



# 2025

Annual Report  
& Accounts



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

**HEAD QUARTERS, LAGOS, NIGERIA**

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Victoria Island P.M.B. 12765  
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**

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■ **WEST AFRICA REGIONAL OFFICE**  
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■ **AFRICAN REINSURANCE CORP. (SOUTH AFRICA) LTD**  
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■ **AFRICA RETAKAFUL**  
4e, 1st Settlement Service Center  
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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,  
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Email: addisababa@africa-re.com

# **African Reinsurance Corporation (SA) Limited**

(Registration Number 2003/031630/06)

## **Annual Financial Statements**

for the year ended 31 December 2025



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

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

# Annual Financial Statement

## for the year ended 31 December 2025

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### 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 2025, 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 2026**

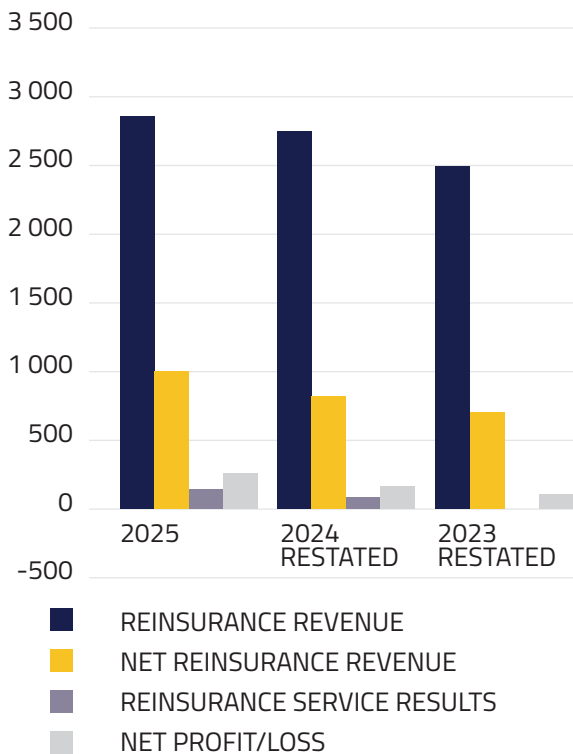
## Financial highlights

for the year ended 31 December 2025

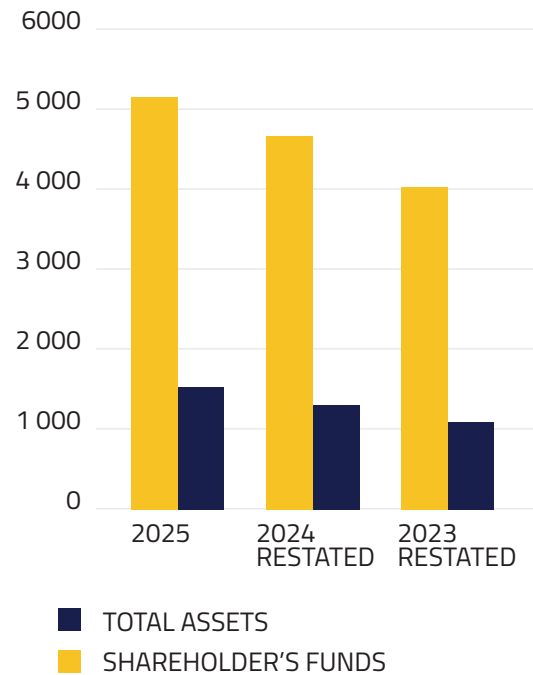
In R'000	2025	2024	2023
<b>RESULTS</b>			
REINSURANCE REVENUE	2,865,235	2,792,315	2,490,270
NET REINSURANCE REVENUE	1,012,452	838,024	714,616
REINSURANCE SERVICE RESULT	145,793	78,740	-5,727
NET PROFIT/LOSS	240,588	146,555	85,007
<b>FINANCIAL POSITION</b>			
SHAREHOLDER'S FUNDS	<b>1,516,535</b>	<b>1,275,947</b>	<b>1,129,392</b>
TOTAL ASSETS	<b>5,109,578</b>	<b>4,412,219</b>	<b>4,008,730</b>
INTERNATIONAL SOLVENCY MARGIN <sup>n1</sup>	<b>150%</b>	<b>152%</b>	<b>158%</b>

<sup>n1</sup> International solvency margin is calculated as the net assets expressed as a percentage of the net written premium.

RESULTS 2023 - 2025  
In Rand' Million



FINANCIAL POSITION 2023 - 2025  
In Rand' Million



## Chairman and executive management statement for the year ended 31 December 2025

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 2025.

South Africa's economy expanded by approximately 1.1% in 2025, its strongest performance since 2022, supported by the continued stabilising influence of the Government of National Unity, South Africa's removal from the FATF grey list, and an S&P sovereign credit upgrade to BB — the country's first in nearly two decades. Structural challenges in logistics, energy and labour markets persisted, and unemployment remained elevated at approximately 33.2%. Globally, geopolitical tensions and residual monetary tightening continued to weigh on growth and trade flows. These conditions framed the operating environment for South Africa's reinsurance market throughout the year, characterised by softening rates, rising claims inflation and heightened competition from both local and international capacity providers.

We are pleased to report that the Company delivered an excellent financial performance in 2025. Profit before tax of R320.2 million and profit after tax of R240.6 million represent a significant step-up from the R196.0 million profit before tax and R146.6 million profit after tax recorded in 2024 — increases of 63% and 64% respectively. This result was achieved against a softening market backdrop and reflects the strength of the Company's underwriting platform, disciplined expense management and a favourable investment environment.

Reinsurance revenue grew to R2,865 million from R2,792 million in 2024, a 3% increase, sustaining the Company's premium growth trajectory. The reinsurance service result before retrocession improved strongly to R774 million from R465 million in 2024, a 66% uplift, driven by a 10% reduction in reinsurance service expenses to R2,091 million. After retrocession costs of R1,853 million (2024: R1,953 million), the net reinsurance service result reached R146 million, compared to R79 million in 2024 — a 85% improvement.

The reinsurance expense ratio improved from 83.3% in 2024 to 73.0% in 2025, reflecting a relatively benign natural catastrophe environment and continued enhancements in claims handling. Claims inflation persisted in motor lines, driven by rising repair costs and legal expenses, and the Company responded by strengthening reserving strategies and refining pricing models accordingly. The Board is satisfied that these results reflect the maturity and consistency of the Company's underwriting platform

Net investment income grew 26% to R414 million (2024: R360 million), benefiting from the higher interest rate environment. Interest revenue increased to R352 million from R312 million, and net fair value gains on investments of R104 million (2024: R44 million) contributed further to the strong investment result. The Board's Asset-Liability Management model continued to guide the structured deployment of investment assets in line with the Company's liability profile and risk appetite. Total equity and total assets grew in line with the business's expansion, reinforcing the Company's capital strength. The Company's Solvency Capital Requirement (SCR) coverage ratio stood at 2.75 times as at 31 December 2025, well in excess of the regulatory minimum, reflecting a robust and well-capitalised balance sheet.

The Company remains fully compliant with the SAM regulatory framework and the principles-based requirements of the Insurance Act 2017. The full implementation of IFRS 17 has reinforced the Company's commitment to transparent and disciplined financial reporting. The Board notes the Prudential Authority's and FSCA's signals regarding forthcoming requirements on climate risk disclosures and cyber risk management. These developments, while adding to compliance obligations, are consistent with the Company's own strategic focus on sustainable underwriting and risk resilience, and the Board is actively monitoring developments to ensure timely preparedness.

## Chairman and executive management statement for the year ended 31 December 2025 (Continued)

The Board is proud to report a landmark development in the Company's credit profile. In November 2025, S&P Global Ratings upgraded the Africa Re Group's long-term issuer credit and insurer financial strength rating to a full A (Stable Outlook) from A- — the Group's first rating upgrade from S&P in 16 years. The rating on Africa Re (SA), which benefits from the Group's unconditional parental guarantee, was raised to the same level. This upgrade reflects Africa Re's consistent operating performance, robust underwriting results, disciplined risk management and diversified pan-African footprint, and places the Group among a select group of indigenous reinsurers from developing and emerging economies to be so rated. The Company's own standalone A- rating, sustained since 2014, continues to lend credence to the strength of its capital, governance and risk management standards. The Board and Management remain committed to sustaining and building on this hard-earned credit standing.

Looking ahead, the Company enters 2026 with a clear strategic direction. In a market characterised by softening rates and intensifying competition, our priorities are to deepen cedant and broker partnerships built on consistency, technical excellence and responsiveness; to grow our composite reinsurance offering across both short term and life lines in a disciplined manner; to strengthen our data and analytics capabilities to sharpen risk selection and pricing; and to progress our sustainability agenda in line with evolving regulatory and stakeholder expectations. We do not seek growth at the expense of quality. Our commitment to our cedants and intermediaries is grounded in the same principles that have underpinned our relationships for over a decade: reliable capacity, sound technical expertise and long term alignment of interest. The Board is confident that this approach positions the Company well for continued profitable growth in the medium term.

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

The Directors who served during the year were:

C Karekezi - (Non-executive Chairman)  
 F B S M Fléjou - (Independent, Non-executive Director)  
 T Baloyi - (Independent, Non-executive Director)  
 F Petersen-Cook - (Independent, Non-executive Director)  
 Sere M Kaba - (Independent, Non-executive Director)  
 Elvin De Kock - (Independent, Non-executive Director)  
 N Nkosi - (Independent, Non-executive Director)  
 A N Tennick - (Managing Director)  
 Sudadi K. Senganda - (Executive Director)  
 Pranil Sharma - (Executive Director – appointed 01 September 2025)  
 Vuyo Rankoe - (Executive Director – appointed 01 September 2025)

The Audit Committee met three times during the course of the 2025 financial year. The Committee's report is separately included elsewhere in these financial statements, as is the report of the Social and Ethics Committee. The Board's other committees are the Remuneration and Human Resources Committee, Risk and Underwriting Committee, Nominations and Governance Committee and Finance and Investment Committee. The Board is satisfied with the performance of all Committees and believes their work has strengthened the effectiveness of its oversight responsibilities. The annual self-evaluation of the performance of Directors, Committees and the Board was conducted in 2025, from which areas requiring improvement are receiving appropriate attention.

During the year, the Board appointed KPMG Inc. as the Company's external auditors, replacing Deloitte & Touche South Africa. The change reflects the Board's commitment to maintaining the highest standards of audit quality and independence. Consistent with the Insurance Act, the Board endorsed the retention and designation of all heads of control functions. The Board will continue to ensure the independence, integrity and resourcefulness of control functionaries as a way of maintaining adequate controls over the

## Chairman and executive management statement for the year ended 31 December 2025

Company's affairs. The external auditors and all control functionaries have unfettered access to the Board directly and through the relevant Committees. The Board is pleased to note that the Company remained compliant with all applicable legislation throughout the year.

Corporate Social Responsibility remains a key priority. During the year, the Company continued its support to its adopted school, contributed bursary funds to facilitate the education of disadvantaged learners, and undertook a number of health awareness initiatives for staff and the community. Further detail is provided in the report of the Social, Ethics & Transformation Committee.

Our employees remain our most important resource. The Company continued to invest in the professional and personal development of its staff, and we remain committed to creating an environment in which every individual can contribute meaningfully and share in the success of the business. We are grateful to all staff for their dedication and commitment throughout the year.

We extend our sincere gratitude to our valued cedants, brokers and intermediaries whose continued confidence in Africa Re (SA) is reflected in the sustained growth of our business. We equally acknowledge our colleagues on the Board for their effective oversight and governance contribution throughout the year.

In concluding, 2025 was an exceptional year for Africa Re (SA) — a record profit, a landmark rating upgrade and a strengthened leadership team. The Company enters 2026 well-capitalised, well-rated and well-positioned, with a clear strategy and the team to execute it. The Board remains committed to delivering sustainable value to all stakeholders.



**Dr. Corneille Karekezi**

**Chairman**

**30 April 2026**



**Andrew N Tennick**

**Managing Director**

**30 April 2026**

## 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**  
Independent,  
Non-executive Director



**Sudadi K Senganda**  
Executive Director,  
Finance & Administration



**Vuyo Rankoe**  
Executive Director,  
Technical Operations



**Pranil Sharma**  
Executive Director, Life

## Directors' responsibilities and Approval for the year ended 31 December 2025

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 17.

The financial statements set out on pages 18 to 90, and the supplementary information set out on page 91 which have been prepared on the going concern basis, were approved by the Directors and were signed on 01 April 2026.



**Dr. Corneille Karekezi**

**Chairman**

**30 April 2026**



**Andrew N Tennick**

**Managing Director**

**30 April 2026**

## Report by the Social, Ethics and Transformation Committee for the year ended 31 December 2025

The Social, Ethics and Transformation Committee (“the Committee”) is pleased to present this report on its activities for the year 2025 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 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 Report on Corporate Governance 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 emphasis on Transformation continued in the year under review with more new initiatives undertaken to support Black Economic Empowerment. The key areas of responsibility for the Committee which are amplified in the 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
- 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. Specifically, following the achievement of a Level 5 B-BBEE compliance status for the first time for the 2024 financial year, the Committee directed the Management preparation and Board approval of specific programmes that would enable the Company to sustain 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 Plan. The Committee will continue to work for the practical implementation and the realisation of the key objectives of these vital documents.

