CIC GROUP

CIC ASSET MANAGEMENT LIMITED
ANNUAL REPORT & FINANCIAL STATEMENTS

2024

Our Purpose (Mision)

Enable people achieve financial freedom

Vision

To be a world-class provider of insurance and other financial services

CIC Tagline/ Slogan

"***We keep our word"***

We recognize that for our business to grow, we have a role to play in reversing the mistrust partly contributed by our industry players through various malpractices such as mis-selling or failure to honor claims thus undermining the growth we desire.

We shall honor our promises to all our stakeholders.

Our Values

- Integrity - Be fair and transparent
- Dynamism - Be passionate and innovative
- Performance - Be efficient and results-driven
- Cooperation - Live the cooperative spirit

Value Proposition

"To offer simple, flexible insurance and financial services built around our customers' needs."

Our approach to business growth shall be research-driven. We shall seek to understand our customers and their needs, and innovatively develop appropriate products that address their needs, wants and desires

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Cornelius Ashira	-Chairman
Patrick Nyaga	-Group MD and CEO
Humphrey Gathungu	-Managing Director
Joseph Kamau Maina	
Abel Amuyunzu	
Alice Kilonzo	-Appointed – 28th May 2024
Wangui Maranga	-Appointed – 28th May 2024
Jyoti Patel	-Retired – 28th May 2024
Rosemary Sakaja	-Retired – 28th May 2024
James Njue	-Retired – 28th May 2024

COMPANY SECRETARY

Mary Wanga
Certified Public Secretary (Kenya)
P.O. Box 59485 - 00200
Nairobi

REGISTERED OFFICE

CIC Plaza
Upper Hill, Mara Road
P.O. Box 59485-00200
Nairobi

SENIOR MANAGEMENT

Humphrey Gathungu	-Managing Director
Mary Wanga	-Company Secretary
Linda Kanana	-Finance Manager
Susan Robi	-Group Risk and Compliance Manager
James Njagi	-Head Business Development
Muthoni Muuo	-Portfolio Manager
Dennis Maranga	-Portfolio Manager
Nicholas Ngumumu	-Portfolio Manager
Luvai Muyesu	-Director, Internal Audit
Ruth Ngaruiya	-Head of Unit Operations
Esther Nyambura	-Operations Manager
Mr. Henry Njerenga	-Director of Branch and Distribution

AUDITOR

PricewaterhouseCoopers LLP
Certified Public Accountants
PwC Tower, Westlands
Waiyaki Way/Chiromo Road
P.O. Box 43963 - 00100
Nairobi GPO - Kenya

PRINCIPAL BANKER

The Co-operative Bank of Kenya Limited
P.O. Box 67881 - 00100

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 13TH ANNUAL GENERAL MEETING OF CIC ASSET MANAGEMENT LIMITED WILL BE CONDUCTED VIRTUALLY VIA ELECTRONIC COMMUNICATION ON THURSDAY 8th DAY OF MAY, 2025 AT 10:00 AM TO TRANSACT THE FOLLOWING BUSINESS AS SET OUT BELOW:

AGENDA

Constitution of the Meeting

1. **To read the notice convening the meeting, table the proxies and determine if a quorum is present.**

Ordinary Business:

2. **To confirm the Minutes of the 12th Annual General Meeting held on 28th May, 2024.**
3. **Annual Report and Financial Statements for the year ended 31st December 2024.**

   To receive, consider and if thought fit, adopt the Annual Report and Audited Financial Statements for the year ended 31st December 2024 together with the Chairman's, Directors' and Auditors' Reports thereon.
4. **Dividend.**

   To approve a first and final dividend pay-out of Kshs 400 million for the financial year ended 31st December 2024, to be paid on or before 10th June 2025 to the shareholder appearing on the Register of Members.
5. **Reappointment and Remuneration of PriceWaterhouseCoopers.**

   To consider, and if thought fit, re-appoint PriceWaterhouseCoopers, Certified Public Accountants, as the Auditors of the Company for the year 2025, having expressed their willingness to continue in office in accordance with section 719 (2) of the Companies Act No.17 of 2015, and to authorize the Directors to fix their remuneration for the ensuing year.
6. **Rotation and Election of Directors:**

   a. **Re-election of Director**

   i. Ms. Wangui Maranga Okello was appointed by the Board on 8th May 2024 as an Independent Non-Executive Director to fill a casual vacancy in accordance with Articles 106 and 107 of the Company's Articles of Association, retires and this being the first Annual General Meeting to be held since her appointment and being eligible, offers herself for election.

   ii. Ms. Alice Kilonza was appointed by the Board on 21st May 2024 as an Independent Non-Executive Director to fill a casual vacancy in accordance with Articles 106 and 107 of the Company's Articles of Association, retires and this being the first Annual General Meeting to be held since her appointment and being eligible, offers herself for election.
7. **Remuneration of Directors.**

   To authorize the Board to fix the Directors Remuneration for the year ending 31st December 2025.
8. **Any Other Business.**

   To transact any other business of the company for which due notice has been received by the Company Secretary forty-eight (48) hours prior.

Dated at Nairobi this 4th day of March 2025.

MARY WANGA
COMPANY SECRETARY

NOTES:

1. In accordance with section 298(1) of the Companies Act, 2015 (Laws of Kenya) every member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on his behalf and the proxy need not be a member of the company.
2. A proxy form is provided with this notice. The instrument appointing the proxy must be delivered to the Secretary not less than forty-eight (48) hours before the meeting.
3. In accordance with section 283 (2) of the Companies Act, a copy of the entire Annual Report and Financial Statements of the Company, a copy of this Notice and the Proxy Form may be viewed at our Company's website www.cic.co.ke

PRODUCTS

We offer a wide range of investment products to cater for the different market segments. They include;

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

It is my pleasure to present the annual report and financial statements of CIC Asset Management, for the year ending 31st December 2024. Anchored by a profound understanding of our clientele, we remain dedicated to achieving profitable growth that is sustainable. Our unwavering commitment involves customizing our offerings to not only ensure superior customer service and proactive engagement but also to yield competitive investment returns for those who entrust us with their capital.

FINANCIAL PERFORMANCE

Total income grew by 9% to Kshs.1.27 billion from Kshs. 1.16 billion in 2023. Operating expenses increased to Kshs. 713.72 million in 2024 from Kshs. 576.87 million. Consequently, the company's profit before tax stood at Kshs. 752.78 million in the year from Kshs. 703.97 million in 2023.

MACROECONOMIC REVIEW

Globally, 2024 was characterized by heightened inflationary pressures, soaring interest rates and volatility in the geopolitical space, and despite this economic growth is projected to have flatlined at 3.2%.

The Kenyan economy has shown resilience amidst a complex global backdrop with price pressures easing momentously throughout 2024 owing to favorable weather conditions, a decline in global oil prices and a stable exchange rate. However, growth remained subdued at 4.5% in 2024 down from 5.6% in 2023, exacerbated by a slowdown in private sector investment spending and dampened consumer confidence.

Subsequently, the Central Bank implemented a 75-basis point reduction in its benchmark lending rate, which saw a decrease in short term yields on government securities. This translated to investors shifting their focus to the equities market, which saw a rebound in 2024.

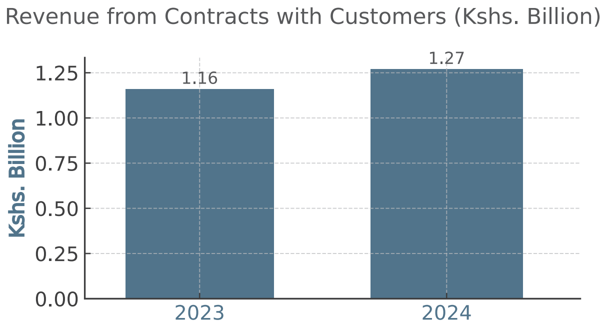
BUSINESS GROWTH

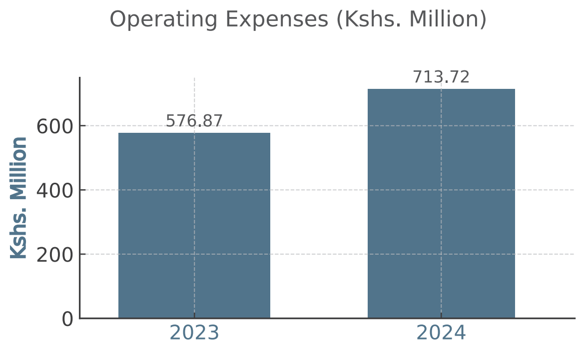
Our priority remains focused on growing the business while delivering value to shareholders. We continue to revamp our offerings, introduce new products while leveraging on technology to effectively serve and add value to our customers.

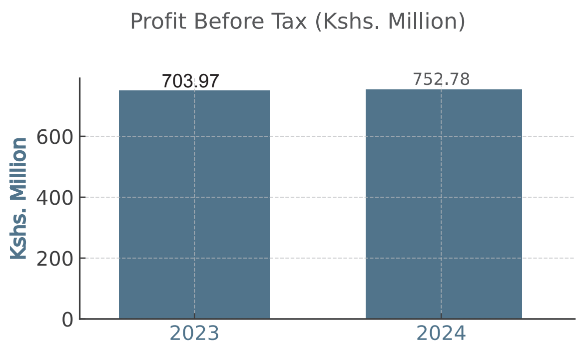
GOING FORWARD

We are very optimistic that the business will grow despite the challenging macro and microeconomic environment. We have put in place a robust strategy and team to drive future growth.

We will remain centered on driving profitable growth through customer focus, and tailoring our services to not only ensure excellent customer service and responsiveness but also sustain above market average returns to attract more funds.







The company is cognizant of the constant change in customer investment needs and desire for good governance and will endeavour to keep abreast with the new business environment and any risks that could arise.

ACKNOWLEDGEMENT

I wish to thank my colleagues and the board for their support, strategic guidance and dedication to the company. My appreciation also goes to the management and employees for their hard work, commitment and enthusiasm in serving the company. I would also like to thank all our stakeholders including partners, brokers, independent agents and the regulator for their support. We sincerely believe that we would not have achieved these results without you. We look forward to even greater partnership in 2025 and beyond and we promise to keep our word.

Cornelius Ashira
Chairman

"We will remain centred on driving profitable growth through customer focus, and tailor our services to not only ensure excellent customer service and responsiveness but also sustain above market average returns."

BOARD OF DIRECTORS

Cornelius Ashira: Chairman

Cornelius Odhiambo Ashira, aged 60, joined the Board in 2014. Mr. Ashira is currently a board member of Kumbu Kumbu Sacco and the Chairman of the Credit Committee. Mr. Ashira is also a delegate at KUSCCO Limited. He worked with International Center for Insect Physiology and Ecology between 1988 and 1990 as a laboratory technician. Currently, the Director is working at the Institute of Primate Research, Karen. He is a member of the Institute of Directors of Kenya.

Patrick Nyaga: Director

Mr. Patrick Nyaga, aged 57 is the Group Chief Executive Officer. He holds a master of Business Administration from Strathmore Business School and a Bachelor of Commerce Degree in Accounting. He is a Certified Public Accountant (K) and a member of ICPAK. Mr. Nyaga has over 30 years working experience mainly financial services and auditing. He has worked in various senior positions in banking. Prior to joining CIC Group Ltd he was the Group Finance and Strategy Director- at Co-operative Bank of Kenya Limited. He previously worked at Barclays Bank now (ABSA) as the Regional Head of Assurance and at KPMG (EA), with the main focus being audit of financial institutions in Kenya and the region. He is a member of the Institute of Directors of Kenya and has undertaken training in various disciplines among them Corporate Governance courses, Insurance, Banking, and Strategy among others.

Joseph Kamau: Director

Mr. Joseph Maina Kamau, aged 60, joined the Board in June 2021. He is the Chairman of Ndumberi Dairy farmers Sacco and also the Chairman of K-Unity Sacco. He attended Devonshire College of Accountancy and served as an accountant Manager for Westwood Insurance Brokers Limited for seven years. He is also a member of the Institute of Directors of Kenya and attended governance trainings from both Centre for Corporate Governance and Leadership Group.

Abel Amuyunzu: Director

Director Abel Amuyunzu, age 64, joined the CIC Asset Management Board on 24th June 2023. The Director has a wide experience in Co-operatives leadership and management. He is a board member of Co-operative Insurance Society Limited and Chairman of Vest Co-operative Savings and Credit Society Ltd. Director Amuyunzu has undergone governance training from the Centre for Corporate Governance and is a member of Institute of Directors of Kenya.

BOARD OF DIRECTORS (Continued)

Mrs. Alice Kilonzo-Zulu

Alice Kilonzo, aged 60 joined the Board in 2024 as an Independent Non-executive Director. She holds a Masters Economic and Social Studies degree from the University of Manchester U.K and B.A Honors degree in Politics with International Relations from the University of Warwick UK. She has also undertaken various corporate governance courses and holds a Certificate in Company Direction from the Institute of Directors U.K. She is a member of The Boardroom Africa as well as Women on Boards Network. Alice is a seasoned banker with 30 years' experience working for various banks including Barclays, Citibank and Ecobank, where she held leadership positions including serving as the Managing Director, Ecobank Rwanda for 6 years. She is a member of Institute of Directors of Kenya.

Mrs. Wangui Maranga Okello

Ms. Wangui Maranga-Okello aged 50, joined the Board in 2024 as an Independent Director. She is currently a Financial Services Consultant and board member with deep expertise in financial markets. With over 25 years of experience in Investment Management, Corporate Finance Advisory, Real Estate Project Financing, Capital Raising as well as Debt and Equity structuring, she brings unique cross-functional oversight leadership and hands-on experience in financial services. Wangui holds an MBA in Finance from the University of Leicester, a B.Comm in Marketing from the University of Nairobi, and is a qualified Chartered Accountant with ACCA

Mr. Humphrey Gathungu: Managing Director

Mr. Humphrey Gathungu aged 47, is the Managing Director of CIC Asset Management Limited. He holds a Master's Degree (MBA) in Global Business Management, USIU and a Bachelor of Science in International Business from the same University. Mr. Humphrey is a CFA Charter holder, a Certified Public Accountant (K) and a member of ICIFA. Mr. Humphrey has over twenty-four years' experience in the Financial Services sector, thirteen of which have been in leadership roles. He has vast experience in Asset Management, Private Equity and Corporate Finance. Prior to joining CIC Group, he was the Chief Executive Officer Jubilee Financial Services. Earlier on, he worked as the Chief Investment Officer at Stanlib Africa. He has also undergone Corporate Governance training from Centre for Corporate Governance.

