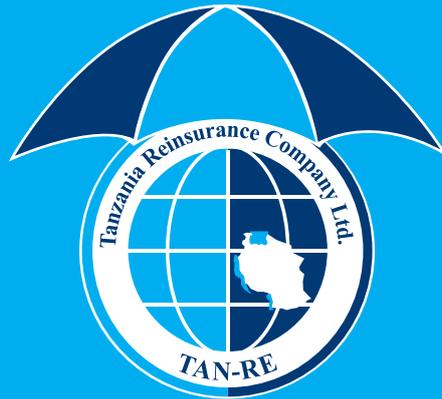


TANZANIA
REINSURANCE
COMPANY LTD



ANNUAL
REPORT 2023

TAN-RE



**REPORT BY THOSE CHARGED WITH GOVERNANCE
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**



COMPANY VISION

“To be among the most profitable Reinsurance Companies in Africa.”

MISSION

To provide sustainable reinsurance capacity and security in our markets through the use of dedicated staff and modern technology in the best interest of our customers, shareholders and other stakeholders.”

CORE VALUES

01

PROFESSIONALISM

TAN-RE will strive to attain the highest standards in all that we do.

02

INTEGRITY

TAN-RE will strive to attain the highest standards in everything, deliver on promises and adhere to moral and ethical principles.

03

CUSTOMER FOCUS

TAN-RE will orient itself toward serving its clients' needs. TAN-RE will ensure that all aspects of the company put the customer' satisfaction first.

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BOARD OF DIRECTORS



Mr. Wilson Ndesanjo Chairman of the Board of Directors

Mr. Ndesanjo is the Chairman of TAN-RE Board, he is also the Chairman of Corporate Insurance Brokers Limited, and an Executive Director of Roldo Limited Insurance Group of Tanzania Limited.

Mr. Ndesanjo brings to TAN-RE a wealth of expertise, providing high-level leadership to the company's Board, Executives and Employees, leading the Company's strategic direction, overseeing the business and setting high governance standards. He plays a pivotal role in fostering the effectiveness of the Board.

He has over 40 years of experience in the insurance sector in Tanzania. He is the current Chairman of Corporate Insurance Brokers, a company he established in 1978; Corporate Insurance Brokers deals with the general insurance business, while Roldo is an investment and real estate company.

Mr. Ndesanjo has served in various capacities in numerous committees and task forces. He is former President of the Insurance Institute of Tanzania (2001-2005). His long list of previous roles includes the member to the Local Investor's Round Table (LIRT, 2007-2009), was an affiliate of the Tanzania National Business Council; was in the Technical Committee on Financial Sector Assessment Program for the Bank of Tanzania and The World Bank (2005-2009), was a Vice Chairman of the National Insurance Board (2004-2008) and of the Insurance and Social Security Examination Board (2005 - 2009).

Mr. Ndesanjo is a Graduate in Risk and Insurance from St. John's University - New York (USA) and holds Certificate of Insurance Practice (CIP) issued by the Chartered Insurance Institute of London. He also holds a Certificate of Commerce and Economics Diploma in Business Management from Transworld College in England.

BOARD OF DIRECTORS



Mr. Khamis Suleiman

Mr. Khamis Suleiman is the Chairman of TAN-RE Audit and Risk Committee and a member of the Governance and Human Resources Committee. He is the Chief Executive Officer of Sanlam General Assurance Tanzania and Chairman of the Association of Tanzania Insurers.

Mr. Hosea Kashimba

Mr. Hosea Kashimba is the Chairman of TAN-RE Finance and Investment Committee and a member of the Governance and Human Resources Committee. Mr. Kashimba is the Director General of Public Service Social Security Fund (PSSSF).



Mr. Jephita Gwatipedza

Mr. Jephita Gwatipedza is the Chairman of TAN-RE Board Governance and Human Resources Committee and a member of the Finance and Investment Committee. Mr. Gwatipedza is the Chief Operating Officer of ZEP-RE.



BOARD OF DIRECTORS

Mr. Nassor Ameir

Mr. Nassor Ameir is a member of TAN-RE Finance and Investment Committee and a member of the Governance and Human Resources committee. He is the Director General of Zanzibar Social Security Fund (ZSSF).



Mr. Ibrahim Maftah

Mr. Ibrahim Maftah is a member of TAN-RE Audit and Risk Committee. He is the Director of Actuarial and Risk Management of the National Social Security Fund (NSSF).



Mr. Justine Mwandu

Mr. Justine Mwandu is a member of TAN-RE Audit & Risk Committee and the Governance and Human Resources Committee. He is the Chairman of the National Insurance Corporation (NIC) and a Board member of Tanzania Insurance Regulatory Authority (TIRA)



BOARD OF DIRECTORS



Dr. Flora Minja

Dr. Flora Minja is a member of TAN-RE Board Audit and Risk Committee. She is the Chief Executive Officer of Strategis Insurance Tanzania Limited.



Mr. Jamal Ibrahim

Mr. Jamal Ibrahim is a member of TAN-RE Board Finance and Investment Committee and a member of the Audit and Risk Committee. He is the Director of Crown Holdings Ltd.



Mr. Gabriel Silayo

Mr. Gabriel Silayo is a member of TAN-RE Board Finance and Investment Committee. He is the Director of Planning, Investments & Projects of National Social Security Fund (NSSF).

MANAGEMENT TEAM



Seated at Centre: Mr. Rajab Kakusa, Chief Executive Officer
Left to Right: Mr. Seth Wilson, Head of Internal Audit, Risk and Compliance
Mr. Alex Ndossy, Chief Operating Officer and
Mr. Ernest Koroso, Chief Finance and Administration Officer.

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

8th Floor, TANRE House Longido Street
 Plot No. 406 - Upanga
 P.O. Box 1505
 Dar es Salaam, Tanzania
 Telephone: 255-22-2922341-3
 Facsimile: 255-22-2922344
 Email: mail@tan-re.co.tz
 Website: www.tan-re.co.tz

DIRECTORS

Name	Nationality	Position	Age	Remarks
Mr. Wilson Ndesanjo	Tanzanian	Chairman	67	
Mr. Khamis Suleiman	Tanzanian	Director	61	
Mr. Justine Mwandu	Tanzanian	Director	69	
Mr. Hosea Kashimba	Tanzanian	Director	54	
Mr. Ibrahim Maftah	Tanzanian	Director	53	
Mr. Nassor Ameir	Tanzanian	Director	45	
Mr. Gabriel Silayo	Tanzanian	Director	56	
Mr. Jephita Gwatipedza	Zimbabwean	Director	56	Appointed 02/05/2023
Mr. Jamal Ibrahim	Tanzanian	Director	49	Appointed 02/05/2023
Dr. Flora Minja	Tanzanian	Director	46	Appointed 02/05/2023

MEMBERS OF THE BOARD AUDIT AND RISK COMMITTEE (BARC)

Name	Nationality	Position
Mr. Khamis Suleiman	Tanzanian	Chairman
Mr. Jamal Ibrahim	Tanzanian	Member
Mr. Justine Mwandu	Tanzanian	Member
Dr. Flora Minja	Tanzanian	Member
Mr. Ibrahim Maftah	Tanzanian	Member

MEMBERS OF THE BOARD FINANCE AND INVESTMENT COMMITTEE (BFIC)

Name	Nationality	Position
Mr. Hosea Kashimba	Tanzanian	Chairman
Mr. Jamal Ibrahim	Tanzanian	Member
Mr. Nassor Ameir	Tanzanian	Member
Mr. Jephita Gwatipedza	Zimbabwean	Member
Mr. Gabriel Silayo	Tanzanian	Member



MEMBERS OF THE BOARD GOVERNANCE AND HUMAN RESOURCES COMMITTEE (BGHRC)

Name	Nationality	Position
Mr. Jephitha Gwatipedza	Zimbabwean	Chairman
Mr. Hosea Kashimba	Tanzanian	Member
Mr. Khamis Suleiman	Tanzanian	Member
Mr. Nassor Ameir	Tanzanian	Member
Mr. Justine Mwandu	Tanzanian	Member

KEY MANAGEMENT

Name	Nationality	Position
Mr. Rajab Kakusa	Tanzanian	Chief Executive Officer
Mr. Ernest Koroso	Tanzanian	Chief Finance and Administration Officer
Mr. Alex Ndossy	Tanzanian	Chief Operating Officer
Mr. Seth Wilson	Tanzanian	Head of Internal Audit, Risk and Compliance

MAIN BANKERS

CRDB Bank Plc
PPF Tower Branch
P.O. Box 268
Dar es Salaam

Absa Bank Tanzania Limited
Absa House
Ohio Street
P.O. Box 5137
Dar es Salaam

COMPANY SECRETARY

Brickhouse Law Associates
5th Floor, TAN-RE House
Longido Street, Upanga
P.O. Box 70230
Dar es Salaam

INDEPENDENT AUDITORS

PricewaterhouseCoopers
Certified Public Accountants (Tanzania)
369 Toure Drive, Oysterbay
P.O. Box 45
Dar es Salaam

CHAIRMAN'S STATEMENT



TAN-RE Strategy at a Glance



Dear Esteemed Shareholders, Ladies and Gentlemen

As we reflect on the year 2023, it is with a sense of pride that I present to you the Chairman's Report for Tanzania Reinsurance Company Limited (TAN-RE). This year has been marked by robust financial performance and strategic advancements, reinforcing our commitment to delivering sustained value to all our stakeholders. 2023 was a successful year for TAN-RE, as we continued to strengthen our market position and enhance our financial stability. Our reinsurance contract revenue grew significantly to TZS 208.7 billion, up by 23% from TZS 169.9 billion in 2022, driven by increased market share and effective risk management strategies. Our profitability also saw a commendable increase, with net profit rising to TZS 12.8 billion from TZS 11.0 billion in the previous year.

Considering our financial achievements and our commitment to delivering value to our Shareholders, the Board of Directors propose a dividend payment for the year ended 31 December 2023. While our profit after tax increased this year, the dividend rate will be 30% of the net profit, amounting to TZS 3.8 billion. This aligns with our strategic financing needs for the

upcoming investments and ensures a balance between shareholder returns and funding for future growth. This proposal reflects both our confidence in the Company's financial health and a strategic approach to funding future expansions.

As we navigate the final stages of our Strategic Plan for 2020-2024, I am honoured to present the progress of the Company, highlighting our strides towards leadership in the African reinsurance market amid ongoing challenges. The strategic plan aimed to establish TAN-RE as a market leader by focusing on expanding our market reach, enhancing array of products by leveraging technology to boost efficiency and customer engagement. The plan also emphasized strengthening our financial base to support sustainable growth.

In an era where technology and market dynamics are rapidly evolving, the insurance industry stands at a pivotal crossroads. With the advent of digital transformation, reinsurance companies face a myriad of challenges that can make or break their future success. From cybersecurity risks to changing consumer expectations, evolving

CHAIRMAN'S STATEMENT

regulatory environment, disruptive technologies and Insurtech, climate change and catastrophic events, shifting demographics and aging population, escalating healthcare costs and disintermediation and changing distribution channels, the industry's landscape is being reshaped, demanding a strategic and an adaptable approach.

The Company has continued to focus on the key areas of business, that is, managing the underwriting cycle; working capital management; brand awareness; leveraging in technology; talent development, retention and service delivery, investment management and sustainability of risk management.

During the period under review, three new Directors were appointed to replace the three Directors who resigned during the year. The new Directors are Dr. Flora Minja, Mr. Jephita Gwatipedza and Mr. Jamal Ibrahim. The Directors who resigned during the year are Mr. Ronald Kasapatu, Mr. Suresh Kumar and Mr. Rahim Ibrahim.

Industry Dynamics

In 2023, the Tanzanian reinsurance sector remained a key component of the financial services industry, demonstrating resilience and adaptability in a changing economic environment. The entrance of new players like Pan Afrique Re and East Africa Reinsurance Company (EARe) indicates a growing recognition of the market's potential. These new entries expanded the competitive landscape, which previously included Tanzania Reinsurance Company Limited (TAN-RE) and Grand Reinsurance Tanzania (Grand-Re).

The Tanzania Insurance Regulatory Authority (TIRA) has been pivotal in shaping the industry's direction. In 2023, TIRA established comprehensive guidelines for retention and reinsurance management. These guidelines aimed to foster a robust framework for managing specialized risks within the industry, enhancing the underwriting capacity of Tanzania's insurance sector across both life and non-life segments. Furthermore, the guidelines were designed to increase local retention capacities and ensure more systematic risk management practices. They

mandated clearer criteria and procedures for reinsurance transactions, which aimed to enhance the transparency and efficiency of risk transfer mechanisms in the insurance industry. By standardizing reinsurance practices, these guidelines aim at helping local companies retain a greater share of premiums within the country, thus bolstering their financial stability and capacity to absorb large losses. The Oil & Gas Consortium and the Agriculture Consortium were formed to enhance local retention in these specific business classes, thereby supporting the strategic goal of increased local retention and risk management challenges and adaptations.

The number of local reinsurance brokers expanded from five in 2022 to seven in 2023, showing significant growth in local premium.

Environment, Social and Governance (ESG)

In fulfilling their responsibilities, the Directors believe that they govern the Company in the best interests of all stakeholders, and the Company has continued to maintain a good relationship with all Stakeholders. The Company is working on integrating sustainability considerations and has been introducing the Environmental, Social and Governance criteria across all areas of underwriting, investments, and own operations. This will be fully incorporated in the Strategic Plan 2025-2029.

2024 Outlook and Projections

We are optimistic about the future, aiming for a 20% growth in premium revenue. Our strategies will focus on enhancing the underwriting efficiency, reducing claim costs, and continuing to invest in technology to improve customer experience and operational agility.

Appreciation

On behalf of TAN-RE Board of Directors, I wish to extend gratitude to our clients, business partners and other stakeholders for their continued support; our Shareholders for their unwavering commitment and inspiration; and to the Government of the United Republic of Tanzania for creating an enabling business environment.

CHAIRMAN'S STATEMENT

I would also like to thank the Management and staff for their dedication, loyalty and hard work. Furthermore, I would like to thank my colleagues in the Board for their very positive contribution in providing oversight to the Management. Additionally, on behalf of TAN-RE, I thank the various regulators for the constructive engagements we had during the year.

Concluding Remarks

The journey through our strategic plan has positioned us well for the future. We are committed to continuing our trajectory of growth, innovation, and market leadership. Your ongoing support and trust in TAN-RE are invaluable as we move forward. We remain committed to driving value and look forward to a prosperous future.

Yours sincerely



Wilson Ndesanjo
Board Chairman



6

Middle East

- BAHRAIN
- JORDAN
- KUWAIT
- OMAN
- QATAR
- UNITED ARAB EMIRATES

7

Southern Asia

- MALDIVES
- NEPAL
- BANGLADESH
- BHUTAN

24

Africa

- | | |
|---------------|----------------|
| • BOTSWANA | • NAMIBIA |
| • ETHIOPIA | • NIGERIA |
| • GABON | • RWANDA |
| • GAMBIA | • SENEGAL |
| • GHANA | • SIERRA LEONE |
| • IVORY COAST | • SUDAN |
| • KENYA | • ESWATINI |
| • LESOTHO | • TOGO |
| • LIBERIA | • TUNISIA |
| • MALAWI | • UGANDA |
| • MOROCCO | • ZAMBIA |
| • MOZAMBIQUE | • ZIMBABWE |
| • MAURITIUS | • MADAGASCAR |
| • SEYCHELLES | |

CEO'S STATEMENT



rose to TZS 53.63 billion (USD 21.41 million), a significant increase of 35% compared to the previous year. This rise is attributed to several large claims, including those from major projects like Geita Gold Mining and JV of Arabs Contractors. Despite these challenges, our robust risk management framework has allowed the Company to maintain a stable financial footing.

Dear Stakeholders

As we approach end of the Company's five years (2020-2024) strategic plan, I am pleased to report that TAN-RE has continued to demonstrate resilience and strategic acumen in a dynamic and challenging economic environment. Our steadfast commitment to providing sustainable reinsurance solutions has once again yielded substantial growth and operational achievements.

The Company's dedication to strategic excellence and commitment to stakeholders has yielded significant growth and positioned us as a pivotal player in the reinsurance sector in Africa.

Financial Highlights

In 2023, Gross Written Premium saw a remarkable increase to TZS 214.56 billion (USD 85.65 million), up from TZS 179.70 billion (USD 71.74 million) in 2022, a testament to our effective marketing strategies and the commitment to customer-centric service delivery in our local and foreign markets. This growth, amounting to 19%, was primarily driven by organic growth in policy cession and treaty business, alongside contributions from new contracts in both local and foreign markets. **Claims incurred** during the year

The adoption of IFRS 17 Insurance Contracts has brought about a transformative change in our financial reporting, enhancing the transparency and comparability of the Company's financial statements. The implementation of IFRS 17 has enhanced our financial reporting by providing a clearer picture of our financial health and allowing for better strategic decisions. Under this new framework, reinsurance contract revenue recognized was TZS 208.69 billion (USD 83.31 million), a 23% increase from TZS 169.92 billion (USD 67.83 million) reported for the previous year 2022. The profit before tax was TZS 16.22 billion (USD 6.47 million), reflecting a 25% growth over TZS 12.99 billion (USD 5.18 million) reported for the year 2022 and surpassing the budgeted results. Total assets increased by 11% to TZS 170.93 billion (USD 68.24 million), demonstrating our continued financial growth and stability, underpinned by strategic investments and asset management practices that align with the Company's growth objectives. Shareholders' equity also grew by 10%, reinforcing the Company's capital base and supporting future expansion plans.

CEO'S STATEMENT

In the context of continued business momentum and balance sheet growth, the Company has delivered solid a financial performance as shown below:

1 USD = TZS 2,505

Description	2023 TZS 'Million	2022 TZS 'Million
Amounts under the previous standard, IFRS 4		
Gross written premium	214,555	179,704
Claims incurred	53,631	39,651

Description	2023 TZS 'Million	2022 TZS 'Million
Amounts under IFRS 17		
Reinsurance contract revenue	208,694	169,922
Reinsurance service expense	(130,618)	(110,109)
Allocation of retrocession premium	(103,601)	(94,577)
Retrocession service expense	36,974	41,743
Investment income	4,003	3,884
Fair value gain	932	2,968
Other operating revenue	1,288	871
Finance expenses from reinsurance contracts issued	(1,866)	1,413)
Finance income from retrocession contracts held	899	408
Share of net profit of associates accounted for using the equity method	580	269
Other operating and administration expenses	(1,067)	1,105
Income tax expense	(3,379)	(1,836)
Profit for the year	12,841	11,025

Capital adequacy.

Despite of the above success, TAN-RE still operates with modest capital of USD 24 million. To boost the available capital, the Company has embarked on aggressive strategies including changing the shareholding structure to attract potential foreign investors to subscribe to the Company to ensure that enough capital is raised to support steady growth of the business.

Environment, Social and Governance (ESG)

We continue to integrate sustainability into our business operations. In a bid to enhance the economy and maximize wealth, humans continue to engage in activities that are detrimental to the

environment. As a result, the world is faced with the challenges of climate change, such as floods and heat waves. Concern for environment related issues is increasing globally and, recently, among enterprises and institutions, leading to the development of various means of evaluating it. Climate change presents a conspicuous threat to societies as well as natural environments. As a reinsurance services provider, TAN-RE will continue to promote environmental sustainability to mitigate climate change risk in Tanzania and beyond while using constructive and advanced initiatives to contribute towards a more sustainable future for the societies in which we operate.

CEO'S STATEMENT

Our social initiatives focused on environmental conservation, community development, and promoting insurance literacy have not only contributed to societal well-being but have also enhanced our corporate image and stakeholder relationships. In 2023, we increased our involvement in initiatives that promote insurance literacy and road safety. TAN-RE's active participation in community projects highlights our dedication to contributing positively to societal welfare and supporting sustainable development goals. During the year, TAN-RE donated TZS 95 million (USD 37,924) to various schools, charitable organizations, and social organizations.

Moreover, the Company believes in good corporate governance and has put in an internal system encompassing policies, processes, and people, which serves the needs of shareholders and other stakeholders, by directing and controlling management activities with good business plans, objectivity, and integrity. TAN-RE believes that sound corporate governance is reliant on external marketplace commitment and legislation, plus a healthy Board culture which safeguards policies and processes. The Company strives to promote the highest standard of governance by establishing a series of management and social responsibility principles that all companies should strive to achieve. The Directors recognize the need to conduct the business and operations of the Company with integrity and in accordance with the generally accepted corporate governance principles. The Directors will continue to focus their attention on maintaining the highest standards of corporate governance and business ethics in the Company's operations.

Operational Efficiency and Technical Advancements

Innovation through new technologies is a key driver of change in the financial sector, leading to

significant efficiency gains. The insurance sector continues to take advantage of these developments, embracing possibilities of new methods of service provision as well as greater opportunities for data collection and fraud detection which lead to better risk identification and mitigation measures. To accelerate this change towards more digitally enabled and agile organizations, insurers continue to partner with InsurTech firms. The Company is strategically focused to deploy technological advancements to meet the growing demands of our customers and remain competitive. TAN-RE is committed to adopting new technologies and business models that support growth and improved efficiency and has earmarked introduction of a customer portal for information and statistical sharing for the benefit of its clients as it pursues fulfilment of some of its key functions as a reinsurer. TAN-RE's preparedness in use of technology assured the Company of smooth and uninterrupted operations. The Company is prepared to manage risks emanating from embracing technology such as cyber risks and frauds in which the Company has a policy in place to protect itself and its people.

Market Expansion and Product Innovation In 2023, we successfully expanded our geographical footprint and diversified our product offerings, particularly in areas with high growth potential such as agricultural and engineering insurance. Our focus on innovation has led to the development of tailored insurance solutions that meet the specific needs of these sectors, driving further growth.

Furthermore, the Tanzanian reinsurance landscape continued to be competitive with the licensing of new entrants in the market. The continued interest from other players is a testament of the potential for growth given the very low insurance penetration in the market and the significant interest from Banks and Mobile Network Operators (MNO) to distribute insurance

CEO'S STATEMENT

products. The market welcomed Takaful insurance products and witnessed registration of two (2) dedicated Takaful insurers.

Human Resources

Throughout the year, the Company maintained a positive relationship with its employees, facilitated by regular meetings aimed at fostering open communication. These included weekly informal staff gatherings, quarterly reviews to discuss past performance and future strategies, and monthly departmental meetings to gather feedback from various teams.

The Company fully covered the medical expenses of all employees and their immediate families under its medical scheme. Additionally, the Company invested in employee development by organizing technical training sessions on specialized and emerging risks such as Energy, Aviation, and Cybersecurity. Employees also participated in local and international seminars, workshops, and placements with relevant business partners to enhance their skills and experience.

TAN-RE is committed to equal employment opportunities, employing a total of 30 staff members, with a gender distribution of 12 females and 18 males, showing a slight increase from the previous year's total of 29 employees.

Rating

During the period under review, the company was able to be rated by an Internationally recognized agency. The Company was accorded a rating of B for financial strength with a stable outlook and bb+ for Issuer Credit Rating as issued by A. M Best of UK. The company will take advantage of the recent rating to position itself in many foreign markets and be able to acquire more business.