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 approved 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 towels for female learners in designated rural schools continued throughout the year. The Company partnered with the Maharishi Institute where it supported educational and Enterprise Development initiatives.

In order to achieve black economic empowerment compliance as envisaged in the Transformation Plan, the Company has set minimum requirements of

## Report by the Social, Ethics and Transformation Committee for the year ended 31 December 2025 (Continued)

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 two black-owned beneficiaries 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 Committee remain 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. The Company is proud to have absorbed two learners in an extended learnership programme, providing further career development support and sponsoring their studies.

The Committee continued to fulfil its role in promoting the Company's commitment to sound ethical practices, effective communication, and the establishment of an appropriate policy framework on health and safety matters for staff. It also supported the ongoing employee assistance initiatives delivered through the Discovery Healthy Company programme, which provides professional support to employees and their families. Importantly, this wellness programme extends beyond emotional wellbeing, offering comprehensive services that include legal, financial, and physical wellness support. The Committee is pleased with the

holistic approach embedded in the employee wellness programme and is proud to report that Discovery Healthy Company facilitated several sessions with employees. These included discussions on workplace diversity, a dedicated workshop for women on breast cancer awareness, and a separate workshop for men focusing on prostate cancer.

The Committee actively encourages gender equality and drives initiatives aimed at combating unfair discrimination and reducing corruption. The 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.

The Committee met three times during the year with all members in attendance. Apart from its members, the Committee's meetings are regularly attended by other Executive Directors 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 changes with the appointment of Ms. Nobuhle Nkosi as the Chairperson 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:

Nobuhle Nkosi - Independent Non-Executive Director (Chairperson) – from August 2025

Fagmeedah Petersen-Cook - Independent Non-Executive Director (Member)

Elvin Collin De Kock - Independent Non-Executive Director (Member)

Andrew Tennick - Managing Director (Member)

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

## Report by the Social, Ethics and Transformation Committee for the year ended 31 December 2025

Simiso Ndlovu – Assistant Manager: Human Resources  
& Compliance (Member)

Tshimangadzo Ramada - Technical Accounts Officer  
(Member)

The Committee is pleased to welcome Ms. Nobuhle Nkosi as the Chairperson of the Committee.

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 2025.

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. Its 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.

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



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**Nobuhle Nkosi**  
**Chairperson**  
**30 April 2026**

## Report of the Audit Committee for the year ended 31 December 2025

The Audit Committee is pleased to present this report on its activities for the financial year 2025 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 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 2025 represented the third 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 2025 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 seventh year as the Company's external auditors with the audit of the 2024 financial statements. During the year, following the Committee and Board decision to rotate the Auditors, Deloitte retired from Office. Following

a tender process, Messrs KPMG were appointed the new external auditors with effect from the audit of the 2025 financial year. The Committee reviewed the terms of engagement of KPMG as external auditors 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.

The Committee enjoyed relative stability in its membership 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)

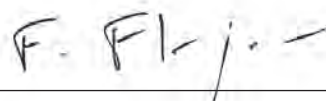
S M Kaba - Independent non-executive Director (Member)

E C De Kock - Independent non-executive Director (Member) (appointed Chairman from 01 November 2025)

N Nkosi - Independent non-executive Director (Member)

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 2025.

For and on behalf of the Audit Committee:



**Frédéric B S M Fléjou**

**Chairperson**

**30 April 2026**

## Directors' report

### for the year ended 31 December 2025

The Directors are pleased to present the Directors' report of the Company for the year ended 31 December 2025.

#### 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 life reinsurance business.

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 (2024: 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)  
Independent non-executive Director

Themba Baloyi  
Independent non-executive Director

Fagmeedah Petersen-Cook  
Independent non-executive Director

Sere Mady 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  
Executive Director

Pranil Sharma  
Executive Director (appointed 01 September 2025)

Vuyo Rankoe  
Executive Director (appointed 01 September 2025)

#### 4. Secretary

Nokubonga Zuma  
18 Glenhove Road  
Melrose Estate, Johannesburg, 2196

#### 5. Auditor

KPMG 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 2026**

## Independent auditor's report for the year ended 31 December 2025

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 (the Company) set out on pages 18 to 90, which comprise the Statement of Financial Position as at 31 December 2025, and the Statement of Profit or Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and Material Accounting Policies and Notes to the Financial Statements.

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 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) 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), as applicable to audits of financial statements of public interest entities, 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

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

## Independent auditor's report

for the year ended 31 December 2025 (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	
<b>Final materiality</b>	R27.9 million determined as 1% (rounded) of reinsurance revenue
<b>Rationale for benchmark applied and percentage applied</b>	<p>We selected reinsurance revenue as the most appropriate benchmark because, in our view, it is the metric which best reflects the focus of the user of the financial statements when evaluating performance of a reinsurance company who engages in retrocession with a parent company.</p> <p>The percentage applied was based on our professional judgement after consideration of qualitative factors that impact the Company</p>

### Key Audit Matters

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

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

**Valuation of reinsurance contract assets and reinsurance contract liabilities from non-life reinsurance contracts**  
*Refer to note 2(u) IFRS 17 Insurance Contracts, note 6 Technical assets and liabilities and note 14 Roll Forward - Reinsurance to the financial statements.)*

Key Audit Matter	How the matter was addressed in the audit
<p>As at 31 December 2025, the Company held reinsurance contract liabilities of R1,32 billion and reinsurance contract assets of R1,8 million.</p> <p>Within these balances, R1,29 billion and R1,49 million relates to reinsurance contract liabilities and reinsurance contract assets respectively, specifically relating to the non-life division. This results in net reinsurance contract liabilities of R1,29 billion from non-life reinsurance contracts.</p> <p>Reinsurance contract assets and reinsurance contract liabilities are determined in accordance with IFRS 17: Insurance Contracts (IFRS 17).</p>	<p>Together with the assistance of our actuarial specialists, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>We obtained an understanding of the Company's actuarial internal control environment including its governance processes by testing the design and implementation of key controls.</li> <li>We assessed the valuation methodology and assumptions for compliance by comparing it against the latest actuarial guidance, legislation, and approved accounting policies in accordance with IFRS 17.</li> </ul>

*Continues on next page*

## Independent auditor's report

for the year ended 31 December 2025 (*Continued*)

The valuation of reinsurance contract assets and reinsurance contract liabilities comprises of the:

- Liability for remaining coverage (LFRC)
- Liability for incurred claims (LFIC)

The key audit matter specifically relates to the incurred but not reported claims (IBNR) within the LFIC.

Significant judgement and estimation was applied in determining the value of the non-life LFIC 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 and susceptibility to misstatement due to management bias.

In estimating the LFIC, management's actuaries have used the following methods:

- The Chain Ladder method based on paid and incurred data;
- The Bornheutter-Ferguson method based on paid and incurred data; and
- The Expected loss ratio method.
- The key areas of significant judgement and estimation included in the IBNR for the LFIC included:
  - The expected claims recovery ratio;
  - Estimates for market variables such as discount rates; and
  - An estimate of the risk adjustment for non financial risk.

We considered the above to be a key audit matter due to the significant judgement and assumptions applied and estimation uncertainty involved in determining the valuation of the reinsurance contract assets and reinsurance contract liabilities from non-life contracts.

- We challenged the methodologies and processes used to determine and update key assumptions, through comparison with data and our assessment of the Company's analysis of experience to date and allowance for future uncertainty. Our challenge focused on the loss ratios applied.
- We assessed the reasonability of the actuarial data build up for the purposes of the valuation, by agreeing a sample of the underlying relevant data elements to supporting documents, such as policies and reinsurance slips.
- We independently recalculated the discount rate and compared it to the Company's discount rate.
- We have assessed the appropriateness of the accounting treatment for new reinsurance contracts entered into during the year, together with management's assessment of the level of aggregation, contract boundary, and measurement requirements.
- We evaluated the accuracy of the risk adjustment for nonfinancial risk by reviewing the calculation method and assessing whether the change for risks expired are in accordance with the related IFRS 17 accounting policies.
- We assessed the reasonability of the valuation relating to the IBNR by performing an independent calculation.

Based on the procedures listed above, we did not identify any significant matters requiring further consideration in concluding on the procedures performed.

## Independent auditor's report for the year ended 31 December 2025 (Continued)

### Emphasis of matter

We draw attention to Note 31 to the financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2024 has been restated. Our opinion is not modified in respect of this matter.

### Other matter relating to comparative information

The financial statements of the Company as at and for the year ended 31 December 2024, excluding the adjustments described in note 31 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 13 May 2025.

As part of our audit of the financial statements as at and for the year then ended 31 December 2025, we audited the adjustments described in note 31 that were applied to restate the comparative information presented as at and for the year then ended 31 December 2024 and the statement of financial position as at 1 January 2024.

We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended 31 December 2024 or to the statement of financial position as at 1 January 2024, other than with respect to the adjustments described in note 31 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in note 31 are appropriate and have been properly applied.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "African Reinsurance Corporation (SA) Limited Annual Financial Statements for the year ended 31 December 2025", which includes the Directors' Report, the Report of the Audit Committee and the Declaration by Company Secretary as required by the Companies Act of South Africa. 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 (IFRS Accounting Standards) 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

## Independent auditor's report for the year ended 31 December 2025

conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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 Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of African Reinsurance Corporation (SA) Limited for 1 year.

DocuSigned by:  
**KPMG Inc.**  
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**KPMG Inc.**

**Per Nishen Bikhani, Chartered Accountant (SA)**

**Registered Auditor, Director**

**21 April 2026**

## Statement of Financial Position

for the year ended 31 December 2025

	Notes	2025 R'000	2024 As Restated R'000	2023 As Restated R'000
<b>Assets</b>				
Cash and cash equivalents	4	226,594	69,872	69,115
Financial Assets at fair value through profit or loss	5	2,016,468	1,485,516	1,186,089
Financial Assets at amortised cost	5	2,824,159	2,830,454	2,618,932
Accounts receivable/(payable)* <sup>1</sup>	8	2,603	-	3,268
Current tax assets* <sup>1</sup>	9	22,508	25,361	38,728
Reinsurance contract assets	6	1,807	45	89,693
Retrocession contract assets*	6	7,551	-	1,528
Property, plant and equipment	7	7,888	971	1,377
<b>Total Assets</b>		<b>5,109,578</b>	<b>4,412,219</b>	<b>4,008,730</b>
<b>Liabilities</b>				
Accounts payable	8	-	5,573	-
Amount due to holding company	13	152,078	70,954	91,124
Retrocession contract liabilities*	6	2,058,521	1,569,018	1,223,680
Retrocession recoveries	6	(909,180)	(1,060,090)	(1,123,127)
Deposits due to retrocessionaire*	12	2,967,701	2,629,108	2,346,807
Reinsurance contract liabilities*	6	1,326,654	1,441,764	1,526,808
Other provisions and accruals	11	23,791	29,089	21,343
Deferred tax liabilities	10	31,999	19,874	16,382
<b>Total liabilities</b>		<b>3,593,043</b>	<b>3,136,272</b>	<b>2,879,337</b>
<b>Equity</b>				
Share capital and share premium	28	80,300	80,300	80,300
Retained income <sup>2</sup>		1,436,235	1,195,647	1,049,093
<b>Total equity</b>		<b>1,516,535</b>	<b>1,275,947</b>	<b>1,129,392</b>
<b>Total equity and liabilities</b>		<b>5,109,578</b>	<b>4,412,219</b>	<b>4,008,730</b>

\*These amounts have been restated in accordance with applicable standards. Refer to Note 31

<sup>1</sup> The layout of the statement of financial position has been updated to present line items in order of liquidity. Comparative amounts have been reclassified to conform with the current period presentation, with no impact on previously reported profit or loss, total equity, or cash flows.

<sup>2</sup> The contingency reserve has been aggregated with retained earnings, and comparative information has been reclassified to ensure consistency with the current presentation. This change relates to presentation only and does not affect previously reported total equity, profit or loss, or cash flows.

## Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2025

	Notes	2025 R'000	2024 A Restated R'000
Reinsurance revenue	17	2,865,235	2,792,315
Reinsurance service expense	19	(2,090,708)	(2,326,879)
<b>Reinsurance service result before retrocession contracts held</b>		<b>774,527</b>	<b>465,436</b>
Allocation of retrocession premiums	17	(1,852,783)	(1,953,358)
Amounts recoverable from retrocessionaires for incurred claims	19	1,224,049	1,566,662
<b>Net expenses from reinsurance contracts held</b>		<b>(628,734)</b>	<b>(386,696)</b>
<b>Reinsurance service result</b>		<b>145,793</b>	<b>78,740</b>
Divided income	18	6,210	5,623
Interest income on investment*	18	352,227	312,620
Net fair value gain/(losses) on investment	18	103,503	44,366
Impairment loss on financial assets		(838)	(167)
Net foreign exchange (expense)/income	18	(46,927)	(2,832)
<b>Net investment income</b>		<b>414,175</b>	<b>359,610</b>
Reinsurance finance expenses for reinsurance contracts issued	18	(90,289)	(94,494)
Finance income from retrocession contracts held	18	(37,287)	(41,878)
<b>Net reinsurance financial result</b>		<b>(127,576)</b>	<b>(136,372)</b>
Other income		5,908	1,233
Management expenses		(118,140)	(107,162)
<b>Profit before tax</b>		<b>320,160</b>	<b>196,049</b>
Income tax expense	21	(79,572)	(49,494)
<b>Profit for the year</b>		<b>240,588</b>	<b>146,555</b>

\*These amounts have been restated in accordance with applicable standards. Refer to Note 31

## Statement of Changes in Equity

for the year ended 31 December 2025

	Issued share capital and share premium R'000	Retained income R'000	Total R'000
<b>Restated balance as at 1 January 2024</b>	80,300	1,049,092	1,129,392
<b>Changes in equity</b>			
Profit for the year	-	146,555	146,555
Total comprehensive income for the year	-	146,555	146,555
<b>Balance at 31 December 2024</b>	<b>80,300</b>	<b>1,195,647</b>	<b>1,275,947</b>
<b>Balance at 1 January 2025</b>	80,300	1,195,647	1,275,947
<b>Changes in equity</b>			
Profit for the year	-	240,588	240,588
Total comprehensive income for the year	-	240,588	240,588
<b>Balance at 31 December 2025</b>	<b>80,300</b>	<b>1,436,235</b>	<b>1,516,535</b>

## Statement of Cash Flows

for the year ended 31 December 2025

	Notes	2025 R'000	2024 As Restated R'000
<b>Net cash flows from operations*</b>	32	<b>299,765</b>	<b>187,786</b>
Income taxes paid		(64,594)	(32,636)
<b>Net cash flows from operations</b>		<b>235,171</b>	<b>155,132</b>
<b>Cash flows used in investing activities</b>			
Purchases of property, plant and equipment		(8,455)	547
Net purchases and disposals of investments		(421,157)	(467,570)
Dividends received		6,210	5,623
Interest paid		344,953	307,023
<b>Cash flows from operating activities*</b>		<b>(78,449)</b>	<b>(154,377)</b>
<b>Net increase in cash and cash equivalents</b>		<b>156,722</b>	<b>757</b>
Cash and cash equivalents at the beginning of the year		69,872	69,115
<b>Cash and cash equivalents at the end of the year</b>	4	<b>226,594</b>	<b>69,872</b>

\*These amounts have been restated in accordance with applicable standards. Refer to Note 31

# Material Accounting Policies

## for the year ended 31 December 2025

### 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

##### **Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates**

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. In accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates, the Company has determined that throughout the reporting period, the Company did not experience any exchange restrictions.

### **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

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

## Material Accounting Policies

### for the year ended 31 December 2025

Changes in Accounting Policies and disclosures continued...

#### 1.2 New standards and interpretations not yet adopted

For all Accounting Standards assessed in the table below, the impact on the entity is currently being assessed, and with the exception of IFRS 18 not expected to be significant

IFRS Accounting Standard/Interpretation		Date issued by IASB	Effective date Periods beginning on or after	First time adoption
IFRS 7, Financial Instrument: Disclosures and IFRS 9, Financial Instruments, amendments	Classification and measurement requirements for financial instruments Settlement by electronic payments Other amendments	01 May 2024	01 January 2026	2027 financial year
IFRS 1, First Time adoption of International Financial Reporting Standards amendments	Annual Improvements to IFRS Accounting Standards	01 July 2024	01 January 2026	2027 financial year
IFRS 7 amendments	Annual Improvements to IFRS Accounting Standards	01 July 2024	01 January 2026	2027 financial year
IFRS 9 amendments	Annual Improvements to IFRS Accounting Standards	01 July 2024	01 January 2026	2027 financial year
IFRS 10, Consolidated Financial Statements, amendments	Annual Improvements to IFRS Accounting Standards	01 July 2024	01 January 2026	2027 financial year
IAS 7 amendments <sup>4</sup> Annual Improvements to IFRS Accounting Standards July 2024 1 January 2026	Annual Improvements to IFRS Accounting Standards	01 July 2024	01 January 2026	2027 financial year
IFRS 7, IFRS 9 & IFRS 19 amendments	Contracts Referencing Nature-dependent Electricity	01 December 2024	01 January 2026	2027 financial year
IFRS 19	Subsidiaries without Public Accountability: Disclosure	01 May 2024	01 January 2027	2028 financial year
IFRS 18	Presentation and Disclosure in Financial Statements	01 April 2024	01 January 2027	2028 financial year

## Material Accounting Policies

for the year ended 31 December 2025 (Continued)

### 2. Material 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 annual financial statements for the year ended 31 December 2025 have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), the Financial Pronouncements as issued by the Financial Reporting Standards Council, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Companies Act of South Africa.

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 a going concern basis.

The preparation of financial statements in conformity with IFRS Accounting Standards 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

#### (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

## Material Accounting Policies

for the year ended 31 December 2025 (Continued)

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. In the current year the contingency reserve was included within retained earnings.

### (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 (2024: 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) IFRS 2 – Cash–Settled Share–Based Payments

During the financial year, the Company introduced a cash–settled Long–Term Incentive Scheme ("LTIP") for eligible senior employees and executives. The purpose of the scheme is to incentivise long-term performance, strengthen retention of key personnel, and align employee rewards with the sustained financial performance of the Company.

Under the LTIP, participants receive notional share units ("units") that mirror the value of the Company's shares.

The awards are cash–settled, no actual shares are issued. On vesting, participants receive a cash payment equal to the market value of the notional units.

In accordance with IFRS 2, the Company recognises a liability for cash–settled awards measured initially and at each reporting date at fair value using the earning multiple valuation model. The fair value is remeasured at each reporting date and again at settlement. Changes in fair value are recognised in profit or loss over the vesting period.

## Material Accounting Policies

for the year ended 31 December 2025 (Continued)

### (i) 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.

### (j) 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.

### (k) 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.

### (l) 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.

## Material Accounting Policies

for the year ended 31 December 2025 (Continued)

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;
- 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.

### (m) Other receivables

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

### (n) 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.

### Deposits retained on reinsurance ceded

Deposits retained on reinsurance ceded are stated at amortised cost and is included as part of retrocession contract liabilities

### (o) 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.

### (p) 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

## Material Accounting Policies

### for the year ended 31 December 2025 (Continued)

than the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior years.

#### (q) Impairment of financial assets

The company recognises loss allowances for ECL on:

- financial assets measured at amortised cost;
- cash and cash equivalents

The company measures loss allowances at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date;
- and other financial instruments (other than lease receivables) for which credit risk has not increased significantly since initial recognition.

Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Financial instruments for which lifetime ECL are recognised because of a significant increase in credit risk since initial recognition but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

In all cases, the maximum period considered when

estimating ECL is the maximum contractual period over which the company is exposed to credit risk.

#### Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the company in accordance with the contract and the cash flows that the company expects to receive).

#### Presentation of loss allowances in the statement of financial position

Loss allowances for ECL are presented as follows:

- financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets

#### (r) 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.

#### (s) 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.

## Material Accounting Policies

for the year ended 31 December 2025 (Continued)

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.

### (t) 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.

### (u) 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 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

## Material Accounting Policies

### for the year ended 31 December 2025 (Continued)

(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.

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.

#### 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

## Material Accounting Policies

for the year ended 31 December 2025 *(Continued)*

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 level of benefits that fully reflects those risks

Or

- Both of the following criteria are satisfied:
  - The Company has the practical ability to reassess the risks of the portfolio of 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.

## Material Accounting Policies

for the year ended 31 December 2025 (Continued)

Measurement	IFRS 17 Options	Adopted approach
<b>Premium Allocation Approach (PAA) Eligibility</b>	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.
<b>General Measurement Model</b>	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
<b>Reinsurance acquisition cash flows for reinsurance contracts issued</b>	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.
<b>Liability for Remaining Coverage (LFRC), adjusted for financial risk and time value of money</b>	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.	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.
<b>Liability for Incurred Claims, (LFIC) adjusted for time value of money</b>	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.
<b>Reinsurance finance income and expense</b>	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.

## Material Accounting Policies

for the year ended 31 December 2025 (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

## Material Accounting Policies

### for the year ended 31 December 2025 (Continued)

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.

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:

## Material Accounting Policies

### for the year ended 31 December 2025 (Continued)

- 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:
- 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

## Material Accounting Policies

### for the year ended 31 December 2025 (Continued)

- 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:

- The CSM of any new contracts that are added to the group in the year;
- Interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- Changes in fulfilment cash flows that relate to future services, except to the extent that:
  - Any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component. or
  - 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 Measured Under 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.

#### **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.

## Material Accounting Policies

for the year ended 31 December 2025 (Continued)

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) to groups that include reinsurance contracts that are expected to arise from the renewals of the reinsurance contracts in that group.
- (b) Reinsurance acquisition cash flows directly attributable to a portfolio of reinsurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

## Material Accounting Policies

for the year ended 31 December 2025 (Continued)

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.

## Material Accounting Policies

for the year ended 31 December 2025 (Continued)

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.

### 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 Premium Allocation Approach (PAA), the Company presumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. This assessment is performed using an expected loss ratio (ELR), which serves as a practical expedient to approximate fulfilment cash flows. The ELR is derived from pricing and/or actuarial best estimate assumptions and is periodically reviewed and updated for consistency with current expectations. A group of contracts is considered onerous where the ELR exceeds 100%, indicating that expected claims and directly attributable expenses exceed the related premiums. In such cases, or where subsequent information indicates that a

## Material Accounting Policies

for the year ended 31 December 2025 (Continued)

group has become onerous, the Company recognises a loss component within the liability for remaining coverage (LRC), measured as the excess of the fulfilment cash flows relating to the remaining coverage over the carrying amount of the LRC. The loss component is systematically released over the coverage period as insurance service is provided, such that it is fully amortised to zero by the end of the coverage period.

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 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 2023.

### 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

## Material Accounting Policies

### for the year ended 31 December 2025

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.

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.

## Notes to the financial statements for the year ended 31 December 2025

### 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.

##### (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.

## Notes to the financial statements for the year ended 31 December 2025

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

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 significant, 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

## Notes to the financial statements for the year ended 31 December 2025

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

fair value of equity financial instruments due to changes in market conditions and prices of these instruments. The Company's investments in 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 R23.2 million (2024: R17.3 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 2025 are presented in the table below:

Asset class	Cost R'000	Market Value	Risk factor	% change	Impact on equity	Impact on profit or loss
<b>31 December 2025</b>						
Equity	170,585	232,090	Market price	<b>10%</b>	16,943	<b>23,209</b>
Bonds at fair value	914,506	974,408	Interest rate	<b>5%</b>	35,566	<b>48,720</b>
Bonds at amortised cost	534,098	540,042	Interest rate	<b>5%</b>	19,712	<b>27,002</b>
Money market unit cost	809,970	809,970	Market price	<b>5%</b>	29,564	<b>40,499</b>
Fixed deposit	1,184,117	2,284,117	Interest rate	<b>5%</b>	83,370	<b>114,206</b>
<b>31 December 2024</b>						
Equity	150,671	173,027	Market price	<b>10%</b>	12,458	<b>17,303</b>
Bonds at fair value	493,036	510,582	Interest rate	<b>5%</b>	18,381	<b>25,529</b>
Bonds at amortised cost	661,349	634,088	Interest rate	<b>5%</b>	22,827	<b>31,704</b>
Money market unit cost	801,907	801,907	Market price	<b>5%</b>	28,869	<b>40,095</b>
Fixed deposit	2,196,366	2,196,366	Interest rate	<b>5%</b>	79,069	<b>109,818</b>

## Notes to the financial statements

### for the year ended 31 December 2025

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 R72.7 million (2024: R56.3 million) while a change of 5% in interest rate would change the cash flows from interest bearing fixed deposits at year end by R114.2 million (2024: R109.8 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
<b>31 December 2025</b>					
Financial Assets	521,915	37,581	4,277,648	3,482	4,840,627
Assets for remaining coverage	-	-	-	9,358	9,358
Accounts receivables	-	-	-	-	-
Cash and Cash equivalents	-	-	226,594	-	226,594
<b>Total credit risk exposure</b>	<b>521,915</b>	<b>37,581</b>	<b>4,504,242</b>	<b>12,840</b>	<b>5,076,579</b>
<b>31 December 2024</b>					
Financial Assets	92,170	19,667	4,200,816	3,317	4,315,970
Assets for remaining coverage	-	-	-	45	45
Accounts receivables	-	-	-	-	-
Cash and Cash equivalents	-	-	69,872	-	69,872
<b>Total credit risk exposure</b>	<b>92,170</b>	<b>19,667</b>	<b>4,270,688</b>	<b>3,362</b>	<b>4,385,887</b>

