AfricaRe SA

2024 Annual Report & Accounts

Established. Supportive. Resilient.
Promoting the growth of insurance in Africa.

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Lagos, Nigeria

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- Casablanca, Morocco – 1980
- Nairobi, Kenya – 1982
- Abidjan, Ivory Coast – 1987
- Johannesburg, South Africa – 1995
- Ebène, Mauritius – 1997
- Cairo, Egypt – 2001
- Lagos, Nigeria – 2008
- Africa Retakaful, Cairo –2010
- Addis Ababa, Ethiopia – 2011
- Dubai, United Arab Emirates - 2020

AFRICAN REINSURANCE CORPORATION - NETWORK OF OFFICES

Regional Offices

CASABLANCA
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PO Box 7556, Casablanca, Morocco

Tel: +212-5 22 43 77 00
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Email: casablanca@africa-re.com

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Fax: +254-20 2970666/776
Email: nairobi@africa-re.com

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Fax: +225 22 40 44 82
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Republic of Mauritius

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CAIRO
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4e, 1st Settlement Service Center New
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Fax: +20 2 22685667
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Fax: +234-1 280 0074
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Unit GD-GB-00-15-BC-63
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Dubai International Financial Centre
P O Box 506770,
Dubai, United Arab Emirates

Tel: +971 55 667 8534

Subsidiaries

AFRICAN REINSURANCE CORPORATION (SOUTH AFRICA) LTD
18 Glenhove Road, Melrose Estate,
Johannesburg, 2196
PO Box 3013, Houghton, 2041,
Johannesburg, South Africa

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Email: arcsa@africa-re.com

AFRICA RETAKAFUL
4e, 1st Settlement Service Center New
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Cairo, Egypt

Tel: +20 2 22685668
Fax: +20 2 22685667
Email: cairo@africa-re.com

Local Office

ADDIS ABABA LOCAL OFFICE
Yeshi Building, 5th Floor
Airport Road, Bole, Kirkos Sub City, Woreda
01, in front of Bole
Printing Enterprise,
House no. 233, P.O Box 1055,
Addis Ababa, Ethiopia

Tel: +251 11 416 5803/4
Fax: +251 114 668570
Email: addisababa@africa-re.com

African Reinsurance Corporation (SA) Limited

(Registration Number 2003/031630/06)

Annual Financial Statements

for the year ended 31 December 2024

Prepared by Chanty Mathebula, Cebisa Moshao CA(SA) & Glen Peters, B Compt. under the supervision of Sudadi K. Senganda, ACCA, MBA

These financial statements have been audited in compliance with section 30 of the South African Companies Act No. 71 of 2008.

Annual report
for the year ended 31 December 2024

Contents | **Page**

Declaration by Company Secretary

In my capacity as Company Secretary, I hereby confirm and certify, in terms of the Companies Act, 2008, as amended, that for the year 31 December 2024, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

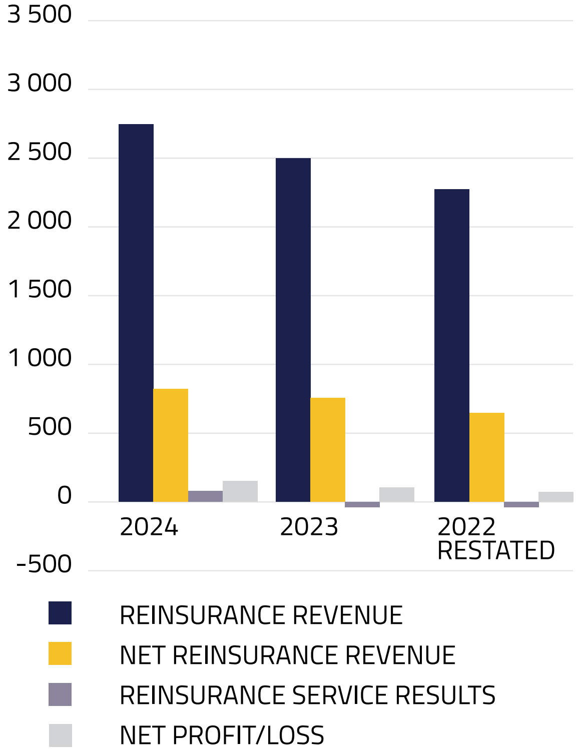
Nokubonga Zuma
Company Secretary
30 April 2025

Financial highlights

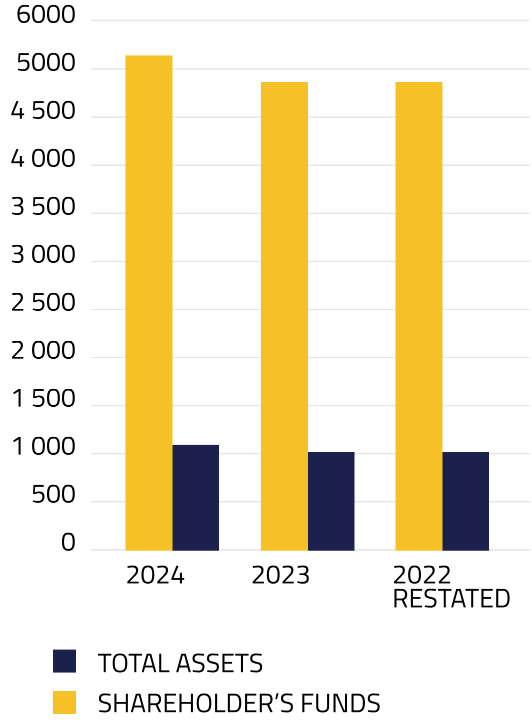
for the year ended 31 December 2024

In R'000	2024	2023	2022 RESTATED
RESULTS			
REINSURANCE REVENUE	2,792,315	2,490,270	2,243,863
NET REINSURANCE REVENUE	838,957	714,616	605,017
REINSURANCE SERVICE RESULT	78,740	-5,727	-12,245
NET PROFIT/LOSS	146,555	85,007	48,374
FINANCIAL POSITION			
SHAREHOLDER'S FUNDS	1,275,269	1,129,393	1,044,385
TOTAL ASSETS	5,497,592	5,131,862	4,748,383
INTERNATIONAL SOLVENCY MARGIN [N1]	152%	158%	173%

RESULTS 2022 - 2024
In Rand' Million



FINANCIAL POSITION 2022 - 2024
In Rand' Million



Chairman and executive management statement

for the year ended 31 December 2024

On behalf of the Board of Directors and as is customary, it is our privilege to present the Annual Financial Statements of African Reinsurance Corporation (South Africa) Limited ("the Company" or "Africa Re (SA)") for the year ended 31 December 2024. As we reflect on the year 2024, we are reminded of the resilience and adaptability that define both our nation and our industry. South Africa's economy grew by a modest 0.6% in real terms, a slight deceleration from 0.7% in 2023, constrained by structural challenges yet buoyed by glimmers of progress. Inflation moderated to an average of 4.4%, down from 6% in 2023, providing some relief to consumers and businesses alike. The formation of the Government of National Unity (GNU) in June 2024, following a historic election, signalled a new era of political cooperation, boosting investor sentiment and financial markets. The suspension of load-shedding since March 2024 marked a turning point, alleviating one of the economy's most persistent drags and supporting modest gains in manufacturing and services. Yet, unemployment rose to 33.5% by mid-year, and agriculture contracted sharply due to drought, underscoring the urgent need for deeper structural reforms to deliver inclusive growth.

South Africa is still the main operating market for the Company and it thus contributed to most factors that influenced the business during the year 2024. The year was the first full year in which the Company operated as a composite reinsurer after receiving regulatory variation of its licence to enable it to underwrite life reinsurance business since mid-2022. It is worth noting that the year under review was a catastrophe-free year after three preceding years that were characterised by both natural catastrophes being the Covid-19 and the Kwa-Zulu Natal floods and man-made catastrophe of Kwa-Zulu Natal riots in 2021. On the back of the aforementioned, 2023 was another year the industry saw improvements in pricing which is expected to contribute to improved profitability.

In this complex landscape, South Africa's reinsurance market navigated its own set of dynamics. Global reinsurance capacity expanded, with total dedicated capital reaching USD 650 billion by mid-2024, and South Africa's diversified risk profile continued to attract interest from global. However, softening rates and rising claims inflation pressured profitability, though reinsurers benefited from the tightening of terms and higher deductibles implemented in 2023. Natural catastrophe exposure remained a focal point for the industry, while emerging risks like cyber threats gained prominence. Competition intensified, with local reinsurers like ourselves facing challenges from global entrants, yet our deep market knowledge and strategic partnerships enabled us to maintain a steady course.

We delivered a strong performance in 2024, achieving a profit of R147 million, a 72.4% increase from R85.0 million in 2023. This growth was driven by a significant improvement in our reinsurance service result, which shifted from a loss of R6 million to a profit of R74 million, reflecting disciplined underwriting, effective claims management, and a relatively benign natural catastrophe environment.

Chairman and executive management statement

for the year ended 31 December 2024 *(Continued)*

Our reinsurance revenue grew by 12.1% to R2,792million, demonstrating our ability to expand premiums in a competitive market. A marginal increase was recorded on reinsurance service expenses of 3.4% or R2,327 million which enabled the Company to register growth of 94.5% to R465 million in reinsurance service result before recovery on retrocession contracts held. Retrocession costs increased by 57.8% to R387 million, influenced by the continued hard retrocession market following the rate hardening in 2023. This resulted in higher risk transfer costs, as capacity constraints and tighter underwriting conditions persisted. Despite these pressures, our net underwriting margin remained resilient, underpinned by prudent risk. It should be noted that reinsurance service expenses in 2024 improved, with the ratio improving from 90.3% in 2023 to 83.3% in 2024, benefiting from a relatively benign natural catastrophe environment and continued enhancements in claims handling. However, claims inflation persisted, particularly in motor lines, driven by rising repair costs and legal expenses. To mitigate these pressures, we strengthened our reserving strategies and adjusted our pricing models accordingly.

Investment income grew by 7.9% to R247 million, benefiting from elevated interest rates and tactical asset allocations. Our net reinsurance financial result declined to a loss of R23 million, primarily due to the increase in discount rate unwinding expenses. We have adopted an Asset-Liability Management (ALM) model, ensuring that our investment strategy is aligned with liability profiles to enhance financial stability. While this approach has improved balance sheet resilience, it also requires careful monitoring to balance return optimisation and liquidity management.

On the balance sheet, total equity increased by 12.9% to R1,276 million, reinforcing our capital strength, total assets increased by 6.5% to R5,467 million driven by a 14% increase in financial assets to R4,316 million moderated by a 5.7% reduction in retrocession contract assets to R1,060 million in 2024 and total liabilities recorded a 5.2% increase to R4,191 million as at December 2024. Our combined ratio improved to 101%, reflecting enhanced underwriting discipline, though competitive pressures and inflationary trends remain key factors to monitor in 2025.

The full implementation of IFRS 17 increased compliance demands but reinforced our commitment to transparency and financial discipline. Looking ahead, we anticipate further regulatory developments in 2025, particularly around climate risk disclosures and cyber risk management, as signalled by the Financial Sector Conduct Authority (FSCA). These changes, while increasing operational costs, will enhance the sector's long-term stability.

As a subsidiary of the African Reinsurance Corporation (Africa Re), we benefit from our parent company's strong financial stability. Africa Re maintained its robust credit ratings in 2024, with an A (Excellent) rating from A.M. Best and an A- (Strong) rating from Standard & Poor's. These ratings reflect solid enterprise risk management, a leading market position in Africa, and a combined ratio of 89% through Q3 2024, alongside a net income of USD 131 million. Additionally, our unconditional parental guarantee from Africa Re enhances our creditworthiness, bolstering stakeholder confidence and securing competitive terms in the market.

Chairman and executive management statement

for the year ended 31 December 2024 *(Continued)*

We significantly strengthened our solvency position under the SAM framework in 2024. Our Solvency Capital Requirement (SCR) coverage ratio improved in 2024 reflecting a robust capital base of R1,355 million against an SCR of R567 million. Additionally, our Minimum Capital Requirement (MCR) coverage ratio rose supported by a 10.5% increase in basic own funds and a 6.7% rise in total assets to R5,620 million. This enhanced capital position, coupled with our rigorous risk management, ensures resilience against potential shocks and positions us well for future growth.

We remain grateful to all of our valued partners, cedants and intermediaries who have continued to show confidence in Africa Re (SA) and the African Reinsurance Corporation Group as a whole, which is reflected in the sustained growth of the Company's income over the years. Our appreciation also goes to our colleagues on the Board, who continue to assist in their effective oversight of the development and consolidation of the Company.

During the year, the composition of the Board and its Committees remained in full compliance with the applicable requirements of the Companies Act 2008, the Short-Term Insurance Act 1998 as amended, and the new Insurance Act 2017. The Board of Directors met physically three times.

The Directors who served during the year were:

C Karekezi (Rwandese) - (Non-executive Chairman)

F B S M Fléjou (French) - (Independent, Non-executive Director)

T Baloyi - (Independent, Non-executive Director)

F Petersen-Cook - (Independent, Non-executive Director

Sere M Kaba (Guinean) - (Independent, Non-executive Director)

Elvin De Kock - (Independent, Non-executive Director)

N Nkosi - (Independent, Non-executive Director) (appointed 07 May 2024)

A N Tennick - (Managing Director)

Sudadi K. Senganda (Rwandese) - (Executive Director)

The Audit Committee met three times during the course of the 2024 financial year. The Committee's report is separately included elsewhere in these financial statements just as is the report of the Social, Ethics and Transformation Committee. The Board's other committees are: Remuneration and Human Resources Committee, Risk and Underwriting Committee, Nominations and Governance Committee as well as Finance and Investment Committee. The Board is satisfied with the performance of all the Committees and believes that their work has greatly strengthened the effectiveness of its oversight responsibilities. The annual self-evaluation of the performance of Directors, Committees and the Board was conducted in 2024 from which areas requiring improvement are receiving appropriate attention.

During the year, the Board maintained the services of Messrs. Deloitte & Touche South Africa as the external auditors for the Company. Similarly, consistent with the new Insurance Act, the Board endorsed the retention and designation of all heads of control functions, evenly spread

Chairman and executive management statement

for the year ended 31 December 2024 *(Continued)*

as between two employees and two outsourced service providers. The Board will continue to ensure the independence, integrity and resourcefulness of control functionaries as a way of maintaining adequate controls over the Company's affairs. The external auditors and all control functionaries do have unfettered access to the Board directly and through the relevant Committees, with reporting and interaction on both regular and ad-hoc basis. The Board is pleased to note that the Company remained compliant with all applicable legislation through-out the year.

Corporate Social Responsibility remains a key priority for the Company. During the year, the Company continued its support to its adopted school, contributed bursary funds to facilitate the education of certain disadvantaged learners and has undertaken a number of initiatives aimed at creating health awareness among the staff and the community. All this is described in greater detail in the report of the Social, Ethics & Transformation Committee. The Company continues to seek out worthy individuals and causes and provides ongoing support to a number of these initiatives.

We acknowledge that our employees are undoubtedly our most important resource and we believe that each and every staff member contributes meaningfully towards the development of the Company. The Company in turn provides support to the professional and personal self-development initiatives of staff through which employees continue to record progress in their academic and professional pursuits. We will continue to develop a conducive and supportive environment where each employee is able to reach their full potential and to share in the success of our business.

In this regard, the Company will continue to strive to attract, develop and retain the very best talent, focussing on the right rewards and incentives whilst allowing staff to achieve a balance between both personal and professional capabilities. We remain grateful to all staff for all their valued efforts and for their commitment to the Company.

In concluding, the Board acknowledges that 2024 was another good year during which the Company was able to record a remarkable performance. In the circumstances, the Company remains focused on repositioning itself for an improved and sustainable performance in the medium term, underpinned by standard underwriting practices, operational efficiency and service excellence.

