for tax purposes as either income or expenses.*
- (iii) *Deficit or surplus in life fund, are considered too as allowable transactions for tax purposes. That is, deficit is allowed as an expense (reducing taxable income) and surplus increases taxable income.*

Deferred tax

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Judgement is usually required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits.

The Group and Company have consistently applied the accounting policies set out below to all periods presented in these consolidated and Company financial statements.

Changes in the Group and Company's accounting policies are only made if required by a standard or interpretation, or if the change results in the financial statements providing reliable and more relevant information.

4.2 Insurance, reinsurance and investment contracts – Classification

The Group issues short term (non-life) and long term (life) insurance contracts that are measured in accordance with IFRS 17 Insurance Contracts.

Products sold by the Group are classified as insurance contracts when the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. This assessment is made on a contract-by-contract basis at the contract issue date. In making this assessment, the Group considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Group determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Group to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Group. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Group, unless otherwise stated.

4.2.1 Insurance and reinsurance contracts

(a) Separating components from insurance and reinsurance contracts

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

When identifying contracts in the scope of IFRS 17, in some cases the Group will have to assess whether a set or series of contracts needs to be treated as a single contract and whether embedded derivatives, investment components and goods and services components have to be separated and accounted for under another standard. Examples

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

After separating any financial instrument components, the Group separates any promises to transfer to policyholders' distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e., not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder.

(b) Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

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

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains the group's practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group. An insurance contract issued by the group is recognized from the earliest of

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

Reinsurance contracts

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

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

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

(c) Insurance acquisition cash flows

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

If insurance acquisition cash flows are directly attributable to a group of contracts (e.g., non-refundable commissions paid on issuance of a contract), then they are allocated to that group.

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

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

The asset is derecognized, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

(d) Contract boundary

Insurance contracts

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows.

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the group can compel the policyholder to pay premiums or has a substantive obligation to provide services (including insurance coverage and investment services). A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The Group assesses the contract boundary at initial recognition and at each subsequent reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations.

Reinsurance contracts

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

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

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

(e) Discount rates

The Fulfilment Cash Flows ("FCF"), which are a component of the insurance liabilities, include an adjustment to reflect the time value of money and the financial risks related to the future cash flows.

The insurance products issued do not have cash flows that are affected by financial risk. This follows from type of products considered which do not have any profit participation features. The cash flows arising are therefore purely a function of non-economic risks comprising underwriting risks. Accordingly, the cash flows only need to be adjusted to reflect the time value of money and not financial risk.

The liquidity characteristics of insurance contracts have to do with the ease by which the contracts may be terminated over the coverage period without incurring significant costs. There are various factors that may be considered in assessing the liquidity of insurance contracts such as:

- The right accorded to policyholders to surrender insurance policies and the existence of surrender penalties which may be viewed as limiting the option to surrender and hence the liquidity of the policies;

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)
4.2.1 Insurance and reinsurance contracts (Continued)

- Tax incentives that may encourage the surrender of insurance contracts, which increases the liquidity of the contracts;
- The term of the contract, which renders longer term contracts more illiquid compared to shorter term contracts; and
- The observed lapse or surrender experience of the contracts which provides a view of the liquidity of the contracts.

The liquidity characteristics of insurance contracts may also be assessed with regard to the level of predictability of the associated liability cash flows and hence the ability of the insurer to buy and hold assets to maturity to back the liabilities. Insurance contracts that do not provide the option for benefits to become payable upon contract termination before maturity, may be regarded as providing more predictability. Such contracts limit exposure to forced sale of assets in times when markets are depressed. This therefore implies that the insurer will not be exposed to the market price volatility of the assets.

The contracts valued under PAA, the discount rates only apply in valuing the fulfilment cash flows in respect of incurred claims. Cash flows arising from incurred claims may be viewed as fairly illiquid as the contracts cannot be surrendered or cancelled post the coverage period. However, the variability in the claim settlement pattern limits the predictability of the cash flows and hence the ability to find a perfectly matching portfolio which can be held to maturity.

The bottom-up approach was used to determine discount rates for all product groups, with Bank of Uganda yield curves acting as the risk-free rates, with further adjustment required to the illiquidity premium.

The illiquidity premium may be determined by considering the yield curve of corporate bonds and determining the portion of the risk premium in the yields attributable to illiquidity risk. However, there is no active or liquid market for credit derivatives in Uganda.

By nature, non-life insurance contracts are short-term contracts, and the assets held for them are equally short term in nature, with little to no illiquidity exposure and therefore no further loading of illiquidity premium was applied. For Life insurance contracts, illiquidity premium was applied as illustrated;

Yield curve of Ugandan Government Securities + Illiquidity Premium	
Illiquidity Premium	0.073%
Bond Yields	15.30%
Adopted Discount Rate	15.37%

(f) Risk adjustment (RA)

The measurement of insurance contract liabilities in accordance with IFRS 17, requires an explicit risk adjustment ("RA") for nonfinancial risk. The RA excludes financial risks, such as investment returns (cash flows not directly tied to contract cash flows). The non-financial risks that the Group is exposed to are premium and claim liability risk exposures with respect to timing and amount of cash flows. IFRS 17 does not specify a technique to determine the RA. However, it requires disclosure of confidence intervals, regardless of the method chosen to determine the RA.

The purpose of the RA is to determine the insurer's own assessment of the uncertainty and variability inherent in the fulfilment cash flows. As such, the disclosure in the financial statements should provide a reasonable description of the basis on which the RA is determined to ensure sufficient understanding and comparability. A range of risk adjustment techniques were considered by the Group, and it was concluded that the Confidence Level Technique to compute the size of the Risk Adjustment per class of business, would be used for both underlying and reinsurance contracts.

It is a requirement that the confidence level used to determine the RA for non-financial risk is disclosed. A key feature of having a confidence level is to facilitate comparisons, both across time and with other entities. This technique calculates the claims liability at a higher level than the best estimate liability, at a 75% chance of being insufficient (Confidence Level). The 75% confidence level as currently used has been prescribed by the regulator. The Risk Adjustment is then the difference between this higher liability and the best estimate liability.

IFRS 17 does not specify the level of granularity at which the RA must be calculated. The Group has currently opted to determine the RA at an aggregate level, that is, a uniform risk adjustment rate will be used for all classes of business.

(g) Insurance contracts not measured under the PAA

Initial measurement

On initial recognition, the company measures a group of insurance contracts as the total of:

- the fulfillment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and
- the CSM. The fulfillment cash flows of a group of insurance contracts do not reflect the company's non-performance risk.

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

The Contractual Service Margin (CSM) of a group of insurance contracts represents the unearned profit that the Group will recognize as it provides services under those contracts.

On initial recognition of a group of insurance contracts, if the total of (a) the fulfillment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognized for cash flows related to the group (including assets for insurance acquisition cash flows under (iii)) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfillment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfillment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfillment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfillment cash flows are recognized as follows.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)
4.2.1 Insurance and reinsurance contracts (Continued)

Changes relating to future services Adjusted against the CSM (or recognized in the insurance service result in profit or loss if the group is onerous)

Changes relating to current or past services Recognized in the insurance service result in profit or loss.

The CSM of each group of contracts is calculated at each reporting date as follows. The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year.
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition.
- changes in fulfilment cash flows that relate to future services, except to the extent that:
 - o any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognized as a loss in profit or loss and creates a loss component; or
 - o any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognized in profit or loss.
- the effect of any currency exchange differences on the CSM; and
- the amount recognized as insurance revenue because of the services provided in the year. Changes in fulfilment cash flows that relate to future services comprise experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition.
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein.
- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year.
- differences between any loan to a policyholder expected to become repayable in the year and the actual amount that becomes repayable in the year; and
- changes in the risk adjustment for non-financial risk that relate to future services.

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

(h) Insurance contracts measured under the PAA

The Group uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception.

- Insurance contracts: The coverage period of each contract in the group is one year or less.
- Reinsurance contracts: The coverage period of each contract in the group is one year or less.

Insurance contracts

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

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the entity expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the entity has chosen not to adjust the liability for remaining coverage (LRC) to reflect the time value of money and the effect of financial risk.

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

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

Reinsurance contracts

The entity applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

If a loss-recovery component is created for a group of reinsurance contracts measured under the PAA, then the group adjusts the carrying amount of the asset for remaining coverage.

(i) Derecognition and contract modification- insurance and reinsurance contracts

The Group derecognises a contract when it is extinguished – i.e., when the specified obligations in the contract expire or are discharged or cancelled.

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

On derecognition of a contract from within a group of contracts not measured under the PAA:

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

If a contract is derecognized because its terms are modified, then the CSM is also adjusted for the premium that would have been charged had the group entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognized is measured assuming that, at the date of modification, the group received the premium that it would have charged less any additional premium charged for the modification.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)
4.2.1 Insurance and reinsurance contracts (Continued)

(j) Presentation - insurance and reinsurance contracts

Portfolios of insurance contracts that are assets and those that are liabilities are presented separately in the statement of financial position. Similarly, portfolios of reinsurance contracts that are assets and those that are liabilities are presented separately. Any assets or liabilities recognised in respect of cash flows arising before the recognition of the related group of contracts including assets for insurance acquisition cash flows are included in the carrying amount of the related portfolio of contracts.

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

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

Insurance revenue and insurance service expenses exclude any investment components and are recognized as follows;

Insurance Revenue- Insurance contracts not measured under the PAA

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

- A release of the CSM, measured based on coverage units provided (see 'Release of the CSM' below).
- Changes in the risk adjustment for non-financial risk relating to current services.

- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts which are recognized as insurance revenue and insurance service expenses at that date.

- Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment and amounts related to incurred policyholder.

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

Release of the CSM

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

Services provided by insurance contracts include insurance coverage. In addition, investment contracts may also provide investment services for generating an investment return for the policyholder, but only if:

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

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

Insurance Revenue- Insurance contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The company allocates the expected premium receipts to each period based on the passage of time.

(k) Loss components

Insurance contracts not measured under the PAA

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

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

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

(l) Insurance service expenses

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

- Amortisation of insurance acquisition cash flows: For contracts measured under the PAA, the Group amortizes insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.d reversals of such impairment losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)
(m) Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

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

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

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

4.2.2 Foreign currency translation

a) Functional and presentation currency

Items included in the consolidated and Company financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and Company financial statements are presented in Uganda Shilling which is the functional currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Monetary account balances denominated in foreign currencies are retranslated using the closing rate as at the reporting date.

Monetary items denominated in foreign currencies are retranslated at the rate prevailing on the reporting date (closing rate). Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the consolidated and Company statement of profit or loss and other comprehensive income.

Non-monetary items measured at historical cost denominated in a foreign currency are translated with exchange rate as at the date of initial recognition. Translation differences on non-monetary financial instruments held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary financial instruments measured at fair value through other comprehensive income are included in the fair value reserve in other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss account within 'finance income or cost'. All other foreign exchange gains or losses are presented in the profit or loss account within 'other income' or other expenses.

4.2.3 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

4.2.4 Financial Instruments

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

The Group and Company classify their financial assets into the following categories: financial assets at fair value through profit or loss; financial assets at fair value through other comprehensive income and financial assets at amortised cost. The Directors determine the appropriate classification of its financial assets at initial recognition.

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Financial assets

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

The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, the Group classifies and subsequently measures its financial assets as per the following three categories:

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

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes, cash and cash equivalents, fixed deposits, Government securities, staff loans and sundry receivables.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)
4.2.6 Financial Instruments (Continue)

Financial assets at Fair Value through OCI (equity instruments)

The Group made an irrevocable election to recognise all its unquoted equity instruments at Fair Value through other comprehensive income (FVOCI).

As a result of this election, fair value changes would not be recycled through profit or loss upon derecognition of the asset, but transferred directly within the components of equity.

Equity instruments which do not trade in an active market (unquoted shares) are fair valued using a valuation technique (income or market approach) or any recent transaction involving issue of new shares as communicated by the investee.

Financial assets at Fair Value through profit and loss

Financial assets in this category are those that are managed in a fair value business model, or that have been designated by management upon initial recognition, or are mandatorily required to be measured at fair value under IFRS 9. Management has designated all its listed equity instruments at fair value through profit and loss (FVTPL) requiring all fair value changes on these instruments to be recognised in profit and loss.

De-recognizing financial assets

De-recognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

(a) The rights to receive cash flows from the asset have expired; The Group retains the right to receive cash flows from the assets but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; Or

(b) The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and the rewards of the assets, or (b) has neither transferred or retained substantially all the risks and rewards of the asset, but has transferred control of the asset;

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

The continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/ or purchased option (including cash settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may re-purchase, except in the case of a put option (including a cash settled option or a similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Derecognition due to substantial modification of terms and conditions

The Group derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as a derecognition gain or loss. In the case of debt instruments at amortized cost, the newly recognised loans are classified as Stage 1 for ECL measurement purposes. This is based on the fact that affected debt instruments are; policy loans and staff loans, which are secured or guaranteed.

When assessing whether or not to derecognise an instrument, amongst others, the Group considers the following factors:

- (a) Change in currency of the debt instrument
- (b) Introduction of an equity feature
- (c) Change in counterparty
- (d) If the modification is such that the instrument would no longer meet the SPPI criterion

If the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition, the Group recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in profit or loss. The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate or, when applicable, the revised effective interest rate calculated. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the appropriate effective interest rate.

The determined ECLs for the period are presented separately in the statement of profit or loss and other comprehensive income under a line "Increase or decrease in expected credit losses"

ECLs are recognized in three (3) stages; 12 months (Stage 1) and Lifetime (Stages 2-3). For credit exposures for which there has not been a significant increase in credit risk (SICR) since initial recognition, 12-months ECLs are provided for credit losses that result from default events that are possible within the next 12-months. That is, apply to all items as long as there is no significant deterioration in credit risk. In line with the standard, the Group recognises lifetime ECLs only when a significant increase in credit risk has occurred on an individual or collective basis.

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group's debt instruments comprise mainly of Treasury bills, amounts due from related parties and fixed deposits with financial institutions. It is the Group's policy to measure ECLs on such instruments on a monthly basis. Where the credit risk of any debt instrument deteriorates, the Group will recognize an allowance for lifetime expected credit losses (ECLs). The ECL on staff loans relates to provision on balances before introduction of the policy requiring staff to provide guarantors if their retirement benefits cannot fully cover the loan applied for.

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

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)
4.2.6 Financial Instruments (Continue)

The calculation of ECLs

The Group based its ECL computation on the key risk parameters of Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD"). The following factors were considered when assessing each of the parameters;

Probability of Default

The Probability of Default is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information. The Group considers a financial asset to be in default (credit impaired) when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The below listed factors were considered in assessing the Probability of Default;

- Assessment of the credit worthiness of the customer
- Likelihood that the borrower will default within one year
- Transformation of the one year horizon into lifetime

Loss Given Default

- Expected Credit loss in case of default (under consideration of recoveries from collateral)

Exposure at Default

- Expected Credit exposure at the time of default
- Expected EAD profile over time taking into account the behavioral patterns

The Calculation of ECL incorporates forward looking information and is not entirely based on historical data provided. Thus in cases where no historical default has occurred, an allowance has been made for a possible default occurring in the future by selection of an appropriate probability of default.

The Group considers reasonable and supportable forward-looking information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment. Example of micro economic factors considered include changes in inflation rate, GDP rate and interest rates.

The 3 stage model has been applied dependent on the credit quality of an asset since initial recognition with recognition of 12 month expected credit losses under stage 1, lifetime expected credit losses under stage 2 and lifetime expected credit losses under stage 3 for the credit-impaired assets.

Management relied on publicly available information to rate financial institutions and used proxy rating guides (including Bank Tiers) when financial institutions were not rated. PDs were selected based on these ratings and industry study of assets of the same asset classes. Considerations were made to Government securities as management was of the view that these assets hold a low credit risk charge. In light of this, the Government securities were rated in the High grade category to reflect the above assumption.

Financial liabilities

Initial recognition and measurement

Financial liabilities are measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs.

Subsequent measurement

The financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to other payables and accruals and lease liabilities, and amount due to related parties.

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any adjustment for transaction costs.

For other financial instruments other than investment in equity instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist and other relevant valuation models.

Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Group's best estimate of the most appropriate model assumptions.

For discounted cash flow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate for a similar instrument, in this case the yield rate for treasury bills and treasury bonds. The use of different pricing models and assumptions could produce materially different estimates of fair values.

The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date.

4.2.7 Other receivables and prepayments

These include other receivables other than staff loans and policy loans, and are mainly rent receivables, group life premium debtors, and withholding tax recoverable. Receivables are stated at their original invoiced value, as the interest that would be recognized from discounting future cash receipts over the short credit period is not considered to be material. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts, as per Group's policy. Interest on overdue receivables is recognized as it accrues. Other receivables are derecognised when the rights to receive cash flows from the asset have expired, and in particular, when all efforts to recover the debts from tenants who left yield nothing.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the date of the statement of financial position.

4.2.9 Investment property

Buildings, or part of a building, (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation and are not occupied by the Group are classified as investment property under non-current assets.

Investment property is carried at fair value, representing open market value determined annually by independent valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by an independent valuation expert. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Changes in fair values are recorded in the consolidated statement of profit or loss and other comprehensive income.

4.2.10 Property and equipment

Leasehold land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

An asset's carrying amount is written down immediately to its estimated recoverable amount (being the higher of fair value costs to sell and value in use) if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are included in the profit or loss.

The revaluation surplus included in equity in respect of an item of PPE is directly transferred to retained earnings when the respective asset is derecognised.

Depreciation of property and equipment

Depreciation is provided on a straight line basis at the following annual rates which are expected to write off the cost or valuation of property and equipment over their estimated useful lives:

The rates of depreciation used are as follows:

Motor vehicles	25.00%
Furniture and equipment	12.50%
Computer equipment	30.00%
Buildings	3.00%
Leasehold properties	The shorter of the useful life of the asset and lease period

The annual depreciation expenses is recognised in the profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2.11 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessor

Leases where the Group does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Rental income is recorded as earned on straight line basis based on the contractual terms of the lease under investment income. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. However, the Group had no finance lease contracts during the year, as a lessor. Rental income, minimum rental receivable, and related disclosures of operating lease contracts in which the Group was a lessor are disclosed under Note 9(d)(i).

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within Property and Equipment (PPE) and disclosed under the same Note to the financial statements, and are subject to impairment in line with the Group's policy.

Right of use of assets (ROU) represents the Group's right to use several office premises for its branches and sales outlets across the country arising from various lease agreements.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group's lease liabilities are presented within and disclosed under Other Payables.

Lease remeasurements:

A lessee remeasures the lease liability when changes arise within the original lease terms, such as updates to expected residual value payments, changes in variable payments linked to an index or rate, reassessment of the lease term, or changes in the likelihood of exercising a purchase option. Where the change relates to residual value guarantees or variable payments driven by an index or rate, the lease liability is remeasured using the original discount rate. However, when the change involves a reassessment of the lease term or purchase option, a revised discount rate is used.

Any remeasurement is adjusted against the right-of-use asset. If this adjustment reduces the asset to zero, any remaining amount is recognized in profit or loss. The company's lease liabilities are presented within and disclosed under Other Payables.

Lease modification

A lease modification is a change in the scope or consideration of a lease that was not included in the original terms, such as adding or removing assets or changing the lease term. It is treated as a separate lease only when the modification increases the scope by adding additional assets and the increase in consideration reflects their stand-alone price. If the modification does not meet these conditions, the lessee must adjust the existing lease. This involves recalculating the lease liability and right-of-use asset to reflect any reduction in scope, with any resulting gain or loss recognized in profit or loss. The lease liability is then remeasured using a revised discount rate, and the right-of-use asset is adjusted accordingly.

4.2.12 Intangible assets

The Group is currently developing a new software system to enhance its core insurance operations and financial reporting processes. The costs incurred to date relate to development activities that meet the recognition criteria under IAS 38 – Intangible Assets. The project involves the design and implementation of a customized software solution to support underwriting, claims management, and IFRS 17 reporting integration.

Capitalization Policy: Development costs are capitalized when, and only when, the Company can demonstrate: Technical feasibility of completing the software for use. Intention and ability to complete and use the asset. Availability of adequate resources to complete development. Probable future economic benefits (e.g., improved efficiency, compliance, and cost savings)

Measurement: Costs capitalized include direct development expenses such as software licenses, developer fees, and system integration costs. These are carried at cost less accumulated amortization and impairment losses. As at 31 December 2025, the project is still in progress and therefore not yet available for use. Accordingly, no amortization has been charged.

4.2.13 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any conditions exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, or CGU). When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cashflows are discounted to their present value using pre-tax discounted 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, recent market transactions are taken into consideration. If no such transactions can be identified, an appropriate valuation model is used.

Assets that have an indefinite useful life – for example, land – are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2.14 Dividends

Dividends on ordinary shares are payable out of the Distributable profits of the Group and are recognised in equity in the period in which they are approved by the Group's shareholders. Dividends proposed by the Directors but not yet approved by shareholders are disclosed in the consolidated and separate financial statements in accordance with the requirements of the Companies Act, CAP 106 Laws of Uganda.

4.2.15 Share capital

The Group's issued ordinary shares are classified as equity instruments. Incremental external costs that are directly attributable to the issue of these shares are recognized in equity.

4.2.16 Share Premium

This represents the excess amount paid by shareholders on the nominal value of the shares. This amount is distributable to the shareholders at their discretion. The share premium is classified as an equity instrument in the statement of financial position.

4.2.17 Asset Revaluation Reserve

Subsequent to initial recognition, an item of property and equipment and, in certain circumstances, an intangible asset, may be revalued to fair value. However, if such an item is revalued, the whole class of asset to which that asset belongs has to be revalued. The revaluation surplus is recognised in other comprehensive income (OCI), unless it reverses a decrease in the fair value of the same asset which was previously recognised as an expense, in which case it is recognised in the statement of profit or loss. A subsequent decrease in the fair value is charged against this reserve in OCI to the extent that there is a credit balance relating to the same asset, with the balance being recognised in the income statement.

4.2.18 Fair Value Reserve

The fair-value reserves comprises the cumulative net change in the fair value of the Group's fair value through OCI investments (unquoted equity investment). Net fair value movements are never recycled to profit or loss if the underlying investment is derecognised. They are instead directly transferred from this reserve to retained earnings.

4.2.19 Taxation

Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

Withholding tax as a final tax on Government securities forms part of the current tax for the year as this is charged against interest income earned from these Government securities and is withheld from the Group at source.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realisable or the deferred income tax liability is payable.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of financial assets at fair value through OCI, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the consolidated income statement together with the deferred gain or loss.

4.2.20 Related party transactions

IAS 24, 'Related party disclosures' defined a related party as a person or entity that is related to the entity that is preparing its financial statements. It also provided clarification on forms and nature of relationships which are deemed as "related party". This include:

(a) A person or a close member of that person's family is related to a reporting entity if that person has control or joint control or significant influence or a key management personnel of the reporting entity; or

(b) An entity belong to the same group of the reporting entity; or one entity is an associate or joint venture of the other entity; or both entities are joint venture of a third party; or the entity is controlled or jointly controlled by a person identified in (a).

Transactions between the Group and it's "related party" entities are governed by an approved transfer pricing policy. Related party entities and transactions with them are discloses in note 39.