Mary Wanga: Company Secretary

Ms. Mary Wanga, aged 57, is a distinguished Advocate of the High Court of Kenya with over 26 years of extensive experience spanning multiple industries and roles, including legal practice, insurance, capital markets, regulatory affairs, corporate governance leadership, and the Micro, Small, and Medium Enterprises (MSMEs) sector. She is a Certified Public Secretary (CPS-K) and holds an impressive array of academic qualifications: a Master of Laws degree in Public Finance and Financial Services (LL.M) from the University of Nairobi and Bachelor of Law (LL. B), a Bachelor of Social Legislation degrees from Aurangabad University, India, as well as a Postgraduate Diploma from the Kenya School of Law and a Diploma in Insurance (AIIK) from the College of Insurance. Ms. Wanga is affiliated with several professional organizations, including the Institute of Directors-Kenya, the Insurance Institute of Kenya (IIK) as an Associate Member, the Law Society of Kenya, the Chartered Institute of Arbitrators (Kenya Branch) (ACIArb), and the Institute of Certified Secretaries (ICS-K).

MANAGING DIRECTOR'S STATEMENT

Dear Shareholders,

We are pleased to present the 2024 full year results. In a year marked by challenging global macroeconomic and financial conditions, we continued to focus on providing innovative products and services. enhancing shareholder value, and positively impacting our communities.

Financial Performance

The company's assets under management grew by 4.1% to Kes 152 Billion up from Kes 146 Billion in 2023. Consequently, we are proud to have achieved a new milestone surpassing the Kes 80 Billion mark in our Money Market Fund driven by digital transformation, process automation, increased market presence and customer centricity. This growth helped the company maintain its market leadership position in the unit trust business with a market share of 21% as at 31st December 2024. Total income grew by 14.5% to Kes 1.4 Billion from Kes 1.2 Billion in 2023 fueled by higher fund management fees as a result of rising interest rates in 2024 that boosted fund yields and attracted increased assets under management. Profit before tax grew by 6.9% to Kes 753 Million attributable to topline revenue.

Economic Overview

The Kenyan economy continued to show considerable resilience in the face of geopolitical shocks, subdued business sentiment following the mid-2024 protests and ongoing fiscal consolidation measures limiting government spending. Economic performance decelerated with GDP growth estimated at 4.5% in 2024 following a cyclical rebound of 5.6% growth in 2023. The sluggish growth was underpinned by a slowdown in private sector investment spending and dampened consumer confidence.

Inflationary pressures eased for the better part of 2024 with the Central Bank of Kenya maintaining a cautious monetary policy stance, implementing strategic interventions to curb inflation while supporting economic growth. The shilling remained relatively stable after the sharp appreciation against the dollar in February 2024, which led to a 21% gain supported by the Eurobond buyback in February.

The equities market saw a rebound in 2024 with investors shifting their focus to equity returns due to declining interest rates. Notably, all market indices gained with the Nairobi All Share Index, NSE 20, NSE 10 and NSE 25 posting an increase of 34.1%, 33.9%, 30.2% and 43.0% respectively. This upturn was attributable to a strengthening Kenyan shilling coupled with moderating credit default risks that helped renew investor confidence in the equities market.

We pride in achieving new milestones having crossed the

Kes 80 Billion

mark in our Money Market Fund buoyed by digital transformation, automation of processes, increased market presence and customer centricity.

Appreciation

I would like to extend my heartfelt gratitude to all our stakeholders, especially our esteemed clients and business partners, for their unwavering trust and confidence in CIC Asset Management. Their continued support has been instrumental in driving our success and reinforcing our position as a leading fund management firm in the market. I look forward to working closely with them to help them achieve and exceed their financial security and investment objectives.

I remain grateful to the Board, management, staff and our financial advisors for their relentless pursuit of excellence, continued support, hard work, dedication and commitment to the business.

Humphrey Gathungu

Managing Director

SENIOR MANAGEMENT

Managing Director

Mr. Humphrey Gathungu, aged 47, is the Managing Director of CIC Asset Management Limited. He holds a Master of Business Administration (MBA) in Global Business Management and a Bachelor of Science in International Business, both from United States International University (USIU). Mr. Gathungu is a CFA Charterholder, a Certified Public Accountant (K), and a member of ICIFA. He has over 24 years of experience in the financial services sector, with 13 years in leadership roles. He has vast experience in Asset Management, Private Equity and Corporate Finance. Prior to joining CIC Group, he served as the Chief Executive Officer of Jubilee Financial Services. Previously, he was the Chief Investment Officer at Stanlib Africa.

Mary Wanga: Company Secretary

Ms. Mary Wanga, aged 57, is a distinguished Advocate of the High Court of Kenya with over 26 years of extensive experience spanning multiple industries and roles, including legal practice, insurance, capital markets, regulatory affairs, corporate governance leadership, and the Micro, Small, and Medium Enterprises (MSMEs) sector. She is a Certified Public Secretary (CPS-K) and holds an impressive array of academic qualifications: a Master of Laws degree in Public Finance and Financial Services (LL.M) from the University of Nairobi and Bachelor of Law (LL. B), a Bachelor of Social Legislation degrees from Aurangabad University, India, as well as a Postgraduate Diploma from the Kenya School of Law and a Diploma in Insurance (AIIK) from the College of Insurance. Ms. Wanga is affiliated with several professional organizations, including the Institute of Directors-Kenya, the Insurance Institute of Kenya (IIK) as an Associate Member, the Law Society of Kenya, the Chartered Institute of Arbitrators (Kenya Branch) (ACIArb), and the Institute of Certified Secretaries (ICS-K).

Portfolio Manager

Mr. Dennis Maranga aged 37, is a Portfolio Manager at CIC Asset Management Limited (CICAM). He holds a Bachelor of Commerce (Finance) from the University of Nairobi. Dennis is an associate member of the Chartered Institute of Securities and Investments (CISI) and the Institute of Certified Investment and Financial Analysts (ICIFA). He is an Association of Chartered Certified Accountants (ACCA) finalist and holds a certificate in Climate and Renewable Energy Finance from the Frankfurt School of Finance & Management. He has over 14 years' experience in the Financial Services sector primarily in Private Equity and Asset Management. Prior to joining the team in 2024, he was a Portfolio Manager at Old Mutual Investment Group.

Portfolio Manager

Muthoni Muuo, aged 38, joined CIC Asset Management (CICAM) in 2022 as a Portfolio Manager. She holds a Bachelor of Commerce degree in Finance from the University of Nairobi and is currently pursuing a Master of Commerce degree in Strategic Management at Strathmore University. Her key responsibilities include client reporting and training, relationship management, investment proposal preparation, research review, asset allocation, security selection, portfolio construction and rebalancing, wealth management, unit trust and pension fund investments, new product development, and industry stakeholder management. Muthoni is a member of the Chartered Institute of Securities and Investments and the Institute of Certified Investment and Financial Analysts.

SENIOR MANAGEMENT (Continued)

Portfolio Manager

Mr. Nicholas Ngumunu aged 35, is a Portfolio Manager at CIC Asset Management Limited (CICAM). He holds a Bachelor of Commerce (Finance) from Strathmore University. Nicholas is a Member of the Chartered Institute of Securities and Investments (MCSI) and the Institute of Certified Public Accountants of Kenya (ICPAK). He is currently pursuing Level 2 of the CFA program. He has over 10 years experience in the financial services sector primarily in asset management - research, dealing & portfolio management (CICAM), banking (Transnational Bank now Access Bank) and brokerage (Sterling Capital Ltd).

Operations Manager

Ms. Esther Nyambura Mwangi aged 37, joined CICAM in June 2023 as a Senior Investment Operations Manager. She holds a Bachelor's Degree in Commerce (Bcom - Finance) and is currently pursuing a Master degree in Strategic Management from the University of Nairobi. Esther has over 10 years work experience in Asset Management Operations where she has performed various roles in Management, Investment Operations, Strategy & Leadership.

Head of Unit Operations

Ms. Ruth Ngaruiya aged 38, is the Head of Unit Trust at CIC Asset Management Limited. She holds a master's degree in Strategic Management from Daystar University and a Bachelor of Commerce in Marketing from Catholic University of Eastern Africa. She is a member of the Chartered Institute of Investment and Securities (CISI) UK. Professionally, Ruth has over 13 years wealth of experience in financial services industry with key focus on Unit Trust business operations, Strategy implementing through innovation and forward-thinking solutions, Project and Change Management Solutions, driving customer engagement, Management and implementation of digital self-service channels through solving open ended business opportunities.

Head of Business Development

James Njagi, 41, is the Head of Business Development at CIC Asset Management Limited. He holds a Bachelor of Science in Actuarial Science from JKUAT and is currently pursuing a Master's in Finance & Investment Management at the University of Salford. A full member of the Institute of Certified Investment and Financial Analysts (ICIFA) and an Associate of the Life Management Institute, Mr. Njagi brings over 17 years of experience in the financial services sector. His expertise spans sales optimization across diverse product portfolios, strategic business development, and fostering high-impact partnerships. Before joining CIC Group, he served as Head of Business Development at Jubilee Financial Services and previously worked as Business Development Manager at APA Life Assurance.

SENIOR MANAGEMENT (Continued)

Finance Manager

Ms. Linda Kanana aged 37, is the Finance Manager at CIC Asset Management Limited. She holds an MBA in Strategic Management and a Bachelor of Science Degree in International Business Administration from USIU-A. She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) and member of the Chartered Institute of Investment and Securities (CISI) UK. She has over 13 years' experience in the financial services sector.

Risk and Compliance Director

Susan Robi, 46, serves as Director of Risk and Compliance. A High Court of Kenya Advocate, she holds an LLB from Makerere University and a Master's in Law and Finance from Goethe University's Institute of Law and Finance in Frankfurt, Germany. Her credentials include a Post Graduate Diploma from Kenya School of Law, Risk Management Certification from the Institute for Risk Management (IRM), and Data Protection and Privacy Certification from PECB. With over 15 years of experience across local and international law practice, insurance, pensions, and fund management sectors, Ms. Robi is a recognized expert in risk management and data privacy protection. Ms. Robi joined CIC in 2011.

Internal Audit Director

Mr. Muyesu Luvai aged 47, is the Director, Internal Audit. He is a Certified Public Accountant ("CPA (K)"), and a member of the Institute of Certified Public Accountants of Kenya ("ICPAK"), the Chartered Institute of Internal Auditors UK, the Institute of Internal Auditors, Kenya Chapter, as well as the Institute of Directors, Kenya. He holds a Bachelor of Commerce Degree from the University of Nairobi and a Master of Business Administration (MBA) Degree with a concentration in Employee Relations / Organisational Behaviour from the University of Leicester (UK).

Mr. Luvai acted as CIC's Group Chief Financial Officer between February 2020 and June 2021 during a period of change in executive management. Before joining CIC in 2008, Mr. Luvai worked for Deloitte in the Audit & Assurance Division auditing a range of multi-national and local institutions. Prior to joining Deloitte, Mr. Luvai had a stint in the oil and gas industry working in the Finance Department of Dalbit Petroleum Limited

Director of Branch and Distribution

Mr. Henry Njerenga, 55, is the Director of Branch and Distribution at CIC Group Plc. With over 30 years of experience in the insurance industry, he has held various senior leadership roles, specializing in sales growth, sales management, business development, and leadership.

Since joining CIC Group in 1998, Henry has played a pivotal role in driving the company's growth, leveraging his extensive expertise in the sector. He holds an Executive Bachelor's Degree in Business Management from The Management University of Africa and a Diploma in Marketing Management from the Kenya Institute of Management. Henry is a full member of the Kenya Institute of Management (MKIM) and has completed extensive training in corporate governance. He has also served on the Audit, Risk & Governance Committee and the National Council of KIM for over six years. A strategic leader with a deep understanding of the insurance landscape, Henry is committed to excellence in customer experience, business development, sales strategy, and organizational growth.

Go for Growth

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. Introduction

CIC Asset Management Limited, incorporated on 12th February 2007 under Certificate No. C.135138 in accordance with the then Chapter 486 Laws of Kenya (later replaced by The Companies Act No. 17 of 2015), and duly registered and licensed by the Capital Markets Authority in 2009. In 2011 the company obtained registration and licensing to operate as a Fund Manager responsible for the management and administration of Collective Investment Schemes (CIS). In 2013, CIC Asset Management Limited was licensed as a pension provider under the Retirement Benefits Act (RBA).

As a subsidiary of CIC Insurance Group Plc, the Board of CIC Asset Management Limited is committed to upholding good corporate governance principles as outlined in relevant regulations and CMA guidelines. Adherence to good governance practices has been pivotal in ensuring the company's sustainability, strengthening its relationships with all stakeholders, and positioning it as a top-tier fund manager in Kenya's Unit Trust market by share, as well as the most profitable in its field.

This statement outlines the core elements of CIC Asset Management Limited's corporate governance framework, offering direction to the Board, management, and employees by clarifying their roles, responsibilities, and expected conduct. Since its establishment, the Company has embedded a strong governance culture as the cornerstone of its operations, ensuring stability and fostering positive relationships across stakeholders.

2. Overview of Governance Statement Regulations and Compliance

The Corporate Governance Regulations, which comprise the Capital Markets (Corporate Governance) (Market Intermediaries) Regulations, 2011, which outline the roles and responsibilities of the Board, Management, and Directors. These regulations emphasize prudent leadership, risk management, and effective control; The Capital Markets (Conduct of Business) (Market Intermediaries) Regulations, 2011, The Companies Act No.17 of 2015, The CMA Stewardship Code for Institutional Investors, 2017. and internal control systems which encompass the establishment of comprehensive mechanisms to ensure adherence to legal and regulatory standards. These systems incorporate processes for financial reporting, risk assessment, and the optimization of operational performance;

The Code of Conduct emphasizes the necessity of establishing clear guidelines to define ethical standards and outline the expected behavior of both board, management and employees; Compliance with the Capital Markets (Collective Investment Schemes) Regulations, 2023 mandating companies managing Collective Investment Schemes to adhere to prescribed rules that oversee fund management practices, ensure investor protection, and promote transparency. In addition, the company abides by the tenets of the Constitution of Kenya 2010, and all other laws as a law-abiding corporate citizen.

The company upholds its foundational constitution, including the Memorandum and Articles of Association, Board Charter, Committees' Terms of Reference, and various policies. These frameworks reflect the company's commitment to embracing the fundamental concepts and principles of good corporate governance, enabling it to fulfill the objectives outlined in The Capital Markets Act, Chapter 485A.

3. Statement of Commitment to Good Corporate Governance

The Board and Management of CIC Asset Management Limited remains committed to upholding good corporate governance, recognizing that it fosters ethical culture, competitive performance, effective control, and legitimacy—key drivers of sustainable value and long-term resilience. It emphasizes that strong governance is vital not only at the corporate level but also nationally, acknowledging its integral role in aligning risk management practices with the achievement of the Company's strategic objectives and performance.

The Board of Directors prioritizes the Company's long-term success by evaluating the impact of their decisions on employees, stakeholders, suppliers, customers, the community, and the environment, while maintaining a reputation for high standards of business conduct. Dedicated to upholding exemplary corporate governance, the Board demonstrates its commitment through robust internal policies and procedures. During the review period, the Board affirmed that the governance framework principles are well-integrated into the Company's culture, internal controls, and practices. The Board remains focused on continuous improvement to uphold and strengthen exemplary governance principles and their application in operations

Supported by management, the Board adopts a stakeholder-inclusive approach fostering relationships that provide valuable insights into expectations and drive ongoing improvement. Stakeholders are held to high standards of integrity and business ethics in their dealings with the Company. To support this, the Board has implemented a stakeholder engagement policy, which is periodically reviewed, with a tracking report assessed biannually.