Dr. Corneille Karekezi
Chairman
30 April 2025

Andrew N Tennick
Managing Director
30 April 2025

Board of Directors and Executive Management

Corneille Karekezi
Non-executive Chairman

Frederic Fléjou
Independent,
Non-executive Director

Themba Baloyi
Independent,
Non-executive Director

Fagmeedah Petersen-Cook
Independent,
Non-executive Director

Andrew N Tennick
Managing Director

Sere M Kaba
Independent,
Non-executive Director

Elvin De Kock
Independent,
Non-executive Director

Nobuhle Nkosi
Incoming Independent,
Non-executive Director
(appointed 07 May 2024)

Sudadi K Senganda
Executive Director

Vuyo Rankoe
General Manager,
Technical Operations

Pranil Sharma
General Manager, Life

Directors' responsibilities and Approval

for the year ended 31 December 2024

The Directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. These annual financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB®) and it is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the Company, and explain the transactions and financial position of the Company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the Company and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by Management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the Directors have no reason to believe that the Company will not be a going concern in the foreseeable future. The annual financial statements support the viability of the Company.

The external auditors are responsible for independently auditing and reporting on the Company's financial statements. The financial statements have been examined by the Company's external auditors and their unqualified audit report is presented on pages 13 to 20.

The annual financial statements set out on pages 17 to 73, and the supplementary information set out on page which have been prepared on the going concern basis, were approved by the Directors and were signed on 30 April 2025.

Dr. Corneille Karekezi
Chairman
30 April 2025

Andrew N Tennick
Managing Director
30 April 2025

Report by the Social, Ethics and Transformation Committee

for the year ended 31 December 2024

The Social, Ethics and Transformation Committee ("the Committee") is pleased to present this report on its activities for the year 2024 to the Board and to the Shareholder. Although the Committee is a creation of the Companies Act 2008 and the King Report on Corporate Governance, the Company as a member of the Africa Re Group has always voluntarily subscribed to the highest levels of ethics and undertaken tangible social responsibility initiatives. The continued implementation of the statutory and best-practice corporate governance requirements has therefore not posed any difficulty for the Company. The Committee is also responsible for overseeing the Company's transformation journey.

The Committee operates under a Charter that complies with the Companies Act and King IV requirements, that is approved by the Board of Directors and that is reviewed annually. This Charter was updated during the year under review with no major changes. The amendments made in 2019 to sharpen the Committee's focus on Transformation and to upgrade the Committee's work to meet King IV requirements remained in place throughout the year. Copies of the Charter are available on request from the Company Secretary. The key areas of responsibility for the Committee which are amplified in the revised Charter include the following:

- Responsible corporate citizenship
- Stakeholder relations
- Social and ethical issues impacting employment, labour relations and employee welfare
- Ethics and code of conduct compliance
- Transformation, employment equity and empowerment
- Environmental, social and governance (ESG) issues
- Environment, health and public safety
- Sustainability, social and economic development
- Climate change
- Regulatory, statutory and best-practice compliance.

The Committee discharged its statutory duties and other responsibilities unhindered during the year. The Committee reaffirmed its purpose and the continued relevance of its Charter. It updated its workplan and reconfirmed the existing structures and documents relevant to its work, while also promoting the Company's social responsibility initiatives. The Committee monitored and proposed practical steps towards the implementation of the Company's Transformation Policy and the Transformation Plan for the Company. Specifically, following the achievement of a Level 6 B-BBEE compliance status for the first time for the 2023 financial year, the Committee directed the Management preparation and Board approval of specific programmes that would enable the Company to sustain and possibly improve on its compliance status under the Broad-Based Black Economic Empowerment Act into the future. The Committee also reviewed and monitored the Company's employment equity reports and plans. The Committee will continue to work for the practical implementation and the realisation of the key objectives of these vital documents.

Report by the Social, Ethics and Transformation Committee

for the year ended 31 December 2024 *(Continued)*

The annual Wellness Day for employees was held during the year, together with the execution of other usual programmes and projects under the Committee's mandate. The Committee is satisfied with the many projects that were successfully executed under its mandate both for members of staff and the larger society. The Committee continued to monitor the implementation of agreed Transformation initiatives and produced a number of new initiatives for accelerating the pace of transformation in the Company. With the approval of the Board, these initiatives will continue to be implemented in the Company. In addition, the Company implemented impactful programmes in the course of the year, on themes like health, education, and Enterprise Development. The provision of sanitary pads for female learners in some designated rural schools continued throughout the year.

In order to achieve black economic empowerment compliance as envisaged in the Transformation Plan, the Company has set minimum requirements of B-BBEE compliance for its service providers, focused recruitment activities on specified target groups as well as directed spending towards skills, economic and social development of the black population. Under the guidance of the Committee, the Company has identified partner organisations for undertaking additional projects that will enhance its transformation and economic empowerment credentials. One such new initiative is the advancement of interest-free loans to three Black-owned companies in different sectors during the year. These initiatives form part of the specific programmes identified during the year that will continue to be implemented on a sustained basis.

While training belongs squarely to the remit of the Remuneration and Human Resources Committee of the Board, the Social, Ethics and Transformation remains pleased with the progress that the Company is making in using training to enhance its transformation credentials through the upskilling of employed and unemployed persons from designated population groups. It particularly commends the continued partnership with the Insurance Sector Training Authority (INSETA) through which the Company continues to provide learnership and internship programmes to unemployed graduates and school leavers, train middle management staff, and sponsored a number of other training and skill development programmes for employees mainly from the designated population groups. The Committee is pleased that a learnership programme was also undertaken for unemployed youth hosted in other organisations. The Committee hopes for a continuation of these programmes into the foreseeable future.

The Committee continued to play its role in promoting the Company's adherence to sound ethics, improved communication and to an appropriate policy framework on health and safety matters for staff, and sustained employee assistance initiative through ICAS to provide professional support to employees and their families. The ICAS Employee Wellness programme continued to receive employee patronage and, happily, was very helpful under the difficult economic circumstances.

Report by the Social, Ethics and Transformation Committee

for the year ended 31 December 2024 *(Continued)*

During 2020, the Committee oversaw the conduct of an organisational culture survey through the internal administration of survey questionnaire and external collation of its results. The results of the survey suggested the need for a deeper dive into culture and work climate issues in the Company by an external consultant. This was planned for 2021 but could not hold on account of the lockdown restrictions. This also did not materialise in 2022 under the prevailing remote working conditions across the Group. The Committee is pleased that a consultant was engaged in 2023 to facilitate this project in 2024. In the interim, the Committee directed an updated internal survey that yielded results showing an improved cultural environment. The Company has continued to promote measures at keeping employees safe and productive in a hygienic environment.

The Committee actively encourages gender equality and drives initiatives aimed at combating unfair discrimination and reducing corruption. Whistleblower Policy and anonymous reporting facilities are in place to encourage unfettered disclosure of any legal, policy, procedural or other ethical breaches involving staff and other stakeholders in the Company. No incidents were reported during the year.

The Committee worked on improving the few areas highlighted for improvement in the annual performance evaluation exercises. The Committee looks forward to the next performance evaluation exercise with confidence and enthusiasm.

The Committee met four times during the year with all members in attendance, which included one special meeting focused on Transformation in October 2024. Apart from its members, the Committee's meetings are regularly attended by another director and other personnel on the invitation of the Committee, who may be required to assist the Committee in its work. The members of staff of the Company have unrestricted access to the Committee and to its chairperson.

During the year, the Committee's membership recorded substantial changes with the appointment of Mr. De Kock as the Chairperson of the Committee and the appointment of Ms. Nobuhle Nkosi as a Director and Member of the Committee. The Committee remained fully compliant with the requirements of the Companies Act 2008 notwithstanding these changes. The composition of the Committee during the year was as follows:

Elvin De Kock - Independent non-executive Director (Chairperson) - from January 2024

Fagmeedah Petersen-Cook- Independent non-executive Director (Member)

Nobuhle Nkosi - Independent non-executive Director (Member) – appointed May 2024

Andrew Tennick - Managing Director (Member)

Sudadi Senganda- Executive Director, Finance & Admin (Member)

Simiso Ndlovu - Human Resources & Compliance Officer (Member)

Tshimangadzo Ramada- Technical Accounts Officer

Report by the Social, Ethics and Transformation Committee

for the year ended 31 December 2024 *(Continued)*

The Committee is pleased to welcome Ms. Nobuhle Nkosi as a member of the Committee and look forward to her contributions during her tenure.

Members of the Committee are satisfied with the Company's continued implementation of processes, resources, activities and assurances in relation to the transformation, social responsibility, ethics, employee relations and other matters within the scope of the Committee's work; that the Committee has fulfilled its objectives; and that the requirements of the Companies Act in relation to the statutory responsibilities of the Committee have been complied with during the year ended 31 December 2024.

The Committee would like to place on record its appreciation for the trust, confidence and tremendous support it enjoys from the Board of Directors and, in particular, for the special approval received from the Board on the Transformation initiatives formulated at the instance of the Committee. Special appreciation goes to Director Themba Baloyi who continued to attend and contribute significantly during the Committee's meetings. The Committee also appreciates Management's endurance and commitment to the development of new initiatives aimed at improving the Company's transformation credentials. The Committee acknowledges the continued partial disbursement of the US$250,000 allocation by the Africa Re Group through its Africa Re Foundation, in support of efforts to confront the coronavirus pandemic in South Africa. It is noteworthy that the disbursements so far have been to direct and impactful efforts at fighting the virus and at limiting its devastating impact – including the extension during the year to fund cataract surgeries that were delayed by the emergency attention commanded while the pandemic prevailed. The Committee will continue to work with the Africa Re Foundation to identify similar worthy causes for its intervention in all the markets served by the Company.

For and on behalf of the Social, Ethics and Transformation Committee:

Elvin De Kock
Chairperson
30 April 2025

Report of the Audit Committee

for the year ended 31 December 2024

The Audit Committee is pleased to present this report on its activities for the financial year 2024 to the Board and to the Shareholder.

The Audit Committee discharged its responsibilities unhindered during the year and was able to confirm the effectiveness and adequacy of the Company's system of financial accounting, internal controls, statutory and regulatory compliance, and financial reporting. The Committee is also satisfied with the progress made during the year to update the documentation and enhance the system of internal controls, especially the continued incremental implementation of a software-driven Compliance Strategy, as well as the operationalisation of the Combined Assurance Framework. The Committee reviewed reports presented by Management, by the Head of Actuarial Control function as well as by the internal and external audit functions and was satisfied with explanations provided on its observations. The Committee is confident that these developments further enhance the adequacy and effectiveness of the Company's system of internal control.

The Audit Committee met thrice during the year with all members in attendance at all the meetings. Apart from its members, the Committee's meetings are also regularly attended on its invitation by members of Executive Management, the heads of actuarial, risk management and compliance control functions as well as by internal and external audit personnel. The year 2024 represented the second under the three-year internal audit plan. The internal audit function maintained the services of a professional services firm based in South Africa to assist it with the audit of regulatory compliance and other peculiarly South African aspects of the business. The Committee is pleased with the complementary nature of the audit arrangement that draws on the relative strengths of the audit personnel regarding the Company's business, policy and regulatory environments. The 2024 internal audit reports included a status report on the implementation of previous internal audit to the Committee's satisfaction. The internal and external audit personnel as well as all heads of control functions have unrestricted access to the Committee and to its Chairman.

Messrs. Deloitte South Africa concluded their fifth year as the Company's external auditors with the audit of the 2022 financial statements. The Committee with Board and Shareholder approval retained their services under a new Audit Partner for the second year in order not to disrupt the implementation of the new financial reporting standards, IFRS9 and IFRS17. The Committee reviewed their terms of engagement and was satisfied with their independence as well as with the adequacy of the audit procedures applied in their audit of the Company's financial statements together with their judgment thereon as well as the recommendations contained in their management letter.

Report of the Audit Committee

for the year ended 31 December 2024

The Committee enjoyed relative stability in its membership during the year. Ms. Nkosi joined the committee in May 2024 and participated fully in the two Committee's meetings held after her joining during the year. The Committee's membership was fully compliant with the requirements of the Companies Act 2008 throughout the year. The composition of the Committee during the year was as follows:

F B S M Fléjou - Independent non-executive Director (Chairman)
T Baloyi - Independent non-executive Director (Member)
F Petersen-Cook - Independent non-executive Director (Member)
S M Kaba - Independent non-executive Director (Member)
E C De Kock - Independent non-executive Director (Member)
N Nkosi - Independent non-executive Director (Member) (appointed 07 May 2024)

Members of the Committee are satisfied with the processes followed, resources in place and assurances obtained in relation to the financial management of the Company; we believe that the accounting practices are effective and would therefore recommend the approval of these audited financial statements for the year ended 31 December 2024.

For and on behalf of the Audit Committee:

F. Flejou

Frédéric B S M Fléjou
Chairperson
30 April 2025

Directors' report

for the year ended 31 December 2024

The Directors are pleased to present the Directors' report of the Company for the year ended 31 December 2024

1. **Business**

   The business of the Company is that of a professional composite reinsurer for both long-term and short-term reinsurance business. Following an application submitted in 2019, the Prudential Authority with the required concurrence of the Financial Sector Conduct Authority granted the Company a variation on its license enabling the Company to transact as a composite reinsurer.

   The operating results and statement of financial position of the Company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. **Dividends**

   The Directors did not declare or pay a dividend during the year (2023: Nil).

3. **Directors**

   The Directors of the Company during the year and up to the date of this report are as follows:

   Dr. Corneille Karekezi (Rwandese)
   Non-executive Chairman

   Frédéric B S M Fléjou (French)
   Lead Independent non-executive Director

   Themba Baloyi
   Independent non-executive Director

   Fagmeedah Petersen-Cook
   Independent non-executive Director

   Sere M Kaba (Guinean)
   Independent non-executive Director

   Elvin C De Kock
   Independent non-executive Director

   Nobuhle Nkosi
   Independent non-executive Director

   Andrew N. Tennick - Managing Director

   Sengada K Sudadi (Rwandese) - Executive Director, Finance & Admin

4. **Secretary**

   Nokubonga Zuma
   18 Glenhove Road
   Melrose Estate, Johannesburg, 2196

5. **Auditor**

   Deloitte & Touche South Africa was appointed the statutory auditor of the Company and have indicated their willingness to continue in office.

By order of the Board

Nokubonga Zuma
Company Secretary
30 April 2025

Independent auditor's report

for the year ended 31 December 2024

To the Shareholders of African Reinsurance Corporation (SA) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of African Reinsurance Corporation (SA) Limited set out on pages 21 to 87, which comprise the statement of financial position as at 31 December 2024; and the statement of profit or loss and other comprehensive income; the statement of changes in equity; and the statement of cash flows for the year then ended; and notes to the financial statements, including material accounting policy information. In our opinion, the financial statements present fairly, in all material respects, the financial position of African Reinsurance Corporation (SA) Limited as at 31 December 2024, and its financial performance and cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

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 Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa.

The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the nature and extent of our audit work and in evaluating the results of our work.

Independent auditor's report

for the year ended 31 December 2024 (Continued)

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality for African Reinsurance Corporation (SA) Limited	
Overall materiality	R27 million (2023: R24 million) .
How we determined it	Based on 1% (2023: 1%) of Reinsurance contract revenue
Rationale for benchmark applied	A key judgement in determining materiality is the appropriate benchmark to select, based on our perception of the needs of the Shareholder. We considered which benchmarks and key performance indicators have the greatest bearing on Shareholder decisions. We determined Reinsurance Contract Revenue (Premiums) to represent a key component of the financial statements and as an area of focus for users of the financial statements.

Key Audit Matters

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

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

Key Audit Matter	How the matter was addressed in the audit
Valuation of Reinsurance Contract Liabilities for African Reinsurance Corporation (SA) Limited "ARCSA". Note 14 : Roll Forward - Reinsurance (Amounts below shown in R'000)	
As at 31 December 2024 ARCSA held Reinsurance Contract Liabilities of RI,900,984 split between: 1. Non-life division: Reinsurance Contract Liability of RI 443 798 (which includes a Liability for Incurred Claims ("UC"). 2. Life division: Reinsurance Contract Liability of -R2,034; and 3. Amounts due to retrocessionaire of R459,220.	To address the key audit matter, we have performed the following audit procedures in conjunction with our Actuarial Specialists: ▪ Obtained an understanding of the process for determining the reinsurance contract liability. ▪ Tested the design and implementation of relevant controls within the Reinsurance Contract Liability process to assess audit risks associated with the liability.