4.2.21 Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. These mainly include Deposit Administration Plan (DAP) and Managed funds. Investment contracts can be classified into interest linked and unitized fund. Investment contracts with guaranteed returns (interest linked) and other business of a savings nature are recognized as financial liabilities at fair value through profit or loss (FVTPL). The fair value is the amount payable on demand because the holders can cancel their contracts at any time after contract inception. Interest accruing to the contract holders from investment of the savings is recognized in the revenue account of deposit administration plan in the year it is earned.

Interest paid and due to depositors plus associated operating costs of running the deposit administration plan are recognized as expenses in the revenue account of the deposit administration plan. The net result of the deposit administration revenue account is transferred to the statement of profit or loss and other comprehensive income of the Group.

4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2.21 Investment contracts (Continued)

The DAP scheme was discontinued in July 2019. The company has put in place necessary arrangements to transfer accumulated fund under the old pension plan. Transfers are recorded directly as an adjustment to the liability in the statement of financial position. A reconciliation is prepared thereof and included in the Group's notes to the financial statements. See Note 9(c) of the notes to the financials. The liability is derecognized when the contract is discharged.

The DAP Scheme is still measured as the full amount of the fund standing to the credit of the scheme including interest at the guaranteed rates at the valuation date. There is no unit-linked fund.

4.2.22 Investment and other income

a) Investment income

The Group has investment properties upon which rental income is generated. This is recognised in the Group's consolidated statement of profit or loss and other comprehensive income, on accrual basis. Thus, recognised as and when rental income is earned.

The Group also has investments in quoted shares and unquoted shares upon which dividends are received as and when they are declared by the investees. Dividend income is recognized in the Group's consolidated statement of profit or loss and other comprehensive income when the right to receive payment of dividends of unquoted shares is established or on the date the security is listed as ex-dividend for quoted shares.

b) Interest income

Interest income for all interest-bearing financial instruments, including financial instruments measured at amortised cost, is recognised within 'Interest income calculated using the effective interest method' in the income statement using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

c) Realized gains and losses

Realized gains and losses recorded in the statement of profit or loss and other comprehensive income on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortized cost and are recorded on occurrence of the sale transaction.

4.2.23 Employee benefits

Short-term benefits

Short-term employee benefit obligations include wages, salaries and other benefits which the Group has a present obligation to pay, as a result of employees' services provided up to the reporting date. The accrual is calculated on an undiscounted basis, using current salary rates and recognised in the profit or loss.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term benefits

The Group recognises terminal benefits for all staff who have served more than 3 years as permanent staff in the company. The terminal benefits are accrued annually and paid upon staff's exit if eligible, without any interest on the accrued amounts. These benefits fall in the category of other long-term employee benefits and are charged to profit or loss in the year to which they relate. The Group has no further payment obligations once the contributions have been paid.

The outstanding obligation for the retirement benefits is recorded as a liability under 'Sundry creditors' in the statement of financial position.

4.2.24 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period excluding treasury shares held by the Group. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential

4.2.25 Investment in subsidiaries and Consolidation

The investment in the subsidiaries are valued at cost (using cost model) in the Company's separate financial statements.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity. Any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Subsidiary undertakings, which are those companies in which the Group directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been fully consolidated. Control is when an investor has rights to variable returns from its involvement with the Subsidiary and has the ability to affect those returns through its power over the Subsidiary. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. All inter-Group transactions, balances and unrealised surpluses and deficits on transactions between Group companies have been eliminated.

The Group reassesses annually whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control as set out under IFRS 10 Consolidated Financial Statements which include;

- power over the investee
- exposure or rights, to variable returns from involvement with investee,
- the ability to use power over the investee to affect the amount of those returns).

4.2.26 Provisions

A provision is recognised as a result of past events the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation

4.2.27 Comparatives

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

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5 i) STANDARDS AND/ OR AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS, EFFECTIVE IN THE REPORTING PERIOD

The following are the applicable standards, amendments, and interpretations, effective for the first time for periods beginning on or after 1 January 2025, have been adopted by the Group as at their effective date, and none of them had a significant impact on the Group's consolidated financial statements;

Standard	Effective date	Executive Summary
Lack of Exchangeability (Amendment to IAS 21)	1 January 2025	Issued on 15 August 2023, this amendment addresses how to determine exchange rates when a currency is not exchangeable into another. It requires entities to assess when exchangeability exists and, if not, to estimate the spot exchange rate. This reduces diversity in practice and improves comparability. Due to the nature of the group's activities, amendments did not have a material impact on the group's consolidated and separate financial statements.

5 ii) STANDARDS AND/ OR AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS, ISSUED BUT NOT YET EFFECTIVE

Certain standards and/ or amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2026 or later periods, but which the Group and the Company have not early adopted. At the date of authorization of the Group's consolidated and Company's separate financial statements, the following applicable standards and/ or amendments were in issue but not yet effective, and the Company plans to adopt them at their effective dates (not expected to have a material impact, except for IFRS 18 as delineated below);

Standard	Effective date	Executive Summary
Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026	In response to matters that had been raised to the IFRS Interpretations Committee as well as matters that arose during the post-implementation review of classification and measurement requirements of IFRS 9 Financial Instruments, in May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments. The Amendments modify the following requirements in IFRS 9 and IFRS 7: Derecognition of financial liabilities • Derecognition of financial liabilities settled through electronic transfers. Classification of financial assets • Elements of interest in a basic lending arrangement (the solely payments of principle and interest assessment - 'SPPI test') • Contractual terms that change the timing or amount of contractual cash flows • Financial assets with non-recourse features • Investments in contractually linked instruments Disclosures • Investments in equity instruments designated at fair value through other comprehensive income • Contractual terms that could change the timing amount of contractual cash flows. The Amendments may significantly affect how entities account for the derecognition of financial liabilities and how financial assets are classified. The Amendments permit an entity to early adopt only the amendments related to the classification of financial assets and the related disclosures and apply the remaining amendments later. This would be particularly useful to entities that wish to apply the Amendments early for financial instruments with ESG (Environmental, Social and Governance)-linked or similar features.

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5 ii) STANDARDS AND/ OR AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS, ISSUED BUT NOT YET EFFECTIVE (Continued)

Standard	Effective date	Executive Summary
IFRS 18 Presentation and Disclosures in the Financial Statements	1 January 2027	IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements and is mandatorily effective for annual reporting periods beginning on or after 1 January 2027. IFRS 18, which was published by the IASB on 9 April 2024, will have a significant impact, as it sets out significant new requirements for how financial statements are presented, with particular focus on: • The statement of profit or loss, including requirements for mandatory sub-totals to be presented. IFRS 18 introduces requirements for items of income and expense to be classified into one of five categories in the statement of profit or loss. This classification results in certain sub-totals being presented, such as the sum of all items of income and expense in the operating category comprising the new mandatory 'operating profit or loss' sub-total. • Aggregation and disaggregation of information, including the introduction of overall principles for how information should be aggregated and disaggregated in financial statements. • Disclosures related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub-total required by IFRS Accounting Standards with adjustments made (e.g. 'adjusted profit or loss'). Entities will be required to disclose MPMs in the financial statements with disclosures, including reconciliations of MPMs to the nearest total or sub-total calculated in accordance with IFRS Accounting Standards. The standard will have a material impact on the consolidated and separate financial statements especially the statement of profit or loss requiring mandatory subtotals and specific classification of incomes and expenses shown below; Investing – Income and expenses arising from investments and assets that generate returns independently of the entity's core operations, including investments in subsidiaries, associates, joint ventures, and cash and cash equivalents. Financing – Income and expenses related to obtaining and servicing finance, including interest on financing liabilities and certain other financing-related interest items. Income Tax – Income tax income and expenses recognized under IAS 12 Income Taxes. Discontinued Operations – Income and expenses attributable to discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Operating – The residual category comprising all income and expenses that do not fall within the investing, financing, income tax, or discontinued operations categories.

5 ii) STANDARDS AND/ OR AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS, ISSUED BUT NOT YET EFFECTIVE (Continued)

Other Relevant Disclosure Standards – International Sustainability Reporting Standards

IFRS Sustainability Disclosure Standards S1 and S2

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, issued by the International Sustainability Standards Board (ISSB) in June 2023, are the first IFRS sustainability disclosure standards. IFRS S1 sets out the general requirements for a complete set of sustainability-related financial disclosures. IFRS S1 is designed to be applied in conjunction with IFRS S2, which is a topic-based standard that specifies disclosures relating to climate.

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

An entity shall apply this Standard in preparing and reporting sustainability-related financial disclosures in accordance with IFRS Sustainability Disclosure Standards. Sustainability-related risks and opportunities that could not reasonably be expected to affect an entity's prospects are outside the scope of this Standard.

IFRS S2 Climate related Disclosures

This Standard applies to climate-related risks to which the entity is exposed, which are climate-related physical risks and climate-related transition risks and climate-related opportunities available to the entity.

Climate-related risks and opportunities that could not reasonably be expected to affect an entity's prospects are outside the scope of this Standard.

Consistent with the process to adopt IFRS Accounting Standards, IFRS Sustainability Disclosure Standards need to be adopted by local securities exchanges and other regulators to become mandatory. As at 31 December 2025, the local regulator, Institute of Certified Public Accountants of Uganda (ICPAU) had already issued guidelines (roadmap) on adoption of IFRS Sustainability Disclosure Standards. As per the roadmap, Listed entities in the same category of NIC Holdings Limited, are required to mandatorily adopt IFRS S1 & S2 effective 1 January 2028. Management intends to adopt them when they become mandatory.

6 SEGMENT INFORMATION

The following segment information is required by IFRS 8 Operating Segments to be presented in the consolidated financial statements of a group with a parent (and in the separate or individual financial statements of an entity):

- whose debt or equity instruments are traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or
- that files, or is in the process of filing, its (consolidated) financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

The principal business units of the Group, which are carried out through its licenced wholly owned subsidiaries- NIC General Insurance (General business) and NIC Life Assurance (Long term business), are as follows:

The below information justifies the factors considered by the Group when identifying its two (2) reporting segments;

The Group's management assessed and chose to organise the Group into business units based on their unique insurance services of life and non-life. Any transfer price between Group's operating segments must be on an arm's length basis in a manner similar to transactions with third parties.

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of the group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated and separate financial statements.

The Group has two operating reportable operating segments as delineated below;

i General Business

General business offers non-life insurance to individual customers and businesses throughout Uganda. The categories under this segment includes Fire, Aviation and Marine, Accident and Motor. The detailed performance for the segment is as disclosed in note 6(a)(i), which reconciles with the Group's consolidated statement of profit or loss and other comprehensive income.

ii Long term business

Long term business offers life insurance products to individual customers and businesses throughout Uganda. The categories under this segment includes Life Individual, Life Group, Deposit Administration and Managed Funds. The detailed performance for the segment is as disclosed in note 6(i)(b) and 6(c)), which reconciles with the Group's consolidated statement of profit or loss and other comprehensive income.

Aggregation of operating segments into a reportable segment, and measurement

No operating segments have been aggregated to form the above reportable operating segments.

The measurement basis of profit or loss for each of the segment does not differ from the reporting Group's measurement basis. The Group's financial statements are entirelyly the consolidation of its two (2) wholly owned subsidiaries which double as the Group's separate operating segments. Thus, the Group's measurement basis is the same as those of the operating segments.

The Group (NIC Holdings Limited, as the reporting entity) sold 30% of it's investment property (acquired through a loan facility and earned rental income on the property since the last quarter (October - December) of 2022) to NIC General in 2023. Also, the Long term business segment occupy an office space on an investment property owned by the General Business segment thereby giving rise to intra group income (rent), expenses (depreciation and lease interest), assets (right-of-us of assets) and liabilities (lease liabilities). Additionally, General Business purchased group life policy from the Longterm Business and Longterm Business bought insurance from General Business to protect its assets.

Therefore, the aggregation of revenue, expenses, assets and liabilities presented in the consolidated and separate financial statements of operating segments are not the same as the revenues, expenses, assets and liabilities presented and disclosed in the Group's consolidated financial statements. As such, disclosures relating to reconciliations of the total of the reportable segments' profit or loss, assets and liabilities to the Group's (reporting entity) profit or loss, assets and liabilities are presented in note 6(d)(i) and note 6(d)(ii) respectively.

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6 SEGMENT INFORMATION (Continued)

6(a)(i) PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

- GENERAL BUSINESS (Reportable segment)

	2025	2024
	Ushs'000	Ushs'000
Insurance revenue	33,006,901	31,676,345
Insurance service expenses	(25,470,734)	(21,740,579)
Insurance service results before reinsurance contract held	7,536,167	9,935,766
Expenses from reinsurance contracts held	(9,038,713)	(12,729,544)
Income from reinsurance contracts held	2,358,614	2,673,130
Net expenses from reinsurance contract held	(6,680,098)	(10,056,414)
Insurance service result	856,069	(120,648)
Investment income	1,923,086	2,221,899
Interest income calculated using the effective interest method	1,333,034	761,854
Net impairment (loss)/gain on financial assets	(406,136)	1,168,866
Fair value loss on financial assets through profit or loss	65,079	21,746
Fair value losses on investment properties	(1,857,172)	(3,332)
Investment return	1,057,891	4,171,033
Insurance finance expenses	(207,917)	(250,211)
Reinsurance finance expense/(income)	(80,822)	105,718
Net finance result	(288,740)	(144,493)
Net finance and investment result	769,151	4,026,540
Other income	76,256	179,141
Net foreign exchange income	(66,959)	(27,618)
Other expenses- non attributable	(849,823)	(656,708)
Other finance cost	(102,405)	(129,279)
Net finance and investment result and other income	(173,780)	3,392,076
Profit before taxation	682,289	3,271,428
Taxation charge	(162,641)	(1,104,542)
Profit after taxation	519,647	2,166,886
Other comprehensive income		
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>		
Losses on equity instruments designated at fair value through other comprehensive income	(32,865)	(102,929)
Deferred tax credit/(charge) on gain on equity instruments designated at fair value through other comprehensive income	9,860	30,879
Gain on equity instruments designated at fair value through other comprehensive income, net of tax	(23,006)	(72,050)
Revaluation gain on property and equipment (PPE)	224,612	192,747
Deferred tax charge on revaluation gain on property and equipment (PPE)	(67,384)	(56,825)
Revaluation gain on property and equipment (PPE), net of tax	157,228	135,922
Total other comprehensive income for the year, net of tax	134,223	63,872
Total comprehensive income for the year	653,870	2,230,758

* The segment engages in transactions with its Holding entity and other related subsidiary. Certain amounts here do not correspond to the face of the consolidated financial statements due to elimination of these related party transactions.

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6. SEGMENT INFORMATION (Continued)

6(a)(ii) ASSETS AND LIABILITIES- GENERAL BUSINESS (Reportable segment)

	31 December 2025 Ushs'000	31 December 2024 Ushs'000
ASSETS		
Cash and cash equivalents balances	2,157,371	865,795
Other receivables and prepayments	8,114,280	2,973,954
Reinsurance Contract assets Held	1,468,752	-
Financial Assets:		
Fair value through profit or loss	508,375	443,296
Fair value through other comprehensive income	2,349,988	2,382,853
At amortised cost	6,596,615	9,306,307
Statutory deposit at amortised cost	833,206	680,815
Investment properties	35,280,800	41,330,100
Property, equipment and right-of-use assets	12,831,069	12,662,578
Intangible assets	301,041	-
TOTAL ASSETS	70,441,497	70,645,698
LIABILITIES		
Other payables and accruals	15,548,190	18,733,692
Income tax payable	4,652,130	4,624,356
Reinsurance contracts liabilities		1,095,024
Insurance contract liabilities	7,872,603	4,261,954
Deferred tax liabilities	2,883,338	3,099,305
TOTAL LIABILITIES	30,956,261	31,814,331
NET ASSETS	39,485,236	38,831,366
EQUITY		
Share capital	6,044,348	6,044,348
Retained earnings	32,047,663	31,528,016
Fair value reserve	(60,693)	(37,687)
Assets revaluation reserve	1,453,917	1,296,689
SHAREHOLDERS' FUNDS	39,485,236	38,831,366

*The segment engages in transactions with its Holding entity and other related subsidiary. Certain amounts here do not correspond to the face of the consolidated financial statements due to elimination of these related party transactions.

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6. SEGMENT INFORMATION (Continued)

6(b)(i) PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE
- LONG TERM BUSINESS (Reportable segment)

	Note	Life Individual Ushs'000	Life Group Ushs'000	2025 Total Ushs'000	2024 Total Ushs'000
Insurance revenue		290,799	760,521	1,051,320	2,205,369
Insurance service expenses		(1,962,910)	(558,775)	(2,521,684)	(3,523,886)
Net expenses from reinsurance contract					
Insurance service result		(1,672,110)	201,746	(1,470,364)	(1,318,517)
Interest revenue calculated using the effective interest method		6,733	389,068	395,800	481,915
Investment income		35,894	188,738	224,632	303,735
Net impairment(loss)/reversal on financial assets		566	18,626	19,192	(51,034)
Fair value gain on Investment property		-	40,000	40,000	-
Fair value loss on Financial assets Through Profit or Loss		-	(578,711)	(578,711)	-
Investment return		43,193	57,720	100,914	734,615
Insurance finance expense from insurance contracts		(154,898)	(103)	(155,001)	(299,637)
Net financial result		(111,705)	57,617	(54,087)	434,978
Other income		355,068	69,197	424,265	39,781
Net foreign exchange loss/(gain)		(35,294)	35,204	(91)	-
Other finance cost		-	(98,586)	(98,586)	(122,643)
Other expenses		(7,889)	(619,033)	(626,923)	(1,176,043)
Loss before taxation		(1,471,931)	(353,855)	(1,825,785)	(2,142,443)
Income tax credit		-	710,848	710,848	715,058
Loss for the year		(1,471,931)	356,994	(1,114,937)	(1,427,385)
Other comprehensive income					
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>					
Gain/(loss) on equity instruments designated at fair value through other comprehensive income		206,646	-	206,646	(318,327)
Deferred tax (charge)/credit on gain on equity instruments designated at fair value through other comprehensive income		(61,994)	-	(61,994)	95,498
		144,652	-	144,652	(222,829)
Total comprehensive (loss)/income for the year		(1,327,279)	356,994	(970,285)	(1,650,214)

* The segment engages in transactions with its Holding entity and other related subsidiary. Certain amounts here do not correspond to the face of the consolidated and separate financial statements due to elimination of these related party transactions

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6. SEGMENT INFORMATION (Continued)

6(b)(iii) ASSETS AND LIABILITIES AS AT 31 DECEMBER 2025
- LONG-TERM BUSINESS (Reportable segment)

	Life	DAP*	2025 Total	2024 Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
ASSETS				
Cash and cash equivalents balances	214,879	-	214,879	92,822
Other receivables and prepayments	283,611	-	283,611	221,920
Reinsurance Contract assets	-	-	-	-
Statutory deposits	527,479	-	527,479	519,041
Financial Assets:			-	-
Measured at fair value Through Profit or Loss	948,489	-	948,489	1,527,200
Measured at fair value Through Other comprehensive income	1,927,119	-	1,927,119	1,755,617
Measured at amortised cost	3,692,709	-	3,692,709	3,098,736
Investment properties	5,012,225	2,087,775	7,100,000	7,060,000
Property, equipment and right-of-use assets	474,823	-	474,823	611,013
Deferred tax assets	1,733,740	-	1,733,740	1,031,865
TOTAL ASSETS	14,815,074	2,087,775	16,902,849	15,918,214
LIABILITIES				
Other payables and accruals	2,855,270	-	2,855,270	3,606,637
Income tax payable	384,570	-	384,570	225,926
Investment Contract Liabilities	634,186	3,654,924	4,289,110	4,654,708
Reinsurance contracts liabilities	-	-	-	140,566
Insurance contract liabilities	1,465,891	-	1,465,891	2,542,085
Deferred tax liabilities	-	-	-	-
TOTAL LIABILITIES	5,339,917	3,654,924	8,994,841	11,169,921
NET ASSETS	9,475,157	(1,567,149)	7,908,008	4,748,293
EQUITY				
Share capital	10,619,000	-	10,619,000	4,574,000
Share premium	247,108	-	247,108	247,108
Other reserves	-	-	-	1,915,000
Retained earnings	(1,379,379)	(1,567,149)	(2,946,528)	(1,831,591)
Fair value reserve	(11,572)	-	(11,572)	(156,224)
SHAREHOLDERS' FUNDS	9,475,157	(1,567,149)	7,908,008	4,748,293

* The segment engages in transactions with its Holding entity and other related subsidiary. Certain amounts here do not correspond to the face of the consolidated financial statements due to elimination of these related party transactions.

