TAN-RE

REPORT BY THOSE CHARGED WITH GOVERNANCE
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

TANZANIA REINSURANCE COMPANY LIMITED (TAN-RE)

THE REPORT BY THOSE CHARGED WITH GOVERNANCE AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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TANZANIA REINSURANCE COMPANY LIMITED (TAN-RE)

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2025

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
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Facsimile: 255-22-2922344
Email: mail@tan-re.co.tz
Website: www.tan-re.co.tz

DIRECTORS

Name	Nationality	Position	Age
Mr. Wilson Ndesanjo	Tanzanian	Chairman	69
Mr. Justine Mwandu	Tanzanian	Director	71
Mr. Hosea Kashimba	Tanzanian	Director	56
Mr. Ibrahim Maftah	Tanzanian	Director	55
Mr. Nassor Ameir	Tanzanian	Director	47
Mr. Jephita Gwatipedza	Zimbabwean	Director	58
Mr. Jamal Ibrahim	Tanzanian	Director	51
Dr. Flora Minja	Tanzanian	Director	48
Mr. Manasseh Kawoloka	Malawian	Director	53
Mr. Eliad Mndeme	Tanzanian	Director	49

MEMBERS OF THE BOARD AUDIT AND RISK COMMITTEE (BARC)

Name	Nationality	Position
Mr. Justine Mwandu	Tanzanian	Chairman
Dr. Flora Minja	Tanzanian	Member
Mr. Jamal Ibrahim	Tanzanian	Member
Mr. Manasseh Kawoloka	Malawian	Member
Mr. Ibrahim Maftah	Tanzanian	Member

MEMBERS OF THE BOARD FINANCE AND INVESTMENT COMMITTEE (BFIC)

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

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025

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

Name	Nationality	Position
Mr. Jephita Gwatipedza	Zimbabwean	Chairman
Dr. Flora Minja	Tanzanian	Member
Mr. Manasseh Kawoloka	Malawian	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

Ernst & Young
EY House
Plot No.162/1, Mzinga Way
14111 Oysterbay
P.O. Box 2475

TANZANIA COMPANY LIMITED (TAN-RE)

THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025

1. INTRODUCTION

Those Charged with Governance (TCWG) submit their report together with the audited financial statements for the year ended 31 December 2025, 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 2025 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 insurance 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 2025, Reinsurance contract revenue recognised by the Company amounted to TZS 300.3 billion compared with TZS 267.7 billion recognised during the year 2024, representing an increase of TZS 32.6 billion, equals to 12%. The Company's primary markets, particularly the Tanzanian insurance sector, performed strongly during the year, resulting in a significant increase in premium volumes.

During the year under review, Reinsurance service expense amounted to TZS 191.1 billion compared to TZS 174.4 billion incurred during the corresponding period in the year 2024, representing an increase of TZS 16.7 billion, equals to 10%.

4. FINANCIAL PERFORMANCE (CONTINUED)

During the year 2025, a total of TZS 152.9 billion was retroceded as compared with TZS 118.8 billion retroceded in year 2024. The retrocession-related costs for the year amounted to TZS 61.0 billion, as compared to TZS 42.3 billion incurred during the year 2024. This led to a TZS 18.7 billion increase equivalent to 44%.

Description	2025 Percentage (%)	2024 Percentage (%)
Claims Ratio	47	49
Expenses Ratio	17	16
Commission Ratio	24	24
Combined Ratio	88	89
Reinsurance contract revenue Growth	12	28
Increase in investment income	5	25
Return on shareholders' funds (before tax)	16	15

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

	2025 TZS	2024 TZS
Fire	87,980,366,593	72,978,974,931
Engineering	22,557,919,077	23,190,797,410
Energy	508,960,869	804,291,113
Accident	47,939,969,611	29,320,502,619
Agriculture	1,314,416,279	395,671,346
PVT	1,593,152,318	1,766,064,387
Motor	41,273,738,399	35,778,599,985
Marine	11,952,153,684	10,174,984,759
Aviation	42,673,181,761	58,690,153,503
Medical	3,819,055,304	3,697,694,490
Life	38,643,043,318	30,867,945,636
Total reinsurance contract revenue	**300,255,957,213**	**267,665,680,179**

The operations for the year achieved reinsurance service results of TZS 17.3 (2024: TZS 16.8 billion)

5. STRATEGIC BUSINESS FOCUS AND FUTURE OUTLOOK

The year 2025 marked the commencement of TAN-RE's new five-year Strategic Plan covering the period 2025 - 2029, following the successful completion of the previous strategic cycle. The 2025 - 2029 Strategic Plan establishes a clear framework for strengthening the Company's financial sustainability, enhancing operational efficiency, and expanding its presence in both domestic and international reinsurance markets. The plan is designed to position TAN-RE to respond effectively to the evolving dynamics of the reinsurance industry while continuing to deliver long-term value to shareholders and other stakeholders.

During the year under review, the Company recorded strong operational performance, with profit for the year reaching TZS 20.6 billion compared to TZS 16.5 billion in 2024, demonstrating the Company's improved profitability and resilience in a competitive operating environment. The Company's financial position also strengthened during the year, with total assets increasing to TZS 231.8 billion as at 31 December 2025 compared to TZS 195.6 billion in the prior year. Total equity increased to TZS 151.6 billion from TZS 133.1 billion in 2024, supported by strong retained earnings growth. The Company continued to undertake capital strengthening initiatives during the year aiming at providing TAN-RE with a stronger capital base to support future underwriting capacity and strategic expansion.

5. STRATEGIC BUSINESS FOCUS AND FUTURE OUTLOOK (CONTINUED)

The Company's financial position also strengthened during the year, with total assets increasing to TZS 231.8 billion as at 31 December 2025 compared to TZS 195.6 billion in the prior year. Total equity increased to TZS 151.6 billion from TZS 133.1 billion in 2024, supported by strong retained earnings growth. The Company continued to undertake capital strengthening initiatives during the year aiming at providing TAN-RE with a stronger capital base to support future underwriting capacity and strategic expansion.

The 2025 - 2029 Strategic Plan is anchored on four core strategic pillars: sustainable financial growth, customer value-driven proposition, operational excellence, and human capital development. Through these pillars, the Company aims to enhance business growth and profitability, strengthen customer relationships, streamline internal processes, and develop a highly skilled workforce capable of supporting its long-term strategic ambitions.