## Notes to the financial statements for the year ended 31 December 2025

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
<b>31 December 2025</b>						
<b>Asset maturities</b>						
Cash and Cash equivalents	226,594					226,594
Fixed and Call deposit		2,284,117				2,284,117
Money market funds	388,561	52,171	44,406	78,651	246,181	809,970
Debt Securities	-	229,734	252,924	139,721	892,071	1,514,450
Equities	232,090					232,090
Insurance contract assets	-	4,327	1,530	605	1,089	7,551
Reinsurance contract assets		1,035	366	145	261	1,807
Accounts receivable		-				-
<b>Total financial and insurance assets</b>	<b>847,245</b>	<b>2,571,384</b>	<b>299,226</b>	<b>219,123</b>	<b>1,139,601</b>	<b>5,076,579</b>
<b>Liability maturities</b>						
Insurance contract liabilities	-	760,204	268,833	106,354	191,262	1,326,654
Other provisions and accruals		-				-
<b>Total financial and insurance liabilities</b>	<b>-</b>	<b>760,204</b>	<b>268,833</b>	<b>106,354</b>	<b>191,262</b>	<b>1,326,654</b>
<b>Net maturities</b>	<b>847,245</b>	<b>1,811,180</b>	<b>30,393</b>	<b>112,769</b>	<b>948,339</b>	<b>3,749,925</b>

## Notes to the financial statements

### for the year ended 31 December 2025

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

	On demand	1 Year	2 Year	3 Year	>4 Year	Total
	R'000	R'000	R'000	R'000	R'000	R'000
<b>31 December 2024</b>						
<b>Asset maturities</b>						
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	-	-	-	-	-	-
Reinsurance contract assets	-	26	9	4	6	45
Accounts receivable		-				-
<b>Total financial and insurance assets</b>	<b>321,596</b>	<b>2,459,571</b>	<b>696,277</b>	<b>75,839</b>	<b>832,604</b>	<b>4,385,887</b>
<b>Liability maturities</b>						
Insurance contract liabilities	1,044,762	434,308	209,548	103,802	108,563	1,900,984
Other provisions and accruals		-				-
<b>Total financial and insurance liabilities</b>	<b>1,044,762</b>	<b>434,308</b>	<b>209,548</b>	<b>103,802</b>	<b>108,563</b>	<b>1,930,984</b>
<b>Net maturities</b>	<b>(723,166)</b>	<b>2,025,263</b>	<b>486,729</b>	<b>(27,963)</b>	<b>724,041</b>	<b>2,484,904</b>

#### (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 72 to 75.

#### (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

## Notes to the financial statements for the year ended 31 December 2025

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

- 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. 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:

	2025 R'000	2024 R'000
Share capital and share premium	80,300	80,300
Retained earnings	1,436,235	1,195,647
<b>Total equity attributable to equity holders of the Company</b>	<b>1,516,535</b>	<b>1,275,947</b>

In reporting financial strength, capital and solvency are measured using the rules prescribed by the Reserve Bank of South Africa. 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.

## Notes to the financial statements for the year ended 31 December 2025

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

### Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table on the next page.

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.

Stress	Gross R'000	Ceded R'000	Net R'000
<b>2025</b>			
5% loss ratio up	2,756	2,735	21
5% loss ratio down	(1,196)	39	(1,235)
1% Interest up	(17,456)	(11,355)	(6,101)
1% Interest down	18,323	13,668	4,655
<b>2024</b>			
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

## Notes to the financial statements for the year ended 31 December 2025

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
At end of underwriting year	818,105	1,031,010	699,657	583,018	498,921	715,476	685,753	698,711	690,866	462,643	<b>6,884,159</b>
One year later	1,886,064	2,112,751	1,515,854	1,086,053	1,193,401	1,654,768	1,428,520	1,370,586	1,187,343	-	<b>13,435,341</b>
Two years later	2,192,214	2,157,931	1,611,049	1,013,300	1,200,956	1,678,494	1,453,646	1,402,377	-	-	<b>12,709,967</b>
Three years later	2,182,704	2,140,041	1,770,321	1,022,771	1,202,073	1,661,088	1,393,746	-	-	-	<b>11,372,744</b>
Four years later	2,166,366	2,125,938	1,764,049	1,032,156	1,193,096	1,634,207	-	-	-	-	<b>9,915,812</b>
Five years later	2,181,822	2,124,180	1,762,074	1,018,356	1,187,620	-	-	-	-	-	<b>8,274,053</b>
Six years later	2,175,285	2,110,151	1,764,972	1,020,563	-	-	-	-	-	-	<b>7,070,970</b>
Seven years later	2,159,917	2,115,555	1,761,309	-	-	-	-	-	-	-	<b>6,036,781</b>
Eight years later	2,156,517	2,119,637	-	-	-	-	-	-	-	-	<b>4,276,154</b>
Nine years later	2,155,217	-	-	-	-	-	-	-	-	-	<b>2,155,217</b>
Claim payments	2,142,151	2,061,702	1,733,944	990,516	1,165,097	1,579,704	1,315,928	1,163,173	1,005,858	355,087	<b>13,513,178</b>
Outstanding claims	13,067	57,917	27,365	30,047	22,523	54,502	77,818	239,204	181,485	107,556	<b>811,484</b>
Outstanding claims: before 2016											<b>47,542</b>
Pipeline Claims											<b>279,650</b>
IBNR											<b>313,267</b>
Risk Adjustment											<b>80,446</b>
Claims Handling Expenses + ULAE											<b>34,387</b>
Impact of discounting											<b>(145,759)</b>
Gross liabilities for incurred claims											<b>1,421,017</b>

## Notes to the financial statements

### for the year ended 31 December 2025

	2025 R'000	2024 As Restated R'000
<b>4. Cash and cash equivalent</b>		
<b>Cash and cash equivalents included in current assets:</b>		
<b>Cash</b>		
Cash on hand	199	22
Current bank account balances	226,395	69,850
	<b>226,594</b>	<b>69,872</b>
<b>5. Financial assets</b>		
<b>Equity and debt instruments at fair value through profit or loss</b>		
Debt instruments at fair value	974,408	1,312,489
Equity at fair value	232,090	173,027
	<b>1,206,498</b>	<b>1,485,516</b>
<b>Instruments at amortised cost</b>		
Bonds at amortised costs	543,067	636,274
Call and Fixed Deposits	2,284,117	2,196,366
Impaired (ECL)	(3,025)	(2,186)
	<b>2,824,159</b>	<b>2,830,454</b>
<b>Financial Assets</b>	<b>4,030,657</b>	<b>4,315,970</b>
<b>Cost of instruments disclosed at fair value through profit or loss</b>		
Debt instruments	914,506	945,061
Equity	170,585	150,671
	<b>1,085,091</b>	<b>1,095,732</b>
<b>Fair value of debt instruments at amortised cost</b>		
Bonds at amortised costs	540,042	643,467
Call and Fixed Deposits	2,284,117	2,196,366
	<b>2,824,159</b>	<b>2,839,833</b>

## Notes to the financial statements for the year ended 31 December 2025

Financial assets continued...

### 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. 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	Total R'000
<b>December 2025</b>	1,206,498	809,970	-	<b>2,016,468</b>
Designed at fair value through profit or loss				
<b>December 2024</b>	683,608	801,907	-	<b>1,485,515</b>
Designed at fair value through profit or loss				

## Notes to the financial statements for the year ended 31 December 2025

6. *Technical assets and liabilities	2025 R'000	2024 As Stated R'000
<b>Technical assets</b>		
<b>Reinsurance contract assets</b>	<b>1,807</b>	<b>45</b>
Reinsurance contract assets - Life	319	1
Reinsurance contract assets- Non-Life	1,488	44
<b>Retrocession contract assets</b>	<b>7,551</b>	<b>-</b>
Retrocession contract assets - Life	7,551	-
	<b>9,358</b>	<b>45</b>
<b>Technical liabilities</b>		
<b>Reinsurance contract liabilities</b>	<b>1,326,654</b>	<b>1,441,764</b>
Reinsurance contract liabilities - Life	34,806	(2,034)
Reinsurance contract liabilities - Non-Life	1,291,848	1,443,798
<b>Retrocession contract liabilities</b>	<b>2,058,520</b>	<b>1,569,018</b>
Retrocession contract liabilities - Life	(0)	1,286
Retrocession contract liabilities - Non-Life	(909,181)	(1,061,376)
Amount due from companies on retrocession account	413,010	459,220
Deposits due to retrocessionaire	2,554,691	2,169,888
	<b>3,385,174</b>	<b>3,010,782</b>

*\*These amounts have been restated in accordance with applicable standards. Refer to Note 31*

*The full insurance contract roll-forward notes have been disclosed in notes 14 and 15 of the financial statements*

## Notes to the financial statements

### for the year ended 31 December 2025

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
<b>Balances at year end and movements for the year</b>					
<b>Reconciliation for the year ended 31 December 2025</b>					
<b>Balance at 1 January 2025</b>					
At cost	580	6,199	5,342	-	12,121
Accumulated depreciation	(580)	(5,873)	(4,697)	-	(11,150)
<b>Carrying amount</b>	<b>-</b>	<b>326</b>	<b>645</b>	<b>-</b>	<b>971</b>
<b>Movements for the year ended 31 December 2025</b>					
Additions and disposals	-	6,559	1,897	-	8,456
Depreciation	-	(572)	(967)	-	(1,539)
<b>Property, plant and equipment at the end of the year</b>	<b>-</b>	<b>6,312</b>	<b>1,576</b>	<b>-</b>	<b>7,888</b>
<b>Closing balance at 31 December 2025</b>					
At cost	580	6,717	5,943	-	13,240
Accumulated depreciation	(580)	(587)	(4,185)	-	(5,352)
<b>Carrying amount</b>	<b>-</b>	<b>6,130</b>	<b>1,758</b>	<b>-</b>	<b>7,888</b>
<b>Balances at year end and movements for the year</b>					
<b>Reconciliation for the year ended 31 December 2024</b>					
<b>Balance at 1 January 2024</b>					
At cost	580	6,041	6,047	-	12,668
Accumulated depreciation	(580)	(5,846)	(4,865)	-	(11,291)
<b>Carrying amount</b>	<b>-</b>	<b>195</b>	<b>1,182</b>	<b>-</b>	<b>1,377</b>
<b>Movements for the year ended 31 December 2024</b>					
Additions	-	158	(705)	-	(547)
Depreciation	-	(27)	168	-	141
<b>Property, plant and equipment at the end of the year</b>	<b>-</b>	<b>326</b>	<b>645</b>	<b>-</b>	<b>971</b>
<b>Closing balance at 31 December 2024</b>					
At cost	580	6,199	5,342	-	12,121
Accumulated depreciation	(580)	(5,873)	(4,697)	-	(11,150)
<b>Carrying amount</b>	<b>-</b>	<b>326</b>	<b>645</b>	<b>-</b>	<b>971</b>

## Notes to the financial statements

### for the year ended 31 December 2025

	2025 R'000	2024 As Restated R'000
<b>8. Accounts receivable/(payable)*</b>		
<b>Accounts receivable comprise:</b>		
Other receivables/(payable)	1,972	(2,137)
Value added tax	631	(3,437)
<b>Total accounts receivable/(payable)*</b>	<b>2,603</b>	<b>(5,574)</b>
<i>*These amounts have been restated in accordance with applicable standards. Refer to Note 33</i>		
<b>9. Current tax assets*</b>		
<b>Current tax assets* comprise the following balances:</b>		
Current tax asset	22,508	25,361
<b>Total current tax asset per the statement of financial position</b>	<b>22,508</b>	<b>25,361</b>
<i>*These amounts have been restated in accordance with applicable standards. Refer to Note 33</i>		
<b>10. Deferred tax</b>		
Opening balance	19,874	16,382
Current year	13,963	5,329
IFRS 17 transition impact	(1,837)	(1,837)
<b>Closing balance</b>	<b>31,999</b>	<b>19,874</b>
The net deferred tax liability balance at the end of the period comprises:		
- capital allowance	(1,341)	(1,216)
- accruals	(1,353)	(1,044)
- unrealised gains on revaluation of investments	34,692	20,296
-IFRS 17 transition impact	-	1,837
	<b>31,999</b>	<b>19,874</b>

## Notes to the financial statements for the year ended 31 December 2025

	2025 R'000	2024 As Restated R'000
<b>11. Other provisions and accruals</b>		
<b>Other provisions and accruals comprise of:</b>		
Accrual for leave pay	4,969	2,094
Other creditors and accruals	18,823	26,995
<b>Total trade and other payables</b>	<b>23,792</b>	<b>29,089</b>
All payables are expected to be settled within 12 months		
<b>12. Deposits due to retrocessionaire*</b>		
At beginning of year	2,629,108	2,346,807
New deposits retained	2,554,691	2,169,888
Deposits released	(2,169,888)	(2,239,010)
Movements in amounts due to companies on retrocession accounts	(46,210)	351,423
<b>At the end of year</b>	<b>2,967,701</b>	<b>2,629,108</b>

SA regulation requires us to hold deposits equivalent to retroceded obligations of a retrocession in a non-equivalent jurisdiction

*\*These amounts have been restated in accordance with applicable standards. Refer to Note 31*

## Notes to the financial statements

### for the year ended 31 December 2025

	2025 R'000	2024 As Restated R'000
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#### 13. Amounts due to holding company

##### Accounting policies

This can include loans between holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

The amounts due to holding company is classified as a financial liabilities at amortised cost, and is initially measured at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

For further details about the accounting policies and classifications made related to amounts due to holding company, please refer to the note 22.