Outlook

As we approach the final year of our strategic plan, our focus remains on consolidating the gains we have made while exploring new opportunities that align with our long-term objectives. We are optimistic about our continued growth and the further strengthening of our market position. Our goal is to not only maintain but also strengthen our position as one of dependable securities in the African reinsurance market. We anticipate a continued upward trajectory in our premium revenue, targeting a growth rate of 20%. Efforts to enhance underwriting efficiency and claims management are projected to improve our profitability margins.

Acknowledgements

I extend my deepest gratitude to our dedicated employees, whose expertise and commitment are the cornerstone of our success. I also thank other stakeholders for their continued trust and the shareholders for their steadfast support and belief in the Company's vision.

As we move forward, TAN-RE remains dedicated to delivering exceptional value and service to all our stakeholders, ensuring our continued growth and contribution to the broader economic landscape.

Thank you for your continued partnership and confidence in TAN-RE.



Rajab Kakusa
Chief Executive Officer

OUR PERFORMANCE AT A GLANCE

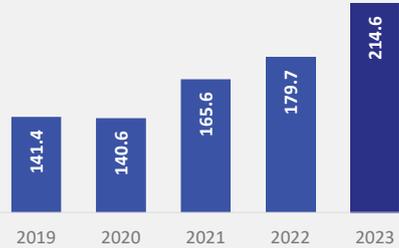


GWP TZS 214.6b

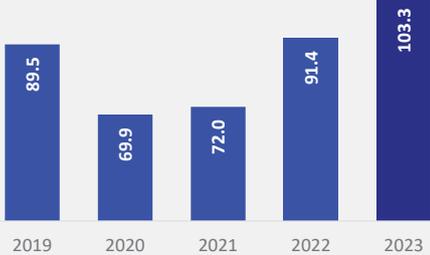
For the past five years, the company has been able to maintain an upward trend in growth of Gross Written Premium.

Growth of Gross Written Premium for the year ended 31 December 2023 was 19%, Being driven by increase in underwriting capacity and strong marketing strategies.

GWP (TZS 'billion)



NWP (TZS 'billion)



Net premium TZS 103.3b

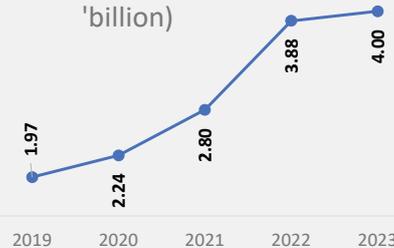
As a result of increase in underwriting capacity, Net premium increased by 13%, that is from TZS 91.4 billion in 2022 to TZS 103.3 billion in 2023. The Company is looking forward to further increasing its underwriting capacity for continual improvements in Net Premium.



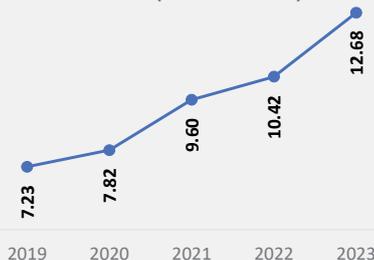
Investment income TZS 4.00b

For the year ended 31 December 2023, growth in Investment income was 4%. The company has adopted a strong investment policy and strategy as a result has been able to demonstrate an upward trend in growth of investment income.

Investment Income (TZS 'billion)



Profit (TZS 'billion)



Profit TZS 12.68b

The Company realized profit after tax of TZS 12.68 billion. There is a consistent growth in profit after tax for the past five years. The achievement being attributed to a well thought strategic plan and strong commitment to achieve objectives set in a strategic plan.

OUR PERFORMANCE AT A GLANCE



Equity TZS 119b

In order to be able to provide sustainable reinsurance capacity and security to the market and maintain its status of being dependable security in local market, the company has maintained sustainable growth in equity. The company is aspiring to become among the most profitable reinsurers in Africa.

EQUITY (TZS 'billion)



ROE



ROE 10.8%

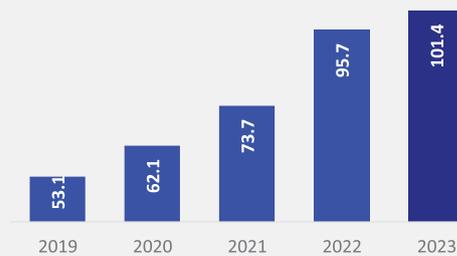
To serve the best interest of shareholders, the company has a team which clearly understands what is expected from them. Using a team of dedicated staff and modern technology the company has been able to achieve a Return on Equity of above 9% for the



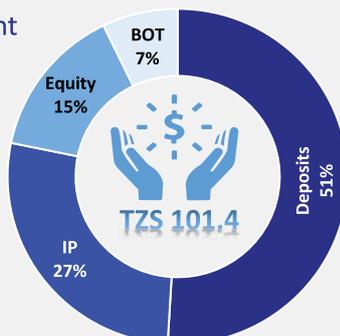
Investment Assets TZS 101.4b

For the past five years, the Company's growth in investment assets was 91%. The Company generates long-term wealth through disciplined and consistent investment practices.

Investment assets (TZS 'billion)



Investment Portfolio



Investment portfolio TZS 101.4b

TANRE has a good investment strategy which typically involves setting clear financial goals, creating a diversified portfolio, minimizing risk through asset allocation, and maintaining a long-term perspective. The company invests strategically to match its assets with future obligations.

1. INTRODUCTION

Those Charged with Governance (TCWG) submit their report together with the audited financial statements for the year ended 31 December 2023, which disclose the state of affairs of Tanzania Reinsurance Company Limited (TAN-RE), herein referred to as the “Company”.

The financial statements for the year ended 31 December 2023 were approved by the Board of Directors and authorised for issue as indicated in the Statement of Financial Position.

2. PRINCIPAL ACTIVITIES

Tanzania Reinsurance Company Ltd (TAN-RE) was established in line with Section 70 of the Insurance Act. No. 18 of 1996 to transact reinsurance business in respect of all Life Assurance and all Non-Life reinsurance business.

The Company’s core functions defined during its establishment are:

- i. To accept legal cessions as required by the Insurance Act and ensuing Regulations.
- ii. To accept and conduct foreign reinsurance business in the form of treaty and facultative business.
- iii. To improve claims management in the market and settle legitimate claims.
- iv. To train the Insurance industry on both insurance and reinsurance matters through identification of market training needs, arrange for the training on identified needs and to nurture local skills.
- v. To provide reinsurance assistance and related services such as underwriting and selecting risks in a professional manner; managing claims efficiently and in accordance to best practice; advising insurance companies on underwriting new products; building efficient processes to deliver the best services to clients; utilising risk capital effectively and engaging skills that can underwrite special risks.
- vi. Providing an avenue for the investment of excess funds; and to match assets with liabilities to minimize risk in addition to selecting assets that meet liquidity and safety requirements.
- vii. Promoting business relations with other reinsurers; compiling and maintaining market insurance and reinsurance statistics and to become a repository for insurance market data and to conduct research and development on insurance matters.

3. VISION, MISSION, AND CORE VALUES

Vision Statement:

“To be among the most profitable Reinsurance Companies in Africa.”

Mission Statement:

“To provide sustainable reinsurance capacity and security in our markets through the use of dedicated staff and modern technology in the best interest of our customers, shareholders and other stakeholders.”

Core Values:

Professionalism, Integrity, Customer Focus.

4. FINANCIAL PERFORMANCE

During the year ended on 31 December 2023, Reinsurance contract revenue recognised by the Company amounted to TZS 208.6 billion compared with TZS 169.9 billion recognised during year 2022, representing an increase of TZS 38.7 billion, equals to 23%. The Company’s preferred markets, particularly the Tanzanian insurance market, continued to have strong performance, which led to a noticeable increase in premiums.

During the period under review, Reinsurance service expense amounted to TZS 130.6 billion compared to TZS 110.1 billion incurred during the corresponding period in the year 2022, representing an increase of TZS 20.5 billion, equals to 19%.



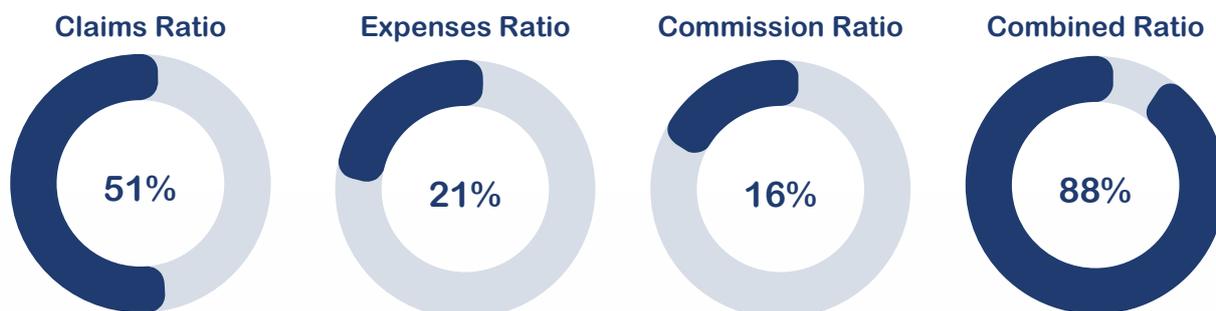
4. FINANCIAL PERFORMANCE (CONTINUED)

During the year 2023, a total of TZS 103.6 billion retroceded as compared with TZS 94.6 billion retroceded in year 2022.

Retrocession-related costs for the year came to TZS 36.6 billion, as compared to TZS 41.7 billion incurred during the year 2022. This led to a 5.1 billion decrease equivalent to 12%.

Description	2023 Percentage (%)	2022 Percentage (%)
Claims Ratio	51	53
Expenses Ratio	21	18
Commission Ratio	16	16
Combined Ratio	88	87
Reinsurance contract revenue Growth	23	19
Increase in investment income	3	39*
Return on shareholders' funds	14	12

*During the year 2022 the Company received capital injection of USD 5 million (TZS 11.7 billion)



4. FINANCIAL PERFORMANCE (CONTINUED)

The recognised reinsurance contract revenue accounted for per class of business was as follows:

	2023	2022
	TZS	TZS
Fire	57,157,542,260	46,432,059,544
Engineering	13,221,511,386	8,418,857,861
Energy	3,897,254,337	2,946,545,550
Accident	27,115,529,163	27,213,119,119
Agriculture	377,885,298	161,641,701
PVT	1,241,566,766	1,274,031,505
Motor	31,064,671,929	26,355,984,420
Marine	10,970,885,928	8,996,497,014
Aviation	36,559,860,267	26,848,911,672
Medical	3,149,734,011	3,380,339,983
Life	23,937,778,981	17,893,783,948
Total reinsurance contract revenue	208,694,220,326	169,921,772,317

The operations for the year achieved reinsurance service results of TZS 11.4 billion (2022: TZS 6.9 billion)

5. STRATEGIC BUSINESS FOCUS AND FUTURE OUTLOOK

Year 2024 will mark end of the Company’s current 5-years (2020-2024) Strategic Plan. The company poised to attain its strategic objectives and shall learn from the experiences gained from the business dynamics in its markets and capitalise on the emerging trends to ensure a more comprehensive and resilient Strategy is adopted to make even higher leaps of achievement during the next strategic planning cycle. The Company remains resilient in its projections for the last year of its 5 years strategic plan and the overall strategic focus for the year ahead will be to continue striving to become among the most profitable reinsurer in Africa and will continue working closely with local insurance companies to develop new products in the market. The Company desires to support all initiatives from the local market to develop new products to increase insurance uptake as the company commits itself to provide sustainable reinsurance capacity and security to its markets using dedicated staff and modern technology.

Since establishment, TAN-RE desired to establish itself among the dependable regional players, the objective which has satisfactorily been achieved as the Company is now among the household names in Africa. During the final year of the 5-years Strategic Plan, the Company will ensure that all viable existing opportunities are thoroughly scanned to ensure the final year is used as a catalyst for projecting more viable targets to continue solidifying its presence in the local market and steadily increase penetration in the foreign markets. During the period under review, the company was able to attain most of its strategic objectives including being rated by an Internationally recognized agency. The Company was accorded a rating of B for financial strength with a stable outlook and bb+ for Issuer Credit Rating as issued by A. M Best of UK. The Company plans to use the rating as a catalyst to mark its presence in more foreign markets to achieve its desire to grow the foreign book from the current ratio of 12% to 30% by the year 2030.

More so, during the final year of the existing Strategic Plan, TAN-RE will continue pursuing the following objectives to effectively provide solutions to the themes derived from the strategic perspectives as identified and used in the Company’s performance evaluation system.

1. To be among the top 15 profitable reinsurers in Africa by year 2024.
2. To achieve minimum return on shareholders fund of 13% per annum.

5. STRATEGIC BUSINESS FOCUS AND FUTURE OUTLOOK (CONTINUED)

3. To achieve customer satisfaction index above 95% annually.
4. To improve the quality and efficiency of business processes.
5. To nurture and develop professional and technical skills within the local market.

To ensure achievement of the above objectives, the Company has identified strategic measures, targets, and key performance indicators to ensure implementation of the plan is effectively monitored and progress measured and reported to the respective implementation supervision levels. Within each of the strategic perspective and strategic objectives the Company has earmarked key strategies and activities, which must be completed during the planning period.

The above objectives have also taken into consideration the Political, Economic, Social, Technological Environmental & Legal (PESTEL) Analysis, Strengths and Weaknesses, Opportunities & Challenges (SWOC) and stakeholder analysis which was conducted as part of the strategic planning process as well as benchmarking against the strategic plans from our peer African reinsurance companies.

6. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period which require adjustment or disclosure in the financial statements.

7. ACCOUNTING POLICIES

The annual Financial Statements are prepared on the underlying assumption of a going concern. The Company's accounting policies, which are laid out on note 3 are subject to an annual review to ensure continuing compliance with International Financial Reporting Standards and Tanzania Insurance Act, 2009 with its related regulations.

8. ACQUISITIONS AND DISPOSALS

There was no material disposal or acquisition of business during year 2023 (2022: Nil).

9. EXTERNAL ENVIRONMENT AND KEY RISK ANALYSIS

The Tanzanian reinsurance landscape continued to be competitive with the licencing of new entrants in the market. The continued interest from other players is a testament of the potential for growth given the very low insurance penetration in the market and the significant interest from Banks and Mobile Network Operators (MNO) to distribute insurance products. The market welcomed Takaful insurance products and witnessed registration of 2 dedicated Takaful insurers. In year 2023, there was no regulation issued that adversely impacted market growth.

10. OPERATING ENVIRONMENT

The operating environment remained stable during the period under review. The Government of the United Republic of Tanzania embarked on some measures to continue to stabilize and improve the economy. The industry sector's performance was satisfactory, remaining resilient and recording a good performance in the year 2023, all things considered.

Macro and micro economic overview

During the year 2023, the global economic outlook continued to face downside risks of economic shocks, heightened by geopolitical tensions stemming from the conflict in the Middle East. Energy prices are lowering, inflation has recently demonstrated a reducing tendency, even though it is still above the target in most countries. Ongoing geopolitical conflicts, however, are probably going to cause energy market disruptions and put pressure on the price of food and oil, which will drive inflation even higher.

During the period under review, Tanzanian economic growth remained satisfactory, considering the global circumstances. The economy grew by 5.1% percent compared with 4.6 percent in the year 2022. As reported

10. OPERATING ENVIRONMENT (CONTINUED)

by the Bank of Tanzania (BOT), the main growth drivers were transport and storage, agriculture, mining and quarrying, construction, information and communication, accommodation and restaurants and financial and reinsurance activities.

The large infrastructure spending and improved and stable power supply continue to boost performance of other sectors including manufacturing and trade. Additionally, the growth in the economy is nurtured by the Third National Five-Year Development Plan (FYDP III; 2021/22 - 2025/26) in which the Government of Tanzania focuses on stimulating an inclusive and competitive economy, strengthening industrial production capabilities and service delivery, promoting investment and trade, bringing development to the citizens and building human resource capacity, among others. To support the insurance sub-sector, the Third National Five-Year Development Plan continues to focus on the three identified priority areas which include creating awareness programmes and public sensitization on insurance matters; developing local demand driven products; and developing a system to easy claims, complain handling and settlement.

The World Bank forecasts that the Tanzania's economy will expand by 5.6 percent in 2024, which is above the Sub-Saharan Africa's average growth of 5.0 per cent.

Regulatory environment

During the year, the insurance environment remained sound, stable and resilient to support economic activities. The Tanzania Insurance Regulatory Authority (TIRA) continued to strengthen risk management, regulatory and supervisory practices in the insurance sector by implementing various policies and regulatory reforms to safeguard the stability of the industry.

Speed and effect of technological change

Innovation through new technologies is a key driver of change in the financial sector, leading to significant efficiency gains. The insurance sector continues to take advantage of these developments, embracing possibilities of new methods of service provision as well as greater opportunities for data collection and fraud detection which lead to better risk identification and mitigation measures. To accelerate this change towards more digitally enabled and agile organizations, insurers continue to partner with InsurTech firms. The Company is strategically focused to deploy technological advancements to meet the growing demands of our customers and remain competitive. TAN-RE is committed to adopting new technologies and business models that support growth and improved efficiency.

Environmental challenges

In a bid to enhance the economy and maximize wealth, humans continue to engage in activities that are detrimental to the environment. As a result, the world is faced with the challenges of climate change, such as floods and heat waves. Concern for environment related issues is increasing globally and, recently, among enterprises and institutions, leading to the development of various means of evaluating it. Climate change presents a conspicuous threat to societies as well as natural environments. As a reinsurance services provider, TAN-RE will continue to promote environmental sustainability to mitigate climate change risk in Tanzania and outside Tanzania while using constructive and advanced initiatives to contribute towards a more sustainable future for the societies in which we operate.

Political environment

The Company is operating under a stable political environment to safeguard the interests of shareholders and meet stakeholders' needs, and overall stabilization and growth of the reinsurance market and economy at large. The stable political environment has also promoted the increase in foreign and domestic investments and operations through fair and stable tax regime, and policies induced by the Government leading to the increase of production capacity. The country's political stability provides assurance to both local and international stakeholders leading to increased investments.



11. COMPANY BUSINESS OPERATING MODEL

At TAN-RE, value is best illustrated in attaining expectations of clients, shareholders, employees, and other stakeholders. In driving value for the stakeholders, the Company anchor its actions on a firm foundation of defined strong values.

Inputs employed to provide service to clients.

Below are the key inputs relating to the key resources on which TAN-RE depends to provide services to the clients and key stakeholders.

Resources	Inputs
<p><i>Financial resources</i> Shareholders give the Company strong financial capital base that supports its operations.</p>	<p>Strong balance sheet with Total assets TZS 170.7 billion (2022: TZS 153.8 billion) and equity TZS 118.8 billion (2022: TZS 108.2 billion).</p>
<p><i>Human resources</i> The Company is privileged to have an engaged and motivated workforce guided by a clear vision and anchored in strong values. The Company is focused on embedding a culture of continuous development, which increases competitiveness and investment in the development of skills required by employees to serve the digital customer of the future.</p>	<ul style="list-style-type: none"> - Experienced and competent leadership team - Gender and diversity inclusiveness - Equal opportunities in training and development - Free of discrimination and harassment
<p><i>Social and relationship resources</i> In engagements with key stakeholders, the Company continuously strive to deliver a meaningful value exchange. The Company values the views of its stakeholders because they play a significant role in shaping response to business and societal issues</p>	<p>The Company ensure employees are committed and connected which address the needs of our stakeholders.</p> <ul style="list-style-type: none"> - Employee engagement has appeared as a critical instrument of our business success in today's competitive environment. - The Company has a strong Corporate Governance structure - Continuous engagement with Regulators

12. DIRECTORS' INTEREST

Mr. Justine Mwandu held 23,409 shares valued at TZS 23,409,000. This represents 0.04% of the ordinary share capital reported as at 31 December 2023.

13. SHARE CAPITAL AND SHAREHOLDING

The authorised share capital of the Company is TZS 100,000,000,000 for 100,000,000 ordinary shares with a nominal value TZS 1,000 per share.

The paid-up capital is made up as follows:

	2023 TZS	2022 TZS
Capital allotted and subscribed	60,000,000,000	60,000,000,000
Capital unsubscribed	(2,301,621,611)	(4,112,770,611)
Subscribed and paid-up capital	57,698,378,389	55,887,229,389
Share capital at 1 January 2023	55,887,229,389	40,752,993,389
Subscribed and paid up during the year (Note 29)	1,811,149,000	15,134,236,000
	57,698,378,389	55,887,229,389

The paid-up capital of the Company as at 31 December 2023 is as stated below:

Cluster	Stake %	Called-up Shares	Paid-up Shares	2023		2022	
				Amount TZS	Paid-up Shares	Amount TZS	
Individual Tanzanians	5	3,000,000	481,063	481,063,000	426,222	426,222,000	
Foreign Investor	10	6,000,000	6,230,000	6,230,029,000	6,000,000	6,000,000,000	
Corporate bodies	10	6,000,000	884,544	884,544,000	851,884	851,884,000	
Insurance Companies	25	15,000,000	14,119,436	14,119,436,389	13,468,375	13,468,375,389	
Insurance Brokers & Loss assessors	5	3,000,000	806,784	806,784,000	725,956	725,956,000	
Pension Funds	45	27,000,000	25,798,294	25,798,294,000	25,000,564	25,000,564,000	
Total	100	60,000,000	48,320,121	48,320,150,389	46,473,001	46,473,001,389	

The shares of the Company are not publicly traded. There is only one class of shares.

There were no changes in shareholding during the year.

14. DIRECTORS

The Directors who held office during the year under review were:

Name	Nationality	Position	Age	Remarks
Mr. Wilson Ndesanjo	Tanzanian	Chairman	67	
Mr. Khamis Suleiman	Tanzanian	Director	61	
Mr. Justine Mwandu	Tanzanian	Director	69	
Mr. Hosea Kashimba	Tanzanian	Director	54	
Mr. Ibrahim Maftah	Tanzanian	Director	53	
Mr. Nassor Ameir	Tanzanian	Director	45	
Mr. Gabriel Silayo	Tanzanian	Director	56	
Mr. Jephitha Gwatipedza	Zimbabwean	Director	56	Appointed 02/05/2023
Mr. Ronald Kasapatu	Zambian	Director	60	Resigned 02/05/2023
Mr. Suresh Kumar	Indian	Director	62	Resigned 02/05/2023
Mr. Rahim Ibrahim	Tanzanian	Director	34	Resigned 02/05/2023
Mr. Jamal Ibrahim	Tanzanian	Director	49	Appointed 02/05/2023
Dr. Flora Minja	Tanzanian	Director	46	Appointed 02/05/2023

All Directors are Non-Executive Directors. The Board's committees have been disclosed on pages 2 and 3.

