ANNUAL FINANCIAL STATEMENTS 2024

ESTABLISHED IN 2001

ECIC

EXPORT CREDIT INSURANCE CORPORATION OF SOUTH AFRICA SOC LTD

Export Credit Insurance Corporation of South Africa SOC Ltd

(Registration number 2001/013128/30)

Annual financial statements for the year ended 31 March 2024

These annual financial statements were supervised by:

N Mkhathazo CA (SA)
Chief Financial Officer

These annual financial statements have been prepared in compliance with the applicable requirements of the Companies Act 71 of 2008

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Export credit and investment insurance
Directors	D Dharmalingam (Independent non-executive director & Chairperson) S Mayekiso (Independent non-executive director) L Mothae (Independent non-executive director) S O'Mahony (Independent non-executive director) V Matsiliza (Independent non-executive director) D Subbiah (Independent non-executive director) L Mataboge (Non-executive director) E Makhubela (Non-executive director) W Van der Spuy (Non-executive director-alternate to L. Mataboge)
Business address	11 Byls Bridge Boulevard Byls Bridge Office Park Building 9, Fourth Floor Highveld Extension 73 Centurion 0157
Bankers	First National Bank
Auditors	Forvis Mazars Chartered Accountants (S.A.) Registered Auditors
Acting Company Secretary	R Ntshiyantshiya
Company registration number	2001/013128/30

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Audit Committee Report

This is the Audit Committee's report for the financial year ended 31 March 2024. The Audit Committee ('the committee') is an independent statutory committee whose membership is appointed at the Annual General Meeting.

Terms of reference

The committee has adopted its formal terms of reference as approved by the Board. The committee has discharged these responsibilities and conducted its affairs in compliance with these terms of reference.

Roles and responsibilities

Governance of risk

The committee fulfils an oversight role on financial reporting risks, internal financial controls, compliance risks, fraud risk and information and communications technology ('ICT') risks as these relate to financial reporting.

Internal audit

The committee is responsible for the appointment, compensation, retention and oversight of the internal auditor, who is responsible for reviewing and providing assurance on the adequacy of the internal control environment.

This function is outsourced to SAB&T Chartered Accountants Incorporated t/a Nexia SAB&T. The committee approved the risk-based internal audit plan for the 2024 financial year. The engagement partner of the internal audit firm has unrestricted access to anyone in the organisation and reports the findings of the internal audit work to the committee on a regular basis. Internal audit reports functionally to the committee and operationally to the manager in the office of the Chief Executive Officer ('CEO'). The committee is satisfied with the effectiveness of this arrangement for internal audit.

The Committee assesses the need to meet with the internal auditors without management being present, as and when the need arises, in order to consider any material matters that are required to be brought to the Committee's attention. During the year under review, the committee did not have a closed session with the internal auditors as it was deemed as not required. The committee considers internal audit to be functioning effectively and to have addressed material risks pertinent to the Export Credit Insurance Corporation of South Africa SOC Ltd ('the Corporation' or 'ECIC') in its audit.

External audit and non-audit services

On 31 January 2024, the Corporation appointed Forvis Mazars in South Africa subcontracting to Growthstone Assurance Incorporated for the provision of external audit services for a period of five years (2023/24 to 2027/28 financial years). Requisite assurance was sought from and provided by Auditor-General of South Africa (AGSA) and Prudential Authority (PA) that internal governance processes within the firm support and demonstrate its claim to independence.

The Committee assesses the need to meet with the external auditors without management being present, as and when the need arises, in order to consider any material matters that are required to be brought to the Committee's attention. During the year under review, the committee did not have a closed session with the external auditors as it was deemed not required. To assess the effectiveness of the external auditor, the committee considered the external auditors' fulfilment of the agreed audit plan and any variations from the plan, and the robustness and perceptiveness of the external auditors in their handling of key accounting treatments and disclosures. The Committee and Executive Management approved the engagement letter, audit plan and budgeted audit fees for the 2024 financial year.

Any non-audit services to be provided by the external auditors are governed by a formal written policy and all such services are to be pre-approved by the committee to ensure that such services do not impair the independence of the external audit firms.

The committee has recommended, for approval at the Annual General Meeting held on 31 January 2024, the appointment of Forvis Mazars as external auditors of the Corporation for the 2024 financial year. The applications were then submitted to the AG and PA on the 22 February 2024 and 03 March 2024 respectively after receiving the relevant documents and forms from the new auditors. The approvals from the AG and the PA were received on 23 April 2024 and 10 June 2024 respectively. The late commencement of the audit coupled with the implementation of IFRS 17 for the first year have resulted in delays in respect of the external audit process. The relevant requests for extensions were lodged with the regulatory entities and other stakeholders.

The committee as and when the need arises meets with the external auditors to ensure there are no unresolved issues.

Financial statements and accounting practices

The committee has reviewed the accounting policies and the financial statements of the Corporation and is satisfied that they are appropriate and comply with the IFRS® Accounting Standards, the requirements of the Companies Act and Public Finance Management Act (PFMA).

Internal financial controls

A high-level review of the design, implementation and effectiveness of the Corporation's internal financial controls was performed as per the internal audit plan.

Audit Committee Report

The review aimed to provide comfort on financial reporting controls, which are relied on in preparing the annual financial statements. Based on the information and explanations given by management and the internal auditor, and discussions with the independent external auditor on the results of their audit, the committee believes the system of internal controls for the period under review were adequate, efficient and effective.

Finance function

The committee is satisfied that the Chief Financial Officer has the appropriate expertise and experience to meet the responsibilities of the role. Furthermore, the committee has considered and satisfied itself with the appropriateness of the expertise and adequacy of resources of the finance function.

Integrated reporting

The committee has reviewed the integrated report of the Corporation for the year ended 31 March 2024 and submits that management is presenting an appropriate view of the entity's position and performance.

The quality of the in-year management and monthly/ quarterly reports submitted in terms of legislation

The committee is of the opinion, based on the information and explanations provided by management as well as the results of audits performed by the internal and external auditors, that the financial information provided by management to users of such information is adequate, reliable and accurate.

Evaluation of financial statements

The committee has evaluated the annual financial statements of the ECIC for the year ended 31 March 2024. It has also reviewed:

- The external auditors' report;
- The external auditors' management report and management's responses thereto;
- Any changes in accounting policies and practices;
- The Corporation's compliance with applicable legal and regulatory provisions;
- Information on predetermined objectives included in the annual report;
- The quality and timeliness of the financial information availed to the committee for oversight purposes during the year; and
- Any significant adjustments resulting from the audit.

Significant matters that the committee has considered in relation to the audit of the annual financial statements, and how these were addressed by the committee

No significant matters were identified during the audit.

Summary of main activities undertaken by the committee during the financial year under review

The committee performed the following activities amongst others during the year:

- Reviewed the Corporation's integrated report and processes and recommended the same to the Board for approval;
- Approved the audit plan and budget for the external audit firms and the internal audit firm;
- Considered the Corporation's annual financial statements;
- Reviewed accounting policies and practices and considered any significant changes or departure from accounting policies and practices;
- Reviewed the basis on which the Corporation has been determined as a going concern;
- Considered the implementation of IFRS 9 and IFRS 17 project plan;
- Oversight on tax compliance; and
- Considered and recommended for Board's approval the quarterly performance reports to be submitted to the Department of Trade, Industry and Competition (**the dtic**).

The arrangements in place for combined assurance and the committee's views on its effectiveness

The Committee reviewed the Combined Assurance Plan that stipulates three lines of defence in accordance with the Institute of Internal Auditors (IIA) and recommended by King IV. The Corporation's plan was recommended to the Board for approval. Whilst King III introduced the Combined Assurance concept, King IV further enhanced it into a practice that co-ordinates the roles of all assurance providers into a cohesive whole for purposes of ensuring an effective control environment that strengthens decision making.

It is the Committee's responsibility to ensure commensurate assurance levels are achieved to satisfy itself that risks are managed within approved risk appetite levels.

Audit Committee Report

Conclusion

Based on the information provided by management, internal audit and external audit, the committee considers that these statements comply, in all material respects, with the IFRS Accounting Standards, the requirements of the Companies Act and the PFMA, and the basis of preparation as set out in the material accounting policies in note 1.2 of the annual financial statements.

The committee concurs that adopting the going concern assumption in preparing the annual financial statements is appropriate. At its meeting on 13 November 2024, the committee recommended the approval of the annual financial statements to the Board.

V Matsiliza

Audit Committee Member, Non-Executive Director

[Duly Authorised]

15 November 2024

Directors' Responsibility Statement and Approval of the Annual Financial Statements

The external auditor is responsible for auditing the financial statements whereas the Board of Directors ('Board') is responsible for the preparation, integrity and fair presentation of the financial statements. The Board acknowledges its duty to ensure balanced content and fair presentation that provides a comprehensive assessment of the Corporation's performance for the financial year ended 31 March 2024.

In terms of the Companies Act (2008), the directors are required to maintain adequate accounting records and to prepare annual financial statements that fairly present the Corporation's financial position at year-end and the results and cash flows for the year.

To enable the Board to discharge its responsibilities, management has developed and continues to implement standards and systems of internal controls to provide reasonable assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain the accountability of the Corporation's assets. The Board has ultimate responsibility for this system of internal controls and reviews the effectiveness of its operations, primarily through the Audit Committee.

The internal controls include risk-based systems of accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are executed and recorded in accordance with sound business practices and the Corporation's written policies and procedures.

As part of internal controls, the Corporation's internal audit function conducts inspections, financial and specific audits. The external auditors are responsible for reporting on the Corporation's financial statements. The financial statements were audited by the independent auditors, the consortium of Forvis Mazars and Growthstone Corporation, who were given unrestricted access to all financial records and related data, including minutes of meetings of the Board and committees of the Board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate.

The Corporation's annual financial statements are prepared in accordance with IFRS Accounting Standards and incorporate responsible disclosures in line with the accounting policies. The appropriate accounting policies are consistently applied except as otherwise stated and supported by reasonable and prudent judgments and estimates.

The performance information fairly reflects the operations, actual output against planned targets for performance indicators as per the Corporation's strategic plan and annual performance plan for the financial year ended 31 March 2024. The performance information has been reported on in accordance with the requirements of the guidelines on annual reports as issued by National Treasury.

Based on the information received from management, as well as the internal and external auditors, nothing has come to the attention of the directors to indicate a material breakdown in the systems of internal controls during the year under review.

Disclosure in terms of section 55(2)(b) of the PFMA:

- Material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the year: refer to note 22.1 of the annual financial statements;
- Any criminal or disciplinary steps taken because of such losses or irregular expenditure or fruitless and wasteful expenditure: there were no instances where the Corporation sustained material losses; and
- Any losses recovered or written off: no material losses were recovered or written off other than in the ordinary course of business.

The directors are of the view that the Corporation has adequate resources to operate in the foreseeable future and have adopted the going concern basis in preparing the financial statements.

The financial statements of the Corporation for the year ended 31 March 2024 that appear on pages 16 to 112 were approved by the Board of Directors on 15 November 2024 and are signed on its behalf by:

D Dharmalingam
Chairperson

15 November 2024

N Maphula
Acting Chief Executive Officer

15 November 2024

Company Secretary's Certification

Declaration by the Company secretary in respect of Section 88(2)(e) of the Companies Act of South Africa

I certify that, in respect of the reporting period, the Corporation has lodged with the Companies and Intellectual Property Commission (CIPC) all returns and notices required in terms of the Companies Act, 71 of 2008 as amended.

R Ntshiyantshiya
Acting Company Secretary

15 November 2024

Directors' Report

The directors have the pleasure in submitting their report on the annual financial statements of Export Credit Insurance Corporation of South Africa SOC Ltd for the year ended March 31, 2024.

Nature of business

The Corporation is a self-sustained, state-owned, national export credit agency that is supervised and regulated by the Financial Sector Conduct Authority (FSCA) and the Prudential Authority (PA). The Corporation's main business is to facilitate export trade and cross-border investments between the Republic of South Africa (RSA) and other countries by providing political and/or commercial risk insurance on behalf of the Government of South Africa for such transactions.

Review of financial results and activities

The annual financial statements have been prepared in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year with the exception of IFRS 17 and IFRS 9 which were implemented in the current year.

The financial results of the Corporation are fully disclosed on pages 16 to 112.

Share capital

There have been no changes to the authorised or issued share capital during the year under review.

Corporate governance

The Board of Directors embraces the principles of King IV and attempts to comply with these recommendations as far as possible. The Corporation's adherences to these principles are outlined in the Governance section in the 2023/24 Integrated Report.

Board of Directors

The current directors are reflected on the General Information page.

Executive management

In July 2023, following the untimely passing of Mr M Nkuhlu, Mr M Maphula was appointed as the Acting Chief Executive Officer.

Dividends

No dividend has been declared for the current and previous financial year in line with the Corporation's dividend policy.

Taxation status

The Corporation pays income tax in terms of the Income Tax Act of 1962, as amended. The Corporation is also subject to and complies with all other South African taxes, including employees' tax and Value Added Tax. At year end, the Corporation was in good standing with respect to its tax responsibilities.

Changes in accounting policies

The accounting policies applied during the year ended 31 March 2024 are in all material respects consistent with those applied in the annual financial statements for the year ended 31 March 2023, with the exception of IFRS 17 and IFRS 9 policies.

IFRS 17 became effective in the current year while the Corporation had previously elected to defer the implementation of IFRS 9 until the implementation of IFRS 17.

Significant events

During the financial year, the Corporation paid two claims amounting to R2.2 billion relating to the Ghana sovereign default.

Due to the retrospective implementation of IFRS 17, the Corporations' equity for 2023 financial period has been restated from R6.3 billion to R8.5 billion.

Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

Going concern

The Board of Directors believes that the Corporation will continue to be a going concern in the foreseeable future. For this reason, the directors have adopted a going concern basis in preparing the annual financial statements, refer to note 40 for a detailed assessment.

Directors' Report

Audit Committee information

The names of the Audit Committee members and attendance records are reflected below:

	4/25/2023	5/12/2023[a]	5/22/2023[b]	5/29/2023	7/21/2023	7/31/2023[c]	10/20/2023	11/27/2023[d]	1/26/2024
Members									
V Matsiliza	√	√	√	√	√	√	√	√	√
S O Mahony	√	√	√	√	√	x	√	√	√
S Mayekiso	√	√	√	√	√	√	√	√	√
L Mothae (Chair)	√	√	√	√	√	√	√	√	√

√ in attendance

x did not attend

a – The meeting was a continuation of the meeting held on 25 April 2023.

b – This was a special meeting to approve Audit Planning Memorandum for the 2023 financial year and the cancellation of external audit tender for the appointment of new auditors.

c – This was a special meeting for the approval of annual financial statements following the conclusion of the work outstanding following 21 July 2024.

d – This was a special meeting to consider the internal auditor's report relating to the determination exercise for the fruitless and wasteful expenditure, disclosed in note 22.1.

Litigation statement

The Corporation rejected two protracted default claims and as result the insured has instituted a litigation action, challenging the Corporation's decision to reject the insured's claims. The Corporation is defending the litigation action. The impact of the litigation is accounted for in the Liability for Remaining Coverage (LRC) as part of note 8 and does not form part of contingent liabilities under IAS 37 (note 32).

Related-party transactions

The related-party transactions are specified in the Notes to the annual financial statements in note 30.

Performance against pre-determined objectives

The Corporate strategic objectives and targets are developed and approved by the Board of Directors, with the Corporate Plan approved by the Minister for tabling in Parliament. The table below compares the actual performance for 2024 financial year on the high-level corporate strategic objectives and indicate the degree to which the Corporation performed against its strategic objectives for the year under review.