##### Amounts due to holding company comprises:

Amounts due to group companies

152,078	70,954
<b>152,078</b>	<b>70,954</b>

## Notes to the financial statements for the year ended 31 December 2025

### 14. Roll Forward - Reinsurance

#### Analysis by remaining coverage and incurred claims: Non-Life

2025	R'000	Liabilities for remaining coverage			Liabilities for incurred claims		Total
		Excluding loss Component	Loss Component	Present value of future cashflows	Contracts not under the PAA		
					Risk Adjustment		
Reinsurance contract liabilities as at	01/01/2025	(161,532)	1,003	1,516,356	87,971	1,443,798	
Reinsurance contract assets as at	01/01/2025	14	-	23	7	44	
<b>Net reinsurance contract (assets)/liabilities as at</b>	<b>01/01/2025</b>	<b>(161,546)</b>	<b>1,003</b>	<b>1,516,333</b>	<b>87,963</b>	<b>1,443,754</b>	
<b>Reinsurance revenue</b>		<b>(2,480,586)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,480,586)</b>	
<b>Reinsurance service expenses</b>		<b>770,425</b>	<b>(472)</b>	<b>984,865</b>	<b>(16,823)</b>	<b>1,737,995</b>	
Incurred claims and other expenses				666,101	15,539	681,604	
Reinsurance acquisition cash flows		770,425				770,425	
Losses on onerous contracts and reversals of those losses			(472)			(472)	
Changes to liabilities for incurred claims				318,764	(32,362)	286,402	
<b>Reinsurance service result</b>		<b>(1,710,161)</b>	<b>(472)</b>	<b>984,865</b>	<b>(16,823)</b>	<b>(742,592)</b>	
<b>Reinsurance finance expenses</b>		<b>-</b>	<b>1,653</b>	<b>88,244</b>	<b>-</b>	<b>89,898</b>	
<b>Total changes in the statement of profit or loss and OCI</b>		<b>(1,710,161)</b>	<b>1,181</b>	<b>1,073,109</b>	<b>(16,823)</b>	<b>(652,694)</b>	
<b>Cash flows</b>							
Premiums received		2,474,369				2,474,369	
Insurance Acquisition Cash Flow		(735,503)				(735,503)	
Claims				(1,239,565)		(1,239,565)	
<b>Total cash flows</b>		<b>1,738,866</b>		<b>(1,239,565)</b>		<b>499,300</b>	
<b>Deposits retained by ceding companies</b>						<b>-</b>	
<b>Net reinsurance contract (assets)/liabilities as at</b>	<b>31/12/2025</b>	<b>(132,841)</b>	<b>2,184</b>	<b>1,349,877</b>	<b>71,140</b>	<b>1,290,360</b>	
Reinsurance contract liabilities as at	31/12/2025	(130,129)	2,184	1,348,700	71,093	1,291,848	
Reinsurance contract assets as at	31/12/2025	2,712	-	(1,177)	(47)	1,488	
<b>Net reinsurance contract (assets)/liabilities as at</b>	<b>31/12/2025</b>	<b>(132,841)</b>	<b>2,184</b>	<b>1,349,877</b>	<b>71,140</b>	<b>1,290,360</b>	

## Notes to the financial statements for the year ended 31 December 2025

Roll Forward - Reinsurance continued...

### Analysis by measurement component - Contracts not measured under PAA: Life

2025	R'000	Present value of future cashflows	Risk Adjustment	Contractual service margin	Total
Reinsurance contract liabilities as at	01/01/2025	3,697	1,306	2,072	7,075
Reinsurance contract assets as at	01/01/2025	27,307	(4,760)	(13,439)	9,109
<b>Net reinsurance contract (assets)/liabilities as at</b>	<b>01/01/2025</b>	<b>(23,610)</b>	<b>6,066</b>	<b>(15,439)</b>	<b>(2,034)</b>
<b>Changes that relate to current services</b>		<b>54,171</b>	<b>(24,548)</b>	<b>(51,746)</b>	<b>(22,123)</b>
CSM recognised in profit or loss for the service provided		<b>54,171</b>		<b>(51,746)</b>	<b>(51,746)</b>
Experience Adjustments					<b>54,171</b>
Changes in the risk adjustment for non-financial risk for the risk expired			(24,548)		(24,548)
<b>Changes that relate to future services</b>		<b>(57,680)</b>	<b>22,636</b>	<b>36,095</b>	<b>1,051</b>
Contracts initially recognised in the period		(58,944)	22,583	36,361	-
Changes in estimates that adjust the CSM		1,264	53	(266)	1,051
<b>Changes in fulfilment cash flows relating to incurred claims</b>		<b>(9,955)</b>	<b>(909)</b>		<b>(10,864)</b>
<b>Reinsurance service result</b>		<b>(13,465)</b>	<b>(2,821)</b>	<b>(15,651)</b>	<b>(31,936)</b>
<b>Reinsurance finance expenses</b>		<b>(348)</b>		<b>739</b>	<b>391</b>
<b>Total changes in the statement of profit or loss and OCI</b>		<b>(13,813)</b>	<b>(2,821)</b>	<b>(14,912)</b>	<b>(31,545)</b>
<b>Cash flows</b>					
Premiums received		312,555			312,555
Insurance Acquisition Cash Flow					
Claims and other expenses paid		(244,489)			(244,489)
<b>Total cash flows</b>		<b>68,066</b>			<b>68,066</b>
<b>Net reinsurance contract (assets)/liabilities as at</b>	<b>31/12/2025</b>	<b>30,643</b>	<b>3,246</b>	<b>598</b>	<b>34,487</b>
Reinsurance contract liabilities as at	31/12/2025	30,964	3,244	598	34,806
Reinsurance contract assets as at	31/12/2025	321	(2)	(0)	319
<b>Net reinsurance contract (assets)/liabilities as at</b>	<b>31/12/2025</b>	<b>30,643</b>	<b>3,246</b>	<b>598</b>	<b>34,487</b>

## Notes to the financial statements for the year ended 31 December 2025

Roll Forward - Reinsurance continued...

### Analysis by remaining coverage and incurred claims: Non-Life

2024 Restated	R'000	Liabilities for remaining coverage		Liabilities for incurred claims		Total
		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	1,517,335
Reinsurance contract assets as at	01/01/2024	43,464	(0)	(0)	(0)	43,464
<b>Net reinsurance contract (assets)/liabilities as at</b>	01/01/2024	<b>(151,098)</b>	<b>933</b>	<b>1,533,836</b>	<b>90,201</b>	<b>1,473,872</b>
<b>Reinsurance revenue</b>		<b>(2,641,844)</b>				<b>(2,641,844)</b>
<b>Reinsurance service expenses</b>		<b>805,568</b>	<b>(2,689)</b>	<b>1,405,907</b>	<b>(2,237)</b>	<b>2,206,549</b>
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
<b>Reinsurance service result</b>		<b>(1,836,275)</b>	<b>(2,689)</b>	<b>1,405,907</b>	<b>(2,237)</b>	<b>(435,294)</b>
<b>Reinsurance finance expenses</b>			<b>2,759</b>	<b>92,349</b>		<b>95,107</b>
<b>Total changes in the statement of profit or loss and OCI</b>		<b>(1,836,275)</b>	<b>70</b>	<b>1,498,256</b>	<b>(2,237)</b>	<b>(340,187)</b>
Premiums received		2,495,720				2,495,720
Insurance Acquisition Cash flows*		(669,893)				(669,893)
Claims and other expenses paid				(1,515,759)		(1,515,759)
<b>Total cash flows</b>		<b>1,825,828</b>		<b>(1,515,759)</b>		<b>310,069</b>
<b>Net reinsurance contract (assets)/liabilities as at</b>	31/12/2024	<b>(161,546)</b>	<b>1,003</b>	<b>1,516,333</b>	<b>87,963</b>	<b>1,443,754</b>
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	7	23	7	44
<b>Net reinsurance contract (assets)/liabilities as at</b>	31/12/2024	<b>(161,546)</b>	<b>1,003</b>	<b>1,516,333</b>	<b>87,963</b>	<b>1,443,754</b>

## Notes to the financial statements for the year ended 31 December 2025

Roll Forward - Reinsurance continued...

### Analysis by measurement component - Contracts not measured under PAA: Life

2024 Restated	R'000	Present value of future cashflows	Risk Adjustment	Contractual service margin	Total
Reinsurance contract liabilities as at	01/01/2024	895	2,466	5,987	9,348
Reinsurance contract assets as at	01/01/2024				
<b>Net reinsurance contract (assets)/liabilities as at</b>	<b>01/01/2024</b>	<b>895</b>	<b>2,466</b>	<b>5,987</b>	<b>9,348</b>
<b>Changes that relate to current services</b>		<b>(9,206)</b>	<b>(2,810)</b>	<b>(12,225)</b>	<b>(24,241)</b>
CSM recognised in profit or loss for the service provided		(9,206)		(12,225)	(12,225)
Experience Adjustments			(2,810)		(9,206)
Changes in the risk adjustment for non-financial risk for the risk expired					(2,810)
<b>Changes that relate to future services</b>		<b>(27,765)</b>	<b>6,952</b>	<b>20,814</b>	
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	
<b>Changes in fulfilment cash flows relating to incurred claims</b>		<b>(5,252)</b>	<b>(559)</b>		<b>(5,811)</b>
<b>Reinsurance service result</b>		<b>(42,223)</b>	<b>3,582</b>	<b>8,588</b>	<b>(30,052)</b>
<b>Reinsurance finance expenses</b>		<b>(1,549)</b>		<b>935</b>	<b>(614)</b>
<b>Total changes in the statement of profit or loss and OCI</b>		<b>(43,772)</b>	<b>3,582</b>	<b>9,523</b>	<b>(30,666)</b>
<b>Cash flows</b>					
Premiums received		62,624			62,624
Claims and other expenses paid		(43,339)			(43,339)
<b>Total cash flows</b>		<b>19,284</b>			<b>19,284</b>
<b>Net reinsurance contract (assets)/liabilities as at</b>	<b>31/12/2024</b>	<b>(23,593)</b>	<b>6,048</b>	<b>15,510</b>	<b>(2,034)</b>
Reinsurance contract liabilities as at	31/12/2024	(23,593)	6,048	15,510	(2,034)
Reinsurance contract assets as at	31/12/2024			(0)	(0)
<b>Net reinsurance contract (assets)/liabilities as at</b>	<b>31/12/2024</b>	<b>(23,593)</b>	<b>6,048</b>	<b>15,510</b>	<b>(2,034)</b>

## Notes to the financial statements for the year ended 31 December 2025

### 15. Roll Forward - Retro

#### Analysis by remaining coverage and incurred claims: Non-Life

2025	R'000	Assets for remaining coverage			Amounts recoverable on incurred claims		Total
		Excluding loss-recovery Component	Loss-recovery Component	Present value of future cashflows	Contracts under the PAA		
					Risk Adjustment		
Retrocession contract assets* as at	01/01/2025						
Retrocession contract liabilities* as at	01/01/2025	(2,718,472)	731	1,084,939	65,027		(1,567,775)
<b>Net retrocession contract assets/(liabilities) as at</b>	<b>01/01/2025</b>	<b>(2,718,472)</b>	<b>731</b>	<b>1,084,939</b>	<b>65,027</b>		<b>(1,567,775)</b>
<b>An allocation of retrocession premiums</b>		<b>(1781,004)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,781,004)</b>
<b>Amounts recoverable from reinsurers for incurred claims</b>		<b>620,552</b>	<b>(424)</b>	<b>555,924</b>	<b>(16,200)</b>		<b>1,159,852</b>
Amounts recoverable for incurred claims and other expenses		620,552	-	324,493	9,322		954,368
Loss-recovery on onerous underlying contracts and adjustments			(424)				(424)
Changes to amounts recoverable for incurred claims				231,431	(25,522)		205,908
<b>Net income or expense from retrocession contracts held</b>		<b>(1,160,452)</b>	<b>(424)</b>	<b>555,924</b>	<b>(16,200)</b>		<b>(621,152)</b>
<b>Retrocession finance income</b>		<b>-</b>	<b>1,160</b>	<b>64,206</b>			<b>65,366</b>
<b>Interest Expenses on retrocession deposits</b>		<b>(102,709)</b>					<b>(102,709)</b>
<b>Total changes in the statement of comprehensive income</b>		<b>(1,263,161)</b>	<b>736</b>	<b>620,130</b>	<b>(16,200)</b>		<b>(658,495)</b>
<b>Cash Flows</b>							
Premiums paid		1,815,494					1,815,494
Insurance acquisition cash flows		(616,696)					(616,696)
Amounts received				(795,164)			(795,164)
Retrocession deposits cash flows in the year		(282,095)					(282,095)
<b>Total cash flows</b>		<b>916,703</b>	<b>-</b>	<b>(795,164)</b>	<b>-</b>		<b>121,539</b>
<b>Movement in amounts due from companies on retrocession accounts</b>		<b>46,209</b>					<b>46,209</b>
<b>Net retrocession contract assets/(liabilities) as at</b>	<b>31/12/2025</b>	<b>(3,018,720)</b>	<b>1,467</b>	<b>909,906</b>	<b>48,827</b>		<b>(2,058,521)</b>
Retrocession contract assets as at	31/12/2025	-	-	-	-		-
Retrocession contract liabilities as at	31/12/2025	(3,018,720)	1,467	909,906	48,827		(2,058,521)
<b>Net retrocession contract assets/(liabilities) as at</b>	<b>31/12/2025</b>	<b>(3,018,720)</b>	<b>1,467</b>	<b>909,906</b>	<b>48,827</b>		<b>(2,058,521)</b>

## Notes to the financial statements for the year ended 31 December 2025

Roll Forward - Retro continued...