In pursuing these objectives, TAN-RE continues to focus on expanding its underwriting portfolio, diversifying premium sources, and increasing participation in regional and international markets. The Company also continues to strengthen its risk management practices and technical capabilities in order to enhance underwriting discipline, maintain financial stability, and improve long-term profitability.

Operational efficiency and technological advancement remain key enablers of the Company's strategy. TAN-RE continues to invest in information systems, digitalisation of core processes, and improved data management capabilities in order to enhance service delivery, strengthen decision-making processes, and improve overall operational effectiveness. These initiatives have continued to support the Company's growth ambitions while maintaining prudent risk management standards.

Looking ahead, the Board remains confident that the continued growth of the insurance and reinsurance markets in Tanzania, coupled with expanding opportunities across Africa and other emerging markets, will continue to provide favourable prospects for the Company. Supported by a strengthened capital base, a clear strategic direction, and sustained investment in technology and human capital, TAN-RE is well positioned to enhance its competitiveness and continue its progress towards becoming one of the most profitable and dependable reinsurance companies in Africa.

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 have been prepared on the underlying assumption that the Company will continue as a going concern. The Company's accounting policies, which are laid out on note 3 to these financial statements are subject to an annual review to ensure continuing compliance with International Financial Reporting Standards and the Insurance Act Cap. 394 (R.E. 2023), with its related regulations.

8. ACQUISITIONS AND DISPOSALS

There was no material disposal or acquisition of business during year 2025 (2024: Nil).

9. EXTERNAL ENVIRONMENT AND KEY RISK ANALYSIS

The Tanzanian reinsurance market continued to evolve within a changing economic and competitive landscape, presenting both risks and avenues for growth. Sustained economic activity, particularly in sectors such as construction, agriculture, and energy, underpinned rising demand for insurance coverage and, in turn, reinsurance capacity. Despite heightened competition from domestic and international reinsurers, TAN-RE maintained its strong market standing locally. This performance was supported by a stable and supportive regulatory framework, effective strategic partnerships, and a broad range of reinsurance solutions tailored to market needs. International reinsurers continued to play an important role in providing capacity for complex and specialized risks.

9. EXTERNAL ENVIRONMENT AND KEY RISK ANALYSIS (CONTINUED)

The market continues to offer potential in developing segments including agricultural insurance, renewable energy projects, and microinsurance. The Company remains well positioned to capitalize on these opportunities.

During 2025, there were no regulatory developments that adversely affected the growth trajectory of the reinsurance market.

10. OPERATING ENVIRONMENT

The operating environment remained generally stable during the year 2025. The Government of the United Republic of Tanzania continued to implement economic and structural reforms aimed at sustaining macroeconomic stability, promoting investment, and strengthening key sectors of the economy. Despite continued global economic uncertainties and geopolitical tensions, the Tanzanian economy demonstrated resilience, supported by prudent fiscal and monetary policies and sustained infrastructure investments.

Macro and micro economic overview

During 2025, the global economy continued to face uncertainties arising from geopolitical tensions, supply chain disruptions, and fluctuations in energy and commodity prices. Although global inflationary pressures showed signs of moderating compared to previous years, inflation in many economies remained above targeted levels, partly driven by volatility in energy and food prices.

Against these circumstances, the Tanzanian economy maintained steady growth supported by strong performance in key sectors such as agriculture, manufacturing, tourism, and trade. Continued public investment in strategic infrastructure projects, improvements in power supply, and reforms aimed at enhancing the business environment further supported economic activity. These developments contributed positively to the performance of sectors that underpin insurance and reinsurance demand.

Economic growth also continued to benefit from the implementation of the Third National Five-Year Development Plan (FYDP III: 2021/22 - 2025/26), which focuses on fostering an inclusive and competitive economy, strengthening industrial production, promoting investment and trade, and enhancing human capital development. The Plan also continues to support the development of the insurance sector through initiatives aimed at increasing public awareness of insurance, promoting the development of locally relevant insurance products, and strengthening claims management and dispute resolution mechanisms.

Regulatory Environment

The insurance sector continued to operate within a stable and supportive regulatory framework. The Tanzania Insurance Regulatory Authority (TIRA) maintained its oversight of the sector through enhanced supervision, strengthened risk management requirements, and continued regulatory reforms aimed at promoting transparency, financial soundness, and industry stability. These initiatives are intended to ensure the continued growth and resilience of the insurance and reinsurance industry in Tanzania.

Technological Developments

Technological innovation continues to transform the financial services sector, including insurance and reinsurance. Advancements in digital technologies, data analytics, and automation have enhanced operational efficiency, improved customer service delivery, and strengthened fraud detection and risk management capabilities across the industry.

The insurance sector continues to leverage these developments through increased digitalisation of processes and partnerships with technology providers and InsurTech firms. In line with these developments, TAN-RE remains committed to investing in technological advancements that enhance operational efficiency, strengthen risk assessment capabilities, and improve service delivery to its stakeholders.

10. OPERATING ENVIRONMENT (CONTINUED)

Environmental Considerations

Environmental sustainability continues to be an important global concern, with climate change posing increasing risks to economies, societies, and natural ecosystems. Climate-related events such as floods, droughts, and extreme weather conditions have the potential to increase the frequency and severity of insured losses.

As a reinsurance service provider, TAN-RE recognises the importance of integrating environmental considerations into its business operations and risk management practices. The Company remains committed to promoting sustainable practices and supporting initiatives aimed at mitigating climate-related risks in the markets in which it operates.

Political environment

The Company continues to operate within a stable political environment that supports economic growth and investment. Tanzania's political stability, together with consistent government policies and a predictable regulatory framework, has contributed to increased confidence among both local and international investors. This stability continues to support the growth of the financial services sector, including the insurance and reinsurance industry.

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
Financial resources Shareholders give the Company strong financial capital base that supports its operations.	- Strong balance sheet with Total assets amounting TZS 231.8 billion (2024: TZS 195.6 billion) and equity TZS 151.6 billion (2024: TZS 133.1 billion).
Human resources 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.	- Experienced and competent leadership team - Gender and diversity inclusiveness - Equal opportunities in training and development - Free of discrimination and harassment
Social and relationship resources 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	- The Company ensure employees are committed and connected which address the needs of our stakeholders. - 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 24,825 shares valued at TZS 24,825,000. This represents 0.04% of the paid-up ordinary share capital reported as at 31 December 2025.