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6. SEGMENT INFORMATION (Continued)

6(c)' RECONCILIATION OF DEPOSIT ADMINISTRATION PLAN (DAP) UNDER LONG-TERM BUSINESS

6(c)(i) PAYABLES UNDER DEPOSIT ADMINISTRATION CONTRACTS

Deposit administration plan (DAP) contracts are recorded at fair value. DAP's assets and liabilities are included in the Group's statement of financial position under the subsidiary of NIC Life (Long-term business). Movements in amounts payable under deposit administration contracts during the year were as shown below:

	31-Dec-25	31-Dec-24
	Ushs'000	Ushs'000
Fund balance at 1 January	3,884,969	4,102,127
Surrenders and annuities paid	(1,270,990)	(544,055)
Pensions paid	-	(4,898)
Exchange difference	(13,429)	(30,891)
Administrative charges	-	(3,986)
Guaranteed interest	333,783	374,197
Other movements (Prior year adjustment)	-	(7,526)
Fund balance at 31 December	2,934,333	3,884,968
Outstanding claims	720,591	348,998
Fund and outstanding DAP claims balance at 31 December	3,654,924	4,233,966

6(c)(ii) STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024 FOR DAP

	Notes	31-Dec-25	31-Dec-24
		DAP	DAP
		Ushs'000	Ushs'000
ASSETS			
Cash and bank balances	16	-	-
Investment contract liabilities	23	3,654,924	4,233,966
TOTAL ASSETS		3,654,924	4,233,966
LIABILITIES			
Investment Contract Liabilities	29	3,654,924	4,233,966
TOTAL LIABILITIES		3,654,924	4,233,966
NET ASSETS		-	-

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6. SEGMENT INFORMATION (Continued)

6(d)(i) GROUP PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME- RECONCILIATION

	Company	General Business Ushs'000	Long term Business Ushs'000	Consolidation Adjustment Ushs'000	Group 2025 Ushs'000	Company Ushs'000	General Business Ushs'000	Long term Business Ushs'000	Consolidation Adjustment Ushs'000	Group 2024 Ushs'000
Insurance revenue	-	33,006,901	1,051,320	(427,440)	33,630,781	-	31,676,345	2,205,369	(477,071)	33,404,643
Insurance service expenses	-	(25,470,734)	(2,521,684)	427,440	(27,564,978)	-	(21,740,579)	(3,490,867)	477,071	(24,754,375)
Insurance service results before reinsurance contracts held	-	7,536,167	(1,470,364)	-	6,065,803	-	9,935,766	(1,285,498)	-	8,650,268
Expenses from reinsurance contracts held	-	(9,038,713)	-	-	(9,038,713)	-	(12,729,544)	-	-	(12,729,544)
Income from reinsurance contracts held	-	2,358,614	-	-	2,358,614	-	2,673,129	-	-	2,673,129
Net expense from reinsurance contracts held	-	(6,680,098)	-	-	(6,680,098)	-	(10,056,415)	-	-	(10,056,415)
Insurance service result	-	856,069	(1,470,364)	-	(614,296)	-	(120,649)	(1,285,498)	-	(1,406,147)
Investment income	289,454	1,923,086	253,311	(166,283)	2,299,568	408,608	2,221,899	288,231	(172,319)	2,746,419
Interest income calculated using the Effective Interest method	-	1,333,034	395,800	(137,700)	1,591,135	-	761,855	481,915	-	1,243,770
Net impairment loss on financial assets	61,944	(406,136)	(33,075)	-	(377,267)	(13,482)	1,168,866	(139,668)	-	1,015,716
Fair value loss through profit or loss	-	65,079	(578,711)	-	(513,632)	-	21,746	(623,081)	-	(601,335)
Fair value gain/(loss) on held for sale properties	-	-	-	-	-	-	-	-	-	-
Fair value losses on investment properties	(586,705)	(1,857,172)	40,000	-	(2,403,877)	-	(3,332)	8,333	-	5,001
Revaluation gain/(loss) on owner occupied property (Leasehold)	-	-	-	-	-	-	-	-	-	-
Investment return	(235,306)	1,057,891	77,326	(303,983)	595,928	395,126	4,171,034	15,730	(172,319)	4,409,571
Insurance finance expenses	-	-	-	-	-	-	-	-	-	-
Insurance finance expense	-	(207,917)	(155,001)	-	(362,918)	-	(250,211)	(299,637)	-	(549,848)
Reinsurance finance income(expense)	-	(80,822)	-	-	(80,822)	-	105,718	-	-	105,718
Net finance result	-	(288,740)	(155,001)	-	(443,741)	-	(144,493)	(299,637)	-	(444,130)
Net investment and finance result	(235,306)	769,151	(77,675)	(303,983)	152,187	395,126	4,026,541	(283,907)	(172,319)	3,965,441
Other income*	729	76,256	424,175	-	501,160	128,089	179,141	35,266	-	342,496
Other finance cost	(698,224)	(102,405)	(98,586)	236,286	(662,929)	(583,796)	(129,279)	(122,643)	122,643	(713,075)
Net foreign exchange difference	94,359	(66,959)	(91)	-	27,309	(1,925)	(27,618)	31,164	-	1,621
Other expenses- non-attributable	(43,339)	(849,823)	(603,244)	73,261	(1,423,145)	(154,587)	(656,708)	(516,825)	84,976	(1,243,144)
Net investment and finance result and net other income / (other expenses)	(881,781)	(173,780)	(355,421)	5,563	(1,405,418)	(217,093)	3,392,077	(856,945)	35,300	2,353,339
Profit/(loss) before taxation	(881,781)	682,289	(1,825,785)	5,563	(2,019,714)	(217,093)	3,271,428	(2,142,443)	35,300	947,192
Taxation (charge)/credit	(49,577)	(162,641)	710,848	-	498,630	(80,504)	(1,104,542)	715,058	-	(469,988)
Profit/(loss) after taxation	(931,358)	519,647	(1,114,937)	5,563	(1,521,084)	(297,597)	2,166,886	(1,427,385)	35,300	477,204
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	-	-	-
Items within OCI that may not be reclassified to Profit or Loss:	-	-	-	-	-	-	-	-	-	-
Fair value gain on financial assets, gross of tax	-	(32,865)	206,646	-	173,781	-	(102,929)	(318,327)	-	(421,256)
Deferred tax on gain on equity instruments measured at fair value through other comprehensive income	-	9,860	(61,994)	-	(52,134)	-	30,879	95,498	-	126,377
	-	(23,006)	144,652	-	121,647	-	(72,050)	(222,829)	-	(294,879)
Revaluation (loss)/gain on property and equipment	-	224,612	-	-	224,612	-	192,747	-	-	192,747
Deferred tax on revaluation loss/gain on property and equipment	-	(67,384)	-	-	(67,384)	-	(56,825)	-	-	(56,825)
	-	157,228	-	-	157,228	-	135,922	-	-	135,922
Other comprehensive income net of tax	-	134,223	144,652	-	278,875	-	63,872	(222,829)	-	(158,957)
Total comprehensive profit/(loss) for the year	(931,358)	653,870	(970,285)	5,563	(1,242,209)	(297,597)	2,230,758	(1,650,214)	35,300	318,247
Earnings per share	-	-	-	-	-	-	-	-	-	-
Basic and Diluted (Ushs)	(0.44)	-	-	-	(0.72)	(0.14)	-	-	-	0.22

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6. SEGMENT INFORMATION (Continued)

6(d)(ii) GROUP ASSETS AND LIABILITIES- RECONCILIATION

		Consolidation Adjustment	Company	General Business	Long term Business	Group 31 December 2025	Consolidation Adjustment	Company	General Business	Long term Business	Group 31 December 2024
	Notes	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
ASSETS											
Cash and cash equivalents balances	17	-	18,996	2,157,371	214,879	2,391,246	-	97,276	865,795	92,822	1,055,893
Other receivables and prepayments	24a	(2,271,000)	40,029	8,114,278	283,611	6,166,918	(2,982,368)	2,034,777	2,973,954	221,920	2,248,283
Income tax recoverable	14	-	437,814	-	-	437,814	-	-	-	-	-
Reinsurance Contract assets	19	-	-	1,468,752	-	1,468,752	-	-	-	-	-
Financial Assets:											
-Fair value through Profit or loss	18a	-	-	508,375	948,489	1,456,864	-	-	443,296	1,527,200	1,970,496
-At fair value through other comprehensive income	18b	-	-	2,349,988	1,927,119	4,277,107	-	-	2,382,853	1,755,617	4,138,470
-At amortized cost	18c	(1,667,700)	-	6,596,614	3,692,709	8,621,623	-	-	9,306,306	3,098,735	12,405,041
Statutory deposits at amortised cost	25	-	-	833,207	527,479	1,360,686	-	-	680,816	519,041	1,199,857
Investment in subsidiaries	18	(16,730,765)	16,730,765	-	-	-	(10,685,765)	10,685,765	-	-	-
Investment properties	21	-	-	35,280,800	7,100,000	42,380,800	-	7,350,000	41,330,100	7,060,000	55,740,100
Deferred Income Tax	22	-	-	-	-	-	-	-	-	-	-
Property and equipment and right of use asset	23a	(446,525)	-	12,831,069	474,823	12,859,367	(594,823)	-	12,662,578	610,914	12,678,669
Intangible Assets	23b	-	-	301,041	-	301,041	-	-	-	-	-
TOTAL ASSETS		(21,115,992)	17,227,604	70,441,495	15,169,109	81,722,217	(14,262,956)	20,167,818	70,645,698	14,886,249	91,436,809
LIABILITIES											
Loans and borrowings	31	-	2,106,387	-	-	2,106,387	-	6,254,053	-	-	6,254,053
Related party loan		(1,667,700)	1,667,700	-	-	-	-	-	-	-	-
Other payables and accruals and lease liabilities	29	(2,807,661)	2,409,907	15,548,192	2,855,270	18,005,710	(1,746,763)	1,877,642	18,733,699	3,606,538	22,471,116
Income tax payable	14	-	-	4,652,130	384,570	5,036,700	-	53,147	4,624,356	225,926	4,903,429
Dividend payable	32	-	1,336,017	-	-	1,336,017	-	1,344,025	-	-	1,344,025
Insurance contract liabilities	26	-	-	7,872,604	1,465,891	9,338,495	-	-	4,261,953	2,542,085	6,804,038
Reinsurance contract liabilities	28	-	-	-	-	-	-	-	1,095,024	140,566	1,235,590
Investment contract liabilities	27	-	-	-	4,289,110	4,289,110	-	-	-	4,654,708	4,654,708
Deferred tax liabilities	22	-	-	2,883,337	(1,733,740)	1,149,597	-	578	3,099,304	(1,031,865)	2,066,861
TOTAL LIABILITIES		(4,475,361)	7,520,011	30,956,263	7,261,101	41,262,015	(1,746,763)	9,528,289	31,814,336	10,137,958	49,733,820
NET ASSETS		(16,640,631)	9,707,593	39,485,232	7,908,008	40,460,202	(12,516,193)	10,639,529	38,831,362	4,748,291	41,702,989
EQUITY											
Share capital	32a	(16,663,348)	10,618,348	6,044,348	10,619,000	10,618,348	(10,618,348)	10,618,348	6,044,348	4,574,000	10,618,348
Share premium	32b	(247,107)	67,417	-	247,107	67,417	(247,107)	67,417	-	247,107	67,417
Deposit for shares	34	-	1,915,000	-	-	1,915,000	(1,915,000)	1,915,000	-	1,915,000	1,915,000
Retained earnings	35	269,824	(2,893,172)	32,047,659	(2,946,528)	26,477,784	264,262	(1,961,814)	31,528,012	(1,831,592)	27,998,868
Fair value reserve	36	-	-	(60,693)	(11,572)	(72,264)	-	-	(37,687)	(156,224)	(193,911)
Assets revaluation reserve	37	-	-	1,453,917	-	1,453,917	-	-	1,296,689	-	1,296,689
SHAREHOLDERS' FUNDS		(16,640,631)	9,707,593	39,485,232	7,908,008	40,460,202	(12,516,193)	10,638,951	38,831,362	4,748,291	41,702,411

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7 RISK MANAGEMENT POLICIES

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

The disclosures below summarise the way the Group manages key risks:

7(A) INSURANCE RISK MANAGEMENT

The Group accepts insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Group is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Group manages its risk through its underwriting and reinsurance strategy within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Group from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Regulatory capital is also managed (though not exclusively) by reference to the insurance risk to which the Group is exposed.

Exposures are managed by having documented underwriting limits and criteria. Reinsurance contracts are purchased to mitigate the effect of potential loss to the group from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance contracts are held with approved reinsurers on either a proportional or excess of loss treaty basis.

Exposure to insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. Based on this guidance, the Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location, lack of sound reinsurance programs and type of industry covered. However, the company's management is aware of these factors and has applied a number of strategies not limited to; product diversification, partnering with reinsurers, opening-up a number of branches across the country to cover a bigger geographical market share, among others.

(a) Non-life insurance contracts

The Group writes fire, accident, motor, aviation and marine risks primarily over a twelve month duration. The most significant risks arise from natural disasters, climate change and other catastrophes (i.e. high severity, low frequency events). A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business. The relative variability of the outcome is mitigated if there is a large portfolio of similar risks.

Product	Key risks	Risk mitigation
Property and casualty	-Extreme weather events	Diversification of types of risk, industries and geographic locations in which risks are written
	-Natural catastrophes	
	-Legislative changes giving rise to increased	Extensive analysis of data to enhance risk selection, segmentation and profitability
	-Emergence of long-tailed claims: e.g. latent disease type claims	
	-Accidents	Reinsurance with financially strong reinsurers, including excess of loss catastrophe cover

Concentration of insurance risk- Non-Life Business

The concentration of short-term insurance by type of contract is summarized below by reference to insurance contract liabilities is as per below;

	2025	2024
	Ushs'000	Ushs'000
Aviation	1,772,549	1,460,866
Engineering	202,650	19,300
Fire	670,870	257,819
Marine	271,288	98,695
Miscellaneous*	827,836	255,556
Motor	2,434,984	1,422,366
Personal accident	1,378,380	586,137
Public liability	71,186	26,856
Theft	75,491	30,736
Workmen's compensation	167,369	103,625
	<u>7,872,603</u>	<u>4,261,956</u>

7 RISK MANAGEMENT POLICIES (CONTINUED)

7(A) INSURANCE RISK MANAGEMENT (CONTINUED)

(a) Non-life insurance contracts (Continued)

	Gross %	Gross %
Aviation	22.52%	34.28%
Engineering	2.57%	0.45%
Fire	8.52%	6.05%
Marine	3.45%	2.32%
Miscellaneous*	10.52%	6.00%
Motor	30.93%	33.37%
Personal accident	17.51%	13.75%
Public liability	0.90%	0.63%
Theft	0.96%	0.72%
Workmen's compensation	2.13%	2.43%
	100.00%	100.00%

*The miscellaneous policies include insurance contracts under bonds, custom bonds, electronic, travel and plate glass.

Non-life contracts are renewable annually with the exception of performance bonds and contractors all risks contracts which are based on the term of the contract which is usually 2 or 3 years. The ability to reprice contracts on renewal in response to changes in policyholder risk profiles, claims experience and market considerations is a significant mitigant to pricing risk. Contracts may also contain other features that constrain underwriting risk – e.g. the use of deductibles and capping on the maximum permitted loss or number of claims (subject to local regulatory and legislative requirements).

Claims experiences are used for specific policy holders to assess risk exposure and endeavour to optimise the pricing of non-life contracts. The possibility of weather-related calamities is built into pricing, considering trends in historical data and leading indicators of climate risk.

Reinsurance contracts are also used to mitigate the risk of incurring significant losses linked to single events, including excess of loss and stop loss reinsurance. Certain non-life businesses are required to protect against catastrophe events in accordance with local regulatory requirements. Where an individual exposure exceeds the Company's risk appetite, additional facultative reinsurance is also purchased.

Sensitivity analysis- Non-Life Business

The non-life insurance claim liabilities are sensitive to the key assumption in the table below. The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant (as discussed under note 3, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of the assumption will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in the assumption, the assumption had to be changed on an individual basis. It should be noted that movements in the assumption is nonlinear. The method used for deriving sensitivity information and the significant assumption did not change from the previous period.

	Change in assumption	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
	%	Ushs '000	Ushs '000
31 December 2025			
Gross claims cost	± 10%	344,578	241,205
Net claims cost	± 10%	108,717	76,102
31 December 2024			
Gross claims cost	± 10%	315,758	221,030
Net claims cost	± 10%	262,819	183,974

The sensitivity analysis in relation to the changes in the discount rates adopted is as follows

	Base scenario	Discount rates +1%	Discount rates -1%
	Ushs '000	Ushs '000	Ushs '000
2025			
Aviation	1,772,549	1,790,275	1,754,824
Engineering	202,650	204,676	200,623
Fire	670,870	677,578	664,161
Marine	271,288	274,000	268,575
Miscellaneous	827,836	836,114	819,558
Motor	2,434,984	2,459,334	2,410,634
Personal accident	1,378,380	1,392,163	1,364,596
Public liability	71,186	71,898	70,474
Theft	75,491	76,246	74,736
Workmen's compensation	167,369	169,043	165,695
TOTAL	7,872,603	7,951,327	7,793,875
2024			
Aviation	1,460,866	1,475,475	1,446,258
Engineering	19,300	19,493	19,107
Fire	257,819	260,397	255,240
Marine	98,695	99,682	97,708
Miscellaneous	255,556	258,111	253,000
Motor	1,422,366	1,436,589	1,408,142
Personal accident	586,137	591,999	580,276
Public liability	26,856	27,124	26,587
Theft	30,736	31,043	30,429
Workmen's compensation	103,625	104,661	102,589
TOTAL	4,261,956	4,304,574	4,219,336

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7 RISK MANAGEMENT POLICIES (CONTINUED)

7(A) INSURANCE RISK MANAGEMENT (CONTINUED)

(a) Non-life insurance contracts (Continued)

The table below shows the actual claims compared with previous estimate of the undiscounted amount of claims. The table below shows the movement for the past 5 years (Ushs'000).

2025 claims development table

Loss year	2020	2021	2022	2023	2024	2025	Total
At end of year	1,566,567	1,550,284	1,845,929	2,295,369	1,849,079	3,506,921	12,614,149
One year later	1,067,397	1,008,950	1,623,858	1,667,448	1,400,425	-	6,768,078
Two years later	187,793	110,273	617,295	270,878	-	-	1,186,239
Three years later	38,941	8,276	33,733	-	-	-	80,950
Four years later	25,788	18,382	-	-	-	-	44,170
Five years later	73,859	-	-	-	-	-	73,859
Current estimate of cumulative claims	2,960,345	2,696,165	4,120,815	4,233,695	3,249,504	3,506,921	20,767,445
Cumulative payments to date	(2,955,345)	(2,696,165)	(4,120,331)	(4,219,095)	(3,233,950)	(2,737,406)	(19,962,291)
Prior years OCR	-	-	-	-	-	-	-
Incurred but not reported reserve	-	-	-	-	-	-	1,219,253
Unallocated loss adjustment expenses res	-	-	-	-	-	-	100,840
Time value of money	-	-	-	-	-	-	(235,744)
Risk adjustment	-	-	-	-	-	-	288,905
Post-Audit Gross OCR	-	-	-	-	-	-	321,072
Gross liability for incurred claims (LIC)	-	-	-	-	-	-	2,499,478

2025	Note	Estimates of PV of future cashflows Ushs'000	Risk adjustment for non- financial risk Ushs'000	Total Ushs'000
Total gross liabilities for incurred		2,210,573	288,905	2,499,478

2024 claims development table

Loss year	2019	2020	2021	2022	2023	2024	Total
At end of year	1,319,439	1,566,567	1,550,284	1,845,929	2,295,369	2,562,208	11,139,796
One year later	651,340	1,067,397	1,008,950	1,623,858	1,844,144	-	6,195,690
Two years later	54,914	187,793	110,273	633,195	-	-	986,175
Three years later	218,199	38,941	12,426	-	-	-	269,567
Four years later	-	25,788	-	-	-	-	25,788
Five years later	5,636	-	-	-	-	-	5,636
Current estimate of cumulative claims	2,249,529	2,886,486	2,681,933	4,102,982	4,139,513	2,562,208	18,622,651
Cumulative payments to date	2,249,529	2,886,486	2,677,783	4,087,082	3,962,817	1,849,079	17,712,775
Prior years OCR	1,000	-	-	-	-	-	1,000
Incurred but not reported reserve	-	-	-	-	-	-	1,228,593
Unallocated loss adjustment expenses res	-	-	-	-	-	-	101,024
Time value of money	-	-	-	-	-	-	(274,985)
Risk adjustment	-	-	-	-	-	-	284,999
Gross liability for incurred claims (LIC)	-	-	-	-	-	-	37,676,057

2024	Note	Estimates of PV of future cashflows Ushs'000	Risk adjustment for non- financial risk Ushs'000	Total Ushs'000
Total gross liabilities for incurred		1,965,508	284,999	2,250,507

(b) Long-term insurance Contracts

The Group also writes a number of life products under its life group, life individual and deposit administration business lines. Risks associated with offering these insurance product are as follows:

- Mortality risk – risk of loss arising due to policyholder death experience being different than expected.
- Morbidity risk – risk of loss arising due to policyholder health experience being different than expected.
- Longevity risk – risk of loss arising due to the annuitant living longer than expected.
- Investment return risk – risk of loss arising from actual returns being different than expected.
- Expense risk – risk of loss arising from expense experience being different than expected.

7 RISK MANAGEMENT POLICIES (CONTINUED)

7(A) INSURANCE RISK MANAGEMENT (CONTINUED)

(b) Long-term insurance Contracts

Concentration of insurance risk- Long-term Business

The table below summarizes the liabilities of the long-term insurance contracts per product for as at 31 December 2025 and 31 December 2024:

Individual Life Liabilities (Ushs'000)	31 Dec 2025	31 Dec 2024
Estimate of present value of cashflows	944,836	794,927
Risk Adjustment (RA)	67,954	49,917
Fulfillment cashflows (FCF)	1,012,790	844,844
Contractual Service Man in (CSM)	44,775	247,840
Liability for remaining coverage	1,057,565	1,092,684
Loss component	1,816,883	646,082

Group Business Liabilities (Ushs'000)	31 Dec 2025	31 Dec 2024
Fulfillment Cashflows (FCF)	203,727	353,736
Risk Adjustment (RA)	436	757
Liability for Incurred Claims (UC)	204,163	354,493

Estimate of present value of cashflows	86,199	293,716
Loss Component	117,963	597,129
Liability for RemaininQ Coverage	204,162	890,845
Total Reserve (LIC+LRC)	408,325	1,245,338

Reinsurance Asset Held for Group Business (Ushs'000)	31 Dec 2025	31 Dec 2024
Fulfillment Cashflows (FCF)	-	-
Risk Adjustment (RA)	-	-
Asset for Incurred Claims (AIC)	-	-

Estimate of present value of cashflows	-	-
Asset for Remaining Coverage (ARC)	-	-
Total Reserve (AIC+ARC)	-	-

Sensitivity analysis- Long-term Business 2025

Assumptions	Change in assumption	Estimate of present	Increase/ (decrease)	CSM	Increase/ (decrease)
	%	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Base	-	905,163	-	67,955	-
Mortality up	+7.5%	912,742	7,579	69,074	1,119
Longevity down	-7.5%	906,380	1,217	68,130	175
Expenses up	+10.0%	933,101	27,938	71,969	4,014
Interest rates up	+1.5%	902,643	(2,520)	67,842	(113)
Interest rates down	-1.5%	907,708	2,545	68,069	114
Disability down	-10.0%	903,768	(1,395)	67,755	(201)
Lapse down	-25.0%	923,087	17,924	71,668	3,713

Sensitivity analysis- Long-term Business 2024

Assumptions	Change in assumption	Estimate of present value of cashflows	Increase/ (decrease)	CSM	Increase/ (decrease)
	%	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Base	-	766,808	-	247,840	-
Mortality up	+5%	766,843	35	246,644	(1,195)
Mortality down	-5%	766,773	(35)	248,597	757
Longevity up	+5%	767,063	255	240,277	(7,562)
Longevity down	-5%	766,570	(238)	254,290	6,450
Expenses up	+7%	778,687	11,879	228,218	(19,622)
Expenses down	-7%	754,929	(11,879)	372,482	124,642
Interest rates up	+1.5%	763,606	(3,201)	248,171	331
Interest rates down	-1.5%	770,041	3,234	247,071	(769)

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7 RISK MANAGEMENT POLICIES (Continued)

7(B) FINANCIAL RISK MANAGEMENT

The Group monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

(a) Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risk arises due to fluctuations in both the value of assets held and the value of liabilities. The Group has established policies and procedures in order to manage market risk.

The Group has a risk management department charged with primary roles to ensure that risks are timely identified through Group's risk management framework. Compliance with Group's policies is monitored and exposures plus breaches are reported to the Group's audit and risk committee of the Board. Group's policies are regularly reviewed for pertinence and for changes in the risk environment.

The Group sets guidelines for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains, sufficient enough to meet obligations to policyholders and other commitments as and when they become due. Management normally endeavours to diversify and invest in various classes of financial assets and properties.

(i) Interest rate risk management

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises primarily from investments in fixed interest securities. Considering that these fixed deposits and Government securities are held for periods of 1 year or less, the roll-overs are made at differing interest rates therefore exposing the Group to interest rate risk. The Group is however not exposed to fair value interest risk as the investments are solely held for the collection of contractual cash-flows.

This risk is monitored through periodic reviews of the Group's interest bearing assets position. The Group is exposed to interest rate risk from interest bearing financial assets. (See note 12d)

For short-term insurance contracts, the Group has matched insurance liabilities with cash and cash equivalents. The non-equity portion of the financial assets in this portfolio of the Group is characterised by interest rate risk. Short-term insurance liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually non-interest bearing.

The Group does not account for any fixed rate or variable rate financial assets at fair value through profit or loss. Therefore, a change in interest rate at the statement of financial position date will not significantly affect the Group's net profit. There are also no financial assets held at variable interest rates. Hence a change of 500 basis point in the interest rate for these entity's instruments would result in an increase/decrease of Ushs 81.42 million in interest income recognised statement of comprehensive income for the year ended 31 December 2025 (2024: Ushs 73.75 million in the statement of changes in equity (2023: Ushs 98.77 million). There was a change from 100 basis points in the prior year to 500 basis points in the current year due to new information available indicating that 500 basis points is more reasonable.