Directors' Report

Target No.	Output	Performance Measure or Indicator	2023-24 Annual Target	Actual Achievement	Reason for Variance
INDUSTRIALIZATION AND GROWING THE ECONOMY					
CONTRIBUTE TO TRADE FACILITATION THAT RESULTS IN JOB CREATION					
1	Facilitation of exports and cross border investments	Value of approved transactions	USD560 million	Target not achieved. No transactions approved to date.	The COVID-19 recovery and fiscal challenges being experienced by some of the African countries, and the tough economic conditions which are exacerbated by the ever-worsening power shortages are having a bearing on the value chains that support economic activities, especially in driving exports.
2		Number of approved transactions	4 deals approved	Target not achieved. No transactions approved to date.	
3		Value of approved transactions within expanded sectoral coverage	USD70 million	Target not achieved. 3 transactions to the equivalent value of USD8,3 million approved: 1) Worldwide Rail and Mining (Pty) Ltd – USD3,3 million 2) Bond Equipment – AUD3,7 million 3) Hall Longmore Holdings (Pty) Ltd – R50 million	The uptake for short-term transactions has been very low due to the fact that banks are not willing to provide support to small and medium enterprises, especially with bond products that are required to support execution of contracts. It is expected that there would be a significant increase in the short-term exposure with the introduction of the trade credit insurance product launched in Q3, and the Export Passport Insurance Facility in Q4.
4		Export Passport Program	At least 6 companies benefiting under the Export Passport Programme	Target not achieved. The Export Passport Agreement was concluded and signed by all Parties on 13 November 2023. The first meeting was held on 23 January 2024. The Programme will be launched in 2024/25.	The process of getting all the parties comfortable with the execution version of the Cooperation Agreement on the Export Passport Programme took longer than anticipated.
ACTIONS TO PROMOTE TRANSFORMATION					
ENHANCE TRANSFORMATION					
5	Maintain B-BBEE Score	B-BBEE Level	Level 1	Target not achieved. B-BBEE Level 2 achieved.	Priority element for disbursements on Enterprise Development initiatives was not implemented. This results in a discount on the achieved B-BBEE level and therefore the maximum level that could be achieved is Level 2.
BUILDING A CAPABLE STATE					
IMPROVE EMPLOYEE VALUE PROPOSITION					
6	Retention of staff	% staff retained	Retain 85% of staff	Target achieved. 88% retained at year-end.	N/A
IMPROVE BUSINESS PROCESSES AND SYSTEMS					
7	Automation of business processes	% of business processes automated	80% of business processes automated	Target achieved. 80% of business processes automated.	N/A
IMPROVE STAFF EFFICIENCY					
8	Staff efficiency	Employee cost to earned premium (3-year average)	Ratio not greater than 31%	Target achieved. Staff efficiency ratio of 17%.	N/A
EMBED RISK MANAGEMENT PRACTICES					
9	Embed risk management practices	No breaches on risk appetite limits over the 5-year period	No breaches on risk appetite limits (from 1 April 2022)	Target achieved. No breaches on risk appetite	N/A
10		Risk maturity levels of the Corporation	Level 3 across 50% of metrics	Target achieved. Level 3 across 70.8% of metrices	N/A
ENHANCE FINANCIAL SUSTAINABILITY					
11	Increase in capital base	% increase in equity (excluding foreign exchange movements and related tax)	5% increase in equity	Target achieved. Increase of 23,51%.	N/A
12	Track the operating cost base of underwriting activities	Operating cost base of underwriting activities	Operating cost below R157 million	Target achieved. Operating cost of underwriting activities of R107 million incurred.	N/A
STAKEHOLDER AND CUSTOMER ENGAGEMENT					
13	To increase brand visibility in selected African countries	Click Through Rate (CTR) on the AfCFTA media campaign	CTR score of 0.10	Target achieved. CTR score of 0.74 achieved.	N/A
14	Improve employee engagement and organisational culture	Employee engagement score	Employee engagement score of 70%	Target achieved. Employee engagement score of 70% achieved.	N/A
ENHANCE CORPORATE GOVERNANCE					
15	Effective governance and internal control measures	External Audit results	Clean audit with no repeat findings and no more than 3 new findings on the BAC Report (judgmental differences not taken into account)	Target not achieved. Unqualified audit opinion with findings achieved.	The clean audit was not achieved due to the late submission of the Annual Financial Statements. The delays were due to the implementation of the IFRS 17 standard. Stakeholders were informed of the delays prior to the due dates however National Treasury does not grant extensions and instead a non-compliance is noted.

Independent Auditors' Report

Independent auditor's report to Parliament on Export Credit Insurance Corporation of South Africa SOC Ltd

Report on the audit of the financial statements

Opinion

1. We have audited the financial statements of the Export Credit Insurance Corporation of South Africa SOC Ltd (the public entity) set out on pages 16 to 110 which comprise the statement of financial position at 31 March 2024, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Export Credit Insurance Corporation of South Africa SOC Ltd at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Public Finance Management Act of South Africa, 1999 (Act No 1 of 1999) (PFMA) and the Companies Act of South Africa, 2008 (Act No 71 of 2008) (the Companies Act).

Basis of opinion

3. We conducted our audit in accordance with the 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.

4. We are independent of the public entity in accordance with the Code of professional conduct for auditors of the Independent Regulatory Board for Auditors (IRBA) 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).

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

Responsibilities of the accounting authority for the financial statements

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

7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor for the audit of the financial statements

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

9. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Independent Auditors' Report

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

11. We selected the following objective presented in the annual performance report for the year ended 31 March 2024 for auditing. We selected objective that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Strategic objective number	Strategic objective	Key performance indicator	Page numbers
Objective 1	Industrialization and growing the economy – Contribute to trade facilitation that results in job creation	Value of approved transactions	10
Objective 1	Industrialization and growing the economy – Contribute to trade facilitation that results in job creation	Number of approved transactions	10
Objective 1	Industrialization and growing the economy – Contribute to trade facilitation that results in job creation	Value of approved transactions within expanded sectoral coverage	10
Objective 1	Industrialization and growing the economy – Contribute to trade facilitation that results in job creation	Export Passport Program	10

12. We evaluated the reported performance information for the selected objectives against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

13. We performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that we can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets

14. We performed the procedures for the purpose of reporting material findings only and not to express an assurance opinion or conclusion.

15. We did not identify any material findings on the usefulness and reliability of the reported performance information for the objectives of the selected subject matter.

Independent Auditors' Report

Other matters

16. We draw attention to the matter below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements.

Report on the audit of compliance with legislation

18. In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

19. We performed procedures to test compliance with selected requirements in key legislation in accordance with the Auditor-General of South Africa (AGSA) findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.

20. Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

21. The material findings on compliance with specific matters in key legislation are as follows:

Annual report and financial statement

22. Financial statements were not submitted for auditing within the prescribed period after the end of financial year, as required by section 55(1)(c)(i) of the PFMA.

23. The accounting authority for the public entity did not submit within the prescribed period to the relevant treasury, to the executive authority responsible for that public entity and to the Auditor-General, as required by the section 55(1)(d) of the PFMA, the following:
    - an annual report on the activities of that public entity during that financial year (annual report);
    - the financial statements for that financial year after the statements had been audited (audited financial statements); and
    - the report of the auditors on those statements (auditor's report).

24. These material findings on compliance with specific matters in key legislation did not result in a modification in our audit opinion.

Other information in the financial statements

25. The accounting authority is responsible for the other information. The other information comprises the information included in the financial statements which includes the audit committee report, directors' responsibility statement and approval of the annual financial statements, company secretary's certificate and directors' report as required by the Companies Act. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.

26. Our opinion on the financial statements and our findings on the reported performance information and the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.

27. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Independent Auditors' Report

Internal control deficiencies

29. We considered internal control relevant to our audit of the financial statements, annual performance report and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.

Other reports

30. We draw attention to the following engagements conducted by various parties. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

31. We were engaged to perform the following audit-related services:

Audit and review of the quantitative reporting template in compliance with the Insurance Act, 2017 for the year ended 31 March 2024.

Other matters

32. The financial statements of the Export Credit Insurance Corporation of South Africa SOC Ltd for the year ended 31 March 2023, together with the annual performance report and the compliance with legislation, were audited by SizweNtsalubaGobodo Grant Thornton Inc. and AM Phaka Malele Inc., who are no longer the auditors in the current period. The auditors for the period expressed an unmodified audit opinion on those financial statements on 2 August 2023.

Auditor tenure

33. In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that Forvis Mazars has been the auditor of the Export Credit Insurance Corporation of South Africa SOC Ltd SOC Ltd for 1 year.

Forvis Mazars

Forvis Mazars

Partner: Riana Groenewald

Registered Auditor

15 November 2024

Annexure to the auditor's report

The annexure includes the following:

- the auditor's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to our responsibility for the audit of the financial statements as described in this auditor's report, 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 public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity] 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 about the

Independent Auditors’ Report

material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease operating as a going concern.

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 50(3)(b); 51(1)(a)(iii); 51(1)(b)(i); Section 51(1)(b)(ii); 51(1)(e)(iii); 52(b); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56; 57(b); 57(d); 66(3)(b)
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury Instruction No. 4 of 2015/16	Paragraph 3, 4
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.2
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.1; 3.4(b); 3.9
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; Regulation 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; Regulation 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; Regulation 11.1; 11.2

Statement of Financial Position as at March 31, 2024

	Note(s)	2024 R'000	2023 restated# R'000	2022 restated# R'000
Assets				
Intangible assets		-	-	285
Property and equipment	6	24 917	26 319	2 678
Insurance acquisition costs	7	267 597	255 289	177 911
Insurance contract assets	8	1 191 281	619 232	331 867
Reinsurance contract assets	8	84 620	53 242	5 275
Current tax receivable	27	385 590	100 154	2 066
Other receivables	9	408 825	222 379	39 270
Financial assets at fair value	10	7 246 984	7 633 095	4 578 311
Cash and cash equivalents	11	1 077 021	2 355 461	4 487 620
		10 686 835	**11 265 171**	**9 625 283**
Equity and Liabilities				
Equity				
Share capital and share premium	12	316 051	316 051	316 051
Foreign currency translation reserve		4 684 041	4 082 860	2 289 719
Fair value adjustment through other comprehensive income reserve		(134 784)	(71 307)	(27 545)
Retained income		3 661 688	4 164 045	4 977 322
Total equity		**8 526 996**	**8 491 649**	**7 555 547**
Liabilities				
Insurance contract liabilities	8	1 239 184	1 292 492	1 129 872
Liability for interest make-up	13	444 097	516 072	564 706
Deferred tax	14	178 582	491 946	219 587
Lease liabilities	15	19 224	22 373	140
Employee benefits liability	16	5 274	29 119	27 459
Other payables	17	273 023	313 063	127 972
Derivative instruments	10	455	108 457	-
Total Liabilities		**2 159 839**	**2 773 522**	**2 069 736**
Total Equity and Liabilities		**10 686 835**	**11 265 171**	**9 625 283**

 # – Refer to restatement note 28.

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2024 R'000	2023 restated# R'000
Insurance revenue	19	499 453	448 208
Insurance service expenses	19	(1 586 431)	(784 715)
Net income from reinsurance contracts	19	18 499	47 882
Insurance service result		**(1 068 479)**	**(288 625)**
Net finance expense from insurance contracts issued		(60 222)	(24 610)
Net finance income from reinsurance contracts held		8 691	30
Net insurance finance expenses		**(51 531)**	**(24 580)**
Net insurance results		**(1 120 010)**	**(313 205)**
IMU grant receipts		155 505	150 000
Other income		98	109
Loss on exchange differences	24	(191 384)	(550 195)
Operating expenses	22	(60 381)	(80 354)
Fair value movements on interest make up liability	13	(55 386)	(10 781)
Net investment income	20	671 778	277 589
Interest expense	23	(1 896)	(792)
Loss before taxation		**(601 676)**	**(527 629)**
Taxation	25	99 319	(285 648)
Loss for the year		**(502 357)**	**(813 277)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Currency translation differences	21	601 181	1 793 141
Fair value adjustments of financial assets		(69 075)	(55 819)
Deferred tax on fair value of financial assets		14 920	12 057
Tax on forex movements through OCI		(9 322)	-
Total items that will not be reclassified to profit or loss		**537 704**	**1 749 379**
Other comprehensive income for the year net of taxation		**537 704**	**1 749 379**
Total comprehensive income for the year		**35 347**	**936 102**

 # – Refer to restatement note 28.

Statement of Changes in Equity

	Share capital and share premium R'000	Foreign currency translation reserve* R'000	Reserve for valuation of financial instru-ments** R'000	Total reserves (foreign currency & fair value adjustment) R'000	Retained income R'000	Total equity R'000
Balance at April 1, 2022 before IFRS 17 adoption	**316 051**	**2 289 719**	**(27 545)**	**2 262 174**	**4 068 489**	**6 646 714**
IFRS 17 adjustment***	-	-	-	-	908 833	908 833
Balance at April 1, 2022 after IFRS 17 adoption	**316 051**	**2 289 719**	**(27 545)**	**2 262 174**	**4 977 322**	**7 555 547**
Loss for the year	-	-	-	-	(813 277)	(813 277)
Effects of translation to presentation currency	-	1 793 141	-	1 793 141	-	1 793 141
Fair value adjustment net of taxation	-	-	(43 762)	(43 762)	-	(43 762)
Total comprehensive income for the year	**-**	**1 793 141**	**(43 762)**	**1 749 379**	**(813 277)**	**936 102**
Balance at April 1, 2023	**316 051**	**4 082 860**	**(71 307)**	**4 011 553**	**4 164 045**	**8 491 649**
Loss for the year	-	-	-	-	(502 357)	(502 357)
Effects of translation to presentation currency	-	601 181	-	601 181	-	601 181
Fair value adjustment net of taxation	-	-	(54 155)	(54 155)	-	(54 155)
Tax on forex movements through OCI	-	-	(9 322)	(9 322)	-	(9 322)
Total comprehensive income for the year	**-**	**601 181**	**(63 477)**	**537 704**	**(502 357)**	**35 347**
Balance at March 31, 2024	**316 051**	**4 684 041**	**(134 784)**	**4 549 257**	**3 661 688**	**8 526 996**
Note(s)	12					

* *This reserve relates to the translation of monetary and non-monetary items to the presentation currency, see note 1.6.*

** *This reserve relates to the fair value adjustment of the investment we have at Afreximbank. The fair value adjustments are recognised and measured through OCI, see note 10.*

*** *This reserve resulted from initial implementation of IFRS 17, see IFRS 17 transition note 28 and note 8.*

Statement of Cash Flows

	Note(s)	2024 R'000	2023 R'000
Cash flows from operating activities			
Cash used in underwriting activities	26	(2 221 447)	(677 516)
Interest received		550 052	435 438
Dividends received		67 649	59 053
Interest paid	23	(1 896)	(792)
Interest make-up grant receipts		155 505	150 000
Interest make-up claims paid	13	(159 517)	(179 656)
Taxation paid	27	(494 286)	(99 265)
Net cash from operating activities		**(2 103 940)**	**(312 738)**
Cash flows from investing activities			
Purchase of property and equipment	6	(3 749)	(1 730)
Proceeds from sale of equipment	6	51	-
Net proceeds/(purchases) of investments at fair value	10	846 239	(1 801 250)
Net cash from investing activities		**842 541**	**(1 802 980)**
Cash flows from financing activities			
Payments of lease liabilities	15	(3 614)	(1 771)
Total cash movement for the year		**(1 265 013)**	**(2 117 489)**
Cash and cash equivalents at the beginning of the year		2 355 461	4 487 620
Effect of foreign currency translation on cash and cash equivalents		(2)	27 730
Unrealised foreign exchange loss on cash and cash equivalents		(13 425)	(42 400)
Cash and cash equivalents at the end of the year	11	**1 077 021**	**2 355 461**

Accounting Policies

1. Material accounting policies

1.1 General information

The ECIC is a state-owned entity incorporated in South Africa. The nature of the risk underwritten by the Corporation in pursuant to its objectives as set out in the Export Credit and Foreign Investment Re-insurance Act of 1957, as amended is set out in note 3.

The Corporation provides risk mitigation solutions for South African exporters who have cross-border investments or offer goods and services into the international market. The focus is on Africa and other emerging markets outside the continent that are considered too risky for conventional insurers. The Corporation's goal, as mandated by the South African government as the sole shareholder and aligned with South Africa's national imperatives, is to make South African exports attractive to international buyers. The aim is to stimulate economic growth through exports that contribute to the generation of foreign currency denominated income, job creation and global competitiveness.