15. DIRECTORS' FEES AND SITTING ALLOWANCES

The fees and allowances for services rendered by the Non-Executive Directors of the Company were as follows:

	2023 Amount TZS	2022 Amount TZS
FEES		
Chairman of the Board of Directors	10.0 million	10.0 million
Other Directors	110.0 million	90.0 million
SITTING ALLOWANCES		
Chairman of the Board of Directors	25.7 million	11.5 million
Other Directors	224.3 million	205.3 million

16. SOLVENCY AND GOING CONCERN

The Insurance Act, 2009 pursuant to section 20(1) and regulation 21(3) (c) of the Insurance Regulations issued under the Act requires that, the admissible assets of a reinsurer should exceed the liabilities of the reinsurer by TZS 9,805 million or the sum of thirty three percent of general reinsurance net premiums written and ten percent of long-term business liabilities, whichever is the greater. At 31 December 2023 the Company had admissible assets of TZS 114,829 million and liabilities of TZS 71,796 million. The sum of thirty three percent of general reinsurance net premiums written and ten percent of long-term business liabilities amounted to TZS 28,723 million. The Company's admissible assets exceeded the liabilities by TZS 43,034 million which is above the minimum solvency margin required of TZS 28,723 million by TZS 14,310 million.

The Directors consider the Company to be solvent. Nothing has come to the attention of the Directors to indicate that the Company will not remain as a going concern for at least twelve months from the date of this statement. The Directors consider the Company to be solvent within the meaning ascribed by the Insurance Act, 2009 with its subsequent regulations.



17. ADMINISTRATIVE EFFICIENCY

Set out below are details of matters deemed to demonstrate the administrative efficiency of the Company:

a) Labour Turnover

Labour turnover is low and does not affect the operations of the Company.

b) Compliance with the Insurance Act

The Company where applicable, consulted with the Commissioner of Insurance on matters of compliance. In ensuring that the Company operates in line with the requirements of the Insurance Act, 2009 the Company has been doing the following:

- Providing reserves as per the requirement of the Insurance regulation no. 22 (2) (a) and (b) of the Insurance Act, 2009;
- Timely submission of annual returns as per Insurance regulation no.28,29 and 30 of Insurance Act, 2009;
- Maintaining the percentage of assets to be held in approved Tanzanian securities as per regulation no.20 (1) up to (3) of the Insurance Act, 2009;
- Maintaining a capital adequacy as per regulation no.18 (1) (a) of Insurance Act, 2009;
- Appointment of Chief Finance Officer as per regulation 9 (1) (a) and (b) of Insurance Act, 2009.

18. EMPLOYEES WELFARE

a) Management and Employee Relationship

The relationship between the Management and employees of the Company during the year was good. Various meetings between Management and employees were convened during the year under review to ensure effective communication between Management and employees as depicted below:

- Weekly informal staff meetings to enhance effective communication and dialogue between Management and employees.
- Quarterly meetings between Management and employees to review the Company’s performance of the preceding quarter and the strategies to be taken during the next quarter to ensure that the Company operates efficiently to achieve its desired objectives; and,
- Monthly departmental meetings where Heads of Departments obtain feedback from their respective staff on issues emanating from quarterly meetings held between Management and employees.

b) Medical Facilities

The Company meets the entire medical expenses for each employee and his/her immediate family members as per the Company’s medical scheme.

c) Training

During the year, the Company organised various technical trainings on specialised and emerging risks such as Energy, Aviation and Cyber. During the period, various staff members attended seminars and workshops locally and internationally in addition to attachments in relevant institutions and business partners across the globe to consolidate their knowledge and practical experience. Professionally qualified staff attended relevant professional body seminars aligned with the continuous learning requirements. The Seminars included those organised by the National Board of Accountants and Auditors (NBAA) and other professional bodies.

d) Disabled persons

It remains the Company’s policy to accept disabled persons for employment in those positions that they can fill. Opportunities for advancement are provided to each disabled person when a suitable vacancy arises within the Company and all necessary assistance is given with initial training. Where an employee becomes disabled during his or her employment, the Company will seek suitable alternate employment and necessary training thereof.

18. EMPLOYEES WELFARE (CONTINUED)

a) Equal opportunities employer

The Company's policy is not discriminatory against people with regards to race, gender, religion or disability.

b) Gender parity

The Company had a total of 30 employees, of whom 12 were female and 18 were male (2022: 29 employees, of whom 11 were female and 18 were male).

19. DIVIDEND

The Directors recommend payment of dividend amounting to TZS 3.8 billion equals 30% of profit after tax of TZS 12.8 billion achieved during the period ended 31 December 2023.

20. RESERVES

The Company had retained earnings of TZS 15.5 billion, (2022: TZS 13.9 billion) and contingency reserve of TZS 43.8 billion, (2022: TZS 37.9 billion).

21. TRANSACTIONS WITH RELATED PARTIES

Parties are related if one party can control the other party or exercise significant influence over the other party in making financial or operational decisions. In the normal course of business, several relationships are entered into with related parties, that is, key management staff, Directors, their associates, and companies associated with Directors. The volumes of related party transactions for the year and the outstanding amounts at the year-end are provided under Note 31 of the financial statements. The transactions with related parties are carried at arm's length basis.

22. CORPORATE GOVERNANCE

The Company believes in good Corporate Governance and has put in an internal system encompassing policies, processes and people, which serves the needs of Shareholders and other stakeholders, by directing and controlling management activities with good business plans, objectivity and integrity. TAN-RE believes that sound Corporate Governance is reliant on external marketplace commitment and legislation, plus a healthy Board culture which safeguards policies and processes.

The Company strives to promote the highest standard of governance by establishing a series of Management and social responsibility principles that all companies should strive to achieve.

The Directors recognize the need to conduct the business and operation of the Company with integrity and in accordance with generally accepted corporate governance principles. The Directors will continue to focus attention on maintaining the highest standards of corporate governance and business ethics in the Company's operations.

Board of directors

Members of the Board are mentioned on pages 2 and 3. The Board is chaired by an independent non-executive director, Mr Wilson Ndesanjo, and includes nine other non-executive directors. Most of the members of the Board have vast experience in their areas of profession including insurance business that is applied in the overall Management of the Company. Directors' fees and other emoluments and related party transactions are disclosed in Note 30 to these financial statements. Ordinary Board meetings are held quarterly to review the Company's performance against budget and business plans, as well as to formulate and implement the Company strategy.

22. CORPORATE GOVERNANCE (CONTINUED)

Board committees

The Board has three committees (Audit and Risk Committee, Finance and Investment Committee and Governance and Human Resources Committee), whose chairpersons report to the Board of Directors. During the year 2023, the Board had convened 7 meetings (2022: 7 meetings).

Audit and Risk Committee

The Audit and Risk Committee meets on a quarterly basis. The responsibilities of this committee are the review of financial information and monitoring of the effectiveness of Management information, Risk Management and Internal Control Systems.

Also, the committee has a responsibility to deliberate on the significant findings arising from Internal and External audit reviews and from inspections by the regulators, including the Tanzania Insurance Regulatory Authority (TIRA). In addition, the committee has the responsibility of ensuring that the Company actively identifies and assesses the risks arising from the internal and external environments, takes proactive actions in identifying and managing the emerging risks and remains compliant with the applicable legal and statutory requirements. During the year 2023, the Audit and Risk Committee met 6 times (2022: 6 meetings).

Finance and Investment Committee

The Finance and Investment Committee meets on a quarterly basis. The responsibilities of this committee are the review of the Company's investment policies to ensure that all investments are being performed in conformity with approved investment policies and in line with the requirement of insurance regulation as issued under the Insurance Act, 2009. The committee is also responsible to oversee the Company's IT related matters. During the year 2023, the Finance and Investment Committee met 4 times (2022: 4 meetings).

Governance and Human Resources Committee

The Governance and Human Resources Committee was set up by the Board to periodically address matters related to Governance, staffing and remunerations of the Company's employees and Directors. The Committee meets semi-annually. However, the Committee can meet more than two times in a year whenever there is a need to. In the year 2023, the Governance and Human Resources Committee met 2 times (2022: 2 meetings).

23. POLITICAL CONTRIBUTIONS AND DONATIONS

The Company did not make any political donations during the year.

24. CORPORATE SOCIAL RESPONSIBILITY

TAN-RE has an obligation to consider the interests of its stakeholders (clients, shareholders, employees, communities, and environmental considerations) in all aspects of its operations. Amongst the initiatives and endeavours in which TAN-RE participates include financial support of various Non-Governmental Organizations, Hospitals and Institutions of learning. A sound environment for all is the key to overall social and economic success of any country. TAN-RE recognizes the importance of a clean and healthy environment and supports various activities geared towards achievement and its improvement. During the year ended 31 December 2023, TAN-RE donated TZS 95 million to various schools, charitable organisations, and social organisations (2022: TZS 211 million).

25. STAKEHOLDERS' NEEDS AND INTERESTS

The Company's stakeholders include the Insurance Companies, Brokers, Agents, Reinsurers, the Tanzania Insurance Regulatory Authority (TIRA), other Government authorities and agencies, financial institutions, shareholders, suppliers and finally the Company's employees. Each category of these stakeholders has different interests and needs from the Company.



25. STAKEHOLDERS' NEEDS AND INTERESTS

Stakeholders	Stakeholders needs and expectations
Employees	<ul style="list-style-type: none"> • Employees' interest is on the success of the Company for job security, better salaries and other benefits, training and development. • An empowering and enabling environment that embraces diversity inclusivity and growth. • Fair remuneration, effective performance management, and recognition • A safe and healthy work environment • Job Security
Insurance Companies (Cedants) and Reinsurers	<ul style="list-style-type: none"> • The Insurance Companies' interests include the assurance that the Company will provide adequate reinsurance capacity and settle the claims timely. • Timely delivery on insurer's promises • Exceptional Customer Service • Reinsurers' interest is to get fair share of business from the Company and provide support to ensure prudent underwriting.
Reinsurance Brokers	<ul style="list-style-type: none"> • Reinsurance Brokers and Agents' interest is on provision of insurance solutions to their clients and to be rewarded in form of commissions
Suppliers	<ul style="list-style-type: none"> • Fair opportunities for service provision to the Company and timely payments
Shareholders/ investors	<ul style="list-style-type: none"> • Shareholder value creation through share price appreciation and attractive and sustainable dividends • Continuous engagement to enable informed investment decisions
Regulators	<ul style="list-style-type: none"> • The Tanzania Insurance Regulatory Authority's interest is on the growth of the sector and protection of the policyholders' interests
Government	<ul style="list-style-type: none"> • The Government collects taxes from the business and sees the business as one of the sources of employment in the Country. • Regular interactions through regulatory bodies and sometimes through the Association on Tanzania Insurers (ATI) the Company engages with the Government Ministries or officials
Regulators and policy makers	<ul style="list-style-type: none"> • Compliance with all legal and regulatory requirements • Being a responsible taxpayer in all jurisdictions where the Company conducts business. • Active participation and contribution to the industry and regulatory working groups
Society	<p>Without people, businesses cannot exist. Customers buy the products that maintain or increase their welfare and with their spending and loyalty, they deserve to see that Companies drive social and environmental changes. The Company acts responsibly to support the society.</p>
Media	<p>Interactions via press releases, face to face, local Television, radio, magazines, and blogs to enhance brand visibility and promote the Company's products</p>



26. FACTORS IMPACTING COMPANY’S ABILITY TO CREATE VALUE

Company’s operating environment is characterised by increased competition, disruptive technologies, changing consumer behaviour and regulatory and policy changes. Within the context of its current strategic, cultural, and digital journey. TAN-RE manages the following material matters.

ISSUE	RISK/IMPACT ON VALUE CREATION	OUR RESPONSE
Rising stakeholder expectations	Stakeholders’ sentiments can impact Company’s reputation and, affect the cost and availability of funding that is required to drive long-term performance.	Increased engagements with stakeholders to best understand their expectations to incorporate into Company’s strategic planning. Adopting integrated reporting to increase transparency on value creation process.
Ongoing regulatory and policy changes	Growing compliance costs which may have to be passed on to customers and ultimately impact shareholder returns.	Allocating a material proportion of investments to regulatory compliance and risk prevention initiatives. Engagement with policy makers and communities to advocate for appropriate regulatory reform. Maintaining constructive and proactive relationships with key regulators.
Business disruption	Events such as global pandemic can cause unexpected business disruption and impact every part of the Company, from operational efficiency to Return on Investment. Disruption means the Company’s ability to continue as expected or planned is compromised.	Increased focus on credit risk, liquidity management and capital preservation.

27. RISK MANAGEMENT

The Company has a Risk Management unit which reports to the Board on a quarterly basis. The Board is updated timely on major risk exposures for timely mitigative initiatives to be implemented. The Company continues to train and sensitise all employees on both their individual and collective responsibilities pertaining to risk Management within the operations of the Company. Moreso, the Company’s Quality Management system is certified under ISO 9001:2015 which places greater emphasis on Risk Management.

TAN-RE’s detailed risk categorisation is set out in the Company’s Risk Register. An update on the developments of the top 7 risks are presented to the Board through its Audit and Risk Committee meetings every quarter. The Company has a Board approved Risk Management Framework which categorises Enterprise Risk into seven categories set out below.

i. Strategic Risk

The Board is vigilant on monitoring the Risks that shape the strategic direction of the Company such as alignment of the business and organisation goals to strategic objectives, geographic expansion and new products.

27. RISK MANAGEMENT (CONTINUED)

ii. Market Risk

The Company is watchful on the consequences of changes in the asset values, investment market value changes on liabilities, and consequences of not matching asset and liability cashflows.

iii. Credit Risk

The Board is constantly watchful on the risk of failure of the third parties to repay amounts owing to the Company such as

- Counterparty Risk - Failure of a counterparty / downgrade of a counterparty
- Default on reinsurance premiums and
- Asset default (default by an issuer of a financial asset on the interest or capital payments)

iv. Reinsurance Risk

The principal risk the Company faces under retrocession contracts is that the actual claims and the benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserve is available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of retrocession contracts and geographical areas. The variability of risk is also improved by careful selection and implementation of underwriting strategy guideline, as well as the use of retrocession arrangements.

The Company purchases retrocession cover as part of its risk mitigation programme. Retrocession ceded is placed on both a proportional and non-proportional basis. The majority of proportional retrocession programme is quota-share which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional retrocession is primarily excess-of-loss programme designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss retrocession vary by class of business and territory.

Amounts recoverable from retrocessionaires are estimated in a manner consistent with the outstanding claims provisions and are in accordance with the retrocession contracts. Although the Company has retrocession arrangement, it is not relieved of its direct obligations to its ceding companies and thus a credit exposure exists with respect to retro ceded reinsurance, to the extent that any retrocessionaires are unable to meet its obligations assumed under such retrocession agreements.

The Company's placement of retrocession is diversified such that it is neither dependant on single retrocessionaires nor the operations of the Company are substantially dependent upon any single retrocession contract.

v. Liquidity Risk

The Board understands the importance of liquidity management to the operations of the Company since the Company has a commitment to settle obligations within the shortest time possible. The Board is vigilant on the risk of not having sufficient funds available to enable the Company to meet its obligations as they fall due, or making the Company to secure resources at an excessive cost.

vi. Operational Risk

TAN-RE is cautious on the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In addition, the failure to mitigate against external risks including the risk of offering uncompetitive products or not being innovative.

vii. Legal and Regulatory Risk

TAN-RE operates in a highly regulated environment and has a responsibility to comply to various legal and regulatory requirements. The Company has compliance unit which reports to the Board on a quarterly basis. The Company is observant on changes in legislation and regulation leading to higher capital requirements including litigation risk from third parties.

28. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Company operates in politically stable environments and cooperates with several Government Agencies including Tanzania Police Force, Municipal Councils, Tanzania Revenue Authority, Tanzania Insurance Regulatory Authority, and many others in implementing social, economic, environmental, and safety projects and activities.

The Company continues to focus on enhancing the positive safety culture already in place. In 2023, the Company through Tanzania Insurance Regulatory Authority participated in several campaigns in road safety and insurance awareness to different regions of Tanzania.

29. TECHNOLOGY AND INNOVATION

One of the key drivers of change in the financial sector is technological innovation. The insurance sector is no exception to such developments, with possibilities of new methods of service provision as well as greater opportunities for data collection and fraud detection that can lead to better risk identification and mitigation measures. The Tanzania Insurance market has witnessed deliberate moves to seize use of innovative technological solutions which has influenced their business models and methods of sourcing for additional income.

The market has embarked on use of mobile apps and has partnered with mobile service providers to increase penetration of insurance through products in motor and life and personal accident business including bancassurance. The Company has been very supportive in building capacity to the local insurance companies to accept such emerging risks which positively impacts the top line of TAN-RE.

Internally, the Company has earmarked introduction of a customer portal for information and statistical sharing for the benefit of its clients as it pursues fulfilment of some of its key functions as a reinsurer. TAN-RE's preparedness in use of technology assured the Company of smooth and uninterrupted operations.

The Company is prepared to manage risks emanating from embracing technology such as cyber risks and frauds in which the Company has a policy in place to protect itself and its people.

30. STATEMENT OF COMPLIANCE

The Report by Those Charged with Governance is prepared in compliance with the new Tanzania Financial Reporting Standard No. 1 (TFRS No. 1) as issued by the National Board of Accountants and Auditors (NBAA). The financial statements of the Company have been prepared in accordance with International IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and comply with the Tanzanian Companies Act, 2002 and the Tanzanian Insurance Act, 2009.

31. INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers have completed their tenure as the Company's Auditors. Ernest and Young are recommended for appointment as the Company's Auditors for the subsequent year. A resolution proposing their appointment will be put to the Annual General Meeting.

Company's External Auditor:

PricewaterhouseCoopers
 Certified Public Accountants (Tanzania)
 369 Toure Drive, Oysterbay
 P.O. Box 45
 Dar es Salaam
 Telephone: +255 (22) 2192000, Fax: +255 (22) 2192200, Email: info@pwc.co.tz,
 Website: www.pwc.com/tz; TIN Number: 100212285; VAT Number: 10-009908-I



.....
WILSON NDESANJO

Chairman of the Board of Directors

Date: 19/04/2024

It is the responsibility of the those charged with Governance to prepare financial statements of the entity which show a true and fair view in accordance with applicable standards, rules, regulations, and legal provisions.

This responsibility covers the period from the beginning of the financial year to the date those charged with Governance approve the Audited Financial Statements and it covers all those charged with Governance who acted in this capacity during any part of the period covered by financial statements.

The Tanzanian Companies Act, 2002, requires the Directors of the Company to prepare the Financial Statements for each financial year that give true and fair view of the situation of the Company as at the end of the financial year and of its operating results for that year. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud, error, and other irregularities.

The Directors accept responsibility for the Annual Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirement of the Tanzanian Companies Act, 2002. The Directors are of the opinion that the Financial Statements give a true and fair view of the state of the financial affairs of the Company and of its operating results and in compliance with International Financial Reporting Standards. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Furthermore, the Directors accept their responsibilities laid out under various sections of the Insurance Act, 2009 with its subsequent regulations and assert that the same has been complied with in all material respects.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Approved and authorised for issue by the Board of Directors and signed on its behalf by:



WILSON NDESANJO
Chairman of the Board of Directors
Date: 19/04/2024



The National Board of Accountants and Auditors (NBAA) according to the power conferred to it under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires Financial Statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with International IFRS Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under Statement of Directors' Responsibilities on an earlier page.

I **Ernest Koroso**, being the Head of Finance of **Tanzania Reinsurance Company Limited (TAN-RE)** hereby acknowledge my responsibility of ensuring that Financial Statements for the year ended 31 December 2023 have been prepared in compliance with International IFRS Accounting Standards and statutory requirements.

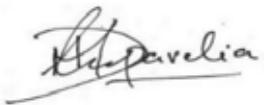
I thus confirm that the Financial Statements give a true and fair view position of **Tanzania Reinsurance Company Limited (TAN-RE)** as on that date and that they have been prepared based on properly maintained financial records.

Ernest Koroso
Chief Finance and Administration Officer
NBAA Membership No: ACPA 3764
Date: 19/04/2024



I Darshan Ruparelia FIA, FeASK, FAST being a Fellow of the Institute and Faculty of Actuaries, Fellow of the Actuarial Society of Kenya, and Fellow of the Actuarial Society of Tanzania and approved by the Commissioner of Insurance, having conducted actuarial valuation in accordance with Section 154(2) of the Insurance Act of 2009 and Section 22(2) of the Insurance Regulations of 2009 as of 31 December 2023 do hereby certify as under:

- a) that in my opinion the actuarial liabilities of general insurance have been investigated and assessed by me in accordance with the provisions of the Insurance Act and Regulations of 2009; and
- b) that the actuarial estimates of the reserves of the Company as at 31 December 2023 are adequate and may be provided accordingly.



.....
Darshan Ruparelia FIA, FeASK, FAST

Fellow of the Institute of Actuaries, U.K
Fellow of the Actuarial Society of Kenya
Fellow of the Actuarial Society of Tanzania
Consulting and Principal Actuary
Actuarial and Risk Consulting (T) Limited
P.O Box 38568, Dar es Salaam, Tanzania.

18 April 2024



Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Tanzania Reinsurance Company Limited (the Company) as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, No. 12 of 2002.

What we have audited

The financial statements of Tanzania Reinsurance Company Limited as set out on pages 28 to 112 comprise:

- statement of financial position as at 31 December 2023;
- statement of profit or loss and other comprehensive income for the year then ended;
- statement of changes in equity for the year then ended;
- statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the National Board of Accountants and Auditors (NBAA) that are relevant to our audit of the financial statements in Tanzania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the NBAA.