4. Our Key Stakeholders and Partners

Stakeholders are considered to be any group who can affect or be affected by the company, its decisions and its reputation.

CORPORATE GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
Table 1

Internal Environment			
Shareholder (Owner)	Board of Directors	Managers	Employees
Contribute capital, Undertake risks associated with the launch of financial investment activities and fund manager's operations.	Represent shareholder's interests, ensure growth and long-term sustainability, provide organizationand strategic oversight.	Represent shareholders interest, ensure growth and long-term sustainability, provide organization and strategic oversight.	Perform the assigned tasks, participate in defined processes, Contribute knowledge andqualifications.
External Environment			
Customers Unit Holders (Private andInstitutional Clients)	Regulators CMA and RBA	Industry Forums (CMA, FMA,NSE, RBA, CEO's Forums, AAWC, ICIFA, REITs.)	National & County Government Agencies (FRC, UFAA, KRA, NHIF, NSSF, etc)
Buyers of quality unittrust and pension innovative products and service offering. ii. Competitive NSE shares or correctly priced units.	To ensure compliance with regulatory legislative framework and provide input into the legislative development process. Issuance of Licensing & Approvals. Continuous learning through interaction with the industry and cross-sectorial organizations.	Participation in consultative industry and sector forums to influence and or promote common agendas. Participatein Government & Industry Educational and Training forums.	Continuous participation in, and be a partner to the transformation of the Kenyan economy by remaining compliant with the policy, legal and regulatory framework.
External Environment			
Intermediaries Independent Financial Advisors	Strategic Alliances and Partnerships (CISI, CFA, ICIFA, Banks & MFI's)	Service Providers & Consulting Companies i.e External Auditors, Banks	Market Competitors
Contribute knowledgeand skills. Acquire newcustomers.	Close continuous engagement with various partners through MOUs and SLAs.	Our service providers and suppliers are essential participants in the value chain and contribute to the value we give to the shareholder. i.e Outsourcing companies-Consulting companies.	Industry and Benchmark Reports.
External Environment			
Media	Community and Public at Large		
Proactively engage media on dissemination of importantcompany information: To communicate with relevant stakeholders and the broader public to have a positive influence on behaviour that will lead to desired business results.	Navigators of social and environmental changes thatimprove living standards through: Partnering with CIC Foundation to sponsor corporate social responsibility (CSR) programs in the communities i.e social and environmental projects: tree planting Ushirika Day. Golftournaments.		

5. Governance Structure

Through the governance framework, the Board sets out the strategic direction of the company while entrusting the day-to-day running of the organization to the executive management led by the Managing Director, with his performance against set objectives and policies closely monitored. The Board has implemented an internal governance structure with defined roles and responsibilities. The Company's shareholder appoints the Board of Directors, who in turn oversees the governance of the Company by offering effective strategic oversight administration in its stewardship task of the company to greater prosperity while ensuring accountability and disclosure, in line with the CMA (Corporate Governance) (Market Intermediaries) Regulations, 2011.

CORPORATE GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

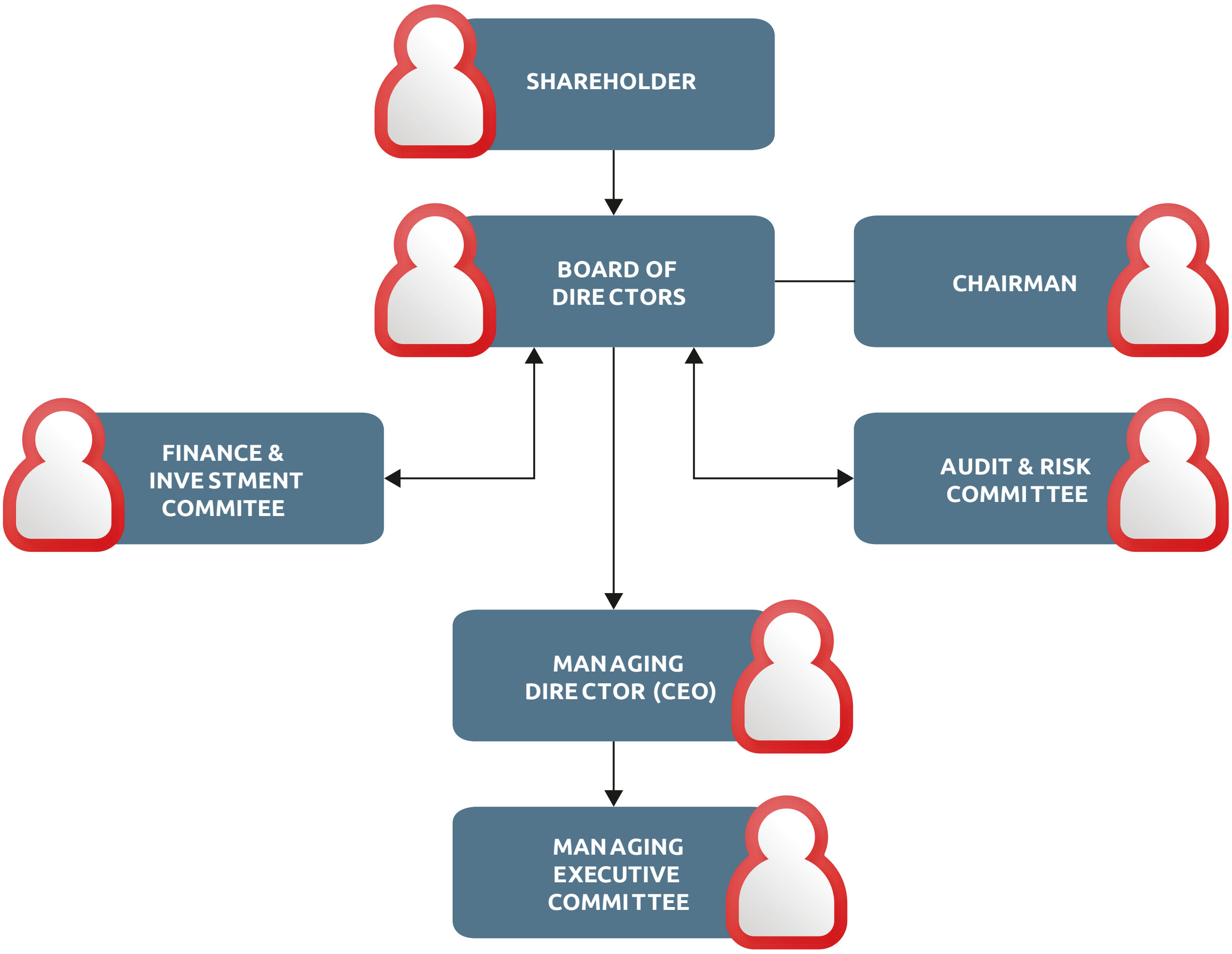
6. The Board Charter

The Chairman provides overall direction and guidance to the Board, with roles and responsibilities clearly defined in the approved Board Charter for the Chairman, Directors, Managing Director, and Company Secretary.

The Board Charter plays a vital role in the company's governance framework, offering guidance on:

i. Separation of roles, functions, responsibilities, and powers within the Board.
ii. Delegated powers to Board Committees.
iii. Matters reserved for final decision-making by the Board.
iv. Corporate governance policies, declarations of conflict of interest, and the conduct of Board and Committee meetings.
v. Nomination, appointment, induction, training, and performance evaluation of the Board and its Committees.

7. The Diagram below provides an Overview of the Company's Corporate Structure



8. Board Composition, Size and Appointments

The composition of the market intermediary's Board of Directors, as defined by the Company's Articles of Association, includes a minimum of five (5) and a maximum of nine (9) directors, comprising the Managing Director and the Group Chief Executive Officer. Currently, the Board consists of Seven (7) directors constituted as follows:

i. Three (3) non-executive directors
ii. Two (2) executive directors
iii. Two (2) independent and non-executive directors.

CORPORATE GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors are subject to retirement by rotation and must seek re-election by shareholder in the annual general meeting in accordance with the Articles of Association. Between annual general meetings, the board may appoint directors to serve until the next AGM. Any such appointment must be ratified by the shareholder at the next AGM following their appointment.

The composition of the Board in the financial year under review was targeted towards ensuring fair representation of the major shareholder structure, as well as, optimization of the appropriate skill, experience, diversity and geographical mix to facilitate the effective execution of its mandate.

A third of the board members are independent directors who do not hold office for more than two terms of three years each. The Managing Director is an ex-official member of the Board with no right to vote at the Board Meetings. For the financial period under review, the Board composition complied with this statutory requirement.

The Board composition is driven by the following principles:

i. The Company's shareholding structure;

ii. The board must comprise of a majority of independent non-executive directors

iii. Maintenance of the requisite independence on the board to ensure objectivity;

iv. The sufficiency of the size of the Board as is necessary to attain the objectives of the company;

v. Effective succession planning to ensure a seamless transition and continuous presence of appropriate talent;

vi. Board diversity to ensure the desired mix of skills, knowledge, experience, gender, ethnicity and expertise relevant to the industry and the company's strategic objectives to enable the board to discharge its duties effectively and promote balanced decision-making and innovation.

9. The Board's Function and Responsibilities

The primary role of the Board remains the provision of effective leadership to the Company towards:

- Sustainable long-term success through the exercise of objective and informed judgment in determining the strategy of the Company.
- Having the right team in place to execute the strategy through effective succession planning.
- Setting up appropriate governance structures for the management of the business operations.
- Monitoring business performance and maintaining an effective framework of controls to mitigate risks facing the business.
- Ensuring ethical behavior and compliance with the laws and regulations.
- The Board is solely responsible for its agenda. It is, however, the responsibility of the Chairman and the Company Secretary, working closely with the Managing Director, to come up with the annual Board work plan and the agenda for the Board meetings.

10. The Board Charter

The responsibilities of the Board are outlined in the Board Charter. The Board of Directors is collectively responsible for the governance of the Company, the Company's vision, strategic direction and its values. This includes setting goals and strategies necessary to operate the Company and monitoring implementation by Management. The Board has delegated certain responsibilities to its Committees that operate within the mandate as entrusted by the Board of Directors.

The Board's responsibilities as set out in the Board Charter, include inter alia:

i. Providing ethical and effective leadership aligned with the Company's best interests;

ii. Overseeing performance outcomes in relation to established targets and objectives;

iii. Approving strategic and financial plans, including business strategies, annual budgets, and any significant changes in direction or deviations from established plans;

CORPORATE GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

iv. Shaping the strategic direction of the Company, ensuring the seamless integration and balance of strategy, risk, performance, and sustainability considerations;

v. Determining and setting the tone of the company values including principles of ethical business practice and the responsibilities of being a good corporate citizen;

vi. Bringing independent, informed and effective judgment to bear on material decisions of the Company;

vii. Satisfying itself that the Company is governed effectively in accordance with corporate governance best practices;

viii. Ensuring that effective audit, risk management and compliance systems are in place and continuously monitored to minimize the possibility of the company operating beyond acceptable risk parameters as determined by the Board;

ix. Monitoring and ensuring the implementation of the Board's strategies, decisions, values, and policies through a structured approach to governance, integrated reporting, and effective risk management;

x. Overseeing the Company's disclosure control process to ensure the integrity, accuracy, timeliness, and appropriateness of its disclosure reports;

xi. Ensuring the prompt, efficient, and effective resolution of disputes; and

xii. Overseeing shareholder reporting on the company's direction, governance, performance, and other processes requiring disclosure.

11. The Board of Directors Duty of Trust

The Duty of Trust, also referred to as the Duty of Loyalty, is a fundamental principle of corporate governance that requires the Board of Directors to act in the best interests of the company and its stakeholders. Each member of the Board of Directors owes a duty of due diligence, to avoid conflict of interest, to act in good faith, exercise confidentiality and to ensure compliance with laws and policies to the Company and adherence to responsibilities as defined in the Board Charter. The Duty of Trust emphasizes that directors act as fiduciaries, meaning they must exercise care, diligence, and loyalty in their oversight roles.

12. Director Independence

The Board has put in place policies and procedures to ensure the independence of its members and annually determines the status of independence of board directors. The Board recognizes that independent board members bring independent and objective judgment to the Board and this mitigates risks arising from conflict of interest or undue influence from interested parties.

In determining the independence or otherwise of a director, the Board, not only relies on the codified principles but also has an objective regard to the relationship between a director and the Company or between a director and third parties that may compromise the director's independence.

13. Separation of Roles and Responsibilities

The Board Charter stipulates a clear separation of the role and responsibilities of the Chairman and that of the Managing Director. Care is taken to ensure that no single director has unfettered powers in the decision-making process.

14. Duties of the Chairman of the Board

"Corporate Governance and chairmanship are inextricably linked, because corporate governance is concerned with the system by which companies are directed and controlled, which is clearly the responsibility of their boards of directors. Equally clearly, it is the chairmen who are responsible for the working of boards. Thus, the way in which corporate governance principles are put into practice is primarily a matter for board chairmen"qz. [Quote: Sir Adrian Cadbury].

CORPORATE GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

The Chairman of the Board is non-executive Director and is responsible for the proper functioning of the Board. His primary role is to direct the Board's business and act as its facilitator and guide, ensuring the Board is effective in its task of setting and implementing the Company's direction and strategy. The Chairmanship of the Board and the Managing Director are separate functions held by different individuals.

The roles of the chair are as follows;

- The Chairman creates the conditions for overall board and individual director effectiveness.
- Leads the Board, sets each meeting agenda and ensures the Board receives accurate, timely and clear information in order to monitor, challenge, guide and take sound decisions.
- Regularly meets with the Managing Director to stay informed.
- Ensures effective communication with shareholder and other stakeholders.
- Promotes high standards of corporate governance.
- Promotes and safeguards the interests and reputation of the Company.

15. Duties of the Managing Director

The Managing Director is responsible for the day-to-day leadership of the Company's business affairs and ensures the execution of strategy as set out by the Board. His responsibilities include inter alia:

- Driving the implementation of the strategy and business as approved by the Board.
- Managing all matters affecting the operations and performance of the company within the authority delegated to him by the Board.
- Providing timely and accurate information about the company and material developments to the Board.
- Communicating to internal and external stakeholders on matters affecting the Company.
- Leading and motivating the Senior Management team by ensuring they set annual performance objectives that stretch their capabilities and monitoring the delivery of the same.
- Maintaining and ensuring the effectiveness of the system of governance adopted across the company.

The Managing Director's performance review is conducted regularly and measured against the company's objectives and set targets, ensuring alignment with the organization's goals. These goals are defined by clear and measurable objectives in the strategic plan, encompassing financial results, operational efficiency, leadership effectiveness, and goal achievement. Throughout the reporting period, the Managing Director's was appraised on this basis, and during the year under review, the Board evaluated the Managing Director's Key Performance Indicators (KPIs).