13. SHARE CAPITAL AND SHAREHOLDING

The authorised share capital of the Company is TZS 500,000,000,000, divided into 500,000,000 ordinary shares with a nominal value of TZS 1,000 per share. The Company's called-up share capital is TZS 250,000,000,000.

The paid-up capital is made up as follows:

	2025 TZS	2024 TZS
Capital allotted and subscribed	250,000,000,000	60,000,000,000
Capital unsubscribed	(188,812,811,000)	(728,215,342)
Subscribed and paid-up capital	**61,187,189,000**	**59,271,784,658**
Share capital at 1 January 2025	59,271,784,658	57,697,549,389
Subscribed and paid up during the year (Note 29)	1,915,404,342	1,574,235,269
	61,187,189,000	**59,271,784,658**

The paid-up capital of the Company as at 31 December 2025 is as stated below:

		2025				2024	
Cluster	Stake %	Called-up Shares	Paid-up Shares	Amount TZS	Stake %	Paid-up Shares	Amount TZS
Individual Tanzanians	2	5,000,000,000	507,873	507,873,000	2	492,042	492,042,000
Foreign Investors	25	62,500,000,000	16,828,409	16,828,409,000	15	9,000,000	9,000,000,000
Corporate bodies	5	12,500,000,000	932,218	932,218,000	10	903,162	903,162,000
Insurance Companies	20	50,000,000,000	14,737,682	14,737,682,000	25	14,270,069	14,270,068,658
Insurance Brokers & Loss assessors	3	7,500,000,000	822,867	822,867,000	3	797,219	797,219,000
Pension Funds	45	112,500,000,000	27,358,140	27,358,140,000	45	26,521,916	26,505,411,000
Total	**100**	**250,000,000,000**	**61,187,189**	**61,187,189,000**	**100**	**51,984,408**	**51,984,407,342**
Advance towards share capital				-			7,303,882,000
Total				**61,187,189,000**			**59,271,784,658**

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

14. DIRECTORS

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

Name	Nationality	Position	Age
Mr. Wilson Ndesanjo	Tanzanian	Chairman	68
Mr. Justine Mwandu	Tanzanian	Director	71
Mr. Hosea Kashimba	Tanzanian	Director	55
Mr. Ibrahim Maftah	Tanzanian	Director	54
Mr. Nassor Ameir	Tanzanian	Director	46
Mr. Jephita Gwatipedza	Zimbabwean	Director	57
Mr. Jamal Ibrahim	Tanzanian	Director	50
Dr. Flora Minja	Tanzanian	Director	48
Mr. Manasseh Kawoloka	Malawian	Director	53
Mr. Eliad Mndeme	Tanzanian	Director	48

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:

	2025 Amount TZS	2024 Amount TZS
FEES		
Chairman of the Board of Directors		
Other Directors	12.35 million	12.35 million
	111.17 million	111.17 million
SITTING ALLOWANCES		
Chairman of the Board of Directors	18.4 million	27.8 million
Other Directors	160.6 million	168.8 million

16. SOLVENCY AND GOING CONCERN

The Insurance Act, Cap. 394 (R.E. 2023) 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 10,480 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 2025 the Company had admissible assets of TZS 142,5 million and liabilities of TZS 78,748 million. The sum of thirty three percent of general reinsurance net premiums written and ten percent of long-term business liabilities amounted to TZS 44,356 million. The Company's admissible assets exceeded the liabilities by TZS 63,764 million which is above the minimum solvency margin required of TZS 44,356 million by TZS 19,408 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, Cap. 394 (R.E. 2023) 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

The Company maintains a low labour turnover rate, which has no adverse effect on its operational efficiency. Throughout the reporting period, only one employee exited 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, 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;
- Timely submission of annual returns as per Insurance regulation no.28, 29 and 30 of the Insurance Act;
- 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;
- Maintaining a capital adequacy as per regulation no.18 (1) (a) of the Insurance Act;
- Appointment of Chief Finance Officer as per regulation 9 (1) (a) and (b) of the Insurance Act.

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

Throughout the year, the Company organized and sponsored various technical trainings on specialized and emerging risks, including Energy and Aviation. Additionally, various employees attended seminars and workshops both locally and internationally, as well as attachment programs with relevant institutions and business partners globally to enhance their knowledge and practical expertise. Professionally certified staff also attended seminars organized by professional bodies, such as the National Board of Accountants and Auditors (NBAA), in line with continuing professional education requirements.

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)

e) Equal opportunities employer

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

f) Gender parity

The Company had a total of 35 employees, of whom 13 were female and 22 were male (2024: 30 employees, of whom 12 were female and 18 were male).

19. DIVIDEND

The Directors recommend payment of dividend amounting to TZS 5.1 billion equals 25% of profit after tax of TZS 20.3 billion achieved during the period ended 31 December 2025 (2024: TZS 4.1 billion).

20. RESERVES

The Company had retained earnings of TZS 23.7 billion (2024: TZS 18.8 billion) and contingency reserve of TZS 60.9 billion, (2024: TZS 51.7 billion).

21. TRANSACTIONS WITH RELATED PARTIES

Parties are considered related when one can control or significantly influence the financial and operational decisions of the other. In the ordinary course of business, the Company engages in various transactions with related parties, including key management personnel, Directors, their associates, and companies linked to Directors. Details of related party transactions during the year, along with outstanding balances at year-end, are disclosed in Note 31 of the financial statements.

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 31 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 2025, the Board had convened 7 meetings (2024: 8 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 2025, the Audit and Risk Committee met 6 times (2024: 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. The committee is also responsible to oversee the Company's IT related matters. During the year 2025, the Finance and Investment Committee met 4 times (2024: 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 2025, the Governance and Human Resources Committee met 2 times (2024: 3 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 2025, TAN-RE donated TZS 44 million to various schools, charitable organisations, and social organisations (2024: TZS 81 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.