Audit Matters

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

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Transition to IFRS 17 Insurance Contracts</p> <p>(Refer to note 4)</p> <p>On 1 January 2023, the Company transitioned to reporting under the new accounting standard IFRS 17 Insurance Contracts which replaced IFRS 4 Insurance Contracts.</p> <p>The Company has evaluated the requirements of IFRS 17 and exercised judgement to develop accounting policies and determine appropriate methodologies in order to comply with IFRS 17. In particular, the determination of the measurement models (general model or premium allocation approach) to apply under the standard, the determination of risk adjustment and onerous contract methodologies, and the determination of the discount rate (adjusted for an illiquidity premium to reflect the liquidity characteristics of insurance contracts), were deemed to be significant to the overall impact of transition. The new standard has also had a significant impact on the disclosures in the financial statements.</p> <p>Due to the significance of the changes introduced by the standard, we considered the transition to the new standard to be a key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> Assessing the significant judgements used by the Company to determine the relevant accounting policies against the requirements of IFRS 17. This included judgements used to determine the measurement models adopted, risk adjustment, onerous contracts and discount rates used. Evaluating the appropriateness of the Company's premium allocation approach eligibility analysis for reinsurance contracts issued and held with coverage periods greater than one year, including testing the relevant supporting data, the significant assumptions used and scenarios applied, and testing the accuracy of models used. Evaluating the appropriateness of the methodology used to determine the risk adjustment, including assessing the underlying discounted cash flow model and significant assumptions. Evaluating the onerous contract methodology used to identify any groups of onerous contracts on transition. Assessing the discounting methodology. Testing the supporting calculations related to the material transition adjustments at 1 January 2022, with the standard applied retrospectively. We also assessed the reasonableness of the new and restated disclosures in the financial report against the requirements of IFRS 17.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of reinsurance contract liabilities</p> <p>(Refer to note 3(h), 4(ii), 5(c,d), 6 (e) and 28)</p> <p>As at 31 December 2023, the Company held TZS 40,240 million of reinsurance contract liabilities of which there are two components.</p> <p>i) Liability for remaining coverage which comprises fulfilment cash flows related to future services to be provided under groups of reinsurance contracts. This balance is also inclusive of additional liability for onerous classes.</p> <p>ii) Liability for incurred claims and comprises fulfilment cash flows related to past services provided under groups of reinsurance contracts which have not yet been paid, including claims that have been incurred but not yet reported (IBNR). This balance is also inclusive of a risk adjustment and discounting.</p> <p>We considered the valuation of reinsurance contract liabilities to be a key audit matter due to the significant judgement required by the Company in estimating future cash flows, and in particular IBNR. These estimates are inherently uncertain and relies on the accuracy of claims data and the assumption that future claims development will follow a similar pattern to past claims development experience.</p> <p>The risk adjustment is also a key area of judgement given it is intended to reflect the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows associated with insurance contracts that arise from non-financial risks.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Developing an understanding of the control activities relevant to our audit over the Company's process for determining reinsurance contract liabilities. • Testing specific groups of contracts including those most impacted by the large losses by developing an understanding and assessing the methodology and assumptions used by the Company and, where available, comparing to historical experience of the Company, current industry trends and benchmarks, and other publicly available information. • Performing risk-based testing procedures on the groups of contracts, where there have been material movements and related assumption changes. • Evaluating the appropriateness and reliability of significant data used to estimate future cash flows associated with groups of contracts, including agreeing a sample of claims to underlying information. • Testing the onerous contract assessments, including evaluating the significant assumptions against relevant supporting information. • Testing the discount rate applied through evaluating yield curves, claims payment patterns. This included comparing the rates applied to external market data and the payment patterns to historical information. • Evaluating the relevant underlying calculations used to derive the risk adjustment, including the significant assumptions. • We also assessed the reasonableness of the related disclosures in the financial statements.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of retrocession contract assets</p> <p>(Refer to note 3(h), 4(ii), 5(c,d), and 24)</p> <p>As at 31 December 2023, Company held TZS 57,721 million of retrocession contract assets.</p> <p>We considered the valuation of retrocession contract assets to be a key audit matter due to the significant judgement applied by the Company in valuing the associated reinsurance contract liabilities that have been retroceded, the complexity of the application and coverage of Company's retrocession arrangements, and the risk of non-performance by the retrocessions.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Developing an understanding of the control activities relevant to our audit over the Company's process for determining retrocession contract assets. • Evaluating a sample of retrocession recoveries held by Company against underlying contracts to assess the existence of cover and appropriateness of their recognition. • Assessing the risk of non-performance of retrocession by considering the payment history and credit worthiness for a sample of reinsurance recoveries. • We also assessed the reasonableness of the related disclosures in the financial statements against the requirements of IFRS Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the Company Information, The Report by those charged with governance, Statement of responsibility by those charged with governance, Declaration of Head of Finance and Report of the Consulting Actuary but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act, No. 12 of 2002, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

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

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

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

We also provide those charged with governance with a statement 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, action taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes.

As required by the Companies Act, No. 12 of 2002 we are also required to report to you if, in our opinion, the report by those charged with governance is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed. In respect of the foregoing requirements, we have no matter to report.

Cletus Kiyuga, ACPA 1981



Cletus Kiyuga, ACPA 1981

For and on behalf of PricewaterhouseCoopers

Certified Public Accountants

Dar es Salaam

Date

19th April 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME



	Notes	2023 TZS	2022 restated TZS
Reinsurance contract revenue	8	208,694,220,326	169,921,772,317
Reinsurance service expense	9	(130,617,929,474)	(110,108,538,994)
Reinsurance results held before reinsurance contracts held		78,076,290,852	59,813,233,323
Allocation of retrocession premium	10 (a)	(103,600,659,798)	(94,577,159,603)
Retrocession service expense	10 (b)	36,974,301,094	41,743,318,928
Net expenses from reinsurance contracts held		(66,626,358,704)	(52,833,840,675)
Reinsurance service results		11,449,932,148	6,979,392,648
Investment income	11	4,002,794,988	3,884,018,616
Fair value gain	12	931,950,063	2,967,985,413
Other operating revenue	13	1,287,873,885	871,243,279
Net Investment income		6,222,618,936	7,723,247,308
Finance expenses from reinsurance contracts issued	14	(1,865,715,804)	(1,413,028,785)
Finance income from retrocession contracts held	15	899,428,251	407,673,161
Net reinsurance finance expenses		(966,287,553)	(1,005,355,624)
Share of net profit of associates accounted for using the equity method	33	580,030,489	268,539,071
Net reinsurance and investment results		17,286,294,020	13,965,823,403
Other operating and administration expenses	16	(1,066,577,478)	(1,104,715,790)
Profit before tax		16,219,716,542	12,861,107,613
Income tax expense	17	(3,378,510,025)	(1,836,194,107)
Profit for the year		12,841,206,517	11,024,913,506
<i>Other comprehensive income, net of taxes:</i>		-	-
Exchange differences on translation of investment in foreign associate	33	(157,127,435)	(732,895,266)
Total comprehensive income for the year		12,684,079,082	10,292,018,240

STATEMENT OF FINANCIAL POSITION



	Notes	Dec, 2023 TZS	Restated Dec, 2022 TZS	Restated January 01 2022 TZS
Assets				
Property and equipment	18	744,057,395	946,196,255	736,114,895
Intangible assets	20	55,015,828	77,928,034	74,446,490
Investment Property	19	27,645,000,000	27,645,000,000	25,014,999,999
Deferred tax asset	17	3,121,310,367	2,134,992,811	2,438,800,946
Other receivables	23	6,596,511,663	5,242,577,781	6,045,149,307
Investment in Government securities at amortised costs	22	7,277,626,263	7,480,349,816	6,767,744,844
Financial assets at fair value through profit or loss	21	10,081,577,714	9,136,546,361	8,798,277,439
Investments accounted for using the equity method	33	4,719,053,900	4,296,150,845	4,760,507,040
Retrocession Contract assets	24	57,720,652,420	47,165,230,716	41,818,578,582
Deposits with Financial institutions	27	51,636,991,320	47,163,438,614	28,143,752,238
Cash and cash equivalent	25	1,097,490,512	2,510,956,533	4,311,964,834
Total Assets		170,695,287,382	153,799,367,766	128,910,336,614
Equity and Liabilities				
Equity				
Issued share capital	29	48,319,321,389	46,509,001,389	40,752,993,389
Share premium	29	348,613,700	348,613,700	348,613,700
Advance towards share capital	29	9,378,228,000	9,378,228,000	-
Retained earnings		15,510,980,580	13,862,844,887	12,647,069,470
Share buyback reserve	29	2,263,497,527	995,089,619	-
Foreign currency translation reserve		(890,022,701)	(732,895,266)	-
Contingency reserve	32	43,832,483,173	37,890,395,257	32,917,164,898
Total equity		118,763,101,668	108,251,277,586	86,665,841,457
Liabilities				
Reinsurance Contract Liabilities	28	40,239,963,754	34,899,958,353	29,938,347,069
Other payables	30	3,764,002,283	3,895,050,524	5,317,716,381
Current tax payable	17	7,928,219,677	6,753,081,303	6,988,431,707
Total liabilities		51,932,185,714	45,548,090,180	42,244,495,157
Total equity and liabilities		170,695,287,382	153,799,367,766	128,910,336,614

These financial statements were approved by the Board of Directors and authorised for issue on 19/04 2024 and were signed on their behalf by:

Name: Wilson Ndesanjo

Title: Chairman of the Board

Signature: 

Name: Khamis Suleiman

Title: Chairman Audit & Risk committee

Signature: 

Name: Rajab Kakusa

Title: Chief Executive Officer

Signature: 

STATEMENT OF CHANGES IN EQUITY



Notes	Share capital	Retained earnings	Contingency reserve	Share buyback reserve ⁽¹⁾	Foreign currency translation reserve ⁽²⁾	Advance towards share capital	Share premium	Total
	TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
At 1 January 2023	46,509,001,389	13,862,844,887	37,890,395,257	995,089,619	(732,895,266)	9,378,228,000	348,613,700	108,251,277,586
Transactions with owners								
Paid up share capital	26,000,000	-	-	-	-	-	-	26,000,000
Advance towards share capital	-	-	-	-	-	-	-	-
Dividend paid	-	(2,000,000,000)	-	-	-	-	-	(2,000,000,000)
Shares in lieu of cash dividend	1,784,320,000	(1,982,575,000)	-	-	-	-	-	(198,255,000)
Share buyback reserve	-	(1,268,407,908)	-	1,268,407,908	-	-	-	-
Comprehensive income								
Profit for the year	-	12,841,206,517	-	-	-	-	-	12,841,206,517
Contingency reserve	-	(5,942,087,916)	5,942,087,916	-	-	-	-	-
Other Comprehensive income								
Currency translation - associate	-	-	-	-	(157,127,435)	-	-	(157,127,435)
At 31 December 2023	48,319,321,389	15,510,980,580	43,832,483,173	2,263,497,527	(890,022,701)	9,378,228,000	348,613,700	118,763,101,668
At 1 January 2022	40,752,993,389	13,663,607,769	32,917,164,898	-	-	-	348,613,700	87,682,379,756
IFRS 17 & IFRS Transition adjustments								
Impact of initial recognition of IFRS 17	-	(781,754,460)	-	-	-	-	-	(781,754,460)
Impact of initial recognition of IFRS 9	-	(233,855,120)	-	-	-	-	-	(233,855,120)
Restated At 1 January 2022	40,752,993,389	12,647,998,189	32,917,164,898	-	-	-	348,613,700	86,666,770,176
Transactions with owners								
Paid up share capital	2,299,271,726	-	-	-	-	-	-	2,299,271,726
Advance towards share capital	-	-	-	-	-	9,378,228,000	-	9,378,228,000
Shares in lieu of cash dividend	3,456,736,274	(3,840,818,116)	-	-	-	-	-	(384,081,842)
Share buyback reserve	-	(995,089,619)	-	995,089,619	-	-	-	-
Comprehensive income								
Profit for the year as previously reported	-	10,683,791,459	-	-	-	-	-	10,683,791,459
Impact of IFRS 17	-	465,343,490	-	-	-	-	-	465,343,490
Impact of IFRS 9	-	(124,221,438)	-	-	-	-	-	(124,221,438)
Contingency reserve	-	(4,973,230,359)	4,973,230,359	-	-	-	-	-
Other comprehensive income								
Currency translation - associate	-	-	-	-	(732,895,266)	-	-	(732,895,266)
Restated Balance At 31 December 2022	46,509,001,389	13,862,844,887	37,890,395,257	995,089,619	(732,895,266)	9,378,228,000	348,613,700	108,251,277,586

STATEMENT OF CASH FLOWS



	Notes	2023 TZS	2022 TZS
Operating activities			
Cash generated from operations	26	4,261,748,137	5,180,111,741
Tax paid	17	(2,963,975,100)	(1,000,000,000)
Withholding tax deducted at source	17	(225,714,107)	(767,736,376)
Withholding tax - shares in lieu of dividend		(198,255,000)	(384,081,842)
Cash generated from operating activities		873,803,930	3,028,293,523
Investing activities			
Proceeds from/(purchase of) Government securities		202,723,553	(713,638,189)
Purchase of deposits with financial institutions (maturing over three months) *		(8,931,009,827)	(18,584,162,589)
Purchase of shares	21	(1,756,023)	(283,510)
Purchase of property and equipment	18	(122,505,830)	(587,350,852)
Proceeds from sale of property and equipment		53,035,005	-
Purchase of intangible assets	20	(24,253,377)	(56,737,997)
Investment income	11	4,002,794,988	3,884,018,616
Net cash flows used in investing activities		(4,820,971,511)	(16,058,154,521)
Financing activities			
Proceeds from issue of shares	29	26,000,000	2,299,271,726
Advance towards share capital	29	-	9,378,228,000
Dividend paid		(2,000,000,000)	-
Net cash flows (used in)/generated from financing activities		(1,974,000,000)	11,677,499,726
Net decrease in cash and cash equivalents		(5,921,167,581)	(1,352,361,272)
Cash and cash equivalents at the beginning of the year		7,302,906,372	8,643,925,199
Effect of exchange rate change on cash and cash equivalents		3,263,960	11,342,445
Cash and cash equivalents at the end of the year	26	1,385,002,751	7,302,906,372

1. CORPORATE INFORMATION

Tanzania Reinsurance Company Limited is a limited liability Company incorporated and domiciled in United Republic of Tanzania. The Company's shares are not publicly traded.

The Company is incorporated under the Tanzanian Companies Ordinance CAP 212, which was replaced by Tanzanian Companies Act, 2002 in year 2002. The address of its registered office and principal place of business is:

8th Floor, TANRE House
Plot No. 406 - Longido Street, Upanga
P.O. Box 1505
Dar es Salaam, Tanzania
Telephone: 255-22-2922341-3
Facsimile: 255-22-2922344
Email: mail@tan-re.co.tz
Website: www.tan-re.co.tz

The principal activities of the Company are to transact all classes of Reinsurance business (both short term and long term) in conformity with the Insurance Act, 2009.

The financial statements of Tanzania Reinsurance Company Limited for the year ended 31 December 2023 were approved and authorised for issue in accordance with a board resolution as indicated on the statement of financial position.

2. BASIS OF PREPARATION

The financial statements have been prepared on an historical cost basis except for the investment properties and those financial assets and financial liabilities that have been measured at fair value, in accordance with International Financial Reporting Standards (IFRS). The financial statements are presented in Tanzanian Shillings (TZS) except when otherwise indicated.

The Company presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

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

Statement of compliance

The financial statements of the Company have been prepared in accordance with International IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and in the manner required by Tanzanian Companies Act, No. 12 of 2002. Additional information required by the regulatory bodies is included where appropriate.

For the Tanzanian Companies Act, No. 12 of 2002 reporting purposes, in these financial statements the balance sheet is presented as the statement of financial position and the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

2. BASIS OF PREPARATION (CONTINUED)

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 4.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) Function and presentation currency

These financial statements are presented in Tanzanian Shillings (TZS), which is the Company's functional and presentation currency.

b) Revenue recognition:

i. Insurance premium revenue

The revenue recognition policy relating to insurance contracts is set out under note 5(a)(i) above.

ii. Commissions earned

Commissions receivable are recognized as income in the period in which they are earned. To achieve this proportion of the reinsurance commissions receivable is deferred and recognised as income over the period of the policy.

iii. Investment income

Investment income is made up of interest on fixed deposits, interest from government securities and dividend income. Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument.

Dividends are received from financial assets measured at fair value through profit or loss (FVPL). Dividends are recognised as investment income in profit or loss when the right to receive payment is established. For listed securities, this is the date the security is listed as ex dividend.

Refer to note 4(ii) for accounting policy on reinsurance services revenue.

c) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Replacement or major inspection costs are capitalised when incurred and it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Depreciation is calculated to write off the cost of equipment over the estimated useful life of each category using the straight-line method at the following current estimated annual rates:

Motor vehicles	25.0%
Office furniture and fittings	12.5%
Office equipment	12.5%
Computers	33.3%

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

The assets' residual values, useful lives and method of depreciation are reviewed and adjusted if appropriate at each financial year-end. Impairment reviews take place when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment losses are recognised in the statement of comprehensive income as an expense. An item of equipment is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the assets, (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is de-recognised.

d) Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit or loss. The annual rates of amortisation which have been consistently applied are:

Description	Rate (%)
Computer software	25 – 33.33

e) Investment properties

Investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on after three-year revaluation performed by an accredited external independent valuer.

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

f) Leasing

The determination of whether an arrangement is a lease or it 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 and the arrangement conveys a right to use the asset.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rent income arising is accounted for on a straight-line basis over the lease terms and is included in investment income in the statement of profit or loss.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company applies the short-term lease recognition exemption to its short-term leases (leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets exemption to leases that are considered to be of low-value. The low-value leases include the leases that have the value of US dollar 5,000 (or TZS equivalent) or below. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position. For the purpose of the cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdraft.

h) Taxes

Current income tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the differed income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, effects neither the accounting profit nor taxable profit or losses.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and tax losses can be utilized except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

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

Uncertain tax positions

The Company recognises liabilities for uncertain tax positions in accordance with the criteria defined within IAS 12 and IFRIC 23, based on objective estimates of the amount of tax that may be due, which is calculated, where relevant, with reference to expert advice received. Where payment is determined to be possible but not probable, the tax exposure is disclosed as a contingent liability. The Company recognises probable liabilities based on objective estimates of the amount of tax that may be due. Where the final tax determination is different from the amounts that were initially recorded, the difference will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Levies and similar charges

The Company recognises the liability arising from levies and similar charges such as City service levy paid quarterly to the local government authority, excise and stamp duty paid monthly to the Tanzania Revenue Authority (TRA). These charges are to be legally enforceable in the reporting period. A revision for levies is recognised when the condition that triggers the payment of the levy is met.

i) Foreign currency translation

Transactions and balances

The Company's financial statements are presented in TZS which is the Company's functional currency. Items included in the financial statements are measured using that functional currency. The resulting differences from translation and conversion as well as on settlement or realizing monetary items are dealt with in the profit or loss in the year in which they arise.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined

j) Claims incurred and reinsurance contract liabilities

Claims incurred comprise actual claims paid as at the end of the year and accrued estimated pipeline claims (being claims paid by cedants but not reported to the Company at the end of each reporting period) and changes in the provision for reinsurance contract liabilities. Claims paid represent all payments made during the year, whether arising from events during that year or previous years.

Reinsurance contract liabilities represent the ultimate cost of settling all claims arising from incidents occurring prior to the end of each reporting period but not settled at that date. They are determined annually by the Company's actuaries on the basis of the best information available at the time the records for the year are closed and include any provisions for claims incurred but not reported (IBNR).

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

The main assumption underlying the techniques used is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years but can also be further analysed by significant business lines and claim types.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims' development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range.

k) Financial instruments

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

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI), and Fair Value through Profit or Loss (FVPL).

The classification of financial instruments at initial recognition depends on their contractual terms, the business model for managing the assets and the instruments' contractual cash flow characteristics. Financial instruments are initially recognised on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at Fair Value Through Profit or Loss (FVPL), transaction costs are added to this amount.

Measurement categories

The Company classifies its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Financial assets at amortised cost
- Financial assets at Fair Value Through Other Comprehensive Income (FVOCI)
- Financial assets at Fair Value Through Profit or Loss (FVPL)

Financial assets measured at amortised cost.

Non-equity financial assets are held at amortised cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows.
- The contractual terms of the financial assets give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support reinsurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of asset sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test

As a second step of its classification process, the Company assesses the contractual terms to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a financial instrument arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

Financial assets measured at fair value through other comprehensive income

The Company measures financial assets at FVOCI when both of the following conditions are met:

- The financial assets are held within a business model, the objective of which is both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial assets meet the SPPI test.

The instruments under this category largely comprise the instruments that had previously been classified as available-for-sale under IAS 39. Further, the instruments in this category are those that are intended to be held to collect contractual cash flows and which may be sold in response to needs for liquidity or in response to changes in market conditions.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial assets measured at fair value through profit or 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. This category includes financial assets whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or both to collect contractual cash flows and sell.

Classification of the Company’s financial assets

Below is the classification of the Company’s financial assets:

Financial assets	Category
Investment in Government securities held to maturity	At amortised cost
Financial assets at fair value through profit or loss	At fair value through profit and loss
Other receivables except prepayments and deposits	At amortised cost
Deposits with financial institutions	At amortised cost
Cash and cash equivalent	At amortised cost

Subsequent measurement

Financial assets measured at amortised cost

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

Financial assets measured at fair value through other comprehensive income

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in Other Comprehensive Income. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. Where the Company holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in Other Comprehensive Income are reclassified from Other Comprehensive Income to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss. Interest earned on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Classification of the Company’s financial liabilities

Below is the classification of the Company’s financial liabilities:

Financial liabilities	Category
Other payables	At amortised cost

Reclassification of financial assets and liabilities

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

Derecognition

Derecognition 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 derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either: (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all of the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company’s continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

Derecognition due to substantial modification of terms and conditions

The Company 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 amortised cost, the newly recognised instruments are classified as Stage 1 for ECL measurement purposes.

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

- Change in currency of the debt instrument.
- Introduction of an equity feature
- Change in counterparty.
- If the modification is such that the instrument would no longer meet the SPPI criterion

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Impairment losses on financial instruments
- Disclosures for significant judgements and estimates

The Company recognises an allowance for ECLs for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). 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 Company considers a financial asset to be in default (credit impaired) when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company 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 calculation of ECLs

The Company calculates ECLs based on scenarios to measure the expected cash shortfalls, discounted at an appropriate EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the entity expects to receive.

When estimating the ECLs, the Company considers four scenarios (a base case, an upside, a mild downside and a more extreme downside). When relevant, the assessment of multiple scenarios also incorporates the probability that the defaulted loans will cure.

The key elements of the ECL calculations are as follows:

- **Probability of Default (PD)**

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.

- **Exposure at Default (EAD)**

The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.

- **Loss Given Default (LGD)**

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

ECL for financial assets measured at fair value through other comprehensive income

The ECLs for financial assets measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to profit or loss. The accumulated gain recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

Forward looking information: In its ECL models, the Company relies on forward-looking information as economic inputs, such as the GDP growth and inflation rates.

Write-offs: Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write offs over the periods reported in these financial statements.

ECL for short term receivables

The Company assesses on a forward-looking basis the expected credit loss on receivables (including premiums receivables). In this case, the Group applies a simplified approach in calculating ECLs. Therefore, it does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

l) Pensions and other post-employment benefits

The Company's employees are members of the state-owned pension scheme, the National Social Security Fund (NSSF). The Company contributes to the scheme 10% of the basic salary of each employee and the employee contributes 10%.

The Company's contributions to the fund are charged to the statement profit or loss in the year to which they fall due. The Company does not have post-employment benefit plan.

m) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision is recognised for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceed the expected economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

n) Equity

The Company has issued ordinary shares that are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax. The amount of money that the Company received for the issued shares over and above the nominal value has been reported as share

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

premium. The Company also issues bonus shares to shareholders that are classified as equity. The cost of issue is recognised in equity.

When a shareholder injects additional capital in excess of their allotted stake in the Company, the excess amount is recognized as an advance towards share capital.