Continues on next page

Independent auditor's report

for the year ended 31 December 2024 (Continued)

Significant judgement and estimation was applied in determining the value of the non-Life LIC to be recognised in the financial statements as it relates to the selection of actuarial methods and assumptions relating to the value of expected future cash flows. In estimating the LIC, ARCSA actuaries have used the following methods: ▪ The Chain Ladder method based on paid and incurred data; ▪ The Bornheutter-Ferguson method; and ▪ The Expected Loss Ratio method. The most significant inputs in determining the LIC are the expected loss ratio and the accuracy of the underlying data as this is used to determine the expected future cash flows. We have pinpointed our KAM to the LIC component of the Non-life Reinsurance Contract Liability due to the complexity and materiality of this estimate, and level of judgment and estimation applied by management in the selection of actuarial methods and assumptions relating to the value of expected future cash flows to derive this estimate.	▪ With the assistance of our actuarial specialists, independently assessed the Incurred But Not Reported component_ of the best estimate liability, the unallocated loss adjustment expense, the claims handling expense reserve, allowance for risk of non-performance and risk adjustment. The impact of discounting was also considered. ▪ On a sample basis, tested the Outstanding Claims against the most recently available information from assessors to determine the validity of the claim. ▪ Independently evaluated management's approach and results on determining Pipeline Claims. ▪ Evaluated the appropriateness of the loss ratio assumptions. ▪ On a sample basis, tested the reliability and completeness of the underlying data used as the basis for the valuation of the LIC. ▪ We engaged Deloitte Actuaries to assess the appropriateness of the models implemented by ARCSA. We used traditionally accepted actuarial techniques in our assessment, including the Chain Ladder {"BCL") method, Loss Ratio (11LR") method and the Bornhuetter-Ferguson (11BF") method. ▪ Assessed the appropriateness of the disclosures relating to the valuation of the LIC against the requirements of IFRS 17, with the assistance of our actuarial specialist team. Based on the procedures performed over the valuation of IFRS 17 non-life Reinsurance contract liabilities no material misstatements were noted.

Independent auditor's report

for the year ended 31 December 2024 (Continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled 11African Reinsurance Corporation (SA) Limited Annual Financial Statements for the year ended 31 December 2024" which includes Directors' Report as required by the Companies Act of South Africa, Financial highlights, Chairman and executive management statement, Directors' Responsibilities and Approval, Report by the Social, Ethics and Transformation Committee, Report of the Audit Committee, Detailed Income Statement and the Declaration by the company secretary. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud

Independent auditor's report

for the year ended 31 December 2024 (Continued)

is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

Audit Tenure

In terms of the IRBA Rule published in Government Gazette No. 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of African Reinsurance Corporation Limited for 7 years.

Deloitte & Touche

Documented by: Deloitte & Touche,
Registered Auditor
Per: Kelby Moothoosamy, Senior Associate Director
5 Magwa Crescent, Waterfall, 2090
13 May 2025

Statement of Financial Position

for the year ended 31 December 2024

	Notes	2024 R'000	2023 R'000
Assets			
Cash and cash equivalents	4	69,872	69,115
Financial Assets at fair value through profit or loss	5	1,485,516	1,186,089
Financial Assets at amortised cost	5	2,830,454	2,618,932
Reinsurance contract assets	6	45	89,693
Retrocession contract assets	6	1,060,133	1,124,661
Property, plant and equipment	7	971	1,377
Accounts receivable	8	6,323	15,164
Current tax assets	9	13,465	26,832
Total Assets		**5,466,779**	**5,131,863**
Liabilities			
Retrocession contract liabilities	6	43	6
Reinsurance contract liabilities	6	1,900,984	1,634,605
Deferred tax liabilities	10	19,874	16,382
Other provisions and accruals	11	29,089	21,344
Deposits due to retrocessionaire	12	2.169,888	2,239,010
Amounts due to holding company	13	70,954	91,124
Total liabilities		**4,190,832**	**4,002,471**
Equity			
Share capital and share premium	27	80,300	80,300
Retained income		1,143,945	997,390
Contingency reserve		51,702	51,702
Total equity		**1,275,947**	**1,129,392**
Total equity and liabilities		**5,466,779**	**5,131,863**

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2024

	Notes	2024 R'000	2023 R'000
Reinsurance revenue	17	2,792,315	2,490,270
Reinsurance service expense		(2,326,879)	(2,251,013)
Reinsurance service result before retrocession contracts held		**465,436**	**239,257**
Allocation of retrocession premiums		(1,953,358)	(1,775,654)
Amounts recoverable from retrocessionaires for incurred claims		1,566,662	1,530,670
Net expenses from reinsurance contracts held		**(386,696)**	**(244,984)**
Reinsurance service result		**78,740**	**(5,727)**
Interest income on investments	18	199,595	169,464
Other finance income		5,623	4,794
Net fair value gain/(losses) on investments		44,366	23,097
Impairment loss on financial assets		(167)	(497)
Net foreign exchange (expense)/income		(2,832)	31,628
Net investment income		**246,585**	**228,486**
Reinsurance finance expenses for reinsurance contracts issued	18	(94,494)	(75,904)
Finance income from retrocession contracts held		71,147	61,257
Net reinsurance financial result		**(23,347)**	**(14,647)**
Other income		1,233	1,012
Management expenses		(107,162)	(96,450)
Profit before tax		**196,049**	**112,674**
Income tax expense	20	(49,494)	(27,667)
Profit for the year		**146,555**	**85,007**

Statement of Changes in Equity

for the year ended 31 December 2024

	Issued share capital and share premium R'000	Contingency reserve R'000	Retained income R'000	Total R'000
Balance at 1 January 2023	80,300	51,702	912,383	1,044,385
Changes in equity				
Profit for the year	-	-	85,007	85,007
Total comprehensive income for the year	-	-	85,007	85,007
Balance at 31 December 2023	**80,300**	**51,702**	**997,390**	**1,129,392**
Balance at 1 January 2024	80,300	51,702	**997,390**	**1,129,392**
Changes in equity				
Profit for the year	**-**	**-**	146,555	146,555
Total comprehensive income for the year	**-**	**-**	146,555	146,555
Balance at 31 December 2024	**80,300**	**51,702**	**1,143,945**	**1,275,947**

Statement of Cash Flows

for the year ended 31 December 2024

	Notes	2024 R'000	2023 R'000
Net cash flows from operations	32	**300,796**	**435,845**
Income taxes paid		(32,635)	(38,559)
Net cash flows from operations		**268,161**	**397,286**
Cash flows used in investing activities			
Purchases of property, plant and equipment		547	(1,094)
Net purchases and disposals of investments		(467,570)	(535,370)
Dividends received		5,623	4,794
Interest paid		(113,025)	(86,261)
Interest received net of investment management fees		307,023	274,506
Cash flows used in investing activities		**(267,402)**	**(343,426)**
Net increase in cash and cash equivalents		**759**	**53,860**
Cash and cash equivalents at the beginning of the year		69,115	15,255
Cash and cash equivalents at the end of the year	4	**69,872**	**69,115**

Accounting Policies

for the year ended 31 December 2024

General information

African Reinsurance Corporation (South Africa) Limited or ("the Company") is a professional reinsurer underwriting life and non-life insurance risks in the domestic and regional markets. The Company is a public company incorporated and domiciled in the Republic of South Africa. The Company is a wholly owned subsidiary of African Reinsurance Corporation established under the auspices of the African Union with headquarters in Nigeria and operating offices located across the African continent.

The Company is domiciled in Johannesburg. The address of its registered office is: Africa Re Place, 18 Glenhove Road, Melrose Estate, Johannesburg, 2196.

1. Changes in accounting policies and disclosures

1.1 Standards and Interpretations effective and adopted in the current year

In the current year, the Company has adopted all new and revised IFRSs that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2014.

At the date of authorisation of these financial statements for the year ended 31 December 2024, the following IFRSs were adopted:

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1)

The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 16 to be accounted for as a sale.

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

Application of the above standards did not impact these financial statements.

Changes in accounting policies and disclosures continued...

1.2 New standards and interpretations not yet adopted

The Company has not applied the following new, revised or amended pronouncements that have been issued by the IASB as they are not yet effective for the annual financial year beginning 1 January 2024 (the list does not include information about new requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to the Company). The Directors anticipate that the new standards, amendments and interpretations will be adopted in the Company's financial statements when they become effective. The Company has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

Accounting Policies

for the year ended 31 December 2024

Changes in Accounting Policies and disclosures continued...

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

IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. Adoption of the Standard is voluntary pending legislative changes to the Companies Act.

IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. Adoption of the Standard is voluntary pending legislative changes to the Companies Act.

Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Amendments to the SASB standards to enhance their international applicability

The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics

Accounting for Foreign exchange

The Company adopts that reinsurance contracts (including the contractual service margin) with cash flows in more than one currency, will be translated using IAS 21 into its functional currency the Rand.

2. Accounting policies

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are highlighted below with more detail provided in the IFRS 17 Insurance Contracts note 4 below.

- Premium allocation approach eligibility
- Discount rates
- Risk adjustment for non-financial risk
- Liability for incurred claims

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the Companies Act of South Africa that are effective at the date of reporting – except that the Company has elected to align its implementation of IFRS 9, Financial Instruments with that of IFRS 17, Insurance Contracts. The Company's year end is 31 December and it publishes comparative information for one year. The financial statements have been prepared under the historical cost convention.

(b) Basis for preparation

The financial statements are prepared in South African Rand rounded to the nearest thousand. They are prepared on the historical cost basis except for financial assets that are stated at fair value. These financial statements are prepared on going concern basis.

The preparation of financial statements in conformity with IFRS requires Management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses at the date of the financial statements and for the reporting period. The estimates and associated assumptions are based on historical experience and Management's best knowledge of current events. These are believed to be reasonable under the circumstances and as a result actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis to take account of new and available information. Revisions to estimates are recognised prospectively.

Accounting Policies

for the year ended 31 December 2024

Accounting Policies continued...

(c) Classification of insurance contracts

Contracts under which the Company accepts significant insurance risk from another party (the reinsured) by agreeing to compensate the reinsured or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder client of the reinsured or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk. Contracts that do not transfer significant insurance risk are recorded using the deposit method of accounting, as investment contracts.

(d) Contingency reserve

A contingency reserve was provided for in terms of the Short-Term Insurance Act, 1998 that was in force up to 30 June 2018, and represented 10% of gross written premium less approved reinsurance (as defined in the Act). The reserve was treated as a separate component of shareholder's equity in the statement of financial position and transfers to or from the reserve as an appropriation in the statement of changes in equity. No adjustment has been made to the reserve subsequent to the 2012 financial year when the requirement for a contingency reserve was abolished (following a change in legislation whereby capital requirements became determined in terms of Board Notice 169 issued by the Financial Services Board at the time). Contingency reserve remains unrequired under the new Insurance Act, 2017 that became effective in July 2018.

(e) Lease payments

IFRS 16 was published in January 2017. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous Lease Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard became effective on 1 January 2019. The Company continues to be compliant with the Standard as it has opted to apply the short-term lease exemption due to the nature of the lease agreement in place with its landlord, Sherborne Number Ten Parktown Investments (Pty) Ltd.

The Company has further sub-leased part of the aforementioned property on a short term lease contract that undergoes annual review. The annual sub-lease income for the year under review was R132 480 (2023: R132 480).

(f) Employee benefits under defined contribution plan

A defined contribution plan is a plan under which the Company and employees of the Company pay fixed contributions into a separate fund. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

(g) Short-term employee benefits

The cost of short-term employee benefits is recognised in the period in which the service is rendered and are not discounted.

(h) Foreign currency transactions

Transactions in foreign currencies are converted at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Rand at the exchange rate ruling at that date. Foreign exchange differences arising on translations are recognised in the profit or loss account in the period in which the difference occurs.

Accounting Policies

for the year ended 31 December 2024

Accounting Policies continued...

(i) Property, plant and equipment

Equipment is stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated and charged to profit or loss on a straight-line basis over the estimated useful life of each item of equipment. The estimated useful lives of each category of equipment are as follows:

Motor vehicles	4 years
Computer equipment	3 years
Furniture and fittings	8 years
Office equipment	3 years

The depreciation method, residual value and useful life, if not insignificant, is reassessed annually at each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount (being, the higher of value in use and fair value less costs to sell), impairment losses are recognised to write down the value of the asset to its recoverable amount.

Gains and losses on disposal of equipment are determined by reference to sales proceeds and their carrying amounts at the date of sale and are recognised in profit or loss.

(j) Intangible assets

Intangible assets consist of purchased software. Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the estimated useful life of intangible assets. The estimated useful life of intangible assets is 3 years.

(k) Financial instruments Investments

The Company's investments are classified into the following categories, depending on the purpose for which the assets were acquired:

- An instrument is classified at fair value through profit or loss if it is held-for-trading or is designated as such upon initial recognition. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

- Investments held at amortized cost are non-derivative assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale. Investments held at amortized are carried at amortised cost using the effective interest method less any impairment losses.

Purchases of financial assets are recognised on the trade date, which is when the Company commits to purchase the assets.

Financial instruments are initially measured at fair values plus, in the case of financial instruments not at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. After initial recognition the Company measures financial instruments at fair values without any deduction for transaction costs that it may incur on disposal.

The fair value of quoted financial assets is their quoted bid price at the reporting date. Investment held at amortized cost assets are measured at amortised cost using the effective interest method, less impairment losses.

Realised gains and losses, and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss, are included in profit or loss in the period in which they arise. Where the financial assets are interest bearing, interest calculated using the effective interest method is recognised in profit or loss. Fair value movements will therefore exclude the interest.

The Company derecognises an asset:

- when the contractual rights to the cash flows from the asset expire;

Accounting Policies

for the year ended 31 December 2024

Accounting Policies continued...

- where there is a transfer of contractual rights to receive cash flows on the asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred; or
- where the Company retains the contractual right to the cash flows from these assets but assumes a corresponding liability to transfer these contractual rights to another party and consequently transfers substantially all of the risks and benefits associated with the assets.

Where the Company retains substantially all the risks and rewards of ownership of the financial asset, the Company continues to recognise the asset.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(l) Other receivables

Trade and other receivables are measured at amortised cost net of impairment for any amounts expected to be irrecoverable.

(m) Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of less than three months and are initially measured at fair value and subsequently measured at amortised cost.

(o) Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at the reporting date to determine whether there is any indication of impairment. If any such indication exists, the carrying value of the asset is reduced to the estimated recoverable amount by means of an impairment charge to profit or loss. The recoverable amount is the higher of its fair value less the cost to sell and its value in use.

In assessing value in use, the expected future cash flows from the asset 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.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years.

(p) Impairment of financial assets

The Company assesses at each reporting date whether there is a signifcant increase in credit risk that a financial asset is impaired.

A financial asset is impaired and impairment losses are incurred only if there is a significant increase in credit risk as a result of one or more events that have occurred after the initial recognition of the asset (a "loss event") and that such loss event (or events) has (or have) an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

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

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or a delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the recognition of those assets, although the decrease may not be identified with the individual financial assets in

Accounting Policies

for the year ended 31 December 2024

Accounting Policies continued...

the Company. This may include adverse changes in the payment status of issuers or debtors in the Company, or national or local economic conditions that correlate with defaults on the assets of the Company.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment loss has been incurred on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an impairment account and the amount of the loss is recognised in the statement of comprehensive income.

(q) Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(r) Taxation

Income tax for the period includes both current and deferred taxation. Normal income and deferred taxes are determined using taxation rates that have been enacted or substantively enacted by the reporting date.

Current tax is the expected tax payable on the taxable profit for the year and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, providing for all temporary differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax rates enacted or substantively enacted at the reporting date are used to determine deferred tax.

Deferred tax assets are recognised for tax losses carried forward only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are not discounted.

(s) Share capital

Shares are classified as equity where there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of the equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

(t) IFRS 17 Insurance Contracts

Summary of Significant Accounting Policies

Reinsurance and retrocession contracts classification

The Company issues reinsurance contracts and holds retrocession contracts. All reinsurance contracts written by the Company are protection contracts with coverage only provided in cases where an insured event exists, hence insurance risk is significant. No with-profit contracts, unit-linked contracts or annuity contracts are written by the Company. Solvency Relief Contracts issued also transfer significant insurance risk to the reinsurer. The Company offers several reinsurance product classes including: Accident, Agriculture, Aviation, Bonds & Guarantees, Energy, Oil & Gas, Engineering, Fire, Liability, Life, Marine, Miscellaneous, Motor, Non-Marine, Political Violence and Terrorism, and Whole Account.