2025	0 and 3 months	3 and 12 months	1 and 5 years	Over 5 years	31-Dec-25
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Assets					
Financial assets at amortised cost	5,536,252	3,085,371	-	-	8,621,623
Statutory deposit	573,873	786,813	-	-	1,360,686
	6,110,125	3,872,184	-	-	9,982,309

Lease liabilities	19,679	285,701	403,037	-	708,417
Managed funds	79,622	238,865	315,699	-	634,186
Investment contract liabilities (Excluding	-	3,654,924	-	-	3,654,924
Loans and borrowings	3,500,000	(1,393,613)	-	-	2,106,387
	3,599,301	2,785,877	718,735	-	7,103,913
	2,510,824	1,086,307	(718,735)	-	2,878,396

2024	0 and 3 months	3 and 12 months	1 and 5 years	Over 5 years	31-Dec-24
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Assets					
Financial assets at amortised cost	5,536,252	6,868,790	-	-	12,405,042
Statutory deposit	573,873	625,984	-	-	1,199,857
	6,110,125	7,494,774	-	-	13,604,899

Liabilities					
Lease liabilities	19,679	285,701	192,665	-	498,045
Managed funds	52,824	158,472	209,446	-	420,742
Investment contract liabilities (Excluding	-	4,233,966	-	-	4,233,966
Loans and borrowings	3,500,000	2,754,053	-	-	6,254,053
	3,572,503	7,432,192	402,111	-	11,406,806
	2,537,622	62,582	(402,111)	-	2,198,093

7 RISK MANAGEMENT POLICIES (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

(ii) Equity price risk

The Group is exposed to equity securities price risk as a result of its holdings in equity investments, classified as fair value through profit or loss (quoted equity) and at fair value through other comprehensive income (unquoted equity). Exposure to equity shares in aggregate are monitored in order to ensure compliance with the relevant regulatory limits for solvency purposes. Quoted equity held are listed and traded on the Uganda Securities Exchange, while the unquoted equity are held in national (Uganda Reinsurance), regional (PTA Reinsurance) and continental (African Reinsurance).

Investment management meetings are held to discuss investment return and concentration of the equity investments.

Quoted equity securities represent 26% (31 December 2024: 32%) of total equity investments. The following analysis is performed for reasonably possible movements in market indices with all other variables held constant, showing the impact on profit before tax. The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. The movements in their prices are non-linear and the method used for deriving sensitivity information and significant variables has been maintained throughout the year.

Change in variables		2025	2025	2024	2024
		Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Quoted Equities		Ushs '000	Ushs '000	Ushs '000	Ushs '000
Uganda Clays Limited	± 10%	144,705	101,293	144,705	101,293
New Vision Limited	± 10%	31,436	22,005	31,436	22,005
Stanbic bank Uganda Limited	± 10%	17,192	12,034	17,192	12,034
Bank of Baroda Uganda	± 10%	3,717	2,602	3,717	2,602
Unquoted Equities		Ushs '000	Ushs '000	Ushs '000	Ushs '000
African Reinsurance Corporation	± 10%	82,706	57,894	82,706	57,894
PTA Reinsurance	± 10%	183,307	128,315	183,307	128,315
Uganda Reinsurance	± 10%	92,855	64,999	92,855	64,999
Uganda Oil and Gas Co-insurance	± 10%	54,976	38,483	54,976	38,483

* This disclosure was not presented in the 2020 audited financial statements.

(iii) Foreign currency risk management

Foreign Exchange risk is the risk that the fair value or future cashflows of an exposure will fluctuate because of changes in foreign exchange rates. The Group undertakes certain transactions denominated in foreign currencies and hence has exposures to exchange rate fluctuation. These mainly include issuing insurance contracts in foreign currency thereby giving rise to premium debtors, reinsurance payables, commissions receivable, all in similar foreign currency. This risk has been hedged by investing in foreign currency denominated assets such as equity instruments and cash and bank balances held in foreign denominated currencies. In addition, significant credit-period arrangements are not allowed to foreign currency denominated policy holders.

The Group had the following significant foreign currency positions (all amounts expressed in Uganda Shillings):

As at 31 December	2025	2024
	Ushs'000	Ushs'000
Assets		
Cash and cash equivalent	458,992	200,913
Financial assets through OCI	2,349,988	3,209,883
	2,808,980	3,410,796
Liabilities		
Other payables, accruals and lease liabilities	523,130	215,371
	523,130	215,371
Foreign exchange gap	2,285,850	3,195,425

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the retranslated value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	Effect on profit before tax	Effect equity
		Ushs' 000	Ushs' 000
2025	± 5%	1,365	956
2024	± 5%	81	57

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7 RISK MANAGEMENT POLICIES (Continued)

7(B) FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The key areas of exposure to credit risk for the Group are in relation to its investment portfolio, reinsurance programme and amounts due from premium debtors.

The Group manages the levels of credit risk it accepts by placing limits on its exposures to a single counterparty, or Groups of counterparty and to geographical and industry segments. Such risks are subject to regular review.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on annual basis by reviewing their financial strength prior to finalisation of annual contracts.

In addition management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy.

Management information reported to the directors include details of provision for impairment on receivables and subsequent write offs. Exposures to individual policyholders and Groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous Groups of policyholders, a financial analysis is carried out by management and necessary remedial actions are performed.

The following table shows the carrying value of assets that are neither past due nor impaired (< 90 days), the unimpaired balance of the assets past due (> 90 days) and the impaired balance of assets over 90 days past due as well as the ECLs recognised as at period end (Credit impaired). More details regarding Credit risk grading and ECL stages is presented in this same note for each financial asset.

As at 31 December 2025	Gross Total Ushs'000	< 90 days Ushs'000	> 90 days Ushs'000	ECL/impairment provision Ushs'000
Financial assets at amortised cost	8,621,623	7,578,549	931,034	112,040
Statutory deposits at amortised cost	1,360,686	1,346,251	13,067	1,368
Due from related parties	-	-	-	-
Sundry debtors (excluding prepayments and tax)	6,149,114	5,756,251	-	392,864
Cash at bank	2,391,246	2,339,009	-	52,237
Total	19,991,422	18,488,812	944,101	558,509

As at 31 December 2024	Gross Ushs'000	< 90 days Ushs'000	> 90 days Ushs'000	ECL/impairment Ushs'000
Financial assets at amortised cost	12,405,042	11,283,053	930,990	190,999
Statutory deposits at amortised cost	1,199,857	989,015	209,641	1,201
Due from related parties	9,859	9,859	-	-
Sundry debtors (excluding prepayments and tax)	2,870,320	2,083,770	-	786,550
Cash at bank	1,055,893	1,018,699	-	37,194
Total	17,540,971	15,384,396	1,140,631	1,015,944

The table below provides information regarding the credit risk exposure of the Group by classifying High Grade as the highest possible rating. The amounts represent the maximum amount exposure to credit risk. The credit risk analysis below is presented in line with how the Group manages the risk. The Group manages its credit exposure based on the carrying value of the financial instruments, insurance assets and reinsurance assets.

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7 RISK MANAGEMENT POLICIES (Continued)

7(B) FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Group by classifying gross carrying amount of assets according to the Group's credit ratings of counterparties. It is important to note that none of the Group's financial assets measured at amortised cost was assessed with significant increase in credit risk. Thus, none of the Group's items was classified under stage 2 or stage 3 for recognition of Lifetime ECLs. All the Group's items fall within stage 1 (12-months' ECLs) as shown below;

At 31 December 2025	High grade	Standard	Past due	Total
<u>Group</u>	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Cash and cash equivalents (Cash at bank)	2,391,246	-	-	2,391,246
Government securities	3,649,198	-	-	3,649,198
Fixed deposits	-	4,860,515	-	4,860,515
Policy and staff loans	123,680	-	-	123,680
Statutory deposit	1,360,686	-	-	1,360,686
Other receivables (excluding prepayments and taxes)	-	6,149,114	-	6,149,114
Total credit exposure	7,524,810	11,009,629	-	18,534,439
At 31 December 2024	High grade	Standard	Past due	Total
<u>Group</u>	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Cash and cash equivalents (Cash at bank)	1,055,893	-	-	1,055,893
Government securities	4,680,055	-	-	4,680,055
Fixed deposits	-	7,621,434	-	7,621,434
Policy and staff loans	115,321	-	-	115,321
Statutory deposit	-	-	-	-
Other receivables (excluding prepayments and taxes)	-	2,880,179	-	2,880,179
Total credit exposure	5,851,269	10,501,613	-	16,352,882
2025	High grade	Standard	Past due	Total
<u>Company</u>	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Cash and cash equivalents	18,996	-	-	18,996
Other receivables (excluding prepayments and taxes)	-	52,312	-	52,312
Total credit exposure	18,996	52,312	-	71,308
2024	High grade	Standard	Past due	Total
<u>Company</u>	Ushs '000	Ushs '000	Ushs '000	Ushs '000
Cash and cash equivalents	97,276	-	-	97,276
Other receivables (excluding prepayments and taxes)	-	2,092,826	-	2,092,826
Total credit exposure	97,276	2,092,826	-	2,190,102

Credit risk grading and ECL stages

The Group's management has assessed and concluded that there are no financial assets with significant increase in credit risk, both at an individual level and collective basis. The Group's debt instruments recorded at amortised cost relate to treasury bills, fixed deposits with highly graded commercial banks, policy loans secured by the policyholder's deposits, and staff loans secured by staff's terminal benefits. Considering all factors, management has not identified a significant increase or deterioration in credit risk for any of the Group's financial assets. Therefore, all the Group's items at amortised cost have been graded under Stage 1 with 12-months.

ECLs, and none of the items qualifies to be measured under Stage 2 and Stage 3 with Lifetime ECLs. The table presented showcases the financial assets in terms of credit grading.

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7 RISK MANAGEMENT POLICIES (Continued)

7(B) FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

The table presented showcases the financial assets in terms of credit grading.

31 December 2025	Stage 1	Stage 2	Stage 3	Total
<i>Group</i>	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Internal rating grade				
Performing				
High grade	7,524,810	-	-	7,524,810
Standard grade	11,009,629	-	-	11,009,629
Sub-standard grade	-	-	-	-
Low grade	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	18,534,439	-	-	18,534,439

31 December 2024	Stage 1	Stage 2	Stage 3	Total
<i>Group</i>	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Internal rating grade				
Performing				
High grade	5,851,269	-	-	5,851,269
Standard grade	10,501,613	-	-	10,501,613
Sub-standard grade	-	-	-	-
Low grade	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	16,352,882	-	-	16,352,882

31 December 2025	Stage 1	Stage 2	Stage 3	Total
<i>Company</i>	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Internal rating grade				
Performing				
High grade	18,996	-	-	18,996
Standard grade	52,312	-	-	52,312
Sub-standard grade	-	-	-	-
Low grade	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	71,308	-	-	71,308

31 December 2024	Stage 1	Stage 2	Stage 3	Total
<i>Company</i>	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Internal rating grade				
Performing				
High grade	97,276	-	-	97,276
Standard grade	2,092,826	-	-	2,092,826
Sub-standard grade	-	-	-	-
Low grade	-	-	-	-
Non-performing				
Individually impaired	-	-	-	-
Total	2,190,102	-	-	2,190,102

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7 RISK MANAGEMENT POLICIES (Continued)

7(B) FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

An analysis of the changes in the corresponding ECLs on Treasury Bills have been included below;

Government securities	12mECL	LTECL	Total
ECL as at 1 January 2025	4,693	-	4,693
ECL on new financial assets	3,875	-	3,875
Assets matured	(4,693)	-	(4,693)
Unwind of discount	-	-	-
Movement between 12m ECL and LTECL	-	-	-
At 31 December 2025	3,875	-	3,875

Government securities	12mECL	LTECL	Total
ECL as at 1 January 2024	5,074	-	5,074
ECL on new financial assets	4,693	-	4,693
Assets matured	(5,074)	-	(5,074)
Unwind of discount	-	-	-
Movement between 12m ECL and LTECL	-	-	-
At 31 December 2024	4,693	-	4,693

An analysis of the gross carrying amount of Treasury Bills has been included below;

Government securities	12mECL	LTECL	Total
Gross carrying amount as at 1 January 2025	4,681,099	-	4,681,099
New assets purchased	11,906,038	-	11,906,038
Assets matured	(6,025,173)	-	(6,025,173)
Accrued interest capitalised	750,095	-	750,095
At 31 December 2025	11,312,059	-	11,312,059

Government securities	12mECL	LTECL	Total
Gross carrying amount as at 1 January 2024	5,029,541	-	5,029,541
New assets purchased	1,082,200	-	1,082,200
Assets matured	(1,782,233)	-	(1,782,233)
Accrued interest capitalised	355,240	-	355,240
At 31 December 2024	4,684,748	-	4,684,748

An analysis of the changes in the corresponding ECLs on Statutory Deposits have been included below;

Statutory deposit	12mECL	LTECL	Total
ECL as at 1 January 2025	1,201	-	1,201
ECL on new financial assets	1,368	-	1,368
Assets matured	(1,201)	-	(1,201)
Unwind of discount	-	-	-
Movement between 12m ECL and LTECL	-	-	-
At 31 December 2025	1,368	-	1,368

Statutory deposit	12mECL	LTECL	Total
ECL as at 1 January 2024	1,209	-	1,209
ECL on new financial assets	1,201	-	1,201
Assets matured	(1,209)	-	(1,209)
Unwind of discount	-	-	-
Movement between 12m ECL and LTECL	-	-	-
At 31 December 2024	1,201	-	1,201

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7 RISK MANAGEMENT POLICIES (Continued)

7(B) FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Credit risk grading and ECL stages (Continued)

An analysis of the gross carrying amount of Statutory Deposits has been included below;

Statutory deposit	12mECL	LTECL	Total
Gross carrying amount as at 1 January 2025	1,200,377	-	1,200,377
New assets purchased	1,333,298	-	1,333,298
Assets matured	(1,364,011)	-	(1,364,011)
Accrued interest capitalised	192,390	-	192,390
At 31 December 2025	1,362,054	-	1,362,054

Statutory deposit	12mECL	LTECL	Total
Gross carrying amount as at 1 January 2024	1,209,073	-	1,209,073
New assets purchased	776,440	-	776,440
Assets matured	(893,522)	-	(893,522)
Accrued interest capitalised	109,067	-	109,067
At 31 December 2024	1,201,058	-	1,201,058

An analysis of the changes in the corresponding ECLs on Fixed Deposit have been included below;

Fixed Deposits	12mECL	LTECL	Total
ECL as at 1 January 2025	165,164	-	165,164
ECL on new financial assets	96,397	-	96,397
Assets matured	(165,164)	-	(165,164)
Unwind of discount	-	-	-
Movement between 12m ECL and LTECL	-	-	-
At 31 December 2025	96,397	-	96,397

Fixed Deposits	12mECL	LTECL	Total
ECL as at 1 January 2024	84,612	-	84,612
ECL on new financial assets	165,164	-	165,164
Assets matured	(84,612)	-	(84,612)
Unwind of discount	-	-	-
Movement between 12m ECL and LTECL	-	-	-
At 31 December 2024	165,164	-	165,164

An analysis of the gross carrying amount of Fixed Deposit has been included below;

Fixed Deposits	12mECL	LTECL	Total
Gross carrying amount as at 1 January 2025	7,688,192	-	7,688,192
New assets purchased	4,865,960	-	4,865,960
Assets matured	(8,093,256)	-	(8,093,256)
Accrued interest capitalised	496,016	-	496,016
At 31 December 2025	4,956,912	-	4,956,912

Fixed Deposits	12mECL	LTECL	Total
Gross carrying amount as at 1 January 2024	6,535,668	-	6,535,668
New assets purchased	12,077,638	-	12,077,638
Assets matured	(11,306,686)	-	(11,306,686)
Accrued interest capitalised	479,977	-	479,977
At 31 December 2024	7,786,598	-	7,786,598

An analysis of the changes in the corresponding ECLs on Staff loans and receivables have been included below;

Staff loans & receivables	12mECL	LTECL	Total
ECL as at 1 January 2025	21,142	-	21,142
Assets written-off	-	-	-
ECL on new financial assets	-	-	-
Assets matured	-	-	-
Unwind of discount	-	-	-
Movement between 12m ECL and LTECL	-	-	-

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7 RISK MANAGEMENT POLICIES (Continued)

7(B) FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Credit risk grading and ECL stages (Continued)

At 31 December 2025	21,142	-	21,142
Staff loans & receivables	12mECL	LTECL	Total
ECL as at 1 January 2024	21,142	-	21,142
ECL on new financial assets	-	-	-
Assets matured	-	-	-
Unwind of discount	-	-	-
Movement between 12m ECL and LTECL	-	-	-

At 31 December 2024	21,142	-	21,142
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An analysis of the gross carrying amount of Staff loans & receivables has been included below;

Staff loans & receivables	12mECL	LTECL	Total
Gross carrying amount as at 1 January 2025	103,553	-	103,553
Disbursement	133,234	-	133,234
Repayment	(113,107)	-	(113,107)
Assets written-off	-	-	-
Accrued interest capitalised	-	-	-

At 31 December 2025	123,680	-	123,680
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Staff loans & receivables	12mECL	LTECL	Total
Gross carrying amount as at 1 January 2024	51,003	-	51,003
Disbursement	150,660	-	150,660
Repayment	(76,968)	-	(76,968)
Accrued interest capitalised	-	-	-

At 31 December 2024	124,695	-	124,695
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An analysis of the changes in the corresponding ECLs on Other Receivables and Prepayments have been included below;

Other receivables and prepayments

	12mECL	LTECL	Total
ECL as at 1 January 2025	786,550	-	786,550
ECL on new financial assets	392,864	-	392,864
Assets matured	(786,550)	-	(786,550)
Unwind of discount	-	-	-
Movement between 12m ECL and LTECL	-	-	-

At 31 December 2025	392,864	-	392,864
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	12mECL	LTECL	Total
ECL as at 1 January 2024	1,542,958	-	1,542,958
ECL on new financial assets	786,550	-	786,550
Assets matured	(1,542,958)	-	(1,542,958)
Unwind of discount	-	-	-
Movement between 12m ECL and LTECL	-	-	-

At 31 December 2024	786,550	-	786,550
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An analysis of the gross carrying amount of Other Receivables and Prepayments has been included below;

Other receivables and prepayments

	12mECL	LTECL	Total
Gross carrying amount as at 1 January 2025	3,034,833	-	3,034,833
New assets purchased	2,586,730	-	2,586,730
Assets matured	938,218	-	938,218
Assets written-off	6	-	-
Accrued interest capitalised	-	-	-

At 31 December 2025	6,559,782	-	6,559,782
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7 RISK MANAGEMENT POLICIES (Continued)

7(B) FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Credit risk grading and ECL stages (Continued)

Other receivables and prepayments

	12mECL	LTECL	Total
Gross carrying amount as at 1 January 2024	4,051,683	-	4,051,683
New assets purchased	3,277,679	-	3,277,679
Assets written-off	-	-	-
Assets matured	(4,294,529)	-	(4,294,529)
Accrued interest capitalised	-	-	-
At 31 December 2024	3,034,833	-	3,034,833

An analysis of the changes in the corresponding ECLs on Cash and Cash Equivalents have been included below;

Cash and cash equivalents

	12mECL	LTECL	Total
ECL as at 1 January 2025	37,194	-	37,194
ECL on new financial assets	52,237	-	52,237
Assets matured	(37,194)	-	(37,194)
Unwind of discount	-	-	-
Movement between 12m ECL and LTECL	-	-	-
At 31 December 2025	52,237	-	52,237

Cash and cash equivalents

	12mECL	LTECL	Total
ECL as at 1 January 2024	56,287	-	56,287
ECL on new financial assets	37,194	-	37,194
Assets matured	(56,287)	-	(56,287)
Unwind of discount	0	-	-
Movement between 12m ECL and LTECL	0	-	-
At 31 December 2024	37,194	-	37,194

An analysis of the gross carrying amount of Cash and Cash Equivalents has been included below;

Cash and cash equivalents

	12mECL	LTECL	Total
Gross carrying amount as at 1 January 2025	1,093,087	-	1,093,087
New assets purchased	11,420,727	-	11,420,727
Assets matured	(10,070,331)	-	(10,070,331)
Accrued interest capitalised	-	-	-
At 31 December 2025	2,443,483	-	2,443,483

	12mECL	LTECL	Total
Gross carrying amount as at 1 January 2024	2,524,651	-	2,524,651
New assets purchased	1,426,261	-	1,426,261
Assets matured	(2,857,825)	-	(2,857,825)
Accrued interest capitalised	-	-	-
At 31 December 2024	1,093,087	-	1,093,087

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7 RISK MANAGEMENT POLICIES (Continued)

7(B) FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Credit risk grading and ECL stages (Continued)

Company

An analysis of the changes in the corresponding ECLs on Cash and Cash Equivalents have been included below;

Cash and cash equivalents

	12mECL	LTECL	Total
ECL as at 1 January 2025	19,134	-	19,134
ECL on new financial assets	(16,178)	-	(16,178)
Assets matured	-	-	-
Unwind of discount	-	-	-
Movement between 12m ECL and LTECL	-	-	-
At 31 December 2025	2,956	-	2,956

Cash and cash equivalents

	12mECL	LTECL	Total
ECL as at 1 January 2024	77	-	77
ECL on new financial assets	19,057	-	19,057
Assets matured	-	-	-
Unwind of discount	-	-	-
Movement between 12m ECL and LTECL	-	-	-
At 31 December 2024	19,134	-	19,134

An analysis of the gross carrying amount of Cash and Cash Equivalents has been included below;

Cash and cash equivalents

	12mECL	LTECL	Total
Gross carrying amount as at 1 January 2025	116,410	-	116,410
New assets purchased	1,419,929	-	1,419,929
Assets matured	(1,514,387)	-	(1,514,387)
Accrued interest capitalised	-	-	-
At 31 December 2025	21,952	-	21,952

	12mECL	LTECL	Total
Gross carrying amount as at 1 January 2024	11,291	-	11,291
New assets purchased	(1,622,242)	-	(1,622,242)
Assets matured	1,727,361	-	1,727,361
Accrued interest capitalised	-	-	-
At 31 December 2024	116,410	-	116,410

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7 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

7(B) FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected reinsurance recoveries. The Group is exposed to liquidity risk arising from clients on its insurance contracts.

The following policies and procedures are in place to mitigate the Group's exposure to liquidity risk;

- *The Group has a number of policies which help to minimise the liquidity risk. These include but not limited to; Accounts Manual especially with the help of budgeting*
- *Appropriate investment decisions are taken by the Group. A sizeable proportion of investible funds is normally put in short term investment portfolio, to ensure ease of conversion to cash when claims arise. To ensure more liquidity, The Group's investment policy clearly states that part of the available funds should always be invested in attractive quoted stocks in Uganda and across the East African Community.*
- *The Group has always undertaken excess-of-loss reinsurance contracts. The X-Loss of reinsurance arrangements are in addition to other reinsurance treaties and related reinsurance arrangements like Surplus treaty, Quota Share, among others. Such arrangements are aimed at reducing the extent of the Group's liabilities attributed to claims.*

The Group primarily manages liquidity by maintaining banking facilities, continuously monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities.