### Analysis by measurement component - contracts not measured under PAA Life

2025	R'000	Present value of future cashflows	Risk Adjustment	Contractual service margin	Total
Retrocession contract assets as at	01/01/2025	(15)	12	168	165
Retrocession contract liabilities as at	01/01/2025	5,253	(1,068)	(2,776)	1,409
<b>Net retrocession contract (assets)/liabilities as at</b>	<b>01/01/2025</b>	<b>(5267)</b>	<b>1,080</b>	<b>2,944</b>	<b>(1,243)</b>
<b>Changes that relate to current services</b>		<b>(42,183)</b>	<b>(6,217)</b>	<b>(13,221)</b>	<b>(61,622)</b>
CSM recognised in profit or loss for the service provided		(42,183)		(13,221)	(13,221)
Experience Adjustments			(6,217)		(42,183)
Changes in the risk adjustment for non-financial risk for the risk expired					(6,217)
<b>Changes that relate to future services</b>		<b>(17,416)</b>	<b>5,861</b>	<b>11,555</b>	<b>(0)</b>
Contracts initially recognised in the period		(16,937)	5,909	11,028	(0)
Changes in estimates that adjust the CSM		(479)	(48)	527	-
Losses on onerous contracts and reversals of those losses			-		-
<b>Changes in fulfilment cash flows relating to incurred claims</b>		<b>53,715</b>	<b>325</b>		<b>54,039</b>
<b>Net income or expense from retrocession contracts held</b>		<b>(5,884)</b>	<b>(32)</b>	<b>(1,667)</b>	<b>(7,582)</b>
<b>Retrocession finance expenses</b>		<b>(151)</b>		<b>207</b>	<b>57</b>
Effect of changes in non-performance risk of reinsurers					-
<b>Total changes in the statement of profit or loss and OCI</b>		<b>(6,034)</b>	<b>(32)</b>	<b>(1,460)</b>	<b>(7,526)</b>
<b>Cash flows</b>					
Premiums paid		62,762			62,762
Amounts received		(46,441)			(46,441)
<b>Total cash flows</b>		<b>16,320</b>	<b>-</b>	<b>-</b>	<b>16,320</b>
<b>Net Retrocession contract (assets)/liabilities as at</b>	<b>31/12/2025</b>	<b>5,018</b>	<b>1,048</b>	<b>1,485</b>	<b>7,551</b>
Retrocession contract assets as at	31/12/2025	5,018	1,048	1,485	7,551
Retrocession contract liabilities as at	31/12/2025	-	-	(0)	(0)
<b>Net Retrocession contract (assets)/liabilities as at</b>	<b>31/12/2025</b>	<b>5,018</b>	<b>1,048</b>	<b>1,485</b>	<b>7,551</b>

## Notes to the financial statements for the year ended 31 December 2025

Roll Forward - Retro continued...

### Analysis by remaining coverage and incurred claims: Non-Life

2024 Restated	R'000	Assets for remaining coverage			Amounts recoverable on incurred claims		Total
		Excluding loss-recovery Component	Loss-recovery Component	Present value of future cashflows	Contracts under the PAA		
					Risk Adjustment		
Retrocession contract assets* as at	01/01/2024						
Retrocession contract liabilities* as at	01/01/2024	(2,425,439)	678	1,132,518	68,564		(1,223,679)
<b>Net retrocession contract assets/(liabilities) as at</b>	<b>01/01/2024</b>	<b>(2,425,439)</b>	<b>678</b>	<b>1,132,518</b>	<b>68,564</b>		<b>(1,223,679)</b>
<b>An allocation of retrocession premiums</b>		<b>(1,923,336)</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>(1,923,336)</b>
Ceded Revenue from Premium Allocation Approach (PAA) Contracts		(1,923,336)					(1,923,336)
<b>Amounts recoverable from reinsurers for incurred claims</b>		<b>665,139</b>	<b>(1,889)</b>	<b>884,058</b>	<b>(3,537)</b>		<b>1,543,771</b>
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
<b>Net income or expense from retrocession contracts held</b>		<b>(1,258,197)</b>	<b>(1,889)</b>	<b>884,058</b>	<b>(3,537)</b>		<b>(379,565)</b>
Retrocession finance income			1,941	69,220			71,162
<b>Interest Expenses on retrocession deposits</b>		<b>(113,025)</b>					<b>(113,025)</b>
<b>Total changes in the statement of comprehensive income</b>		<b>(1,371,222)</b>	<b>53</b>	<b>953,278</b>	<b>(3,537)</b>		<b>(421,428)</b>
<b>Cash Flows</b>							
Premiums paid		1,888,919					1,888,919
Insurance acquisition cash flows*		(641,453)					(641,453)
Amounts received				(1,000,857)			(1,000,857)
Retrocession deposits cash flows in the year		182,146					182,146
<b>Total cash flows</b>		<b>1,429,611</b>	<b>-</b>	<b>(1,000,857)</b>			<b>428,755</b>
<b>Movement in amounts due from companies on retrocession accounts</b>		<b>(351,423)</b>					<b>(351,423)</b>
<b>Net retrocession contract assets/(liabilities) as at</b>	<b>31/12/2024</b>	<b>(2,718,473)</b>	<b>731</b>	<b>1,084,939</b>	<b>65,027</b>		<b>(1,567,775)</b>
Retrocession contract assets* as at	31/12/2024						
Retrocession contract liabilities* as at	31/12/2024	(2,718,473)	731	1,084,939	65,027		(1,567,775)
<b>Net retrocession contract assets/(liabilities) as at</b>	<b>31/12/2024</b>	<b>(2,718,473)</b>	<b>731</b>	<b>1,084,939</b>	<b>65,027</b>		<b>(1,567,775)</b>

## Notes to the financial statements for the year ended 31 December 2025

Roll Forward - Retro - continued...

### Analysis by measurement component - contracts not measured under PAA: Life

2024 Restated	R'000	Present value of future cashflows	Risk Adjustment	Contractual service margin	Total
Retrocession contract assets as at	01/01/2024	(692)	425	1,800	1,533
Retrocession contract liabilities as at	01/01/2024	-	-	-	-
<b>Net retrocession contract (assets)/liabilities as at</b>	<b>01/01/2024</b>	<b>(692)</b>	<b>425</b>	<b>1,800</b>	<b>1,533</b>
<b>Changes that relate to current services</b>		<b>(18,033)</b>	<b>(622)</b>	<b>(5,414)</b>	<b>(24,068)</b>
CSM recognised in profit or loss for the service provided		(18,033)		(5,414)	(18,033)
Experience Adjustments			(622)		(622)
Changes in the risk adjustment for non-financial risk for the risk expired					
<b>Changes that relate to future services</b>		<b>(7,456)</b>	<b>1,200</b>	<b>6,257</b>	<b>-</b>
Contracts initially recognised in the period		(2,069)	326	1,743	-
Changes in estimates that adjust the CSM		(5,387)	873	4,514	-
<b>Retrocession Investment components</b>		<b>16,866</b>	<b>70</b>		<b>16,935</b>
<b>Net income or expense from retrocession contracts held</b>		<b>(8,624)</b>	<b>648</b>	<b>843</b>	<b>(7,133)</b>
<b>Retrocession finance income</b>		<b>(317)</b>		<b>302</b>	<b>(15)</b>
<b>Total changes in the statement of profit or loss and OCI</b>		<b>(8,941)</b>	<b>648</b>	<b>1,145</b>	<b>(7,148)</b>
<b>Cash flows</b>					
Premiums paid		11,905			11,905
Amounts received		(7,533)			(7,533)
<b>Total cash flows</b>		<b>4,372</b>	<b>-</b>	<b>-</b>	<b>4,372</b>
<b>Net Retrocession contract (assets)/liabilities as at</b>	<b>31/12/2024</b>	<b>(5,261)</b>	<b>1,073</b>	<b>2,944</b>	<b>(1,243)</b>
Retrocession contract assets as at	31/12/2024	(5,261)	1,073	2,944	(1,243)
Retrocession contract liabilities as at	31/12/2024	-	-	(0)	(0)
<b>Net Retrocession contract (assets)/liabilities as at</b>	<b>31/12/2024</b>	<b>(5,261)</b>	<b>1,073</b>	<b>2,944</b>	<b>(1,243)</b>

\*These amounts have been restated in accordance with applicable standards. Refer to Note 31

## Notes to the financial statements

### for the year ended 31 December 2025 (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 2025

	2026	2027	2028	2029	2030	2031
<b>Reinsurance contracts issued</b>						
Opening balance	598	499	482	464	447	431
CSM released to P&L	(100)	(17)	(17)	(17)	(17)	(17)
Closing balance	499	482	464	447	431	414
<b>Retrocession contracts held</b>						
Opening balance	1,485	860	284	(5)	(6)	(8)
CSM released to P&L	(625)	(576)	(289)	(2)	(2)	(2)
Closing balance	860	284	(5)	(6)	(8)	(10)

## Notes to the financial statements

### for the year ended 31 December 2025

#### 17. Reinsurance Revenue and allocation of retrocession premium

	Contracts measured under GMM	Contracts measured under PAA	Total
<b>2025</b>			
<b>Reinsurance revenue</b>			
<b>Amounts relating to changes in liabilities for remaining coverage</b>	<b>355,387</b>		<b>355,387</b>
- CSM recognised for services provided	51,361	-	51,361
- Change in risk adjustment for non-financial risk for risk expired	27,061	-	27,061
- Expected incurred claims and other insurance service expenses	274,241	-	274,241
- Experience adjustment	2,724	-	2,724
<b>Recovery of insurance acquisition cash flows</b>	<b>29,262</b>	-	<b>29,262</b>
<b>Contracts not measured under the PAA</b>	<b>384,649</b>	-	<b>384,649</b>
<b>Contracts measured under the PAA</b>		<b>2,480,586</b>	<b>2,480,586</b>
<b>Total insurance revenue</b>	<b>384,649</b>	<b>2,480,586</b>	<b>2,865,235</b>
<b>Allocation of retrocession premium</b>			
<b>Amounts relating to changes in liabilities for remaining coverage</b>	<b>(73,199)</b>	-	<b>(73,199)</b>
- CSM recognised for services provided	(13,221)	-	(13,221)
- Change in risk adjustment for non-financial risk for risk expired	(6,217)	-	(6,217)
- Expected incurred claims and other insurance service expenses	(63,067)	-	(63,067)
- Experience adjustments	9,307	-	9,307
<b>Recovery of insurance acquisition cash flows</b>	<b>1,420</b>	-	<b>1,420</b>
<b>Contracts not measured under the PAA</b>	<b>(71,779)</b>	-	<b>(71,779)</b>
<b>Contracts measured under the PAA</b>	-	<b>(1,781,004)</b>	<b>(1,781,004)</b>
<b>Total allocation of retrocession premium</b>	<b>(71,779)</b>	<b>(1,781,004)</b>	<b>(1,852,783)</b>

## Notes to the financial statements for the year ended 31 December 2025

Reinsurance revenue and allocation of retrocession premium continued...