A share buyback reserve has been created to cater for the occasions when a shareholder might need to dispose of the shares held in the Company. The reserve is maintained by providing for 10% of the profits available for distribution annually, starting with the year ended 31 December 2022.

o) Dividends on ordinary share capital

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are approved and paid. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

p) Realised gains and losses

Realised gains and losses recorded in the statement of 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 amortised cost and are recorded on occurrence of the sale transaction.

q) Finance cost

Interest paid is recognised in the statement of comprehensive income as it accrues and is calculated by using the effective interest rate method. Under IFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortised cost. Interest income on interest bearing financial assets measured at FVOCI under IFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset. The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. Accrued interest is included within the carrying value of the interest-bearing financial liabilities.

r) Investment in associate

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

The assets and liabilities of the foreign associate are translated into Tanzanian Shilling (TZS) at the rate of exchange prevailing at the reporting date and the statement of profit or loss is translated at the exchange rates

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

prevailing at the dates of the transactions. The exchange differences arising on translation are recognised in Other Comprehensive Income (OCI). On disposal of a foreign associate, the component of OCI relating to that particular foreign associate is reclassified to profit or loss.

s) Comparatives

Where necessary, comparative information has been adjusted to conform to changes in presentation in the current year.

t) Contingency reserves

According to the Tanzania Insurance Act, a contingency reserve is required to be maintained. This is based on 3% and 1% for general and long-term business respectively in conformity with the Insurance regulation 27 (2)(b), 3(b).

u) Retirement benefit obligations

Retirement benefit obligations

The Company operates a defined contribution plan for its employees. A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity. All employees of the Company are members of the National Social Security Fund (NSSF).

The Company's contributions to the defined contribution schemes are charged to profit or loss in the period to which they relate. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relative to employee service in the current and prior periods.

v) Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide price information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.



4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards and interpretations.

The accounting policies adopted are consistent with those of the previous financial year. With the exception of IFRS 17, the following new or revised standards and interpretations, modifications to current standards and interpretations, and improvements to the IFRS Accounting Standards that were in effect for the current reporting period had no material impact on the accounting policies, financial position or performance of the Company. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The nature and the effect of these changes are disclosed below.

International Financial Reporting Standards and amendments effective for the first time for December 2023 year-ends		
Number	Effective date	Executive summary
IFRS 17, 'Insurance contracts'	Annual periods beginning on or after 1 January 2023 (Published May 2017)	<p>The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.</p> <p>Under IFRS 17, the general model requires entities to measure an Insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.</p> <p>Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.</p> <p>For Insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract. Refer to IFRS 17 transition disclosures in Note 4(i).</p>

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

New and amended standards and interpretations (Continued)

International Financial Reporting Standards and amendments effective for the first time for December 2023 year-ends		
Number	Effective date	Executive summary
IFRS 17, Insurance contracts Amendments	Annual periods beginning on or after 1 January 2023 (Published June 2020)	In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. Refer to IFRS 17 transition disclosures in Note 4(i).
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Annual periods beginning on or after 1 January 2023. (Published May 2021)	The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. <i>Impact to the Company's financial statements:</i> <i>The amendment is not expected to have significant impact on the financial statements.</i>
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023. (Published February 2021)	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates. <i>Impact to the Company's financial statements:</i> <i>Based on management assessment, the amendment is not expected to have significant impact on the financial statements.</i>
Amendments to IAS 12 International Tax Reform-Pillar Two Model Rules	The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. (Published May 2023)	These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. <i>Impact to the Company's financial statements:</i> <i>Based on management assessment, the amendment is not expected to have significant impact on the financial statements.</i>

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

New and amended standards and interpretations (Continued)

International Financial Reporting Standards, interpretations and amendments issued but not effective		
Number	Effective date	Executive summary
Amendments to IAS 1 - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. <i>Based on management assessment, the amendment is not expected to have significant impact on the financial statements.</i>
Amendment to IFRS 16 – Leases on sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. <i>Based on management assessment, the amendment is not expected to have significant impact on the financial statements.</i>
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	Annual periods beginning on or after 1 January 2024 (Published May 2023)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. <i>Based on management assessment, the amendment is not expected to have significant impact on the financial statements.</i>
Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025 (Published August 2023)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. <i>Based on management assessment, the amendment is not expected to have significant impact on the financial statements.</i>

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

For all new standards and interpretations not yet adopted and the Company, will be adopted on the respective effective dates.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

New and amended standards and interpretations (Continued)

4 (i) IFRS 17 transition disclosures:

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023. The Company has restated comparative information for 2022 applying the transitional provisions in Appendix C to IFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement

Under IFRS 17, the Company's Insurance contracts issued, and Insurance contracts held are all eligible to be measured by applying the PAA.

The PAA simplifies the measurement of Insurance contracts in comparison with the general model in IFRS 17. The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred Insurance acquisition cash flows and less amounts recognised in revenue for Insurance services provided.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision)
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred Insurance expenses.
- Measurement of the asset for remaining coverage (reflecting Insurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

The Company capitalizes insurance acquisition cash flows for all its product lines. The Company allocates the acquisition cash flows to groups of insurance contracts issued using a systematic and rational basis.

Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognized applying another IFRS standard) before the related group of insurance contracts is recognized, an asset for insurance acquisition cash flows is recognized.

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

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

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements. Portfolios of Insurance contracts issued include any assets for Insurance acquisition cash flows.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

New and amended standards and interpretations (Continued)

4 (i) IFRS 17 transition disclosures:

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross reinsurance claims
- Net reinsurance claims Instead, IFRS 17 requires separate presentation of:
- Reinsurance revenue
- Reinsurance service expenses
- Insurance finance income or expenses
- Income or expenses from retrocession contracts held

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from Insurance contracts.
- Significant judgements, and changes in those judgements, when applying the standard

IFRS 17 transition disclosures - Transition

On transition date, 1 January 2022, the Company:

- Has identified, recognised and measured each group of Insurance contracts as if IFRS 17 had always applied
- Has identified, recognised and measured assets for Insurance acquisition cash flows as if IFRS 17 has always applied. However no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed and no impairment loss was identified
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in equity.

Reinsurance and retrocession contracts classification. The Company issues Reinsurance contracts in the normal course of business, under which it accepts significant Reinsurance risk from its clients. As a general guideline, the Company determines whether it has significant Insurance risk, by comparing benefits payable after an reinsured event with benefits payable if the reinsured event did not occur. Reinsurance contracts can also transfer financial risk.

The Company issues retrocession contracts in the normal course of business to compensate insurance companies for claims arising from one or more reinsurance contracts issued by those entities. The company provide coverage for both non-life business (covering risks products such as motor, engineering, fire, marine and aviation) and life businesses.

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

The impact of initial adoption of IFRS 17 as of 1 January 2022 was determined to be TZS 317.3 million. This amount was adjusted to the opening retained earnings for the year 2022 as required by IFRS 17 transition requirements. The initial adoption adjustment was mainly as a result of new requirements of IFRS 17 including: the recognition of loss components and loss recovery components for onerous reinsurance contracts issued and retrocession contracts held respectively and discounting for long term contracts.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

New and amended standards and interpretations (Continued)

4 (ii) Reinsurance contracts accounting treatment

Reinsurance contracts issued

A reinsurance contract is a contract under which the Company (reinsurer) accepts significant reinsurance risk, from the reinsured by agreeing to compensate the reinsured if a specified uncertain future event (the reinsured event) adversely affects the reinsured. Such contracts may also transfer financial risk.

The Company determines reinsurance risk as significant if, and only if, an insured event could cause the Company to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance. The possibility of a loss is measured on a present-value basis.

The Company assesses whether it accepts significant reinsurance risk under the individual contract that it issues, i.e., not by groups of contracts, the outcome of which determines if the contract is within the scope of IFRS 17 or another IFRS standard. In some cases, management applies judgement as to whether there are significant reinsurance risks under the contracts it issues. The Company considers its substantive rights and obligations, whether they arise from a contract, law or regulation, when applying IFRS 17.

Retrocession contracts held

Retrocession contracts held are reinsurance contracts issued by a retrocessionaire to compensate the reinsurance Company for claims arising from one or more reinsurance contracts issued by the Company.

The Company enters into retrocession contracts whereby it cedes reinsurance risk, to the retrocessionaire. As the benefit payable under the retrocession contract is contingent on an uncertain future event that adversely affects the policyholder, the Company is ceding reinsurance risk to the retrocessionaire. Hence the retrocession contract falls within the scope of IFRS 17 Initial recognition.

An assessment of significant reinsurance risk is made only once, being at contract inception. If a contract is deemed to be within the scope of IFRS 17, it remains an reinsurance contract until all rights and obligations are extinguished (i.e. discharged, cancelled or expired) or until the contract is derecognised because of a contract modification. Groups of insurance contracts are initially recognised from the earliest of the following:

- a) the beginning of the coverage period of the group of contracts (the period during which the Company provides services in respect of any premiums within the boundary of the contract);
- b) the date when the first payment from the policyholder in the Company becomes due (or when it is actually received, if there is no due date); and

when the Company determines that a group of contracts becomes onerous

Separating components from Reinsurance and Retrocession contracts

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

Some Retrocession contracts issued contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the policyholder will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the Reinsurance component of the Retrocession contracts and are, therefore, non-distinct investment components which are not accounted for separately. However, receipts and payments of these investment components are recognised outside of profit or loss.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

New and amended standards and interpretations (Continued)

4. (ii) Reinsurance and Retrocessio contracts issued/held accounting treatment (Continued)

IFRS 17 transition disclosures - Transition

Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together.

Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes.

Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

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

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

The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised.
- Environmental factors, e.g., a change in market experience or regulations The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of reinsurance contracts held, a group can comprise a single contract.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

New and amended standards and interpretations (Continued)

4. (ii) Reinsurance and Retrocessio contracts issued/held accounting treatment (Continued)

Recognition

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

- The beginning of the coverage period of the group of contracts.
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:
 - The beginning of the coverage period of the group of reinsurance contracts held. (However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying Insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

And

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

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

Contract boundary

The Company includes in the measurement of a group of Insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an Insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with Insurance contract services. A substantive obligation to provide Insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks
- Or
- Both of the following criteria are satisfied:
 - The Company has the practical ability to reassess the risks of the portfolio of Insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
 - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date A liability or asset relating to expected premiums or claims outside the boundary of the Insurance contract is not recognised. Such amounts relate to future Insurance contracts.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

New and amended standards and interpretations (Continued)

4. (ii) Reinsurance and Retrocessio contracts issued/held accounting treatment (Continued)

Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model	For reinsurance contracts issued and reinsurance contracts held with the coverage period of one year, management applies PAA for measurement. For contracts with the coverage period of more than one year, management has carried out PAA eligibility to assess if such contracts qualify for PAA. It was concluded that these contracts also qualify for PAA as there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model.
Insurance acquisition cash flows for Insurance contracts issued	Where the coverage period of all contracts within a group is no longer than one year, Insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of Insurance contracts (including future groups containing Insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year, Insurance acquisition cash flows must be allocated to related groups of Insurance contracts and amortised over the coverage period of the related group.	For all reinsurance contracts, insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.
Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	An allowance is made for accretion of interest on the LFRC for long term contracts. For short term contracts, there is no allowance for interest accretion as the premiums are received within one year of the coverage period.
Liability for Incurred Claims, (LFIC) adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	Where incurred claims are expected to be paid out in less than one year, no adjustment is made for the time value of money.
Insurance finance income and expense	There is an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in OCI.	For all contracts, the change in LFIC as a result of changes in discount rates is captured within profit or loss

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

New and amended standards and interpretations (Continued)

4. (ii) Reinsurance and Retrocession contracts issued/held accounting treatment (Continued)

Reinsurance contracts – initial measurement

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

- The coverage period of each contract in the group is one year or less, including Reinsurance contract services arising from all premiums within the contract boundary.

Or

- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

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

- The extent of future cash flows related to any derivatives embedded in the contracts.
- The length of the coverage period of the group of contracts

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

- The premiums, if any, received at initial recognition
- Minus any Insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for Insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of Insurance contracts is recognised.

Where premiums is received within one year of the coverage period, no allowance for time value of money is made.

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

Retrocession contracts held – initial measurement

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

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

New and amended standards and interpretations (Continued)

4 (ii) Reinsurance and Retrocession contracts issued/held accounting treatment (Continued)

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

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying Insurance contracts and the percentage of claims on the underlying Insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to Insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Reinsurance contracts – subsequent measurement

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

- Plus premiums received in the period
- Minus Insurance acquisition cash flows, with the exception of property Insurance product line for which the Company chooses to expense Insurance acquisition cash flows as they occur.
- Plus any amounts relating to the amortisation of the Insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as Insurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable.

information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of Insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component. Insurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through Insurance revenue).

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

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

New and amended standards and interpretations (Continued)

4. (ii) Reinsurance and Retrocessio contracts issued/held accounting treatment (Continued)

Reinsurance contracts held accounting treatment

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

Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of Insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of Insurance contracts to which the group belongs.

With the exception of the property Insurance product line, for which the Company chooses to expense Insurance acquisition cash flows as they occur, the Company uses a systematic and rational method to allocate:

- (a) Insurance acquisition cash flows that are directly attributable to a group of Insurance contracts:
 - i) to that group; and
 - ii) to groups that include Insurance contracts that are expected to arise from the renewals of the Insurance contracts in that group.
- (b) Insurance acquisition cash flows directly attributable to a portfolio of Insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

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

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

Insurance acquisition cash flows:

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

After any re-allocation, the Company assesses the recoverability of the asset for Insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- An impairment test at the level of an existing or future group of Insurance contracts; and
- An additional impairment test specifically covering the Insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss. The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

New and amended standards and interpretations (Continued)

4. (ii) Reinsurance and Retrocessio contracts issued/held accounting treatment (Continued)

Insurance contracts – modification and derecognition

The Company derecognises Insurance contracts when:

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

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

Presentation

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

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

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

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the Insurance service result. The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from Insurance contracts issued.

Reinsurance revenue

The Reinsurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. The Company allocates the expected premium receipts to each period of Insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred Insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate. For the periods presented, all revenue has been recognised on the basis of the passage of time.

Loss components

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

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Loss-recovery components

Where the Company recognises a loss on initial recognition of an onerous group of underlying Insurance contracts, or when further onerous underlying Insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses. A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying Insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying Insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Insurance finance income and expense

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

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

The Company does not disaggregate Insurance finance income or expenses on Insurance contracts.

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates. The bottom-up approach has been used by the Company to choose which discount rates to apply. For the three years (2021–2023), the discount rates ranging from 7.60% to 15.95% were applied.

Net income or expense from reinsurance contracts held.

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

IFRS 9 transition disclosures - Transition

Transitioning from IAS 39 to IFRS 9 marks a significant shift in financial reporting standards, particularly in the treatment of financial instruments. IFRS 9, introduced by the International Accounting Standards Board (IASB), replaces IAS 39 and brings about several key changes aimed at improving the accounting for financial instruments.

One of the most notable changes in the transition from IAS 39 to IFRS 9 is the classification and measurement of financial assets. Under IAS 39, financial assets were classified into categories such as held-to-maturity, loans and receivables, available-for-sale, and held-for-trading. However, IFRS 9 introduces a more principles-based approach, with financial assets being classified based on their contractual cash flow characteristics and the business model in which they are held. This change aims to provide more relevant and useful information to users of financial statements.

Moreover, the impairment model under IFRS 9 differs from the incurred loss model of IAS 39. IFRS 9 requires the recognition of expected credit losses (ECL) for all financial assets measured at amortized cost or fair

value through other comprehensive income. This forward-looking approach to impairment recognizes credit losses earlier and reflects a more accurate depiction of an entity's credit risk exposure.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

IFRS 9 transition disclosures - Transition

The Company recognises the credit impairment provisions by considering the drivers outlined below:

12-month ECL for performing financial instruments (stage 1)	Recognition of 12-month ECLs for assets that have not experienced a significant increase in credit risk since initial recognition.
Significant increase in credit risk (SICR) (stage 2)	Recognition of lifetime ECLs for assets that have experienced a significant increase in credit risk since initial recognition.
Lifetime model (stage 3)	Recognition of lifetime ECLs for assets that are credit impaired.
Forward looking information	It refers to an approach that considers future events, circumstances, or expectations when making decisions or evaluating the performance and value of assets and liabilities.

The impairment model aims to provide more timely recognition of credit losses and reflect a more accurate depiction of an entity’s credit risk exposure.

With the cumulative adjustment to the Company’s starting 1 January 2022 reserves/retained earnings, the Company retroactively adopted IFRS 9 on 2021.

The company adopted a simplified IFRS 9 Approach, and the following assumptions were applied:

- The country’s rating was applied by deducting one rate from the initial country rating for the banks that are not rated.
- The Loss Given Default (LGD) was calculated using Standard and Poor’s (S&P) Global Recovery rates.
- Poor and standard (S&P) Standard and Poor’s (S&P) Marginal Sovereign Probability of Default was utilized to calculate the PD for the nation, whereas Marginal Corporate Probability of Default was utilized to calculate the PD for the corporations.

Reconciliation between the carrying amount under IAS 39 to the balances reported under IFRS 9 as at January 2022 is, as follows: (Restated as at 01 January 2022)

Financial assets	IFRS 9 Measurements		Reclassification	Remeasurements	IFRS 9 Measurements	
	Category	Amount			ECL	Category
Investment in Government securities held to maturity	Held to maturity investments	7,489,843,130		(1,033,216)	At amortised cost	7,488,809,914
Financial assets at fair value through profit or loss	At fair value through profit and loss	9,136,546,361		-	At fair value through profit and loss	9,136,546,361
Other receivables except prepayments and deposits	Held to maturity investments	5,183,931,745		-	At amortised cost	5,183,931,745
Deposits with financial institutions	Held to maturity investments	47,510,388,758		(124,042,186)	At amortised cost	47,386,346,572
Cash and cash equivalent	Held to maturity investments	2,512,589,632		853,964	At amortised cost	2,513,443,596
Total Financial assets		71,833,299,626		(124,221,438)		71,709,078,188
Financial liabilities						
Other payables	Held to maturity investments	3,895,050,528		-	At amortised cost	3,895,050,528

As of January 1, 2022, TZS 233.2 million was determined to be the impact of IFRS 9 on initial adoption. As required by the IFRS 9 transition standards, this amount was adjusted to the opening retained earnings for the year 2022. ECL’s recognition was the primary cause of this modification.

The impact and restatement on retained earnings due to IFRS 9 Adjustment is shown in the note 36

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgements

In the process of applying the Company's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements. There is no judgement that needs to be disclosed during the year.

Estimates and assumptions

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

a) Valuation of investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Company engages an independent valuation specialist to assess

fair value of the investment properties after every two years. The last valuation has been performed in the year 2022, to assess the value as at 31 December 2022. The valuation methodology based on market value based on the aggregate values of site/land component and the unexhausted improvements on the land and included the market value based on the property's rental income.

b) Current and deferred tax assets/liabilities

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the Tanzania Revenue Authority. 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 Company and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues, depending on the conditions prevailing in Tanzania.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

c) Reinsurance and reinsurance contracts

The Company applies the PAA to simplify the measurement of reinsurance contracts issued and held. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk. The company has also realigned other measurement assumptions in line with IFRS 17 requirements.

For contracts longer than one year, the Company has carried out PAA eligibility assessment by modelling possible future scenarios. For these contracts, the Company reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Onerous groups

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

Liability for incurred claims – key judgments:

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types.

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

Some of the reinsurance contracts that have been written in the property line of business permit the Company to sell property acquired in settling a claim. The Company also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency exchange rates.

Reinsurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to a high quality government bond in the currency of the reinsurance contract liabilities. The illiquidity premium is determined by reference to observable market rates. Discount rates applied for discounting of future cash flows are listed below:

d) Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of reinsurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

e) Impairment of financial assets

Measurement of expected credit losses

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g., the likelihood of customers defaulting and the resulting losses).

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

- Determining criteria for significant increase in credit risk.
- Choosing the appropriate models and assumptions for the measurement of ECL.
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL.
- Establishing groups of similar financial assets for the purposes of measuring ECL.
- Determining the relevant period of exposure to credit risk when measuring ECL for credit cards and revolving credit facilities; and
- Determining the appropriate business models and assessing the “solely payments of principal and interest (SPPI)” requirements for financial assets.

Short term receivables (including receivables arising from reinsurance contracts issued an reinsurance contract held) are assessed for impairment using simplified approaches. Under the simplified approaches, the company recognises a loss allowance based on lifetime ECLs at each reporting date.

6. RISK MANAGEMENT FRAMEWORK

a) Governance framework

The primary objective of the Company’s risk and financial Management framework is to protect the Company’s shareholders from events that hinder the sustainable achievement of the financial performance objectives, including failing to exploit opportunities. Key Management recognises the critical importance of having efficient and effective risk Management systems in place.

The Company has established a risk Management function with clear terms of reference from the Board of Directors, its committees and the associated executive Management committees. This is supplemented with clear organizational structure with documented delegated authorities and responsibilities from the Board of Directors to executive Management committees and senior managers. Lastly, a Company policy framework which sets out the risk profiles for the Company, risk Management, control and business conduct standards for the Company’s operations has been put in place.

Each policy has a member of senior Management charged with overseeing compliance with the policy throughout the Company.

The Board of Directors approves the Company risk Management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company’s identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and retrocession strategy to the corporate goals, and specify reporting requirements.

b) Capital Management objectives, policies and approach.

The Company has established the following capital Management objectives, policies, and approach to managing the risk that affect its capital position.

To maintain the required level of stability of the Company thereby providing a degree of security to ceding companies.

6. RISK MANAGEMENT FRAMEWORK (CONTINUES)

- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet requirements of its shareholders.
- To retain financial flexibility by maintaining strong liquidity.
- To align the profile of assets and liabilities taking account of risks inherent in the business.
- To maintain financial strength to support new business growth and satisfy the requirements of ceding companies, regulators, and stakeholders.
- To maintain strong credit ratings and healthy capital ratios to support its business objectives and maximise shareholders value.

The operations of the Company are also subject to regulatory requirements of Tanzania Insurance Regulatory Authority (TIRA). Throughout the financial year, the Company met the requirements from TIRA.

In reporting financial strength, capital and solvency is measured using the rules prescribed by TIRA. These regulatory capital tests are based upon required levels of solvency capital and a series of prudent underwriting expertise.

The Company's capital Management policy for its insurance and non-reinsurance business is to hold sufficient capital to cover the statutory requirements based on the TIRA directives, including any additional amounts required by the regulator.

Approach to capital Management:

The Company seeks to optimise the structure and source of capital to ensure that consistently maximise returns to the shareholders.

The Company's approach to managing capital involves managing assets, liabilities, and risks in a co-ordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in light of changes in economic conditions and risk characteristics. The Company has just completed its five years strategic plan document in which a specific target risk adjusted rates of return are aligned to performance objectives and ensure that the Company is focused on the creation of value for shareholders.

The capital requirements are routinely forecast on a periodic basis and assessed against both forecast available capital and the expected internal rate of return including risk and sensitivity analyses. The process is ultimately subject to an approval by the Board.

a) Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

b) Asset liability Management framework

Financial risks arise from open positions in the interest rate, currency and equity products, all of which are exposed to general and specific market movements. The main risk that the Company faces due to the nature of its investments is interest rate risk. The Company manages these positions within an asset liability Management framework that has been developed to achieve long-term investment returns in excess of its obligations under reinsurance and investment contracts. The principal technique of the Company's asset liability Management framework is to match assets to the liabilities arising from the reinsurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained. The Company's asset liability Management framework is also integrated with the Management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with reinsurance and investment liabilities.

The Company's asset liability Management framework also forms an integral part of the reinsurance risk management policy, to ensure in each period sufficient cash flow is available to meet liabilities arising from reinsurance and investment contracts.