The Group manages liquidity risk from the difference in timing between claim payments and recoveries thereon from reinsurers, by "maintaining or securing borrowing facilities especially short-term bank overdrafts, and lease contracts. The Group further monitors its risk of a shortage of funds by continuously monitoring forecast and actual cash flows, and matching the maturity profiles of assets and liabilities".

The following table summarises the maturity profile of the financial assets, financial liabilities, and insurance contract liabilities of the Group, based on remaining undiscounted contractual obligations including interest payable and interest receivable;

	Note	Carrying amount 2025	Contractual Cashflow	0 and 3 Months	3 and 12 Months	1 and 5 Years
Group		Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
As at 31 December 2025						
Assets						
Cash and bank balances	Note 17	2,391,246	2,443,483	2,443,483	-	-
Financial assets - Fair value through Profit or loss	Note 18(a)	1,456,864	1,456,864	508,375	948,489	-
Financial assets - Fair value through other comprehensive income	Note 18(b)	4,277,107	4,277,107	-	-	4,277,107
Financial assets - Amortized cost (TBills, FDeposits and loans)	Note 18(c)	8,621,623	8,733,664	4,652,044	4,081,620	-
Other receivable (excluding withholding tax and prepayments)	Note 24(a)	5,756,250	6,149,114	-	6,149,114	-
Financial assets - Amortized cost (Statutory deposits)	Note 25	1,360,686	1,360,686	585,095	775,591	-
Total Assets		23,863,776	24,420,918	8,188,997	11,954,814	4,277,107
Liabilities						
Investment contract liabilities (Excluding managed fund)	Note 27	4,289,110	4,289,110	57,998	3,959,933	271,179
Sundry creditors/payables*	Note 29	13,802,396	13,802,396	828,144	12,974,252	-
Dividend payable	Note 30	1,336,017	1,336,017	-	1,336,017	-
Lease liabilities	Note 29	708,417	708,417	7,084	425,051	276,282
Loans and borrowings	Note 31	2,106,387	2,106,387	2,106,387	-	-
		22,242,327	22,242,327	2,999,613	18,695,253	547,461
Net Liquidity gap		1,621,449	2,178,591	5,189,384	(6,740,439)	3,729,646

*sundry creditors/payables excludes VAT payable and lease balances.

The following table provides a maturity analysis of the Company's insurance and reinsurance contracts, which reflects the dates on which the cash flows are expected to occur.

		1 year or less	Between 1 and 2 years	Between 3 and 4 years	More than 4 years	Total
31 December 2025		Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Reinsurance assets held	Note 19	-	-	-	1,468,752	-
Insurance contract liabilities	Note 26	(9,338,495)	-	-	-	(9,338,495)
Reinsurance contracts liabilities/assets	Note 28	1,468,752	-	-	-	1,468,752
		Carrying amount 2024	Contractual Cashflow	0 and 3 Months	3 and 12 Months	1 and 5 Years
Group		Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
As at 31 December 2024						
Assets						
Cash and bank balances	Note 17	1,055,893	1,093,087	1,093,087	-	-
Financial assets - Fair value through Profit or loss	Note 18(a)	1,970,496	1,970,496	443,296	1,527,200	-
Financial assets - Fair value through other comprehensive income	Note 18(b)	4,138,470	4,138,470	-	-	4,138,470
Financial assets - Amortized cost (TBills, FDeposits and loans)	Note 18(c)	12,405,042	12,596,041	4,988,165	7,607,876	-
Other receivable (excluding withholding tax and prepayments)	Note 24(a)	2,093,629	2,880,179	-	2,880,179	-
Financial assets - Amortized cost (Statutory deposits)	Note 25	1,199,857	1,199,857	518,970	680,887	-
Total Assets		22,863,387	23,878,130	7,043,518	12,696,142	4,138,470
Liabilities						
Investment contract liabilities	Note 27	4,654,708	4,654,708	52,824	4,352,418	249,466
Sundry creditors/payables*	Note 29	15,759,423	15,759,423	947,631	14,811,792	-
Dividend payable	Note 30	1,344,025	1,344,025	-	1,344,025	-
Lease liabilities	Note 29	498,045	498,045	4,745	300,640	192,660
Loans and borrowings	Note 31	6,254,053	6,254,053	3,500,000	2,754,053	-
Total Liabilities		28,510,254	28,510,254	4,505,200	23,562,928	442,126
Net Liquidity gap**		(5,646,867)	(4,632,124)	2,538,318	(10,866,786)	3,696,344

*sundry creditors/payables excludes VAT payable and lease balances.

The following table provides a maturity analysis of the Company's insurance and reinsurance contracts, which reflects the dates on which the cash flows are expected to occur.

		1 year or less	Between 1 and 2 years	Between 3 and 4 years	More than 4 years	Total
31 December 2024		Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Reinsurance assets held	Note 19	-	-	-	-	-
Insurance contract liabilities	Note 26	(4,792,592)	-	-	-	(4,792,592)
Reinsurance contracts liabilities	Note 28	(1,235,590)	-	-	-	(1,235,590)

7 RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

7(B) FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

<u>Company</u>	<u>Note</u>	<u>Carrying amount 2025</u>	<u>Contractual Cashflow Ushs'000</u>	<u>0 and 3 Months Ushs'000</u>	<u>3 and 12 Months Ushs'000</u>	<u>1 and 5 Years Ushs'000</u>
31 December 2025						
Assets		Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Cash and bank balances	Note 17	18,996	21,952	-	-	-
Other receivable (excluding prepayments)	Note 24(a)	40,029	52,312	-	52,312	-
		59,025	74,264	-	52,312	-
Liabilities						
Sundry creditors/payables	Note 29	1,783,924	1,783,924	-	1,783,924	-
Dividend payable	Note 30	1,336,017	1,336,017	-	1,336,017	-
Loans and borrowings	Note 31	2,106,387	2,106,387	3,500,000	(1,393,613)	-
		5,226,328	5,226,328	3,500,000	1,726,328	-
Net Liquidity gap**		(5,167,303)	(5,152,064)	(3,500,000)	(1,674,016)	-
Company		Carrying amount 2024	Contractual Cashflow Demand Ushs'000	0 and 3 Months Ushs'000	3 and 12 Months Ushs'000	1 and 5 Years Ushs'000
31 December 2024						
Assets		Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Cash and bank balances	Note 17	97,276	116,410	-	-	-
Other receivable (excluding prepayments)	Note 24(a)	2,034,777	2,092,826	-	2,092,826	-
		2,132,053	2,209,236	-	2,092,826	-
Liabilities						
Sundry creditors/payables	Note 29	1,254,128	1,254,128	-	1,254,128	-
Dividend payable	Note 30	1,344,025	1,344,025	-	1,344,025	-
Loans and borrowings	Note 31	6,254,053	6,254,053	3,500,000	2,754,053	-
		8,852,206	8,852,206	3,500,000	5,352,206	-
Net Liquidity gap		(6,720,153)	(6,642,970)	(3,500,000)	(3,259,380)	-

In addition, the Group prepares monthly and quarterly cash budgets and projected cashflow statements, alongside quarterly management accounts. The prepared management accounts and projected cash budgets/cash-flows are used to analyse the Group's liquidity position. In case of projected net liability position, the Group's management sets in place appropriate measures like maintaining short term borrowings (overdrafts), liquidating some of the fixed deposits, establishes plan to dispose of tangible properties, among others. For instance, the Group's investment properties as at 31 December 2025 worth Ushs 44.48 billion (2024: Ushs 54.74 billion) would compensate a liquidity gap in the band of 3 to 12 months.

**For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance contract liabilities. It is important to note that, unearned premium (UPR) and deferred acquisition cost (DAC), have been excluded from the analysis as they are not contractual obligations.

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18 FINANCIAL ASSETS (continued)

c) (iii) Staff and Policy Loans, at amortized cost

	2025 (Ushs'000)		2024 (Ushs'000)	
	Group	Company	Group	Company
Staff Loans	123,680	-	124,695	-
Less expected credit loss	(11,768)	-	(21,142)	-
	111,912	-	103,553	-
	2025 (Ushs'000)		2024 (Ushs'000)	
	Group	Company	Group	Company
At beginning of the year	103,553	-	51,003	-
Disbursements	133,234	-	150,660	-
Repayments	(113,107)	-	(76,968)	-
	123,680	-	124,695	-
Less ECL	(11,768)	-	(21,142)	-
Loans and Receivables less of ECL	111,912	-	103,553	-
Movement in impairment provision				
At 1 January	21,142	-	21,142	-
Impairment provision for the year	(9,374)	-	-	-
At 31 December	11,768	-	21,142	-
At 31 December	8,621,623	-	12,405,042	-

- The weighted average effective interest rate on fixed deposits as at 31 December 2025 was 11.57% (31 December 2024: 11.89%).
- Loans and receivables represent interest bearing salary loans to staff members which are secured by terminal benefits of the staff or suitable staff guarantor.
- The carrying amount of these financial assets at amortised cost is a reasonable approximation of their fair values.

19 REINSURANCE CONTRACTS ASSETS/(LIABILITIES) HELD

	2025 (Ushs'000)		2024 (Ushs'000)	
	Group	Company	Group	Company
Liability for remaining coverage of contracts measured under the PA.	1,015,139	-	(1,719,902)	-
Estimates of present value of future cash flows	393,454	-	567,448	-
Risk adjustment for non-financial risk	60,159	-	57,430	-
	1,468,752	-	(1,095,024)	-

Amounts due from reinsurers in respect of claims paid by the Group on contracts that are reinsured are included in reinsurance assets on the consolidated statement of financial position.

Receivable from reinsurers is not impaired on the basis that, the re-insurance agreements provide a clause of offsetting the receivables with payables where it is reasonable to conclude on the doubtful recoverability of the receivable balances.

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19 REINSURANCE CONTRACTS ASSETS HELD (CONTINUED)

19(a) Analysis by remaining coverage and incurred claims - Contracts measured under the PAA (Continued)

	Non-Life Business					Long-term Business					Total Ushs'000
	Asset remaining Coverage Ushs'000	Loss Component Ushs'000	Estimates of PV of future cashflows Ushs'000	Risk adjustment for non- financial Ushs'000	Sub-total Ushs'000	Asset remaining Coverage Ushs'000	Loss Component Ushs'000	Estimates of PV of future cashflows Ushs'000	Risk adjustment for non- Ushs'000	Sub-total Ushs'000	
31 December, 2025											
Net Opening at 1 January 2024	(1,722,448)	2,546	567,448	57,430	(1,095,024)	-	-	-	-	-	(1,095,024)
Insurance revenue											
PAA premium reserve release	(9,038,713)	-	-	-	(9,038,713)	-	-	-	-	-	(9,038,713)
	<u>(9,038,713)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,038,713)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,038,713)</u>
Amount recovered from reinsurance:											
Risk adjustment release gross	-	-	-	(29,518)	(29,518)	-	-	-	-	-	(29,518)
New claims incurred over the period (PV)	-	-	1,894,566	-	1,894,566	-	-	-	-	-	1,894,566
New claims incurred over the period (RA)	-	-	-	-	-	-	-	-	-	-	-
Amotised insurance acquisition cash flows	1,663,175	-	-	-	1,663,175	-	-	-	-	-	1,663,175
Increase in existing incurred claims reserves:											
Increase in incurred claim liability (PV)	-	-	(1,741,285)	-	(1,741,285)	-	-	-	-	-	(1,741,285)
Increase in incurred claim liability (RA)	-	-	-	-	-	-	-	-	-	-	-
Claims and expenses received	-	-	723,619	-	723,619	-	-	-	-	-	723,619
Release for incurred claims expected over the period	-	-	(204,473)	-	(204,473)	-	-	-	-	-	(204,473)
Loss recovery component start (PAA)	-	52,530	-	-	52,530	-	-	-	-	-	52,530
Total income from reinsurance	1,663,175	52,530	672,427	(29,518)	2,358,614	-	-	-	-	-	2,358,614
Net expenses from reinsurance contracts	(7,375,537)	52,530	672,427	(29,518)	(6,680,098)	-	-	-	-	-	(6,680,098)
Reinsurance finance income or expense											
Interest expense on present value of incurred claims re	-	-	18,033	-	18,033	-	-	-	-	-	18,033
Interest expense on risk adjustment of incurred claims re	-	-	-	12,791	12,791	-	-	-	-	-	12,791
Discount rate change on present value incurred claims re	-	-	6,764	6,718	13,482	-	-	-	-	-	13,482
Discount rate change on risk adjustment of incurred claim	-	-	24,797	11,719	36,516	-	-	-	-	-	36,516
	<u>-</u>	<u>-</u>	<u>49,594</u>	<u>31,228</u>	<u>80,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,822</u>
Total changes in the statement of profit or loss	(7,375,537)	52,530	722,021	1,710	(6,599,276)	-	-	-	-	-	(6,599,276)
Actual cashflows within the period											
Premiums paid	8,386,793	-	-	-	8,386,793	-	-	-	-	-	8,386,793
Claims and other expenses paid	-	-	2,439,436	-	2,439,436	-	-	-	-	-	2,439,436
Acquisition cash flows received	(1,663,175)	-	-	-	(1,663,175)	-	-	-	-	-	(1,663,175)
Total cash flows	6,723,617	-	2,439,436	-	9,163,054	-	-	-	-	-	9,163,054
Net closing balance at 31 December 2024	(2,374,368)	55,075	3,728,906	59,140	1,468,753	-	-	-	-	-	1,468,752

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20 INVESTMENT IN SUBSIDIARIES

	Domicile country	Shareholding		Amount	
		2025	2024	2025	2024
				Ushs'000	Ushs'000
NIC General Insurance Compar	Uganda	100%	100%	5,864,657	5,864,657
NIC Life Assurance Company L	Uganda	100%	100%	10,866,108	4,821,108
				16,730,765	10,685,765

NIC General Insurance Company Limited carries out general business and NIC Life Assurance Company Limited carries out life insurance and long-term insurance business. The investment in subsidiaries is not impaired within the period. This is based on considerations of observable data and the value (net assets) of the investments exceeds the carrying amount of the investments in NIC Holdings company financial statements.

During the year ended 31 December 2024 the Group received an additional share capital contribution of Ushs 1,915,000,000 followed by Ushs 4,130,000,000 in 2025 to NIC Life, bringing the total paid-up share capital to Ushs 16,663,347,885 (Sixteen Billion, Six Hundred Sixty-Three Million, Three Hundred Forty-Seven Thousand, Eight Hundred Eighty-Five Uganda Shillings).

21 INVESTMENT PROPERTIES

	2025 (Ushs'000)		2024 (Ushs'000)	
	Group	Company	Group	Company
At 1 January	55,740,100	7,350,000	55,735,099	7,350,000
Disposals during the year	(13,600,000)	(7,350,000)	-	-
Fair Value gain on valuation	240,700	-	5,001	-
At 31 December	42,380,800	-	55,740,100	7,350,000

During the reporting period, the Group disposed of two investment properties: Plot 13B Kampala Road and Plot 39–41 Republic Road, Mbale, with respective fair values of Ushs 10.5 billion and Ushs 3.1 billion. The Kampala Road property was disposed of at a consideration of Ushs 7.422 billion, inclusive of disposal costs, resulting in a fair value loss of Ushs 3.433 billion comprising fair value loss of Ushs 2.208 billion attributable to NIC General & Ushs 1.225 billion attributable to NIC Holdings as this property was co-owned by the two entities. The Mbale property was disposed of at a consideration of Ushs 3.251 billion, resulting in a fair value gain of Ushs 150 million. Overall, the disposals resulted in a net fair value loss of Ushs 3.283 billion recognised in profit or loss. In addition, the remaining investment properties were revalued at the reporting date, resulting in a net fair value gain of Ushs 240 million (2024: Ushs 5.00 million) comprising Ushs 200 million attributable to NIC General and Ushs 40 million attributable to NIC Life.

The Group's management, through an independent professional firm of valuers, Messrs Bageine & Company that holds a practicing license with the Surveyors Registration Board of Uganda, carried out valuation of the Group's investment properties (which also includes the owner-occupied portion of the Head Office building on Plot 3 Pilkington Road, Kampala disclosed as land and building in Note 23 (a)) as at 31 December 2025. The valuation approach used to arrive at the values of the respective properties is the Market Approach (the Direct Sales Comparison Method) whose inputs mainly entailed sales data of similar properties in similar locations in the same market for land, while the Depreciated Replacement Cost Approach was used for buildings. These were used in coming up with a fair comparison of the market prices of the above properties as at year end. Any variation to the inputs used is not expected to significantly affect the valued balances above. These leasehold properties have varied un-expired lease periods ranging from 40 years to 86 years.

In line with the market approach described above used to arrive at the fair values of investment properties, fair values were determined using market comparable method, in which, valuations were based on prices of transactions involving properties of similar nature, location, and condition. The specific inputs used by the valuers include; area (in metres for buildings and in hectares or acres for land), conditions of repair, location/situation, and services like water and electricity. For land, other specific inputs considered were legal factors and ownership in terms of; lease or freehold land or mailo land. For area in metres relating to building, this is further classified into (where applicable); double storied residential building, verendah, first floor, attached outbuilding, and gate house.

In regard to the valuation of the investment properties, there are no observable inputs for which a slight increase of each input used in isolation would result in a significant decrease in the fair value. Fair values of investment properties have been thus classified under Level 3 inputs.

The group recognised Ushs 2.25 billion (2024: Ushs 2.65 billion) in gross rental income during the year and expending Ushs 551.75 million (2024: Ushs.388.78 million) on services such as security offered to the occupants of the properties and was able to charge back Ushs 256.9 million (2024: Ushs. 318.09 million) of this amount to the occupants of these properties. Furthermore, the entity spent Ushs 431.62 million (2024: Ushs 131.26 million) on the repair and maintenance of the investment properties during the year.

The Group is implementing a comprehensive asset restructuring plan approved by the Board of Directors in a bid to ensure the company continue to maintain compliance with the Risk Based Supervision model adopted by the Insurance Regulatory Authority (IRA).

The Group does not have any restrictions on the realisability of the above investment properties or the remittance of income and proceeds from these properties. There were no contractual obligations to purchase, construct, develop, repair or enhance the investment properties as at year end (2024: Nil).

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22 DEFERRED TAX ASSET / (LIABILITY)

The deferred income tax asset/(liability) comprises of:

	2025 (Ushs'000)		2024 (Ushs'000)	
	Group	Company	Group	Company
	Recognised	Unrecognised**	Recognised	Unrecognised**
Accelerated capital allowances	(451,703)	-	(486,841)	-
Unrealised exchange (gain)/loss	279,375	-	279,375	-
IBNR Insurance contract provision	267,395	-	489,336	-
Bad debt provision- premium receivable	1,211,875	-	1,049,112	-
Bad debt provision- other receivables	120,034	-	243,039	-
Revaluation surplus on properties	(4,885,241)	-	(5,764,398)	-
Carried forward loss from life business	1,883,856	-	1,097,561	-
Carried forward loss from general business	228,731	-	-	-
Interest capped on intercompany borrowings	-	41,310	-	-
Carried forward loss from NIC Holdings	-	519,923	-	578
Revaluation surplus on equity investments*	285,724	-	967,872	-
Revaluation surplus on unquoted equity investments*	40,738	-	111,650	-
Foreign exchange impact on lease	(11,663)	-	(11,663)	-
Other provisions	(91,267)	-	(60,527)	-
Right of use of asset	(239,976)	-	(328,319)	-
Finance lease obligation	212,525	-	346,364	-
	(1,149,597)	561,233	(2,067,439)	578

*In the prior year, equity investments was split between the specific movement relating to revaluation of the balances and that relating to impact of exchange gains/losses. In the current year, these have been combined to reflect the overall effect on these instruments.

**In accordance with Policy and IAS 12 Income Taxes, the deferred asset arising from accumulated tax losses carried forward are only recognised to the extent that realisation of the tax benefit is probable based on sufficient future taxable profits to utilise the recognised asset. The net deferred tax asset for NIC Holdings "the Company" amounting to Ushs. 561 million (2024: Ushs. 0.578 million) has thus not been recognised in the financial statements.

The movement on the Group's deferred tax account in 2025 is as follows:

	1-Jan-25	Statement of Profit or loss	Other comprehensive income	31-Dec-25
Accelerated capital allowances	(486,841)	35,138	-	(451,703)
Unrealised exchange (gain)/loss	279,375	-	-	279,375
IBNR provision	489,336	(221,941)	-	267,395
Bad debt provision- premium receivable	1,049,112	162,763	-	1,211,875
Bad debt provision- other receivables	243,039	(123,005)	-	120,034
Revaluation surplus on properties	(5,764,398)	654,545	224,612	(4,885,241)
Carried forward loss from life business	1,097,561	786,295	-	1,883,856
Carried forward loss from general business	-	228,731	-	228,731
Fair value gains on equity investments	967,872	(682,148)	-	285,724
Revaluation surplus on unquoted equity investments*	111,650	(123,046)	52,134	40,738
Foreign exchange impact on lease liabilities	(11,663)	-	-	(11,663)
Other provisions	(60,527)	(30,740)	-	(91,267)
Right of use of asset	(328,319)	88,343	-	(239,976)
Finance lease obligation	346,364	(133,839)	-	212,525
	(2,067,439)	641,096	276,746	(1,149,597)

22 DEFERRED TAX ASSET / (LIABILITY) (CONTINUED)

The movement on the Group's deferred tax account in 2024 is as follows:

	1-Jan-24	Statement of Profit or loss	Other comprehensive income	31-Dec-24
Accelerated capital allowances	(516,891)	30,050	-	(486,841)
Unrealised exchange (gain)/loss	279,375	-	-	279,375
IBNR Insurance contract provision	508,845	(19,509)	-	489,336
Bad debt provision- Premium Receivables	1,444,863	(395,751)	-	1,049,112
Bad debt provision- Others Receivables	135,891	107,148	-	243,039
Revaluation surplus on properties	(5,882,523)	174,950	(56,825)	(5,764,398)
Carried forward loss from life business	449,711	647,850	-	1,097,561
Carried forward loss from general business	63,483	(63,483)	-	-
Fair value gains on equity investments	769,982	197,890	-	967,872
Revaluation surplus on unquoted equity investments*	(14,727)	-	126,377	111,650
Foreign exchange impact on lease liabilities	(11,663)	-	-	(11,663)
Other provisions	92,519	(153,046)	-	(60,527)
Right of use of asset	(466,238)	137,919	-	(328,319)
Finance lease obligation	538,003	(191,639)	-	346,364
	(2,609,370)	472,379	69,552	(2,067,439)

23(a) PROPERTY AND EQUIPMENT

	Leasehold land*	Buildings on leasehold land*	Furniture & equipment	Motor vehicles	Computer equipment	Right of Use of Assets**	Group
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
COST							
At 1 January 2025	4,935,000	6,424,900	1,415,208	1,803,534	887,496	2,050,427	17,516,565
Additions	-	58,310	46,211	9,841	57,991	626,171	798,524
Disposal	-	-	-	(90,270)	-	-	(90,270)
Revaluation	18,800	12,190	-	-	-	-	30,990
Expired Leases	-	-	-	-	-	(388,871)	(388,871)
At 31 December 2025	4,953,800	6,495,400	1,461,419	1,723,105	945,487	2,287,727	17,866,938
COMPRISING							
At cost	-	-	1,461,419	1,723,105	945,487	2,287,727	6,417,738
At Valuation 2024	4,953,800	6,495,400	-	-	-	-	11,449,200
	4,953,800	6,495,400	1,461,419	1,723,105	945,487	2,287,727	17,866,938
DEPRECIATION							
At 1 January 2025	-	-	1,250,635	1,193,338	843,059	1,550,865	4,837,897
Charge for the year	-	193,622	41,161	250,649	31,192	378,777	895,401
Disposal	-	-	-	(90,270)	-	-	(90,270)
Elimination of depreciation upon revaluation**	-	(193,622)	-	-	-	-	(193,622)
IFRS 16 corrections/modifications	-	-	-	-	-	(52,964)	(52,964)
Expired leases	-	-	-	-	-	(388,871)	(388,871)
At 31 December 2025	-	-	1,291,796	1,353,717	874,251	1,487,807	5,007,571
COMPRISING							
At cost	-	-	1,291,796	1,353,717	874,251	1,487,807	5,007,571
At Valuation 2025	-	-	-	-	-	-	-
	-	-	1,291,796	1,353,717	874,251	1,487,807	5,007,571
NET BOOK VALUE							
COMPRISING							
At cost	-	-	169,623	369,388	71,236	799,920	1,410,167
At Valuation 2025	4,953,800	6,495,400	-	-	-	-	11,449,200
	4,953,800	6,495,400	169,623	369,388	71,236	799,920	12,859,367
COST							
At 1 January 2024	4,935,000	6,424,900	1,405,737	1,898,123	868,098	2,280,753	17,812,611
Additions	-	-	9,471	-	20,718	18,757	48,946
Disposal	-	-	-	(94,589)	(1,320)	-	(95,909)
Revaluation	-	-	-	-	-	(249,083)	(249,083)
At 31 December 2024	4,935,000	6,424,900	1,415,208	1,803,534	887,496	2,050,427	17,516,565
DEPRECIATION							
At 1 January 2024	-	-	1,211,048	1,007,918	816,957	1,372,749	4,408,672
IFRS 16 impact on adoption	-	-	-	-	-	(320,606)	(320,606)
Charge for the year	-	192,747	39,587	280,009	26,102	498,722	1,037,167
Disposal	-	-	-	(94,589)	-	-	(94,589)
Elimination of depreciation upon revaluation**	-	(192,747)	-	-	-	-	(192,747)
At 31 December 2024	-	-	1,250,635	1,193,338	843,059	1,550,865	4,837,897
At 31 December 2024	4,935,000	6,424,900	164,573	610,196	44,437	499,562	12,678,668

*The amount reflected as leasehold land and building on leasehold land is in respect of owner occupied portion of NIC Building on Plot 3, Pilkington Road, Kampala. The Group's owner occupied land building is stated at revalued amounts as at the report date.