16. Board Tenure of Office

In accordance with the company's articles of association, one third of the directors are eligible to retire by rotation at every Annual General Meeting and if eligible, may offer themselves for re-election by the shareholder. Directors who have been in office the longest, as calculated from the last re-election or appointment date are required to stand for re-election. The company has complied with this provision as set out in the table below. The tenure of office of an Independent Director is capped at two terms of three years each.

CORPORATE GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

Board Tenure

Table 2

Director	Date of Appointment to the Board	Date Last Re-Appointed
Cornelius Ashira	02.02.2012	28.05.2024
James Njue*	21.05.2019	-
Abel Amuyunzu	14.06.2023	24.06.2023
Rosemary Sakaja*	01.06.2018	-
Joseph Maina	03.08.2020	28.05.2024
Jyoti Patel*	23.07.2021	-
Wangui Maranga	08.05.24	28.05.2024
Alice Kilonzo	21.05.24	28.05.2024
Patrick Nyaga	03.08.2020	-
Humphrey Gathungu**	22.09.2022	-

Note:

a). **Mr. Humphrey Gathungu by virtue of the office, is Ipso facto an Executive Director of the Company.

b). * Directors that retired at the annual general meeting held 28.05.24.

17. Director Appointment and Due Diligence

Board members receive formal letters of appointment setting out the main terms and conditions relative to their appointment. In addition, the company also takes out appropriate director professional indemnity insurance for each director to enable them to discharge their roles efficiently and effectively.

Prior to the appointment of independent Directors, the Nomination Committee defines the functions and core competencies for each vacant directorship role. It also develops suitable selection criteria for potential candidates, screens and interviews them.

All Directors have undergone the fit and proper due diligence assessment conducted by the regulator to access the fitness and propriety as Board Members including senior management and key persons in control functions and approvals granted. All Directors are in good standing and have a current certificate of good conduct from the Criminal Investigation Directorate and Credit Reference Bureau.

In 2024 all Directors submitted annual declaration forms confirming that the details provided during the fit and proper assessment remained unchanged.

18. Directors Induction

Newly appointed Directors receive appropriate formal induction and training, specifically tailored to the company's business and operation needs. The induction is aimed at enabling the new directors to fully take up their roles and execute their responsibilities. The Board has put in place Board Induction Policy for new Directors and ensures that all directors regularly update their skills and knowledge at regular intervals.

19. Board Capacity Building

Directors are required to continuously enhance their skills to ensure effective performance, adhering to governance guidelines of twelve hours of annual board training. During the year under review, the Board participated in training sessions led by management and industry experts, covering topics such as Corporate Governance, Organizational Culture, Environmental, Social, and Governance (ESG), and Emerging Industry Trends. Additionally, the Audit and Risk Committee chair received specialized training at Strathmore Business School, while the Finance and Investment Committees underwent external training on financial reporting, analysis, and interpretation of financial information.

CORPORATE GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

20.Conflict of Interest

Directors are prohibited from engaging, directly or indirectly, in any business activity that competes with or conflicts with the interests of CIC Asset Management Ltd or its clients unless such interests are fully disclosed to all stakeholders. The Board of CIC Asset Management Limited is dedicated to ensuring that board members, management, and staff understand their responsibility to disclose any potential conflicts of interest and comply with this policy, thereby safeguarding the company's integrity.

A formal Board Conflict of Interest Policy is in place to assist directors in identifying, disclosing, and managing actual, potential, or perceived conflicts, whether financial or non-financial, to protect the company's integrity and mitigate risk. Directors are obligated to promptly notify the Chairman and the Company Secretary of any conflicts of interest as they arise.

Furthermore, the declaration of conflicts of interest is a standard agenda item addressed at the start of each Board and Committee meeting. Directors with material personal interests are required to abstain from voting on or participating in discussions regarding the matter.

For the year ended 2024, we confirm that no business transactions occurred between the company and its directors or their related parties.

21. Code of Ethics and Conduct

The company's Code of Ethics and Conduct continues to be in place and outlines the principles and standards of behavior expected within an organization.

It serves as a guiding framework for employees, management, and stakeholders, ensuring that actions align with organization's values and ethical principles. Company directors and employees are expected to act with honesty, integrity and fairness in all their dealings with one another and with stakeholders.

Initiatives to ensure its application include training and awareness programs, easy of access to the code through company's intranet and requirement of every employee to sign the code upon joining the company, leadership commitment by serving as role model, integration into HR policies and practices, establishment of clear reporting mechanisms for whistle blowing, monitoring to asses adherence and disciplinary measures for non-compliance.

22. Board and Committee Meetings Held During the Year

Aligned with its approved Board Calendar, the Board typically convenes quarterly to establish company objectives and strategies, review performance against targets, and approve both annual and interim financial statements. Guided by the Company's Strategic Plan 2022–2025, Board Charter, and Annual Board Work Plan, the Board demonstrated its unwavering commitment to effective governance and timely decision-making by convening five times during the year under review to address emergent pressing issues requiring immediate attention.

A summary of attendance record of Board and Committee meetings is shown below while a record of attendance is kept with the Company Secretary and also noted in the minutes of the meeting.

Table 2

Directors	Board Meeting		Audit and Risk Committee Meeting		Finance and Investment Committee Meeting		AGM 28.05.24
	(a)	(b)	(a)	(b)	(a)	(b)	
Cornelius Ashira – Chairman	5	5	*	*	4	4	√
James Njue	5	1	*	*	4	1	-
Abel Amuyunzu	5	5	5	5	4	3	
Rosemary Sakaja	5	1	*	*	4	1	√
Joseph Maina	5	5	5	5	*	*	√
Jyoti Patel	5	1	5	1	*	*	√
Alice Kilonzo	5	4	*	*	4	4	-
Wangui Maranga	5	4	5	4	*	*	-
Patrick Nyaga	5	5	5	5	4	4	-
Humphrey Gathungu	5	5	5	5	4	4	√

CORPORATE GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

(a). Number of meetings convened during year when the director was a member.
(b). Number of Meetings attended by the Director during the year.
(c). * Not a Member.

23. Secretary to the Board

The Secretary to the Board serves as a central source of guidance and advice on statutory and regulatory compliance, as well as good governance practices. They provide individual and collective direction to Board members on fulfilling their responsibilities in the company's best interest, including corporate governance disclosures required by law.

Key responsibilities include facilitating the induction of new directors and supporting their ongoing professional development. The Secretary maintains all Board meeting minutes and reports while ensuring effective communication between the Board, its committees, and senior management. This involves timely preparation and distribution of Board papers and minutes, communicating resolutions from meetings, keeping formal records of discussions, and monitoring the execution of agreed actions in consultation with the CEO and Chairman.

24. Board Committees

The Board has established two permanent standing committees with clearly defined and approved Terms of Reference (TORs) to support the effective discharge of its duties and responsibilities. However, the Board retains ultimate accountability and does not delegate this responsibility to the committees. Each committee provides a report to the Board on significant discussions and decisions at the next Board meeting, with decisions only binding when presented for the Board's consideration and ratification.

Transparency and full disclosure are fundamental principles governing these committees, which meet at least quarterly or as required by the respective committee chair, based on the urgency of matters. The Board periodically reviews the TORs to ensure alignment with current legislation and best practices, while equipping committees with necessary resources for effective operation. During the reporting period, the committees reviewed their Terms of Reference (TORs) in 2024.

Each committee primarily consists of non-executive directors, including independent non-executive directors, who play a critical role. The key functions of the committees are outlined in detail within this section.

a. Audit and Risk Committee

The primary responsibility of the Audit and Risk Committee is to provide structured oversight of the institution's governance, risk management, and internal control practices. Its roles and responsibilities are categorized as follows:

i. Risk Management and Internal Controls

- Assess the effectiveness of internal controls and address matters affecting financial performance and reporting, including IT security and control.
- Review internal audit reports prepared by the internal auditor and risk and compliance manager, along with management's responses.
- Initiate and supervise special investigations when required.

ii. Financial Reporting and Disclosure

- Evaluate audited financial statements and recommend their approval to the Board of Directors.
- Discuss significant events or transactions with Management and the external auditor that impact financial reporting.
- Review findings from external and internal auditors regarding material weaknesses in accounting and financial control systems.

CORPORATE GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

iii. External Auditor Oversight Responsibilities

- Evaluate the independence, objectivity, and effectiveness of the external auditor, including their quality control processes and adherence to evolving regulatory requirements.
- Review the scope and extent of both audit and non-audit services provided by the external auditor, along with associated fees and terms of engagement, ensuring the auditor's judgment and independence are not impaired.
- Require the external auditor to submit a formal statement detailing all relationships with the company.
- Collaborate with management and auditors to review preliminary results, interim reports, and annual financial statements.

iv. Internal Audit Oversight Responsibilities

- Supervise the activities and qualifications of the internal audit department team, including reviewing the internal audit charter.
- Recommend to the Board the appointment, replacement, or dismissal of the internal auditor.
- Approve the annual audit plan, ensuring alignment with the company's business objectives.
- Monitor the reports on the status of significant findings, recommendations, and management responses.

The Committee is chaired by an independent non-executive director, with standing invitees including the Group Chief Executive Officer, Managing Director, Chief Internal Auditor, Risk and Compliance Manager, Finance Manager, Group Chief Finance Officer, and External Auditors. The Internal Auditor serves as the secretary to the committee.

During the period under review the Members of the Committee were:

Audit and Risk Committee Members

1. **Wangui Maranga - Chairperson**
2. **Abel Amuyunzu**
3. **Joseph Maina**

b. Finance and Investment Committee

The Committee supervises the financial and investment business of the Company, and in doing so, has laid down an overall investment policy statement and operational framework for the investment operations of the company. The policy focuses on a prudential asset liability management supported by robust internal control systems. The other duties include receiving and considering the company's annual budget and revision of the same.

The Committee assists the Board in fulfilling its responsibilities with respect to oversight of the Company's financial management and resources. The Committee evaluates specific financial strategic initiatives as requested by the Board. Members of the committee are conversant with requirements on investments as provided by the CMA regulations on investment of funds.

**CORPORATE GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024**

During the period under review the Members of the Committee were:

Finance and Investment Committee

1. **Abel Amuyunzu - Chairman**
2. **Cornelius Ashira**
3. **Alice Kilonzo**

Apart from the Board Committees, the Company also has the Executive Management Committee (ExCom) that is responsible for overseeing critical functions that are necessary for the attainment of the market intermediaries' strategic objectives. The internal control functions consist of Internal Audit and Risk & Compliance. These functions play an integral part in the overall governance structure.

25. Board Evaluation

The Board understands the importance of enhancing the performance of a company's board of directors' performance, and effectiveness of corporate governance in achieving the overall objectives and goals of the company.

The Board conducts an annual review of its collective performance, including that of the Board Committees, as well as peer-to-peer evaluations and assessments of the Chairman, Managing Director, and Company Secretary.

A comprehensive online evaluation tool, structured as a questionnaire, assesses the directors' balance of skills, expertise, and diversity, evaluates the practical functioning of the Board, examines the overall effectiveness of corporate governance, and identifies areas for improvement while suggesting actionable strategies.

The Board evaluation process for the year 2024, conducted by the independent consultant Wyne & Associates, highlighted the Board's strong performance, underpinned by effective leadership, diverse expertise, and robust governance practices. Notably, the Board cultivates a well-governed organization, ensuring long-term sustainability and success through its commitment to transparency, accountability, and integrity. The assessments further demonstrated that the Board and its Committees excel in achieving business objectives and fulfilling their oversight and leadership roles within a solid support framework.

26. Board Remuneration

The Governance and Nomination Committee plays a pivotal role in designing and implementing the Directors' remuneration policy to ensure it aligns with the company's broader governance framework and strategic goals. The policy is also a key driver of motivation, designed to attract and retain talented directors while incentivizing them to work towards the company's long-term sustainability and success.

The Committee establishes clear guidelines on directors' remuneration, ensuring it reflects their responsibilities, performance, and market standards. This includes determining sitting allowances, benefits, incentives, and other forms of compensation.

Details of the fees for the Directors paid in the financial year under review are set out in the financial statements, part of the annual report.

27. Internal Control Functions.

The internal control functions of a fund management company are vital for maintaining efficiency, compliance, and asset protection in order to uphold operational integrity and stakeholder trust. The Board holds collective responsibility for establishing and overseeing effective internal control systems while periodically reviewing their efficacy. These systems incorporate defined procedures and controls to safeguard assets, authorize and accurately record transactions, and address material errors or irregularities promptly. Key internal control functions typically encompass:

i. Risk and Compliance Function

The Board plays a pivotal role in overseeing risk management within the company, ensuring alignment with strategic objectives and governance principles. While the Risk and Compliance function manages the day-to-day processes, it also assists the Board in defining risk appetite, strategies, and policies, while providing guidance on risk-related issues across the organization.

Utilizing a comprehensive risk management framework, it identifies, assesses, and monitors various risks, including operational, financial, compliance, reputational, market, and IT & cybersecurity risks, ensuring alignment with company goals. Through qualitative and quantitative analyses, stress testing, and scenario planning, it supports strategy development and bolsters resilience. Additionally, the function ensures adherence to legal requirements, industry regulations, ethical standards, and internal policies, while implementing measures to combat money laundering, terrorism financing, and conducting sanctions screenings.

ii. Internal Audit Function

The Internal Audit function plays a vital role in ensuring the integrity, efficiency, and compliance of market intermediaries in Kenya. Its critical responsibilities include ensuring effective risk management, compliance with regulations, operational efficiency, and financial integrity. It safeguards against fraud, supports governance, and drives continuous improvement through regular audits and feedback. By aligning with the Capital Markets Authority (CMA) standards, it strengthens oversight and enhances the intermediary's overall effectiveness.

iii. AML /CFT Compliance

The Company is steadfast in its commitment to uphold and comply with all applicable rules, standards, and provisions related to Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT). Through its AML policy and Know-Your-Client (KYC) procedures, the Company has implemented a robust compliance programme aligned with international best practices. These measures are designed to prevent the misuse of products and services for financial crimes. The Company continuously enhances its internal control environment, adapts to evolving regulatory requirements, and addresses any identified gaps to ensure an effective and resilient compliance framework. Additionally, the company complies with the Foreign Account Tax Compliance Act (FACTA) and upholds international tax transparency standards, reinforcing its credibility in the global marketplace.

28.Whistleblowing Policy

A whistleblowing policy is essential for promoting ethical behavior, ensuring transparency, and protecting organizational integrity. Whistleblowing policy is a cornerstone of good governance and ethical corporate culture. The Company maintains a zero-tolerance approach to fraud, corruption, bribery, unethical behavior, regulatory non-compliance, or questionable accounting by employees, directors, customers, and contractors. Through its whistleblower policy, the Company provides a platform for employees, suppliers, dealers, and clients to report suspected wrongdoing, with clear procedures on addressing such concerns. Confidential and anonymous reporting channels are independently managed, and contact details are available on the Company's website, where the whistleblower policy is also published.