Stakeholders	Stakeholders needs and expectations
Employees	• 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	• 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	• Reinsurance Brokers and Agents' interest is on provision of insurance solutions to their clients and to be rewarded in form of commissions
Suppliers	• Fair opportunities for service provision to the Company and timely payments
Shareholders/investors	• Shareholder value creation through share price appreciation and attractive and sustainable dividends • Continuous engagement to enable informed investment decisions
Regulators	• The Tanzania Insurance Regulatory Authority's interest is on the growth of the sector and protection of the policyholders' interests
Government	• 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	• 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	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.
Media	Interactions via press releases, face to face, local Television, radio, magazines, and blogs to enhance brand visibility and promote the Company's products

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. Updates on the developments of the top 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.

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.

27. RISK MANAGEMENT (CONTINUED)

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 2025, 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. SUSTAINABILITY INFORMATION

Environmental Impact:

At TAN-RE, we are dedicated to promoting sustainable financial growth and minimizing our environmental footprint. Our commitment to environmental sustainability is reflected in our efforts to reduce carbon emissions, manage paper usage, manage water usage, handle waste responsibly, and explore opportunities in renewable energy and clean technology.

a) Climate change:

- Carbon emissions: TAN-RE is actively working to reduce its carbon footprint through various initiatives through energy efficiencies techniques, reducing paper usage.

- Financing environmental impact: As a reinsurance company, TAN-RE plays a role in financing projects that have a positive environmental impact through sustainable investments and various risk management solutions.

30. SUSTAINABILITY INFORMATION (CONTINUED)

b) Natural resources

- Water usage: Efficient water management is a key aspect of our environmental strategy through reducing consumption and promoting efficient water usage within our operations .
  Pollution & waste:

- Waste management: Effective waste management practices are essential to reducing our environmental impact through recycling programs and waste reduction.

- Environment opportunity:

  Opportunities in renewable energy: TAN-RE is committed to exploring and investing in renewable energy opportunities such as solar energy and future investments in renewable energy projects.

  Opportunities in clean technology: We recognize the potential of clean technology to drive sustainable development:

- Strategic Partnerships: Collaborating with technology providers and other stakeholders to implement clean technology solutions within our operations and the broader insurance sector.

c) Social Impact

(i) Social opportunity

- Access to Sustainable Healthcare: TAN-RE is committed to improving access to sustainable healthcare for communities across Tanzania. We support initiatives that provide essential medical services, promote health education, and enhance healthcare infrastructure. Our partnerships with local health insurance companies and other health related organizations aim to ensure that quality healthcare is accessible to all, particularly in underserved areas

- Awareness and Education: Education is a cornerstone of sustainable development. TAN-RE invests in educational programs that raise awareness about insurance and financial literacy. We collaborate with schools and community organizations to provide resources and training, empowering individuals with the knowledge they need to make informed decisions about their financial futures.

- Community Outreach: Our community outreach programs are designed to support and uplift the communities we serve. TAN-RE engages in various initiatives, including disaster relief, environmental conservation, and social welfare projects. By working closely with local leaders and organizations, we strive to address the unique needs of each community and foster a spirit of collaboration and resilience.

(ii) The employee experiences

Diversity, Equity and Inclusion: At TAN-RE, we believe that diversity, equity, and inclusion (DEI) are essential to our success. We are committed to creating a workplace that values and respects individuals from all backgrounds. Our DEI initiatives focus on promoting equal opportunities, reducing biases, and fostering an inclusive culture where everyone can thrive.

30. SUSTAINABILITY INFORMATION (CONTINUED)

(iii) Talent Acquisition & Development:

- Our talent acquisition and development strategies are designed to attract, retain, and nurture top talent. We offer comprehensive training programs, mentorship opportunities, and career development plans to help our employees grow professionally. By investing in our people, we ensure that TAN-RE remains a leader in the reinsurance industry.

- Employee Benefits: TAN-RE provides a competitive benefits package to support the well-being of our employees. This includes health insurance, retirement plans, and wellness programs. We believe that taking care of our employees is crucial to maintaining a motivated and productive workforce.

- Training & Development: Continuous learning is vital to our success. TAN-RE offers a range of training and development opportunities to help employees enhance their skills and advance their careers. Our programs cover technical training, leadership development, and soft skills, ensuring that our team is well-equipped to meet the challenges of the industry.

- Employee health & Safety: The health and safety of our employees are paramount. TAN-RE implements rigorous health and safety protocols to ensure a safe working environment. We conduct regular safety training, provide necessary protective equipment, and promote a culture of safety awareness throughout the organization.

(iv) The customer experiences

- Customer engagement, satisfaction & retention: Customer satisfaction is at the heart of our business. TAN-RE is dedicated to engaging with our clients, understanding their needs, and providing exceptional service. We regularly seek feedback and use it to improve our offerings, ensuring that we build long-lasting relationships based on trust and reliability.

- Product and Service Awareness Creation: Raising awareness about our products and services is crucial to our growth. TAN-RE employs various marketing and communication strategies to educate potential clients about the benefits of reinsurance. We participate in industry events, conduct workshops, and leverage digital platforms to reach a wider audience.

- Service quality and assurance: Quality assurance is integral to our operations. TAN-RE adheres to stringent quality standards and continuously monitors our processes to ensure excellence. We are committed to delivering reliable and high-quality reinsurance solutions that meet the evolving needs of our clients.

d) Governance

(i) Regulatory Compliance

- Adherence to Laws and Regulations: TAN-RE is committed to full compliance with all applicable laws and regulations, including the requirements of regulatory bodies such as the National Board of Accountants and Auditors (NBAA) and the Tanzania Insurance Regulatory Authority (TIRA). Governed by the Insurance Act, TAN-RE ensures that its operations align with national and international legal standards. Regular updates and training sessions are conducted to keep the Company's team informed about regulatory changes and compliance requirements.

- Regular Audits: To maintain transparency and accountability, TAN-RE undergoes regular internal and external audits. These audits are designed to assess our financial health, operational efficiency, and adherence to governance policies. The findings from these audits are reviewed by the Board of Directors and necessary actions are taken to address any identified issues.

30. SUSTAINABILITY INFORMATION (CONTINUED)

d) Governance (Continued)

(ii) **Code of Conduct:** Our Code of Conduct outlines the ethical standards and professional behavior expected from all employees and stakeholders. It emphasizes integrity, fairness, and respect in all business dealings. Regular training sessions are held to ensure that everyone at TAN-RE understands and adheres to these principles.