The carrying amount that would have been recognised had the leasehold land and building been carried under the cost model would be Ushs 4.578 billion; that is cost: Ushs 5.473 billion less accumulated depreciation: Ushs 895.40 million (2024: Ushs 4.786 billion; that is cost: Ushs 5.473 billion less accumulated depreciation: Ushs 687.19 million).

Lease additions during the year mainly arose from remeasurements following changes in rental payment amounts, as well as the exercise of options to extend lease terms. The IFRS 16 corrections/modification adjustments relate to lease modifications, primarily due to changes in the scope of lease agreements, including the termination of certain contracts and corrections of prior computation errors. Expired leases represent contracts whose lease periods ended during the year (or recent past) and were not renewed or extended.

For details about the valuation of the Land and Buildings (inputs, method of valuation, among others) measured using revaluation model, please refer to Note 21 with disclosures covering all properties whose fair values were determined by the Group's external contracted value.

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23(a)(i) Revaluation loss/gain on PPE

Revaluation gain/(loss) - Leasehold Land
Revaluation (loss)/gain - Building

Transfer to OCI
Transfer to profit or loss

2025 (Ushs'000)		2024 (Ushs'000)	
Group	Company	Group	Company
30,990	-	-	-
193,622	-	192,747	-
224,612	-	192,747	-
-	-	-	-

23 (b) INTANGIBLE ASSETS- PURCHASED

COST

At 1 January
Additions (Work in progress)
Reclassification/write-off

At 31 December

AMORTIZATION

At 1 January
Amortization for the year
Reclassification/write-off

At 31 December

NET BOOK VALUE

2025 (Ushs'000)		2024 (Ushs'000)	
Group	Company	Group	Company
IT software	IT software	IT software	IT software
356,305	-	468,630	-
301,041	-	-	-
-	-	(112,325)	-
657,346	-	356,305	-
356,305	-	406,602	-
-	-	33,201	-
-	-	(83,498)	-
356,305	-	356,305	-
301,041	-	-	-

24(a) OTHER RECEIVABLES & PREPAYMENTS

Rent receivables
Prepayments
Withholding tax recoverable
Sundry receivables*
Due from related parties (Note 39a)
Impairment provision on other receivables (financial assets)

2025 (Ushs'000)		2024 (Ushs'000)	
Group	Company	Group	Company
163,563	34,599	369,165	163,518
239,516	-	52,385	-
171,152	-	102,269	-
5,985,551	17,712	2,501,155	1,929,308
-	-	9,859	-
(392,864)	12,283	(786,550)	(58,049)
6,166,918	40,029	2,248,283	2,034,777

*Sundry receivables majorly comprise of receivable on disposal of Mbale property by NIC General worth 3.25 billion as at 31 December 2025.

24(b)(i) Movement in impairment losses on non-financial assets

At 1 January
Impairment loss provision for the year

At 31 December

-	-	554,800	-
-	-	(554,800)	-
-	-	-	-

24(b)(ii) Movement in impairment losses on financial assets

At 1 January
Impairment loss provision for the year

At 31 December

786,550	58,049	988,158	63,624
(393,686)	(45,766)	(201,608)	(5,575)
392,864	12,283	786,550	58,049

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25 STATUTORY DEPOSIT AT AMORTISED COST

The Group maintains a statutory deposit with Bank of Uganda in line with the requirement of Section 7(1) of the Insurance Act Cap. 191 Laws of Uganda.

The deposit made is considered part of the assets in respect of the capital of the insurer and is invested by Bank of Uganda in short term investments and securities. Interest and all income accruing from this deposit is payable to the insurer.

Movement in statutory deposit	2025 (Ushs'000)		2024 (Ushs'000)	
	Group	Compny	Group	Compny
Gross balance at 1 Janaury	1,200,377	-	1,209,073	-
Additions during the year	1,333,298	-	776,440	-
Matured statutory deposits- cost	(1,244,599)	-	(756,960)	-
Interest received on matured statutory deposits	(119,412)	-	(136,562)	-
Accrued interest	192,390	-	109,067	-
Less expected credit loss	(1,368)	-	(1,201)	-
At 31 December	1,360,686	-	1,199,857	-

***Below is the analysis of the movement in allowance for expected credit losses of**

As at 1 January	1,201	-	1,209	-
Movement in the provision for ECL	167	-	(8)	-
As at 31 December	1,368	-	1,201	-

There were no writeoffs and any other significant factors affecting the movement in the provision for expected credit losses (ECLs). The computations for ECLs were done in compliance with the Group's accounting policies, IFRS and regulatory guidelines.

Based on the above disclosed carrying amounts at the start of the year and at the report date, there were no significant movements in the gross carrying carrying amounts contributing to the changes in the allowances for ECLs. The movement in ECLs fully reflects the movement in gross carrying amounts of the financial asset.

The ECL recognised is 12 months ECL based on the fact that there is no significant increase in credit risk from the date of initial recognition.

26 INSURANCE CONTRACT LIABILITIES

	2025			2024		
	Non life(a) Ushs`000	Life(b) Ushs`000	Total Ushs`000	Non life(a) Ushs`000	Life(b) Ushs`000	Total Ushs`000
Contracts measured under the PAA	7,872,604	408,325	8,280,929	4,261,953	1,274,545	5,536,498
Contracts not measured under the PAA	-	1,057,566	1,057,566	-	1,267,540	1,267,540
Total	7,872,604	1,465,891	9,338,495	4,261,953	2,542,085	6,804,038

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts are reconisred in the statement of profit or loss. For each segment, the Group presents a table that separately analyses movement in liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss. A second reconciliation is presented for contracts not measured under the PAA, which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non financial risk and the CSM

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26 INSURANCE CONTRACT LIABILITIES (CONTINUED)
26(a) Insurance contract liabilities- Non-Life Business

31 December, 2025

	Liability for remaining Coverage		Liability for incurred claims		
	Exel loss component Ushs'000	Loss Component Ushs'000	Estimates of PV of future cashflows Ushs'000	Risk adjustment for non- financial risk Ushs'000	Total Ushs'000
Opening liabilities at 1 January 2025	2,005,285	6,162	1,965,507	284,999	4,261,953
Insurance revenue					
PAA premium reserve release	(33,006,901)	-	-	-	(33,006,901)
	(33,006,901)	-	-	-	(33,006,901)
Insurance services expenses					
Incurred insurance service expenses:					
Claims	-	-	4,514,011	-	4,514,011
Expenses	-	-	16,064,478	-	16,064,478
Risk adjustment release gross	-	-	-	(191,526)	(191,526)
Amortisation of insurance acquisition cash flows	4,686,693	-	-	-	4,686,693
New claims incurred over the period (PV)	-	-	2,308,098	-	2,308,098
New claims incurred over the period (RA)	-	-	-	-	-
Increase in incurred claim liability (PV)	-	-	(782,106)	-	(782,106)
Increase in incurred claim liability (RA)	-	-	(1,293,412)	-	(1,293,412)
Increase in onerous liability (PAA)	-	-	-	164,497	164,497
	4,686,693	-	20,811,070	(27,029)	25,470,734
	(28,320,208)	-	20,811,070	(27,029)	(7,536,167)
Total Insurance service result					
Insurance finance expense					
Interest expense on present value of incurred claims reserves	-	-	170,218	-	170,218
Interest expense on RA of incurred claim reserves	-	-	-	24,217	24,217
Discount rate change on PV incurred claims reserves	-	-	6,764	-	6,764
Discount rate change on RA incurred claims reserves	-	-	-	6,718	6,718
	-	-	176,982	30,935	207,917
Total changes in the statement of profit or loss	(28,320,208)	-	20,988,052	3,906	(7,328,250)
Actual cashflows within the period					
Premiums and premium tax received	36,204,083	-	-	-	36,204,083
Claims and other insurance service expenses paid	-	-	(20,578,490)	-	(20,578,490)
Insurance acquisition cash flows	(4,686,692)	-	-	-	(4,686,692)
Total cash flows	31,517,391	-	(20,578,490)	-	10,938,901
Net closing balance	5,202,468	6,162	2,375,069	288,905	7,872,604

26(a)(i) Insurance contract liabilities- Non-Life Business (Continued)

31 December, 2024

	Liability for remaining Coverage		Liability for incurred claims		
	Exel loss component Ushs'000	Loss Component Ushs'000	Estimates of PV of future cashflows Ushs'000	Risk adjustment for non- financial risk Ushs'000	Total Ushs'000
Opening liabilities at 1 January 2024	8,101,332	35,341	2,650,646	386,995	11,174,314
Insurance revenue					
PAA premium reserve release	(31,676,345)	-	-	-	(31,676,345)
	(31,676,345)	-	-	-	(31,676,345)
Insurance services expenses					
Incurred insurance service expenses:					
Claims	-	-	4,225,806	-	4,225,806
Expenses	-	-	14,268,129	-	14,268,129
Risk adjustment release gross	-	-	-	(343,809)	(343,809)
Amortisation of insurance acquisition cash flows	4,314,871	-	-	-	4,314,871
New claims incurred over the period (PV)	-	-	1,767,354	-	1,767,354
New claims incurred over the period (RA)	-	-	-	256,266	256,266
Increase in incurred claim liability (PV)	-	-	(401,625)	-	(401,625)
Increase in incurred claim liability (RA)	-	-	-	(58,237)	(58,237)
Release for incurred claims expected over the period	-	-	(2,257,297)	-	(2,257,297)
Increase in onerous liability (PAA)	-	(29,179)	-	-	(29,179)
	4,314,871	(29,179)	17,602,367	(145,780)	21,742,279
	(27,361,474)	(29,179)	17,602,367	(145,780)	(9,934,066)
Total Insurance service result					
Insurance finance expense					
Interest expense on present value of incurred claims reserves	-	-	208,737	-	208,737
Interest expense on RA of incurred claim reserves	-	-	-	44,118	44,118
Discount rate change on PV incurred claim reserves	-	-	(2,309)	-	(2,309)
Discount rate change on RA incurred claim reserves	-	-	-	(334)	(334)
	-	-	206,428	43,784	250,212
Total changes in the statement of profit or loss	(27,361,474)	(29,179)	17,808,795	(101,996)	(9,683,854)
Actual cashflows within the period					
Premiums and premium tax received	25,978,772	-	-	-	25,978,772
Claims and other insurance service expenses paid	-	-	(18,493,934)	-	(18,493,934)
Insurance acquisition cash flows	(4,713,345)	-	-	-	(4,713,345)
Total cash flows	21,265,427	-	(18,493,934)	-	2,771,493
Net closing balance	2,005,285	6,162	1,965,507	284,999	4,261,953

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26 INSURANCE CONTRACT LIABILITIES (CONTINUED)

26(b) Life Insurance

26(b)(i) Analysis by remaining coverage and incurred claims - Contracts not measured under the PAA

	Liability for remaining coverage		Liability for incurred claims	2025
	Excluding loss component	Loss component		Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Opening balance at 1 January 2025	418,659	645,904	202,977	1,267,540
Changes that relate to the statement of profit or loss				
Insurance revenue	(264,870)	-	-	(264,870)
	(264,870)	-	-	(264,870)
Incurred claims and other insurance service expenses	-	(1,012,357)	276,164	(736,193)
Amortization of insurance acquisition cash flows	452,457	-	-	452,457
Losses and reversals of losses on onerous contracts	-	2,171,453	-	2,171,453
Adjustments to liabilities for incurred claims	(882,015)	882,015	-	-
Total insurance service expenses	(429,558)	2,041,111	276,164	1,887,717
Insurance service result	(694,428)	2,041,111	276,164	1,622,847
Net finance expenses from insurance contracts	143,015	11,883	-	154,898
Total changes in the statement of profit or loss	(551,412)	2,052,994	276,164	1,777,746
Cashflows				
Premium received	839,768	-	-	839,768
Claims paid	-	-	(1,321,484)	(1,321,484)
Insurance acquisition cash flows	(1,506,004)	-	-	(1,506,004)
Total cashflows	(666,236)	-	(1,321,484)	(1,987,720)
Closing balance at 31 December 2025	-	2,698,898	(842,343)	1,057,566

	Liability for remaining coverage		Liability for incurred claims	2024
	Excluding loss component	Loss component		Total
	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Opening balance at 1 January 2024	2,283,056	326,517	-	2,609,573
Changes that relate to the statement of profit or loss				
Insurance revenue	(1,497,244)	-	-	(1,497,244)
	(1,497,244)	-	-	(1,497,244)
Incurred claims and other insurance service expenses	-	(163,715)	2,066,445	1,902,730
Amortization of insurance acquisition cash flows	307,954	-	-	307,954
Losses and reversals of losses on onerous contracts	-	482,341	-	482,341
Adjustments to liabilities for incurred claims	(1,461,437)	-	-	(1,461,437)
Total insurance service expenses	(1,153,483)	318,626	2,066,445	1,231,588
Insurance service result	(2,650,727)	318,626	2,066,445	265,656
Net finance expenses from insurance contracts	300,323	761	-	301,084
Total changes in the statement of profit or loss	(2,350,404)	319,387	2,066,445	35,428
Cashflows				
Premium received	533,073	-	-	533,073
Premium received	-	-	(1,863,468)	(1,863,468)
Claims paid	-	-	-	-
Insurance acquisition cash flows	(47,066)	-	-	(47,066)
Total cashflows	486,007	-	(1,863,468)	(1,377,461)
Closing balance at 31 December 2024	418,659	645,904	202,977	1,267,540

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26 INSURANCE CONTRACT LIABILITIES (CONTINUED)

26(b) Insurance contract liabilities- Longterm Business

26(b)(ii) Analysis by remaining coverage and incurred claims -
Contracts measured under the PAA

	Liability for remaining coverage		Liability for incurred claims		2025
	Excluding loss component Ushs'000	Loss component Ushs'000	Estimate of present value of cash flows Ushs'000	Risk adjustment Ushs'000	Total Ushs'000
Opening balance	(100,993)	(817,970)	(355,030)	(552)	(1,274,545)
Changes that relate to the statement of profit or loss					
Insurance revenue	772,022	-	-	-	772,022
	<u>772,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>772,022</u>
Insurance service expenses					
Incurred claims and other insurance service expenses:					
Risk adjustment release	-	-	-	-	-
New claims incurred over the period (PV)	-	-	(203,300)	-	(203,300)
New Claims incurred over the Period (RA)	-	-	-	-	-
Amortization of insurance acquisition cash flows	(67,887)	-	-	-	(67,887)
Losses and reversals of losses on onerous contracts	-	479,344	-	-	479,344
Increase in existing incurred claims reserves	-	-	-	-	-
Increase in incurred claim liability (PV)	-	-	(821,792)	-	(821,792)
increase in incurred claim liability (RA)	-	-	-	-	-
Claims and expenses paid	-	-	-	-	-
Amount recognized as expenses	-	-	-	-	-
Release for incurred claims expected over the period	-	-	-	-	-
Total insurance service expenses	<u>(67,887)</u>	<u>479,344</u>	<u>(1,025,092)</u>	<u>-</u>	<u>(613,635)</u>
Insurance service result	704,135	479,344	(1,025,092)	-	158,387
Net finance expenses from insurance contracts	-	-	(103)	-	(103)
Total changes in the statement of profit or loss	<u>704,135</u>	<u>479,344</u>	<u>(1,025,195)</u>	<u>-</u>	<u>158,284</u>
Cashflows					
Premium received	(536,562)	-	-	-	(536,562)
Claims paid	-	-	1,176,612	-	1,176,612
Insurance acquisition cash flows	67,887	-	-	-	67,887
Total cashflows	<u>(468,675)</u>	<u>-</u>	<u>1,176,612</u>	<u>-</u>	<u>707,937</u>
Closing balance	<u>134,467</u>	<u>(338,626)</u>	<u>(203,614)</u>	<u>(552)</u>	<u>(408,325)</u>

Analysis by remaining coverage and incurred claims -
Contracts measured under the PAA

	Liability for remaining coverage		Liability for incurred claims		2024
	Excluding loss component Ushs'000	Loss component Ushs'000	Estimate of present value of cash flows Ushs'000	Risk adjustment	Total Ushs'000
Opening balance	290,552	723,741	257,103	552	1,271,948
Changes that relate to the statement of profit or loss					
Insurance revenue	(926,552)	-	-	-	(926,552)
	<u>(926,552)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(926,552)</u>
Insurance service expenses					
Incurred claims and other insurance service expenses:					
Risk adjustment release	-	-	-	-	-
New claims incurred over the period (PV)	-	-	354,955	-	354,955
New Claims incurred over the Period (RA)	-	-	-	-	-
Amortization of insurance acquisition cash flows	39,986	-	-	-	39,986
Losses and reversals of losses on onerous contracts	-	94,229	-	-	94,229
Increase in existing incurred claims reserves	-	-	-	-	-
Increase in incurred claim liability (PV)	-	-	2,022,727	-	2,022,727
increase in incurred claim liability (RA)	-	-	-	-	-
Claims and expenses paid	-	-	-	-	-
Amount recognized as expenses	-	-	-	-	-
Release for incurred claims expected over the period	-	-	-	-	-
Total insurance service expenses	<u>39,986</u>	<u>94,229</u>	<u>2,377,682</u>	<u>-</u>	<u>2,511,897</u>
Insurance service result	(886,566)	94,229	2,377,682	-	1,585,345
Net finance expenses from insurance contracts	-	-	75	-	75
Total changes in the statement of profit or loss	<u>(886,566)</u>	<u>94,229</u>	<u>2,377,757</u>	<u>-</u>	<u>1,585,420</u>
Cashflows					
Premium received	736,994	-	-	-	736,994
Claims paid	-	-	(2,279,830)	-	(2,279,830)
Insurance acquisition cash flows	(39,987)	-	-	-	(39,987)
Total cashflows	<u>697,007</u>	<u>-</u>	<u>(2,279,830)</u>	<u>-</u>	<u>(1,582,823)</u>
Closing balance	<u>100,993</u>	<u>817,970</u>	<u>355,030</u>	<u>552</u>	<u>1,274,545</u>

26 INSURANCE CONTRACT LIABILITIES

26(c)

The gross claims triangle as well as assumptions and methods per class of business as at 31 December 2025 are as shown below.