Retrocession contracts held by the Company transfer risk from underlying reinsurance contracts which as described above include significant insurance risk. The retrocession classes held by the Company align to the Reinsurance classes above.

Reinsurance and retrocession contracts

Accounting Policies

for the year ended 31 December 2024

Accounting Policies continued...

accounting treatment Separating components from reinsurance and retrocession contracts

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

Level of aggregation

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

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

The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

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

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

- Portfolio-level target combined ratios
- Summary statistics (e.g projected portfolio-level combined ratios) produced by the actuarial and finance teams
- Indication from Underwriting Department of whether any contracts will be sold/have been sold on an onerous basis
- Review from finance and actuarial functions on any pricing and underwriting policies that govern pricing and underwriting functions.

The Company divides portfolios of retrocession contracts held applying the same principles set out above except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. For some groups of retrocession contracts held, a group can comprise a single contract.

Accounting Policies

for the year ended 31 December 2024

Accounting Policies continued...

Recognition

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

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous

The Company recognises a group of retrocession contracts held it has entered into from the earlier of the following:

The beginning of the coverage period of the group of retrocession contracts held. (However, the Company delays the recognition of a group of retrocession contracts held that provide proportionate coverage until the date any underlying reinsurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of retrocession contracts held.

And

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

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

Contract boundary

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

The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or

- l evel of benefits that fully reflects those risks

Or

- Both of the following criteria are satisfied:
- The Company has the practical ability to reassess the risks of the portfolio of reinsurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the reinsurance contract is not recognised. Such amounts relate to future reinsurance contracts.

Accounting Policies

for the year ended 31 December 2024

Accounting Policies continued...

Measurement	IFRS 17 Options	Adoted approach
Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general mode	It has been determined that all reinsurance contracts issues and retrocession contracts held under short term reinsurance business have a contract boundary of one year and are as a result all eligible for the PAA approach.
General Measurement Model	This default measurement model for groups of contracts under IFRS 17 Standard	It has been determined by the Company that reinsurance contracts issued and retrocession contracts held under the life business are measured applying the General Measurement Model
Reinsurance acquisition cash flows for reinsurance contracts issued	Where the coverage period of all contracts within a group is not longer than one year, reinsurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of reinsurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of reinsurance contracts and amortised over the coverage period of the related group.	Reinsurance acquisition cash flows are allocated to related groups of reinsurance contracts and amortised over the coverage period of the related group.
Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LFRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LFRC.	For all business, LFRC is adjusted for time value of money except where the services and related premium due date is no more a year.
Liability for Incurred Claims, (LFIC) adjusted for time value of money	Where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money	For all business the LFIC is adjusted for the time value of money except where the claims are expected to be paid within a year of the date that the claims is incurred.
Reinsurance finance income and expense	There is an option to disaggregate part of the movement in LFIC resulting from changes in discount rates and present this in OCI.	For all business, the change in LFIC as a result of changes in discount rates will be captured within profit or loss.

Accounting Policies

for the year ended 31 December 2024

Accounting Policies continued...

Reinsurance Contracts Measured Under PAA – Initial Measurement

The Company applies the premium allocation approach (PAA) to all the reinsurance contracts that it issues and retrocession contracts that it holds for the short term business, as:

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

Or

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

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

- The extent of future cash flows related to any derivatives embedded in the contracts

- The length of the coverage period of the group of contracts

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

- The premiums, if any, received at initial recognition

- Minus any reinsurance acquisition cash flows at that date

- Plus or minus any amount arising from the derecognition at that date of the asset recognised for reinsurance acquisition cash flows and

- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of reinsurance contracts is recognised.

For all business, liability for remaining coverage will be discounted i.e. there is allowance for time value of money.

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

Reinsurance Contracts Not Measured Under PAA – Initial Measurement

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

- The fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and

- The Contractual Service Margin (CSM).

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

The CSM of a group of reinsurance contracts represents the unearned profit that the Company will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of:

- The fulfilment cash flows,

- Any cash flows arising at that date and

- Any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for reinsurance acquisition cash flows).

If the total is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

Accounting Policies
for the year ended 31 December 2024

Accounting Policies continued...

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from reinsurance revenue.

Retrocession Contracts Held Measured Under PAA – Initial Measurement

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

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

The Company calculates the loss-recovery component by multiplying a loss component by the expected claims recovery ratio. This option is favoured as it is perceived to be better aligned to the pattern of expected claims outgo during the coverage period of a group of contracts.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Retrocession Contracts Held Not Measured Under PAA – Initial Measurement

The Company measures its retrocession assets for a group of retrocession contracts that it holds on the same basis as reinsurance contracts that it issues, with the following modifications:

The carrying amount of a group of retrocession contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises

- The fulfilment cash flows that relate to services that will be received under the contracts in future periods and
- Any remaining CSM at that date.

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying reinsurance contracts, with an adjustment for any risk of non-performance by the retrocessionaire. The effect of the non-performance risk of the retrocessionaire is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss. The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the retrocessionaire.

On initial recognition, the CSM of a group of retrocession contracts represents a net cost or net gain on purchasing the retrocession contract. It is measured as the equal and opposite amount of the total of:

- The fulfilment cash flows,
- Any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group,
- Any cash flows arising at that date and
- Any income recognised in profit or loss because of onerous underlying contracts recognised at that date.

However, if any net cost on purchasing a retrocession contract relates to insured events that occurred before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.

If the retrocession contract covers only some of the reinsurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the retrocession contract. A loss-recovery component is created or adjusted for the group of retrocession contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the retrocession contracts and are excluded from the allocation of retrocession premiums paid.

Reinsurance Contracts Measured Under PAA – Subsequent Measurement

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

Accounting Policies

for the year ended 31 December 2024

Accounting Policies continued...

- Plus premiums received in the period
- Minus reinsurance acquisition cash flows
- Plus any amounts relating to the amortisation of the reinsurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as reinsurance revenue for the services provided in the period
- Minus any investment component paid or transferred to the liability for incurred claims

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

Where, during the coverage period, facts and circumstances indicate that a group of reinsurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

Reinsurance acquisition cash flows are allocated on a straight-line basis as a portion of premium to profit or loss (through reinsurance revenue).

Reinsurance Contracts Not Measured Under PAA - Subsequent Measurement

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises;

- The fulfilment cash flows that relate to services that will be provided under the contracts in future periods and
- Any remaining CSM at that date.

The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

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

- Changes relating to future services - Adjusted against the CSM (or recognised in the reinsurance service result in profit or loss if the group is onerous)
- Changes relating to current or past services - Recognised in the reinsurance service result in profit or loss
- Effects of the time value of money, financial risk and changes therein on estimated future cash flows - Recognised as reinsurance finance income or expenses

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- Any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss
- the effect of any currency exchange differences on the CSM; and
- The amount recognised as reinsurance revenue because of the services provided in the year

Retrocession Contracts Held MeasuredUnder PAA - Subsequent Measurement

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

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

Accounting Policies

for the year ended 31 December 2024

Accounting Policies continued...

Retrocession Contracts Held Not Measured Under PAA – Subsequent Measurement

The Company measures its retrocession assets for a group of retrocession contracts that it holds on the same basis as reinsurance contracts that it issues, with the following modifications:

The carrying amount of a group of retrocession contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises

- The fulfilment cash flows that relate to services that will be received under the contracts in future periods and
- Any remaining CSM at that date.

The Company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying reinsurance contracts, with an adjustment for any risk of non-performance by the retrocessionaire. The effect of the non-performance risk of the retrocessionaire is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss. The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the retrocessionaire.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- The CSM of any new contracts that are added to the group in the year;
- Interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- Income recognised in profit or loss in the year on initial recognition of onerous underlying contracts;
- Reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of retrocession contracts;

Changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial

- recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- The effect of any currency exchange differences on the CSM; and
- The amount recognised in profit or loss because of the services received in the year.

The Company adjusts the CSM of the group to which a retrocession contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts.

If the retrocession contract covers only some of the reinsurance contracts included in an onerous group of contracts, then the Company uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the retrocession contract. A loss-recovery component is created or adjusted for the group of retrocession contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the retrocession contracts and are excluded from the allocation of retrocession premiums paid.

Reinsurance Acquisition Cash Flows

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

The Company uses a systematic and rational method to allocate:

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

  (i) to that group; and

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

(b) Reinsurance acquisition cash flows directly attributable to a portfolio of reinsurance contracts that are not

Accounting Policies

for the year ended 31 December 2024

Accounting Policies continued...

directly attributable to a group of contracts, to groups in the portfolio.

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

The asset for reinsurance acquisition cash flow is derecognised from the statement of financial position when then reinsurance acquisition cash flows are included in the initial measurement of the related group of reinsurance contracts. The time bands when the Company expects to derecognise the above asset for reinsurance acquisition cash flows are disclosed in Note 18.

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

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

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

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

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

Reinsurance Contracts – Modification and Derecognition

The Company derecognises reinsurance contracts when:

The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired) or

The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract

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

Presentation

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

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

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

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the reinsurance service result.

The Company separately presents income or expenses from retrocession contracts held from the expenses or income from reinsurance contracts issued.

Accounting Policies

for the year ended 31 December 2024

Accounting Policies continued...

Reinsurance service expenses

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

- Incurred claims;

Amortisation of reinsurance acquisition cash flows: For contracts not measured under the PAA, this is equal to the amount

- of reinsurance revenue recognised in the year that relates to recovering reinsurance acquisition cash flows. For contracts measured under the PAA, the Company amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.

- Losses on onerous contracts and reversals of such losses.

- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

Reinsurance Revenue

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

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

For contracts not measured under the PAA, the reinsurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Group expects to receive consideration, and comprises the following items.

- A release of the CSM, measured based on coverage units provided.

- Changes in the risk adjustment for non-financial risk relating to current services.

- Claims and other reinsurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year.

- Other amounts, including experience adjustments.

Loss components

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

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

Loss-recovery components

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

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of

Accounting Policies

for the year ended 31 December 2024

Accounting Policies continued...

underlying reinsurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying reinsurance contracts that the entity expects to recover from the group of retrocession contracts held.

Reinsurance Finance Income and Expense

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

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

- The effect of financial risk and changes in financial risk

The Company does not disaggregate reinsurance finance income or expenses on reinsurance contracts issued for all its classes of business between profit or loss and Other Comprehensive Income.

Net Income or Expense from retrocession contracts held

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

Transition

The Company applied the full retrospective approach to all contracts and assets for reinsurance acquisition cash flows in the short-term business. There was no transition required for the long-term business since the Company started writing business in the current year.

Significant Judgements and Estimates

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

Reinsurance and retrocession contracts

The Company applies the PAA for measuring of short-term reinsurance contracts, while it adopts the GMM for measuring long- term reinsurance contract assets. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage Insurance acquisition cash flows

Reinsurance acquisition cash flows are allocated to related groups of reinsurance contracts recognised in the statement of financial position (including those groups that will include reinsurance contracts expected to arise from renewals). An asset for reinsurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of reinsurance contracts has been recognised.

Onerous groups

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

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred loss

Discount rates

Reinsurance contract liabilities are calculated by discounting expected future cash flows using an appropriate yield curve, plus an illiquidity premium where applicable.

Accounting Policies

for the year ended 31 December 2024

Accounting Policies continued...

The Company applies the 10-year government bond risk-free curve as at reporting date. Risk-free rate adequately reflects the characteristics of the insurance contracts. Further, given the nature of the liabilities, no liquidity adjustment is made to the risk- free rates

Risk adjustment for non-financial risk

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

The Company has elected to adopt a value-at-risk / confidence level approach as the calculations underlying this approach will always be needed (even in cases where other methods are used) due to the fact that IFRS 17 requires companies to disclose the confidence level at which the risk adjustment is calibrated. The Company calibrates its risk adjustment at 75th percentile confidence level.

Assets for reinsurance acquisition cash flows

The Company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate reinsurance acquisition cash flows to groups of reinsurance contracts. This includes judgements about the amounts allocated to reinsurance contracts expected to arise from renewals of existing reinsurance contracts in a group and the volume of expected renewals from new contracts issued in the period.

At the end of each reporting period, the Company revisits the assumptions made to allocate reinsurance acquisition cash flows to groups and where necessary revises the amounts of assets for reinsurance acquisition cash flows accordingly.

3. Risk management of insurance contracts and financial instruments

3.1 Reinsurance contracts

The Company underwrites business both on a treaty and facultative bases in all classes of short-term business where risks are accepted proportionally and non-proportionally. The most significant portion of the business is written on a treaty basis.

The Company continues to strive towards writing a balanced account across all classes but limits its exposure to business of a long-tail nature thus avoiding the uncertainty regarding claims provisions for long-tail business. Most of the losses on the business written by the Company are expected to be reported within a fairly short period and as a result the bulk of the business underwritten by the Company is regarded as being short-tail in nature.

The return to the shareholder on reinsurance business arises from the difference between total premium income generated from cedants less amounts reserved and paid in respect of claims and expenses incurred by the Company. There is also the possibility that the shareholder may earn income from the investment of the premium income, but as losses are reported within a fairly short period, such income is limited in respect of short-tail business.

Insurance risk management objectives and policies for mitigating risks

(a) Introduction

The key insurance risks faced by the Company are underwriting risks relating to premium pricing adequacy, event exposure and concentration risk, negative claims development or reserving risk as well as reinsurance risk.

(b) Premium pricing adequacy risk

This is the risk that premiums relating to current and past periods will not be sufficient to fund liabilities arising from that business.

With regard to the adequacy of premiums, the Company determines the appropriateness of the rates and/or premiums charged by the leading office by carefully examining past experience with market practice, rates and the Company's return expectations. The Company does not accept or underwrite risks where the premiums are not considered adequate or commensurate to the risk.

The Company makes underwriting decisions in accordance with the Africa Re Group's underwriting guidelines. These guidelines set the criteria for assessing insurance risk before acceptance and approval levels for underwriting decisions.

Compliance with the Group's underwriting guidelines is verified through periodic audits by the Group's Directorate of Central Operations and Special Risks, which in turn reports its findings to both Executive Management and the Board Risk & Underwriting Committee.

Accounting Policies

for the year ended 31 December 2024

Risk management of insurance contracts and financial instruments continued...

(c) Event exposure and concentration risk

The Company is exposed to large or catastrophic losses and loss accumulation from single loss events. The largest exposure to significant losses to the Company relates to losses arising from catastrophic events such as floods, storms and earthquakes. In this regard, the Company has identified that the greatest likelihood of a loss of this nature would result from an earthquake in the Gauteng region. Using international modelling tools, the Company has established that its exposure to a loss of this nature is limited to a one in-three-hundred-year event.

(d) Claims development or reserving risk

This is the risk that actual ultimate claims costs will be significantly different from the estimated outstanding claims.

The determination of reserves for the ultimate claims costs is done with reference to previous years' data and past experience, adjusted with the information and data available at the time of reporting. Although these assumptions and estimation bases are set on Management's best judgement and information available at the time of reporting, estimation of claims provisions is a complex process and the ultimate claims settlement costs may differ from these estimates.

(e) Reinsurance risk

The Company retrocedes insurance risk to limit exposure to underwriting losses and accumulation of losses through proportional and excess of loss or stop loss cover agreements. These retrocession agreements spread the risk and minimise the effect of losses

Under the terms of the retrocession agreements, the retrocessionaires agree to reimburse their share of paid claims and acquisition costs. However, the Company remains liable to its cedants with respect to retroceded insurance liabilities if the retrocessionaires fail to meet the obligation they assume. This is a credit risk and as noted under the credit risk section, except for one retrocession contract which is not isgnificant, the retrocessionaires' share of insurance liabilities is fully secured by deposits held by the Company in accordance with the regulatory solvency requirements and retrocession agreements.