6. RISK MANAGEMENT FRAMEWORK (CONTINUES)

c) Reinsurance risk

The principal risk the Company faces under retrocession contracts is that the actual claims and the benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserve is available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of retrocession contract and geographical areas. The variability of risk is also improved by careful selection and implementation of underwriting strategy guideline, as well as the use of retrocession arrangements.

The Company purchase retrocession cover as part of its risk mitigation programme. Retrocession ceded is placed on both a proportional and non-proportional basis. The majority of proportional retrocession programme is quota share which is taken out to reduce the overall exposure of the Company to certain classes of business. Nonproportional retrocession is primarily excess-of-loss programme designed to mitigate the Company’s net exposure to catastrophe losses. Retention limits for the excess-of-loss retrocession vary by class of business and territory.

Amounts recoverable from retrocessionaires are estimated in a manner consistent with the outstanding claims provisions and are in accordance with the retrocession contracts. Although the Company has retrocession arrangement, it is not relieved of its direct obligations to its ceding companies and thus a credit exposure exists with respect to retro ceded reinsurance, to the extent that any retrocessionaire are unable to meet its obligations assumed under such retrocession agreements.

The Company’s placement of retrocession is diversified such that it is neither dependant on single retrocessionaires nor the operations of the Company are substantially dependent upon any single retrocession contract. There is no single counterparty exposure that exceeds 5% of the total retrocession assets at the reporting date.

Year ended 31 December 2023		Maximum sum reinsured		
		TZS 0 to TZS 500 billion	TZS 500 billion to TZS 1 trillion	More than 1 trillion
ACCIDENT	Gross	5,206,464,949,354	-	23,741,860,465,116
	Net	603,265,284,344	-	10,225,928,727,111
AGRICULTURE	Gross	75,183,507,168	-	-
	Net	62,800,640,084	-	-
MOTOR	Gross	75,183,507,168	-	-
	Net	74,675,464,160	-	-
AVIATION	Gross	151,301,739,362	-	13,461,068,119,817
	Net	3,717,938,945	-	330,778,942,901
ENERGY	Gross	2,752,623,389,996	-	-
	Net	318,942,343,454	-	-
ENGINEERING	Gross	48,836,270,619	-	-
	Net	40,732,921,576	-	-
FIRE	Gross	8,082,940,611,438	5,131,551,832,316	5,172,048,287,500
	Net	3,936,542,047,987	2,514,460,397,835	2,534,303,660,875

LIFE	Gross	21,384,815,356,088	-	-
	Net	13,148,653,965,051		
MARINE	Gross	86,527,576,596	-	1,250,000,000,000
	Net	41,949,003,490		606,006,274,823
MEDICAL	Gross	2,941,177,167,982	-	-
	Net	2,941,177,167,982		
PVT	Gross	1,778,424,459,681	-	-
	Net	203,265,482,069	-	-
Total	Gross	42,583,478,535,454	5,131,551,832,316	43,624,976,872,434
	Net	21,375,722,259,142	2,514,460,397,835	13,697,017,605,711

Year ended 31 December 2022		Maximum sum reinsured		
		TZS 0 to TZS 500 billion	TZS 500 billion to TZS 1 trillion	More than 1 trillion
ACCIDENT	Gross	6,129,673,879,958	639,534,883,721	48,323,720,930,232
	Net	710,236,118,383	74,101,947,719	20,813,656,401,840
AGRICULTURE	Gross	66,315,345,834	-	-
	Net	55,393,081,842		
MOTOR	Gross	144,024,631,321	-	-
	Net	143,051,403,152		
AVIATION	Gross	2,733,624,707,862	-	13,372,093,023,256
	Net	67,173,383,502		328,592,557,087
ENERGY	Gross	2,752,623,389,996	-	-
	Net	318,942,343,454		
ENGINEERING	Gross	5,421,266,487,676	-	-
	Net	4,521,721,660,680		
FIRE	Gross	12,302,706,698,556	2,646,769,621,503	-
	Net	5,991,646,425,607	1,296,917,114,536	-
LIFE	Gross	127,485,206,942	-	-
	Net	78,385,473,236		
MARINE	Gross	1,918,474,217,467	-	1,250,000,000,000
	Net	930,085,931,097		606,006,274,823
MEDICAL	Gross	1,555,842,982	-	-
	Net	1,555,842,982		



PVT	Gross	3,016,227,691,198	-	-
	Net	344,740,521,501	-	-
Total	Gross	34,613,978,099,793	3,286,304,505,224	62,945,813,953,488
	Net	13,162,932,185,436	1,371,019,062,255	21,748,255,233,750

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the Impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities.

2023	Change in assumptions TZS	Impact on gross liabilities TZS	Impact on profit before tax TZS	Impact on equity TZS
Average claim cost	5%	3,042,877,730	912,863,319	2,130,014,411
2022	Change in assumptions TZS	Impact on gross liabilities TZS	Impact on profit before tax TZS	Impact on equity TZS
Average claim cost	5%	2,587,293,844	724,442,276	507,109,593

6. RISK MANAGEMENT FRAMEWORK (CONTINUES)

Claims development

The development of reinsurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The table below illustrates how the estimates of total claims outstanding from its reinsurance business for each year have changed at successive year ends and reconciles the cumulative claims to the amount appearing in the statement of financial position.

	Underwriting year						Total
	2019	2020	2021	2022	2023	2023	
Net estimate of ultimate claim costs - 2023	TZS	TZS	TZS	TZS	TZS	TZS	TZS
- At end of claim year	4,470,373,449	3,559,603,530	1,951,144,729	290,918,635	208,910,083	10,481,314,427	
- one year later	3,082,972,903	1,795,640,546	578,800,098	372,792,236	-	5,830,205,783	
- two years later	1,951,536,221	1,170,370,126	185,733,190	-	-	3,307,639,527	
- three years later	1,663,414,100	170,238,602	-	-	-	1,833,652,702	
- four years later	414,639,660	-	-	-	-	414,639,660	
Current estimates of cumulative claims	2,578,778,914	1,477,693,077	1,962,365,419	1,099,695,442	7,118,532,851	14,237,065,703	
Cumulative payments	(513,977,366)	(352,196,089)	(780,870,263)	(513,501,313)	(1,404,354,269)	3,564,899,299	
Liability	2,064,801,548	1,125,496,988	1,181,495,156	586,194,129	5,714,178,583	10,672,166,404	
Incurred But Not Reported (IBNR)						4,688,545,985	
Total claims liability included in the statement of financial position						15,360,712,388	

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

Claims development

Net estimate of ultimate claim costs - 2022

	Underwriting year					Total
	2017	2018	2019	2020	2021	
	TZS	TZS	TZS	TZS	TZS	TZS
- At end of claim year	312,187,870	224,183,624	2,093,794,085	4,797,595,733	3,819,848,269	11,247,609,581
- one year later	400,047,299	621,116,519	1,926,920,898	3,308,370,892		6,256,455,608
- two years later	199,312,254	1,255,936,585	2,094,214,188			3,549,463,027
- three years later	182,684,848	1,785,027,298				1,967,712,146
- four years later	444,954,213					444,954,213
Current estimates of cumulative claims	444,954,213	1,785,027,298	2,094,214,188	3,308,370,892	3,819,848,269	11,452,414,860
Cumulative payments	(11,181,893)	(281,756,871)	(624,696,210)	(810,801,050)	(1,123,483,415)	(2,851,919,439)
Liability	433,772,320	1,503,270,427	1,469,517,978	2,497,569,842	2,696,364,854	8,600,495,421
Incurring But Not Reported (IBNR)						4,378,949,636
Total claims liability included in the statement of financial position						12,979,445,057

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk.

- A Company credit risk policy setting out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Net exposure limits are set for each counterparty or group of counterparties, geographical and industry segment (i.e., limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held).
- The Company further restricts its credit risk exposure by entering master netting arrangements with counterparties with which it enters into significant volumes of transactions. However, such arrangements do not generally result in offset of statement of financial position assets and liabilities, as transactions are usually settled on gross basis. However, the credit risk associated with such balances is reduced in the event of a default, when such balances are settled on a net basis.
- Retrocession is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limit that are set each year by the Board of Directors and are subject to regular reviews. At each reporting date, Management performs assessment of creditworthiness of retrocession Aires and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- The credit risk in respect of customer balances, incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. The commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

Maximum exposure to credit risk

Maximum Credit exposure shows the exposure to credit risk for the recognised components of the statement of financial position and unrecognised items. The Company had a gross total credit risk exposure of TZS 124.4 billion as at 31 December 2023 as depicted below:

	2023	2022
	TZS	TZS
Government securities	7,277,626,263	7,480,349,816
Retrocession contract assets	57,720,652,420	47,165,230,716
Deposits with Financial institutions	51,636,991,320	47,163,438,614
Other receivables (excluding withholding taxes, prepayments and VAT receivable)	6,448,224,627	5,183,931,745
Cash and bank balances	1,097,490,512	2,510,956,533
	124,180,985,142	109,503,907,424

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

The following table shows the carrying amounts of financial assets bearing credit risk:

2023	Fully performing TZS	Past due but not impaired	Past due and impaired TZS	Total TZS
Government securities	7,277,626,263	-	-	7,277,626,263
Other receivables (*)	6,448,224,627	-	-	6,448,224,627
Deposits with Financial institutions (**)	51,636,991,320	-	-	51,636,991,320
Cash and cash equivalent	1,097,490,512	-	-	1,097,490,512
	66,460,332,722	-	-	66,460,332,722

2022	Fully performing TZS	Past due but not impaired	Past due and impaired TZS	Total TZS
Government securities	7,480,349,816	-	-	7,480,349,816
Other receivables (*)	5,183,931,745	-	-	5,183,931,745
Deposits with Financial institutions (**)	47,163,438,614	-	-	47,163,438,614
Cash and cash equivalent	2,510,956,533	-	-	2,510,956,533
	62,338,676,708	-	-	62,338,676,708

(*) Other receivables exclude withholding taxes, prepayments and VAT receivable.

(**) These are fixed deposit in Commercial Bank that are regulated by Bank of Tanzania. The assets are not credit rated as there is no credit rate Agency in Tanzania. However, there is no indication of impairment as at year end.

All assets categorised under fully performing are graded as 'High quality' as the risk of default is very loss. All financial assets and receivables arising from reinsurance contracts held and issued are assessed for impairment. Based on IFRS 9 requirements.



6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

As at 31 December, the ageing analysis of premium receivables and retrocession recoveries is as follows:

Year	Total	0 - 3 months	3 - 6 months	6 - 12 months	> 12 months
	TZS	TZS	TZS	TZS	TZS
2023	68,656,145,287	30,095,661,082	11,245,453,377	13,002,185,630	4,315,845,198
2022	64,184,556,857	29,366,373,106	11,282,827,105	12,814,120,235	10,721,236,411

e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out flows and expected retrocession recoveries.

The following policies and procedures are in place to mitigate the Company’s exposure to liquidity risk:

- A Company liquidity risk policy setting out the assessment and determination of what constitute liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Setting up contingency funding plans which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.
- The Company’s catastrophic excess of loss retrocession contracts contains clauses permitting the immediate draw (cash calls) down of funds to meet claim payments should claim events exceed a certain size.
- A Company liquidity risk policy setting out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

The table below shows details of the expected maturity profile of the Company's undiscounted obligations with respect to its financial liabilities and estimated cash flows of recognised reinsurance contract liabilities.

2023	Carrying amount	Contractual cash flows	Within 1 year	Over 1 year
	TZS	TZS	TZS	TZS
Reinsurance contract liabilities	40,239,963,754	40,239,963,754	40,239,963,754	-
Other payables (*)	1,415,278,484	1,415,278,484	1,415,278,484	-
	41,655,242,238	41,655,242,238	41,655,242,238	-
2022	Carrying amount	Contractual cash flows	Within 1 year	Over 1 year
	TZS	TZS	TZS	TZS
Reinsurance contract liabilities	34,899,958,352	34,899,958,352	34,899,958,352	-
Other payables (*)	1,807,442,398	1,807,442,398	1,807,442,398	-
	36,707,400,750	36,707,400,750	36,707,400,750	-

(*) Other payables exclude VAT payable and Premium Levy payable.

f) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk). A Company market risk policy setting out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in TZS and its exposure to foreign exchange risk arises primarily with respect to the US dollar.

The exposure to foreign exchange risk is mitigated by entering into retrocession contracts which are denominated in US dollar and maintaining some of the fixed deposits in US dollar.

At 31 December 2023 the Company reported a net foreign exchange gain of TZS 438.17 million (2022: a net foreign exchange loss of TZS 110.99 million). A change of +/- 5% in the exchange rate at the end of year 2023, could have resulted to a change of +/- TZS 153.3 million (2022: 24 million) on profit before tax for the year. The effect for the year on profit after tax and equity would be +/- TZS 107.3 million (2022: TZS 16.8 million). The assumed movement in basis points for the currency risk sensitivity analysis is based on the currently observable market environment.

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

ii) Interest rate risk

Interest risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed rate instruments expose the Company to fair value interest risk. The Company's interest risk policy requires it to invest fixed rate instruments. So far, the Company does not have variable rate instruments. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

At 31 December 2023 the Company reported investment income of TZS 4.0 billion (2022: TZS 3.9 billion). A change of +/- 5% in the interest rate at the end of year 2023, could have resulted to a change of +/- TZS 102.7 million (2022: TZS 105 million) on profit before tax for the year. The effect for the year on profit after tax would be +/- TZS 71.9 million (2022: TZS 74 million). The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

iii) Price risk

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

The Company is exposed to equity securities price risk as a result of its holdings in quoted equity investments, classified as fair value through profit or loss. Exposure to equity price risk in aggregate are monitored in order to ensure compliance with the relevant regulatory limits for solvency purposes. Investments held are listed and traded on the Dar es Salaam Stock Exchange.

The Company uses a policy of diversification to manage the price risk arising from its investments in equity securities. Listed equity securities represent 19% (2022: 12%) of total equity investments.

Based on a sensitivity rate of 10 percentage points, all other variables held constant, the value of the Company's equity interest would increase/decrease by TZS 196 million (2022: TZS 263 million). A 10-percentage point increase or decrease represents management's assessment of the reasonably possible change in stock exchange indices. The Company has no significant concentration of price risk.

g) Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risk such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

h) Capital management

Externally imposed capital requirements are set and regulated by Commissioner of Insurance. These requirements are put in place to ensure sufficient solvency margins. Further objectives are set by the Company to:

- Safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- Provide an adequate return to shareholders by pricing reinsurance and investment contracts commensurately with the level of risk; and
- Maintain a strong capital base to support the development of its business.



6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

The Company manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Company's activities.

The Company fully complied with the externally imposed requirements during the reported financial periods and no changes were made to its capital base, objectives, policies and processes from the previous year.

	2023	2022
	TZS	TZS
Share capital		
Subscribed and paid-up capital	48,320,150,389	46,509,001,389
Advance towards share capital	9,378,228,000	9,378,228,000
	<u>57,698,378,389</u>	<u>55,887,229,389</u>
Minimum required paid up capital (regulation 18 (3) (a) (*)	<u>9,805,000,000</u>	<u>9,068,800,000</u>
 Share premium		
At 1 January	<u>348,613,700</u>	<u>348,613,700</u>
At 31 December	<u>348,613,700</u>	<u>348,613,700</u>

The paid-up capital held by the Company exceeds the statutory requirements.

() The Company has referred to communication from the Tanzania Insurance Regulatory Authority (TIRA) on the required minimum amount of paid-up share capital for reinsurers by the respective year-ends.*

6. RISK MANAGEMENT FRAMEWORK (CONTINUED)

i) Margin of solvency

The following table gives a quantitative analysis of the solvency margin as at 31 December.

	TZS
At 31 December 2023	
Total admitted assets	114,829,195,035
Less: Total liabilities	(71,795,675,000)
	<u>43,033,520,035</u>
Minimum requirement (refer to the note below)	28,723,026,720
Solvency margin surplus	<u>14,310,493,315</u>
At 31 December 2022	
Total admitted assets	107,808,905,500
Less: Total liabilities	(69,437,508,391)
	<u>38,371,397,109</u>
Minimum requirement (refer to the note below)	27,107,796,335
Solvency margin surplus	<u>11,263,600,774</u>

Note

The minimum requirement has been determined from:

	2023	2022
	TZS	TZS
The greater of:		
Sum of		
a) thirty three percent of general reinsurance net premiums written	27,286,544,025	25,782,015,703
b) ten percent of long-term business liabilities	1,436,482,695	1,325,780,632
Total	<u>28,723,026,720</u>	<u>27,107,796,335</u>
or		
Minimum required paid up capital	9,805,000,000	9,068,800,000

7. CONTINGENCIES AND COMMITMENTS

Pending tax cases

As of 31 December 2023, the Company had an appeal case pending with the Tax Revenue Appeal Board relating to an assessment of TZS 16.2 billion in respect of Value Added Tax (VAT) for the years 2015 – 2019. The Company had placed a deposit of TZS 1.7 billion to file the objection on the matter. The Tanzania Revenue Authority (TRA) agreed to this objection, however, the Company has not received the response regarding this matter as at the date of this report.

Operating lease commitments – Company as lessee

The Company has entered in a commercial lease agreement for office space in Morogoro. As at 31 December 2023, the lease had a remaining term of 7 months expiring on 31 July 2024 with a renewal option. The lease is cancellable by either party after giving one month notice in writing.

Future minimum lease payments under operating leases as at 31 December are as follows:

	2023	2022
Within one year	3,252,840	3,984,000
	<u>3,252,840</u>	<u>3,984,000</u>

Operating lease commitments – Company as lessor

The Company has entered commercial property leases on its investment property. The Company has determined based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Future minimum lease outstanding payments under operating leases as at 31 December 2023 are as follows

	2023	2022
Within one year	44,226,463	119,542,018
	<u>44,226,463</u>	<u>119,542,018</u>

Capital commitments

The Company has no capital commitment as at the reporting date



8. REINSURANCE CONTRACT REVENUE

	2023	2022
	TZS	TZS
Contracts measured under the PAA	<u>208,694,220,326</u>	<u>169,921,772,317</u>
Reinsurance contract revenue under PAA per portfolio		
Fire	57,157,542,260	46,432,059,544
Engineering	13,221,511,386	8,418,857,861
Energy	3,897,254,337	2,946,545,550
Accident	27,115,529,163	27,213,119,119
Agriculture	377,885,298	161,641,701
PVT	1,241,566,766	1,274,031,505
Motor	31,064,671,929	26,355,984,420
Marine	10,970,885,928	8,996,497,014
Aviation	36,559,860,267	26,848,911,672
Medical	3,149,734,011	3,380,339,983
Life	23,937,778,981	17,893,783,948
	<u>208,694,220,326</u>	<u>169,921,772,317</u>
Reconciliation of reinsurance contract revenue		
Gross written premium	214,555,135,416	179,704,372,246
Movement in Liability for remaining coverage (LRC)	(5,860,915,090)	(9,782,599,929)
Reinsurance contract revenue	<u>208,694,220,326</u>	<u>169,921,772,317</u>

9. REINSURANCE SERVICE EXPENSES

Actual claims and expenses excluding investment component over the period	84,411,520,794	69,973,761,548
Change in Liability for incurred claims	5,492,961,193	5,189,340,711
Release of deferred acquisition cost	40,713,447,487	35,373,030,521
release of losses on onerous contracts	-	(427,593,786)
	<u>130,617,929,474</u>	<u>110,108,538,994</u>

10. (a) ALLOCATION OF RETROCESSION PREMIUM

PAA premium reserve release (Earned Premium)	103,600,659,798	94,577,159,603
	<u>103,600,659,798</u>	<u>94,577,159,603</u>

(b) RETROCESSION SERVICE EXPENSES

Actual claims and expenses excluding investment component over the period	11,310,400,819	10,335,964,212
Change in Asset for incurred claims	1,355,611,307	8,071,574,860
Release of deferred commission income	24,308,288,968	23,416,163,690
Release in losses on onerous contracts	-	(80,383,834)
	<u>36,974,301,094</u>	<u>41,706,916,202</u>



11. INVESTMENT INCOME

	2023	2022
	TZS	TZS
Interest on fixed deposits	2,865,523,593	2,287,928,395
Dividend received	366,181,972	531,420,677
Rent income	471,891,016	678,403,182
Interest on Government securities	299,198,407	386,266,362
	<u>4,002,794,988</u>	<u>3,884,018,616</u>

12. FAIR VALUE GAIN

Gain on valuation of shares	931,950,063	337,985,412
Gain on valuation of investment property	-	2,630,000,001
	<u>931,950,063</u>	<u>2,967,985,413</u>

13. OTHER OPERATING REVENUE

Foreign exchange transaction gain	438,174,564	110,993,698
Miscellaneous income	117,165,244	13,909,437
Management fees	732,534,077	746,340,144
	<u>1,287,873,885</u>	<u>871,243,279</u>

14. FINANCE EXPENSES FROM REINSURANCE CONTRACTS ISSUED

Interest accreted using current financial assumptions	1,409,944,618	955,625,840
Effect of changes in interest rates and other financial assumptions	455,771,186	457,402,945
	<u>1,865,715,804</u>	<u>1,413,028,785</u>

15. FINANCE INCOME FROM RETROCESSION CONTRACTS ISSUED

Interest accreted using current financial assumptions	703,311,765	173,268,480
Effect of changes in interest rates and other financial assumptions	196,116,486	234,404,681
	<u>899,428,251</u>	<u>407,673,161</u>

16. OPERATING AND ADMINISTRATION EXPENSES

	2023 TZS	2022 TZS
Audit fees	108,214,500	115,270,129
Advertising and publicity	3,142,235,561	2,139,193,895
Board expenses	757,554,695	505,306,450
Board seminars	291,501,375	349,153,740
City service levy	643,769,525	846,712,255
Communication expenses	166,091,482	141,415,450
Computer training and implementation	123,487,639	99,077,779
Conferences and seminars	418,636,048	344,789,648
Donations	94,526,000	570,640,571
Household services	207,602,401	84,566,718
Library, books, and subscription	123,604,153	198,217,956
Office rent	3,525,840	3,525,840
Other specified expenses	751,067,486	331,485,185
Reinsurance levy	3,225,634,031	2,716,321,584
Staff costs (*)	8,409,508,622	6,595,133,382
Financial cost	451,946,737	1,517,319,982
Provision for impairment -financial assets	46,980,484	124,221,438
Provision for impairment - reinsurance receivables	1,284,752,827	550,811,062
Depreciation and Amortization (Note 17 &19)	352,759,546	430,525,945
	24,992,699,057	22,333,827,728

(*) Staff costs include:

Salaries	3,839,030,035	2,617,803,234
Education and furniture allowance	319,465,900	182,307,420
Gratuity	238,140,000	173,119,400
Skills and Development Levy	150,569,290	119,407,853
Workers Compensation Fund	20,505,127	16,291,457
Social security costs	390,067,785	242,494,417
Medical expenses	303,638,213	570,640,575
Staff welfare	270,617,715	182,835,362
Training	273,231,973	570,640,578
Travel and subsistence allowance	2,341,609,668	1,387,517,350
Leave passage	262,632,916	532,075,736
	8,409,508,622	6,595,133,382

Attributable to:

Reinsurance service results	23,926,121,579	21,229,111,938
Other operating and administration expenses	1,066,577,478	1,104,715,790

*Other operating and administration expenses are non-attributable expenses which are made up of depreciation and amortisation expenses (70%), Skills Development Levy (100%), Computer Training & Implementation (100%), Staff Training (100%) and office expenses (30%).