1.2 Basis of preparation

The annual financial statements of the Corporation are prepared on the going concern basis in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB); the IFRIC® interpretations as issued by the IFRS Interpretations Committee; the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council of South Africa; and the requirements of the Public Finance Management Act No. 1 of 1999 of South Africa, as amended; and the Companies Act No. 78 of 2008 of South Africa, as amended. As at 31 March 2024, the Corporation was solvent with total assets exceeding total liabilities by R8.5 billion.

The annual financial statements are prepared on the historical cost basis, adjusted by the revaluation of financial assets that are measured at fair value and translation of functional currency to the presentation currency as detailed in 1.6 below. Insurance contracts are prepared on a fulfillment cash flow basis.

The financial statements of the Export Credit Insurance Corporation of South Africa SOC Ltd have been authorised for issue by the Board of directors on 15 November 2024.

These accounting policies are consistent with the previous period, with the exception of IFRS 9 and IFRS 17 which were implemented in the current financial year.

1.3 New standards, amendments and interpretations issued

(a) New standards, amendments and interpretations issued and effective but not early adopted in the prior financial year and implemented in the current financial year

(i) IFRS 17, Insurance Contracts

IFRS 17 addresses the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features. The standard contains guidance on when to separate components in an insurance contract and account for them in terms of another standard. The components that have to be separated (subject to certain criteria) are embedded derivatives, distinct investment components and distinct goods and non-insurance services.

The standard has been implemented in the current financial year and the impact is material. The initial transition of IFRS 17 has resulted in an increase in total equity by R909 million, see IFRS 17 transition note 28.

(ii) IFRS 9, Financial instruments

It is expected that IFRS 9 will change the classification of financial assets to either amortised cost, fair value through profit or loss or fair value through other comprehensive income. In addition, IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

Accounting Policies

The standard has been implemented in the current financial year and the impact is not material, see note 1.3(b)(i) below.

(b) New applied standards, amendments and interpretations issued and effective for the current financial year

(i) IFRS 17 Insurance Contracts

A narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The company has adopted the amendment for the first time in the 2024 annual financial statements. The impact of the amendment is not material as reflected in the table below:

	IAS 39		IFRS 9	
Financial statement line	**Category**	**R'000**	**Category**	**R'000**
Financial assets				
Financial assets at fair value		7 633 095		7 633 095
Investments excluding unlisted equities	Fair value through profit or loss	6 980 888	Fair value through profit or loss	6 980 888
Afrieximbank investment	Available for sale with FV movements through other comprehensive income	652 207	Fair value through other comprehensive income	652 207
Other receivables		216 877		216 877
Gross of provision for doubtful debts	Amortised cost	217 253	Amortised cost	217 253
Provision for doubtful debts	Incurred losses	(376)	Expected credit loss	(376)
Cash and cash equivalents		2 355 461		2 355 461
Gross of provision for doubtful debts	Amortised cost	2 355 461	Amortised cost	2 355 461
Impairment allowance	Incurred losses	-	Expected credit loss	-

(ii) Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor loss.

The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

The effective date of the amendment is for years beginning on or after 01 January 2023. The amendment did not have an impact as no such transactions took place.

Accounting Policies

(iii) Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the annual financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information are disclosed.

The effective date of the amendment is for years beginning on or after 01 January 2023.

(iv) Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as “monetary amounts in annual financial statements that are subject to measurement uncertainty.”

The effective date of the amendment is for years beginning on or after 01 January 2023. There were no changes in accounting estimates for the current year and thus no impact.

(c) New standards, amendments and interpretations issued but not effective for the financial year and not early adopted

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

This is a new standard: requiring entities to disclose information about sustainability-related risks and opportunities that are useful to users relating to providing resources to the entity.

- Entities are required to disclose information about sustainability-related risks and opportunities reasonably expected to affect their prospects.
- Prescribes how the entity prepares and reports its sustainability-related disclosures, setting out general requirements for content and presentation thereof.
- To provide an understanding of the entity’s governance processes and controls, strategy to manage, identification processes and controls and performance in relation to the sustainability-related risks and opportunities and targets set.

(ii) S2 Climate-related Disclosures

New standard: requiring entities to disclose information about the climate-related risks (physical and transition) an entity is exposed to and the opportunities available to that may be useful to investors and capital providers.

- Entities are required to disclose information about climate-related risks and opportunities reasonably expected to affect their cash flows, access to finance or cost of capital over the short-, medium- or long-term.
- To provide an understanding of the entity’s governance processes and controls, strategy, identification processes and controls and performance in relation to the climate-related risks and opportunities and targets set.

The standards are effective for financial years beginning on or after 1 January 2024. Application of these standards is not yet mandatory. Once adoption becomes mandatory, the required disclosures will be included prospectively.

1.4 Significant judgements and sources of estimation uncertainty

The preparation of the annual financial statements in conformity with IFRS Accounting Standards requires management, to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates. The most significant judgments, estimates and assumptions relate to:

- insurance contract assets and liabilities (issued and reinsured);
- fair value measurement of assets and liabilities;
- impairment of financial and non-financial assets; and
- deferred tax.

See note 2 for the details of the estimates, judgments and assumptions made.

Accounting Policies

1.5 Recognition and measurement of insurance contracts (issued and reinsured)

Insurance contracts are those contracts under which the Corporation accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if the insured event adversely affects them. Such

contracts may also transfer financial risk.

1.5.1 Definition and classification

All ECIC products are deemed to fall within the scope of IFRS 17, given that it accepts significant insurance risk through providing cover against uncertain future events. The uncertainty is in relation to the probability of the insured events, the potential timing of such events and for some products the payment amount as well.

It could potentially be argued that certain elements of the Performance Bond Insurance product are of the nature of a financial guarantee. ECIC has always accounted for this product as an insurance product in line with the applicable insurance accounting standard and elects to continue to do so under IFRS 17.

1.5.2 Summary of measurement approaches

The valuation method referred to as General Measurement Model (GMM) is used. This method consists of the following components:

- Fulfilment cashflows (updated at each reporting date), which are defined as:
  - The present value of probability-weighted expected cashflows (best estimate cash inflows and outflows relevant to the fulfilment of the insurance contract); plus
  - An explicit risk adjustment for non-financial risk; and
  - Contractual Service Margin (CSM), which is the expected profit from the unearned portion of the contract.

1.5.3 Unit of account (Aggregation of insurance contracts)

The Corporation's contracts are aggregated into portfolio's based on whether they are managed together and share similar risks, then the subsequent classification is grouped into profitability groups.

In broad terms ECIC sees its business in three main business lines and a number of sub-business lines, these being as follow:

- Investment Guarantee business

  Investment Insurance Bond Insurance
- Trade Credit business

  Investment Guarantee – Commercial loans Export Credit Insurance

  Working Capital Facilities
- Short-term credit business

  Short-term credit cover is where the tenor is less than 2 years.

However, the risk profile and underlying project/investment specifics of each project or investment/transaction is unique. Each project or investment/transaction might include a number of insurance contracts, for example multiple banks lending to one project where each bank has a separate ECIC insurance policy.

For ECIC, all related policies/contracts for a single project/investment/transaction, the recognition and measurement requirements are applied at a project/investment/transaction level per sub-business line. Such grouping of contracts is not followed if the contracts are issued more than 12 months apart.

Accounting Policies

1.5.4 Recognition

The earliest recognition date for ECIC is on the effective date of a contract, unless a contract is onerous from the start at initial recognition. Assessment of onerous contracts (for issued and reinsured contracts) are conducted at underwriting stage and if contract is deemed onerous the contract is recognised on the date of signature. An insurance contract is deemed onerous if the fulfilment cash flows, any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total are a net outflow. An assessment is also done for contracts that do not have a significant possibility of becoming onerous.

All these grouping assessments are done on initial recognition and not reassessed subsequently based on future changes in risk

1.5.5 Accounting for contract modification and derecognition

The decision to derecognize a contract at ECIC may arise in specific scenarios. The potential scenario for ECIC in which a decision of derecognition needs to be applied before the expiry of the policy is when a transaction is restructured. The exercise of a right included in the contract is not deemed a modification. If the terms of a contract are modified in a way that would have significantly changed the accounting for the contract had the new terms always existed, then the modification triggers derecognition of the original contract and recognition of a new contract. Hence, ECIC considers contract modifications on a case by case basis to determine if the required conditions of derecognition has been met, refer to note 2(a) for additional information. If the contract modifications are not significant, they are treated as a change in accounting estimate.

1.5.6 Measurement

Fulfilment cash flows

For ECIC, for the liability of remaining coverage, the expected cash in-and-out flows are the following:

Inflows

- remaining premiums receivable in future as per the contract, either upfront or on an annualised basis
- penalty premium that would apply on early lapse

Outflows

- expected claim payments net of expected claim salvages
- expected claims handling expenses
- expected policy administration expenses.
- acquisition costs

Fulfilment cash flows within contract boundary

Cash flows are within the contract boundary if they arise from substantive rights and obligations under an insurance contract. Given that for all contracts the contract boundary is the same as the full term of the contract all fulfilment cashflows are within the contract boundary.

Contract boundary

For all ECIC products, the period of obligation is the full term of the contract, because ECIC does not have the unilateral ability to reassess and reprice the contract and hence present enforceable obligations for the full term of the contract.

For all ECIC reinsurance contracts, the period of obligation is the full term of the contract, because the reinsurer does not have the unilateral ability to reassess and reprice the contract and hence present enforceable obligations for the full term of the contract.

Insurance acquisition costs

When a contract is considered 'obtained', such that it would be considered to be a new acquisition for ECIC, acquisition costs in respect of that particular contract are allocated to it. This trigger point is when ECIC provides an offer of cover to a potential new policyholder. The acquisition cost allocated is determined based on a business unit's daily unit cost and the typical man hours expended to acquire such a contract. The acquisition cost is amortised in line with the Contractual Service Margin (CSM) amortisation profile.

Accounting Policies

For a typical insurance company, new acquisitions of insurance contracts would be expected to occur uniformly throughout the year. The volume of new insurance contracts are generally of a sufficiently large magnitude such that overall acquisition costs could be allocated to policies incepting during the period. For ECIC however, the business model is different with long lead times in underwriting new insurance contracts which means the period stretches across multiple financial years. To allocate acquisition expenses appropriately to insurance contracts, the starting point for acquisition costs is that they accumulate in an acquisition cost asset. The acquisition cost allocated to potential new insurance contracts in the pipeline is determined based on a relative effort spent on each policy and the size of each transaction. For the period between underwriting and the inception date, an acquisitions cost asset is established and tested for impairment based on anticipated premiums from this business. Where costs have been allocated to a new contract that was pursued unsuccessfully those cost are reallocated to the other policies anticipated to incept in the same financial year.

Initial measurement of Insurance Contracts measured using the GMM

Fulfilment cash flows

Fulfilment cash flows represent the expected future cashflows required to fulfil the Corporation's obligation under the insurance contract. It reflects the Corporation's best estimate of future premiums, claims and expenses associated with the remaining coverage period. It refers to the present value of an unbiased and probability weighted estimate of future cashflows. The uncertainty of future cashflows is allowed in the risk adjustment.

Risk adjustment (RA)

The risk adjustment is an adjustment to the expected value in the determination of the liability for an insurance contract. The risk adjustment is an additional amount included in the Liability for Remaining Coverage (LRC) to account for the inherent uncertainty and risk associated with insurance contracts. It represents the Corporation's assessment of the compensation required to assume the risks inherent in the insurance contracts. The RA reflects the possibility that the actual cash flows may deviate from the best estimate due to factors such as uncertainty in claims experience, policyholder behaviour, and other relevant risks. RA being the amount to cover the adverse deviation that can be expected in normal circumstances, with capital to cover the adverse deviation in the more extreme circumstance.

The uncertainty on future interest payments as part of the fulfilment cash flows for liability for incurred claims is deemed to be part of the insurance obligations but are based on a market observable rate and hence measured under financial risks.

The risk adjustments are accounted for in profit or loss as an expense when incurred.

Contractual service margin (CSM)

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Corporation will recognise as it provides coverage in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

a. the initial recognition of the fulfilment cash flows (FCF);
b. the derecognition at the date of initial recognition of any asset or liability recognised for insurance acquisition cash flows; and
c. cash flows arising from the contracts in the group at that date.

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately with no CSM recognised on the statement of financial position on initial recognition.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognise as a reinsurance expense as it receives reinsurance coverage in the future.

Accounting Policies

For insurance contracts acquired, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

a. the initial recognition of the FCF; and
b. cash flows arising from the contracts in the group at that date, including the fair value of the groups of contracts acquired as at the acquisition date as a proxy of the premiums received.

Loss component

Loss component quantifies the size of the loss associated with an insurance contract. It represents the portion of the fulfilment cashflows that is not funded by the premiums expected under the contracts. It is established at initial measurement (i.e. contract inception) when a contract is onerous, with expected outflows and risk adjustment exceed expected inflows.

Discounting

It is performed separately for Rand (ZAR) and US Dollar (USD) denominated liabilities. The discount rates are determined with a bottom-up approach using the applicable liquid risk-free yield curve and adding an illiquidity premium where relevant. The discount rates are consistent with observable market prices and uses a separate risk-free yield curve for each applicable currency, as at the measurement period.

The illiquidity premium is determined from a top-down analysis, using a reference portfolio. The reference portfolio is chosen as a useful if imperfect starting point as a match for the liquidity and other characteristics of the underlying insurance contracts. It is a portfolio of listed and traded bonds, which has the advantage of readily available yields and spreads. If the portfolio includes assets with credit risk, the spread includes a credit risk premium that can be determined as a percentage of the total spread and needs to be removed. Also, a listed and traded portfolio may have greater liquidity than a completely illiquid insurance contract, requiring a necessary adjustment. Therefore, the portfolio illiquidity premium requires an addition to reflect liquidity differences between the reference portfolio and the insurance contracts.

Therefore, the estimated illiquidity premium is a constant plus a percentage of the spread on the reference portfolio.

To incorporate the fact that different insurance contracts have different illiquidity characteristics, the contracts are categorised into illiquidity buckets. Then an application ratio is applied to the illiquidity premium for each illiquidity bucket.

Subsequent measurement – Groups of contracts measured using the GMM

Changes in fulfilment cash flows

Some changes in fulfilment cash flows relating to future service goes towards adjusting the CSM. Except where such increases in the fulfilment net cash outflows exceed the carrying amount of the CSM, giving rise to a loss. Or such decreases in the fulfilment net cash outflows are allocated to the loss component of the liability for remaining coverage. The experience adjustments arising from premiums received in the period that relates to current and past services and the changes for current services are recognised in profit or loss.

Changes in loss component

Loss component is established for the first time in subsequent measurement when there are unfavourable changes in fulfilment cash flows arising from changes in estimate of future cash flows relating to future service exceeding the carrying amount of the CSM of an initially profitable contract. This loss component would subsequently change when there are unfavourable or favourable changes in fulfilment cashflows that relate to future services. The loss component is amortised in line with the release of fulfilment cashflows in profit or loss. This amortisation is seen as a reversal of losses incurred when raising the loss component and are expressed as a reduction of insurance service expenses.

Accounting Policies

Changes to the contractual service margin

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss because it relates to the future service to be provided under the contracts in the group.

The CSM at the end of the reporting period equals the carrying amount at the start of the reporting period adjusted for:

- the effect of any new contracts added to the group;
- interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates;
- the changes in fulfilment cash flows relating to future service as, except to the extent that:
  - such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
  - such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.
- the effect of any currency exchange differences on the contractual service margin; and
- the amount recognised as insurance revenue because of the transfer of services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period applying.

Some changes in the CSM offset changes in the fulfilment cash flows for the liability for remaining coverage, resulting in no change in the total carrying amount of the liability for remaining coverage. To the extent that changes in the CSM do not offset changes in the fulfilment cash flows for the liability for remaining coverage, an entity shall recognise income and expenses for the changes.