(iii) **Anti-Corruption Policies:** TAN-RE has a zero-tolerance policy towards corruption and bribery. We have implemented robust anti-corruption policies and procedures to prevent, detect, and address any corrupt practices. Employees are encouraged to report any suspicious activities through our confidential whistleblowing system.

e) Risk Management

- Enterprise Risk Management (ERM): Our ERM framework is designed to identify, assess, and manage risks that could impact our business operations. This proactive approach helps us mitigate potential threats and capitalize on opportunities, ensuring the long-term sustainability of our company.

- Climate Risk Assessment: Recognizing the impact of climate change on the insurance industry, TAN-RE conducts regular climate risk assessments. These assessments help us understand the potential risks and develop strategies to manage them effectively. We are committed to supporting initiatives that promote environmental sustainability.

f) Board Oversight and Governance

- Board Composition: Our Board of Directors comprises experienced professionals with diverse backgrounds in insurance, finance, and governance. This diversity ensures a balanced and comprehensive approach to decision-making. The Board is responsible for setting strategic direction and overseeing the implementation of governance policies.

- Governance Policies: TAN-RE has established comprehensive governance policies that guide our operations. These policies cover areas such as risk management, compliance, and ethical conduct. Regular reviews are conducted to ensure that these policies remain relevant and effective.

g) Stakeholder Engagement

- Communication and Transparency: We believe in maintaining open and transparent communication with our stakeholders. Regular updates on our performance, governance practices, and sustainability initiatives are shared through various channels, including our annual reports and corporate website.

- Stakeholder Feedback: TAN-RE values the feedback of its stakeholders. We have established mechanisms to gather input from customers, employees, regulators, and other stakeholders. This feedback is used to improve our services and governance practices.

h) Sustainability Integration

- ESG Reporting: We have prioritized Economic, Social, and Governance (ESG) goals on our 2025-2029 strategic plan, demonstrating our commitment to achieving a balance between profit and purpose, paving the way for responsible growth and industry leadership. We are committed to providing comprehensive and transparent ESG reports that highlight our efforts in promoting sustainable development and responsible business practices.

30. SUSTAINABILITY INFORMATION (CONTINUED)

h) Sustainability Integration (Continued)

- Sustainability Goals: TAN-RE has set ambitious sustainability goals aimed at enhancing our environmental and social impact. These goals include reducing our carbon footprint, promoting diversity and inclusion, and supporting community development initiatives. We have set mechanisms that will regularly monitor our progress and report on our achievements.

Linkage to the Sustainable Development Goals (SDGs)

The following table highlights how each SDG is relevant to TAN-RE and how its material topics align with these global sustainability goals. TAN-RE can contribute to these SDGs through its operations, governance, and social impact initiatives.

SDG	Description	Link to Material Topics
SDG 3: Good Health and Well-being	Ensure healthy lives and promote well-being for all at all ages.	➢ Access to Sustainable Healthcare ➢ Employee Health & Safety ➢ Employee Benefits
SDG 4: Quality Education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	➢ Awareness and Education ➢ Talent Acquisition & Development ➢ Training & Development
SDG 5: Gender Equality	Achieve gender equality and empower all women and girls.	➢ Diversity, Equity, and Inclusion ➢ Board Composition
SDG 8: Decent Work and Economic Growth	Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.	➢ Talent Acquisition & Development ➢ Employee Benefits ➢ Training & Development ➢ Employee Health & Safety ➢ Consumer Engagement, Satisfaction & Retention
SDG 10: Reduced Inequalities	Reduce inequality within and among countries.	Diversity, Equity, and Inclusion Board Composition
SDG 11: Sustainable Cities and Communities	Make cities and human settlements inclusive, safe, resilient, and sustainable.	Community Outreach
SDG 16: Peace, Justice, and Strong Institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable institutions at all levels.	➢ Adherence to Laws and Regulations ➢ Regular Audits ➢ Code of Conduct ➢ Anti-Corruption Policies ➢ Governance Policies ➢ Communication and Transparency ➢ ESG Reporting ➢ Accountability, Transparency and Compliance
SDG 17: Partnerships for the Goals	Strengthen the means of implementation and revitalize the global partnership for sustainable development.	➢ Stakeholder Feedback ➢ Strategic Partnerships ➢ Community Outreach ➢ Financing Environmental Impact

31. STATEMENT OF COMPLIANCE

The Report by Those Charged with Governance has been prepared in compliance with the Tanzania Financial Reporting Standard No. 1 (TFRS No. 1) as issued by the National Board of Accountants and Auditors (NBAA). The Company's financial statements have been prepared in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), and comply with the requirements of the Companies Act, Cap. 212 (R.E. 2023) and the Insurance Act, Cap. 394 (R.E. 2023).

32. INDEPENDENT AUDITORS

The information of the Company's auditors for the period covered by the report is:

Ernst & Young
EY House
Plot No. 162/1, Mzinga way
14111 Oysterbay
P.O. Box 2475
Dar es Salaam, Tanzania
Tel: +255 22 292 4040 | Fax: +255 22 292 4034
Website: http://www.ey.com
Firms' registration Number: 151
TIN number: 100-149-222

The engagement partner who was in charge of the audit of the Company during the period has PF Number: FCPA 1227.

Appointment process

The process of appointing the Company's External Auditor is carried out in accordance with Sections 173 and 174 of the Companies Act, Cap. 212 (R.E. 2023) and the requirements of the Insurance Act, Cap. 394 (R.E. 2023).

Appointment for 2026

The auditor, Ernst & Young, has expressed willingness to continue in office as auditor and is eligible for re-appointment. A resolution proposing the re-appointment of Ernst & Young as auditor of the Company for the 2025 financial year will be tabled for shareholders' approval at the next Annual General Meeting.

33. RESPONSIBILITY OF THE AUDITOR

The Auditor is responsible with providing assurance of the correctness and consistency of all information contained in the report by those charged with governance with those provided in the financial statements.

WILSON NDESANJO
Chairman of the Board of Directors
Date: 20/04/2026

TANZANIA REINSURANCE COMPANY LIMITED (TAN-RE)

STATEMENT OF RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2025

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 Companies Act 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 IFRS Accounting standards as Issued by the International Accounting Standards Board (IASB) and the requirement of the Companies Act. 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 IFRS Accounting 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, 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: 20/04/2026

TANZANIA REINSURANCE COMPANY LIMITED (TAN-RE)

DECLARATION OF THE HEAD OF FINANCE
FOR THE YEAR ENDED 31 DECEMBER 2025

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 2025 have been prepared in compliance with IFRS Accounting standards as Issued by the International Accounting Standards Board (IASB) and in compliance with the Companies Act and the Insurance Act.