17. TAXATION

	TZS 2023	2022 TZS
Income tax expense		
Current income tax charge	4,364,827,5801	1,532,385,972
Deferred tax charge/(credit) – current period	(986,317,556)	1,647,685,557
Deferred tax (credit)/charge - prior period	-	(1,343,877,422)
	3,378,510,025	1,836,194,107

Tax reconciliation:

Profit before taxation	16,219,716,542	12,519,985,566
Tax applicable rate of 30% (2022:30%)	4,865,914,963	3,755,995,670
Non-deductible expenses	3,065,262,843	2,907,104,677
Non-taxable income	(4,552,667,781)	(3,483,028,819)
Deferred tax credit - prior period	-	(1,343,877,422)
Income tax expense	3,378,510,025	1,836,194,106

Deferred tax asset

Opening balance	(2,134,992,811)	(2,438,800,946)
(Credit) Charge/for the year	(986,317,556)	1,647,685,557
(Credit)/charge related to prior period	-	(1,343,877,422)
Closing balance	(3,121,310,367)	(2,134,992,811)

Reconciliation of Deferred tax

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

Accelerated depreciation of property and equipment and amortization of intangible assets	(2,473,465)	99,915,986
Incurred but not reported (IBNR)	(1,531,679,239)	(1,370,776,900)
Provisions	(1,297,861,734)	(864,131,897)
Other timing differences	(289,295,929)	
	(3,121,310,367)	(2,134,992,811)

Corporate tax payable

Balance as at 1 January	6,753,081,303	6,988,431,707
Charge for year	4,364,827,581	1,532,385,972
Payment during the year	(2,963,975,100)	(1,000,000,000)
Withholding tax deducted at source	(225,714,107)	(767,736,376)
	7,928,219,677	6,753,081,303

*Both Non-deductible expenses and Non-taxable income relate to earned premium, claims and operating expenses relating to Life business portfolio.

18. PROPERTY AND EQUIPMENT

	Motor Vehicles	Office Equipment	Office Furniture & Fittings	Computers	Total
	TZS	TZS	TZS	TZS	TZS
Cost					
As at 1 January 2022	664,305,718	884,602,361	667,829,615	433,958,569	2,650,696,263
Additions	497,322,331	48,690,302	23,913,050	17,425,169	587,350,852
As at 31 December 2022	1,161,628,049	933,292,663	691,742,665	451,383,738	3,238,047,115
Additions	-	21,430,000	65,120,400	35,955,430	122,505,830
Disposals	(228,608,708)	(9,505,399)	(12,334,005)	-	(250,448,112)
At at 31 December 2023	933,019,341	945,217,264	744,529,060	487,339,168	3,110,104,833
Depreciation					
At 1 January 2022	507,747,741	534,518,357	578,308,832	294,006,438	1,914,581,368
Charge for the year	108,043,693	104,556,209	82,716,125	81,953,465	377,269,492
As at 31 December 2022	615,791,434	639,074,566	661,024,957	375,959,903	2,291,850,860
Charge for the year	131,832,305	66,220,614	45,493,486	62,047,559	305,593,964
Disposals	(209,557,982)	(9,505,399)	(12,334,005)	-	(231,397,387)
At 31 December 2022	538,065,757	695,789,781	694,184,438	438,007,4632	2,366,047,438
Carrying value					
At 31 December 2023	394,953,584	249,427,483	50,344,6232	49,331,706	744,057,395
At 31 December 2022	545,836,615	294,218,097	30,717,708	75,423,835	946,196,255

19. INVESTMENT PROPERTY

The investment property constitutes the value of land and building at plot number 406, Longido Street Upanga Dar es Salaam. Major part of the building will be leased.

	2023 TZS	2022 TZS
Opening balance	27,645,000,000	25,014,999,999
Fair value gain/(loss)	-	2,630,000,001
	27,645,000,000	27,645,000,000

The investment property is carried at fair value and was revalued for the year ended 31 December 2022, by Africa Property Limited, independent valuers, using the replacement cost method of valuation jointly with the comparative method of valuation to determine aggregate Market Value of the property based on the site/land value component and the value of the unexhausted improvements on the land. The resultant change in fair value has been recognized in profit and loss.

19. INVESTMENT PROPERTY (CONTINUED)

Under the replacement cost method, the value of the unexhausted improvements was determined by reference to their cost of replacement or reinstating them (as new) or that of their substitute at the date of valuation. Where the unexhausted improvements were not new or were obsolete, the replacement cost thus established was depreciated to derive a depreciated replacement cost which would be equated to the property's market value. The Replacement Cost Method of Valuation is based on the rationale that the value of a property comprises two components namely: the value of improvements on the land and the value of the land.

Using the comparative method, the value of the land parcel under appraisal was equated to the value of a known comparable land parcel whereby the latter's value was taken to be the best price which could be obtained by the land parcel being valued if it was to be placed in the market, with due allowance made for value affecting differences between the subject land parcel and the comparable land parcel such as; location, level and amount of services provided, accessibility, land size, development conditions as discerned from the Certificate of Title, date of transaction, parties to the transaction, condition (in case of buildings), motive of sale, tenure and the un-expired term.

The table below analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

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

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3). There have been no transfers between level 1 and level 2 during the period.

	Level 1 TZS	Level 2 TZS	Level 3 TZS	Total TZS
At 31 December 2023	-	27,645,000,000	-	27,645,000,000
At 31 December 2022	-	27,645,000,000	-	27,645,000,000

Valuation technique used to derive level 2 fair values.

Level 2 fair value of investment property has been derived using the the replacement cost method of valuation jointly with the comparative method of valuation. Cost approach is the conversional method of valuation used to derive values of unexhausted improvements on land while the comparative method (Direct Capital Comparison Approach) has been used to determine the market value of land component. Both are adjusted for differences in key attributes such as property size, location, planning and zonal regulations, level and number of services provided etc. The key inputs under this approach are the price per square metre from current year sales of comparable lots of property in the area (location and size).

20. INTANGIBLE ASSETS

	2023 TZS	2022 TZS
Cost		
At 1 January	1,109,275,261	1,052,537,264
Additions	24,253,377	56,737,997
At 31 December	1,133,528,638	1,109,275,261
Amortisation		
At 1 January	1,031,347,227	978,090,774
Amortisation for the year	47,165,583	53,256,453
At 31 December	1,078,512,810	1,031,347,227
Carrying amount 31 December	55,015,828	77,928,034

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

At fair value through profit or loss:

Shares of CRDB Bank Plc (3,308,805 shares)

At 1 January	1,273,889,925	926,465,400
Fair value gain during the year	<u>248,160,375</u>	<u>347,424,525</u>
At 31 December	<u>1,522,050,300</u>	<u>1,273,889,925</u>

Shares of Tanzania Portland Cement Public Limited Company (100,000 shares)

At 1 January	370,000,000	340,000,000
Fair value gain during the year	<u>66,000,000</u>	<u>30,000,000</u>
At 31 December	<u>436,000,000</u>	<u>370,000,000</u>

Shares of African Reinsurance Corporation (8,000 shares)

At 1 January	6,454,903,266	6,540,564,880
Fair value (loss)/gain during the year	<u>480,711,411</u>	<u>(85,661,614)</u>
At 31 December	<u>6,935,614,677</u>	<u>6,454,903,266</u>

Shares of Uganda Reinsurance Company (545 shares)

At 1 January	1,037,753,170	991,247,159
Additions	1,756,023	283,510
Shares received in lieu of cash dividends	11,325,267	
Fair value gain during the year	<u>137,078,277</u>	<u>46,222,501</u>
At 31 December	<u>1,187,912,737</u>	<u>1,037,753,170</u>
Total carrying amount	<u>10,081,577,714</u>	<u>9,136,546,361</u>

22. INVESTMENT IN GOVERNMENT SECURITIES HELD TO MATURITY

	2023	2022
	TZS	TZS
Treasury bills (**)	5,293,400,864	5,489,843,130
Treasury Bond	1,996,706,593	2,000,000,000
Expected credit loss (ECL) -Treasury bills	(10,366,194)	(8,682,081)
Expected credit loss (ECL) -Treasury bonds	(2,115,000)	(811,233)
	<u>7,277,626,263</u>	<u>7,480,349,816</u>
Government securities for less than three months	-	-
Government securities for more than three months	<u>7,277,626,263</u>	<u>7,480,349,816</u>
	<u>7,277,626,263</u>	<u>7,480,349,816</u>

(**) These are Government securities (Treasury bills) maturing within twelve months and earn interest at the rate "between" 6.0% - 9.0% and government bond maturing within three years and earn interest at the rate of 0.3%.

23. OTHER RECEIVABLES

Prepayments	120,865,490	31,224,490
Sundry Debtors Ezulwini Reinsurance	2,843,405,792	2,434,640,197
Withholding taxes	27,421,546	27,421,546
Staff loans and advances	2,294,037,248	1,274,829,961
Deposits	531,204,307	531,204,307
Dividend receivable	-	163,680,000
Sundry debtors	<u>779,577,280</u>	<u>779,577,280</u>
	<u>6,596,511,663</u>	<u>5,242,577,781</u>

24. RETROCESSION CONTRACT ASSETS

Reconciliation of the asset for remaining coverage (ARC) and the asset for incurred claims (ARIC)

	2023						
	Asset for remaining coverage (ARC)			Asset for incurred claims (AIC)			
	Excluding loss component	Loss component	Total ARC	Present value of future cash flows	Risk adjustment for non-financial risk	Total AIC	
TShs'000	TShs'000	TShs'000	TShs'000	TShs'000	TShs'000	Total	
At the start of the year	35,784,647,721	-	35,784,647,721	10,839,955,124	540,627,871	11,380,582,995	47,165,230,716
Expenses from reinsurance contracts	(103,600,659,798)	-	(103,600,659,798)	-	-	-	(103,600,659,798)
Claims recovered	-	-	-	11,310,400,819	-	11,310,400,819	11,310,400,819
Changes that relate to past service - adjustments to ARIC	-	-	-	1,355,611,307	-	1,355,611,307	1,355,611,307
Release of deferred commission income	24,308,288,968	-	24,308,288,968	-	-	-	24,308,288,968
Amortisation of loss recovery component	-	-	-	-	-	-	-
Net income (expenses) from reinsurance contracts held	(79,292,370,830)	-	(79,292,370,830)	12,666,012,126	-	12,666,012,126	(66,626,358,704)
Finance costs from reinsurance contracts	-	-	-	703,311,765	196,116,486	899,428,251	899,428,251
Foreign exchange gains or losses	-	-	-	-	-	-	-
Finance income from reinsurance contracts held, including foreign exchange gain or loss	-	-	-	703,311,765	196,116,486	899,428,251	899,428,251
Total recognised in the statement if profit or loss and other comprehensive income	(78,292,370,830)	-	(78,292,370,830)	13,369,323,891	196,116,486	13,565,440,377	(65,726,930,453)

24. RETROCESSION CONTRACT ASSETS (CONTINUED)

Reconciliation of the asset for remaining coverage (ARC) and the asset for incurred claims (ARIC) (Continued)

	Asset for remaining coverage (ARC)		Asset for incurred claims (ARIC)			Total
	Excluding loss component TShs'000	Loss component TShs'000	Total ARC TShs'000	Present value of future cash flows TShs'000	Risk adjustment for non-financial risk TShs'000	
Cash flows						
Premiums paid	112,952,005,683	-	112,952,005,683	-	-	112,952,005,683
Recoveries from reinsurance	-	-	-	(11,310,400,819)	-	(11,310,400,819)
Ceding commissions	(25,359,252,707)	-	(25,359,252,707)	-	-	(25,359,252,707)
Total cash flow	87,592,752,976	-	87,592,752,976	(11,310,400,819)	-	76,282,352,157
Balance at the end of the year	44,085,029,867	-	44,085,029,867	12,898,878,196	736,744,357	13,635,622,553
						57,720,652,420

24. RETROCESSION CONTRACT ASSETS (CONTINUED)

Reconciliation of the asset for remaining coverage (ARC) and the asset for incurred claims (AIC) (Continued)

	2022				Total	
	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)			
	Excluding loss component	Total ARC	Present value of future cash flows	Risk adjustment for non-financial risk		Total AIC
TShts'000	Loss component TShts'000	TShts'000	TShts'000	TShts'000	TShts'000	
At the start of the year	38,836,859,773	80,383,834	38,917,243,607	2,595,111,784	2,901,334,974	41,818,578,581
Expenses from reinsurance contracts	(94,577,159,603)	-	(94,577,159,603)	-	-	(94,577,159,603)
Claims recovered	-	-	-	10,335,964,212	10,335,964,212	10,335,964,212
Changes that relate to past service - adjustments to ARIC	-	-	-	8,071,574,860	8,071,574,860	8,071,574,860
Release of deferred commission income	23,416,163,690	-	23,416,163,690	-	-	23,416,163,690
Amortisation of loss recovery component	-	(80,383,834)	(80,383,834)	-	-	(80,383,834)
Net income (expenses) from reinsurance contracts held	(71,160,995,913)	-	(71,241,379,747)	18,407,539,072	18,407,539,072	(52,833,840,675)
Finance costs from reinsurance contracts	-	-	-	173,268,480	234,404,681	(407,673,161)
Foreign exchange gains or losses	-	-	-	-	-	-
Finance income from reinsurance contracts held, including foreign exchange gain or loss	-	-	-	173,268,480	234,404,681	(407,673,161)
Total recognised in the statement if profit or loss and other comprehensive income	(71,160,995,913)	(80,383,834)	(71,241,379,747)	18,580,807,552	18,815,212,233	(52,426,167,514)

24. RETROCESSION CONTRACT ASSETS (CONTINUED)

Reconciliation of the asset for remaining coverage (ARC) and the asset for incurred claims (ARIC) (Continued)

	Asset for remaining coverage (ARC)		Asset for incurred claims (AIC)			Total
	Excluding loss component	Loss component	Total ARC	Present value of future cash flows	Risk adjustment for non-financial risk	
	TShs'000	TShs'000	TShs'000	TShs'000	TShs'000	TShs'000
Cash flows						
Premiums paid	89,929,404,540	-	89,929,404,540	-	-	89,929,404,540
Recoveries from reinsurance	-	-	-	(10,335,964,212)	-	(10,335,964,212)
Ceding commissions	(21,820,620,679)	-	(21,820,620,679)	-	-	(21,820,620,679)
Total cash flow	68,108,783,861	-	68,108,783,861	(10,335,964,212)	-	57,772,819,649
Balance at the end of the year	35,784,647,721	-	35,784,647,721	10,839,955,124	540,627,871	47,165,230,716

25. CASH AND CASH EQUIVALENTS

	2023 TZS	2022 TZS
Cash at bank	1,098,982,969	2,512,589,632
Expected credit loss (ECL) -Cash	(1,492,457)	(1,633,099)
	<u>1,097,490,512</u>	<u>2,510,956,533</u>

Cash at bank earns interest at floating rate based on daily bank deposit rate. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the rate at respective short-term deposit rate.

For cash flow purposes, cash & cash equivalents are made up of:

Cash at bank	1,097,490,512	2,510,956,533
Fixed deposits maturing in less than three months	287,512,239	4,791,949,839
Government securities maturing in less than three months	-	-
	<u>1,385,002,751</u>	<u>7,302,906,372</u>

26. CASH GENERATED FROM OPERATIONS

Profit before tax	Notes	16,219,716,542	12,861,107,613
Adjustments for:			
Depreciation of property and equipment	18	305,593,964	377,269,492
Amortisation of intangible assets	20	47,165,583	53,256,453
Gain on sale of property and equipment		(33,984,274)	
Fair value gain through profit or loss	12	(931,950,063)	(2,967,985,413)
Shares received in lieu of cash dividends	21	(11,325,267)	-
Share of profit of an associate	33	(580,030,489)	(268,539,071)
Provision for impairment - retrocession contract assets	16	1,284,752,827	550,811,062
Foreign exchange (gain)/loss	13	(3,263,960)	(110,993,698)
Investment income	11	(4,002,794,988)	(3,884,018,616)
ECL -Cash	25	140,624	(853,964)
ECL-Fixed deposits	27	(44,133,246)	124,042,186
ECL -Government securities	22	(2,987,881)	1,033,216
Working capital changes:			
Movement in retrocession contract assets		(10,555,421,704)	(5,897,463,191)
Movement in other receivables		(1,353,933,882)	802,571,526
Movement in reinsurance contract liabilities		4,055,252,579	4,961,611,284
Movement in other payables		(131,048,241)	(1,421,737,138)
Cash generated from operations		<u>4,261,748,137</u>	<u>5,180,111,741</u>

27. DEPOSITS WITH FINANCIAL INSTITUTIONS

	2023 TZS	2022 TZS
Fixed deposits with Banks	48,982,464,094	44,787,617,545
Accrued interest	3,045,610,616	2,722,771,213
Expected credit loss (ECL) -Fixed deposits	(391,083,390)	(346,950,144)
	51,636,991,320	47,163,438,614
Fixed deposits maturing in less than three months	287,512,237	4,744,969,360
Fixed deposits maturing in more than three months	51,349,479,083	42,418,469,254
	51,636,991,320	47,163,438,614
As at year end, fixed deposits were on account with the following banks:		
BOA Bank Limited	3,002,000,000	2,923,557,200
Azania Bank Limited	4,558,593,389	4,201,718,309
United Bank for Africa (T) Limited	3,831,250,000	3,586,116,250
NCBA Bank Tanzania Limited	500,000,000	500,000,000
Equity Bank Tanzania Limited	1,752,500,000	1,654,446,500
Tanzania Commercial Bank (TCB)	3,131,250,000	2,886,116,250
Canara Bank (Tanzania) Limited	1,552,500,000	1,954,446,500
Exim Bank (Tanzania) Limited	4,257,500,000	4,656,007,400
CRDB Bank Plc	3,252,500,000	1,847,114,400
NMB Bank Plc	2,000,000,000	1,500,000,000
DCB Commercial Bank Plc (DCB)	2,505,000,000	2,308,893,000
UTT Liquid Fund	287,512,237	4,744,969,360
I&M Bank Tanzania Limited	3,286,358,469	3,068,224,976
Diamond Trust Bank Tanzania Limited (DTB)	2,504,000,000	2,347,114,400
KCB Bank Tanzania Limited	1,500,000,000	500,000,000
National Bank of Commerce Limited (NBC)	4,002,000,000	3,923,557,200
Mwanga Hakika Bank Limited	1,051,500,000	992,667,900
BancABC Tanzania Limited	1,000,000,000	1,192,667,900
Stanbic Bank Tanzania Limited	1,000,000,000	-
Absa Bank Tanzania Limited	4,008,000,000	-
ECL -Fixed deposits	(391,083,390)	(346,950,144)
Accrued interest	3,045,610,615	2,722,771,213
	51,636,991,320	47,163,438,614

Fixed deposits are made for a period of one year and are in Tanzanian Shilling and US dollar. Deposits in Tanzanian Shilling earn interest of 10.0% - 12.0% (2022: 9.0% - 12.0%) and deposits in US dollars earn interest at the range between 3.0% – 5.50% (2022: 3.0% - 4.50%). The Company is required by the Insurance Regulations, 2009 to invest at least 40% of its assets in Category I Assets like Bank deposits, prescribed Statutory Bodies and Local Bodies. The fixed deposits are kept until maturity and terms renegotiated during maturity. In case of requirement the deposits can be called early.

28. REINSURANCE CONTRACT BALANCES

Reconciliation of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC)

2023

	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			Total
	Excluding loss component	Loss component	Total LRC	Present value of future cash flows	Risk adjustment for non-financial risk	
	TShs'000	TShs'000	TShs'000	TShs'000	TShs'000	TShs'000
Opening balance	11,982,264,354	-	11,982,264,354	20,738,280,060	2,179,413,939	22,917,693,999
Insurance revenue	(208,694,220,326)	-	(208,694,220,326)	-	-	(208,694,220,326)
Insurance service expense	-	-	-	-	-	-
Incurred claims and directly attributable expenses	-	-	-	84,411,520,794	-	84,411,520,794
Changes that relate to past service - adjustments to the LIC	-	-	-	5,492,961,193	-	5,492,961,193
Losses on onerous contracts	-	-	-	-	-	-
Release of loss component	-	-	-	-	-	-
Amortisation of insurance acquisition cash flows	40,713,447,487	-	40,713,447,487	-	-	40,713,447,487
Insurance service result	(167,980,772,839)	-	(167,980,772,839)	89,904,481,987	-	(78,076,290,452)
Finance costs from insurance contracts issued	-	-	-	(1,409,944,618)	(455,771,186)	(1,865,715,804)
Foreign exchange gains or losses	-	-	-	-	-	-
Finance expenses from insurance contracts issued, including foreign exchange gain or loss	-	-	-	(1,409,944,618)	(455,771,186)	(1,865,715,804)
Total recognised in the statement of profit or loss and other comprehensive income	(167,980,772,839)	-	(167,980,772,839)	91,314,426,605	445,771,186	76,210,575,048

28. REINSURANCE CONTRACT BALANCES (CONTINUED)

Reconciliation of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC) (Continued)

	Asset for remaining coverage (LRC)		Asset for incurred claims (LIC)			Total
	Excluding loss component	Loss component	Total LRC	Present value of future cash flows	Risk adjustment for non-financial risk	
	TShs'000	TShs'000	TShs'000	TShs'000	TShs'000	TShs'000
Cash flows						
Premiums received	210,603,548,911	-	210,603,548,911	-	-	210,603,548,911
Claims paid and directly attributable expenses paid	-	-	-	(84,411,520,794)	-	(84,411,520,794)
Insurance acquisition cash flows	(44,641,447,668)	-	(44,641,447,668)	-	-	(44,641,447,668)
Total cash flow	165,962,101,243	-	165,962,101,243	(84,411,520,794)	-	81,550,580,449
Balance at the end of the year	9,963,592,758	-	9,963,592,758	27,641,185,871	2,635,185,125	40,239,963,754

28. REINSURANCE CONTRACT BALANCES (CONTINUED)
Reconciliation of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC) (Continued)

	2022						
	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			Total	
	Excluding loss component	Loss component	Total LRC	Present value of future cash flows	Risk adjustment for non-financial risk	Total LIC	
TShs'000	TShs'000	TShs'000	TShs'000	TShs'000	TShs'000	TShs'000	
IFRS 17 transition adjustment	13,195,428,780	427,593,786	13,623,022,566	14,593,313,509	1,722,010,994	16,315,324,503	29,938,347,069
Insurance revenue	(169,921,772,317)	-	(169,921,772,317)	-	-	-	(169,921,772,317)
Insurance service expense							
Incurred claims and directly attributable expenses	-	-	-	69,973,761,548	-	69,973,761,548	69,973,761,548
Changes that relate to past service - adjustments to the LIC	-	-	-	5,189,340,711	-	5,189,340,711	5,189,340,711
Losses on onerous contracts	-	-	-	-	-	-	-
Release of loss component	-	(427,593,787)	(427,593,787)	-	-	-	(427,593,787)
Amortisation of insurance acquisition cash flows	35,373,030,521	-	35,373,030,521	-	-	-	35,373,030,521
Insurance service result	(134,548,741,796)	(427,593,787)	(134,976,335,582)	75,163,102,259	-	75,163,102,259	(59,813,233,323)
Finance costs from insurance contracts issued	-	-	-	(955,625,840)	(457,402,945)	(1,413,028,785)	(1,413,028,785)
Foreign exchange gains or losses	-	-	-	-	-	-	-
Finance expenses from insurance contracts issued, including foreign exchange gain or loss	(955,625,840)	(457,402,945)	(1,413,028,785)	-	-	-	(1,413,028,785)
Total recognised in the statement of profit or loss and other comprehensive income	(134,548,741,796)	(427,593,786)	(134,976,335,582)	76,118,728,099	457,402,945	76,576,131,044	(58,400,204,538)

28. REINSURANCE CONTRACT BALANCES (CONTINUED)
Reconciliation of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC) (Continued)

	Liability for remaining coverage (LRC)		Liability for incurred claims (LIC)			Total
	Excluding loss component	Loss component	Total LRC	Present value of future cash flows	Risk adjustment for non-financial risk	
	TShs'000	TShs'000	TShs'000	TShs'000	TShs'000	TShs'000
Cash flows						
Premiums received	171,458,644,912	-	171,458,644,912	-	-	171,458,644,912
Claims paid directly attributable expenses paid	-	-	-	(69,973,761,548)	-	(69,973,761,548)
Insurance acquisition cash flows	(38,123,067,542)	-	(38,123,067,542)	-	-	(38,123,067,542)
Total cash flow	133,335,577,370	-	133,335,577,370	(69,973,761,548)	-	63,361,815,822
Balance at the end of the year	11,982,264,354	-	11,982,264,354	20,738,280,060	2,179,413,939	34,899,958,353

29. SHARE CAPITAL

The authorized share capital is TZS 100,000,000,000 divided into 100,000,000 shares. Par value of Company's shares is TZS 1,000 per shares.