29. Independent Statutory Auditor

At the Annual General Meeting held on 28th May 2024, the shareholders approved the reappointment of PricewaterhouseCoopers (PwC) as the Company's external auditors for the 2024 financial year, following the Board of Directors' recommendation. The appointment of the independent statutory auditor by shareholder reinforces financial integrity, regulatory compliance, and strong corporate governance, thereby enhancing transparency and accuracy in financial reporting. Audited financial reports are vital for decision-making, instilling confidence among investors, stakeholders, and regulatory bodies.

The Board Audit and Risk Committee oversees the independent statutory auditor, with responsibilities that include reviewing the auditor's independence, objectivity, and effectiveness, along with their quality control procedures. The Committee also assesses the scope and extent of audit and non-audit services provided, associated fees, and terms of engagement to ensure the auditor's judgment remains unbiased. Additionally, the external auditor is required to submit a formal written statement detailing all relationships with the Company, confirming their continued independence.

30. Board Access to Information

Directors are provided with timely, accurate, and comprehensive information, along with the necessary resources to effectively fulfill their duties and responsibilities. Full disclosure on organizational matters ensures they uphold accountability and meets their fiduciary obligations.

CORPORATE GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

The Board maintains transparency and accountability in financial reporting and overall business oversight. Directors also have access to external advisors for specialized expertise in complex or technical areas. Additionally, the company has implemented a supportive e-Board platform system, granting the Board seamless access to critical information, including the company's intranet, website, and other business portals.

31. Succession

Careful management of the board's succession planning is vital for the effective functioning of the board and therefore a succession plan has been put in place to guide the Board. Considering the company's strategy and future needs, as Directors retire, candidates with requisite attributes, skills and experience are identified to ensure that the board's competence and balance is maintained and enhanced. The Board has therefore put in place a succession policy to guide the process.

32. Sustainability

The market intermediary recognizes that their business impacts the environment around them creating an innate sense of accountability to the society at large. Sustainability considers a strong concern for the future.

33. Disclosure

The Company remains committed to meeting all regulatory disclosure requirements and ensuring timely and accurate financial reporting in full compliance with applicable standards. The Board of Directors ensures that all disclosures are precise and that financial reports align with relevant accounting guidelines. Transparency is upheld through open communication channels, encouraging stakeholders to share their views with the Company. The Managing Director serves as the designated spokesperson to maintain effective communication. Notably, in 2024, the Company did not incur any material regulatory penalties for non-compliance with regulatory provisions.

34. ESG and Board of Directors Responsibilities.

Global trends in corporate performance evaluation have evolved from a singular focus on financial metrics to a more holistic perspective that includes both financial and non-financial performance. Modern investors and stakeholders in capital markets now demand comprehensive information, not only on financial results but also on governance, social, and environmental factors under the Environmental, Social, and Governance (ESG) framework. To adapt to this shift, CIC Insurance Group Plc has developed and implemented an ESG Framework to guide the operationalization and execution of ESG-related objectives across all its subsidiaries, including CIC Asset Management Company, one of its sister companies.

35. Going Concern

The Board confirms that the financial statements are prepared on a going concern basis and is satisfied that the Company has adequate resources to continue in business for the foreseeable future. In making this assessment, the Directors consider a wide range of information relating to present and anticipated future conditions, including future projections of profitability, cash flows, capital and other resources.

36. Share-holding Structure

The authorized share capital of the CIC Asset Management is currently Kenya Shillings one billion (Kshs 1,000,000,000). The issued share capital of the company is currently Kshs. 311,000,000 divided into 15,550,000 shares of Kshs. 20 each.

The shareholders of the Company are as follows:

SHAREHOLDER	NO OF SHARES	%
CIC Insurance Group PLC	**15,550,000**	**100%**

37. Looking Forward

The Board continues to support good governance and believes that the application of sound corporate governance principles based on ethical leadership ensures the business success and its sustainability.

Signed By Chairman on Behalf of CIC Asset Management Limited

4th March, 2025

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2023

The directors submit their report together with the audited financial statements of CIC Asset Management Limited ("the company") for the year ended 31 December 2024.

1. INCORPORATION

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

2. DIRECTORATE

The directors who held office during the year and to the date of this report are set out on page 1.

3. PRINCIPAL ACTIVITIES

The principal activities of the company are fund management and advisory services in respect of all kinds of funds and/or assets entrusted with the company.

4. COMPANY RESULTS

The table below shows some of the key performance indicators of the Company:

	2024 KShs '000	2023 KShs '000
Revenue from contracts with customers	1,267,493	1,163,774
Growth of assets under management	4%	18%
Profit before income tax	752,781	703,970
Net current assets	1,000,706	452,259
Net assets	2,003,032	1,562,258

5. DIVIDEND

The directors recommend the approval of a first and final dividend of Ksh 400 million (2023 – Ksh 215 million).

6. BUSINESS REVIEW

ECONOMIC AND BUSINESS ENVIRONMENT

Gross Domestic Product growth decelerated to 4.5% in the third quarter of 2024 from 6% in a similar quarter of 2023. The slowdown was reflected across all sectors of the economy with the construction and mining sectors recording contractions. 2024 growth is projected at 5.1% and 5.5% in 2025. Key service sectors, agriculture, and improved exports are expected to support growth in 2025. The main risks to the growth outlook relate to continued geopolitical tensions, which have potential to disrupt supply chains and increase inflation.

Headline inflation in December closed at 3.0%, largely on account of a significant decrease in fuel inflation. Fuel inflation declined to -1%, mainly driven by decreases in pump, electricity, and cooking gas/LPG prices. Overall, core inflation declined on account of lower consumer demand – tight wallets & low market liquidity. In 2025, we expect inflation to remain below historical average on account of weak economic activity. Food inflation might increase amidst low agricultural output. Core inflation to remain range bound amidst weak consumer demand & tight bank lending standard.

In early December 2024, the Monetary Policy Committee lowered the policy rate further to 11.25% from 12%. It noted that its previous measures have lowered overall inflation to below the mid-point of the target range, stabilized the exchange rate; noting that there is for scope further reductions. The short-term papers finished the quarter at 9.89%, 10.02% and 11.41% for the 91-, 182- and 365-day papers respectively.

The shilling saw a turnaround in 2024, appreciating by 22.1% to close at 129.3. CBK continues to shore up the forex reserves to defend the shilling, which closed the year at 4.7 months of import cover. Going forward, we expect the shilling to remain broadly stable and oscillate within the range that it has been operating at for the greater part of the year on the back of improved supply-demand.

REPORT OF THE DIRECTORS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2023
6. BUSINESS REVIEW (continued)

ECONOMIC AND BUSINESS ENVIRONMENT (continued)

Market performance was up in 2024 with The NSE All Share Index (NASI), NSE 20 Index & NSE 25 Index returning 34.06%, 33.9% and 43% respectively with total turnover at USD 794.36 Mn. Foreign investors remained net sellers withdrawing USD 124.05 Mn from the market. We expect the bourse to maintain momentum on the back of earnings performance, attractive dividend yields and return of foreign investor demand.

OVERALL PERFORMANCE

Despite the fairly tough economic times that the country faced in 2024, the company registered an increase in management fees by 9% (2023: increase of 3%) and in profit before tax by 7% (2023: increase of 9%) from the prior year. This is mainly attributed to increase in assets under management by 4% from prior year. The balance sheet continues to be strong with net current assets of Kshs 1,000 million at 31 December 2024 (31 December 2023: Kshs 452 million) and net assets of Kshs 2,003 million at 31 December 2024(31 December 2023: Kshs 1,558 million).

LOOKING FORWARD

The future looks bright for the company. The directors are optimistic that the other lines of business especially management of pensions funds will grow as exponentially as the unit trust business. Management is confident that through its disciplined asset management philosophy and robust investment strategy, the delivery of predictable and consistent competitive returns throughout the year is achievable.

CLIMATE CHANGE

The Company has reviewed its exposure to climate-related and other emerging business risks but has not identified any risks that could impact the financial performance or position of the Company at 31 December 2024.

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

The directors confirm that with respect to each director at the time of approval of this report:

(a) there was, as far as each director is aware, no relevant audit information of which the Company's auditor is unaware; and

(b) each director had taken all steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

8. TERMS OF APPOINTMENT OF THE AUDITOR

PricewaterhouseCoopers LLP continue in office in accordance with the Company's Articles of Association and Section 719(2) of the Companies Act, 2015.

The directors monitor the effectiveness, objectivity and independence of the auditor. The responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

By order of the board

Company Secretary

4th March 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2024

The Companies Act 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Company at the end of the financial year and its financial performance for the year then ended. The directors are responsible for ensuring that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; disclose with reasonable accuracy at any time the financial position of the company; and that enables them to prepare financial statements of the company that comply with prescribed financial reporting standards and the requirements of the Companies Act 2015. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards and in the manner required by the Companies Act 2015. They also accept responsibility for:

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

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

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

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

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the Board of Directors on 4th March 2025 and signed on its behalf by:

....	....
Director-Humphrey Gathungu	Director-Cornelius Ashira

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CIC ASSET MANAGEMENT LIMITED

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of CIC Asset Management Limited (the Company) set out on pages 42 to 75 which comprise the statement of financial position at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of CIC Asset Management Limited as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial statements of the current period.

We have determined that there were no key audit matters to communicate in our report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CIC ASSET MANAGEMENT LIMITED (CONTINUED)

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.

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

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

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

Report on other matters prescribed by the Companies Act, 2015

In our opinion the information given in the report of the directors on pages 33 to 34 is consistent with the financial statements.

CPA Bernice Kimacia – Practicing Certificate Number 1457

Engagement partner responsible for the audit

Bernice Kimacia

For and on behalf of PricewaterhouseCoopers LLP

Certified Public Accountants

Nairobi

4th march 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

		For the year ended 31 December	
	Notes	**2024** KShs '000	**2023** KShs '000
INCOME			
Revenue from contracts with customers	3(a)	1,267,493	1,163,774
Interest income calculated using effective interest rate	3(b)(i)	166,250	125,540
Other investment income	3(b)(ii)	32,668	(8,489)
Other income	3(b)(iii)	97	14
Total income		1,466,508	1,280,839
Operating and other expenses	4	(710,380)	(577,689)
Expected credit losses	4(b)	(3,347)	820
Profit before income tax		752,781	703,970
Income tax expense	6(a)	(196,991)	(207,034)
Profit for the year		555,790	496,936
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Fair value loss on financial assets at fair value through other comprehensive income, net of tax	13	99,984	(34,208)
Total comprehensive income for the year		655,774	462,728

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

		At 31 December	
		2024	2023
ASSETS	Notes	KShs '000	KShs '000
Non-current assets			
Property and equipment	7	9,348	10,079
Intangible assets	8	2,339	-
Right of use assets	9(a)	3,718	6,906
Equity instruments at fair value through profit or loss	10	12,180	10,125
Investment in collective investment scheme at fair value through profit or loss	11	285,724	159,503
Financial assets at amortised cost-corporate bonds	12	19,389	20,287
Financial assets at fair value through other comprehensive income-Government securities	13(a)	620,199	864,466
Financial assets at amortised cost-treasury Bills	13(b)	45,595	-
Deferred income tax	15	4,742	43,459
		1,003,234	1,114,825
Current assets			
Accounts receivable	16	151,218	141,032
Amounts due from related companies	17	67,948	55,646
Other receivables	14	19	33
Deposits with financial institutions	18	363,560	348,385
Related Party Loan	17	482,675	-
Current income tax	6(b)	10,505	-
Cash and bank balances	23(b)	7,552	405
		1,083,477	545,501
TOTAL ASSETS		2,086,711	1,660,326
EQUITY AND LIABILITIES			
Equity			
Share capital	19	311,000	311,000
Fair value reserve	20	33,150	(66,834)
Retained earnings	21	1,658,882	1,318,092
Total equity		2,003,032	1,562,258
Non-current liability			
Lease liability	9(b)	908	4,826
Current liabilities			
Current income tax	6(b)	-	22,777
Lease liability	9(b)	4,097	3,868
Other payables	22	78,674	66,597
Total liabilities		83,679	98,068
TOTAL EQUITY AND LIABILITIES		2,086,711	1,660,326

The financial statements on pages 42 to 75 were approved by the board of directors on 4th march 2025 and were signed on its behalf by:

-- Director–Humphrey Gathungu

-- Director–Cornelius Ashira

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share Capital Kshs '000	Fair value reserve KShs '000	Retained earnings KShs '000	Total KShs '000
	Note 19	Note 20	Note 21	
At 1 January 2024	311,000	(66,834)	1,318,092	1,562,258
Profit for the year	-	-	555,790	555,790
Other comprehensive income for the year	-	99,984	-	99,984
Transactions with owners				
Dividend paid	-	-	(215,000)	(215,000)
At 31 December 2024	311,000	33,150	1,658,882	2,003,032
At 1 January 2023	311,000	(32,626)	1,021,156	1,299,530
Profit for the year	-	-	496,936	496,936
Other comprehensive income for the year	-	(34,208)	-	(34,208)
Transactions with owners				
Dividend paid	-	-	(200,000)	(200,000)
At 31 December 2023	311,000	(66,834)	1,318,092	1,562,258

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 KShs '000	2023 KShs '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	23(a)	549,460	587,347
Tax paid	6(b)	(234,406)	(232,702)
Repayment of the interest portion of the lease liability	9(b)	(986)	(1,466)
Net cash generated from operating activities		314,068	353,179
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend income received	3(b)(ii)	1,148	706
Interest received	3(b)(i)	166,250	125,540
Purchase of property & equipment	7	(2,208)	(3,082)
Proceeds from disposal of property & equipment	7	-	50
Purchase of Intangible Assets	8	(2,495)	-
Purchase of equity instruments at fair value through profit or loss	10	-	(5,124)
Proceed from disposal of equity instruments at fair value through profit or loss	10	-	550
Purchase of units in collective investment scheme	11	(96,756)	(10,911)
Purchase of treasury bonds	13	(300,000)	(266,500)
Disposal of treasury bonds	13	687,100	5,000
Proceeds from maturity of corporate bonds	12	408	342
Purchase of treasury bills	13(b)	(44,405)	-
Related party loan issue	17	(482,100)	-
Net cash from investing activities		(73,058)	(153,429)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	24	(215,000)	(200,000)
Repayment of principal portion of lease liability	9	(3,689)	(3,209)
Net cash from financing activities		(218,689)	(203,209)
NET DECREASE IN CASH AND CASH EQUIVALENTS		22,322	(3,459)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		348,790	352,249
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	23(b)	371,112	348,790

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

(i) Statement of compliance with International Financial Reporting Standards (IFRS)

The financial statements have been prepared in compliance with IFRS Accounting Standards, interpretations issued by the IFRS Interpretations Committee (IFRIC) Interpretations applicable to companies reporting under IFRS. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). These financial statements have also been prepared in compliance with the Companies Act, 2015.