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: 20/04/2026

TANZANIA REINSURANCE COMPANY LIMITED (TAN-RE)

REPORT OF THE INDEPENDENT ACTUARY
FOR THE YEAR ENDED 31 DECEMBER 2025

Actuarial and Risk Consulting (T) Limited

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 2025 do here by 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 of 31 December 2025 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.

Date:..................20../04./2026

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TIN: 100-149-222
VRN: 10-007372-Z

Independent auditor's report
To the Shareholders of Tanzania Reinsurance Company Limited

Report on the Audited of the Financial Statements

Opinion

We have audited the financial statements of Tanzania Reinsurance Company Limited (the 'Company') set out on pages 31 to 172 which comprise of the statements of financial position as at 31 December 2025, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies Act, 2002 and the and Insurance Act, 2009 of Tanzania

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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Independent auditor's report
To the Shareholders of Tanzania Reinsurance Company Limited

Report on the Audited of the Financial Statements (Continued)

Key Audit Matters (Continued)

<table>
<tr><th>No.</th><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>1.</td><td colspan="2">Valuation of reinsurance contract liabilities</td></tr>
<tr><td></td><td>As disclosed in note 28 to the financial statements, the Company had reinsurance contract liabilities of TZS 71,681 million as at 31 December 2025 (2024: TZS 49,616 million), which represent a significant portion of its total liabilities.

The Company has assessed all reinsurance contracts held and established that majority of these contracts are eligible for the Premium Allocation Approach ("PAA") as the policy durations are generally of one year or less. The Company also has contracts with a policy duration of over 12 months such as Engineering, Energy and Life in which a PAA eligibility tests were conducted to allow these lines of business to be modelled under PAA. Significant assumptions are made in the valuation of the liability for incurred claims as it relates to the Company's reinsurance contracts. Critical inputs into the valuation of the liability for incurred claims include the future cash flow projections and a risk adjustment for non-financial risk.

Auditing the valuation of reinsurance contract liabilities is complex and requires the application of significant auditor judgement due to the complexity of the cashflow models, the selection and use of assumptions and the interrelationship of these variables in measuring reinsurance contract liabilities.

The audit also required specialized skills and knowledge in evaluating the audit evidence obtained. We also considered that the following disclosures on reinsurance contract liabilities are critical to the understanding of the financial statements:
• Note 5 for critical accounting estimates and judgements.
• Note 6 on insurance risk management.
• Note 28 for details on the balances</td><td>Our audit procedures included, but were not limited to: -

• Obtained an understanding of the reinsurance contract liabilities valuation process. For this process, we focused on understanding the Company's process including the approach for classification of insurance contracts for the purpose of measuring reinsurance contract liabilities. We also focused on understanding management's selection of accounting policies, the development of fair value and actuarial models, as well as management's process to ensure integrity of data used.

• Involved our actuarial specialists in assessing the methodology and assumptions used in valuation of the reinsurance contract liabilities in respect to compliance with the Company's policies and IFRS Accounting Standards.

• On a sample basis, we tested underlying support documentation for the inputs into the valuation of reinsurance contract liabilities.

• Evaluated the Company's policies on accounting for reinsurance contracts in accordance with IFRS 17.

• Evaluated the adequacy of the Company's disclosures on insurance contract liabilities in terms of IFRS 17.</td></tr>
</table>

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Independent auditor's report
To the Shareholders of Tanzania Reinsurance Company Limited

Report on the Audited of the Financial Statements (Continued)

Other Information
The directors are responsible for the other information. The other information comprises the information included on pages 3 to 25 of the document titled "TANRE Report by those Charged with Governance and Financial Statement for the Year ended 31 December 2025", which includes Company information, the report by those charged with governance as required by the Companies Act, 2002 of Tanzania, statement of responsibility by those charged with governance, Declaration of Head of Finance and Report of the Consulting Actuary. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2002 of Tanzania and Insurance Act, 2009 of Tanzania, 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.

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.

Shape the future
with confidence

Independent auditor's report
To the Shareholders of Tanzania Reinsurance Company Limited

Report on the Audited of the Financial Statements (Continued)

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

- 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 the directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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.

Shape the future
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Independent auditor's report
To the Shareholders of Tanzania Reinsurance Company Limited

Report on the Audited of the Financial Statements (Continued)

Report on Other Legal and Regulatory Requirements

This report, together with our report on the audit of the financial statements, is made to the Company's members in accordance with the Companies Act, 2002 of Tanzania which stipulates that a company's auditor shall make a report to the company's members on all annual accounts of the company of which copies are to be laid before the company in a general meeting.

We report to you, based on our audit, that:

- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books;
- The Directors' Report is consistent with the financial statements.
- Information specified by law regarding directors' remuneration and transactions with the company is disclosed; and
- The statements of financial position and statements of profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is Neema Kiure

Ernst & Young

....
Ernst & Young
Certified Public Accountants
Dar es Salaam, Tanzania

23 | 04 | 2026

....
Dr Neema Kiure (FCPA 1227)
Partner

NBAAVN 25FCPA1227BWHDS5JX

TANZANIA REINSURANCE COMPANY LIMITED (TAN-RE)