The locked-in initial discount curve is used to measure adjustments that adjust the CSM. Changes in the value of insurance contracts due to changes in the time value of money and financial risk are captured in the profit and loss and does not result in adjustments to the CSM.

Coverage Units

The coverage units for a period should reflect the quantity of benefits provided in the period. To determine the quantity of benefits provided should consider the benefits expected to be received by the policyholder, not the costs of providing those benefits expected to be incurred by ECIC. A policyholder benefits from ECIC standing ready to meet valid claims, not just from making a claim if an insured event occurs. The quantity of benefits provided therefore relates to the amounts that can be claimed by the policyholder. The coverage units will be determined using the expired exposure relative to the total exposure of the contract. The exposure used is the political sum insured of each contract as that represents the maximum benefit payable to the insured. This exposure years profile captures the profile of the risk ECIC is exposed to, given the non-uniformity of the exposures. For example, it captures a typical loan profile, where the outstanding balance increases with draw downs and then reduce again with repayments. The commercial risk cover is always relative to political risk cover, hence the coverage unit profile is appropriate for both risks. The exposures are discounted to the valuation date to allow for the time value of money.

1.5.7 Amounts recognised in profit and loss

Insurance service result from insurance contracts issued

Insurance revenue

As ECIC provides services under insurance contracts, it reduces the LRC and recognises insurance revenue. The insurance revenue comprises from the change in LRC through:

- insurance claims and expenses incurred in the period measured at the amounts expected at the beginning of the period. Excluding amounts related to the loss component and acquisition expenses.
- changes in the risk adjustment for non-financial risk, excluding changes related to future coverage which adjust the CSM and amounts allocated to the loss component.
- amount of CSM recognised in profit or loss for the services provided in the period.
- experience adjustments arising from premiums received in the period that relates to current and past services.

ECIC chose to use the locked-in initial discount curve to unwind discounting and to split the change in the risk adjustment for non-financial risk between the insurance service result and insurance finance income.

Accounting Policies

Insurance service expenses

Insurance service expenses include the following:

a. incurred claims and benefits excluding investment components;
b. other incurred directly attributable insurance service expenses;
c. changes that relate to past service (i.e. changes in the FCF relating to the Liability for Incurred Claim (LIC); and
d. changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

Insurance service result from reinsurance contracts held

Net income (expenses) from reinsurance contracts held

ECIC presents financial performance of reinsurance contracts held on a net basis, comprising the following amounts:

- reinsurance expenses;
- incurred claims recovery;
- other incurred directly attributable insurance service expenses;
- effects of changes in risk of reinsurer non-performance;
- changes that relate to future service (i.e. changes in the future fufilment cash flows that do not adjust the CSM), and
- changes relating to past service in adjustments to incurred claims

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from the effect of the time value of money and changes in the time value of money; and the effect of financial risk and changes in financial risk. The Corporation has elected to present the full impact of insurance finance income or expense in profit or loss.

The main amounts within insurance finance income or expenses are:

a. interest accredited on the FCF and the CSM; and
b. the effect of changes in interest rates and other financial assumptions.

1.6 Foreign currency translation

Functional and presentation currency

The financial statements are presented in South African Rand, which is the presentation currency of the shareholder. The US Dollar is the functional currency for the Corporation, the functional currency being the currency of the primary economic environment in which the Corporation operates.

Reporting foreign currency transactions in functional currency

Foreign currency transactions are transactions that are denominated or require settlement in a foreign currency.

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of each reporting period:

- All foreign currency monetary items are translated using the closing rate.
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

Accounting Policies

Translation from functional to presentation currency

The annual financial statements are translated from the functional currency to the presentation currency using the average rate or spot rate at transaction date for profit or loss items and the closing rate for the statement of financial position items.

Average rates are used for transactions where there are multiple transaction dates that are not easily identifiable and spot rates are used for transactions where the transaction date is easily identifiable.

The resulting exchange differences are recognised in other comprehensive income and accumulated separately in a foreign currency translation reserve, which is a separate component of equity. There are no tax implications on the foreign currency translation reserve as the Corporation is taxed on ZAR as disclosed in note 37. The foreign currency translation reserves are reclassified from equity to profit and loss when the statement of financial position items are disposed.

1.7 Property and equipment

1.7.1 Owned property and equipment

At initial recognition equipment is measured at historic cost. Historic cost includes all expenditure that is directly attributable to the acquisition of an asset and to bringing it to a working condition for its intended use.

Subsequent to initial recognition equipment is measured at historical cost less accumulated depreciation and impairment losses. Subsequent expenditure relating to equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is calculated to write off the cost of the assets to residual values on a straight-line basis over their expected useful lives.

The different categories of assets are depreciated over the following estimated useful lives:

Furniture and fixtures	5 – 9 years
Office equipment	5 – 9 years
Computer equipment	3 – 6 years
Motor vehicles	9 years

The residual values, estimated useful lives and depreciation methods are reviewed at each reporting date and adjusted if appropriate at each reporting date. The estimation of useful life and residual value for the assets is based on the experience of the Corporation with similar assets as well as the manner that reflects the benefits to be derived from those assets. The effects of any revision are recognised in profit or loss when the changes arise. The revisions are treated as changes in estimates. The carrying amount of equipment is derecognised on disposal or where no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. The proceeds received for indemnity payments on loss or damage of equipment are recognised in profit or loss as other income when they are received.

Please refer to 1.10 for impairment of property and equipment.

1.7.2 Right of use assets

The right of use asset is measured at cost less accumulated depreciation and accumulated impairment losses. Cost is made up of the initial measurement of the lease liability, plus any initial direct costs incurred by the Corporation.

The Corporation depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the end of the lease term. The Corporation also assesses the right-of-use asset for impairment when such indicators exist.

Right of use assets are depreciated over the lease term as indicated below:

Buildings:	5 years
Computer Equipment (printers):	5 years (including two year renewal option)

The carrying amount of leased assets is derecognised on termination of the lease agreement i.e. variable payments are excluded.

Accounting Policies

1.8 Lease liabilities and short-term leases

Identification of the lease

For any new contracts entered into, the Corporation considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, which conveys the right to use an asset (the underlying asset) for a period in exchange for consideration'.

Measurement and recognition of leases as a lessee

a) Initial measurement of the right of use asset and lease liability

At lease commencement date, the Corporation recognises a right of use asset and a lease liability on the statement of financial position.

The lease liability is measured at the present value of the lease payments unpaid at that date, discounted using the rate implicit in the lease. Where such a rate is indeterminable the incremental borrowing rate is applied.

Lease payments included in the measurement of the lease liability are made up of fixed payments i.e. variable payments are excluded.

b) Subsequent measurement of the right of use asset and lease liability

Subsequent to initial measurement, the liability is accounted for by applying the effective interest method and will be reduced for payments made and increased for finance costs. The lease liability is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. The finance costs are recognized in profit or loss.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

For the short-term leases and leases of low value assets, lease payments on lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such a maintenance and insurance, are expensed as incurred.

1.9 Financial assets and liabilities

The Corporation recognises a financial asset or financial liability on its statement of financial position when, and only when it becomes a party to the contractual provisions of the instruments.

Financial assets

The Corporation classified its financial assets into the following categories: financial assets designated at fair value through profit and loss (FVTPL), financial assets through Other Comprehensive Income (OCI) and financial assets measured at amortised cost. The classification is dependent on the business model and the characteristics of the cash flows.

Financial assets designated at fair value through profit and loss

These assets are managed, and their performance is evaluated on a fair value basis. Information about the financial assets is provided internally on a fair value basis. The Corporation's investment strategy is to invest in fixed or variable rate instruments such as bonds and equity, and to evaluate them with reference to their fair value. Assets included in this portfolio are designated on initial recognition.

Financial assets through OCI

These assets are investments made for strategic reasons.

The Income valuation approach is used to determine the fair value of the instrument.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost using the effective interest method. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Investments (Short-term deposit) normally only qualify as cash equivalent if they have a short maturity of three months or less from the date of acquisition.

Accounting Policies

Other receivables

Other receivables consist of financial and non-financial assets.

Financial Assets

Trade and other receivables, excluding, when applicable, VAT, travel advances and prepayments, are measured, subsequent to initial recognition, at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Non-financial assets

These include VAT, travel advances and prepayments which are measured at cost and not subsequently impaired as there is no associated increase in significant risk.

Financial liabilities

The Corporation classified its financial liabilities into the following categories: Financial liabilities designated at fair value through profit or loss and financial liabilities at amortised cost.

Financial liabilities at amortised cost

These financial liabilities are made up of other payables.

Financial liabilities designated at fair value through profit or loss

The liability for interest make-up (IMU) is classified as financial liabilities at fair value through profit or loss, refer to note 13 for more details.

Derivative instruments which form part of the investment portfolio for the Corporation are evaluated on a fair value basis.

The Corporation invests in derivative instruments for an efficient portfolio management. The efficient portfolio management is for the following objectives:

- Asset Allocation: To allocate funds effectively across different asset classes;
- Currency hedging: mitigate or eliminate the impact of multiple currency exposures;
- Interest rate hedging: To mitigate or eliminate the impact of different duration profiles; and
- Cost and operational efficiency: To access exposure to an instrument in a more cost and/or operationally efficient manner than a direct purchase.

Below are the types of derivative instruments which are utilised by the Corporation and the risk that is mitigated by each instrument:

Nature of derivative instrument		Risk mitigation
Futures	Interest rate futures	Protects the portfolio against interest rate movements
Futures	Equity and index futures	Protects the portfolio against market movements.
Forwards	Forward exchange rate agreement	Protects the portfolio against currency exposure movements.
Credit derivatives	Total return swap	Protects the portfolio against Interest rate and credit spreads movements
Put Options	Bond options	Protects the portfolio underlining instrument against falling price.

1.9.1 Initial measurement

Financial instruments are initially recognised at fair value, plus or minus, for financial instruments not at fair value through profit and loss, any directly attributable transaction costs.

Purchases and disposals of financial assets are recognised on trade date. Transaction costs for FVTPL are recognised in profit or loss.

Accounting Policies

1.9.2 Subsequent measurement

Financial assets designated at fair value through profit or loss

Financial assets designated at fair value through profit or loss are subsequently carried at fair value.

The fair value of listed financial assets is calculated using stock exchange quoted bid prices at close of business on the reporting date.

Unrealised gains and losses arising from changes in fair value of financial assets during a reporting period are recognised in the profit or loss for that period.

Realised gains and losses is the difference between net sales proceeds and the original cost and are recorded on occurrence of the sale transaction.

Unlisted financial assets are shown at fair value, which is calculated by reference to expected future cash flows, discounted by applicable risk adjusted discount rates for similar instruments.

Financial assets at Fair value through OCI

Financial assets at fair value through OCI are subsequently carried at fair value.

Gains and losses as a result of fair value movements are accounted for under other comprehensive income and are not recycled to profit or loss but reclassified in equity. Dividend income is accounted for under profit or loss.

Unlisted financial assets are shown at fair value, which is calculated by reference to expected future cash flows, discounted by applicable risk adjusted discount rates for similar instruments.

Other payables

Other payables are recognised when the Corporation has a present obligation arising from past events, the settlement of which is probable to result in an outflow of economic benefits.

Trade and other payables are stated at amortised cost using the effective interest method.

Liability for interest make-up

Liability for interest make-up (IMU) is measured at fair value which is determined on a discounted cash flow basis of all future IMU payments on existing agreements using a US Treasury Bills Yield Curve adjusted for credit default spread. The value is adjusted to avoid double counting for contracts for which claims reserves are already allowed for.

Derivative instruments

Derivative instruments are measured at fair value at each reporting date, any changes in fair value or gains/losses or losses on derecognition are recognised in profit or loss in the period in which the change arises.

1.9.3 Interest and dividends

Dividends are recognised when the right to receive payment is established, meaning on the last day for registration in respect of listed securities and when declared in respect of unlisted securities. Dividend and interest accrued from financial assets and financial liabilities designated at fair value through profit or loss are recognised in profit or loss as part of investment income.

Interest on financial assets is accounted for using the effective interest method.

1.9.4 Derecognition

Financial assets are derecognised when the Corporation loses control over the contractual rights that comprise the asset and consequently transfers the substantive risks and benefits associated with the asset. This occurs when the rights are realised, expire or are surrendered.

A financial liability is derecognised when it is exhausted i.e. discharged, cancelled or expired.

Accounting Policies

1.10 Impairment

Financial assets

The Expected credit losses (ECL) is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast conditions.

Loss allowances relating to staff debtors are measured at an amount equal to lifetime ECL when there has been a significant increase in credit risk (risk of default) since initial recognition. If the credit risk has not increased significantly since initial recognition, then the loss allowance for that instrument is measured at 12-month ECL. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective instruments. This means that at each reporting date, the ECL for a specific instrument will either be based on lifetime ECL or 12-month ECL depending on the credit risk at reporting date compared to the credit risk at initial recognition.

When assessing if there was a significant increase in credit risk, both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort are considered. Forward looking information includes determining annual leave days to be used for employee debtors as security.

Irrespective of the outcome of the above assessment, the credit risk on an instrument is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise. The Corporation defines default if the debt is outstanding for 90 days, this does not apply to staff debtors as acknowledgement of debt is signed and may impact period of debt outstanding.

By contrast, if an instrument is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk of the receivable has not increased significantly since initial recognition.

The measurement of expected credit losses incorporates the probability of default, loss given default and the exposure at default, taking the time value of money, historical data and forward-looking information into consideration.

The movement in credit loss allowance is recognised in profit or loss with a corresponding adjustment to the carrying amount of the instrument through a loss allowance account. As an exception, for investments at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income and accumulated in the reserve for valuation of financial instruments, rather than through a loss allowance account.

The Corporation uses appropriate groupings to determine the expected loss as its historical credit loss experience shows significantly different loss patterns for different customer segments. Other receivables will be grouped per type of customers as follows:

Group 1: employees/staff receivables: the probability of default and non recovery of the debt for staff debtors who are still under ECIC employment is significantly low as the debt is deducted on the employees last salary and leave payment on termination if it is not deducted on a monthly basis (advance/study loan).

Staff debtors who terminated their employment with ECIC in the previous years, based on historic information, have defaulted on payments as they cannot be reached and there is no form of collateral that ECIC still holds. From initial recognition of these debts the credit risk has therefore increased significantly. The expected credit loss is recognised at lifetime and is provided for in full at 100%.

Group 2: Travel reimbursements receivables: Travel reimbursements are payable within 45 days from invoice date rather the normal 30 days. No default in the past and also forward looking there is no default expected as these were agreed upon per trip.

Group 3: Dividends receivables, unsettled investment trades and accrued income: This is made up of the dividend receivable from Afreximbank, unsettled investment sales made by fund managers and accrued income on investments with fund managers. The receivables arise due to timing differences, the probability of default is significantly low thus not impaired.

Accounting Policies

Group 4: Other receivables: This is made up of amounts owed by previous suppliers for services not rendered or accruals for income. From initial recognition of these debts the credit risk has increased significantly. The expected credit loss is recognised at lifetime and is provided for in full at 100%.

Cash and cash equivalents

The expected loss on cash and cash equivalents is measured at an amount equal to 12-month expected credit losses which is calculated as zero.

The Corporation writes off an instrument when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Instruments written off may still be subject to enforcement activities under the Corporation's recovery procedures. Any recoveries made are recognised in profit or loss.

Non-financial assets

The carrying amount of the Corporation's non-financial assets, other than deferred tax assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The amount of the reversal is recognised in profit or loss.

1.11 Components of equity

Fair value adjustments through other comprehensive income

The reserve comprises of fair value movements from revaluing of financial assets recognised at fair value through OCI netted off the related deferred tax.

IFRS 17 transition

Its adjustment relating to insurance contract liabilities, premium receivables and salvages receivables, reinsurance assets and reinsurance deferred acquisition cost on transition from IFRS 4 to IFRS 17 as at the 01 April 2022.

1.12 Taxation

Tax expenses

Taxation for the year in profit or loss comprises of current tax, deferred tax and withholding tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity in which case the related taxation is also recognised in equity.