	Contracts measured under GMM	Contracts measured under PAA	Total
<b>2024</b>			
<b>Reinsurance revenue</b>			
<b>Amounts relating to changes in liabilities for remaining coverage</b>	<b>120,922</b>	-	<b>120,922</b>
- 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 incurred claims and other insurance service expenses	36,745	-	36,745
- Experience adjustment	68,230	-	68,230
<b>Recovery of insurance acquisition cash flows</b>	<b>29,515</b>	-	<b>29,515</b>
<b>Contracts not measured under the PAA</b>	<b>150,437</b>	-	<b>150,437</b>
<b>Contracts measured under the PAA</b>		<b>2,641,879</b>	<b>2,641,879</b>
<b>Total insurance revenue</b>	<b>150,437</b>	<b>2,641,879</b>	<b>2,792,315</b>
<b>Allocation of retrocession premium</b>			
<b>Amounts relating to changes in liabilities for remaining coverage</b>	<b>(29,885)</b>	-	<b>(29,885)</b>
- CSM recognised for services provided	(5,414)	-	(5,414)
- Change in risk adjustment for non-financial risk for risk expired	(622)	-	(622)
- Expected incurred claims and other insurance service expenses	(6,129)	-	(6,129)
- Experience adjustments	(17,720)	-	(17,720)
<b>Recovery of insurance acquisition cash flows</b>	<b>(137)</b>	-	<b>(137)</b>
<b>Contracts not measured under the PAA</b>	<b>(30,022)</b>	-	<b>(30,022)</b>
<b>Contracts measured under the PAA</b>	-	<b>(1,923,336)</b>	<b>(1,923,336)</b>
<b>Total allocation of retrocession premium</b>	<b>(30,022)</b>	<b>(1,923,336)</b>	<b>(1,953,358)</b>

## Notes to the financial statements

### for the year ended 31 December 2025

#### 18. Investment income

	Insurance Related	Non- Insurance Related	Total
<b>2025</b>			
<b>Amounts recognised in profit or loss</b>			
Dividend income		6,210	6,210
Interest income on financial assets measured at amortised cost	-	194,329	194,329
Interest income on financial assets measured at FVPL	-	157,898	157,898
Net fair value gains/(losses) on financial assets at FVPL	-	103,503	103,503
Impairment loss on financial assets	-	(838)	(838)
Net foreign exchange income / (expense)	-	(46,927)	(46,927)
<b>Total amounts recognised in the profit or loss</b>	<b>-</b>	<b>414,175</b>	<b>414,175</b>
<b>Total investment income</b>	<b>-</b>	<b>414,175</b>	<b>414,175</b>
<b>(Re)insurance finance income/(expenses) from insurance contracts issued</b>			
Interest accreted to insurance contracts using current financial assumptions	(69,553)	-	(69,553)
Interest accreted to insurance contracts using locked-in rate	(751)	-	(751)
Due to changes in interest rates and other financial assumptions	(19,984)	-	(19,984)
<b>Total (re)insurance finance income/(expenses) from (re)insurance contracts issued</b>	<b>(90,289)</b>	<b>-</b>	<b>(90,289)</b>
Represented by:			
Amounts recognised in profit or loss	(90,289)	-	(90,289)

## Notes to the financial statements for the year ended 31 December 2025

Investment income continued...

	Insurance Related	Non- Insurance Related	Total
<b>2025</b>			
<b>Retrocession finance income/(expenses) from retrocession contracts held</b>			
Interest accreted to reinsurance contracts using current financial assumptions	49,591	-	49,591
Interest accreted to insurance contracts using locked-in rate	202	-	202
Due to changes in interest rates and other financial assumptions	15,630	-	15,630
Interest expense on retrocession deposits	-	(102,709)	(102,709)
<b>Retrocession finance income/(expenses) from retrocession contracts held</b>	<b>65,422</b>	<b>(102,709)</b>	<b>(37,287)</b>
Represented by:			
Amounts recognised in profit or loss	65,422	(102,709)	37,287
<b>Total net investment income, (re)insurance finance expenses and retrocession finance income</b>			
Represented by:			
Amounts recognised in profit or loss	(24,866)	311,466	286,600

## Notes to the financial statements

### for the year ended 31 December 2025

Investment income continued...

	Insurance Related	Non- Insurance Related	Total
<b>2024</b>			
<b>Investment income</b>			
<b>Amounts recognised in profit or loss</b>			
Dividend income		5,623	5,623
Interest income on financial assets measured at amortised cost *	-	195,560	195,560
Interest income on financial assets measured at FVPL*	-	117,060	117,060
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)
<b>Total amounts recognised in the profit or loss</b>	<b>-</b>	<b>359,610</b>	<b>359,610</b>
<b>Total investment income</b>	<b>-</b>	<b>359,610</b>	<b>359,610</b>
<b>(Re)insurance finance income/(expenses) from insurance contracts issued</b>			
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)
<b>Total (re)insurance finance income/(expenses) from (re)insurance contracts issued</b>	<b>(94,495)</b>	<b>-</b>	<b>(94,495)</b>
Represented by:			
Amounts recognised in profit or loss	(94,495)	-	(94,495)

\*These amounts have been restated in accordance with applicable standards. Refer to Note 31

## Notes to the financial statements for the year ended 31 December 2025

Investment income continued...

	Insurance Related	Non- Insurance Related	Total
<b>2024</b>			
<b>Retrocession finance income/(expenses) from retrocession contracts held</b>			
Interest accreted to reinsurance contracts using current financial assumptions	64,122	-	64,122
Changes in non-performance risk or reinsurer	302	-	302
Due to changes in interest rates and other financial assumptions	6,724	-	6,724
Interest expense on retrocession deposits		(113,025)	(113,025)
<b>Retrocession finance income/(expenses) from retrocession contracts held</b>	<b>71,147</b>	<b>(113,025)</b>	<b>(41,878)</b>
Represented by:			
Amounts recognised in profit or loss	71,147	(113,025)	(41,878)
<b>Total net investment income, (re)insurance finance expenses and retrocession finance income</b>			
Represented by:			
Amounts recognised in profit or loss	(23,348)	246,585	223,237

*\*These amounts have been restated in accordance with applicable standards. Refer to Note 31*

## Notes to the financial statements

for the year ended 31 December 2025

	2025 R'000	2024 As Restated R'000
<b>19. Expenses</b>		
Claims and benefits	(1,200,068)	(1,438,810)
Fees and commissions	(839,356)	(835,083)
Losses and reversal of losses on onerous reinsurance contracts	(194)	2,689
Impact of discounting	68,614	55,308
Management expenses	(229,033)	(211,700)
	<b>(2,200,036)</b>	<b>(2,427,596)</b>
<b>Represented by:</b>		
Reinsurance service expenses	(2,090,708)	(2,326,879)
Other operating expenses	(109,328)	(100,717)
	<b>(2,200,036)</b>	<b>(2,427,596)</b>
<b>Amounts recoverable from retrocessionaires for incurred claims</b>		
Claims and benefits	638,682	938,013
Fees and commissions	630,710	671,042
Losses and reversal of losses on onerous reinsurance contracts	(424)	(1,889)
Impact of discounting	(44,919)	(40,504)
<b>Total amounts recoverable from retrocessionaires for incurred claims</b>	<b>1,224,049</b>	<b>1,566,662</b>

## Notes to the financial statements

### for the year ended 31 December 2025

	2025 R'000	2024 As Restated R'000
<b>20. Profit before taxation</b>		
<b>Profit before taxation is arrived at after charging the following items:</b>		
HQ IT Services and Management Expenses	92,657	93,876
<b>Audit fees</b>		
Audit fees relating to the audit of the financial statements	2,951	4,110
Fees for non-audit services (audit on regulatory returns)	530	-
Fees for non-audit services (training)	<b>70</b>	-
	<b>3,551</b>	<b>4,110</b>
Consultancy fees	5,726	8,674
Depreciation	1,539	846
<b>Directors' remuneration</b>		
Executive – for services rendered	20,575	18,481
Non executive – for services as directors	7,848	4,978
	<b>28,423</b>	<b>23,459</b>
Lease payments	2,376	2,376
Secretarial fees	253	518
Staff costs including contribution to pension fund, UIF, SDL and allowances	90,248	78,482
Number of staff: 56 (2024:51)		

## Notes to the financial statements

### for the year ended 31 December 2025

	2025 R'000	2024 As Restated R'000
<b>21. Taxation</b>		
<b>Income tax recognised in profit or loss:</b>		
Current tax*	(67,447)	(46,003)
Deferred tax	(12,125)	(3,492)
	<b>(79,572)</b>	<b>(49,494)</b>
<b>Tax rate reconciliation</b>	%	%
Effective tax rate	24.86	25.25
Exempt income	0.52	0.77
Disallowed expenses	-0.13	0.24
Capital gains tax	1.75	1.22
South African corporate tax rate	27.00	27.00
South African standard corporate tax rate	27%	27%

\*These amounts have been restated in accordance with applicable standards. Refer to Note 31

## Notes to the financial statements for the year ended 31 December 2025

### 22. 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	Directors Fees	Basic Salary	Bonus	Other Benefits	Pension contribution paid to pension scheme	Total
<b>2025</b>		<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Corneille Karekezi	Non-executive Chairman	1,345,304					1,345,304
Themba Baloyi	Independent, non-executive Director	1,076,243					1,076,243
Nobuhle Nkosi	Independent, non-executive Director)	1,053,821					1,053,821
Frédéric Fléjou	Independent, non-executive Director	1,143,507					1,143,507
Fagmeedah Petersen-Cook	Independent, non-executive Director	1,076,243					1,076,243
Sere M Kaba	Independent, non-executive Director	1,076,243					1,076,243
Elvin C De Kock	Independent, non-executive Director	1,076,243					1,076,243
Andrew Tennick	Managing Director		5,130,242	2,166,969	204,533	399,706	7,901,450
Senganda Sudadi	Executive Director		2,908,735	1,141,601	121,467	240,403	4,412,206
Vuyo Rankoe	Executive Director - (Appointed 01 September 2025)		2,957,101	1,160,327	123,438	244,401	4,485,267
Pranil Sharma	Executive Director - (Appointed 01 September 2025)		2,614,632	839,365	106,388	216,096	3,776,382

## Notes to the financial statements for the year ended 31 December 2025

Related parties continued...

Name	Status	Directors Fees	Basic Salary	Bonus	Other Benefits	Pension contribution paid to pension scheme	Total
<b>2024</b>							
Cornelle Karekezi	Non-executive Chairman	896,869					896,869
Themba Baloyi	Independent, non-executive Director	717,495					717,495
Nobuhle Nkosi	Independent, non-executive Director (Appointed 31 May 2024)	448,434					448,434
Frédéric Fléjou	Independent, non-executive Director	762,338					762,338
Fagmeedah Petersen-Cook	Independent, non-executive Director	717,495					717,495
Sere M Kaba	Independent, non-executive Director	717,495					717,495
Elvin C De Kock	Independent, non-executive Director	702,548					702,548
Andrew Tennick	Managing Director		4,889,476	1,126,733	261,163	384,245	<b>6,661,617</b>
Senganda Sudadi	Executive Director		2,640,016	957,281	318,528	220,743	<b>4,136,568</b>
Vuyo Rankoe	General Manager, Technical Operations		2,683,914	1,187,548	299,585	224,414	<b>4,395,461</b>
Pranil Sharma	Prescribed Officer - General Manager, Life		2,375,832	1,119,729	206,859	198,635	<b>3,901,055</b>

## Notes to the financial statements for the year ended 31 December 2025

Related parties continued...

### Prescribed officers

Mr. Andrew Tennick, Mr. Senganda Sudadi, Mr. Vuyo Rankoe and Mr. Pranil Sharma served as Executive Directors during the year. It needs to be noted that Mr. Vuyo Rankoe and Mr. Pranil Sharma were appointed and approved as Executive Directors effective from 01 September 2025.

### 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 the holding company are as follows:

	2025 R'000	2024 As Restated R'000
<b>Statement of financial position</b>		
<b>Assets</b>		
Retrocession contract assets*	890,570	1,013,140
<b>Total Assets</b>	<b>890,570</b>	<b>1,013,140</b>
<b>Liabilities</b>		
Retrocession contract liabilities*	419,205	474,342
Deposits due to retrocessionaire*	2,554,691	2,169,888
Amount due to holding company*	152,078	70,954
<b>Total Liabilities</b>	<b>3,125,975</b>	<b>2715,185</b>
<b>Net liabilities</b>	<b>2,235,404</b>	<b>1,702,045</b>
<b>Statement of comprehensive income</b>		
Allocation of retrocession premiums	1,761,604	1,167,183
Amounts recoverable from reinsurers for incurred claims	1,233,252	901,713
Interest expense	102,709	113,025
Management expenses	92,657	93,876

\*These amounts have been restated in accordance with applicable standards. Refer to Note 31

## Notes to the financial statements for the year ended 31 December 2025

Related parties continued...

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

	2025 R'000	2024 As Restated R'000
<b>Statement of financial position</b>		
<b>Liabilities</b>		
Trade and other payables	748	14,959
<b>Statement of comprehensive income</b>		
Management expenses	2,376	2,348

*\*These amounts have been restated in accordance with applicable standards. Refer to Note 31*

## Notes to the financial statements for the year ended 31 December 2025

Related parties continued...

### 23. 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 R5,774,386 (2024: R4,983,278).

### 24. Going concern

The Directors have assessed the Company's ability to continue as a going concern as at 31 December 2025. 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.

### 25. 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.

### 26. 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.

### 27. 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

## Notes to the financial statements

### for the year ended 31 December 2025

Related parties continued...