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

	Notes	2025 TZS	2024 TZS
Reinsurance contract revenue	8	300,255,957,213	267,665,680,179
Reinsurance service expense	9	(191,120,159,205)	(174,395,107,818)
Reinsurance results held before retrocession contracts held		**109,135,798,008**	**93,270,572,361**
Allocation of retrocession premium	10 (a)	(152,868,575,095)	(118,784,215,906)
Retrocession service expenses	10 (b)	61,009,517,116	42,272,120,507
Net expenses from retrocession contracts held		**(91,859,057,979)**	**(76,512,095,399)**
Reinsurance service result		**17,276,740,029**	**16,758,476,962**
Interest revenue calculated using the effective interest method	11 (a)	4,740,064,248	3,957,432,805
Investment income	11 (b)	1,098,395,890	1,050,528,804
Fair value gain	12	2,281,289,973	1,094,788,733
Expected Credit Loss on financial assets	16 (b)	(462,537,314)	(611,460,284)
Investment return		**7,657,212,797**	**5,491,290,058**
Finance expenses from reinsurance contracts issued	14	(3,510,250,721)	(2,834,656,515)
Finance income from retrocession contracts held	15	1,016,449,287	1,211,910,695
Net reinsurance finance expenses		**(2,493,801,434)**	**(1,622,745,820)**
Net financial results		**22,440,151,392**	**20,627,021,200**
Other operating revenue/(loss)	13	1,498,061,149	(286,865,261)
Non attributable operating and administration expenses	16(c)	(745,197,752)	(991,143,497)
Share of net profit of associates accounted for using the equity method	33(b)	403,359,677	472,338,706
Other (expenses)/income		**1,156,223,074**	**(805,670,052)**
Profit before tax		**23,596,374,466**	**19,821,351,148**
Income tax expense	17	(3,307,034,016)	(3,345,127,184)
Profit for the year		**20,289,340,450**	**16,476,223,964**
Other comprehensive income, net of taxes:			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of investment in foreign associate	33(a)	354,107,048	59,495,816
		354,107,048	**59,495,816**
Total comprehensive income for the year		**20,643,447,498**	**16,535,719,780**

TANZANIA REINSURANCE COMPANY LIMITED (TAN-RE)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	2025	2024
Assets		**TZS**	**TZS**
Property and equipment	18	3,949,905,548	4,091,960,382
Intangible assets	20	17,648,738	47,585,082
Investment Property	19	25,404,450,000	24,169,450,000
Deferred tax asset	17	1,479,736,868	4,461,930,044
Other receivables	23	8,218,160,189	7,265,728,580
Investment in Government securities at amortised costs	22	8,792,376,705	7,178,408,232
Financial assets at fair value through profit or loss	21	12,649,443,418	11,176,366,445
Investments accounted for using the equity method	33	6,008,355,147	5,250,888,422
Retrocession Contract assets	24	108,613,662,839	73,869,522,436
Deposits with Financial institutions	27	52,348,522,364	55,306,003,503
Cash and cash equivalent	25	4,294,722,872	2,761,554,675
Total Assets		**231,776,984,688**	**195,579,397,801**
Equity and Liabilities			
Equity			
Issued share capital	29	61,187,189,000	51,967,902,658
Share premium		348,613,700	348,613,700
Advance towards share capital	29	-	7,303,882,000
Retained earnings		23,702,028,277	18,757,251,734
Share buyback reserve		5,940,053,968	3,911,119,923
Foreign currency translation reserve		(476,419,837)	(830,526,885)
Contingency reserve	32	60,862,237,150	51,665,663,288
Total equity		**151,563,702,258**	**133,123,906,418**
Liabilities			
Reinsurance Contract Liabilities	28	71,681,408,351	49,615,606,225
Other payables	30	5,716,355,178	4,011,217,365
Current tax payable	17	2,815,518,901	8,828,667,793
Total liabilities		**80,213,282,430**	**62,455,491,383**
Total equity and liabilities		**231,776,984,688**	**195,579,397,801**

These financial statements were approved by the Board of Directors and authorised for issue on........20/04/2026 and were signed on their behalf by:

Name: Wilson Ndesanjo **Title:** Chairman of the Board **Signature:**..................

Name: Justine Mwandu **Title:** Chairman Audit & Risk committee **Signature:**..................

Name: Rajab Kakusa **Title:** Chief Executive Officer **Signature:**..................

TANZANIA REINSURANCE COMPANY LIMITED (TAN-RE)

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

	Notes	Share capital	Retained earnings	Contingency reserve	Share buyback reserve	Foreign currency translation reserve	Advance towards share capital	Share premium	Total
		TZS	TZS	TZS	TZS	TZS	TZS	TZS	TZS
At 1 January 2025		51,967,902,658	18,757,251,734	51,665,663,288	3,911,119,923	(830,526,885)	7,303,882,000	348,613,700	133,123,906,418
Transactions with owners									
Transfer of advance share capital to share capital	29	7,303,882,000	-	-	-	-	(7,303,882,000)	-	-
Dividend paid		-	(2,000,000,000)	-	-	-	-	-	(2,000,000,000)
Shares in lieu of cash dividend	29	1,915,404,342	(2,119,056,001)	-	-	-	-		(203,651,659)
Transfer to Share buyback reserve	29	-	(2,028,934,045)	-	2,028,934,045	-	-	-	-
Comprehensive income									
Profit for the year		-	20,289,340,451	-	-	-	-	-	20,289,340,451
Other comprehensive income									
Currency translation - associate		-	-	-	-	354,107,048	-	-	354,107,048
Total Comprehensive income		-	**20,289,340,451**	-	-	**354,107,048**	-	-	**20,643,447,499**
Transfer to Contingency reserve	32	-	(9,196,573,862)	9,196,573,862	-	-	-	-	-
At 31 December 2025		**61,187,189,000**	**23,702,026,277**	**60,862,237,150**	**5,940,053,968**	**(476,419,837)**	**-**	**348,613,700**	**151,563,702,258**
At 1 January 2024		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
Transactions with owners									
Transfer of advance share capital to share capital	29	2,074,346,000	-	-	-	-	(2,074,346,000)	-	-
Dividend paid		-	(2,000,000,000)	-	-	-	-	-	(2,000,000,000)
Shares in lieu of cash dividend	29	1,574,235,269	(1,749,150,299)	-	-	-	-	-	(174,915,030)
Transfer to Share buyback reserve	29	-	(1,647,622,396)	-	1,647,622,396	-	-	-	-
Comprehensive income									
Profit for the year		-	16,476,223,964	-	-	-	-	-	16,476,223,964
Other comprehensive income									
Currency translation - associate		-	-	-	-	59,495,816	-	-	59,495,816
Total Comprehensive income		-	**16,476,223,964**	-	-	**59,495,816**	-	-	**16,535,719,780**
Transfer to Contingency reserve	32	-	(7,833,180,115)	7,833,180,115	-	-	-	-	-
At 31 December 2024		**51,967,902,658**	**18,757,251,734**	**51,665,663,288**	**3,911,119,923**	**(830,526,885)**	**7,303,882,000**	**348,613,700**	**133,123,906,418**