Taxable income used to calculate the tax expense is based on ZAR functional currency (note 37).

Current tax assets and liabilities

Current tax is calculated on the basis of the expected taxable income for the year, using the tax rates enacted at the reporting date, and any adjustment of tax payable for previous years. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Accounting Policies

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Interest received on excess tax payments made is recognised as other income in profit or loss in the period when it is accrued from the South African Revenue Services as per the Statement of Account.

Deferred tax assets and liabilities

Deferred tax is recognised in full, except when the deferred tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities using tax rates enacted or substantively enacted at the reporting date. Deferred tax is charged to profit or loss except to the extent that it relates to a transaction that is recognised directly in equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised.

Value Added Tax

Transactions and assets are recognised net of the Value Added Tax amount where applicable. The net amount of Value Added Tax recoverable from, or payable to, South African Revenue Service is included as part of receivables or payable in the statement of financial position.

1.13 Employee benefits

Pension obligation

The Corporation uses a defined contribution pension plan. The Corporation has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods.

Leave pay

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability of this leave as a result of services rendered by employees up to the reporting date.

Performance bonus

Short-term incentives in the form of an annual cash bonus, are linked to achieving financial, strategic and operational objectives. Short-term incentives are discretionary and depend on business performance and individual contribution. The pool available for short-term incentives is determined by financial performance against previously set and agreed targets.

Employee entitlements to bonuses are recognised when they accrue to employees. A provision is made for the estimated liability of this bonus as a result of past performance by the employees up to the reporting date.

Salaries and other benefits

Salaries and other benefits e.g. connectivity cost, medical aid etc. are recognised as an expense in profit or loss during the reporting period in which the employee renders the related service.

1.14 IMU grant receipts

The Corporation took over **the dtic's** IMU obligations that arose from the IMU Scheme Support Agreements (see note 13).

The IMU Scheme is an incentive scheme that limit the interest rate charged to borrowers of export credit loans (borrowers). The Government (through the ECIC) compensates the Financial Institutions for the loss of income they would have received from the borrowers, had interest been levied at the usual rate.

Accounting Policies

The Corporation receives IMU grants from **the dtic** to assist in funding the IMU obligations towards the Financial Institutions (see the Statement of Cash Flows).

IMU Grant is recognised as income when received and all the conditions are met. When it is received in advance it is recognised as a liability.

1.15 Irregular Expenditure

Irregular expenditure is accounted for according to the nature of the expense. When confirmed, irregular expenditure

must be disclosed separately in the notes to the financial statements. The amount of irregular expenditure incurred is disclosed in the notes is equal to value of the transactions recognised in terms of IFRS Accounting Standards in profit or loss or statement of financial position.

Irregular expenditure is removed from the note when it is either (a) condoned by the relevant authority; (b) transferred to receivables for recovery. A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and must be derecognised when the receivable is settled or subsequently written off as irrecoverable.

In instances where recovery is not possible, such irregular expenditure will be written off and removed from the note on approval by the Accounting Authority.

Cases of a criminal nature are reported to the responsible authorities. Any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure are also disclosed.

1.16 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is accounted for according to the nature of the expense and recognised as an expense when they are incurred and where they are recoverable, they are recognised as a receivable. When confirmed, fruitless and wasteful expenditure is disclosed separately in the notes to the financial statements. The amount to be recorded in the note is equal to the value of the fruitless and wasteful expenditure incurred.

Measures are implemented to ensure that such expenditure does not re-occur and where possible the expenditure is recovered. Expenditure to be recovered is transferred to receivables for recovery. A receivable related to fruitless and wasteful expenditure is measured at the amount that is expected to be recovered and is derecognised when the receivable is settled or subsequently written off as irrecoverable.

In instances where recovery is not possible, such fruitless and wasteful expenditure will be written off and removed from the note on approval by the Accounting Authority.

Cases of a criminal nature are reported to the responsible authorities.

Any criminal or disciplinary steps taken as a consequence of fruitless and wasteful expenditure are also disclosed.

Notes to the Financial Statements

2. Critical accounting judgements, estimates and assumptions

Critical estimates and judgments in applying the accounting policies are described below:

(a) Insurance contract assets and liabilities

The Corporation considers that all contracts that it underwrites carry significant insurance risk and falls within the scope of the standard. Refer to 1.5 in accounting policies.

When contracts are modified, judgement might be applied to establish if the modification meets the criteria for derecognition. In particular, after the modification, judgement is applied to determine whether:

- significant insurance risk still exists;
- there are elements that are to be distinct from the contract;
- contract boundaries have changed;
- the contract would have to be included in a different group subject to aggregation requirements; and
- the contract no longer meets the requirements of the measurement model.

In modelling the fulfilment cashflows it is assumed that claim payments will be made as a lump sum and not via multiple payments as per the loan schedule, hence no interest payments are allowed for.

Judgement was required to identify suitable application ratios for the various insurance contract liquidity buckets.

Methods used and judgments applied in determining the IFRS 17 transition amounts

For contracts which existed as at transition date, the Corporation applied a modified retrospective approach in adopting the standard.

After making reasonable efforts to gather necessary historical information and data for each active insurance contract from inception, certain limitations and data constraints were identified, prompting the need for adjustments below:

- The Sum Insured Profile: The historic sum insured profiles, such as loan profiles, are available for the entire contract period. However, for some contracts the forecasted profile at each valuation period might not be available. In such a scenario the latest profile is used to estimate what the forecast would have been expected to be.
- Policy Lapse Rate Assumption: The assumption of a constant policy lapse rate over the retrospective period is made due to the absence of historical data on lapse rate data. ECIC has not historically incorporated lapse rate assumptions, making the necessary data for calibrating lapse rates for each historical period unavailable.
- Implied Probability of Default (PD): Implied PD is assumed to be constant over the retrospective period. Given that changes to pricing models impacts implied PDs, the historical records of such changes, approvals, and implementation date are not available. ECIC also recently developed new pricing models that did not exist in the past.
- Rating Transition Table: The rating transition table is assumed to be constant over the retrospective period. This decision was made in the absence of explicit historical records and aligns with the overall approach of the retrospective adoption and maintaining consistency with the assumption of other key variables.

Approach to Fulfilment Cash Flows and CSM:

The fulfilment cash flows and Contractual Service Margin (CSM) were determined under the modified retrospective approach through a comprehensive assessment that considered the adjusted historical information and assumptions outlined above. This assessment involved a careful calibration process, taking into account the available data and ensuring consistency with the principles of IFRS 17. The specific methodologies and key factors influencing the determination of fulfilment cash flows and CSM are documented in the supporting documentation and actuarial assessments, available for review by stakeholders and auditors. Management remains committed to transparency and is open to further discussion or clarification on any aspects of the modified retrospective approach or its outcomes.

Notes to the Financial Statements

Estimates and assumptions

– Discount rates

The fulfilment cashflows are discounted using a discount curve, which is determined with a bottom-up approach using the applicable liquid risk-free yield curve. The discount curve is consistent with observable market prices and a separate risk-free yield curve is used for each applicable currency, as at the measurement period.

A term independent illiquidity premium loading is applied where the Illiquidity features of insurance contracts warrant it. This is done using an application ratio assumption per liquidity bucket and uses an estimate of illiquidity premium from a suitable corporate investment grade 5 to 10 year bond portfolio based on publicly available market information. The liquidity bucket is a classification of insurance contracts which represent contracts with similar liquidity characteristics.

When it happens that a new contract needs to be added to a group of contracts, it results in a change to the discount curve by using a weighted-average discount curve at the dates of initial recognition. The revised discount curve will be applied from the start of the reporting period in which the new contract is added to the group. Hence, there is no retrospective catch-up adjustment for previous reporting periods, the effect of the change is therefore recognised prospectively.

– Estimates of future cash flows to fulfil insurance contracts

Probability weighted premium inflows, claim payment and expense outflows are simulated and the mean taken as the expected value. The future claim payment outflows are equal to the sum-at-risk, less a potential claim salvages and related claims handling expenses. The future cash inflows are the premiums, which will be received provided there has been no claim up to that point and the contract has not lapsed. For some contracts all premiums have already been received upfront, in which case there are only potential cash outflows under the policy. The cash flows are probability weighted using a point-in-time default probabilities (PDs) associated with the rating of the related country and commercial risk insured under the contract and the contract lapse probabilities. The assumed political and commercial PDs cover all claim perils respectively and modelled as a single default risk. The premium inflows are probability weighted using survival probabilities (i.e. 100% less the cumulative default and lapse probabilities up to the relevant future point in time).

Probability of default (i.e. claim likelihood)

A one-year probability of default (PD) was calibrated separately for political risk peril and commercial risk peril for each country risk rating and each commercial risk rating consistent with ECIC's pricing models.

Rating transition probabilities

The probabilities of rating migration and default are calibrated as a transition matrix using the latest available rating agency study on historic global one-year average transitions per issuer credit rating (long-term local currency issuer credit ratings). The study provides a transition matrix indicating movement between ratings over a one year period. For entities that obtained a rating in the past year that were not rated in the previous years these are distributed proportionally to all the other transition classes.

Claim Salvages

The fulfilment cash flows include probable claim salvages, with the claim salvage recovery rate modelled as 1 – Loss Given Default (LGD). The mean LGD rate is set per contract and ranges between 35% and 75%. ECIC exposures are predominantly senior unsubordinated exposures with a form of collateral through a security asset or a sponsor guarantee or a government commitment. The expected recoveries are different between export credit business and investment business. The following approach is followed to determine the mean LGD per contract:

- for export credit business the mean LGD is assumed to be 45% and if collateral exists it is reduced to 35%; and
- for investment business the mean LGD is assumed to be 75% and if collateral exists it is reduced to 45%

The variance observed on the ultimate recoveries for defaults on senior secured corporate bank loans is assumed to be a suitable proxy for the variance assumption in modelling the claim salvages.

Lapse rate

The assumed expectation of insurance contract terminated early by the policyholder rate (i.e. lapse rate) is based on ECIC's historic policy lapse experience separately for export credit business and investment insurance.

Notes to the Financial Statements

– Expenses

The acquisition costs, claim handling costs, contract administration and maintenance costs that relate directly to the fulfilment of the contracts are allocated to the underlying contracts. This includes an allocation of fixed and variable overhead costs to the extent it is directly attributable to fulfilling insurance contracts.

Given the nature of ECIC's operations no acquisition costs are incurred post the contract inception. For this reason, acquisition costs are not factored into the Liability for Remaining Coverage (LRC) or Liability for Incurred Claims (LIC) calculations. Contract administration and maintenance costs form part of the LRC at initial and subsequent recognition. Claim handling costs form part of the LRC at initial recognition, and LRC and LIC at subsequent recognition dates.

Costs that are deemed not related to the fulfilment of the insurance contracts were deemed unallocated and reflected in profit and loss as incurred.

Cost allocation to these categories is done at a business unit level and informed by investigations on the individual expense items of each unit. The allocated costs are then allocated to individual contracts in proportion to premiums. Project costs over the life of the contract, using budgeted costs over the budget period and projected costs beyond that, assuming increases up to the expiry date of the contract.

– Methods used to measure insurance contracts

For all ECIC insurance contracts and reinsurance contracts the valuation method referred to as General Measurement Model (GMM) was used to determine the transition values by applying a modified retrospective approach.

– Methods used to measure the risk adjustment for non-financial risk

The risk adjustment is an adjustment to the expected value in the determination of the liability for an insurance contract. The expected value represents an estimate of the probability-weighted average of possible outcomes (i.e. mean value). Risk adjustment recognises the possible outcomes, particularly where unfavourable outcomes are possible. The risk adjustment is the difference between the risk-adjusted value and the expected value of a liability (i.e. the uncertainty that surround the net cashflow). The risk adjustment has a floor of zero and hence cannot be negative.

For ECIC there is no uncertainty about the number of claims, given the nature of ECIC cover means that a policy can only incur a single claim and the policy expires once a claim is accepted. However, the probability of a claim occurring introduce significant uncertainty.

In determining the unbiased estimate, it is assumed that ECIC will settle the claim in a single lump sum payment. This means that the maximum capital claim exposure is known. However, the unbiased estimate allows for expected claim salvages and significant uncertainty exist with such estimates.

Given the nature of ECIC cover, limited uncertainty introduced by court decisions and interpretation of policy language. Also, IFRS 17 valuation is based on current laws and circumstances, such that risks from unknown future changes in the legal environment are not considered relevant in estimating the risk adjustment. Also ECIC is not exposed to the risk of new types of claims or causes of losses and the standard indicate that such unknowns are not to be considered.

The degree of risk diversification is only to be considered if, and only if it is considered when determining the compensation, the issuing entity would require for bearing non-financial risk related to the insurance contracts it issues. ECIC makes not such allowance when pricing contracts, hence no diversification across contracts are allowed for in the modelling.

The fact that the underlining exposure of some of ECIC's contracts are located in the same country could result in a correlation on the likelihood of a claim for certain causes of loss. For example, if a particular transaction is experiencing currency convertibility issues there is a correlation that other policies in the same country could in the near term also experience such issues. Or if a transaction is experiencing repayment issues due to its dependence on sovereign funding there is a correlation that other policies in the same country, which are also dependent on sovereign funding, could in the near term also experience such issues. But these correlations are not saying that the development of one transaction impact another transaction. This means that the likelihood of such a claim event occurring is not increased by the fact that both contracts are located in the same country.

The risk adjustment for non-financial risk has the following characteristics:

- Risks with low frequency and high severity result in a higher risk adjustment – the simulated severity is based on the sum at risk as per the loan profile or investment amount.
- Contracts with a longer duration result in a higher risk adjustment – the longer the contract term the greater the probability of transitioning to a default event, resulting in a higher risk adjustment.

Notes to the Financial Statements

- Risks with a wider probability distribution result in a higher risk adjustment – worse country and commercial ratings the standard deviation around the expected default probability is greater, resulting in a higher risk adjustment.
- The less that is known about the current estimate and its trend, the higher the risk adjustment – greater uncertainty relate to higher variance in probability of default.
- To the extent that emerging experience reduces uncertainty about the amount and timing of cash flows, risk adjustments will decrease and vice versa – emerging experience will result in a change in the country and/or the commercial rating, which will impact the simulated cash flows and hence the risk adjustment. Also, if emerging experience requires the pricing models to be updated, this will reflect in PDs used in the valuation.

ECIC employs a tailored percentile-based approach to determine the risk adjustment for non-financial risk. The risk adjustment is calculated as the amount that reflects the entity's compensation for bearing the uncertainty around the timing and amount of future cash flows arising from insurance contracts. Specifically, ECIC's method uses the difference between the 70th and 50th percentiles of the distribution of outcomes. This difference is added to the mean, with the mean itself corresponding to the 60th percentile of the distribution. The result represents the risk adjustment, providing a measure that accounts for the entity's degree of confidence that the actual future outcomes will align with or exceed the calculated liabilities, which is likely positioned at the 80th percentile.

(b) Fair value measurement

– Liability for interest make-up

Interest make-up is an export incentive scheme. This allowed local banks and other financiers to offer buyers of South African export goods and services financing for projects at internationally competitive rates.

The Corporation no longer provides for new IMU transaction however IMU payments for the existing contracts stretch out to October 2029.

The fair value of the liability is determined on a discounted cash flow basis of all future IMU payments on existing agreements. The IMU payments extend out to 2029 and discounted to allow for time value of money using a US Treasury Bills Yield Curve adjusted to allow for credit default spread. To avoid double counting in anticipation of a default event, the IMU liability is adjusted to isolate the portion of IMU housed within the claims reserve. This is done by recalculating the fair value of the IMU liability on the contracts which carry a claims reserve and applying the corresponding LGD and claim likelihood. This eliminates the exact portion of the IMU liability held within the insurance provisions. The projected IMU payments are determined by multiplying the IMU rate with the projected outstanding balance of the facility. The IMU rate is a function of the applicable liquidity premium, funding margin, earnings margin and the statutory costs.

The liability is not tax deductible as it is an existing liability which was taken over from **the dtic**. However, foreign exchange gains and losses arising from currency movement are taxable or deductible for taxation purposes.