3.2 Financial risk management objectives and policies for mitigating risks

(a) Introduction

The key insurance risks faced by the Company are underwriting risks relating to market risk, currency exchange risk, interest rate risk or equity price risk.

(b) Market risk

Market risk is the risk of change in the fair value or future cash flows of financial instruments because of changes in market conditions and prices of those financial instruments. Market risk comprises currency risk, interest rate risk and other price risk which include equity market price risk.

(i) Currency exchange risk

Most of the Company's transactions are in Rand and currencies pegged to the Rand, which is the functional and presentation currency. Similarly, most of the Company's assets and liabilities are held in Rand and the Company is not exposed to any significant currency exchange risk. Management is confident on the adequacy of the assets held in foreign currency to meet its obligations in foreign currencies thereby minimising any exposure to adverse changes in exchange rates.

(ii) Interest rate risk

Fluctuations in interest rates impact on the value and cash flows from interest bearing assets and liabilities. The Company has no external borrowings. Interest rate risk exposure is therefore limited to the Company's investments in fixed interest rate instruments such as fixed deposits, call deposits, bonds and cash and cash equivalents.

Other than actively ensuring optimum money market rates for deposits and spreading the tenor of the interest-bearing investment instruments, the Company does not make use of other financial instruments to manage this risk.

(iii) Equity price risk

The Company is exposed to market price risk through fluctuation of the value of financial instruments due to changes in their market prices. Equity price risk can be described as the risk of changes in the fair value of equity financial instruments due to changes in market conditions and prices of these instruments. The Company's investments in

Notes to the financial statements

for the year ended 31 December 2024

Risk management of insurance contracts and financial instruments continued...

marketable securities are stated at fair value and are therefore susceptible to changes in market prices.

The Company conducts a sensitivity analysis on the effect of changes in market prices of its equity investment to determine the maximum risk it can tolerate without adversely affecting its operating performance and financial position, and this, together with the investment guidelines determine the proportion of funds to be invested in equity instruments. The Company does not make use of financial instruments to manage this risk, but has engaged the services of investment managers with a mandate to actively trade in the marketable equity investments for market-related returns but also to minimise risk. The Company's maximum exposure to equity market price risk is limited to investments held in those marketable securities, and these securities constitute less than 10% of the Company's total investment assets.

(iv) Market risk sensitivity analysis

The Company conducts sensitivity analyses to estimate the possible effect of movements in the market prices of its equity financial instruments on the fair values of those instruments. All the Company's equity financial instruments are listed on the Johannesburg Stock Exchange.

The Company's bonds are listed on the Bond Exchange of South Africa. The sensitivity analysis on market price movement of equity financial instruments indicates that a change of 10% on the Johannesburg Stock Exchange index would result in a change in fair value of those financial instruments and profit before tax of R17.3 million (2023: R12.2 million). The sensitivity analysis of the effects of movements in market prices and interest rates on the Company's financial assets and liabilities in millions as at 31 December 2024 are presented in the table below:

Asset class	Cost R'000	Market Value	Risk factor	% change	Impact on equity	Impact on profit or loss
31 December 2024						
Equity	150,671	173,027	Market price	**10%**	12,458	**17,303**
Bonds at fair value	493,036	510,582	Interest rate	**5%**	18,381	**25,529**
Bonds at amortised cost	661,349	634,088	Interest rate	**5%**	22,827	**31,704**
Money market unit cost	801,907	801,907	Market price	**5%**	28,869	**40,095**
Fixed deposit	2,196,366	2,196,366	Interest rate	**5%**	79,069	**109,818**
31 December 2023						
Equity	106,726	121,672	Market price	**10%**	8,760	**12,167**
Bonds at fair value	440,787	442,290	Interest rate	**5%**	15,922	**22,115**
Bonds at amortised cost	577,500	612,185	Interest rate	**5%**	22,039	**30,609**
Money market unit cost	622,127	622,127	Market price	**5%**	22,397	**31,106**
Fixed deposit	2,006,747	2,006,747	Interest rate	**5%**	72,243	**100,337**

Notes to the financial statements

for the year ended 31 December 2024

Risk management of insurance contracts and financial instruments continued...

The Company also conducts sensitivity analyses to estimate the possible effect of movements of interest rates on the fair value of interest rate bearing financial instruments and cash flows relating to those instruments. The sensitivity analysis of the effect on interest rate movements indicates that a change of 5% in interest rates would change the value of fixed income investments and profit before tax by R56.3 million (2023: R52.6 million) while a change of 5% in interest rate would change the cash flows from interest bearing fixed deposits at year end by R109.8 million (2023: R100.8 million).

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The key areas where the Company is exposed to credit risk are:

- retrocessionaire's share of insurance liabilities;
- balances and deposits due from insurers and retrocessionaire;
- amounts due from insurance contract intermediaries; and
- investments held with financial institutions.

Retrocessionaires' share of insurance liabilities classified as reinsurance assets in the financial statements are fully secured by deposits withheld by the Company. This is in accordance with the regulatory solvency requirements prevailing at the end of the reporting period and the retrocession agreements.

Management has an active credit control policy and procedures in place where balances due from cedants and retrocessionaires are monitored on an ongoing basis. There has been no default on settlement of balances due from retrocessionaires.

The fixed income investments held by the Company are issued by the South African government and are considered secure. Reputable financial institutions are used for investing and cash handling purposes within the Company's strict guidelines on investments and institution exposure limits. The probability of default is expected to be extremely low.

At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each class of financial and reinsurance assets in the statement of financial position. The analysis of the credit exposure and credit quality of the Company's financial assets on Standard & Poor's local currency credit ratings basis at the end of the year, is presented in the table below.

	AAA to AA	A+ to A	BBB+	Not indicated	Total
	R'000	R'000	R'000	R'000	R'000
31 December 2024					
Financial Assets	92,170	19,667	4,200,816	3,317	4,315,970
Assets for remaining coverage	-	-	-	1,060,178	1,060,178
Accounts receivables	-	-	-	6,323	6,323
Cash and Cash equivalents	-	-	69,872	-	69,872
Total credit risk exposure	**92,170**	**19,667**	**4,270,688**	**1,069,818**	**5,452,343**
31 December 2023					
Financial Assets	76,288	26,613	3,626,511	6,493	3,735,905
Assets for remaining coverage	-	-	-	(2,051,527)	(2,051,527)
Accounts receivables	-	-	-	15,164	15,164
Cash and Cash equivalents	-	-	69,115	-	69,115
Total credit risk exposure	**76,288**	**26,613**	**3,695,626**	**(2,029,870)**	**1,768,657**

Notes to the financial statements

for the year ended 31 December 2024

Risk management of insurance contracts and financial instruments continued...

(c) Liquidity risk

The Company is exposed to daily cash payment calls on its available cash resources arising mainly from claims. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company has set limits on the minimum proportions of assets held as short-term investments and limits on the minimum proportions of maturing funds available to meet such cash payment calls and unexpected levels of cash payment demand.

Maturity profile of financial and insurance assets and liabilities

A distinction is drawn between insurance and shareholder's funds. The overall philosophy governing the investment of insurance funds is driven by liquidity considerations and a strong emphasis on capital preservation. Most of the Company's investments are held in readily realisable investments in line with the short-tail nature of the Company's business. The maturity profile of investments will approximate the average term of operational liabilities. The maturity of the Company's financial assets and liabilities are based on contractual cash flows while the Company's insurance assets and liabilities are based on expected cash flows. The Company also monitors its portfolio liquidity regularly as part of its internal control environment. The maturities of the Company's assets and liabilities at the end of the year are analysed in the table below.

	On demand R'000	1 Year R'000	2 Year R'000	3 Year R'000	>4 Year R'000	Total R'000
31 December 2024						
Asset maturities						
Cash and Cash equivalents	69,872					69,872
Fixed and Call deposit		2,196,366				2,196,366
Money market funds	36,132	201,395	143,916	75,356	345,108	801,907
Debt Securities	42,566	61,784	552,352	479	487,490	1,144,670
Equities	173,027					173,027
Insurance contract assets	584,950	243,164	117,324	56,062	58,633	1,060,133
Accounts receivable		6,323				6,323
Total financial and insurance assets	**906,546**	**2,709,032**	**813,591**	**131,897**	**891,232**	**5,452,298**
Liability maturities						
Insurance contract liabilities	1,044,762	434,308	209,548	103,802	108,563	1,900,984
Other provisons and accruals		29,089				29,089
Total financial and insurance liabilities	**1,044,762**	**463,397**	**209,548**	**103,802**	**108,563**	**1,930,073**
Net maturities	**(138,216)**	**2,245,634**	**604,043**	**28,095**	**782,669**	**3,522,225**

Notes to the financial statements

for the year ended 31 December 2024

Risk management of insurance contracts and financial instruments continued...

	On demand R'000	1 Year R'000	2 Year R'000	3 Year R'000	>4 Year R'000	Total R'000
31 December 2023						
Asset maturities						
Cash and Cash equivalents	69,115					69,115
Fixed and Call deposit		2,006,747				2,006,747
Money market funds	45,330	137,131	102,056	53,658	275,725	613,900
Debt Securities	341	99,321	40,061	474,328	379,537	993,588
Equities	121,672					121,672
Insurance contract assets	551,084	281,165	146,206	67,480	78,727	1,124,662
Accounts receivable		15,164				15,164
Total financial and insurance assets	**787,542**	**2,539,528**	**288,323**	**595,466**	**733,989**	**4,944,848**
Liability maturities						
Insurance contract liabilities	748,139	489,501	198,482	91,607	106,876	1,634,605
Other provisons and accruals		21,344				21,344
Total financial and insurance liabilities	**748,139**	**510,845**	**198,482**	**91,607**	**106,876**	**1,655,949**
Net maturities	**39,403**	**2,028,683**	**89,841**	**503,859**	**627,113**	**3,288,899**

(d) Categories and classes of financial assets and financial liabilities

The Company's categories and classes of financial assets and financial liabilities are included on pages 68 to 71.

(e) Reinsurance and retrocession contracts classification

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with these reinsurance and retrocession contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of reinsurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of retrocession held arrangements. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating reinsurance contract liabilities and pricing appropriately.

The Company purchases retrocession as part of its risk mitigation programme.

(f) Capital management objectives, policies and approach

The Company has put in place capital management objectives, policies and approach to managing the risks that affect its capital position namely:

- To maintain the required level of stability that ensures the security to policyholders
- To allocate capital efficiently ensuring that returns on capital employed meet the market-reasonable expectations of shareholders
- To retain financial flexibility and align the profile of assets and liabilities, taking account of risks inherent in the business while at the same time maintaining strong liquidity
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- To maintain strong credit ratings in order to support its business objectives and maximise shareholder value.

Notes to the financial statements

for the year ended 31 December 2024

Risk management of insurance contracts and financial instruments continued...

The operation of the Company is also subject to regulatory requirements, such regulations not only prescribe monitoring of activities, but also impose certain restrictive provisions on capital adequacy to minimise the risk of default and insolvency to meet unforeseeable liabilities as they arise. The Company met all of these requirements throughout the financial year.

The Company's assets, liabilities and risks are managed in a coordinated manner assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics.

The Company has a number of sources of capital available to it and seeks to optimise its retention capacity. The Company considers not only the traditional sources of capital funding but the alternative sources of capital including retrocession, as appropriate, when assessing its deployment and usage of capital. The Company manages as capital all items that are eligible to be treated as capital. The capital managed by the Company is as shown below:

	2024 R'000	2023 R'000
Share capital and share premium	80,300	80,300
Contingency reserve	51,702	51,702
Retained earnings	1,143,945	997,390
Total equity attributable to equity holders of the Company	**1,275,947**	**1,129,392**

In reporting financial strength, capital and solvency are measured using the rules prescribed by the Reserve Bank of South frica. These regulatory capital measurements are based upon required levels of solvency capital and a series of prudent assumptions in respect of the type of business written. The Company has put in place structures and policies that ensure compliance, while Own Risk and Solvency Assessment (ORSA) is undertaken annually as risk management and business tool within the Company.

3.3 Insurance risk

Reinsurance and retrocession contracts classification

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with these reinsurance and retrocession contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of reinsurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of retrocession held arrangements. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating reinsurance contract liabilities and pricing appropriately.

The Company purchases retrocession as part of its risk mitigation programme.

Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table below.

The following sensitivity analysis shows the impact on gross and net liabilities for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

Notes to the financial statements
for the year ended 31 December 2024

Risk management of insurance contracts and financial instruments continued...

Stress	Gross R'000	Ceded R'000	Net R'000
2024			
5% loss ratio up	2,561	1,619	942
5% loss ratio down	(1,960)	(1,181)	(779)
1% Interest up	(16,232)	(11,857)	(4,375)
1% Interest down	16,795	12,270	4,525
2023			
5% loss ratio up	2,533	1,773	760
5% loss ratio down	738	517	221
1% Interest up	(17,675)	(13,300)	(4,375)
1% Interest down	18,310	13,780	4,530

Notes to the financial statements

for the year ended 31 December 2024

Risk management of insurance contracts and financial instruments continued...

Claims Development Table

The following tables show the estimates of incurred claims for each successive underwriting year at each reporting date, together with payments to date for the short-term business. The Company does not present claims development tables for the long-term business as the uncertainty about the timing of payments are resolved within one year.

Underwriting Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
At end of underwriting year	670,577	818,105	1,031,010	699,657	583,018	498,921	715,476	685,753	698,711	690.939	**7,092,166**
One year later	1,306,774	1,886,064	2,112,751	1,515,854	1,086,053	1,193,401	1,654,768	1,428,520	1,370,732		**13,554,917**
Two years later	1,479,950	2,192,214	2,157,931	1,611,049	1,013,300	1,200,956	1,678,494	1,453,685	-		**12,787,579**
Three years later	1,491,612	2,182,704	2,140,041	1,770,321	1,022,771	1,202,073	1,661,143	-	-		**11,470,664**
Four years later	1,496,869	2,166,366	2,125,938	1,764,049	1,032,156	1,193,189	-	-	-		**9,778,567**
Five years later	1,511,855	2,181,822	2,124,180	1,762,074	1,018,535	-	-	-	-		**8,598,466**
Six years later	1,494,813	2,175,285	2,110,151	1,764,994	-	-	-	-	-		**7,545,243**
Seven years later	1,475,936	2,159,917	2,115,576	-	-	-	-	-	-		**5,751,429**
Eight years later	1,472,977	2,156,542	-	-	-	-	-	-	-		**3,629,520**
Nine years later	1,474,341	-	-	-	-	-	-	-	-		**1,474,341**
Claim payments	1,455,510	2,138,650	2.050,056	1,733,356	973,757	1,158,299	1,554,200	1,272,990	1,024,080	507,137	**13,868,035**
Outstanding claims	18,831	17,892	65,520	31,638	44,777	34,890	106,943	180,695	346,652	183,802	**1,031,640**
Outstanding claims: before 2015											**30,903**
Pipeline Claims											**272,693**
IBNR											**305,844**
Risk Adjustment											**100,905**
Claims Handling Expenses + ULAE											**28,292**
Impact of discounting											**(166,035)**
Gross liabilities for incurred claims											**1,604,243**

Notes to the financial statements

for the year ended 31 December 2024

		2024 R'000	2023 R'000
4.	**Cash and cash equivalent**		
	Cash and cash equivalents included in current assets:		
	Cash		
	Cash on hand	22	190
	Current bank account balances	69,850	68,925
		69,872	**69,115**
5.	**Financial assets**		
	Equity and debt instruments at fair value through profit or loss		
	Debt instruments at fair value	1,312,489	1,064,417
	Equity at fair value	173,027	121,672
		1,485,516	**1,186,089**
	Instruments at amortised cost		
	Bonds at amortised costs	636,274	614,204
	Call and Fixed Deposits	2,196,366	2,006,747
	Impaired (ECL)	(2,186)	(2,019)
		2,830,454	**2,618,932**
	Financial Assets	**4,315,970**	**3,805,021**
	Cost of instruments disclosed at fair value through profit or loss		
	Debt instruments at fair value	945,061	722,242
	Equity at fair value	150,671	106,726
		1,095,732	**828,968**
	Fair value of debt instruments at amortised cost		
	Bonds at amortised costs	643,467	613,693
	Call and Fixed Deposits	2,196,366	2,006,747
		2,839,833	**2,620,440**

Determination of fair value

Fair values are determined according to the following hierarchy based on the requirements in IFRS 13: Fair Value Measurement: Disclosures

- Level 1 – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.
- Level 2 – valuation techniques using observable inputs: financial assets and liabilities with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.
- Level 3 – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

Notes to the financial statements

for the year ended 31 December 2024

Financial assets continued...