As of 31 December 2023, the number of shares issued was 60,000,000 shares (2022: 60,000,000 shares) and the number of paid-up shares was 48,319,321 shares (2022: 46,509,001 shares).

The paid-up capital is made up as follows:

	2023	2022
	TZS	TZS
Share capital at 1 January	46,509,001,389	40,752,993,389
Subscribed and fully paid during the year	26,000,000	2,299,271,726
Shares in lieu of cash dividend	1,785,149,000	3,456,736,274
	48,320,150,389	46,509,001,389
Advance towards share capital	9,378,228,000	9,378,228,000
	9,378,228,000	9,378,228,000
	57,698,378,389	55,887,229,389

The Company's capital management policy is disclosed in note 6 (b).

The Company has three forms of reserves in addition to share capital, foreign currency translation, share buyback, and contingency reserves. Note 32 provides an explanation of the contingency reserve, and the following explains the other two reserves:

**The share buyback reserve is a special reserve created to cater for the occasions when shareholder might need to dispose of the shares held in the Company. The reserve is maintained by providing for 10% of the profits available for distribution annually.*

**The foreign currency translation reserve relates to the exchange differences arising from translation of TAN-RE's share of operating results and assets and liabilities of the associate Company, Ezulwini Reinsurance Company Limited.*

**Share premium is the amount of money that the Company received for the issued shares over and above the nominal value.*

Also, the Company issued shares in lieu of cash dividend in a bid to increase the paid-up capital for business expansion.

30. OTHER PAYABLES

	2023	2022
	TZS	TZS
Accrued audit fees	95,252,292	97,825,868
Accrued expenses	1,365,112,249	1,294,013,534
VAT Payable	206,386,201	1,762,136,400
Provision for gratuity*	434,630,579	273,617,280
Premium Levy Payable	1,483,580,484	325,471,729
Provision for Directors Fee	134,814,0145	84,814,004
Rent Received in Advance	44,226,463	57,171,709
	<u>3,764,002,283</u>	<u>3,895,050,524</u>

***Provision for gratuity**

Balance as at 1 January	273,617,280	523,227,880
Additional provision (Note 16)	238,140,000	173,119,400
Paid during the year	(77,126,701)	(422,730,000)
Balance as at 31 December	<u>434,630,579</u>	<u>273,617,280</u>

31. RELATED PARTY DISCLOSURES

The Company is owned by Tanzanian Pension funds, local Insurance companies, one foreign investor (ZEP-RE), local Insurance brokers and individual Tanzanians.

A large portion of Company's underwriting business is transacted with local ceding companies that are also shareholders of the Company. The transactions carried out with related parties during the year and balances due from or to them at the year-end are:

	2023	2022
	TZS	TZS
a) Transaction with related parties		
Gross earned premiums	156,447,283,074	153,917,301,228
Claims paid	41,143,462,925	42,895,450,549
Management Fee	732,534,077	746,340,144
	<u>198,323,280,076</u>	<u>197,559,091,921</u>
b) Outstanding balances with related parties		
Premium receivables from related parties	<u>27,908,600,943</u>	<u>16,053,040,880</u>
c) Directors' remuneration		
Directors' fees	120,000,000	75,000,000
Directors' gratuity	123,267,123	25,000,000
Other emoluments (sitting allowances)	250,183,997	215,852,860
	<u>493,451,120</u>	<u>315,852,860</u>
d) Key Management Remuneration		
Salaries and other short-term employment benefits	1,184,040,000	991,279,500
Long-term benefits	236,808,000	198,255,900
	<u>1,420,848,000</u>	<u>1,189,535,400</u>

32. CONTINGENCY RESERVES

This is based on 3% and 1% for general and long-term business respectively in conformity with the Insurance regulation 27 (2)(b), 3(b).

	2023	2022
	TZS	TZS
Movement		
As at 1 January	37,890,395,257	32,917,164,898
Increase in the year	5,942,087,916	4,973,230,359
As at 31 December	43,832,483,173	37,890,395,257

31 December 2023

Details	Opening TZS	Charge TZS	Closing TZS
Fire	9,153,494,304	1,777,318,252	10,930,812,556
PVT	234,976,020	36,540,226	271,516,246
Engineering	2,462,900,588	231,974,155	2,694,874,743
Energy	264,940,975	109,850,261	374,791,236
Accident	6,865,330,829	782,007,136	7,647,337,965
Agriculture	63,852,221	11,169,070	75,021,291
Motor	9,670,893,385	924,545,664	10,595,439,049
Marine	2,073,300,044	329,918,771	2,403,218,815
Aviation	2,288,185,208	1,383,988,902	3,672,174,110
Medical	3,148,278,939	107,492,406	3,255,771,345
Life	1,664,242,744	247,283,073	1,911,525,817
	37,890,395,257	5,942,087,916	43,832,483,173

31 December 2022

Details	Opening TZS	Charge TZS	Closing TZS
Fire	7,568,979,667	1,584,514,637	9,153,494,304
PVT	194,300,522	40,675,498	234,976,020
Engineering	2,000,543,040	462,357,548	2,462,900,588
Energy	215,203,905	49,737,070	264,940,975
Accident	6,070,199,956	795,130,873	6,865,330,829
Agriculture	56,456,966	7,395,255	63,852,221
Motor	8,842,610,859	828,282,526	9,670,893,385
Marine	1,807,193,883	266,106,161	2,073,300,044
Aviation	1,629,421,053	658,764,155	2,288,185,208
Medical	3,076,962,707	71,316,232	3,148,278,939
Life	1,455,292,340	208,950,404	1,664,242,744
	32,917,164,898	4,973,230,359	37,890,395,257

33. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Set out below is the associate of the Company as at 31 December 2023 which, in the opinion of the directors, is material to the Company. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the Company. The country of incorporation of registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of Incorporation	% of ownership		Nature of relationship	Carrying amount	
		2023	2022		2023 TZS	2022 TZS
Ezulwini Reinsurance Company Limited	Eswatini	49%	49%	Associate	4,719,053,899	4,296,150,845

i) Summarised financial information for associates

a) Summarised balance sheet

	2023	2022
	TZS	TZS
Total assets	14,772,101,095	12,573,099,972
Total liabilities	(5,141,378,851)	(3,805,445,187)
Net assets	9,630,722,244	8,767,654,785
Reconciliation to carrying amounts		
Opening net assets	8,767,654,7856	9,715,320,490
Profit for the period	1,183,735,6912	548,038,920
Exchange differences on translation of investment in foreign associate	(320,668,234)	(1,495,704,624)
Closing net assets	9,630,722,244	8,767,654,786
Company's share in %	49%	49%
Carrying amount	4,719,053,900	4,296,150,845

33. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

i) Summarised financial information for associates (Continued)

b) Summarised statement of comprehensive income

	2023 TZS	2022 TZS
Net earned Premiums	9,145,252,887	5,559,818,884
Other revenue	1,384,045,530	1,382,258,432
Total revenue	10,529,298,417	6,942,077,316
Net benefits and claims	3,064,947,997	2,050,254,579
Total other expenses	5,831,611,535	4,135,906,986
Total claims and other expenses	8,896,559,532	6,186,161,565
Profit before tax	1,632,738,885	755,915,751
Income tax expense (27.5%)	(449,003,193)	(207,876,832)
Profit for the year	1,183,735,691	548,038,919
Share of profit of an associate - 49% (2022: 49%)	580,030,489	268,539,070

34. EVENTS AFTER THE REPORTING PERIOD

There are no subsequent events that have occurred which are either to be disclosed or to be adjusted in the financial statements that could materially affect the financial statements.

35. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments not measured at fair value

The fair value of financial assets and liabilities not measured at fair value approximates the carrying amounts as explained below:

i) **Cash and bank balances, deposits with financial institutions, reinsurance assets, other receivables and other financial assets and liabilities.**

Cash and bank balances, reinsurance assets, and other financial assets and liabilities, these have short term maturities and/or are at market interest rates. The estimated fair value of these instruments is based on discounted cash flows using prevailing market interest rate which is approximately the same as the carrying amount.

ii) **Government securities**

The fair value for Government securities is based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics. The Company invests in treasury bills with maturities of 91 days and 364 days. The carrying amounts of these investment securities are a reasonable approximation of fair value due to the short-term nature of the instruments and the interest rates are close to market rates.

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation

35. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank’s market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on stock exchanges.

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

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

The table below provides the fair value measurement hierarchy of the Company’s assets and liabilities.

Fair value measurement hierarchy as at 31 December 2023:

At 31 December 2023	Amounts in TZS			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment property	-	-	27,645,000,000	27,645,000,000
Financial assets at fair value through profit or loss	1,958,050,300	-	8,123,527,414	10,081,577,714
	1,958,050,300	-	35,768,527,414	37,726,577,714
Assets not measured at fair value				
Investment in Government securities at amortised cost	-	7,277,626,263	-	7,277,626,263
Other receivables (excluding withholding taxes and prepayments)	-	-	6,448,224,627	6,448,224,627
Deposits with Financial institutions at amortised cost	-	-	51,636,991,320	51,636,991,320
Cash and cash equivalent	-	-	1,097,490,512	1,097,490,512
	-	7,277,626,263	59,182,706,459	66,460,332,722
Liabilities not measured at fair value				
Other payables (excluding VAT payable and Premium Levy payable)	-	-	1,415,278,484	1,415,278,484
	-	-	1,415,278,484	1,415,278,484

35. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Fair value measurement hierarchy as at 31 December 2022:

At 31 December 2022	Amounts in TZS			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment property	-	-	27,645,000,000	27,645,000,000
Financial assets at fair value through profit or loss	1,643,889,925	-	7,492,656,436	9,136,546,361
	1,643,889,925		35,137,656,436	36,781,546,361
Assets not measured at fair value				
Investment in Government securities held to maturity	-	7,489,843,130	-	7,489,843,130
Other receivables (excluding withholding taxes and prepayments)	-	-	5,183,931,745	5,183,931,745
Deposits with Financial institutions	-	-	47,510,388,758	47,510,388,758
Cash and cash equivalent	-	-	2,512,589,632	2,512,589,632
	-	7,489,843,130	5,206,910,135	62,696,753,265
Liabilities not measured at fair value				
Other payables (excluding VAT payable and Premium Levy payable)	-	-	1,807,442,398	1,807,442,398
	-	-	1,807,442,398	1,807,442,398

	At 31 December 2023		At 31 December 2022	
	At amortised cost TZS	Fair value through profit or loss TZS	At amortised cost TZS	Fair value through profit or loss TZS
Financial assets				
Investment in Government securities held to maturity	7,286,086,360	-	7,489,843,130	-
Financial assets at fair value through profit or loss	-	10,081,577,714	-	9,136,546,361
Other receivables (excluding withholding taxes and prepayments)	6,448,224,627	-	5,183,931,745	-
Deposits with Financial institutions	51,859,899,278	-	47,510,388,758	-
Cash and cash equivalent	1,099,977,575	-	2,512,589,632	-
	66,694,187,840	10,081,577,714	62,696,753,265	9,136,546,361
Financial liabilities				
	Financial liabilities at amortised cost			
	At 31 December 2023	At 31 December 2022		
Other payables (excluding VAT payable and Premium Levy payable)	1,415,278,484	1,807,442,398		
	1,415,278,484	1,807,442,398		

36. ADOPTION OF IFRS 17 INSURANCE CONTRACTS

On January 1, 2023, the company implemented IFRS 17, which would replace IFRS 4 Reinsurance Contracts. Retrospective restatements of comparatives are required under IFRS 17. The implementation of IFRS has resulted in updates to the accounting policies. The tables below illustrate the nature of IFRS 17 and how it affects the opening trial balance reported under IFRS 4 as of January 1, 2022, and December 31, 2022.

01 January 2022		As previously reported 31 December 2021	Restatement	01 January 2022 as restated
Statement of financial position	Notes			
Assets		TZS		TZS
Property and equipment	17	736,114,895	-	736,114,895
Intangible assets	19	74,446,490	-	74,446,490
Investment Property	18	25,014,999,999	-	25,014,999,999
Deferred tax asset	16	2,438,800,946	-	2,438,800,946
Other receivables	23	6,045,149,307	-	6,045,149,307
Investment in Government securities held to maturity	21	6,776,204,941	(8,460,097)	6,767,744,844
Financial assets - through profit or loss	20	8,798,277,439	-	8,798,277,439
Investments accounted for using the equity method	33	4,760,507,040	-	4,760,507,040
Receivables arising out of retrocession arrangements	22	1,590,777,512	(1,590,777,512)	-
Receivables arising out of retrocession arrangements	22	54,283,614,196	(54,283,614,196)	-
Deferred acquisition costs	15	16,326,892,486	(16,326,892,486)	-
Retrocessionaires share of liabilities	32	2,817,441,928	(2,817,441,928)	-
Retrocessionaires share of unearned premiums	32	54,099,996,741	(54,099,996,741)	-
Deposits with Financial institutions	26	28,366,660,197	(222,907,959)	28,143,752,238
Cash and cash equivalent	24	4,314,451,898	(2,487,064)	4,311,964,834
Retrocession contract assets		-	41,818,578,582	41,818,578,582
Total Assets		216,444,336,015	(87,533,999,401)	128,910,336,614
Equity and Liabilities				
Equity				
Issued share capital	27	40,752,993,389	-	40,752,993,389
Share Premium		348,613,700	-	348,613,700
Advance towards share capital	27	-	-	-
Retained earnings		13,663,607,769	(1,016,538,299)	12,647,069,470
Share buyback reserve		-	-	-
Foreign currency translation reserve		-	-	-
Contingency reserve	31	32,917,164,898	-	32,917,164,898
Total equity		87,682,379,756	(1,016,538,299)	86,665,841,457

36. ADOPTION OF IFRS 17 INSURANCE CONTRACTS (CONTINUED)

Liabilities

Reinsurance contract liabilities on unearned premiums	32	81,884,659,729	(81,884,659,729)	-
Reinsurance contract liabilities on outstanding claims	32	15,796,886,985	(15,796,886,985)	-
Amount payable to retrocession companies	28	1,921,276,472	(1,921,276,472)	-
Payables arising from retrocession arrangements	28	3,368,873,721	(3,368,873,721)	-
Other payables	29	5,317,716,381	-	5,317,716,381
Tax payable	16	6,988,431,707	-	6,988,431,707
Deferred commission income	9	13,484,111,264	(13,484,111,264)	-
Reinsurance contract liabilities		-	29,938,347,069	29,938,347,069
Total liabilities		128,761,956,259	(86,517,461,102)	42,244,495,157
Total equity and liabilities		216,444,336,015	(87,533,999,401)	128,910,336,614

36. ADOPTION OF IFRS 17 INSURANCE CONTRACTS (CONTINUED)

As 31 December 2022		As previously reported 31 December 2022	Restatement	01 January 2022 as restated
Statement of financial position	Notes	TZS		TZS
Assets				
Property and equipment	17	946,196,255	-	946,196,255
Intangible assets	19	77,928,034	-	77,928,034
Investment Property	18	27,645,000,000	-	27,645,000,000
Deferred tax asset	16	2,134,992,811	-	2,134,992,811
Other receivables	23	5,242,577,780	-	5,242,577,782
Investment in Government securities held to maturity	21	7,489,843,130	(9,493,314)	7,480,349,816
Financial assets - through profit or loss	20	9,136,546,361	-	9,136,546,361
Investments accounted for using the equity method	33	4,296,150,845	-	4,296,150,845
Receivables arising out of retrocession arrangements	22	1,720,703,956	(1,720,703,956)	-
Receivables arising out of retrocession arrangements	22	62,463,852,901	(62,463,852,901)	-
Deferred acquisition costs	15	19,076,929,509	(19,076,929,509)	-
Retrocessionaires share of retrocession liabilities	32	11,034,274,703	(11,034,274,703)	-
Retrocessionaires share of unearned premiums	32	47,842,082,751	(47,842,082,751)	-
Deposits with Financial institutions	26	47,510,388,758	(346,950,144)	47,163,438,614
Cash and cash equivalent	24	2,512,589,632	(1,633,099)	2,510,956,533
Retrocession contract assets		-	47,165,230,717	47,165,230,717
Total Assets		249,130,057,426	(95,330,689,661)	153,799,367,767
Equity and Liabilities				
Equity				
Issued share capital	27	46,509,001,389	-	46,509,001,389
Share Premium		348,613,700	-	348,613,700
Advance towards share capital	27	9,378,228,000	-	9,378,228,000
Retained earnings		14,538,261,133	(675,416,248)	13,862,844,885
Share buyback reserve		995,089,619	-	995,089,619
Foreign currency translation reserve		-732,895,266	-	732,895,266
Contingency reserve	31	37,890,395,257	-	37,890,395,257
Total equity		108,926,693,832	(675,416,248)	108,251,277,584

36. ADOPTION OF IFRS 17 'REINSURANCE CONTRACTS' (CONTINUED)

Liabilities

Reinsurance contract liabilities on unearned premiums	32	91,667,259,656	(91,667,259,656)	-
Reinsurance contract liabilities on outstanding claims	32	22,254,387,406	(22,254,387,406)	-
Amount payable to retrocession companies	28	1,855,445,715	(1,855,445,715)	-
Payables arising from retrocession arrangements	28	1,888,641,238	(1,888,641,238)	-
Other payables	29	3,895,050,528	-	3,895,050,528
Tax payable	16	6,753,081,303	-	6,753,081,303
Deferred commission income	9	11,889,497,748	(11,889,497,748)	-
Reinsurance contract liabilities		-	34,899,958,352	34,899,958,352
Total liabilities		140,203,363,594	(94,655,273,411)	45,548,090,183
Total equity and liabilities		249,130,057,426	(94,972,613,103)	153,799,367,767

35. ADOPTION OF IFRS 17 INSURANCE CONTRACTS (CONTINUED)

As 31 December 2022 Statement of financial position	Notes	As previously reported 31 December 2022	Restatement	31 December 2022 as restated
Assets		TZS		TZS
Property and equipment	17	946,196,255	-	946,196,255
Intangible assets	19	77,928,034	-	77,928,034
Investment Property	18	27,645,000,000	-	27,645,000,000
Deferred tax asset	16	2,134,992,811	-	2,134,992,811
Other receivables	23	5,242,577,781	-	5,242,577,781
		7,489,843,130		7,480,349,816
Investment in Government securities held to maturity	21		(9,493,314)	
Financial assets - through profit or loss	20	9,136,546,361	-	9,136,546,361
Investments accounted for using the equity method	33	4,296,150,845	-	4,296,150,845
		1,720,703,956		-
Receivables arising out of retrocession arrangements	22		(1,720,703,956)	-
		62,463,852,901		-
Receivables arising out of retrocession arrangements	22		(62,463,852,901)	-
		19,076,929,509		-
Deferred acquisition costs	15		(19,076,929,509)	-
		11,034,274,703		-
Retrocessionaires share of retrocession liabilities	32		(11,034,274,703)	-
		47,842,082,751		-
Retrocessionaires share of unearned premiums	32		(47,842,082,751)	-
		47,510,388,758		47,163,438,614
Deposits with Financial institutions	26		(346,950,144)	
Cash and cash equivalent	24	2,512,589,632	(1,633,099)	2,510,956,533
		-		
Retrocession contract assets			47,165,230,716	47,165,230,716
Total Assets		249,130,057,427	(95,330,689,661)	153,799,367,766
Equity and Liabilities				
Equity				
Issued share capital	27	46,509,001,389	-	46,509,001,389
Share Premium		348,613,700	-	348,613,700
Advance towards share capital	27	9,378,228,000	-	9,378,228,000
Retained earnings		14,538,261,133	(675,416,246)	13,862,844,887
Share buyback reserve		995,089,619	-	995,089,619
Foreign currency translation reserve		(732,895,266)	-	(732,895,266)
Contingency reserve	31	37,890,395,257	-	37,890,395,257
Total equity		108,926,693,832	(675,416,246)	108,251,277,586

36. ADOPTION OF IFRS 17 INSURANCE CONTRACTS (CONTINUED)

As 31 December 2022		As previously reported 31 December 2022	Restatement	31 December 2022 as restated
Statement of financial position	Notes	TZS		TZS
Liabilities				
Reinsurance contract liabilities on unearned premiums	32	91,667,259,656	(91,667,259,656)	-
Reinsurance contract liabilities on outstanding claims	32	22,254,387,406	(22,254,387,406)	-
Amount payable to retrocession companies	28	1,855,445,715	(1,855,445,715)	-
Payables arising from retrocession arrangements	28	1,888,641,238	(1,888,641,238)	-
Other payables	29	3,895,050,524	-	3,895,050,524
Tax payable	16	6,753,081,303	-	6,753,081,303
Deferred commission income	9	11,889,497,748	(11,889,497,748)	-
Reinsurance contract liabilities		-	34,899,958,353	34,899,958,353
Total liabilities		140,203,363,590	(94,655,273,410)	45,548,090,180
Total equity and liabilities		249,130,057,422	(95,330,689,656)	153,799,367,766



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