TANZANIA REINSURANCE COMPANY LIMITED (TAN-RE)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025	2024
Operating activities		**TZS**	**TZS**
Cash generated from operations	26	**4,141,477,399**	**8,638,717,260**
Tax paid	17	(6,008,874,424)	(3,462,350,353)
Withholding tax deducted at source	17	(329,115,307)	(322,948,392)
Withholding tax - shares in lieu of dividend		(203,651,659)	(174,915,030)
Cash (used in) / generated from operating activities		**(2,400,163,991)**	**4,678,503,485**
Investing activities			
Purchase of Government securities	22	(4,845,002,009)	(3,456,790,080)
Proceeds from Government securities		3,231,033,537	3,556,008,111
Purchase of deposits with financial institutions (maturing over three months)		(3,837,805,144)	-
Proceeds from deposits with financial institutions (maturing over three months)		-	10,415,704,838
Purchase of shares	21	(426,787,000)	-
Purchase of property and equipment	18	(114,053,400)	(242,386,700)
Purchase of intangible assets	20	-	(26,568,451)
Interest revenue calculated using the effective interest method	11 (a)	4,667,349,393	3,941,274,500
Net cash flows (used in) / from investing activities		**(1,325,264,623)**	**14,187,242,218**
Financing activities			
Dividend paid		(2,000,000,000)	(2,000,000,000)
Net cash flows used in financing activities		**(2,000,000,000)**	**(2,000,000,000)**
Net (decrease) / increase in cash and cash equivalents		**(5,725,428,614)**	**16,865,745,703**
Cash and cash equivalents at the beginning of the year		17,133,783,929	1,385,002,751
Effect of exchange rate change on cash and cash equivalents		463,310,529	(1,116,964,524)
Cash and cash equivalents at the end of the year	25	**11,871,665,844**	**17,133,783,930**

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 laws of the United Republic of Tanzanian and was originally established under the Companies Ordinance Cap. 212, which was subsequently replaced by the Companies Act, 2002 (now Cap. 212, R.E. 2023). 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, Cap. 394 (R.E. 2023).

The financial statements of Tanzania Reinsurance Company Limited for the year ended 31 December 2025 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 IFRS Accounting Standards Issued by the International Accounting Standards Board (IASB). 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 the IFRS Accounting Standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with the IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Companies Act. Additional information required by the regulatory bodies is included where appropriate.

For the purposes of the Companies Act, in these financial statements the balance sheet is presented as the statement of financial position and the profit and loss account is presented as the statement of profit or loss and other comprehensive income.

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) Reinsurance and retrocession contracts

The Company's Reinsurance contracts issued, and Reinsurance contracts held are all eligible to be measured by applying the PAA.

The measurement principles of the PAA comprise the following aspects:

- 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 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 reinsurance contracts issued using a systematic and rational basis.

Reinsurance 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 reinsurance acquisition cash flows are paid (or where a liability has been recognized applying another IFRS standard) before the related group of reinsurance contracts is recognized, an asset for reinsurance 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 retrocession contracts held that are assets.
- Portfolios of retrocession 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 Reinsurance contracts issued include any assets for Reinsurance acquisition cash flows.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Reinsurance and retrocession contracts (Continued)

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

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.

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 a 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 contract 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.

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.

3. **SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

b) Reinsurance and retrocession contracts (Continued)

Separating components from Reinsurance and Retrocession contracts (Continued)

Level of aggregation

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 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Reinsurance and retrocession contracts (Continued)

Recognition

The Company recognises groups of retrocession 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.
- 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.

Company's contract boundary policy for retrocession contracts

The Company includes in the measurement of a group of reinsurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a Reinsurance 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 Reinsurance contract services. A substantive obligation to provide Reinsurance 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Reinsurance and retrocession contracts (Continued)

- 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.

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 are 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Reinsurance and retrocession contracts (Continued)

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 Reinsurance contracts issued, for example the generation of expenses or reduction in expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying Reinsurance 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 Reinsurance contracts and the percentage of claims on the underlying Reinsurance 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 Reinsurance 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 reinsurance acquisition cash flows, with the exception of property Insurance product line for which the Company chooses to expense reinsurance acquisition cash flows as they occur.
- Plus any amounts relating to the amortisation of the Reinsurance 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 Reinsurance 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Reinsurance and retrocession contracts (Continued)

Where, during the coverage period, facts and circumstances indicate that a group of Reinsurance 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. Reinsurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through Reinsurance revenue).

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

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 Reinsurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Reinsurance acquisition cash flows

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

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

(a) Reinsurance acquisition cash flows that are directly attributable to a group of Reinsurance contracts:

(i) to that group; and
(ii) to groups that include Reinsurance contracts that are expected to arise from the renewals of the reinsurance contracts in that group.

(b) Reinsurance acquisition cash flows directly attributable to a portfolio of Reinsurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

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

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Reinsurance and retrocession contracts (Continued)

After any re-allocation, the Company assesses the recoverability of the asset for Reinsurance 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 Reinsurance 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.

Reinsurance 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 retrocession assets and liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Reinsurance and retrocession contracts (Continued)

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 reinsurance 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 rensurance 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 rensurance 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.

Loss-recovery components

Where the Company recognises a loss on initial recognition of an onerous group of underlying Reinsurance 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 Reinsurance 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.

Reinsurance finance income and expense

Reinsurance finance income or expenses comprise the change in the carrying amount of the group of Reinsurance 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 Reinsurance finance income or expenses on Reinsurance contracts.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

b) Reinsurance and retrocession contracts (Continued)

Discount 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 the yields of highly liquid securities in the currency of the Reinsurance 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.

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 retrocessionaires, and an allocation of the retroceded premiums paid. The Company treats retrocession cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the retrocession contracts 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.

c) 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.

d) 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%

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

e) 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 on a straight-line basis over their useful economic life and assessed for impairment whenever there is an indication that they may be impaired. 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

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

f) 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. Annual fair values are determined based on revaluation performed by an accredited external independent valuer. The independent valuer performs the valuation after every three years, while the Company reviews the values annually.

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.

The Company shall reclassify a property to or from investment property only when a change in use has occurred. Such a change in use shall be evidenced by:

(a) the commencement of owner-occupation, or the initiation of development with the intention of owner-occupation, in the case of a transfer from investment property to owner-occupied property; and

(b) the cessation of owner-occupation, in the case of a transfer from owner-occupied property to investment property.

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, 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.

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

h) Taxes (Continued)

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)

j) Claims incurred and reinsurance contract liabilities (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)