The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process.

Subsequent to initial recognition, the fair values of financial instruments measured at fair value that are quoted in active markets are based on bid prices for assets, which in certain circumstances includes using quotations from independent third parties such as brokers and pricing services, and offer prices for liabilities.

In general, none of the carrying amounts of financial assets carried at amortised cost have a fair value significantly different to their carrying amounts. Such assets are primarily comprised of variable rate financial assets that re-price as interest rates change, short-term deposits or current assets.

Investments and securities

The fair values of investments and securities designated at fair value through profit or loss are based on bid prices

Other financial assets and liabilities. The fair values of other financial assets and liabilities are reasonably approximated by the carrying amounts reflected in the statement of financial position.

Analysis of instruments at fair value

Financial assets	Level 1 R'000	Level 2 R'000	Level 3 R'000	Level 4 R'000
December 2024				
Designed at fair value through profit or loss	683,608	801,907	-	1,485,515
December 2023				
Designed at fair value through profit or loss	570,453	615,635	-	1,186,088

6.	Reinsurance contract assets and liabilities	2024 R'000	2023 R'000
	Technical assets		
	Reinsurance contract assets	**45**	**89,693**
	Reinsurance contract assets - Life	1	-
	Reinsurance contract assets- Non-Life	44	89,693
	Retrocession contract assets	**1,060,133**	**1,124,661**
	Retrocession contract assets - Life	(1,243)	1,528
	Retrocession contract assets - Non-Life	1,061,376	1,123,133
		1,060,178	**1,214,354**
	Technical liabilities		
	Reinsurance contract liabilities	**1,900,984**	**1,634,605**
	Reinsurance contract liabilities - Life	(2,034)	9,472
	Reinsurance contract liabilities - Non-Life	1,443,798	1,517,335
	Amount due from companies on retrocession account	459,220	107,797
	Retrocession contract liabilities	**43**	**6**
	Retrocession contract liabilities - Life	-	-
	Retrocession contract liabilities - Non-Life	43	6
		1,901,027	**1,634,611**

The full insurance contract roll-forward notes have been disclosed in notes 15 and 16 of the financial statements

Notes to the financial statements
for the year ended 31 December 2024

7. Property, plant and equipment	Motor vehicles R'000	Fixtures and fittings R'000	Office equipment R'000	Computer equipment R'000	Total R'000
Balances at year end and movements for the year					
Reconciliation for the year ended 31 December 2024					
Balance at 1 January 2024					
At cost	580	6,041	6,047	-	**12,668**
Accumulated depreciation	(580)	(5,846)	(4,865)	-	**(11,291)**
Carrying amount	**-**	**195**	**1,182**	**-**	**1,377**
Movements for the year ended 31 December 2024					
Additions from acquisitions	-	158	(705)	-	**(547)**
Depreciation	-	(27)	168	-	**141**
Property, plant and equipment at the end of the year	**-**	**326**	**645**	**-**	**971**
Closing balance at 31 December 2024					
At cost	580	6,199	5,342	-	**12,121**
Accumulated depreciation	(580)	(5,873)	(4,697)	-	**(11,150)**
Carrying amount	**-**	**326**	**645**	**-**	**971**
Reconciliation for the year ended 31 December 2023					
Balance at 1 January 2023					
At cost	580	6,041	4,953	-	**11,574**
Accumulated depreciation	(580)	(5,834)	(4,348)	-	**(10,762)**
Carrying amount	**-**	**207**	**605**	**-**	**812**
Movements for the year ended 31 December 2023					
Additions and disposals	-	-	1,094	-	**1,094**
Depreciation	-	(12)	(517)	-	**(529)**
Property, plant and equipment at the end of the year	**-**	**195**	**1,182**	**-**	**1,377**
Closing balance at 31 December 2023					
At cost	580	6,041	6,047	-	**12,668**
Accumulated depreciation	(580)	(5,846)	(4,865)	-	**(11,291)**
Carrying amount	**-**	**195**	**1,182**	**-**	**1,377**

Notes to the financial statements
for the year ended 31 December 2024

		2024 R'000	2023 R'000
8.	**Accounts receivable**		
	Accounts receivable comprise:		
	Other receivables	(2,137)	(2,425)
	Value added tax	8,460	17,589
	Total accounts receivable	**6,323**	**15,164**
9.	**Current tax assets**		
	Current tax assets comprise the following balances:		
	Current tax asset	13,465	26,832
	Total current tax asset per the statement of financial position	**13,465**	**26,832**
10.	**Deferred tax**		
	Opening balance	16,382	13,049
	Current year	5,329	5,442
	IFRS 17 transition impact	(1,837)	(2,109)
	Closing balance	**19,874**	**16,382**
	The net deferred tax liability balance at the end of the period comprises:		
	- capital allowancce	(1,216)	(1,148)
	- accruals	(1,044)	(1,013)
	- unrealised gains on revaluation of investments	20,296	14,868
	-IFRS 17 transition impact	1,838	3,675
		19,874	**16,382**

Notes to the financial statements
for the year ended 31 December 2024

		2024 R'000	2023 R'000
11.	**Other provisions and accruals**		
	Other provisions and accrualscomprice:		
	Accrual for leave pay	2,095	1,982
	Other creditors and accruals	26,988	19,361
	Total trade and other payables	**29,089**	**21,344**
12.	**Deposits due to retrocessionaire**		
	At beginning of year	2,239,010	2,064,153
	New deposits retained	2,169,888	2,239,010
	Deposits released	(2,239,010)	(2,064,153)
	At the end of year	**2,169,888**	**2,239,010**

The South African regulator requires the Company to hold deposits to cover the retrocessionares obligations in terms of there share of the reinsurance liabilities, from those based in non-equivalent jurisdictions

Cashflows related to the deposit are not related to the fulfilment of IFRS 17 obligations

		2024 R'000	2023 R'000
13.	**Amounts due to holding company**		
	Amounts due to holding company comprises:		
	Loans from group companies	70,954	91,124
		70,954	**91,124**

Notes to the financial statements
for the year ended 31 December 2024

14. Roll Forward - Reinsurance

Analysis by remaining coverage and incurred claims: Non-Life

2024	R'000	Liabilities for remaining coverage		Liabilities for incurred claims			Total
					Contracts not under the PAA		
		Excluding loss Component	Loss Component	Contracts not under the PAA	Present value of future cashflows	Risk Adjustment	
Reinsurance contract liabilities as at	01/01/2024	(107,634)	933		1,533,836	90,201	1,517,336
Reinsurance contract assets as at	01/01/2024	43,464			(0)	(0)	43,464
Net reinsurance contract (assets)/liabilities as at	01/01/2024	**(151,098)**	**933**		1,533,836	90,201	**1,473,872**
Reinsurance revenue		**(2,641,844)**					**(2,641,844)**
Reinsurance service expenses		**805,568**	**(2,689)**		**1,405,907**	**(2,237)**	**2,206,549**
Incurred claims and other expenses					878,406	27,681	906,087
Reinsurance acquisition cash flows		805,568					805,568
Losses on onerous contracts and reversals of those losses			(2,689)				(2,689)
Changes to liabilities for incurred claims					527,501	(29,918)	497,583
Reinsurance service result		**(1,836,275)**	**(2,689)**		**1,405,907**	**(2,237)**	**(435,294)**
Reinsurance finance expenses			**2,759**		**92,349**		**95,107**
Total changes in the statement of profit or loss and OCI		**(1,836,275)**	**70**		**1,498,256**	**(2,237)**	**(340,187)**
Cash flows							
Premiums received		1,825,828					1,825,828
Claims and other expenses paid					(1,515,759)		(1,515,759)
Total cash flows		**1,825,828**			**(1,515,759)**		**310,069**
Deposits retained by ceding companies							
Net reinsurance contract (assets)/liabilities as at	**31/12/2024**	**(161,546)**	**1,003**		**1,516,333**	**87,964**	**1,443,754**
Reinsurance contract liabilities as at	31/12/2024	(161,532)	1,003		1,516,356	87,971	1,443,798
Reinsurance contract assets as at	31/12/2024	14			23	7	44
Net reinsurance contract (assets)/liabilities as at	**31/12/2024**	**(161,546)**	**1,003**		**1,516,333**	**87,964**	**1,443,754**

Notes to the financial statements
for the year ended 31 December 2024

Roll Forward - Reinsurance continued...

Analysis by measurement component - Contracts not measured under PAA

2024	R'000	Present value of future cashflows	Risk Adjustment	Contractual service margin: Contracts under retrospective approach	Contractual service margin: Contracts under fair value approach	Contractual service margin: Other Contracts	Total
Reinsurance contract liabilities as at	01/01/2024	895	2,466			5,987	9,348
Reinsurance contract assets as at	01/01/2024						
Net reinsurance contract (assets)/liabilities as at	**01/01/2024**	**895**	**2,466**			**5,987**	**9,348**
Changes that relate to current services		**(9,206)**	**(2,810)**			**(12,225)**	**(24,241)**
CSM recognised in profit or loss for the service provided						(12,225)	(12,225)
Experience Adjustments		(9,206)					(9,206)
Changes in the risk adjustment for non-financial risk for the risk expired			(2,810)				(2,810)
Changes that relate to future services		**(27,766)**	**6,952**			**20,814**	
Contracts initially recognised in the period		(7,338)	1,935			5,403	
Changes in estimates that adjust the CSM		(20,428)	5,017			15,411	
Changes that relate to past service		**(5,252)**	**(559)**				**(5,811)**
Reinsurance service result		**(42,223)**	**3,582**			**8,588**	**(30,052)**
Reinsurance finance expenses		**(1,549)**				**935**	**(614)**
Total changes in the statement of profit or loss and OCI		**(43,772)**	**3,582**			**9,523**	**(30,666)**
Cash flows							
Premiums received		62,624					62,624
Claims and other expenses paid		(43,339)					(43,339)
Total cash flows		**19,284**					**19,284**
Net reinsurance contract (assets)/liabilities as at	**31/12/2024**	**(23,593)**	**6,048**			**15,510**	**(2,034)**
Reinsurance contract liabilities as at	31/12/2024	(23,593)	6,048		(0)	15,510	(2,034)
Reinsurance contract assets as at	31/12/2024				(0)	(0)	(0)
Net reinsurance contract (assets)/liabilities as at	**31/12/2024**	**(23,593)**	**6,048**			**15,510**	**(2,034)**

Notes to the financial statements
for the year ended 31 December 2024

Roll Forward - Reinsurance continued...

Analysis by remaining coverage and incurred claims: Consolidated

2024	R'000	Liabilities for remaining coverage		Liabilities for incurred claims			Total
					Contracts not under the PAA		
		Excluding loss Component	Loss Component	Contracts not under the PAA	Present value of future cashflows	Risk Adjustment	
Reinsurance contract liabilities as at	01/01/2024	(170,727)	933	72,005	1,641,633	90,760	1,634,604
Reinsurance contract assets as at	01/01/2024	89,693					89,693
Net reinsurance contract (assets)/liabilities as at	**01/01/2024**	**(260,420)**	**933**	**72,005**	**1,641,633**	**90,760**	**1,544,911**
Reinsurance revenue		**(2,641,884)**		**(150,437)**			**(2,792,280)**
Gross Revenue from Premium Allocation Approach (PAA) Contracts		(2,641,884)					(2,641,884)
Experience Adjustments				(138,212)			(138,212)
CSM recognised in profit or loss for the service provided				(12,225)			(12,225)
Reinsurance service expenses		**805,568**	**(2,689)**	**120,385**	**1,405,907**	**(2,237)**	**2,326,934**
Incurred claims and expenses				96,681	878,406	27,681	1,002,768
Reinsurance acquisition cash flows		805,568		29,515			835,083
Loss on onerous contracts and reversals of those losses			(2,689)				(2,689)
Changes to liabilities for incurred claims				(5,811)	527,501	(29,918)	491,772
Reinsurance service result		**(1,836,275)**	**(2,689)**	**(30,052)**	**1,405,907**	**(2,237)**	**(465,347)**
Reinsurance finance expenses			**2,759**	**(614)**	**92,349**		**94,494**
Total changes in the statement of profit or loss and OCI		**(1,836,275)**	**70**	**(30,666)**	**1,498,256**	**(2,237)**	**(370,853)**
Cash flows							
Premiums received		1,825,828		**62,624**			1,888,451
Claims and other expenses paid				**(43,339)**	(1,515,759)		(1,559,098)
Total cash flows		**1,825,828**		**19,284**	**(1,515,759)**		**329,353**
Amounts due to companies on retrocession accounts					**459,220**		**459,220**
Other movements		**1,525**		**(62,657)**		**(559)**	**(61,691)**
Net reinsurance contract (assets)/liabilities as at	**31/12/2024**	**(269,343)**	**1,003**	**(2,034)**	**2,083,350**	**87,964**	**1,900,940**
Reinsurance contract liabilities as at	31/12/2024	(269,328)	1,003	(2,034)	2,083,372	87,971	1,900,984
Reinsurance contract assets as at	31/12/2024	14			23	7	44
Net reinsurance contract assets/(liabilities) as at	**31/12/2024**	**(269,343)**	**1,003**	**(2,034)**	**2,083,350**	**87,964**	**1,900,940**

Notes to the financial statements

for the year ended 31 December 2024

Roll Forward - Reinsurance continued...

Analysis by remaining coverage and incurred claims: Consolidated

2023	R'000	Liabilities for remaining coverage: Excluding loss Component	Liabilities for remaining coverage: Loss Component	Liabilities for incurred claims: Contracts not under the PAA	Liabilities for incurred claims: Contracts not under the PAA: Present value of future cashflows	Liabilities for incurred claims: Contracts not under the PAA: Risk Adjustment	Total
Reinsurance contract liabilities as at	01/01/2023	(151,595)	1,913		1,464,547	64,248	1,379,112
Reinsurance contract assets as at	01/01/2023	69,573			309	16	69,899
Net reinsurance contract (assets)/liabilities as at	**01/01/2023**	**(221,170)**	**1,913**		**1,464,238**	**64,232**	**1,309,214**
Reinsurance revenue		**(2,468,191)**	**(18,910)**			**(3,169)**	**(2,490,270)**
Gross Revenue from Premium Allocation Approach (PAA) Contracts		(2,384,829)					(2,384,829)
Experience Adjustments		(83,362)					(83,362)
CSM recognised in profit or loss for the service provided				(18,910)			(18,910)
Changes in the risk adjustment for non-financial risk for the risk expired						(3,169)	(3,169)
Reinsurance service expenses		**680,783**	**(2,038)**	**92,682**	**1,453,058**	**26,528**	**2,251,013**
Incurred claims and other expenses				92,682	846,119	19,615	958,416
Reinsurance acquisition cash flows		680,783					680,783
Losses on onerous contracts and reversals of those losses			(2,038)				(2,038)
Changes to liabilities for incurred claims					606,939	6,913	613,852
Reinsurance service result		**(1,809,487)**	**(2,038)**	**92,682**	**1,453,058**	**26,528**	**(239,257)**
Reinsurance finance expenses		**(1,292)**	**1,058**	**1,679**	**74,458**		**75,903**
Total changes in the statement of profit or loss and OCI		**(1,810,779)**	**(980)**	**94,361**	**1,527,516**	**26,528**	**(163,354)**
Cash flows							
Premiums received		1,748,369					1,748,369
Claims and other expenses paid				(22,356)	(1,457,918)		(1,480,274)
Total cash flows		**1,748,369**		**(22,356)**	**(1,457,918)**		**268,095**
Amounts due to companies on retrocession accounts					**107,797**		**107,797**
Deposits retained by ceding companies		**(23,344)**					
Other movements		**(185)**					**(185)**
Net reinsurance contract (assets)/liabilities as at	**31/12/2023**	**(260,421)**	**933**	**72,005**	**1,641,633**	**90,760**	**1,544,911**
Reinsurance contract liabilities as at	31/12/2023	(170,727)	933	72,005	1,641,633	90,760	1,634,605
Reinsurance contract assets as at	31/12/2023	89,693				-	89,693
Net reinsurance contract assets/(liabilities) as at	**31/12/2023**	**(260,421)**	**933**	**72,005**	**1,641,633**	**90,760**	**1,544,912**

Notes to the financial statements
for the year ended 31 December 2024

Roll Forward - Reinsurance continued...