The financial statements comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements comprising material accounting policies and other explanatory information. Income and expenses, excluding the components of other comprehensive income, are recognised in the profit or loss. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognised in the profit or loss as required or permitted by IFRS. Transactions with the owners of the Company in their capacity as owners are recognised in the statement of changes in equity.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

Government securities at fair value through other comprehensive income, equity instruments at fair value through profit or loss and investment in collective investment schemes at fair value through profit or loss.

(iii) Functional and presentation currency

The financial statements are presented in Kenya Shillings (Kshs) which is also the Functional Currency.

(b) New and amended standards and interpretations

The table below provides a summary of (i) new standards and amendments that are effective for the first time for periods commencing or after 1 January 2024 i.e years ending 31 December 2024, and (ii)forthcoming requirements, being standards and amendments that will become effective on or after 1 January 2024.

i. New standards and amendments – applicable for the first time for the December 2024 year-ends

Title	Key requirements	Effective date *
Amendments to IAS 1 - Non-current liabilities with covenants	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendments to Supplier Finance Arrangements (IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure')	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis	1 January 2024

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) Historical cost convention (continued)

The above standard did not have a significant impact on the financial statements.

(b) New and amended standards in issue but not yet effective in the year ended 31 December 2024

Title	Key requirements	Effective date *
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.	Annual periods beginning on or after 1 January 2025
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments.	These amendments: • clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; • clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; • add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and • make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	Annual periods beginning on or after 1 January 2026

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(b) New and amended standards in issue but not yet effective in the year ended 31 December 2024 (continued)

IFRS 18, 'Presentation and Disclosure in Financial Statements'	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.	Annual periods beginning on or after 1 January 2027
IFRS 19, 'Subsidiaries without Public Accountability'	The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements. IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.	Annual periods beginning on or after 1 January 2027

* applicable to reporting periods commencing on or after the given date.

The Company has not adopted any of these standards and none of them are expected to have a significant impact on the Company's financial statements.

(c) Revenue recognition

Revenue from contracts with customers:

a) Fund management fees

The Company recognizes revenue only when it satisfies a performance obligation by transferring control of the service to its customers. The performance obligation is satisfied over time as the customer simultaneously consumes the benefits provided by the company.

The Company provides fund management services. The agreement for fund management services specifies the performance obligation as to carry out the management and administration of the fund, be responsible for investing and re-investing the assets. Accordingly, the company allocates the transaction price based on the value of the asset portfolio managed.

b) Administration fees

Administration fee is recognized at a point in time when customers place units with the fund. The fee is charged to unit holders as a percentage of the initial amount invested as stated in the fund services agreement.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(c) Revenue recognition (continued)

c) Other income

Other income which comprises frequency withdrawal fees, transfer fees, certificate issue charge, postal and statement printing costs are recognised at a point in time based on the delivery of the service.

Interest and other investment income

Interest income is recognised in profit or loss as it accrues and is calculated by using the effective interest rate method. Investment income also includes dividend income which is recognised when the right to receive the payment is established.

Unrealised / realised gains and losses on valuation of financial assets at the reporting date or sale of financial assets are recognised in profit or loss. Gain and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost of the investment and are recorded on occurrence of the sale transaction.

(d) Taxation

Current income tax

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Kenyan Income Tax Act. Income tax expense is the aggregate amount charged/ (credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Current income tax assets or liabilities are based on the amount of tax expected to be paid to or recovered from the taxation authorities in the future. Tax is recognised in profit or loss except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

Current income tax is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date. The prevailing tax rate and the amount expected to be paid are highlighted in note 6 to these financial statements.

The net amount of current income tax recoverable from, or payable to, the taxation authority is presented as a separate line item in the statement of financial position.

Deferred income tax

Deferred income tax is determined using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date, using tax rates and laws enacted or substantively enacted at the reporting date and expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred income tax is provided on temporary differences except those arising on the initial recognition of goodwill, the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and unused tax losses can be utilised.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(d) Taxation (continued)

The accounting of deferred tax movements is driven by the accounting treatment of the underlying transaction that lead to the temporary differences. Deferred tax relating to items recorded in profit or loss is recognised in profit or loss, while deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in other comprehensive income or equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of VAT except:

- when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable, or
- receivables and payables that are measured with the amount of VAT included.

Outstanding net amounts of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(e) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the company operates), which is Kenya Shillings. Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the end of each reporting period and on the date of settlement which are expressed in foreign currencies are translated into Kenya Shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(f) Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

1. MATERIAL ACCOUNTING POLICIES (continued)

(g) Provisions

Provisions for liabilities are recognised when there is a present obligation (legal or constructive) resulting from a past event, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in the profit or loss.

(h) Dividends

Dividends on ordinary shares are charged directly to equity in the period in which they are declared and approved. Dividends for the year that are approved after the reporting date are not recognised as a liability at the reporting date.

(i) Events after the reporting period

The financial statements are adjusted to reflect events that occurred between the reporting date and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Events that are indicative of conditions that arose after the reporting date are disclosed, but do not result in an adjustment to the financial statements themselves.

(j) Share capital and share premium

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. Incremental costs attributable to the issue or cancellation of equity instruments are recognised directly in equity, net of tax, if applicable.

(k) Expenses

Expenses are recognised in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably and is independent from transactions with equity participants. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets (for example, the accrual of employee entitlements or the depreciation of equipment).

i) When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, expenses are recognised in profit or loss on the basis of systematic and rational allocation procedures. This is often necessary in recognising the expense associated with the using up of assets such as property and equipment. In such cases, the expense is referred to as depreciation or amortisation. These allocation procedures are intended to recognise expenses in the accounting periods in which the economic benefits associated with these items are consumed or expire.

ii) An expense is recognised immediately in profit or loss when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

(l) Leases

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

Company acting as a lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value), the Company recognises a right-of-use asset and a lease liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(l) Leases (continued)

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used. The incremental borrowing rate is the internal cost of debt determined as the risk-free borrowing rate adjusted for country premium.

For leases that contain non-lease components, the Company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to re-measurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Company at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognized in profit or loss on a straight-line basis over the lease period.

Leases where the Company assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are recognised as a liability at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The interest rate implicit in the lease is used as the discount factor in determining the present value. Each lease payment is allocated between the liability and finance cost using the interest rate implicit in the lease. The finance cost is charged to the profit and loss account in the year in which it is incurred. Property and equipment acquired under finance leases are capitalised and depreciated over the estimated useful life of the asset.

The changes in leases which do not fall under the scope of Covid-19 related concessions are treated as lease modifications. Right of use assets are re-measured and gains or losses thereof recognised in the statement of profit or loss.

(m) Employee benefits

Defined contributions provident fund

The Company operates a defined contribution post-employment provident fund for eligible employees. The fund is funded by contributions from the employees and the Company. The assets of the fund are held and administered independently of the Company's assets by a different pension administrator.

Statutory pension scheme

The Company also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions to this scheme are determined by local statute. The Company's contributions to the defined contribution schemes are charged to profit or loss as they fall due.

Leave

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(n) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on the straight-line basis to allocate the cost of each asset to its residual value over its estimated useful life as follows:

- **Computers** **4 years**
- **Furniture and equipment** **8 years**

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Property and equipment are reviewed for impairment whenever there are any indications of impairment identified. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The impairment loss is recognised in profit or loss for the year. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Refer to note 1(f) for detailed discussion on impairment of non-financial assets. An item of furniture and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Gains and losses on derecognition of property and equipment are determined by reference to their carrying amounts and are recognised in profit or loss in the year the asset is derecognised.

(o) Intangible assets

Intangible assets, comprising of software license costs and computer software which are acquired separately are measured on initial recognition at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Company are recognised as intangible assets. Amortisation is calculated using straight-line method over its estimated useful life of four years.

Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle.

Amortisation ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Softwares under implementation are recognised as work in progress at historical costs less any accumulated impairment loss. The cost of such softwares includes professional fees and costs directly attributable to the software. The softwares are not amortised until they are ready for the intended use.

Intangible assets have finite lives and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(p) Fair value measurement

The company measures certain financial instruments such as equity investments at fair value at each reporting date.

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

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

The principal or the most advantageous market must be accessible by the company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities
- Level -2Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level -3Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(q) 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.

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(q) Financial instruments (continued)

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

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

Subsequent measurement

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

- Financial assets at amortised cost
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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

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

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

The Company's financial assets at amortised cost include, cash and cash equivalents, accounts receivable, amounts from related parties, deposits with financial institutions, commercial papers, corporate bonds and staff loans.

Financial assets at fair value through OCI

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding
- Financial assets at FVOCI are carried at fair value with the net changes in fair value recognised in other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial assets at fair value through profit or loss comprise equity instruments and investment in collective investment scheme i.e. CIC Unit Trust Scheme.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(q) Financial instruments (continued)

Derecognition other than for substantial modification

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

De-recognition due to substantial modification of terms and conditions

The company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as de recognition gain or loss. When assessing whether or not to derecognise an instrument, amongst others, the Company considers the following factors: introduction of an equity feature, change in counterparty and if the modification is such that the instrument would no longer meet the SPPI criterion.

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

Overview of Expected Credit Loss (ECL) principles

The Company has been recording the allowance for expected credit losses for all financial assets at amortised cost and at fair value through OCI. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss (LTECL)) unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The Company groups its financial assets into Stage 1, Stage 2, Stage 3 and Purchased or originated credit impaired (POCI) as described below.

Stage 1: When financial assets are purchased or originated, the Company recognises an allowance based on 12mECLs. Stage one also includes staff loans where credit risk has improved, and the loan has been reclassified from stage 2. For financial assets, interest income is calculated on the gross carrying amount.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for LTECLs. Stage 2 financial assets includes staff loans where the credit risk has improved, and the loan has been reclassified from stage 3. The calculation of interest income is on the gross carrying amount of the financial asset.

Stage 3: For financial assets, which are credit impaired, the Company records an allowance for the LTECLs. The interest income is calculated on the amortised cost of the financial asset.

1. MATERIAL ACCOUNTING POLICIES (continued)

(q) Financial instruments (continued)

The calculation of ECLs

The Company calculates ECLs as follows:

ECL= PD*EAD*LGD

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

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

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

The Company does not have financial guarantees, loan commitments, letters of credit and financial assets which are purchased or originated credit impaired (POCI).

The maximum period for which the credit losses are determined is the contractual life of a financial asset at amortised cost unless the Company has the legal right to call it earlier.

Write offs

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Intercompany loans and other payables

After initial recognition, related party loans and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. This category generally applies to other payables and amount due to related parties.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(q) Financial instruments (continued)

liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only when there is a current and 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 liability simultaneously. Income and expenses will not be offset in the profit or loss unless required or permitted by any accounting standard or interpretation. During the year, there was no offsetting of financial assets and liabilities.

(r) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances and short-term deposits with an original maturity of three months or less in the statement of financial position. Cash and cash equivalents are measured at fair value at initial recognition and subsequently measured at amortised cost. Interest income on cash and cash equivalents is recognised through the effective interest method.

(s) Fiduciary assets

The company provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the financial statements, as they are not assets of the company.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions are an integral part of financial reporting and as such have an impact on the assets and liabilities of the Company. Management applies judgement in determining the best estimate of future experience. Judgements are based on historical experience and management's best estimate expectations of future events, taking into account changes experienced historically. Estimates and assumptions are regularly updated to reflect actual experience. Actual experience in future financial years can be materially different from the current assumptions and judgements and could require adjustments to the carrying values of the affected assets and liabilities.

The key areas of judgment in applying the entity's accounting policies are dealt with below:

(a) Impairment of financial assets

The measurement of impairment losses under IFRS across relevant financial assets requires judgement, in particular the estimation of probability of default. At 31 December 2024, If the probabilities of default were increased or decreased by 1%, the impact on reported profit or loss before tax would not be material (2023: Immaterial).

(b) IFRS 16 Leases

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay'. The Company estimates the IBR using observable inputs (such as market interest rates).

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(b) IFRS 16 Leases (continued)

considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

3 (a) REVENUE FROM CONTRACTS WITH CUSTOMERS

	2024 KShs '000	2023 KShs '000
Fund management fees (Earned over time)	1,106,314	1,026,502
Administration fee (At a point in time)	161,179	137,272
	1,267,493	1,163,774
NET FUND MANAGEMENT FEES		
Total fund management fees in 3(a)	1,267,493	1,163,774
Fund management expenses		
Commission expenses (note 4)	(351,744)	(322,042)
Net fund management fees	915,749	841,732

Management fee relates to charges for managing the fund on behalf of third parties and is expressed as a percentage of the average month-end value of the total assets.

Administration fee relates to one off fee charged on the unit holder and is a percentage of the initial amount invested.

Commission expenses relate to expenses that are paid to agents for bringing business to the Company.

(b) INVESTMENT INCOME

	2024 KShs '000	2023 KShs '000
(i)Interest income calculated using effective interest rate method		
Interest on fixed deposit	77,835	33,274
Interest on corporate bonds	1,334	1,354
Interest on treasury bonds	85,316	90,912
Interest on treasury bills	1,190	-
Interest on related party loan	575	-
	166,250	125,540
(ii) Other investment income		
Dividend income	1,148	706
Fair value loss on equity instruments at fair value through profit or loss (note 10)	2,055	(1,529)
Fair value (loss)/gain on collective investment scheme at fair value through profit or loss (note 11)	29,465	(7,666)
	32,668	(8,489)
Total of (i) and (ii)	198,918	117,051

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
3. REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

(b) INVESTMENT INCOME(Continued)	2024 KShs '000	2023 KShs '000
Analysed as follows: Financial assets		
At amortised cost	80,934	34,628
At fair value through other comprehensive income	85,316	90,912
At fair value through profit or loss	32,668	(8,489)
	198,918	117,051
(iii) Other income		
Sundry income	97	14

4. OPERATING AND OTHER EXPENSES

	2024 KShs '000	2023 KShs '000
Commissions expenses	351,744	322,042
Staff costs (note 4(a)	238,019	176,526
Directors' emoluments (note 17)	23,831	18,563
Auditor's remuneration	1,259	1,222
Depreciation on property and equipment (note 7)	2,939	2,333
Amortisation charge on intangible assets (note 8)	156	141
Amortisation of right of use asset (note 9) (a)	3,188	3,188
Interest on lease liabilities (note 9) (b)	986	1,466
Business advertising and promotion	18,021	5,420
Professional fees	5,664	4,236
Staff Insurance Expenses	16,697	7,506
Telephone & Internet Services	5,303	5,630
Software licenses	14,154	9,307
Staff welfare	5,227	4,161
Miscellaneous*	23,192	15,948
	710,380	577,689

*Miscellaneous expenses relate to subscriptions, and other general office expenses.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
4. OPERATING AND OTHER EXPENSES
(a) STAFF COSTS

	2024 KShs '000	2023 KShs '000
Salaries and wages	187,620	129,744
Gratuity	5,375	4,053
Defined contribution plan contributions	9,286	6,135
Final dues	1,516	1,509
Fringe benefit tax	931	371
Education benefit	387	77
Bonus provision	24,414	19,264
Housing Levy	2,367	1,024
Restructuring cost	5,547	14,349
Staff recruitment and transfer	576	-
	238,019	176,526

*Restructuring costs relate to severance pay for employees who opted to retire under the voluntary early retirement programme in the year.