	2025 R'000	2024 As Restated R'000
<b>28. Share capital and issued share premium</b>		
<b>Share capital</b>	0*	0*
<b>Share premium</b>	80,300	80,300
<b>Authorised</b>		
7 ordinary shares of R0.01 each	0*	0*
<b>Issued</b>		
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 2025 (Continued)

#### 29. Categories of assets and liabilities

For the year ended 31 December 2025

	Notes	Designated upon initial recognition at fair value through profit or loss	Financial assets at amortized cost	Cash and receivables	Financial liabilities at amortised cost	Non financial instruments	Total	Current
<b>Assets</b>								
Property, plant and equipment	7					7,888	7,888	
<b>Financial assets</b>		<b>2,016,468</b>	<b>2,824,159</b>				<b>4,840,627</b>	<b>3,323,821</b>
Listed bonds		974,408	540,042				1,514,450	229,734
Listed ordinary shares		232,090					232,090	
Money market funds		809,970					809,970	809,970
Fixed and current deposits			2,284,117				2,284,117	2,284,117
<b>Technical assets under insurance contracts</b>						<b>9,358</b>	<b>9,358</b>	<b>5,362</b>
Retrocession contract assets	6					7,551	7,551	4,327
Reinsurance contract assets	6					1,807	1,807	1,035
<b>Other assets</b>								
Accounts receivable	8			2,603			2,603	2,603
Current income tax asset	9					22,507	22,507	22,507
Cash and cash equivalents	4			226,594			226,594	226,594
<b>Total assets</b>		<b>2,016,468</b>	<b>2,824,159</b>	<b>229,197</b>	<b>-</b>	<b>39,753</b>	<b>5,109,578</b>	<b>3,580,887</b>

## Notes to the financial statements

for the year ended 31 December 2025 (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	Cash and receivables	Financial liabilities at amortised cost	Non financial instruments	Total	Current
<b>Assets</b>								
Property, plant and equipment	7					971	971	
<b>Financial assets</b>		<b>1,485,516</b>	<b>2,830,454</b>				<b>4,315,970</b>	<b>3,102,622</b>
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
<b>Technical assets under insurance contracts</b>				<b>69,872</b>		-	-	-
Retrocession contract assets*	6					45	45	-
Accounts receivable*	8			-			-	-
Current income tax asset*	9					13,465	25,361	25,361
Cash and cash equivalents	4			69,872			69,872	69,872
<b>Total assets</b>		<b>1,485,516</b>	<b>2,830,454</b>	<b>69,872</b>		<b>26,332</b>	<b>4,412,219</b>	<b>3,197,855</b>

\*These amounts have been restated in accordance with applicable standards. Refer to Note 31

## Notes to the financial statements for the year ended 31 December 2025 (Continued)

Categories of assets and liabilities continued...

For the year ended 31 December 2025

	Notes	Designated upon initial recognition at fair value through profit or loss	Financial assets at amortized cost	Cash and payables	Financial liabilities at amortised cost	Non-financial instruments	Total	Current
<b>Liabilities</b>								
<b>Technical liabilities under insurance contracts</b>						<b>3,385,175</b>	<b>3,385,175</b>	<b>1,939,785</b>
Reinsurance contract liabilities	6					1,326,654	1,326,654	760,204
Retrocession contract liabilities	6					2,058,521	2,058,521	1,179,581
Deposit due to retrocessionaires	12				-		-	-
Amount due to holding company	13				152,078		152,078	152,078
<b>Other provisions and accruals</b>	<b>11</b>	-	-	-	-	<b>55,790</b>	<b>55,790</b>	<b>55,790</b>
Creditors and accruals						18,822	18,822	18,822
Accrual for leave pay						4,969	4,969	4,969
Deferred tax liability	10					31,999	31,999	31,999
<b>Total liabilities</b>		-	-	-	<b>152,078</b>	<b>3,440,965</b>	<b>3,593,043</b>	<b>2,147,654</b>

## Notes to the financial statements for the year ended 31 December 2025 (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	Cash and payables	Financial liabilities at amortised cost	Non-financial instruments	Total	Current
<b>Liabilities</b>								
<b>Technical liabilities under insurance contracts</b>						<b>3,010,782</b>	<b>3,010,782</b>	<b>2,181,738</b>
Reinsurance contract liabilities*						1,441,764	1,441,764	1,044,762
Retrocession contract liabilities*						1,569,018	1,569,018	1,136,976
Deposit due to retrocessionaires	12				-		-	-
Amount due to holding company	13				70,954		70,954	70,954
<b>Other provisions and accruals</b>	<b>11</b>	-	-	-	-	<b>34,662</b>	<b>34,662</b>	<b>34,662</b>
Creditors and accruals						32,567	32,567	32,567
Accrual for leave pay						2,095	2,095	2,095
Deferred tax liability	10					19,874	19,874	19,874
<b>Total liabilities</b>		-	-	-	<b>70,954</b>	<b>3,065,318</b>	<b>3,136,272</b>	<b>2,307,227</b>

\*These amounts have been restated in accordance with applicable standards. Refer to Note 31

## Notes to the financial statements

for the year ended 31 December 2025 (Continued)

	2025 R'000	2024 As Restated R'000
<b>30. Notes to the cash flow statement</b>		
<b>Cash flows from operations</b>		
<b>Net profit before taxation</b>	<b>320,160</b>	<b>196,052</b>
<b>Adjustments for:</b>		
Investment income*	(454,665)	(357,013)
Finance costs	102,709	113,025
Depreciation and amortisation expense	1,539	846
<b>Change in operating assets and liabilities:</b>	<b>330,022</b>	<b>234,858</b>
Increase/(decrease) in reinsurance and retro contracts*	365,078	351,472
Accounts receivable*	(8,175)	8,841
Amount due to holding company	(21,585)	(133,195)
Other provisions and accruals	(5,295)	7,740
<b>Net cash flows from operations</b>	<b>299,765</b>	<b>187,768</b>
<b>Income tax paid</b>		
Balances recoverable/payable at the beginning of the year*	25,361	38,728
Current tax through profit or loss	(67,447)	(46,003)
Balances recoverable/payable at the end of the year*	(22,508)	(25,361)
<b>Net taxation paid</b>	<b>(64,594)</b>	<b>(32,636)</b>

\*These amounts have been restated in accordance with applicable standards. Refer to Note 31

## Notes to the financial statements

### for the year ended 31 December 2025 *(Continued)*

#### 31. Reclassification of comparative figures

During the course of the audit of the financial statements for the year ended 31 December 2025, management identified certain matters relating to the presentation and classification of previously reported amounts. These matters were assessed as quantitatively material and have accordingly resulted in the restatement of comparative information. The restatements relate to presentation and classification errors and have no impact on the Company's previously reported profit or loss, total equity, or regulatory solvency position.

##### **(a) Interest expenses offset against interest income**

Interest expenses relating to retrocession deposits were previously offset against interest income presented within "Interest income on investment." Upon review, it was determined that the criteria for offsetting were not met, as there was no legally enforceable right of set-off and the arrangements involved multiple counterparties. Accordingly, the prior period amounts have been restated to present interest income and interest expense on a gross basis.

## Notes to the financial statements

### for the year ended 31 December 2025 (Continued)

#### (i) Statement of profit and loss

The impact in the comparative years is shown below:

	Impact of correction of error (R'000)		
	As previously reported	Adjustments	As restated
<b>For the year ended 31 December 2024</b>			
Interest income on investments	199,595	113,025	312,620
Net finance expense from retrocession contracts held	71,147	(113,025)	41,878

This prior year error did not impact the financial statements line items in the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows

#### (b) Interest expenses previously shown as cash flows from investing activities

Interest expenses relating to retrocession deposits were previously presented as cash flows from investing activities. Based on the nature of these transactions, it was determined that such cash flows are operational in nature. Accordingly, these amounts have been reclassified from "Cash flows used in investing activities" to "Net cash flows from operating activities."

	Impact of correction of error (R'000)		
	As previously reported	Adjustments	As restated
<b>For the year ended 31 December 2024</b>			
Cash Flows From Operating Activities			
Net Cash Flows From Operating Activities	268,161	(113,025)	155,136
Cash Flows From Investing Activities			
Interest Paid	(113,025)	113,025	

This prior year error did not impact the financial statements line items in the Statement of Financial Position, the Statement of Changes in Equity and the Statement of profit or loss.

## Notes to the financial statements

### for the year ended 31 December 2025 (Continued)

#### (c) Reclassification of retrocession deposits

Deposits due to retrocessionaires amounting to R2.2 billion (2024) were previously presented separately on the statement of financial position and amounts due to retrocession accounts amounting to 459 million were incorrectly aggregated with reinsurance contract liabilities. Following a review of prevailing market practice and the nature of these arrangements, it was concluded that such deposits are highly interrelated with the underlying retrocession contracts and should be presented within retrocession contract assets or liabilities. Accordingly, these balances have been reclassified into the respective retrocession contract asset or liability line items.

#### (i) Statement of Financial position

The impact in the comparative years is shown below:

	Impact of correction of error (R'000)		
	As previously reported	Adjustments	As restated
<b>1 January 2024</b>			
<b>Asset captions impacted</b>			
Retrocession contract assets	1,124,661	-1,123,133	1,528
<b>Liability captions impacted</b>			
Deposits due to retrocessionaire	2,239,010	(2,239,010)	-
Retrocession contract liabilities	6	1,233,674	1,223,680
Retrocession recoveries	6	(1,123,133)	(1,123,127)
Deposits due to retrocessionaire		2,346,807	2,346,807
Reinsurance contract liabilities	1,634,605	(107,803)	1,526,802
<b>31 December 2024</b>			
<b>Asset captions impacted</b>			
Retrocession contract assets	1,060,133	(1,060,133)	
<b>Liability captions impacted</b>			
Deposits due to retrocessionaire	2,169,888	(2,169,888)	
Retrocession contract liabilities	43	1,568,975	1,569,018
Retrocession recoveries	43	(1,060,133)	(1,060,090)
Deposits due to retrocessionaire		2,629,108	2,629,108
Reinsurance contract liabilities	1,900,984	(459,220)	1,441,764

This prior year error did not impact the financial statements line items in the Statement of Cash Flows, the Statement of Changes in Equity and the Statement of profit or loss.

## Notes to the financial statements

### for the year ended 31 December 2025 (Continued)

#### (d) Inappropriate classification of VAT payable

During the current year, a prior period error relating to the inappropriate mapping of accounts within the financial reporting system was identified. As a result of this error, certain balances were incorrectly offset against current tax receivable, leading to an overstatement of VAT receivable in the prior period and an understatement of the current tax receivable.

#### (i) Statement of Financial position

The impact in the comparative years is shown below:

	Impact of correction of error (R'000)		
	As previously reported	Adjustments	As restated
<b>1 January 2024</b>			
<b>Asset captions impacted</b>			
Accounts Receivable	15,164	(11,896)	3,268
Current Tax Receivable	26,832	11,896	38,728
<b>31 December 2024</b>			
<b>Liability captions impacted</b>			
Accounts Receivable/(payable)	6,323	(11,896)	(5,573)
Current Tax Receivable	13,465	11,896	25,361

This prior year error did not impact the financial statements line items in the Statement of Cash Flows, the Statement of Changes in Equity and the Statement of profit or loss.

## Unaudited Detailed Income Statement for the year ended 31 December 2025

Detailed Income Statement	Notes	2025 R'000	2024 R'000
<b>Revenue</b>			
Insurance revenue		2,865,235	2,792,315
Amounts recoverable from retrocessionaires for incurred claims		1,224,049	1,566,662
Interest received		249,518	199,595
Insurance service expenses		(2,090,708)	(2,326,879)
Reinsurance expenses		(1,852,783)	(1,953,358)
<b>Total Revenue</b>		<b>385,311</b>	<b>278,335</b>
<b>Other income</b>			
Finance lease rentals received		76	-
Other income		5,832	1,233
		<b>5,908</b>	<b>1,233</b>
<b>Other expenses</b>			
Depreciation		(1,539)	(846)
Impairments and reversals - trade and other receivables		103,503	44,366
Investment management expenses		(7,275)	(5,598)
Management expenses		(229,030)	(211,700)
Management expenses (unattributed)		119,704	110,982
		<b>14,637</b>	<b>(62,796)</b>
<b>Other gains and losses</b>			
Fair value changes - financial assets		(838)	(167)
<b>Profit from operating activities</b>		<b>385,744</b>	<b>216,605</b>
<b>Foreign exchange gain/(loss)</b>			
Foreign exchange gain/(loss)		(46,927)	(2,832)
<b>Finance income</b>			
Other interest and similar income		6,210	5,623
Retrocession finance income for retrocession contracts held		65,422	71,147
		<b>71,632</b>	<b>76,770</b>
<b>Finance costs</b>	18		
Insurance contracts issued		(90,289)	(94,494)
<b>Profit before tax</b>		<b>320,160</b>	<b>196,049</b>
<b>Income tax</b>	21		
Current tax		(79,572)	(49,494)
<b>Profit for the year</b>		<b>240,588</b>	<b>146,555</b>

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



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

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