– Financial assets with a fair value hierarchy of level 3

Fair Value Through OCI

The fair value of the investment is determined on a discounted cash flow basis of expected future free cash flows to equity during the explicit forecast period and in perpetuity at a rate that reflects the risk inherent in the future cash flows.

The discount rate applied in determining the fair value is the cost of equity which is determined using the Capital Asset Pricing Model (CAPM).

The Corporation makes estimates and judgments when forecasting the expected future free cash flow and the discount rate. When making estimates and judgments, management take into account the following:
- nature of the investee's business;
- historical and projected financial information; and
- the global and regional economic outlook.

(c) Impairment of financial and non-financial assets

– Recoverability of trade and other receivables

The Corporation assesses its trade and other receivables for recoverability at the end of each reporting period. In determining whether the ECL should be recorded in profit or loss, the Corporation makes judgments as to whether there is an increase in significant risk.

The Corporation uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the debtor's historical payment records and whether acknowledgement of debt has been signed.

Notes to the Financial Statements

– Impairment of non-financial assets

The process for determining the critical estimates, judgments and assumptions made has been disclosed in note 1.10. The following are matters considered when impairing non-financial assets:

- The physical condition of the asset; and
- for computer equipment- whether the items with outdated technology can still be used.

(d) Deferred tax

The process for determining the critical estimates, judgments and assumptions made has been disclosed in note 1.12. The significant judgements made in recognising a deferred tax asset is whether the losses that the Corporation is currently making will be covered by future taxable profits as per the strategic plan for the next five financial years.

(e) Lease liability

The incremental borrowing rate used to value lease contracts are derived from observed market prices for a proxy entity that has issued a debt security. The incremental borrowing rate is used as opposed to interest implicit in the lease as the contracts are short-term and we do not have an option to buy or renew the lease at the end of the contract.

ECIC is a government owned entity with an implicit government guarantee, but if it were to borrow it would be at a spread above the risk free rate. The Development Bank of South Africa SOC Ltd is used as a proxy to determine the required spread, because it is a development finance institute wholly owned by the government of South Africa and it has issued a debt security with a modified duration close to the lease agreements of ECIC.

The weighted average duration of each lease contract is matched at the related term of the government risk free rates published by the reserve bank at commencement date of each contract. The spread, as at the commencement date of each contract, on a DBSA issued debt security is added to the risk free rate. The spread is determined using the DBSA issued debt security that matches the weighted average duration of the lease contract.

The assumptions made on determining the lease term have been disclosed in note 15.

3. Terms and conditions of insurance contracts

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below:

3.1 Nature of risk covered

The principal objective of the Corporation is to facilitate and encourage South African export trade by underwriting loans issued by financial institutions and financial assets outside the country, in order to enable foreign buyers to purchase goods and services from South Africa.

The Corporation thus enters into insurance contracts with and for the benefit of persons carrying out business in South Africa for purposes of outward trade and/or investments to other countries primarily for medium to long-term tenures.

Cover is provided on contracts for political risks, and where unavailable in the private sector, commercial risk. Two main types of policies available are:

- a contractor's policy, which protects the contractor against buyer default during the development phase, and
- a financier's policy, which protects the lender against buyer default during the loan repayment phase.

The majority of the Corporation's exposure is to financier policies.

In addition to the policies described above, the Corporation also provides investment guarantees to cover political risk on South African offshore financial assets. The insured amount equals the capital investment plus dividends to date.

Furthermore, political risk cover is provided to financiers who finance non-shareholders' loans to foreign entities.

Underwriting is complex and requires specialised staff. The same applies to claims assessors, where staff are not only required to process complex claims but are also involved in recovering losses from collateral securities and litigation.

The nature of claims and the longer tail nature of business make the calculation of provisions a critical element in the Corporation's financial reporting process.

Notes to the Financial Statements

The return to shareholders under this business arises from the total premiums charged to policyholders less the amounts paid to cover claims (net of recoveries) and the expenses incurred by the Corporation. There is scope for the Corporation to earn investment income owing to the time delay between the receipt of premiums and the payment of claims.

The event giving rise to a claim typically occurs with the insolvency, liquidation and protracted default of a buyer or a political event in a foreign country that gives rise to default payment. Claims are notified to the Corporation in terms of specific policy conditions.

Risk factors include:

- Country;
- Industry;
- Private company, government or parastatal;
- Length of repayment term;
- Source of financing the repayment;
- Guarantees provided; and
- Whether initial repayments have already been met.

4. Underwriting risk management

The risk under any one insurance contract is the possibility that a policyholder suffers a loss due to the occurrence of an insured event to trigger a claim. By the very nature of an insurance contract, the amount and likelihood of the claim is uncertain.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Corporation faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insured events are uncertain and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Corporation has developed its insurance underwriting strategy to diversify the spread of insurance risk accepted to reduce the variability of the expected outcomes.

The Corporation manages its insurance risk through underwriting processes, approval procedures for transactions, pricing guidelines and monitoring of emerging issues including claims development.

Underwriting risk is the risk that actual claims experience varies from expected claims due to fluctuations in timing, frequency and severity of claims. This risk is managed primarily through sensible pricing, product design and risk selection. The Corporation therefore monitors and reacts to changes in the general economic and business environment in which it operates. An additional liability is recognised for contracts which are onerous and are recorded in the loss component.

When there are indicators that claims might arise, a claims reserve is raised for the expected claim amount. The legal unit would assess a claim once it has been lodged, and the Board approves the claim for settlement. The amount settled on a claim is limited to exposure of unpaid amounts as per the repayment schedule.

Risk relating to salvages is managed by engaging the client and entering into a restructuring agreement after the claim has been settled; other viable legal options are followed. The legal unit follows up on the signed agreements to ensure compliance.

Policyholder persistency risk

In assessing the insurance liabilities policyholder persistency is estimated based on historic experience. There is a risk that the actual experience will differ from that assumed. The main reason for policyholders terminating the insurance cover is because cover is no longer required and not because an alternative cover has been sourced. The corporation manages this risk through varying product features.

Expense risk

Expense risk is the risk of unexpected increases in policy maintenance, claim handling and other costs relating to fulfilment of insurance contracts. The risk is managed through budgeting and periodic cost evaluations.

Notes to the Financial Statements

4.1 Concentrations of insurance risk

The total country sum insured of the insurance portfolios is as follows:

	2024		2023	
	R'000	Country rating	R000	Country rating
Ghana	5 760 927	5	7 994 941	5
Mozambique	1 229 126	5	1 225 816	5
Zimbabwe	3 771 519	7	4 448 708	7
Malawi	-	-	425 623	5
Lesotho	234 270	5	288 192	5
Angola	496 953	5	532 699	5
Zambia	24 792	5	46 193	5
Ethiopia	-	-	1 444 585	6
Tanzania	38 333	5	68 813	5
Swaziland	-	-	52 119	5
Democratic Republic of Congo	254 710	5	252 677	5
Nigeria	-	-	11 881	6
Republic of Congo Brazzaville	63 399	6	59 465	6
South Africa*	42 565	4	117 000	4
Cote d' Ivoire	48 598	5	45 582	5
Botswana	-	-	17 506	3
	11 965 192		**17 031 800**	

**South Africa country exposure results from ECIC providing insurance cover for a working capital facility which represents the first transaction under the ECIC extended mandate to cover short-term debt.*

The Corporation uses an internal country rating method to assess country risks. The country rating method is benchmarked with that of other Export Credit Agencies, and where there is inadequate information, consultations are made with Department of International Relations and Cooperation (DIRCO) to ascertain the view on the political environment in countries where the Corporation carries, or plans to take risk.

Below are the country rating definitions:

1: Highest credit quality. "1" rating denotes the lowest expectation of credit risk. It is assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

2: Very high credit quality. "2" rating denotes a very low expectation of credit risk. It indicates very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

3: High credit quality. "3" rating denotes a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

4: Good credit quality. "4" rating indicates that there is currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions is more likely to impair this capacity.

5: Speculative. "5" rating indicates that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met.

6: Highly speculative. "6" rating indicates that significant credit risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favourable business and economic environment.

7: High default risk. "7" rating indicates that default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favourable business or economic developments.

Notes to the Financial Statements

The total sum insured of the insurance portfolio per sector and product type is as follows:

	2024 R'000	2023 R000
Sum insured per sector		
Cement Plant / (Manufacture of Cement)	-	216 439
Construction	3 571 320	4 228 535
Construction of Civil engineering structure	999 826	2 842 679
Mining	234 270	288 192
Power (Electricity)	6 887 238	7 396 517
Transportation (Water transport)	-	117 000
Transport & Storage (Air Transport & Services)	169 909	207 155
Transportation (Land Transport)	14 350	44 250
Telecommunication	-	1 653 769
Water collection, treatment & supply	45 714	37 264
Machinery & equipment	42 565	-
	11 965 192	**17 031 800**
Sum insured by product type		
Credit insurance-medium to long term	10 024 510	12 681 015
Credit insurance-short term	42 565	128 882
Investment guarantee	1 898 117	4 221 903
	11 965 192	**17 031 800**

4.2 Claims development

4.2.1 Gross claims development

The Corporation takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The claims liability comprises a provision for claims notified but not yet paid, and a provision for claims incurred but not reported. The Corporation report claim provisions net of anticipated claim salvages. The actual claim salvages achieved compared to that estimated in the claim provision also impact the ultimate claim development.

Net claims development

The reinsurance agreements currently effective is all proportional cover with a follow the fortunes of the direct insurer and hence the claim development follows that of gross claims development.

The Corporation does not disclose the claims development information for claims for which uncertainty about the amount and timing of claims payments is typically resolved within one year. All of the Corporation's claims are typically paid within one year of notification.

For more information pertaining to the sensitivity analysis and change in assumptions on the insurance liabilities refer to note 5.4.

Notes to the Financial Statements

5. Risk management

The Corporation is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term, its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts.

The Corporation's risk management objective is to ensure that risk is managed prudently. The Corporation has established a risk management strategy. Appropriate risk limits have been set and approved by the Board of directors.

The Risk Committee is responsible for providing oversight over the effectiveness of the Corporation's risk management system. Transactions in financial instruments result in the Corporation assuming financial risks. These include market risk, liquidity risk and credit risk. Each of these financial risks is described below, together with ways in which the Corporation manages these risks.

The categories and classes of assets and liabilities are disclosed in note 18.

5.1 Market risk

Market risk can be described as the risk of a change in the fair value of a financial instrument brought about by changes in interest rates, equity prices and foreign exchange rates. The objective of market risk management is to manage market risk exposures within acceptable parameters.

The Corporation would be exposed to market risk in instances where the proceeds from its financial assets are not sufficient to fund insurance obligations.

The Board has established the Finance, Investment and Insurance Committee to provide oversight over the Corporation's investment management activities. The investment policy statement sets out the investment strategy and investment guidelines that must be followed to ensure that the Corporate Strategy is achieved within its risk appetite.

The fair values of financial assets and liabilities and lease liabilities with the carrying amounts in the statement of financial position are as follows:

	2024 R'000		2023 R'000	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets and liabilities at fair value	7 246 529	7 246 529	7 524 638	7 524 638
Listed equities	1 171 986	1 171 986	1 411 669	1 411 669
Collective investment scheme	485 492	485 492	463 734	463 734
Money market	247 916	247 916	441 701	441 701
Fixed deposits	224 766	224 766	-	-
Unlisted equities	626 286	626 286	652 207	652 207
Derivative instruments	655	655	(108 457)	(108 457)
Bonds	4 489 428	4 489 428	4 663 784	4 663 784
Other receivables*	160 965	160 965	216 877	216 877
Cash and cash equivalents	1 077 021	-	2 355 461	-
Other payables*	(273 023)	(273 023)	(310 998)	(310 998)
Lease liability	(19 224)	-	(22 373)	-
Liability for interest make-up	(444 097)	(444 097)	(516 072)	(516 072)
	7 748 171	**6 690 374**	**9 247 533**	**6 914 445**

**The carrying amount of these instruments reasonably approximates their fair value due to their short-term nature.*

Notes to the Financial Statements

5.1.1 Currency risk

The Corporation's policy is to issue insurance contracts and invest in financial assets that are held in United States Dollar currency (USD) and South African Rand currency (ZAR). Currency risk is the risk arising from fair value and /or changes in future cash flows of financial instruments fluctuating from their expected values as a result of changes in exchange rates. This arises from a mismatch between the currencies of assets and liabilities of the Corporation.

The Corporation is exposed to currency risk for transactions that are denominated in a currency other than the Corporation's functional currency of US Dollar which is due to the Corporation's revenues being denominated in US Dollar. To minimise the impact of currency risk, the Corporation matches the currency of liabilities with the currency of assets.

The Corporation is exposed to fluctuations in the balances or transactions that are denominated in Rand.

Below are the Corporation's Rand net assets which are exposed to foreign currency risk as at reporting date:

	2024 R'000	2023 R'000
Cash and cash equivalents	205 325	236 466
Financial assets and liabilities at fair value	2 155 068	2 589 009
Other receivables	159 654	5 940
Lease liability	(19 224)	(22 373)
Other payables	(245 448)	(40 537)
	2 255 375	**2 768 505**
The exchange rates used are sourced from South African Reserve Bank and the following were applied:		
US Dollar to SA Rand exchange rates:		
Closing rate	18,9926	17,8139
Average rate	18,7410	16,9849

A 10 percent depreciation or appreciation in the Rand against the US Dollar at the reporting date would have increased or decreased equity and profit or loss by amounts reflected below. The analysis assumes all other variables remain the same.

	Profit/(loss) after tax		Equity	
	10% depreciation R'000	10% appreciation R'000	10% depreciation R'000	10% appreciation R'000
2024	**(286 613)**	**387 300**	**412 035**	**(685 221)**
2023	(231 533)	288 321	367 432	(367 432)

5.1.2 Interest rate risk

Interest rate risk is the risk arising from fair value and/or future cash flows of a financial instruments fluctuating from their expected values as a result of changes in market interest rates.

The Corporation has exposure to fixed-rate financial assets whose value is impacted by changes in interest rates. The Corporation's insurance liabilities and reinsurance assets are also impacted by changes in the interest rates because it provides insurance cover for loan agreements whose values are also impacted by changes in interest rates. The Finance, Investment and Insurance Committee continuously monitors this risk and advises the Board where a change in investment strategy is warranted. The Corporation's fixed interest rate portfolio is managed by external fund managers who are continuously monitored.

Notes to the Financial Statements

The sensitivity analysis for interest rates illustrates how changes in the interest rates will impact the profit or loss after tax and equity. The US interest rates have been used for this sensitivity as the Corporation's assets and liabilities are predominantly in US dollars.

A change of 100 basis points in the interest rate at the reporting date would have increased or decreased equity and profit or loss after tax by amounts reflected below, The analysis assumes that all other variables remained the same.

	Profit/(loss) after tax		Equity	
	100 BP increase R'000	100 BP decrease R'000	100 BP increase R'000	100 BP decrease R'000
2024	**(58 539)**	**14 283**	**(58 539)**	**14 283**
2023	(122 205)	121 783	(122 205)	121 783

5.1.3 Market (or equity) price risk

Market price risk is the risk that actual fair values of equities may fluctuate from expected values as a result of changes in market prices. The Corporation's exposure to equities is capped and defined in the investment policy. The Corporation's exposure to equities is set at a maximum level of investment assets. The Finance, Investment and Insurance Committee actively monitors the equity investment portfolio to ensure that there is no breach of the set parameters. The Committee contracts the services of fund managers to manage the equity investment portfolio.

Financial liabilities are not impacted by changes in the market or equity price.

The table below reflects the Corporation exposures on concentration of equity risk.

	2024 R'000	2023 R'000
Industrials	80 340	108 045
Financials	782 755	802 093
Health	98 916	163 745
Technology	263 674	252 709
Consumer Staples	55 679	39 948
Materials	87 465	109 003
Collective Investment Scheme	485 492	463 734
Energy	37 350	45 922
Real estate	108 195	118 693
Utilities	116	222
Consumer Discretionary	187 013	281 381
Communication services	96 769	142 116
Note 10 (listed equities, unlisted equities and collective investment scheme only)	**2 283 764**	**2 527 611**

A 5 percent increase or decrease in equity values at the reporting date would increase or decrease equity and profit or loss after tax by amounts as reflected below.