Fire (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2019	143,467	175,668	190,814	343,446	343,446	343,446	343,446	ICL	0.0%	343,446	37.4%
2020	343,337	376,897	376,897	376,897	376,897	376,897	376,897	ICL	0.0%	1,163,927	32.1%
2021	94,938	66,044	70,808	70,808	70,808			ICL	0.0%	70,808	4.9%
2022	24,037	126,782	124,108	125,694				ICL	0.0%	125,694	7.7%
2023	211,062	194,296	198,726					ICL	0.0%	238,912	11.3%
2024	102,843	112,159						ICL	0.0%	135,577	5.7%
2025	82,605							IBF	7.4%	144,474	4.8%

Selection	1.1437	1.0055	1.2022	1.0000	1.0000	1.0000	1.0000
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Marine and Aviation (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2019	8,004	-	-	-	-	-	-	ICL	0.0%	-	0.0%
2020	8,067	8,067	8,067	8,067	8,067	8,067		ICL	0.0%	8,067	0.1%
2021	13,256	117,039	17,039	17,039	34,181			ICL	0.0%	34,181	0.4%
2022	5,825	5,825	5,825	5,825				ICL	0.0%	5,825	0.1%
2023	71,594	83,512	94,699					ICL	0.0%	94,699	0.9%
2024	43,137	152,610						ICL	0.0%	152,610	1.4%
2025	141,645							IBF	1.0%	194,561	1.8%

Selection	2.0069	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
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Motor (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2019	1,203,085	1,387,563	1,384,654	1,384,668	1,384,668	1,390,004	1,390,004	ICL	0.0%	1,390,004	20.2%
2020	947,169	834,545	839,710	838,510	838,510	838,510		ICL	0.0%	838,510	13.8%
2021	1,752,894	1,847,512	1,835,346	1,841,436	1,839,526			ICL	0.0%	1,839,526	23.1%
2022	1,766,234	2,230,254	2,240,155	2,247,570				ICL	0.0%	2,247,570	22.0%
2023	2,059,123	2,303,700	2,295,968					ICL	0.0%	2,298,564	21.9%
2024	2,103,764	2,363,886						ICL	0.0%	2,376,754	18.6%
2025	2,652,793							ICL	0.0%	2,990,602	25.1%

Selection	1.1212	1.0044	1.0010	1.0000	1.0000	1.0000	1.0000
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Engineering (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2019	98,527	170,099	170,204	170,204	170,204	170,204	170,204	ICL	0.0%	170,204	27.8%
2020	158,353	88,093	50,212	50,755	50,755	116,582		ICL	0.0%	116,582	15.6%
2021	234,169	25,678	25,678	25,678	25,678			ICL	0.0%	25,678	4.2%
2022	10,319	10,319	16,879	16,879				ICL	0.0%	16,964	2.7%
2023	11,964	11,964	11,964					ICL	0.0%	12,094	2.4%
2024	1,892	9,580						ICL	0.0%	12,535	4.0%
2025	202,297							IBF	3.3%	206,541	67.3%

Selection	1.3180	1.2944	1.0059	1.0050	1.0000	1.0000	1.0000
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Miscellaneous (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2019	7,849	7,849	7,849	7,849	7,849	7,849	7,849	ICL	0.0%	7,849	1.1%
2020	90,469	129,750	129,750	119,865	119,865	119,865		ICL	0.0%	119,865	24.1%
2021	88,221	88,221	97,543	97,543	97,543			ICL	0.0%	97,543	14.6%
2022	3,404	138,142	128,382	128,382				ICL	0.0%	128,382	21.6%
2023	-	6,284	6,284					ICL	0.0%	6,284	0.9%
2024	7,750	8,576						ICL	0.0%	8,576	0.8%
2025	51,293							IBF	6.4%	115,879	5.5%

Selection	1.9162	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
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26 INSURANCE CONTRACT LIABILITIES (CONTINUED)

26(c)

Personal Accident (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2019	82,078	122,013	140,861	140,861	139,861	140,161	140,161	ICL	0.0%	140,161	11.8%
2020	47,347	192,353	344,092	378,791	377,093	385,125		ICL	0.0%	625,125	27.8%
2021	197,662	333,682	366,703	366,703	365,703			ICL	0.0%	365,703	18.4%
2022	196,346	266,220	396,702	395,906				ICL	0.0%	747,906	15.8%
2023	170,910	411,476	436,608					ICL	0.0%	552,886	15.5%
2024	198,681	410,310						ICL	0.0%	519,971	17.0%
2025	236,967							IBF	16.1%	590,274	15.9%

Selection	1.9225	1.2296	1.0306	1.0000	1.0000	1.0000	1.0000
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Theft (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2019	24,038	48,035	31,106	31,106	31,106	31,106	31,106	ICL	0.0%	31,106	9.2%
2020	37,666	47,343	39,183	39,183	39,183	39,183		ICL	0.0%	39,183	9.1%
2021	137,998	121,206	121,206	124,212	124,212			ICL	0.0%	124,212	27.0%
2022	39,921	42,529	37,529	37,529				ICL	0.0%	194,021	6.5%
2023	126,767	45,412	58,022					ICL	0.0%	473,485	10.3%
2024	65,519	65,519						ICL	0.0%	69,189	25.0%
2025	-							ICL	0.0%	-	0.0%

Selection	1.2000	1.0364	1.0189	1.0000	1.0000	1.0000	1.0000
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Workmen's Compensation (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2019	27,080	114,777	108,770	105,770	105,770	105,770	105,770	ICL	0.0%	105,770	64.3%
2020	2,165	37,019	34,965	34,965	34,965	34,965		ICL	0.0%	34,965	14.6%
2021	95,684	120,975	135,139	135,139	135,139			ICL	0.0%	135,139	21.0%
2022	50,843	160,862	175,353	172,353				ICL	0.0%	628,911	19.6%
2023	84,144	135,334	183,889					ICL	0.0%	610,379	21.0%
2024	38,621	126,865						ICL	0.0%	153,869	16.4%
2025	82,717							IBF	18.5%	184,659	20.6%

Selection	2.1405	1.2128	1.0000	1.0000	1.0000	1.0000	1.0000
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Public Liability (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2019	116,679	22,081	10,470	60,989	60,989	60,989	60,989	ICL	0.0%	60,989	37.2%
2020	28,301	28,401	16,421	14,120	14,120	14,120		ICL	0.0%	14,120	6.2%
2021	36,544	24,544	1,044	3,374	3,374			ICL	0.0%	3,391	1.5%
2022	-	3,314	25,626	25,626				ICL	0.0%	26,012	10.1%
2023	3,000	3,468	3,468					ICL	0.0%	3,696	1.6%
2024	-	-						ICL	2.0%	-	0.0%
2025	56,604							IBF	3.3%	61,815	24.2%

Selection	2.2607	1.1000	1.0500	1.0100	1.0050	1.0000	1.0000
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Abbreviations used: ICL- Chain Ladder using triangles of claims incurred amount; IBF- Bornhuetter-Fergusson using triangles of claims incurred amount; LR- Loss Ratio Method; and IEULR- Initial Expected Ultimate Loss Ratio.

The gross claims triangle as well as assumptions and methods per class of business for 2024 are as shown below.

Fire (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2018	59,350	91,223	88,892	88,892	88,892	88,892	88,892	ICL	0.0%	88,892	6.3%
2019	143,467	175,668	190,814	343,446	343,446	343,446		ICL	0.0%	343,226	37.4%
2020	343,337	367,897	376,897	376,897	376,897			ICL	0.0%	1,163,927	32.1%
2021	94,938	66,044	70,808	70,808				ICL	0.0%	70,808	4.9%
2022	24,037	126,782	124,108					ICL	0.0%	124,728	7.6%
2023	211,062	194,296						ICL	0.0%	197,383	9.3%
2024	102,843							IBF	15.0%	203,169	8.5%

Selection	1.3657	1.0108	1.0050	1.0000	1.0000	1.0000	1.0000
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26 INSURANCE CONTRACT LIABILITIES (CONTINUED)

26(c)

Marine and Aviation (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2018	68,491	68,491	68,491	68,491	68,491	68,491	-	ICL	0.0%	68,491	1.5%
2019	8,004	-	-	-	-	-	-	ICL	0.0%	-	0.0%
2020	8,067	8,067	8,067	8,067	8,067	-	-	ICL	0.0%	8,067	0.1%
2021	13,256	117,039	17,039	17,039	-	-	-	ICL	0.0%	17,039	0.2%
2022	5,825	5,825	-	-	-	-	-	ICL	0.0%	5,825	0.1%
2023	71,594	83,512	-	-	-	-	-	ICL	0.0%	83,512	0.8%
2024	43,137	-	-	-	-	-	-	IBF	1.0%	102,692	1.0%

Selection	2.2760	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
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Motor (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2018	1,186,486	1,523,693	1,535,315	1,535,315	1,535,315	1,535,315	1,535,315	ICL	0.0%	1,535,315	23.4%
2019	1,203,085	1,387,563	1,384,654	1,384,668	1,384,668	1,390,004	-	ICL	0.0%	1,390,004	20.2%
2020	947,169	834,545	839,710	838,510	838,510	-	-	ICL	0.0%	838,510	13.8%
2021	1,752,894	1,847,512	1,835,346	1,841,436	-	-	-	ICL	0.0%	1,841,436	23.1%
2022	1,766,234	2,230,254	2,240,155	-	-	-	-	ICL	0.0%	2,240,155	21.9%
2023	2,059,123	2,303,700	-	-	-	-	-	ICL	0.0%	2,314,227	22.0%
2024	2,148,652	-	-	-	-	-	-	ICL	0.0%	2,513,458	19.6%

Selection	1.1646	1.0044	1.0000	1.0000	1.0000	1.0000	1.0000
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Engineering (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2018	29,692	47,341	51,568	51,592	51,592	51,592	51,592	ICL	0.0%	51,592	5.0%
2019	98,527	170,099	170,204	170,204	170,204	170,204	-	ICL	0.0%	170,204	27.8%
2020	158,353	88,093	50,212	50,755	50,755	-	-	ICL	0.0%	50,755	6.8%
2021	234,169	25,678	25,678	25,678	-	-	-	ICL	0.0%	25,678	4.2%
2022	10,319	10,319	16,879	-	-	-	-	ICL	0.0%	17,000	2.7%
2023	11,964	11,964	-	-	-	-	-	ICL	0.0%	14,246	2.8%
2024	1,892	-	-	-	-	-	-	IBF	4.1%	6,488	2.1%

Selection	1.3000	1.1822	1.0072	1.0000	1.0000	1.0000	1.0000
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Miscellaneous (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2018	618	9,318	(12,672)	(12,672)	(12,672)	(12,672)	(12,672)	ICL	0.0%	(12,672)	-2.8%
2019	7,849	7,849	7,849	7,849	7,849	7,849	-	ICL	0.0%	7,849	1.1%
2020	90,469	129,750	129,750	119,865	119,865	-	-	ICL	0.0%	119,865	24.1%
2021	88,221	88,221	97,543	97,543	-	-	-	ICL	0.0%	97,543	14.6%
2022	3,404	138,142	128,382	-	-	-	-	ICL	0.0%	128,382	21.6%
2023	-	6,284	-	-	-	-	-	ICL	0.0%	6,284	0.9%
2024	7,750	-	-	-	-	-	-	ELR	6.7%	72,953	6.7%

Selection	1.9918	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
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Personal Accident (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2018	50,427	72,297	130,469	139,141	174,099	174,099	174,099	ICL	0.0%	288,264	19.1%
2019	82,078	122,013	140,861	140,861	139,861	140,161	-	ICL	0.0%	140,161	11.8%
2020	47,347	192,353	344,092	378,791	377,093	-	-	ICL	0.0%	617,093	27.2%
2021	197,662	333,682	366,703	366,703	-	-	-	ICL	0.0%	366,703	18.5%
2022	196,346	266,220	396,702	-	-	-	-	ICL	0.0%	764,864	16.5%
2023	170,910	411,476	-	-	-	-	-	ICL	18.6%	647,870	18.8%
2024	198,681	-	-	-	-	-	-	IBF	17.9%	522,189	17.1%

Selection	1.8453	1.2725	1.0407	1.0000	1.0000	1.0000	1.0000
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26 INSURANCE CONTRACT LIABILITIES (CONTINUED)

26(c)

Theft (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2018	420,980	222,997	221,693	221,693	221,794	221,794	221,794	ICL	0.0%	221,794	62.5%
2019	24,038	48,035	31,106	31,106	31,106	31,106		ICL	0.0%	31,106	9.2%
2020	37,666	47,343	39,183	39,183	39,183			ICL	0.0%	39,183	9.1%
2021	137,998	121,206	121,206	124,212				ICL	0.0%	124,212	27.0%
2022	39,921	42,529	37,529					ICL	0.0%	181,395	6.5%
2023	126,767	45,412						ICL	0.0%	459,776	7.9%
2024	65,519							ICL	0.0%	78,623	28.4%

Selection	1.2000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
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Workmen's Compensation (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2018	51,033	59,635	62,865	62,537	62,537	62,537	62,537	ICL	0.0%	62,537	27.6%
2019	27,080	114,777	108,770	105,770	105,770	105,770		ICL	0.0%	105,770	64.3%
2020	2,165	37,019	34,965	34,965	34,965			ICL	0.0%	34,965	14.6%
2021	95,684	120,975	135,139	135,139				ICL	0.0%	135,139	21.0%
2022	50,843	160,862	175,353					ICL	0.0%	631,911	19.9%
2023	84,144	135,334						ICL	0.0%	568,361	16.2%
2024	38,621							IBF	27.3%	159,240	17.0%

Selection	1.8085	1.0483	1.0000	1.0000	1.0000	1.0000	1.0000
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Public Liability (Incurred Triangle)

Loss Year	Development Year							Method	IEULR	Selected Ultimates	Ultimate Loss Ratio
	0	1	2	3	4	5	6				
2018	849	92,501	30,000	9,309	9,309	9,309	11,749	ICL	0.0%	11,749	5.2%
2019	116,679	22,081	10,470	60,989	60,989	60,989		ICL	0.0%	60,989	37.2%
2020	28,301	28,401	16,421	14,120	14,120			ICL	0.0%	14,191	6.2%
2021	36,544	24,544	1,044	3,374				ICL	0.0%	3,425	1.5%
2022	-	3,314	25,626					ICL	0.0%	27,312	10.6%
2023	3,000	3,468						ICL	2.0%	4,066	1.7%
2024	-							IBF	5.0%	2,561	1.3%

Selection	1.1560	1.1000	1.0500	1.0100	1.0050	1.0000	1.0000
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Abbreviations used: ICL- Chain Ladder using triangles of claims incurred amount; IBF- Bornhuetter-Fergusson using triangles of claims incurred amount; LR- Loss Ratio Method; and IEULR- Initial Expected Ultimate Loss Ratio.

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27 REINSURANCE CONTRACT ASSETS/(LIABILITIES)

	Note 27(a) Life Ushs'000	Note 27(b) Non Life Ushs'000	2025 Total Ushs'000	Note 27(a) Life Ushs'000	Note 27(b) Non Life Ushs'000	2024 Total Ushs'000
Reinsurance contract liabilities	-	-	-	(140,566)	(1,095,024)	(1,235,590)
Reinsurance contract assets	-	1,468,752	1,468,752	-	-	-
Net closing balance	-	1,468,752	1,468,752	(140,566)	(1,095,024)	(1,235,590)

27(a)

Life Insurance

(i) Reinsurance Contract Liabilities

	Life Ushs'000	DAP Ushs'000	2025 Total Ushs'000	Life Ushs'000	DAP Ushs'000	2024 Total Ushs'000
At beginning of the year	140,566	-	140,566	402,240	-	402,240
Payments during the year	(140,566)	-	(140,566)	(261,674)	-	(261,674)
At 31 December	-	-	-	140,566	-	140,566

Reinsurance contract liabilities relate to amounts payable to reinsurers. The amounts are payable within 12 months after year end.

(ii) Reinsurance contract assets

The reconciliation for the reinsurance contracts assets for the life insurance reporting segment is as below

Analysis by remaining coverage and incurred claims - Contracts measured under the PAA

	Asset for remaining coverage		Asset for incurred claims		2025
	Excluding loss component Ushs'000	Loss recovery component Ushs'000	Estimate of present value of cash flows Ushs'000	Risk adjustment Ushs'000	Total Ushs'000
Opening balance at 1 January 2025	24,394	-	17,407	37	41,838
Changes that relate to the statement of profit or loss					
Allocation of reinsurance premiums paid	(24,394)	-	(17,407)	(37)	(41,838)
Amounts recoverable from reinsurers					
Risk adjustment release	-	-	-	-	-
Recoveries of incurred claims and other insurance service expenses (PV)	-	-	-	-	-
Recoveries of incurred claims and other insurance service expenses (RA)	-	-	-	-	-
Amortization of insurance acquisition cash flows	-	-	-	-	-
Increase in existing incurred claims reserves:					
Increase in incurred claim asset (PV)	-	-	-	-	-
Increase in incurred claim asset (RA)	-	-	-	-	-
Release for incurred claims expected over the period					
Total amounts recoverable from reinsurers	-	-	-	-	-
Net expenses from reinsurance contracts	(24,394)	-	(17,407)	(37)	(41,838)
Net finance income from reinsurance contracts	-	-	-	-	-
Total changes in the statement of profit or loss	(24,394)	-	(17,407)	(37)	(41,838)
Cashflows					
Premium received	-	-	-	-	-
Amounts received	-	-	-	-	-
Insurance acquisition cash flows	-	-	-	-	-
Total cashflows	-	-	-	-	-
Closing balance at 31 December 2025	-	-	-	-	-

27 REINSURANCE CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(ii) Reinsurance contract assets

The reconciliation for the reinsurance contracts assets for the life insurance reporting segment is as below

Analysis by remaining coverage and incurred claims - Contracts measured under the PAA

	Asset for remaining coverage		Asset for incurred claims		2024
	Excluding loss component Ushs'000	Loss recovery component Ushs'000	Estimate of present value of cash flows Ushs'000	Risk adjustment Ushs'000	Total Ushs'000
Opening balance at 1 January 2024	24,394	-	17,407	37	41,838
Changes that relate to the statement of profit or loss					
Allocation of reinsurance premiums paid	(24,394)	-	(17,407)	(37)	(41,838)
Amounts recoverable from reinsurers					
Risk adjustment release	-	-	-	-	-
Recoveries of incurred claims and other insurance service	-	-	-	-	-
Recoveries of incurred claims and other insurance service	-	-	-	-	-
Amortization of insurance acquisition cash flows	-	-	-	-	-
Increase in existing incurred claims reserves:	-	-	-	-	-
Increase in incurred claim asset (PV)	-	-	-	-	-
Increase in incurred claim asset(RA)	-	-	-	-	-
Release for incurred claims expected over the period	-	-	-	-	-
Total amounts recoverable from reinsurers	-	-	-	-	-
Net expenses from reinsurance contracts	(24,394)	-	(17,407)	(37)	(41,838)
Net finance income from reinsurance contracts	-	-	-	-	-
Total changes in the statement of profit or loss	(24,394)	-	(17,407)	(37)	(41,838)
Cashflows					
Premium received	-	-	-	-	-
Amounts received	-	-	-	-	-
Insurance acquisition cash flows	-	-	-	-	-
Total cashflows	-	-	-	-	-
Closing balance at 31 December 2024	-	-	-	-	-

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27(b) Reinsurance contract assets or (liabilities) (continued)
Non Life Insurance
Reinsurance Contract Liabilities

Reinsurance contract (liabilities)/assets

2025

Net opening balance

Allocation of premium paid

Allocated premium paid

Amounts recovered from reinsurance

Risk adjustment release gross

New claims Incurred over the period (PV)

New claims incurred over the period (RA)

Amortisation of insurance acquisition cashflows

Increase in incurred claim liability (PV)

Increase in incurred claim liability (RA)

Claims and expenses paid

Release for incurred claims expected over the period

Loss recovery component start (PAA)

Total income from reinsurance

Insurance finance income or expense

Interest expense on present value of incurred claims reserves

Interest expense on risk adjustment of incurred claims reserve

Discount rate change on present value of incurred claims reserve

Discount rate change on risk adjustment of incurred claims reserve

Total reinsurance finance income

Total changes in the statement of profit or loss

Actual cashflows within the period

Premiums paid

Claims & other expenses paid

Acquisition cash flows received

Total cash flows

Closing net balance

	Liability for remaining Coverage		Liability for incurred claims		Total
	Excl loss component	Loss Component	Estimates of PV of future cashflows	Risk adjustment for non-financial risk	
	Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
Net opening balance	(1,722,447)	2,546	567,447	57,430	(1,095,024)
Allocation of premium paid	(9,038,713)	-	-	-	(9,038,713)
	(9,038,713)	-	-	-	(9,038,713)
Amounts recovered from reinsurance					
Risk adjustment release gross	-	-	-	(29,518)	(29,518)
New claims Incurred over the period (PV)	-	-	1,894,566	-	1,894,566
New claims incurred over the period (RA)	-	-	-	-	-
Amortisation of insurance acquisition cashflows	1,663,175	-	-	-	1,663,175
Increase in incurred claim liability (PV)	-	-	(1,741,285)	-	(1,741,285)
Increase in incurred claim liability (RA)	-	-	-	-	-
Claims and expenses paid	-	-	723,619	-	723,619
Release for incurred claims expected over the period	-	-	(204,473)	-	(204,473)
Loss recovery component start (PAA)	-	52,530	-	-	52,530
Total income from reinsurance	1,663,175	52,530	672,427	(29,518)	2,358,614
Insurance finance income or expense					
Interest expense on present value of incurred claims reserves	-	-	18,033	-	18,033
Interest expense on risk adjustment of incurred claims reserve	-	-	-	12,791	12,791
Discount rate change on present value of incurred claims reserve	-	-	6,764	6,718	13,482
Discount rate change on risk adjustment of incurred claims reserve	-	-	24,797	11,719	36,516
Total reinsurance finance income	-	-	49,594	31,228	80,822
Total changes in the statement of profit or loss	(7,375,537)	52,530	722,021	1,710	(6,599,276)
Actual cashflows within the period					
Premiums paid	8,386,793	-	-	-	8,386,793
Claims & other expenses paid	-	-	2,439,436	-	2,439,436
Acquisition cash flows received	(1,663,175)	-	-	-	(1,663,175)
Total cash flows	6,723,617	-	2,439,436	-	9,163,054
Closing net balance	(2,374,367)	55,076	3,728,905	59,140	1,468,752

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27(b) Reinsurance contract assets or (liabilities) (continued)

Non Life Insurance
Reinsurance Contract Liabilities

Reinsurance contract
(liabilities)/assets

2024

Net opening balance
Allocation of premium paid

Allocated premium paid

Amounts recovered from reinsurance

Risk adjustment release gross
New claims Incurred over the period (PV)
New claims incurred over the period (RA)
Amortisation of insurance acquisition cashflows
Increase in incurred claim liability (PV)
Increase in incurred claim liability (RA)
Claims and expenses paid
Release for incurred claims expected over the period
Loss recovery component start (PAA)

Total income from reinsurance

Insurance finance income or expense

Interest expense on present value of incurred claims reserves
Interest expense on risk adjustment of incurred claims reserve
Discount rate change on present value of incurred claims reserve
Discount rate change on risk adjustment of incurred claims reserve

Total reinsurance finance income

Total changes in the statement of profit or loss

Actual cashflows within the period

Premiums paid
Claims & other expenses paid
Acquisition cash flows received
Total cash flows

Closing net balance

Liability for remaining Coverage		Liability for incurred claims		Total
Excl loss component	Loss Component	Estimates of PV of future cashflows	Risk adjustment for non-financial risk	
Ushs'000	Ushs'000	Ushs'000	Ushs'000	Ushs'000
(378,312)	14954	1,038,767	126,639	802,048
(12,729,544)	-	-	-	(12,729,544)
(12,729,544)	-	-	-	(12,729,544)
-	-	-	(99,557)	(99,557)
-	-	1,688,505	-	1,688,505
-	-	-	244,833	244,833
2,143,747	-	-	-	2,143,747
-	-	(1,594,622)	-	(1,594,622)
-	-	-	(231,220)	(231,220)
-	-	1,188,037	-	1,188,037
-	-	(654,185)	-	(654,185)
-	(12,408)	-	-	(12,408)
2,143,747	(12,408)	627,735	(85,944)	2,673,130
-	-	73,133	-	73,133
-	-	-	14437	14,437
-	-	15849	-	15,849
-	-	-	2298	2,298
-	-	88,982	16,735	105,717
(10,585,797)	(12,408)	716,717	(69,209)	(9,950,697)
11,084,927	-	-	-	11,084,927
-	-	(1,188,037)	-	(1,188,037)
(1,843,265)	-	-	-	(1,843,265)
9,241,662	-	(1,188,037)	-	8,053,625
(1,722,447)	2,546	567,447	57,430	(1,095,024)

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28 INVESTMENT CONTRACT LIABILITIES

2025 (Ushs'000)		2024 (Ushs'000)	
Group	Company	Group	Company
Payable under deposit administration plan (DAP) (Note	3,654,924	-	4,233,966
Managed funds (Note 28(a))	634,186	-	420,742
	4,289,110		4,654,708

a) Managed Funds

At 1st January	420,742	-	666,462	-
Addition during the period	275,000	-	-	-
Net Interest	20,988	-	29,590	-
Withdrawal	(82,544)	-	(275,310)	-
	634,186		420,742	

The amount above relates to funds managed by NIC on behalf of its clients. They attract a minimum guaranteed interest of 5% per annum and has been included in the financial statements. The managed funds are pooled together with all other investments in the company and are not segregated. The company invests the funds in treasury bills and bonds, and fixed deposits.

b) Payables under Deposit Administration

As at 1 January	4,233,966	-	4,102,127	-
Surrenders and Annuities Paid	(841,864)	-	(244,055)	-
Pension Payments	-	-	(4,898)	-
Fund Remittances	(429,126)	-	(300,000)	-
Guaranteed Interest	333,783	-	374,197	-
Exchange differences	(13,429)	-	(30,891)	-
Admin charges	-	-	(3,986)	-
Other Mov'ts (Prior year Adjustment)	(348,998)	-	(7,526)	-
Outstanding Claims	720,591	-	348,998	-
As at 31 December	3,654,924		4,233,966	

The DAP liabilities are long term liabilities and as such had been invested in long term assets (Real estates). Since 2019, there have been no new contributions, as the funds are being run down. There was therefore no basis to match the liabilities to short term assets. All the short-term assets are transferred to life business.