(b) EXPECTED CREDIT LOSSES –IFRS 9

	2024 KShs '000	2023 KShs '000
Financial assets at amortised cost-corporate bonds (note 25(a)	(6)	(345)
Deposits with financial institutions (note 25(a)	20	(202)
Related parties (note 25(a)	(2500)	69
Accounts receivables (note 25(a)	(857)	(335)
Cash and cash equivalents (Note 25(a)	(4)	(7)
	(3,347)	(820)

5. PROFIT BEFORE INCOME TAX

	2024	2023
The following items have been charged in arriving at profit before tax:		
Auditor's remuneration (note 4)	1,259	1,222
Depreciation on property and equipment (note 7)	2,939	2,333
Amortisation of intangible assets (note 8)	156	141
Amortisation of right of use asset (note 9)	3,188	3,188
Interest on lease liabilities (note 9)	986	1,466
Staff costs (note 4(a))	238,019	176,526

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

6. INCOME TAX EXPENSE

	2024	2023
(a) Current tax charge	201,124	210,910
Deferred tax credit (note 15)	(4,133)	(3,876)
	196,991	207,034
(b) Statement of financial position current income tax		
At 1 January	22,777	44,569
Tax charge	201,124	210,910
Tax paid	(234,406)	(232,702)
At 31 December	(10,505)	22,777
(c) Reconciliation of taxation charge to the expected tax based on accounting profit		
Profit before income tax	752,781	703,970
Tax at the applicable rate of 30%	225,834	211,191
Tax effect of expenses not deductible for tax purposes*	27,927	5,127
Tax effect of income not taxable **	(56,770)	(9,284)
	196,991	207,034

The effective income tax rate is 30%

*These expenses are fringe benefit tax, excess pension contributions, fair value loss on financial assets and club subscriptions.

** Income not taxable largely relates to interest income from infrastructure bonds, dividend income and unrealised fair value gains.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

7. PROPERTY & EQUIPMENT

2024	Computers and Equipment KShs '000	Furniture fittings & Equipment KShs '000	Total KShs '000
COST			
At 1 January	5,530	68,193	73,723
Additions	1,899	309	2,208
At 31 December	7,429	68,502	75,931
ACCUMULATED DEPRECIATION			
At 1 January	2,663	60,981	63,644
Charge for the year	1,311	1,628	2,939
At 31 December	3,974	62,609	66,583
CARRYING AMOUNT			
AT 31 December	3,455	5,893	9,348
2023			
COST			
At 1 January	3,402	67,289	70,691
Additions	2,178	904	3,082
Disposal	(50)	-	(50)
At 31 December	5,530	68,193	73,723
ACCUMULATED DEPRECIATION			
At 1 January	1,858	59,453	61,311
Charge for the year	805	1,528	2,333
At 31 December	2,663	60,981	63,644
CARRYING AMOUNT			
AT 31 December	2,867	7,212	10,079

There are no property and equipment pledged as security for liabilities. Additionally, there are no contractual commitments for the acquisition of property and equipment.

8. INTANGIBLE ASSETS	2024 KShs '000	2023 KShs '000
COST		
At 1 January	-	5,709
Additions	2,495	-
At 31 December	2,495	-
AMORTISATION		
At 1 January	-	5,568
Charge for the year	156	141
At 31 December	156	5,709
CARRYING AMOUNT		
At 31 December	2,339	-

Intangible assets relate to computer software which is used by the company in its operations.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
9. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Company's lease is an office space which runs for 6 years. Set out below are the carrying amounts of the right-of-use assets of the company recognised and the movements during the year.

(a) Right of use asset	**2024**	**2023**
	KShs '000	**KShs '000**
At 1 January	6,906	10,094
Amortisation	(3,188)	(3,188)
As at 31 December	3,718	6,906

Set out below are the carrying amounts of lease liabilities (included under other liabilities) and the movements during the period:

	2024	**2023**
(b) Lease liability	**KShs '000**	**KShs '000**
Current	4,097	3,868
Non-current	908	4,826
	5,005	8,694
As at 1 January	8,694	11,903
Accretion of interest	986	1,466
Payments	(4,675)	(4,675)
As at 31 December	5,005	8,694
Amounts recognised in profit or loss		
Leases under IFRS 16		
(Interest on lease liabilities (Note 4	986	1,466
(Amortisation expense (Note 9	3,188	3,188
Amounts recognised in statement of cash flows		
Repayment of principal portion of the lease liability	3,689	3,209
Repayment of the interest portion of the lease liability	986	1,466
Total cash outflow for leases	4,675	4,675

The table below analyses the Company's lease liabilities into the relevant maturity groupings based on the remaining period as at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

2024	**Due on demand**	**Due within 3 months**	**Due between 3 and 12 months**	**Due between 1 and 5 years**	**Due after 5 years**	**Total**
	KShs '000	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Lease liabilities	-	1,169	3,506	779	-	5,454
2023	**Due on demand**	**Due within 3 months**	**Due between 3 and 12 months**	**Due between 1 and 5 years**	**Due after 5 years**	**Total**
	KShs '000	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**	**KShs '000**
Lease liabilities	-	1,169	3,506	5,454	-	10,129

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

10. Equity instruments at fair value through profit or loss

	2024 KShs '000	2023 KShs '000
At 1 January	10,125	7,080
Purchases	-	5,124
Disposals	-	(550)
Fair value gain/(loss) (note 3(b)(ii)	2,055	(1,529)
At 31 December	12,180	10,125

Equity instruments relate to investment in quoted securities that are traded on the Nairobi Securities Exchange (NSE).

11. Investment in collective investment scheme at fair value through profit or loss

	2024 KShs '000	2023 KShs '000
At 1 January	159,503	156,258
Additions	96,756	10,911
Disposals	-	-
Fair value (loss)/gain (note 3(b)(ii)	29,465	(7,666)
At 31 December	285,724	159,503

Investments in collective investment scheme relate to CIC Unit Trust Scheme, that invest in various funds including money market fund, equity fund, fixed income fund, balanced fund and dollar fund.

12. Financial assets at amortised cost-corporate bonds

	2024 KShs '000	2023 KShs '000
Gross	19,671	20,563
Expected credit loss (note 26(a))	(282)	(276)
At 31 December	19,389	20,287
Movement of the cost of corporate bonds in the year:		
At 1 January	20,563	29,727
Purchases	-	-
Maturity	(408)	(342)
Write off	-	(9,070)
Accrued interest	(484)	248
Gross	19,671	20,563
Maturity analysis		
Maturing within 1 year	-	-
Maturing between 1 – 2 years (undiscounted)	19,389	20,287

Corporate bonds are carried at amortized cost. The weighted average effective interest rate was 12.5%. (2023: 12.5%). An analysis of changes in the gross carrying amount and corresponding ECL allowances in corporate bonds has been disclosed in note 25.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

13(a) FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI-GOVERNMENT BONDS

	2024 KShs '000	2023 KShs '000
At 1 January	864,466	651,835
Purchases	300,000	266,500
Sales	(687,100)	(5,000)
Fair value loss	142,833	(48,869)
	620,199	864,466

(b) FINANCIAL ASSETS AT AMORTIZED COST-GOVERNMENT BILLS

	2024 KShs '000	2023 KShs '000
At 1 January	-	-
Purchases	44,405	-
Sales	-	-
Fair value gains	1,190	-
	45,595	-

14. OTHER RECEIVABLES

Gross	19	33
Expected credit loss allowance	-	-
At 31 December	19	33

All other receivables will be settles within the year.

Staff loans are carried at amortized cost. An analysis of changes in the gross carrying amount and corresponding ECL allowances in staff loans has been disclosed in note 25. The outstanding loan receivables from staff are not collaterised. (2023: Not collaterised)

Movement in other receivables is shown below:

	2024 KShs '000	2023 KShs '000
At 1 January	33	135
Additions	-	33
Loan repayments	(14)	(135)
Expected credit loss for the year	-	-
At 31 December	19	33

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

15. DEFERRED TAXATION

Deferred tax is calculated in full, on all temporary differences using the liability method at the applicable tax rate of 30%. The deferred tax asset is attributable to the following items:

2024	At 1 January Kshs '000	Recognised in profit or loss Kshs '000	Recognised in OCI Kshs '000	At 31 December Kshs '000
Accelerated capital allowances	(4,295)	(185)	-	(4,480)
Expected credit losses allowances	(792)	(1,004)	-	(1,796)
Gratuity	(1,353)	(1,612)	-	(2,965)
Fair value gains on securities at FVOCI	(27,299)	-	42,850	15,551
Accrued leave	(1,005)	(1,102)	-	(2,107)
Bonus provision	(8,715)	(230)	-	(8,945)
Deferred tax asset	(43,459)	(4,133)	42,850	(4,742)

2023	At 1 January Kshs '000	Recognised in profit or loss Kshs '000	Recognised in OCI Kshs '000	At 31 December Kshs '000
Accelerated capital allowances	(5,745)	1,450	-	(4,295)
Expected credit losses allowances	(3,333)	2,541	-	(792)
Gratuity	(2,086)	733	-	(1,353)
Fair value gains on securities at FVOCI	(12,638)	-	(14,661)	(27,299)
Accrued leave	(1,120)	115	-	(1,005)
Bonus provision	-	(8,715)	-	(8,715)
Deferred tax asset	(24,922)	(3,876)	(14,661)	(43,459)

16. ACCOUNTS RECEIVABLE

	2024 KShs '000	2023 KShs '000
Administration fees receivable	26,400	22,242
Administration fees receivable – CIC Unit Trust Scheme	127,189	120,482
Prepayments	265	87
Allowance for expected credit losses	(2,636)	(1,779)
	151,218	141,032

Accounts receivable are non-interest bearing and due within 30 days from the date of transaction.

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

17. RELATED PARTY BALANCES AND TRANSACTIONS

The company is a wholly owned subsidiary of The CIC Insurance Group PLC and is incorporated in Kenya. The ultimate parent entity is Co-operative Insurance Society Limited. CIC Asset Management Limited, CIC Life Assurance Limited and CIC General Insurance Limited are related through common shareholding. The other related parties include directors and staff members who borrow money from the company as well as CIC Collective Investment Scheme for which the company is the fund manager.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
17. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Transactions with related parties relate to management fees charged by the company to other subsidiaries for managing their assets, receipts from and payments to other related parties in reimbursement of shared expenses.

The amounts due from related parties are non- interest bearing and the balances are not secured and are payable on demand.

The following are balances with the related parties as at 31 December.

	2024 KShs '000	2023 KShs '000
Due from:		
CIC Life Assurance Limited	13,213	7,077
The CIC Insurance Group PLC	55,743	47,478
CIC General Insurance Limited	1,775	1,374
Allowance for expected credit losses	(2,783)	(283)
	67,948	55,646
The carrying amounts disclosed above reasonably approximate fair value at the reporting date.		
Related loan receivable from:		
The CIC Insurance Group PLC	482,675	-
Movement in related party receivable:		
At 1 January	-	-
New loan advanced to Group	482,100	-
Accrued interest	575	-
At 31 December	482,675	-

In the year 2024, the Company advanced the parent, CIC Insurance Group a loan of KShs 482 Million, at a fixed interest rate of 14.5% with a tenure of 12 months and is due for repayment on 27th December 2025. The loan was structured as single draw-down with a bullet repayment of principal sum and accrued interest at end of the tenure. The loan is secured by a share pledge on the shares of CIC Africa Insurance (SS) Limited."

Transactions with related parties during the year	2024 KShs '000	2023 KShs '000
Receipts from related parties:		
CIC Insurance Group PLC	40,363	32,457
CIC General Insurance Limited	283,985	384,226
CIC Life Assurance Limited	51,818	36,135
	376,166	452,818
Payments to related parties:		
CIC Insurance Group PLC	48,628	43,675
CIC General Insurance Limited	284,386	385,485
CIC Life Assurance Limited	57,954	35,767
	390,968	464,927

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

	2024 KShs '000	2023 KShs '000
The following are balances with CIC Collective Investment Scheme as at 31 December.		
Revenue earned from management of unit trusts (note 3 (a)	1,106,314	1,026,502
Administration fees receivable (note 16)	161,179	120,482
	1,267,493	1,146,984
The following are related party assets under management as at 31 December.		
CIC Group Assets	19,078,344	14,339,539
Key management compensation and directors' remuneration:		
Directors' remuneration:		
Directors' emoluments-fees	2,377	2,506
Retainer	7,577	6,833
Sitting allowances	6,560	3,851
Travel and subsistence	112	163
Insurance	383	378
Honoraria	4,499	3,042
Retreats and training	938	1,052
Christmas token	1,077	738
Exit package	308	-
	23,831	18,563
Key management compensation:		
Salaries and other short-term employment benefits		
Basic salary	34,906	27,519
Gratuity	-	4,510
Staff leave allowance	449	424
National Social Security Fund contribution	25	12
	35,380	32,465

18. DEPOSITS WITH FINANCIAL INSTITUTIONS

	2024 KShs '000	2023 KShs '000
The Co-operative Bank of Kenya Limited	205,553	225,055
Family Bank of Kenya Limited	4,917	-
Kingdom Bank Limited	-	22,679
KCB Bank Kenya Limited	23,960	28,089
NCBA Bank Kenya Limited	44,191	-
Equity Bank Kenya Limited	83,786	61,471
Stanbic Bank	-	11,393
Investment & Mortgages Bank	1,435	-
Allowance for expected credit losses	(282)	(302)
	363,560	348,385
Maturity analysis:		
Maturing within 3 months	363,842	348,687

The carrying amounts disclosed above reasonably approximate fair value at the reporting date. The weighted average effective interest rate was 15.80%. (2023: 9.40%)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

19. SHARE CAPITAL

	2024 KShs '000	2023 KShs '000
Authorised:		
50,000,000 (2023 - 50,000,000) ordinary shares of KShs 20 each	1,000,000	1,000,000
Issued and fully paid:		
15,550,000 (2023 - 15,550,000) ordinary shares of KShs 20 each	311,000	311,000

20. FAIR VALUE RESERVE

The fair value reserve represents fair value losses arising from debt instruments at fair value through other comprehensive income.

21. RETAINED EARNINGS

The retained earnings represent the amount available for dividend distribution to the shareholders of the company.

22. TRADE AND OTHER PAYABLES

	2024 KShs '000	2023 KShs '000
Leave pay accrual	7,023	3,350
Commission payable	703	648
VAT payable	15,635	16,837
Gratuity payable	9,885	4,510
Bonus	29,816	29,049
Sundry payables	15,612	6,818
Restructuring costs	-	5,385
	78,674	66,597

The sundry payables are carried at amortised cost and mainly relate to audit fees payable and software license fees payable which will be settled in the subsequent month. The leave liability has been accrued as per the company policy on leave accrual at the end of the financial year. The gratuity is payable to the senior management staff at the end of their contract period.