Analysis by measurement component - Contracts not measured under the PAA

2023	R'000	Present value of future cashflows	Risk Adjustment	Contractual service margin			Total
				Contracts under retrospective approach	Contracts under fair value approach	Other Contracts	
Reinsurance contract liabilities as at	01/01/2023						
Reinsurance contract assets as at	01/01/2023						
Net reinsurance contract (assets)/liabilities as at	**01/01/2023**						
Changes that relate to current services		**9,320**	**(2,610)**			**(18,910)**	**(12,200)**
CSM recognised in profit or loss for the service provided						(18,910)	(18,910)
Experience Adjustments		9,320					9,320
Changes in the risk adjustment for non-financial risk for the risk expired			(2,610)				(2,610)
Changes that relate to future services		**(31,511)**	**4,756**			**26,756**	
Contracts initially recognised in the period		(32,200)	4,881			27,319	
Changes in estimates that adjust the CSM		688	(125)			(563)	
Reinsurance service result		**(22,191)**	**2,146**			**7,845**	**(12,200)**
Reinsurance finance expenses		**(1,292)**				**1,679**	**387**
Total changes in the statement of profit or loss and OCI		**(23,483)**	**2,146**			**9,524**	**(11,813)**
Cash flows							
Premiums received		43,858					43,858
Claims and other expenses paid		(22,356)					(22,356)
Total cash flows		**21,502**					**21,502**
Other movements		**(217)**					**(217)**
Net reinsurance contract (assets)/liabilities as at	**31/12/2023**	**(2,198)**	**2,146**			**9,524**	**9,472**
Reinsurance contract liabilities as at	31/12/2023	(2,198)	2,146			9,524	9,473
Reinsurance contract assets as at	31/12/2023						
Net reinsurance contract assets/(liabilities) as at	**31/12/2023**	**(2,198)**	**2,146**			**9,524**	**9,473**

Notes to the financial statements
for the year ended 31 December 2024

15. Roll Forward - Retro.

Analysis by remaining coverage and incurred claims: Non-Life

2024	R'000	Assets for remaining coverage			Amounts recoverable on incurred claims		
		Excluding loss-recovery Component	Loss-recovery Component	Contracts not under the PAA	Present value of future cashflows	Risk Adjustment	Total
Retrocession contract assets as at	01/01/2024	(78,626)	678		1,132,518	68,564	1,123,133
Retrocession contract liabilities as at	01/01/2024	6			0	0	6
Net retrocession contract assets/(liabilities) as at	**01/01/2024**	**(78,632)**	**678**		**1,132,518**	**68,564**	**1,123,127**
An allocation of retrocession premiums		**(1,923,336)**					**(1,923,336)**
Amounts recoverable from reinsurers for incurred claims		**665,139**	**(1,889)**		**884,058**	**(3,537)**	**1,543,771**
Amounts recoverable for incurred claims and other expenses		665,139			537,361	19,375	1,221,875
Loss-recovery on onerous underlying contracts and adjustments			(1,889)				(1,889)
Changes to amounts recoverable for incurred claims					346,697	(22,912)	323,785
Net income or expense from retrocession contracts held		**(1,258,197)**	**(1,889)**		**884,058**	**(3,537)**	**(379,565)**
Retrocession finance income			**1,941**		**69,220**		**71,162**
Total changes in the statement of comprehensive income		**(1258,197)**	**53**		**953,278**	**(3,537)**	**(308,403)**
Cash Flows							
Premiums paid		1,888,919					1,888,919
Insurance acquisition cash flows		(641,453)					(641,453)
Amounts received					(1,000,857)		(1,000,857)
Total cash flows		**1,247,465**			**(1,000,857)**		**246,608**
Amounts due from companies on retrocession accounts							
Net retrocession contract assets/(liabilities) as at	**31/12/2024**	**(89,364)**	**730**		**1,084,939**	**65,027**	**1,061,332**
Retrocession contract assets as at	31/12/2024	(89,341)	730		1,084,954	65,033	1,061,376
Retrocession contract liabilities as at	31/12/2024	22			15	6	43
Net retrocession contract assets/(liabilities) as at	**31/12/2024**	**(89,364)**	**730**		**1,084,939**	**65,027**	**1,061,332**

Notes to the financial statements
for the year ended 31 December 2024

Roll Forward - Retro - continued...

Analysis by measurement component - contracts not measured under PAA

2024	R'000	Present value of future cashflows	Risk Adjustment	Contractual service margin			Total
				Contracts under retrospective approach	Contracts under fair value approach	Other Contracts	
Retrocession contract assets as at	01/01/2024	(692)	425			1,800	1,533
Retrocession contract liabilities as at	01/01/2024						
Net retrocession contract assets/(liabilities) as at	**01/01/2024**	**(692)**	**425**			**1,800**	**1,533**
Changes that relate to current services		**(18,033)**	**(622)**			**(5,414)**	**(24,068)**
CSM recognised in profit or loss for the service provided						(5,414)	(5,414)
Experience Adjustments		(18,033)					(18,033)
Changes in the risk adjustment for non-financial risk for the risk expired			(622)				(622)
Changes that relate to future services		**(7,456)**	**1,200**			**6,257**	
Contracts initially recognised in the period		(2,069)	326			1,743	
Changes in estimates that adjust the CSM		(5,387)	873			4,514	
Changes that relate to past service		**16,866**	**70**				**16,935**
Net income or expense from retrocession contracts held		**(8,624)**	**648**			**843**	**(7,133)**
Retrocession finance income		**(317)**				**302**	**(15)**
Total changes in the statement of profit or loss and OCI		**(8,941)**	**648**			**1,145**	**(7,148)**
Cash flows							
Premiums received		11,905					11,905
Amounts received		(7,533)					(7,533)
Total cash flows		**4,372**					**4,372**
Net retrocession contract assets/(liabilities) as at	**31/12/2024**	**(5,261)**	**1,073**			**2,944**	**(1,243)**
Retrocession contract assets as at	31/12/2024	(5,261)	1,073			2,944	(1,243)
Retrocession contract liabilities as at	31/12/2024						
Net retrocession contract assets/(liabilities) as at	**31/12/2024**	**(5,261)**	**1,073**			**2,944**	**(1,243)**

Notes to the financial statements
for the year ended 31 December 2024

Roll Forward - Retro - continued...

Analysis by remaining coverage and incurred claims: Consolidated

2024	R'000	Assets for remaining coverage			Amounts recoverable on incurred claims		
		Excluding loss-recovery Component	Loss-recovery Component	Contracts not under the PAA	Present value of future cashflows	Risk Adjustment	Total
Retrocession contract assets as at	01/01/2024	(96,695)	678	19,402	1,133,973	67,302	1,124,661
Retrocession contract liabilities as at	01/01/2024	6					6
Net retrocession contract assets/(liabilities) as at	**01/01/2024**	**(96,701)**	**678**	**19,402**	**1,133,973**	**67,302**	**1,124,655**
An allocation of retrocession premiums		**(1,923,336)**		**(30,022)**			**(1,953,358)**
Ceded Revenue from Premium Allocation Approach (PAA) Contracts		(1,923,336)					(1,923,336)
Experience Adjustment				(24,609)			(24,609)
CSM recognised in profit or loss for the service provided				(5,414)			(5,414)
Amounts recoverable from reinsurers for incured claims		**665,139**	**(1,889)**	**22,889**	**884,058**	**(3,537)**	**1,566,660**
Amounts recoverable for incurred claims and other expenses				22,821	537,361	19,375	579,557
Loss-recovery on onerous underlying contracts and adjustments		665,139					665,139
Changes to amounts recoverable for incurred claims			(1,899)				1,889
Changes in risk adjustemnt for non-financial risk				69	346,697	(22,912)	323,853
Net income or expense from retrocession contracts held		**(1,258,197)**	**(1,889)**	**(7,133)**	**884,058**	**(3,537)**	**(386,698)**
Retrocession finance income			**1,941**	**(15)**	**69,220**		**71,147**
Total changes in the statement of comprehensive income		**(1,258,197)**	**53**	**(7,148)**	**953,278**	**(3,537)**	**(315,551)**
Cash flows							
Premiums paid		1,247,465		11,905			1,259,371
Amounts received				(7,533)	(1,000,857)		(1,008,390)
Total cash flows		**1,247,465**		**4,372**	**(1,000,857)**		**250,980**
Other movements		**18,069**		**(17,870)**	**(1,456)**	**1,262**	**5**
Net retrocession contract assets/(liabilities) as at	**31/12/2024**	**(89,364)**	**731**	**(1,243)**	**1,084,939**	**65,027**	**1,060,089**
Retrocession contract assets as at	31/12/2024	(89,341)	731	(1,243)	1,084,954	65,033	1,060,133
Retrocession contract liabilities as at	31/12/2024	22			15	6	43
Net retrocession contract assets/(liabilities) as at	**31/12/2024**	**(89,364)**	**731**	**(1,243)**	**1,084,939**	**65,027**	**1,060,089**

Notes to the financial statements
for the year ended 31 December 2024

Roll Forward - Retro - continued...

Analysis by remaining coverage and incurred claims: Consolidated

2023	R'000	Assets for remaining coverage			Amounts recoverable on incurred claims		
		Excluding loss-recovery Component	Loss-recovery Component	Contracts not under the PAA	Present value of future cashflows	Risk Adjustment	Total
Retrocession contract assets as at	01/01/2023	(116,451)	1,339		1,420,197	50,256	1,355,341
Retrocession contract liabilities as at	01/01/2023	(22)			12,975	657	13,610
Net retrocession contract assets/(liabilities) as at	01/01/2023	**(116,429)**	**1,339**		**1,407,222**	**49,599**	**1,341,731**
An allocation of retrocession premiums		**(1,771,003)**		**(4,015)**		**(633)**	**(1,775,650)**
Ceded Revenue from Premium Allocation Approach (PAA) Contracts		(1,754,271)					(1,754,271)
Experience Adjustments		(16,732)					(16,732)
CSM recognised in profit or loss for the service provided				(4.015)			(4.015)
Changes in the risk adjustment for non-financial risk for the risk expired						(633)	(633)
Amounts recoverable from reinsurers for incurred claims		**541,237**	**(1,530)**	**18,959**	**954,301**	**17,703**	**1,530,670**
Amounts recoverable for incurred claims and other expenses		541,237		18,959	539,980	15,534	1,115,709
Loss-recovery on onerous underlying contracts and adjustments			(1,530)				(1,530)
Changes to amounts recoverable for incurred claims					414,321	2,169	416,491
Net income or expense from retrocession contracts held		**(1,234,414)**	**(1,530)**	**18,959**	**954,301**	**17,703**	**(244,980)**
Retrocession finance income		**(259)**	**868**	**443**	**60,205**		**61,257**
Total changes in the statement of comprehensive income		**(1,234,673)**	**(662)**	**19,402**	**1,014,507**	**17,703**	**(183,723)**
Cash flows							
Premiums paid		1,254,460					1,254,460
Amounts received					(1,022,010)		(1,022,010)
Total cash flows		**1,254,460**			**(1,022,010)**		**232,450**
Amounts due from companies on retrocession accounts					**(265,747)**		**(265,747)**
Other movements		**(47)**					**(47)**
Net retrocession contract assets/(liabilities) as at	**31/12/2023**	**(96,689)**	**678**	**19,402**	**1,133,973**	**67,302**	**1,124,667**
Retrocession contract assets as at	31/12/2023	(96,695)	678	19,402	1,133,973	67,302	1,124,661
Retrocession contract liabilities as at	31/12/2023	6					6
Net retrocession contract assets/(liabilities) as at	**31/12/2023**	**(96,700)**	**678**	**19,402**	**1,133,973**	**67,302**	**1,124,655**

Notes to the financial statements
for the year ended 31 December 2024

Roll Forward - Retro - continued...

Analysis by measurement component - Contracts not measured under PAA

2023	R'000	Present value of future cashflows	Risk Adjustment	Contractual service margin: Contracts under retrospective approach	Contractual service margin: Contracts under fair value approach	Contractual service margin: Other Contracts	Total
Retrocession contract assets as at	01/01/2023						
Retrocession contract liabilities as at	01/01/2023						
Net retrocession contract assets/(liabilities) as at	**01/01/2023**						
Changes that relate to current services		**2,299**	**(521)**			**(4,015)**	**(2,237)**
CSM recognised in profit or loss for the service provided						(4,015)	(4,015)
Experience Adjustments		2,299					2,299
Changes in the risk adjustment for non-financial risk for the risk expired			(521)				(521)
Changes that relate to future services		**(6,319)**	**949**			**5,369**	**(1)**
Contracts initially recognised in the period		(6,457)	974			5,482	(1)
Changes in estimates that adjust the CSM		138	(25)			(113)	
Net income or expense from retrocession contracts held		**(4,020)**	**428**			**1,354**	**(2,238)**
Retrocession finance income		**(259)**				**443**	**184**
Total changes in the statement of profit or loss and OCI		**(4,279)**	**428**			**1,797**	**(2,054)**
Cash flows							
Premiums paid		7,460					7,460
Amounts received		(3,833)					(3,833)
Total cash flows		**3,627**					
Other movements		**(43)**					
Net retrocession contract assets/(liabilities) as at	**31/12/2023**	**(695)**	**428**			**1,797**	**1,530**
Retrocession contract assets as at	31/12/2023	(695)	428			1,797	1,531
Retrocession contract liabilities as at	31/12/2023						
Net retrocession contract assets/(liabilities) as at	**31/12/2023**	**(695)**	**428**			**1,797**	**1,532**

Notes to the financial statements

for the year ended 31 December 2024 *(Continued)*

16. Expected recognition of the contractual service margin

The following table sets out when the Company expects to recognise the remaining CSM in profit or loss, after the reporting date.

31 December 2024

	2025	2026	2027	2028	2029	2030
Reinsurance contracts issued						
Opening balance	**15,510**	**530**	**512**	**495**	**477**	**460**
CSM released to P&L	(14,980)	(18)	(18)	(18)	(17)	(17)
Closing balance	**530**	**512**	**495**	**477**	**460**	**442**
Retrocession contracts held						
Opening balance	**2,944**	**120**	**71**	**46**	**45**	**43**
CSM released to P&L	(2,825)	(48)	(25)	(2)	(2)	(2)
Closing balance	**120**	**71**	**46**	**45**	**43**	**42**

17. Reinsurance Revenue

	Contracts measured under GMM	Contracts measured under PAA	Total
2024			
Amounts relating to changes in liabilities for remainining coverage	**120,922**	**-**	**120,922**
- CSM recognised for services provided	12,225	-	12,225
- Change in risk adjustment for non-financial risk for risk expired	3,721	-	3,721
- Expected incured claims and other insurance service expenses	36,745	-	36,745
- Experience adjustment	68,230	-	68,230
Recovery of insurance acquisition cash flows	**29,515**	**-**	**29,515**
Contracts not measured under the PAA	**150,437**		**150,437**
Contracts measured under the PAA	**-**	**2,641,879**	**2,641,844**
Total insurance revenue	**150,437**	**2,641,879**	**2,792,315**
2023			
Amounts relating to changes in liabilities for remaining coverage	**58,511**	**-**	**58,511**
- CSM recognised for services provided	18,910	-	18,910
- Change in risk adjustment for non-financial risk for risk expired	3,169	-	3,169
- Expected incured claims and other insurance service expenses	31,694	-	31,694
- Experience adjustment	4,738	-	4,738
Recovery of insurance acquisition cash flows	**46,930**	**-**	**46,930**
Contracts not measured under the PAA	**105,441**	**-**	**105,441**
Contracts measured under the PAA	**-**	**2,384,829**	**2,384,829**
Total insurance revenue	**105,441**	**2,384,829**	**2,490,270**

Notes to the financial statements

for the year ended 31 December 2024 *(Continued)*

18. Investment income

	Insurance Related	Non-Insurance Related	Total
2024			
Amounts recognised in profit or loss			
Interest revenue calculated using the effective interest method	-	199,595	199,595
Other interest and similar income	-	5,623	5,623
Net fair value gains/(losses) on financial assets at FVPL	-	44,366	44,366
Impairment loss on financial assets	-	(167)	(167)
Net foreign exchange income / (expense)	-	(2,832)	(2,832)
Total amounts recognised in the profit or loss	**-**	**246,585**	**246,585**
Total investment income	**-**	**246,585**	**246,585**
Reinsurance finance income/(expenses) from insurance contracts issued			
Interest accreted to insurance contracts using current financial assumptions	(84,694)	-	(84,694)
Interest accreted to insurance contracts using locked-in rate	(935)	-	(935)
Due to changes in interest rates and other financial assumptions	(8,866)	-	(8,866)
Total (re)insurance finance income/(expenses) from (re)insurance contracts issued	**(94,495)**	**-**	**(94,495)**
Represented by:			
Amounts recognised in profit or loss	(94,495)	-	(94,495)
Retrocession finance income/(expenses) from retrocession contracts held			
Interest accreted to reinsurance contracts using current financial assumptions	64,122	-	64,122
Interest accreted to insurance contracts using locked-in rate	302	-	302
Due to changes in interest rates and other financial assumptions	6,724	-	6,724
Retrocession finance income/(expenses) from retrocession contracts held	**71,147**	**-**	**71,147**
Represented by:			
Amounts recognised in profit or loss	71,147	-	71,147
Total net investment income, (re)insurance finance expenses and retrocession finance income			
Represented by:			
Amounts recognised in profit or loss	(23,348)	246,585	223,237

Notes to the financial statements

for the year ended 31 December 2024

Investment income continued...