29 OTHER PAYABLES & SUNDRY CREDITORS

2025 (Ushs'000)		2024 (Ushs'000)	
Group	Company	Group	Company
VAT payable	3,494,897	625,983	6,213,648
Accrued expenses	3,406,139	25	2,277,934
Tenant deposits****	1,075,439	-	804,873
Lease Liability*****	708,417	-	498,045
Audit fees	123,319	-	116,493
Contributions to COMESA*	(30,656)	200	22,120
Staff retirement benefits	3,341,646	-	4,467,795
Sundry creditors**	5,886,509	149,941	8,070,208
Inter-company***	-	1,633,758	-
	18,005,710	2,409,907	22,471,116
			1,877,642

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29 OTHER PAYABLES & SUNDRY CREDITORS (CONTINUED)

*COMESA refers to "The Common Markets for East and Southern Africa". Refer to Note 42 for more details.

**Included in the figure for Sundry Creditors are provision for employee terminal benefits and other statutory payables.

***The inter-company balances between the life and general subsidiaries have been presented under this note and netted off, as contractually agreed within the Group.

****The investment property for the separate company was fully disposed of during the year and, accordingly, there were no

*******Lease Liability**

The analysis of lease liability included in other payables and sundry creditors is as follows:

	2025 (Ushs'000)		2024 (Ushs'000)	
	Group	Company	Group	Company
At 1 January	498,045	-	992,852	-
New Leases	626,171	-	75,744	-
IFRS 16 corrections/modifications	186,385	-	-	-
Foreign Exchange differences	47,332	-	-	-
Lease interest	68,273	-	78,280	-
Payment of interest on lease liabilities	(68,273)	-	(78,280)	-
Payment of lease liabilities – principal	(649,517)	-	(570,551)	-
At 31 December	708,417	-	498,045	-
Current lease liability (within 1 year)	305,380	-	305,380	-
Non-current lease liability (More than 1 year but less than 5	403,037	-	192,665	-
At 31 December	708,417	-	498,045	-

Lease additions during the year mainly arose from remeasurements following changes in rental payment amounts, as well as the exercise of options to extend lease terms. The IFRS 16 corrections/modification adjustments relate to lease modifications, primarily due to changes in the scope of lease agreements, including the termination of certain contracts and corrections of prior computation errors.

30 DIVIDEND PAYABLE

	2025 (Ushs'000)		2024 (Ushs'000)	
	Group	Company	Group	Company
At 1 January	1,344,025	1,344,025	1,349,104	1,349,104
Dividend paid	(8,008)	(8,008)	(5,079)	(5,079)
At 31 December	1,336,017	1,336,017	1,344,025	1,344,025

The amount above relates to dividends payable to shareholders for previous years.

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31 LOANS AND BORROWINGS

2025 (Ushs'000)		2024 (Ushs'000)	
Group	Company	Group	Company
Ushs'000	Ushs'000	Ushs'000	Ushs'000
At 1 January	6,254,053	5,539,560	5,022,387
Received	2,091,944	4,050,000	3,500,000
Interest accrued	14,443	634,795	583,796
Interest paid	(1,125,730)	(778,334)	(724,570)
Repayment	(5,128,323)	(3,191,968)	(2,127,560)
At 31 December	2,106,387	6,254,053	6,254,053

NIC Holdings limited obtained a loan of 12.6 billion from Guaranty Trust Bank (Uganda) Limited for 2 years at a fixed rate of 18% per annum and the repayments are done on quarterly basis with last repayment date being 29th september 2024. The loan was pledged against the investment property at plot 13B, Kampala road. The fair value for the loans and borrowings approximate its carrying amount. Outstanding loan balance at 31 December 2024 is 6.2 billion inclusive of additional overdraft facility of Ushs 3.5 billion billion from United Bank for Africa (Uganda) Limited. As at 31 December 2025, the loan was settled and restructured to new loan amount of Ushs 2.1 billion at interest rate of 18% per annum for one and half years.

31 (i) BANK OVER DRAFT RECONCILIATION

2025 (Ushs'000)		2024 (Ushs'000)	
Group	Company	Group	Company
At 1 January	3,473,336	517,173	517,173
Received	-	4,050,000	4,050,000
Accrued interest	-	58,605	58,605
Repayment - Interest	(659,934)	(61,370)	(61,370)
Repayment - Principal	(2,813,402)	(1,091,072)	(1,091,072)
At 31 December	-	3,473,336	3,473,336

The company maintained three (3) overdraft facility lines with Guarantee Trust Bank (Uganda) Limited (interest rate at 19% per annum), United Bank for Africa Uganda Limited (interest rate 13.5% per annum) and Cairo Bank Uganda Limited (interest rate 19% per annum). All overdraft facilities were fully repaid in 2025.

32(a) SHARE CAPITAL

	2025 Ushs'000	2024 Ushs'000
Authorized share capital for NIC Holdings Limited:		
At 1 January		
6,200,000,000 ordinary shares of Ushs 5 each.	32,000,000	32,000,000
Additional ordinary shares	-	-
	32,000,000	32,000,000
Issued and fully paid:		
2,123,669,577 (31 December 2024: 2,123,669,577) ordinary shares of Ushs 5 each.		
	2025 Ushs'000	2024 Ushs'000
At 1 January	10,618,348	10,618,348
Rights issue ordinary shares	-	-
At 31 December	10,618,348	10,618,348

At the 20th Annual General Meeting (AGM), shareholders approved the issuance of bonus shares in the ratio of 1(One) new shares for every 2(Two) shares respectively held by each shareholder on 17th June 2022. The bonus increased the Group's paid up share capital from Ushs 7,078,898,590 (Seven billion, seventy eight million, eight hundred and ninety eight thousand, five hundred and ninety uganda shillings) to Ush 10,618,346,475 (Ten billion, six hundred and eighteen million, three hundred and forty six thousand, four hundred and seventy five uganda shillings). At the 21st AGM held on 14th July 2022, the Group's shareholders approved the increase in authorized share capital from Ushs 13,000,000,000 (Thirteen Billion Uganda Shillings) to Ushs 31,000,000,000 (Thirty-One Billion Uganda Shillings), divided into 6,200,000,000 ordinary shares of Ushs 5 (Five Uganda Shillings) each, and further authorized the Board of Directors to increase the Group's paid-up share capital from Ushs 10,618,347,885 to any amount up to Ushs 30,226,191,025 through a 'Rights Issue', by creating new ordinary shares of Ushs 5 to be offered concurrently to existing shareholders and to the public at a price determined by the Board. Although the Rights Issue process could not be completed in 2024 due to delays in finalising financial statements arising from IFRS 17 implementation, it is expected to be completed in the near future as the panel of Transaction Advisers remains in place.

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32(a) SHARE CAPITAL (CONTINUED)

32(b) Share premium

	2025	2024
	Ushs'000	Ushs'000
At 1 January	67,417	67,417
Transfer to share capital (allotted bonus ordinary shares)	-	-
At 31 December	67,417	67,417

33 RELATED PARTY LOAN

	2025 (Ushs'000)		2024 (Ushs'000)	
	Group	Company	Group	Company
At 1 January	-	-	-	-
Received	-	1,530,000	-	-
Accrued interest	-	137,700	-	-
Repayment - Interest	-	-	-	-
Repayment - Principal	-	-	-	-
At 31 December	-	1,667,700	-	-

This relates to an intercompany loan from NIC General Insurance Company Limited to be used exclusively for the purpose of recapitalizing NIC Life Assurance Company Limited to enable it meet the Capital Adequacy requirement of above 200%. The loan is for a period of one year and carries an interest rate of 18% per annum. Both the principal amount and accrued interest are payable in full upon maturity on 30 June 2026.

34 OTHER CAPITAL CONTRIBUTION

	2025 (Ushs'000)		2024 (Ushs'000)	
	Group	Company	Group	Company
At 1 January	1,915,000	1,915,000	1,555,000	1,555,000
Addition during the year	-	-	360,000	360,000
At 31 December	1,915,000	1,915,000	1,915,000	1,915,000

Other capital contribution relates to periodical liability arising from technical assistance (management fees) offered by Industrial and General Insurance (IGI), converted into capital contribution as a sign of commitment to the success of approved plan to raise capital through a rights issue. Since 2022, IGI as the majority shareholder has always granted conversion of the their part/whole of annual liability into capital contribution for shares that would subsequently be allotted to them after a successful rights issue.

35 RETAINED EARNINGS

	2025 (Ushs'000)		2024 (Ushs'000)	
	Group	Company	Group	Company
At 1 January	27,998,868	(1,961,814)	27,388,404	(1,664,217)
Profit/(loss) after tax for the year	(1,521,084)	(931,358)	477,204	(297,597)
IFRS 16 reinstatements	-	-	133,260	-
At 31 December	26,477,784	(2,893,172)	27,998,868	(1,961,814)

36 FAIR VALUES RESERVES

	2025 (Ushs'000)		2024 (Ushs'000)	
	Group	Company	Group	Company
At 1 January	(193,911)	-	100,968	-
Fair value loss/(gain)	121,647	-	(294,879)	-
At 31 December	(72,264)	-	(193,911)	-

This reserve relates to accumulated fair value gains on financial assets at fair value through other comprehensive income net of applicable deferred taxes. The reserve is available for distribution upon disposal of underlining assets.

37 ASSET REVALUATION RESERVE

	2025 (Ushs'000)		2024 (Ushs'000)	
	Group	Company	Group	Company
At 1 January	1,296,689	-	1,160,767	-
Revaluation gain net of deferred tax	157,228	-	135,922	-
At 31 December	1,453,917	-	1,296,689	-

This reserve relates to accumulated revaluation gains on land and building in property and equipment carried using revaluation model net of applicable deferred taxes. The reserve is available for distribution upon disposal of underlining assets.

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38 NOTES TO THE CONSOLIDATED STATEMENT OF CASHFLOWS

CASH FLOWS FROM OPERATING ACTIVITIES

	2025 (Ushs'000)		2024 (Ushs'000)	
	Group	Company	Group	Company
Profit before taxation	(2,019,714)	(881,781)	947,192	(217,093)
Adjustments for:				
Depreciation on property and equipment and right-of-use of asset	895,401	-	1,037,167	-
Amortisation	-	-	33,201	-
Finance cost (Interest on lease liability)	68,273	-	78,280	-
Finance cost (Interest on loans and borrowings)	732,356	698,224	634,795	583,796
Finance cost (Interest on DAP)	333,783	-	374,197	-
Finance cost (Interest on Managed Funds)	24,692	-	29,590	-
Fair value losses on Fair Value through Profit or Loss	513,632	-	601,335	-
Fair value gains on investment properties	(240,700)	-	(5,001)	-
Loss on disposal of investment property	2,644,577	586,705	-	-
Fair value gain on PPE	-	-	(33,676)	-
Loss on disposal of unquoted shares	-	-	2,490	-
Gain on disposal of property and equipments- Right-of-use of asset	(37,100)	-	(48,419)	-
Gain on disposal of property and equipments	-	-	(31,000)	-
Exchange loss/(gain)	(27,400)	(94,359)	-	-
Dividend received	(47,029)	-	(97,267)	-
Decrease in ECL- Cash and cash equivalents	15,042	(16,178)	(19,093)	19,057
(Decrease)/Increase in impairment loss provision on premium receivables	542,543	-	(1,352,188)	-
(Decrease)/Increase in ECL- Other Receivables & prepayments	(111,937)	(45,766)	208,890	(5,575)
Increase in ECL- Financial assets at amortised cost	(68,970)	-	80,171	-
Increase in ECL- Statutory deposit amortised cost	627	-	(7)	-
Interest income on fixed deposits & treasury bills	(1,591,135)	-	(1,243,770)	-
	1,626,941	246,845	1,196,887	380,185

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38 NOTES TO THE CONSOLIDATED STATEMENT OF CASHFLOWS
(CONTINUED)
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)

		2025 (Ushs'000)		2024 (Ushs'000)	
		Group	Company	Group	Company
		1,626,941	246,845	1,196,887	380,185
Movements in working capital					
Decrease/(increase) in other receivables and prepayments	26	(491,282)	1,355,181	156,542	(349,762)
Decrease/(increase) in related party /inter-company balances	31 & 39	-	-	41,838	-
Decrease in related party balances	20	(1,193,773)	-	-	-
Increase/(decrease) in reinsurance contract liabilities	30	(2,825,450)	-	1,635,398	-
Increase / (decrease) in other payables & accruals	31	(3,352,614)	532,265	2,726,106	(886,343)
Decrease in amounts payable under deposit administration contract	29	(650,203)	-	(548,953)	-
Increase in managed funds	36	(82,544)	-	(275,310)	-
Change in insurance contract liabilities & unearned premium reserves	28	1,991,914	-	(6,899,609)	-
Cash (used in)/generated from in operations		(4,977,012)	2,134,291	(1,967,101)	(855,920)

39 RELATED PARTIES

The following are the Groups's related parties:

- Industrial and General Insurance Plc (IGI) - holding company
- NIC General Insurance Company - wholly owned subsidiary
- NIC Life Assurance Company Limited - wholly owned subsidiary

Related party transactions related to the Group (Consolidated Financial Statements)

	2025 Ushs'000	2024 Ushs'000
a) Amounts due from/(to) related parties		
Industrial and General Insurance Company Plc (IGI)	-	9,859
	<u>-</u>	<u>9,859</u>
b) (i) Compensation of key management personnel	2025	2024
	Ushs'000	Ushs'000
Directors fees- Short-term benefits	650,083	627,695
Salaries and other short-term benefits - Local	3,024,064	2,909,884
Salaries and other short-term benefits - expatriates	2,632,211	2,188,835
NSSF Contributions- Post employment benefits*	471,038	516,310
Terminal benefits- Other long term benefits**	801,566	572,276
	<u>7,578,961</u>	<u>6,815,000</u>
b) (ii) Receivable from key management personnel		
Short-term loan to key management personnel***	-	107,268

**NSSF contributions are statutory payments made to The National Social Security Fund (NSSF Uganda) as required by National Social Security Fund Act, Cap 222 (Laws of Uganda). The company makes 10% contribution while the employee makes 5% contribution to the scheme.*

***This is per the company's Human Resource Manual, for permanent staff who have served more than 3 years as permanent staff in the company. This is accrued annually and paid upon staff's exit if eligible, without any interest on accrued amount. The terminal benefits (service gratuity) shall be equivalent to one month's gross pay times the number of completed years served as permanent staff in the company.*

****Short-term loans are secured by the terminal benefits of the staff taking the loan, and are advanced following appropriate reviews and approvals in line with the company's Human Resource Policy. All the short-term loans to key management form part of staff loans under Note which are payable within twenty four (24) months at an annual effective interest rate of 14.5%. No ECL was recognised since the loans are fully covered by respective staff terminal benefits.*

In the prior period, the short term loan was presented under compensation of key management personnel. This has been amended in the current period and presented as a Receivable from key management personnel.

Related party transactions related to the Company (Separate Financial Statements)

	2025 Ushs'000	2024 Ushs'000
a) Related party Loan (Note 33)	1,667,700	-
b) Due to NIC General*	1,633,758	666,338
c) Related party transactions		
Technical Assistance and Commitment (TACA) fee to IGI*	512,517	360,428
Transfer of shares to NIC Life by NIC General**	-	1,179,899
Transfer of property by NIC Life Assurance Co. Ltd. to NIC General Insurance Co. Ltd.**	-	1,493,333
Purchase of Investment Property from NIC Holdings Limited by NIC General	5,250,000	-
	<u>5,762,517</u>	<u>3,033,660</u>

**Technical Assistance and Commitment (TACA) fees to IGI- refer to additional information to note 39(a) above.*

*** In line with implementation of group-wide investment assets restructuring approved by the Board, NIC Holdings Ltd transferred 80% of investment property to NIC General as consideration for ownership of Plot 13b Kampala road which was subsequently fully disposed during the year.*

40 CONTINGENT LIABILITIES

In the ordinary course of business, the Group is subjected to litigation arising in the normal course of insurance contracts. These litigations mostly relate to claims from policyholders. There were also tax cases that are in the court which couldn't be disclosed due to confidentiality of the matters. The Directors are of the opinion that any outstanding litigation in this respect will not have a material effect on the financial position or results of the Group.

41 RETIREMENT BENEFIT OBLIGATIONS

The Group contributes to a pension plan established for the benefit of the employees. The plan is a defined contribution scheme, whereby the Company contributed to the fund 10% of the employee's consolidated annual salary. This plan was maintained until 31 July 2019 when the company commenced mandatory contribution to National Social Security Fund (NSSF). The company has put in place necessary arrangement to transfer accumulated fund under the old pension plan. During the year, Ushs 801 million (2024: Ushs 516 million) was charged to the consolidated statement of profit or loss and other comprehensive income.

42 DEALING AS A NATIONAL BUREAU

NIC Holdings Limited (Formerly National Insurance Corporation Limited) was appointed by the Government of Uganda to act as a National Bureau of The Common Markets for East and Southern Africa (COMESA) yellow card scheme in Uganda. The Company was also designated the National Surety for Regional Customs Transit Guarantee Scheme. In line with COMESA protocols, the Company has been discharging the functions of National Bureau and National Surety of the COMESA schemes.

Following a directive issued by the Honourable Minister of Trade, Industry and Cooperatives which redesignated Uganda Reinsurance Company Limited as the Uganda COMESA National Bureau for management of COMESA Yellow Card and Regional Custom Transit Guarantee Scheme, the company assumed its responsibility as the new COMESA National Bureau with effect from 1 January 2020.

The company, as the former COMESA National Bureau, continue to handle claims for policies inceptioned in periods prior to 1 January, 2020.

43 ULTIMATE HOLDING COMPANY

The ultimate holding company of NIC Holdings Limited as at report date (31 December 2025), is Industrial and General Insurance Plc (IGI), a company registered and incorporated in the Federal Republic of Nigeria. IGI owns 64.95% shares of NIC Holdings Limited.

44 EVENTS AFTER THE REPORTING DATE

On April 23, 2026, the ultimate holding company, Industrial and General Insurance Plc (IGI Plc), whose special purpose vehicle, Corporate Holdings Limited (CHL) owns majority (64.95%) shares in the Company, communicated its decision to transfer its shareholding to Cornerstone Asset Managers Limited. The transfer is subject to the satisfaction of all applicable condition's precedent, including but not limited to the requisite regulatory approvals. The Company issued appropriate notice to the public pursuant to Rule 38(1) of the Uganda Securities Exchange Listing Rules 2025.

45 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

Group**As at 31 December 2025**

	Within 12 months	After 12 Months	Total
ASSETS	Ushs'000	Ushs'000	Ushs'000
Cash and cash equivalents balances	2,391,246	-	2,391,246
Other receivables and prepayments	6,166,918	-	6,166,918
Reinsurance Contract assets	1,468,752	-	1,468,752
Financial Assets:			
-Fair value through Profit or loss	-	1,456,864	1,456,864
-At fair value through other comprehensive income	-	4,277,107	4,277,107
-At amortized cost	8,621,623	-	8,621,623
Statutory deposits at amortised cost	1,360,686	-	1,360,686
Investment properties	-	42,380,800	42,380,800
Property and equipment and right of use asset*	-	12,859,367	12,859,367
Intangible Assets	-	301,041	301,041
TOTAL ASSETS	20,009,225	61,275,179	81,284,404
LIABILITIES			
Loans and borrowings	2,106,387	-	2,106,387
Other payables and accruals and lease liabilities*	10,482,064	7,523,646	18,005,710
Income tax payable	522,292	4,076,594	4,598,886
Dividend payable	1,336,017	-	1,336,017
Insurance contract liabilities	9,338,495	-	9,338,495
Reinsurance contract liabilities	-	-	-
Investment contract liabilities	4,289,110	-	4,289,110
Deferred tax liabilities	-	1,149,597	1,149,597
TOTAL LIABILITIES	28,074,364	12,749,837	40,824,201
NET ASSETS	(8,065,139)	48,525,342	40,460,203

45 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Continued)

Group			
As at 31 December 2024	Within 12 months	After 12 Months	Total
ASSETS	Ushs'000	Ushs'000	Ushs'000
Cash and cash equivalents balances	1,055,893	-	1,055,893
Other receivables and prepayments	2,248,283	-	2,248,283
Reinsurance Contract assets	-	-	-
Financial Assets:			
-Fair value through Profit or loss	-	1,970,496	1,970,496
-At fair value through other comprehensive income	-	4,138,470	4,138,470
-At amortized cost	12,405,042	-	12,405,042
Statutory deposits at amortised cost	1,199,857	-	1,199,857
Investment properties	-	55,740,100	55,740,100
Property and equipment and right of use asset*	-	12,678,668	12,678,668
Intangible Assets	-	-	-
TOTAL ASSETS	16,909,075	74,527,734	91,436,809
LIABILITIES			
Loans and borrowings	6,254,053	-	6,254,053
Other payables and accruals and lease liabilities*	14,947,470	7,523,646	22,471,116
Income tax payable	826,835	4,076,594	4,903,429
Dividend payable	1,344,025	-	1,344,025
Insurance contract liabilities	6,804,038	-	6,804,038
Reinsurance contract liabilities	1,235,590	-	1,235,590
Investment contract liabilities	4,654,708	-	4,654,708
Deferred tax liabilities	-	2,067,439	2,067,439
TOTAL LIABILITIES	36,066,719	13,667,679	49,734,398
NET ASSETS	(19,157,644)	60,860,055	41,702,411

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

COMPANY			
As at 31 December 2025	Within 12 months	After 12 Months	Total
ASSETS	Ushs'000	Ushs'000	Ushs'000
Cash and bank balances	18,996	-	18,996
Other receivables and prepayments	40,029	-	40,029
Investment in subsidiaries	-	16,730,765	16,730,765
Investment properties	-	-	-
TOTAL ASSETS	59,025	16,730,765	16,789,790
LIABILITIES			
Other payables and accruals and lease liabilities	2,409,907	-	2,409,907
Income tax payable	-	-	-
Dividend payable	1,336,017	-	1,336,017
Loans and borrowings	2,106,387	-	2,106,387
Related party loan	1,667,700	-	1,667,700
TOTAL LIABILITIES	7,520,011	-	7,520,011
NET ASSETS	(7,460,986)	16,730,765	9,269,779

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45 MATURITY ANALYSIS OF ASSETS AND LIABILITIES (Continued)

COMPANY			
As at 31 December 2024	Within 12 months	After 12 Months	Total
ASSETS	Ushs'000	Ushs'000	Ushs'000
Cash and bank balances	97,276	-	97,276
Other receivables and prepayments	2,034,777	-	2,034,777
Investment in subsidiaries	-	10,685,765	10,685,765
Investment properties	-	7,350,000	7,350,000
TOTAL ASSETS	<u>2,132,053</u>	<u>18,035,765</u>	20,167,818
LIABILITIES			
Other payables and accruals and lease liabilities	1,877,642	-	1,877,642
Income tax payable	53,147	-	53,147
Dividend payable	1,344,025	-	1,344,025
Loans and borrowings	-	-	-
Deferred tax liabilities	-	-	-
TOTAL LIABILITIES	<u>3,274,814</u>	-	3,274,814
NET ASSETS	<u>(1,142,761)</u>	<u>18,035,765</u>	16,893,004