23. CASH GENERATED FROM OPERATING ACTIVITIES

(a) Reconciliation of profit before taxation to cash generated from operations:

	Notes	2024 KShs '000	2023 KShs '000
Profit before income tax		752,781	703,970
Adjustments for:			
Depreciation on property & equipment	7	2,939	2,333
Expected credit loss on corporate bonds	4(b)	6	(345)
Amortisation charge on intangible assets	8	156	141
Interest receivable	3(b)(i)	(166,250)	(125,540)
Accrued interest on corporate bond	12	484	(248)
Accrued Interest on related party loan	17	(575)	-
Accrued Interest on treasury bills	13(b)(i)	(1,190)	-
Dividend income	3(b)(ii)	(1,148)	(706)
Interest on lease liability	9(b)	986	1,466
Fair value loss/ (gain) on equity instruments at fair value through profit or loss	10	(2,055)	1,529
		559,857	593,454

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

23. CASH GENERATED FROM OPERATING ACTIVITIES (Continued)

(a) Reconciliation of profit before taxation to cash generated from operations (continued)

		2024	2023
Cash flows generated from operating activities			
Working capital changes:			
Accounts receivable and other receivables		(10,172)	(19)
Other payables		12,077	6,909
Related party balances		(12,302)	(12,997)
Cash generated from operating activities		549,460	587,347
(b)For purposes of cash flows, cash and cash equivalents comprise:			
Bank balances		7,552	405
Deposits with financial institutions maturing within 3 months	18	363,560	348,385
		371,112	348,790

24. DIVIDENDS

		2024	2023
Dividends paid during the year		215,000	200,000
Proposed for approval at the annual general meeting (not recognised as a liability)		400,000	215,000

Dividend on ordinary shares

Dividend per share is arrived at by dividing the total dividends by the weighted average number of shares in issue during the year.

25. FINANCIAL RISK MANAGEMENT

The company's activities are exposed to a variety of financial risks. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company has exposure to the following financial risks from its use of financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risks

(a) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily accounts receivables) and from its financing activities, including deposits with financial institutions and other financial instruments.

The Company's internal rating process

The Company's investment team prepares internal ratings for financial instruments in which counterparties are rated using internal grades. These are used to determine whether an instrument has had a significant increase in credit risk and to estimate the ECL's. The ratings are determined incorporating both qualitative and quantitative information from

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

25. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

The Company's internal rating process (continued)

external parties ratings supplemented with information specific to the counterparty and other external information that could affect the counterparty's behavior. The company reassesses the internal credit rating of the financial instruments at every reporting period and considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due as well as other forward-looking information. This would result in change inthe internal credit rating. When there has been a significant increase in credit risk since origination the allowance would be based on the life time ECL. For the accounts receivables, credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due.

The Company's internal credit rating grades is as follows:

Internal rating grade	Internal rating description
0	High grade
1	High grade
2	Standard grade
3	Sub-standard grade
4	Past due but not impaired
5	Individually impaired

For staff loans, the credit rating is based on whether or not the staff is still in employment. The loan is given a 'high grade' rating if the staff is still in employment, and a 'past due but not impaired' rating in instances where the staff is no-longer employed with the company and has defaulted for over one month.

Significant increase in credit risk, default, and cure

The Company continuously monitors all assets subject to ECLs. To determine whether an instrument or portfolio of instruments is subject to 12mECL or LTECL, (that is accounts receivable, amount due from related parties, staff loans, deposits with financial institutions and Government securities at FVOCI, commercial papers, corporate bonds, intercompany loan and cash & bank balances), the Company assesses whether there has been a significant increase in credit risk since initial recognition.

`In addition, the Company also considers a variety of instances that may indicate unlikeness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. The Company considers a financial asset in default when contractual payments are 30 days past due. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL. Such events include:

- Internal rating of the counterparty indicating default or near default for all asset classes
- The counterparty having past due liabilities to public creditors or employees for all asset classes except staff loans
- The counterparty filing for bankruptcy application for all asset classes
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts of financial difficulties for all asset classes except for staff loans.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
25. FINANCIAL RISK MANAGEMENT (continued)
(a) Credit risk (continued)

Significant increase in credit risk, default, and cure (continued)

In rare cases when an instrument identified as defaulted, it is the Company's policy to consider the financial instrument as "cured" and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

Impairment losses on financial investments subject to impairment assessment

Gross and loss allowances for assets at fair value through OCI and at amortised cost

Government securities measured at FVOCI

	2024 KShs '000	2023 KShs '000
Gross receivable (fair value through OCI)	620,199	864,466
Less: Loss Allowance	-	-
Net carrying amount	620,199	864,466

The loss allowance on Government securities measured at FVOCI has been assessed to be immaterial.

Debt instruments at amortized cost:

	2024 KShs '000	2023 KShs '000
Corporate bonds		
Corporate bonds	19,671	20,563
Less: Loss Allowance	(282)	(276)
Net carrying amount	19,389	20,287
Deposits with financial institutions		
Gross	363,842	348,686
Less: Loss Allowance	(282)	(301)
Net carrying amount	363,560	348,385
Other receivables		
Gross	19	33
Less: Loss Allowance	-	-
Net carrying amount	19	33
Amounts due from related parties		
Gross	70,731	55,929
Less: Loss Allowance	(2,783)	(283)
Net carrying amount	67,948	55,646

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
25. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

Impairment losses on financial investments subject to impairment assessment (continued)

Debt instruments at amortized cost (continued)

Cash and bank balances

	2024 KShs '000	2023 KShs '000
Gross	7,556	405
Less: Loss Allowance	(4)	-
Net carrying amount	7,552	405

Accounts receivable

The outstanding customer receivables as at 31 December 2024 amounted to Kshs 153,854,196 (2023: Kshs. 142,810,934) (Note 16). The company had 9 customers in 2024 (2023: 10).

The amount that best represents the company's maximum exposure on accounts receivable to credit risk as at the end of each reporting period is as follows:

31-Dec-24	1-30 days	31-60 days	61-90 days	Over 90 days	Total
Expected credit loss rate	1.3%	6%	30%	100%	
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Gross carrying amount	153,854	-	-	-	153,854
Expected credit loss	(2,636)	-	-	-	(2,636)
Net carrying amount	151,218	-	-	-	151,218

31-Dec-23	Days 1-30	Days 31-60	Days 61-90	Over 90 Days	Total
Expected credit loss rate	1.5%	6%	30%	100%	
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Gross carrying amount	142,811	-	-	-	142,811
Expected credit loss	(1,779)	-	-	-	(1,779)
Net carrying amount	141,032	-	-	-	141,032

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
25. FINANCIAL RISK MANAGEMENT (continued)

Impairment losses on financial investments subject to impairment assessment (continued)

Debt instruments at amortized cost (continued)

Reconciliation of loss allowance accounts

	At 31 December 2023 KShs '000	Write off of ECL KShs '000	(Increase)/ decrease in loss allowance in the year KShs '000	At 31 December 2024 KShs '000
Corporate bonds (note 12)	(276)	-	(6)	(282)
Other receivables (note 14)	-	-	-	-
Deposits with financial institutions (note 18)	(302)	-	20	(282)
Due from related parties (note 17)	(283)	-	(2,500)	(2,783)
Cash and cash equivalents	-	-	(4)	(4)
Accounts receivables (note 16)	(1,779)	-	(857)	(2,636)
	(2,640)	-	(3,347)	(5,987)

	At 31 December 2022 KShs '000	Write off of ECL KShs '000	(Increase)/decrease in loss allowance in the year KShs '000	At 31 December 2023 KShs '000
Corporate bonds (note 12)	(9,691)	9,070	345	(276)
Other receivables (note 14)	-	-	-	-
Deposits with financial institutions (note 18)	(504)	-	202	(302)
Due from related parties (note 17)	(214)	-	(69)	(283)
Cash and cash equivalents	(7)	-	7	-
Accounts receivables (note 16)	(2,114)	-	335	(1,779)
	(12,530)	9,070	820	(2,640)

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term liquidity management requirements. The company manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
25. FINANCIAL RISK MANAGEMENT (continued)
(c) Liquidity risk (continued)

The table below summarises the maturity profile of the undiscounted cash flows of the company's financial assets and liabilities as at 31 December.

	6 months or on demand KShs '000	Between 6 months and 1 year KShs '000	More than 1 year KShs '000	Total KShs '000
31 December 2024				
Financial assets				
Accounts receivable	151,218	-	-	151,218
Corporate bonds	-	-	21,286	21,286
Other receivables	19	-	-	19
Government securities	-	-	721,509	721,509
Due from related companies	67,948	-	-	67,948
Deposits with financial institutions	363,560	-	-	363,560
Investment in collective investment scheme	285,724	-	-	285,724
Related Party Loan	-	551,238	-	551,738
Cash and bank balances	7,552	-	-	7,552
	876,021	551,238	742,795	2,170,054
Financial liabilities				
Other payable	78,674	-	-	78,674
Lease liability	2,337	2,337	780	5,454
Net liquidity headroom	795,010	548,901	742,015	2,085,926
31 December 2023				
Financial assets				
Accounts receivable	141,032	-	-	141,032
Corporate bonds	-	-	28,389	28,389
Staff loans	33	-	-	33
Government securities	-	-	2,478,854	2,478,854
Due from related companies	55,646	-	-	55,646
Deposits with financial institutions	348,385	-	-	348,385
Cash and bank balances	405	-	-	405
	545,501	-	2,507,243	3,052,744
Financial liabilities				
Other payable	66,597	-	-	66,597
Lease liability	2,337	2,337	5,455	10,129
Net liquidity headroom	476,567	(2,337)	2,501,788	2,976,018

Carrying amounts of financial assets and liabilities

The table below summarises the carrying amounts of the company's financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
25. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

Category of financial asset/liability	2024 KShs '000	2023 KShs '000
Financial assets		
Financial assets at fair value through profit or loss	297,904	169,628
Financial assets at fair value through OCI	620,199	864,466
Financial assets at amortised cost	1,137,954	565,788
	2,056,057	1,599,882
Financial liabilities at amortised cost*	83,679	75,291

*Included in financial liabilities at amortised cost are other payables, excluding taxes and leave provision.

(c) Market risk

(i) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

The company's management monitors the sensitivity of reported interest rate movements on a monthly basis by assessing the expected changes in the different portfolios due to a parallel movement of 5% in all yield curves of financial assets and financial liabilities. These particular exposures illustrate the company's overall exposure to interest rate sensitivities included in the company's Asset and Liability Management (ALM) framework and its impact in the company's profit or loss.

The Company is not exposed to interest rate risk as all financial assets are at fixed interest rates.

(ii) Price risk

The company is exposed to equity securities price risk as a result of its holdings in equity investments, classified as financial assets at fair value through profit or loss. Exposure to equity shares in aggregate are monitored in order to ensure compliance with the relevant regulatory limits for solvency purposes. Investments held are listed and traded on the Nairobi Securities Exchange.

The company has a defined investment policy which sets limits on the company's exposure to equities both in aggregate terms and by industry. This policy of diversification is used to manage the company's price risk arising from its investments in equity securities.

Investment management meetings are held monthly. At these meetings, senior managers meet to discuss investment return and concentration of the equity investments.

If equity market indices had increased/ decreased by 5%, with all other variables held constant, and all the company's equity investments moving according to the historical correlation with the index, the profit for the year would not change materially (2023: immaterial).

If government securities held at fair value through other comprehensive income market indices had increased/ decreased by 5%, with all other variables held constant, and all the company's government securities investments moving according to the historical correlation with the index, the impact to total comprehensive income would increase/decrease by Ksh 4,265,787 (2023:1,710,414) while government securities would increase/decrease by Kshs 31,009,973 (2023: 43,223,308)

(iii) Foreign exchange risk

The company's operations are predominantly in Kenya where the currency has lost substantial value against the major convertible currencies. As at 31 December 2024, the company has invested in the CIC dollar fund which is 3% of total investments. If the value of the currency had increased / decreased by 10% against the US dollar, with all other variables held constant, the profit before tax for the year would have decreased or increased by Kshs 10 million.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
26. FAIR VALUE MEASUREMENT

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

- Level 1 – Quoted prices in active markets for identical assets or liabilities. This level includes equity securities and debt instruments listed on the Nairobi Securities Exchange.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly as derived from prices.
- Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The company considers relevant and observable market prices in its valuations where possible.

Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

	Level 1 KShs '000	Level 2 KShs '000	Level 3 KShs '000	Total KShs '000
At 31 December 2024				
Equity investments at fair value through profit or loss (note 10)	12,180	-	-	12,180
Investments in collective investment scheme at fair value through profit or loss (note 11)	-	285,724	-	285,724
Financial securities as fair value through OCI-Government securities	620,199	-	-	620,199
	632,379	285,724	-	918,103
At 31 December 2023				
Equity investments at fair value through profit or loss (note 10)	10,125	-	-	10,125
Investments in collective investment scheme at fair value through profit or loss (note 11)	-	159,503	-	159,503
Financial securities as fair value through OCI-Government securities	864,466	-	-	864,466
	874,591	159,503	-	1,034,094

There were no transactions between different levels during the year.

Valuation techniques used in determining fair value of financial assets

Instrument	Level	Valuation basis	Inputs
Investments in collective investment scheme	2	Net Asset Value	Current unit price of underlying unitised assets

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

27. CAPITAL MANAGEMENT

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimization of the debt and equity balance.

In addition, the Kenyan Capital Markets Authority which regulates the company prescribes a minimum paid up share capital of KShs 10,000,000. The working capital shall not fall below 20% of the minimum required share capital or three times minimum monthly operating costs, whichever is higher. Working capital is the difference between current assets and current liabilities.

The company met the minimum capital requirement as detailed below:

	2024 KShs '000	2023 KShs '000
Minimum capital requirement	10,000	10,000
Capital held at 31 December:		
Share capital	311,000	311,000
Retained earnings	1,658,882	1,318,092
	1,969,882	1,629,092
Working capital:		
Net working capital	1,000,706	452,259
20% of the minimum share capital	2,000	2,000
3 times average monthly operating expenses	177,000	145,000

The capital structure of the company consists of issued and paid up share capital and retained earnings. The net working capital is above (i) 20% of the minimum share capital as well as (ii) three times minimum monthly operating costs. The company's overall strategy remains unchanged from 2022.

Gearing ratio

The company had no external borrowings as at 31 December 2024 and 31 December 2023.

28. ASSETS UNDER MANAGEMENT

At 31 December 2024, the third-party funds under management by the company amounted to Kshs 133 billion (31 December 2023: Kshs 132 billion).

29. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting date that would require adjustments to, or disclosure in, the financial statements.

30. INCORPORATION

The company is a limited liability company domiciled and registered in Kenya under the Companies Act, 2015.

31. CURRENCY

The financial statements are presented in Kenya Shillings (KShs).

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