	Insurance Related	Non-Insurance Related	Total
2023			
Amounts recognised in profit or loss			
Interest revenue calculated using the effective interest method	-	169,464	169,464
Other interest and similar income	-	4,794	4,794
Net fair value gains/(losses) on financial assets at FVPL	-	23,097	23,097
Impairment loss on financial assets	-	(497)	(497)
Net foreign exchange income / (expense)	-	31,628	31,628
Total amounts recognised in the profit or loss	**-**	**228,486**	**228,486**
Total investment income	**-**	**228,486**	**228,486**
Reinsurance finance income/(expenses) from insurance contracts issued			
Interest accreted to insurance contracts using current financial assumptions	(69,070)	-	(69,070)
Due to changes in interest rates and other financial assumptions	(6,834)	-	(6,834)
Total (re)insurance finance income/(expenses) from (re)insurance contracts issued	**(75,904)**	**-**	**(75,904)**
Represented by:			
Amounts recognised in profit or loss	(75,904)		(75,904)
Retrocession finance income/(expenses) from retrocession contracts held			
Interest accreted to reinsurance contracts using current financial assumptions	56,546	-	56,546
Due to changes in interest rates and other financial assumptions	4,711	-	4,711
Retrocession finance income/(expenses) from retrocession contracts held	**61,257**	**-**	**61,257**
Represented by:			
Amounts recognised in profit or loss	61,257	-	61,257
Total net investment income, (re)insurance finance expenses and retrocession finance income			
Represented by:			
Amounts recognised in profit or loss	(14,647)	228,486	213,839

Notes to the financial statements

for the year ended 31 December 2024 *(Continued)*

19. Profit before taxation

	2024 R'000	2023 R'000
Profit before taxation is arrived at after charging the following items:		
HQ IT Services and Management Expenses	93,876	91,321
Audit fees		
Auditor's remuneration - Fees	4,110	5,061
Auditor's remuneration - Prior year adjustment		-
	4,110	**5,061**
Consultancy fees	8,674	8,646
Depreciation	846	528
Directors' remuneration		
Executive – for services rendered	18,481	15,519
Non executive – for services as directors	4,978	5,157
	23,459	**20,676**
Lease payments	2,376	2,348
Secretarial fees	518	218
Staff costs including contribution to pension fund, UIF, SDL and allowances	78,482	58,542
Number of staff: 51 (2023: 44)		

20. Taxation

	2024 R'000	2023 R'000
Income tax recognised in profit or loss:		
Current tax	(46,003)	(24,334)
Deferred tax	(3,492)	(3,333)
	(49,494)	**(27,667)**
Tax rate reconciliation	%	%
Effective tax rate	25	25
Exempt income	1	4
Disallowed expenses	-1	-2
Capital gains tax	2	4
Other		-4
South African standard corporate tax rate	27%	27%

Notes to the financial statements

for the year ended 31 December 2024 *(Continued)*

21. Related parties

Remuneration of directors and prescribed officers

Directors

The Directors who served during the year together with the respective gross remunerations paid to them for services rendered to the Company are as follows:

Name	Status	2024	2023
		R	R
Corneille Karekezi	Non-executive Chairman	896,869	896,869
Sizakele Mzimela	Independent, non-executive Director (Retired 31 December 2023)		762,338
Themba Baloyi	Independent, non-executive Director	717,495	717,495
Nobuhle Nkosi	Independent, non-executive Director (Appointed 31 May 2024)	448,434	-
Frédéric Fléjou	Independent, non-executive Director	762,338	717,495
Fagmeedah Petersen-Cook	Independent, non-executive Director	717,495	717,495
Sere M Kaba	Independent, non-executive Director	717,495	672,652
Elvin C De Kock	Independent, non-executive Director	702,548	672,652
Andrew Tennick	Managing Director	6,661,617	5,975,116
Senganda Sudadi	Executive Director	4,136,568	3,358,839

Prescribed officers

Mr. Andrew Tennick and Mr. Senganda Sudadi served as Executive Directors during the year. Other members of the Executive who served during the year were Mr. Vuyo Rankoe who served the Company as General Manager, Technical Operations and Pranil Sharma who served the Company as General Manager, Life. Their remuneration for services rendered during the year amounted to R4,395,460 (2023 – R3,448,909) and R3,901,055 (2023 - R2,736,308) respectively.

Notes to the financial statements

for the year ended 31 December 2024

Related parties continued...

Holding company

The Company conducts reinsurance business with its holding company. The holding company also charges management fees for services provided by the Group and license fees to cover the cost of insurance and accounting software used by the Company. The Company rented its premises from an associated company that is similarly wholly owned by the holding company. Transactions carried out with the holding company and with the associated company are on commercial terms and conditions no less favourable to the public.

Details of the balances and transactions with Sherborne Number Ten Proprietary Limited an associated Company (fellow subsidiary) are as follows:

	2024 R'000	2023 R'000
Statement of financial position		
Assets		
Retrocession contract assets	1,013,140	1,110,871
Liabilities		
Retrocession contract liabilities	474,342	188,169
Deposits due to retrocessionaire	2,169,888	2,239,010
Amount due to holding company	70,954	91,124
Net liabilities	**3,728,324**	**3,629,174**
Statement of comprehensive income		
Allocation of retrocession premiums	1,167,183	1,081,008
Amounts recoverable from reinsurers for incurred claims	901,713	1,024,896
Interest expense	113,025	86,261
Management expenses	93,876	91,321
Details of the balances and transactions with Sherborne Number Ten Proprietary Limited an associated company (fellow subsidiary) are as follows:		
Statement of financial position		
Liabilities		
Trade and other payables	14,959	13,479
Statement of comprehensive income		
Management expenses	2,376	2,348

22. Retirement benefits costs

The Company contributes to a defined contribution pension plan for all its employees. The Company's contributions to the defined contribution pension plan for its employees during the period were R4,983,278 (2023: R3,331,756).

23. Going concern

The Directors have assessed the Company's ability to continue as a going concern as at 31 December 2024. The Directors are confident that the Company will continue to operate successfully into the foreseeable future. These financial statements have therefore been prepared on a going concern basis.

24. Business activities

The Company is duly licensed by the Prudential Authority to undertake the business of both life and non-life reinsurance under the new Insurance Act Number 18 of 2017. Following an application submitted in 2019, the Prudential Authority with the required concurrence of the Financial Sector Conduct Authority granted the Company a variation on its licence enabling the Company to transact life reinsurance business. The Company has conducted its business with due regard to, and in accordance with, the provisions of the Act and the Directors are not aware of any actions or activities in contravention of the prevailing legislation.

25. Dividends

The Company has been relicensed as a composite reinsurer and in order to continue meeting the expected additional capital requirements of this business, the Directors have decided not to recommend the payment of dividends.

26. Events after the reporting date

The Directors are not aware of any material events that have occurred between the date of the statement of financial position and the date of this report that would warrant any changes to the financial statements or any other disclosure in this report

		2024 R'000	2023 R'000
27.	**Share capital and issued share capital**		
	Share capital	0*	0*
	Share premium	80,300	80,300
	Authorised		
	7 ordinary shares of R0.01 each	0*	0*
	Issued		
	7 ordinary shares of R0.01 each	0*	0*

Share capital comprises of seven ordinary shares of R0.01 each of which one share was issued at a premium of R80.3 million. No changes occurred during the year.
* less than R1 000

Notes to the financial statements

for the year ended 31 December 2024 *(Continued)*

28. Categories of assets and liabilities

For the year ended 31 December 2024

	Notes	Designated upon initial recognition at fair value through profit or loss	Finance assets at automortized cost	Cash and receivables	Financial liabilities at amortised cost	Non financial instruments	Total	Current
Assets								
Property, plant and equipment	7					971	971	
Financial assets		**1,485,516**	**2,830,454**				**4,315,970**	**3,102,622**
Listed bonds		510,582	634,088				1,144,670	104,349
Listed ordinary shares		173,027					173,027	
Money market funds		801,907					801,907	801,907
Fixed and current deposits			2,196,366				2,196,366	2,196,366
Technical assets under insurance contracts				**76,195**		**1,060,133**	**1,060,133**	**1,060,133**
Retrocession contract assets	6					1,060,133	1,060,133	1,060,133
Accounts receivable	8			6,323			6,323	6,323
Current income tax asset	9					13,465	13,465	13,465
Cash and cash equivalents	4			69,872			69,872	69,872
Total assets		**1,485,516**	**2,830,454**	**76,195**		**1,074,569**	**5,466,734**	**4,252,415**

Notes to the financial statements

for the year ended 31 December 2024 *(Continued)*

Categories of assets and liabilities continued...

For the year ended 31 December 2023

	Notes	Designated upon initial recognition at fair value through profit or loss	Finance assets at automortized cost	Cash and receivables	Financial liabilities at amortised cost	Non financial instruments	Total	Current
Assets								
Property, plant and equipment	7					1,377	1,377	
Financial assets		**1,186,089**	**2,618,932**				**3,805,021**	**2,728,536**
Listed bonds		442,290	612,185				1,054,475	99,662
Listed ordinary shares		121,672					121,672	
Money market funds		622,127					622,127	622,127
Fixed and current deposits			2,006,747				2,006,747	2,006,747
Technical assets under insurance contracts				**84,279**		**1,124,661**	**1,124,661**	**1,124,661**
Retrocession contract assets	6					1,124,661	1,124,661	1,124,661
Accounts receivable	8			15,164			15,164	15,164
Current income tax asset	9					26,832	26,832	26,832
Cash and cash equivalents	4			69,115			69,115	69,115
Total assets		**1,186,089**	**2,618,932**	**84,279**		**1,152,870**	**5,042,170**	**3,964,308**

Notes to the financial statements

for the year ended 31 December 2024 *(Continued)*

Categories of assets and liabilities continued...

For the year ended 31 December 2024

	Notes	Designated upon initial recognition at fair value through profit or loss	Financial assets at amortized cost	Csah and payable	Financial liabilities at amortised cost	Non-financial instruments	Total	Current
Liabilities								
Technical liabilities under insurance contracts						**1,900,984**	**1,900,984**	**1,044,762**
Reinsurance contract liabilities						1,900,984	1,900,984	1,044,762
Deposit due to retrocessionaires	6				2,169,888		2,169,888	2,169,888
Amount due to holding company	13				70,954		70,954	70,954
Other provisions and accruals	**11**	**-**	**-**	**-**	**-**	**29,089**	**29,089**	**29,089**
Creditors and accruals						26,994	26,994	26,994
Accrual for leave pay						2,095	2,095	2,095
Deferred tax liability	10					19,874	19,874	19,874
Total liabilities		**-**	**-**	**-**	**2,240,842**	**1,949,947**	**4,190,789**	**3,334,567**

Notes to the financial statements

for the year ended 31 December 2024 *(Continued)*

Categories of assets and liabilities continued...

For the year ended 31 December 2023

	Notes	Designated upon initial recognition at fair value through profit or loss	Financial assets at amortized cost	Csah and payable	Financial liabilities at amortised cost	Non-financial instruments	Total	Current
Liabilities								
Technical liabilities under insurance contracts						**1,634,605**	**1,634,605**	**748,139**
Reinsurance contract liabilities	6					1,634,605	1,634,605	748,139
Deposits due to retrocessionaires	12				2,239,010		2,239,010	2,239,010
Amount due to holding company	13				91,124		91,124	91,124
Other provisions and accruals	**11**	**-**	**-**	**-**	**-**	**21,344**	**21,344**	**21,344**
Creditors and accruals						19,361	19,361	19,361
Accrual for leave pay						1,982	1,982	1,982
Deferred tax liability	10					16,382	16,382	16,382
Total liabilities		**-**	**-**	**-**	**2,330,134**	**1,672,330**	**4,002,464**	**3,115,998**

Notes to the financial statements

for the year ended 31 December 2024 *(Continued)*

	2024 R'000	2023 R'000
29. Notes to the cash flow statement		
Cash flows from operations		
Net profit before taxation	**196,052**	**112,674**
Adjustments for:		
Investment income net of management fees	(357,013)	(278,450)
Finance costs	113,025	86,758
Depreciation and amortisation expense	846	528
Change in operating assets and liabilities:	**347,883**	**514,335**
Increase/(decrease) in reinsurance and retro contracts	420,594	429,399
Accounts receivable	8,841	8,310
Amount due to holding company	(20,170)	(126,448)
Other provisions and accruals	7,740	4,841
Deposits due to retrocessionare	(69,122)	174,857
Deposits retained by ceding companies	-	23,376
Net cash flows from operations	**300,793**	**435,845**
Income tax paid		
Balances recoverable/payable at the beginning of the year	26,832	12,607
Current tax through profit or loss	(44,681)	(24,334)
Balances recoverable/payable at the end of the year	(14,786)	(26,832)
Net taxation paid	**(32,635)**	**(38,559)**

Notes to the financial statements

for the year ended 31 December 2024 *(Continued)*

Detailed Income Statement	Notes	2024 R'000	2023 R'000
Revenue			
Insurance revenue		2,792,315	2,490,270
Amounts recoverable from retrocessionaires for incurred claims		1,566,662	1,530,670
Interest received		199,595	169,464
Insurance service expenses		(2,326,879)	(2,251,013)
Reinsurance expenses		(1,953,358)	(1,775,654)
Total Revenue		**278,335**	**163,737**
Other income			
Other income		1,233	1,012
Other expenses			
Depreciation		(846)	(528)
Impairments and reversals - trade and other receivables		44,366	23,097
Investment management expenses		(5,598)	(5,166)
Management expenses		(211,700)	(187,310)
Management expenses (unattributed)		110,982	96,548
Retroceded claims received		-	6
		(62,796)	**(73,353)**
Other gains and losses			
Fair value changes - financial assets		(167)	(497)
Profit from operating activities		**216,605**	**90,899**
Gains and losses arising from derecognition of financial assets measured at amortised cost			
Foreign exchange contract		(2,832)	31,628
Finance income			
Other interest and similar income		5,623	4,794
Retrocession finance income for retrocession contracts held		71,147	61,257
		76,770	**66,051**
Finance costs	18		
Insurance contracts issued		(94,494)	(75,904)
Profit before tax		**196,049**	**112,674**
Income tax	20		
Current tax		(49,494)	(27,667)
Profit for the year		**146,555**	**85,007**

The supplementary information presented does not form part of the annual financial statements and is unaudited

Notes