	Profit/(loss) after tax		Equity	
	5% increase R'000	5% decrease R'000	5% increase R'000	5% decrease R'000
2024	**53 530**	**(53 530)**	**78 080**	**(78 080)**
2023	72 922	(72 922)	98 488	(98 488)

Notes to the Financial Statements

5.2 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation is exposed to daily cash requirements to meet operational expenses as well as claims as they fall due.

The Corporation has established an operational cash task team which meets on a weekly basis to review weekly and rolling monthly cash forecasts. The task team is mandated to ensure that funds which are intended to meet operational expenses are made available when required.

The Corporation's investment strategy is set to be cognisant of the term of financial liabilities and assets. The operational cash task team monitors adherence to liquidity requirements.

The liquidity profile of all financial assets, liabilities and lease liabilities is reflected below:

2024	Within 1 year R'000	1 to 5 years R'000	Greater than 5 years R'000	Total R'000
Financial assets				
Financial assets at fair value	2 447 901	2 856 215	1 942 868	7 246 984
Other receivables	160 965	-	-	160 965
Cash and cash equivalents	1 077 021	-	-	1 077 021
	3 685 887	**2 856 215**	**1 942 868**	**8 484 970**
Financial and lease liabilities				
Other payables	273 023	-	-	273 023
Derivative instruments	-	127	328	455
Lease liability	5 503	17 145	-	22 648
Liability for interest make-up	159 317	369 536	21 978	550 831
	437 843	**386 808**	**22 306**	**846 957**

2023	Within 1 year R'000	1 to 5 years R'000	Greater than 5 years R'000	Total R'000
Financial assets				
Financial assets at fair value	2 904 491	2 573 784	2 154 820	7 633 095
Other receivables	216 877	-	-	216 877
Cash and cash equivalents	2 355 461	-	-	2 355 461
	5 476 829	**2 573 784**	**2 154 820**	**10 205 433**
Financial and lease liabilities				
Other payables	310 998	-	-	310 998
Derivative instruments	108 457	-	-	108 457
Lease liability	5 009	22 614	-	27 623
Liability for interest make-up	152 312	378 360	140 838	671 510
	576 776	**400 974**	**140 838**	**1 118 588**

5.3 Credit risk

Credit risk is the risk of financial loss resulting from a counterparty or customer's failure to meet its contractual obligations. The Corporation is exposed on the following levels:

- Amounts due from insurance policyholders and other trade debtors,
- Salvages receivable,
- Reinsurance contract assets,
- Financial assets and cash and cash equivalents.

The Corporation limits the levels of credit risk that it accepts by placing limits on its exposure to a single counterparty or group of counterparties.

Notes to the Financial Statements

Exposures to third parties are monitored as part of the credit control process which takes into account among other things sector limits, counterparty limits and country limits. Reputable financial institutions are used for investing and cash handling purposes. The Corporation only contracts with re-insurers with the minimum rating of A- or above. All money market instruments and cash and cash equivalents are placed with institutions that have long term credit ratings.

Financial assets placed with fund managers are governed by investment mandates which provide for counterparty limits, counterparty type, concentration limits and investment grade. The carrying amount of assets included on the statement of financial position represents the maximum credit exposure.

Reinsurance contracts

Reinsurance risk arises due to uncertainty regarding the timing and amount of future cash flows from reinsurance contracts. This could be due to the financial standing of the reinsurer, or due to changes in the appropriateness of cover in the future.

The credit risk that originates from the reinsurance transactions is managed as follows:

Published independent credit ratings of all existing and prospective reinsurers are monitored prior to entering into reinsurance transactions. The credit ratings of all existing reinsurers are also monitored on an ongoing basis throughout the year and remedial action taken if required. In addition, reinsurance contracts make allowance to replace reinsurers in the case of a downgrade of the reinsurers rating, below an acceptable level.

The maximum net exposure to credit risk from reinsurers is represented by a net reinsurance asset of R84 million (2023: R53 million).

Financial assets and cash and cash equivalents

Where possible, the Corporation has defined minimum acceptable counterparty credit ratings on financial assets being managed by fund managers. The Finance, Investment and Insurance Committee also fulfils an oversight role in ensuring adherence to defined credit ratings.

5.3.1 Credit rating

The following table provides information on the credit quality of the Corporation's financial assets.

2024	AAA- A+ R'000	A- BBB+ R'000	BBB and lower R'000	Not Rated R'000	Total R'000
Financial assets at fair value	3 896 510	650 151	949 211	1 751 112	7 246 984
Other receivables	-	-	-	160 965	160 965
Cash and cash equivalents	1 077 021	-	-	-	1 077 021
	4 973 531	**650 151**	**949 211**	**1 912 077**	**8 484 970**

2023	AAA- A+ R'000	A- BBB+ R'000	BBB and lower R'000	Not Rated R'000	Total R'000
Financial assets at fair value	4 033 803	616 556	918 229	1 956 050	7 524 638
Other receivables	-	-	-	216 877	216 877
Cash and cash equivalents	2 355 461	-	-	-	2 355 461
	6 389 264	**616 556**	**918 229**	**2 172 927**	**10 096 976**

A National rating was applied to all South African investments, while a National equivalent of the International ratings were applied to all foreign investments.

Notes to the Financial Statements

5.3.2 Financial and insurance assets that are neither past due nor impaired

The analysis for financial instruments that are neither past due nor impaired at the reporting date was as follows:

2024	Neither past due nor impaired R'000	Past due but not impaired R'000	Individually impaired R'000	Provision for doubtful debt R'000	Net carrying amount R'000
Other receivables	408 799	26	396	(396)	408 825

2023	Neither past due nor impaired R'000	Past due but not impaired R'000	Individually impaired R'000	Provision for doubtful debt R'000	Net carrying amount R'000
Other receivables	221 271	1 108	376	(376)	222 379

5.3.3 Age analysis of other receivables that are past due but not impaired

2024	<30 days R'000	31- 90 R'000	91-120 R'000	Greater than 120 R'000	Total R'000
Other receivables	-	26	-	-	26

2023	<30 days R'000	31- 90 R'000	91-120 R'000	Greater than 120 R'000	Total R'000
Other receivables	1 086	7	4	11	1 108

5.3.4 Reconciliation of the Expected Credit losses (ECL)

2024	Opening balance R'000	Additions R'000	Recovered/ reversed R'000	Write-off R'000	Closing balance R'000
Loss allowance	(376)	(20)	-	-	(396)

2023	Opening balance R'000	Additions R'000	Recovered/ reversed R'000	Write-off R'000	Closing balance R'000
Loss allowance	(376)	-	-	-	(376)

Notes to the Financial Statements

5.4 Financial risk management disclosure relating to insurance contract assets and liabilities – 2024

	Updated balances with the changes affecting profit or loss and equity							
Sensitivity analysis to underwriting risk variables	**Total R'000**	**Change %**	**LRC R'000**	**Change %**	**LIC R'000**	**Change %**	**CSM R'000**	**Change %**
Reported value	(47 903)		(433 970)		386 067		(417 327)	
Probability of Default (10% increase)	(27 674)	42,2%	(381 824)	12,0%	354 150	(8,3%)	(325 448)	22,0%
Loss Given Default (increase mean with 500bps and standard deviation by 10%)	(30 494)	36,3%	(416 561)	4,0%	386 067	0,0%	(399 918)	4,2%
Rating transition matrix (5% increase on standard deviation)	(10 346)	78,4%	(399 336)	8,0%	388 991	0,8%	(338 422)	18,9%
Risk Adjustment percentile (increase to 75th percentile)	(95 262)	(98,9%)	(403 366)	7,1%	308 103	(20,2%)	(328 838)	21,2%
Lapse rate (100bps increase)	(34 101)	28,8%	(420 167)	3,2%	386 067	0,0%	(404 948)	3,0%
Maintanance expenses (10% increase)	3 612	107,5%	(382 455)	11,9%	386 067	0,0%	(306 376)	26,6%

	Updated balances with the changes affecting profit or loss and equity							
Sensitivity analysis to market risk variables	**Total R'000**	**Change %**	**LRC R'000**	**Change %**	**LIC R'000**	**Change %**	**CSM R'000**	**Change %**
Reported value	(47 903)		(433 970)		386 067		(417 327)	
Increase discount rates by 100bps	(238 177)	(397,2%)	(430 852)	0,7%	192 676	(50,1%)	(417 327)	0,0%
Decrease discount rates by 100bps	177 483	470,5%	(437 505)	(0,8%)	614 988	59,3%	(417 327)	0,0%
Appreciation of USD/ZAR exchange rate by 10%	(43 934)	8,3%	(391 394)	9,8%	347 460	(10,0%)	(376 373)	9,8%
Depreciation of USD/ZAR exchange rate by 10%	(51 873)	(8,3%)	(476 546)	(9,8%)	424 674	10,0%	(458 281)	(9,8%)

Maturity profile for reinsurance contracts	**Within 1 year R'000**	**1 to 5 year R'000**	**Greater than 5 years R'000**	**Total R'000**
Reinsurance contracts assets	84 620			84 620

Notes to the Financial Statements

An analysis of the expected run of the LIC at the end of the reporting period is provided in the following table:

	Insurance contracts issued				Reinsurance contracts held			
Number of years until expected to be recognised	Investment guarantee R'000	Credit R'000	Short term credit R'000	Total R'000	Investment guarantee R'000	Credit R'000	Short term credit	R'000 Total
1	-	(1 297 524)	-	(1 297 524)	-	163 909	-	163 909
2	-	(815 527)	-	(815 527)	-	3 016	-	3 016
3	-	(21 556)	-	(21 556)	-	4 842	-	4 842
4	-	68 051	-	68 051	-	(19 295)	-	(19 295)
5	-	(138 102)	-	(138 102)	-	3 710	-	3 710
6 – 10	-	(595 842)	-	(595 842)	-	20 857	-	20 857
>10	-	3 186 565	-	3 186 565	-	(95 366)	-	(95 366)
Total	**-**	**386 065**	**-**	**386 065**	**-**	**81 673**	**-**	**81 673**

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

	Insurance contracts issued				Reinsurance contracts held			
Number of years until expected to be recognised	Investment guarantee R'000	Credit R'000	Short term credit R'000	Total R'000	Investment guarantee R'000	Credit R'000	Short term credit	R'000 Total
1	-	(123 802)	(16)	(123 818)	-	758	-	758
2	-	(101 858)	-	(101 858)	-	582	-	582
3	-	(79 778)	-	(79 778)	-	427	-	427
4	-	(57 944)	-	(57 944)	-	155	-	155
5	-	(40 261)	-	(40 261)	-	-	-	-
6 – 10	-	(12 939)	-	(12 939)	-	-	-	-
>10	-	(729)	-	(729)	-	-	-	-
Total	**-**	**(417 311)**	**(16)**	**(417 327)**	**-**	**1 922**	**-**	**1 922**

The following table provides information on the credit quality of the Corporation's claims recovered from reinsurers and salvages:

	AAA-A+ R'000	A-BBB+ R'000	BBB and lower R'000	Not rated R'000	Total R'000
Counterparties					
UK (Hamilton)	117 391	-	-	-	117 391
(UK) XL	78 261	-	-	-	78 261
Ghana (Amandi Rail)	-	-	1 989 980	-	1 989 980
Ghana (Amandi Hospital)	-	-	674 643	-	674 643
Ghana (Thengashep)	-	-	1 231 503	-	1 231 503
Irag (Irag)	-	-	209 081	-	209 081
Seychelles (Seychelles 128364)	-	-	47 244	-	47 244
Seychelles (Seychelles 173322)	-	-	71 669	-	71 669
Nigeria (Zomay Marine & Logistics Ltd)	-	-	-	12 022	12 022
Lesotho (Liqhobong)	-	-	-	-	-
Biwater	-	-	-	-	-
	195 652	**-**	**4 224 120**	**12 022**	**4 431 794**

Notes to the Financial Statements

Financial risk management disclosure relating to insurance contract assets and liabilities – 2023

	Updated balances with the changes affecting profit or loss and equity							
Sensitivity analysis to underwriting risk variables	**Total R'000**	**Change %**	**LRC R'000**	**Change %**	**LIC R'000**	**Change %**	**CSM R'000**	**Change %**
Reported value	(673 260)		(576 616)		(96 644)		(664 165)	
Probability of Default (10% increase)	(679 552)	(0,9%)	(583 747)	(1,2%)	(95 805)	0,9%	(744 517)	(12,1%)
Loss Given Default (increase mean with 500bps and standard deviation by 10%)	(638 980)	5,1%	(542 337)	5,9%	(96 644)	0,0%	(772 086)	(16,2%)
Rating transition matrix (5% increase on standard deviation)	(700 890)	(4,1%)	(605 086)	(4,9%)	(95 805)	0,9%	(755 101)	(13,7%)
Risk Adjustment percentile (increase to 75th percentile)	(696 940)	(3,5%)	(601 136)	(4,3%)	(95 805)	0,9%	(744 706)	(12,1%)
Lapse rate (100bps increase)	(643 277)	4,5%	(546 633)	5,2%	(96 644)	0,0%	(777 439)	(17,1%)
Maintanance expenses (10% increase)	(681 381)	(1,2%)	(584 737)	(1,4%)	(96 644)	0,0%	(794 744)	(19,7%)

	Updated balances with the changes affecting profit or loss and equity							
Sensitivity analysis to market risk variables	**Total R'000**	**Change %**	**LRC R'000**	**Change %**	**LIC R'000**	**Change %**	**CSM R'000**	**Change %**
Reported value	(673 260)		(576 616)		(96 644)		(664 165)	
Increase discount rates by 100bps	(725 827)	(7,8%)	(607 732)	(5,4%)	(118 095)	(22,2%)	(796 758)	(20,0%)
Decrease discount rates by 100bps	(631 011)	6,3%	(558 834)	3,1%	(72 177)	25,3%	(796 758)	(20,0%)
Appreciation of USD/ZAR exchange rate by 10%	(606 963)	9,8%	(519 984)	9,8%	(86 979)	10,0%	(599 549)	9,7%
Depreciation of USD/ZAR exchange rate by 10%	(739 557)	(9,8%)	(633 249)	(9,8%)	(106 308)	(10,0%)	(728 781)	(9,7%)

Maturity profile for reinsurance contracts	Within 1 year R'000	1 to 5 year R'000	Greater than 5 years R'000	Total R'000
Reinsurance contracts assets	1 627	51 615	-	53 242

Notes to the Financial Statements

An analysis of the expected run of the LIC at the end of the reporting period is provided in the following table:

	Insurance contracts issued				Reinsurance contracts held			
Number of years until expected to be recognised	Investment guarantee R'000	Credit R'000	Short term credit R'000	Total R'000	Investment guarantee R'000	Credit R'000	Short term credit R'000	Total R'000
1	-	(457 912)	-	(457 912)	-	(27 753)	-	(27 753)
2	-	(1 216 998)	-	(1 216 998)	-	153 736	-	153 736
3	-	(764 915)	-	(764 915)	-	2 829	-	2 829
4	-	(20 218)	-	(20 218)	-	4 542	-	4 542
5	-	63 828	-	63 828)	-	(18 097)	-	(18 097)
6 – 10	-	(544 052)	-	(544 052)	-	18 823	-	18 823)
>10	-	2 843 623	-	2 843 623	-	(85 229)	-	(85 229)
Total	**-**	**(96 644)**	**-**	**(96 644)**	**-**	**48 851**	**-**	**48 851**

An analysis of the expected recognition of the CSM remaining at the end of the reporting period in profit or loss is provided in the following table:

	Insurance contracts issued				Reinsurance contracts held			
Number of years until expected to be recognised	Investment guarantee R'000	Credit R'000	Short term credit R'000	Total R'000	Investment guarantee R'000	Credit R'000	Short term credit R'000	Total R'000
1	(1 457)	(270 044)	(753)	(272 254)	-	1 523	-	1 523
2	-	(116 317)	(16)	(116 333)	-	711	-	711
3	-	(95 601)	-	(95 601)	-	546	-	546
4	-	(74 882)	-	(74 882)	-	400	-	400
5	-	(54 402)	-	(54 402)	-	145	-	145
6 – 10	-	(49 240)	-	(49 240)	-	-	-	-
>10	-	(1 453)	-	(1 453)	-	-	-	-
Total	**(1 457)**	**(661 939)**	**(769)**	**(664 165)**	**-**	**3 325**	**-**	**3 325**

The following table provides information on the credit quality of the Corporation's claims recovered from reinsurers and salvages:

	AAA-A+ R'000	A-BBB+ R'000	BBB and lower R'000	Not rated R'000	Total R'000
Counterparties	88 742	-	-	-	88 742
UK (Hamilton)	59 161	-	-	-	59 161
(UK) XL	-	-	-	-	-
Ghana (Amandi Rail)	-	-	-	-	-
Ghana (Amandi Hospital)	-	-	463 683	-	463 683
Ghana (Thengashep)	-	-	930 954	-	930 954
Irag (Irag)	-	-	251 898	-	251 898
Seychelles (Seychelles 128364)	-	-	55 402	-	55 402
Seychelles (Seychelles 173322)	-	-	84 044	-	84 044
Nigeria (Zomay Marine & Logistics Ltd)	-	-	-	11 632	11 632
Lesotho (Liqhobong)	-	-	373 950		373 950
	147 903	**-**	**2 159 931**	**11 632**	**2 319 466**

Notes to the Financial Statements

6. Property and equipment

	2024 Cost R'000	2024 Accumulated depreciation R'000	2024 Carrying value R'000	2023 Cost R'000	2023 Accumulated depreciation R'000	2023 Carrying value R'000
Owned assets						
Furniture and fittings	4 923	(2 689)	2 234	11 027	(10 829)	198
Motor vehicles	251	(251)	-	235	(235)	-
Office equipment	2 501	(2 165)	336	2 992	(2 567)	425
Computer equipment	7 893	(5 110)	2 783	7 652	(4 840)	2 812
	15 568	**(10 215)**	**5 353**	**21 906**	**(18 471)**	**3 435**
Leased assets						
Building	26 363	(7 252)	19 111	24 727	(1 843)	22 884
Computer equipment	476	(23)	453	-	-	-
	26 839	**(7 275)**	**19 564**	**24 727**	**(1 843)**	**22 884**
Total	**42 407**	**(17 490)**	**24 917**	**46 633**	**(20 314)**	**26 319**

Reconciliation of property and equipment – 2024

	Opening balance R'000	Additions R'000	Disposals R'000	Write-off R'000	Depreciation R'000	Translation effect R'000	Closing balance R'000
Owned assets							
Furniture and fittings	198	2 526	(34)	-	(421)	(35)	2 234
Office equipment	425	45	-	(5)	(93)	(36)	336
Computer equipment	2 812	1 178	(17)	(19)	(1 155)	(16)	2 783
	3 435	**3 749**	**(51)**	**(24)**	**(1 669)**	**(87)**	**5 353**
Leased assets							
Building	22 884	-	-	-	(4 814)	1 041	19 111
Computer equipment	-	465	-	-	(23)	11	453
	22 884	**465**	**-**	**-**	**(4 837)**	**1 052**	**19 564**
	26 319	**4 214**	**(51)**	**(24)**	**(6 506)**	**965**	**24 917**

Notes to the Financial Statements

Reconciliation of property and equipment – 2023

	Opening balance R'000	Additions R'000	Depreciation R'000	Translation effect R'000	Closing balance R'000
Owned assets					
Furniture and fittings	326	-	(121)	(7)	198
Office equipment	369	121	(95)	30	425
Computer equipment	1 856	1 620	(932)	268	2 812
	2 551	**1 741**	**(1 148)**	**291**	**3 435**
Leased assets					
Building	-	24 003	(1 789)	670	22 884
Computer equipment	127	-	(130)	3	-
	127	**24 003**	**(1 919)**	**673**	**22 884**
	2 678	**25 744**	**(3 067)**	**964**	**26 319**

Property and equipment encumbered as security

None of the property and equipment is pledged as security for liabilities.

7. Insurance acquisition costs

	2024 R'000	2023 R'000
Opening balance	255 289	177 911
Additions	32 632	44 226
Acquisition cost allocated to LRC	(37 245)	(9 801)
Translation effect	16 921	42 953
	267 597	**255 289**

Notes to the Financial Statements

8. Insurance and reinsurance contract assets and liabilities

8.1 Composition of the statement of financial position

	Credit R'000	Investment guarantee R'000	Short term credit R'000	Total R'000	Current portion R'000	Non-current portion R'000	Total R'000
2024							
Insurance contract assets*	1 191 281	-	-	1 191 281	79 665	1 111 616	1 191 281
Insurance contract liabilities	1 199 805	39 339	40	1 239 184	897 525	341 659	1 239 184
Reinsurance contract asset	84 620	-	-	84 620	82 893	1 727	84 620

	Credit R'000	Investment guarantee R'000	Short term credit R'000	Total R'000	Current portion R'000	Non-current portion R'000	Total R'000
2023							
Insurance contract assets*	619 232	-	-	619 232	85 179	534 053	619 232
Insurance contract liabilities	1 222 816	68 807	869	1 292 492	579 489	713 003	1 292 492
Reinsurance contract assets	53 242	-	-	53 242	1 627	51 615	53 242

The Corporation holds provision for protracted default claims, nothwithstanding that it is defending the litigation action referred to in the director's report.

**Insurance contract assets relate to salvages receivable from projects as a result of claims previously paid.*

Notes to the Financial Statements

8.2 Insurance contract issued (assets and liabilities)

Reconciliation of the liability for remaining coverage and the liability for incurred claims

2024

TOTAL BUSINESS

	Total business			
	LRC			
	Expected loss component R'000	Loss component R'000	LIC R'000	Total R'000
Opening insurance contract liabilities	(503 407)	(73 209)	(715 876)	(1 292 492)
Opening insurance contract assets	-	-	619 232	619 232
Net balance at beginning of the year	**(503 407)**	**(73 209)**	**(96 644)**	**(673 260)**
Insurance revenue	**520 513**	**(21 060)**	**-**	**499 453**
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	-	(811 264)	(811 264)
Changes that relate to past service - adjustments to the LIC	-	-	4 312	4 312
Changes that relate to future service - adjustments to the LIC	-	-	(985 721)	(985 721)
Changes that relate current service: LIC	-	-	293 097	293 097
Losses on onerous contracts and reversal of those losses	-	-	(28 996)	(28 996)
Insurance service expenses	**-**	**-**	**(1 528 572)**	**(1 528 572)**
Insurance service result	**520 513**	**(21 060)**	**(1 528 572)**	**(1 029 119)**
Net finance income/(expense)	1 494	4 272	(65 988)	(60 222)
Total amounts recognised in comprehensive income	**522 007**	**(16 788)**	**(1 594 560)**	**(1 089 341)**
Insurance acquisition cash flows amortisation	400	36 845	-	37 245
Other changes	(30 028)	2 978	27 705	655
Translation effect and forex	(35 040)	-	(36 848)	(71 888)
Total non-cash movements	**(64 668)**	**39 823**	**(9 143)**	**(33 988)**
Cash flows				
Premiums and salvages received	(276 643)	(61 083)	(89 622)	(427 348)
Claims and other directly attributable expenses paid	-	-	2 176 034	2 176 034
Total cash flows	**(276 643)**	**(61 083)**	**2 086 412**	**1 748 686**
Net balance at the end of the year	**(322 711)**	**(111 257)**	**386 065**	**(47 903)**

Notes to the Financial Statements

Reconciliation of the liability for remaining coverage and the liability for incurred claims

Insurance contracts issued	Total	Investment guarantee				Credit				Short term credit			
		LRC		LIC	Total	LRC		LIC	Total	LRC		LIC	Total
		Excluding loss compo-nent	Loss compo-nent			Excluding loss compo-nent	Loss compo-nent			Excluding loss compo-nent	Loss compo-nent		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Opening insurance contract liabilities	(1 292 492)	3 584	(72 390)	-	(68 807)	(506 122)	(819)	(715 876)	(1 222 816)	(869)	-	-	(869)
Opening insurance contract assets	619 232	-	-	-	-	-	-	619 232	619 232	-	-	-	-
Net balance as at 01 April	**(673 260)**	**3 584**	**(72 390)**	**-**	**(68 807)**	**(506 122)**	**(819)**	**(96 644)**	**(603 584)**	**(869)**	**-**	**-**	**(869)**
Insurance revenue	**499 453**	**35 875**	**(16 665)**	**-**	**19 210**	**483 279**	**(4 395)**	**-**	**478 885**	**1 359**	**-**	**-**	**1 359**
Insurance service expenses	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Incurred claims and other directly attributable expenses	(811 264)	-	-	-	-	-	-	(811 264)	(811 264)	-	-	-	-
Changes that relate to past service - adjustments to the LIC	4 312	-	-	-	-	-	-	4 312	4 312	-	-	-	-
Changes that relate to future service - adjustments to the LIC	(985 721)	-	-	-	-	-	-	(985 721)	(985 721)	-	-	-	-
Changes that relate current service: LIC	293 097	-	-	-	-	-	-	293 097	293 097	-	-	-	-
Losses on onerous contracts and reversal of those losses	(28 996)	-	-	37 920	37 920	-	-	(66 916)	(66 916)	-	-	-	-
Insurance service expenses	**(1 528 572)**	**-**	**-**	**37 920**	**37 920**	**-**	**-**	**(1 566 492)**	**(1 566 492)**	**-**	**-**	**-**	**-**
Insurance service result	**(1 029 119)**	**35 875**	**(16 665)**	**37 920**	**57 129**	**483 279**	**(4 395)**	**(1 566 492)**	**(1 087 608)**	**1 359**	**-**	**-**	**1 359**
Net finance income/ (expense)	(60 222)	(3 314)	3 770	-	456	4 841	501	(65 987)	(60 645)	(33)	-	-	(33)
Total amounts recognised in comprehensive income	**(1 089 341)**	**32 561**	**(12 895)**	**37 920**	**57 586**	**488 121**	**(3 894)**	**(1 632 479)**	**(1 148 253)**	**1 326**	**-**	**-**	**1 326**
Insurance acquisition cash flows amortisation	37 245	-	-	-	-	36 845	-	-	36 845	400	-	-	400
Other changes	655	(27 934)	65 854	(37 920)	-	(2 143)	(62 875)	65 625	605	49	-	-	49
Forex & Translation effect	(71 888)	(4 141)	-	-	(4 141)	(34 082)		(36 848)	(67 686)	(61)	-	-	(61)
Total non-cash movements	**(33 989)**	**(32 075)**	**65 854**	**(37 920)**	**(4 141)**	**(3 864)**	**(62 875)**	**28 777**	**(29 836)**	**388**	**-**	**-**	**388**

Notes to the Financial Statements

Insurance contracts issued	Total	Investment guarantee				Credit				Short term credit			
		LRC		LIC	Total	LRC		LIC	Total	LRC		LIC	Total
		Excluding loss compo-nent	Loss compo-nent			Excluding loss compo-nent	Loss compo-nent			Excluding loss compo-nent	Loss compo-nent		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Cash flows													
Premiums and salvages received	(427 348)	(789)	(23 188)	-	(23 977)	(274 969)	(37 895)	(89 622)	(402 486)	(884)	-	-	(884)
Claims and other directly attributable expenses paid	2 176 034	-	-	-	-	-	-	2 176 034	2 176 034	-	-	-	-
Total cash flows	**1 748 686**	**(789)**	**(23 188)**	**-**	**(23 977)**	**(274 969)**	**(37 895)**	**2 086 412**	**1 773 548**	**(884)**	**-**	**-**	**(884)**
Net balance as at 31 March	**(47 903)**	**3 280**	**(42 619)**	**-**	**(39 339)**	**(325 952)**	**(68 638)**	**386 067**	**(8 523)**	**(40)**	**-**	**-**	**(40)**

Notes to the Financial Statements

2023

	Total business			
	LRC			
	Expected loss component R'000	Loss component R'000	LIC R'000	Total R'000
Opening insurance contract liabilities	(503 736)	(70 652)	(555 484)	(1 129 872)
Opening insurance contract assets	-	-	331 867	331 867
Net balance at beginning of the year	**(503 736)**	**(70 652)**	**(223 617)**	**(798 005)**
Insurance revenue	**469 094**	**(20 886)**	**-**	**448 208**
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	-	(753 181)	(753 181)
Changes that relate to past service - adjustments to the LIC	-	-	2 367	2 367
Changes that relate to future service - adjustments to the LIC	-	-	(256 672)	(256 672)
Changes that relate current service: LIC	-	-	265 797	265 797
Losses on onerous contracts and reversal of those losses	-	-	13 434	13 434
Insurance service expenses	**-**	**-**	**(728 255)**	**(728 255)**
Insurance service result	**469 094**	**(20 886)**	**(728 255)**	**(280 047)**
Net finance income/(expense)	(7 068)	1 643	(19 185)	(24 610)
Total amounts recognised in comprehensive income	**462 026**	**(19 243)**	**(747 440)**	**(304 657)**
Insurance acquisition cash flows amortisation	9 801	-	-	9 801
Other changes	5 069	16 686	(20 946)	809
Translation effect and forex	(121 109)	-	86 661	(34 448)
Total non-cash movements	**(106 239)**	**16 686**	**65 715**	**(23 838)**
Cash flows				
Premiums and salvages received	(355 458)	-	(66 505)	(421 963)
Claims and other directly attributable expenses paid	-	-	875 203	875 203
Total cash flows	**(355 458)**	**-**	**808 698**	**453 240**
Net balance at the end of the year	**(503 407)**	**(73 209)**	**(96 644)**	**(673 260)**

Notes to the Financial Statements

Reconciliation of the liability for remaining coverage and the liability for incurred claims

Insurance contracts issued	Total	Investment guarantee				Credit				Short term credit			
		LRC		LIC	Total	LRC		LIC	Total	LRC		LIC	Total
		Excluding loss compo-nent	Loss compo-nent			Excluding loss compo-nent	Loss compo-nent			Excluding loss compo-nent	Loss compo-nent		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Opening insurance contract liabilities	(1 129 869)	(25 940)	(68 855)	-	(94 795)	(476 945)	(1 796)	(555 483)	(1 034 225)	(849)	-	-	(849)
Opening insurance contract assets	331 867	-	-	-	-	-	-	331 867	331 867	-	-	-	-
Net balance as at 01 April	**(798 002)**	**(25 940)**	**(68 855)**	**-**	**(94 795)**	**(476 945)**	**(1 796)**	**(223 616)**	**(702 358)**	**(849)**	**-**	**-**	**(849)**
Insurance revenue	**448 208**	**104 606**	**(19 537)**	**-**	**85 069**	**363 613**	**(1 349)**	**-**	**362 264**	**875**	**-**		**875**
Insurance service expenses													
Incurred claims and other directly attributable expenses	(753 181)	-	-	-	-	-	-	(753 181)	(753 181)	-	-	-	-
Changes that relate to past service - adjustments to the LIC	2 367	-	-	-	-	-	-	2 367	2 367	-	-	-	-
Changes that relate to future service - adjustments to the LIC	(256 672)	-	-	-	-	-	-	(256 672)	(256 672)	-	-	-	-
Changes that relate current service: LIC	265 797	-	-	-	-	-	-	265 797	265 797	-	-	-	-
Losses on onerous contracts and reversal of those losses	13 434	-	-	-	-	-	-	13 434	13 434	-	-	-	-
Insurance service expenses	**(728 255)**	**-**	**-**	**-**	**-**	**-**	**-**	**(728 255)**	**(728 255)**	**-**	**-**	**-**	**-**
Insurance service result	**(280 047)**	**104 606**	**(19 537)**	**-**	**85 069**	**363 613**	**(1 349)**	**(728 255)**	**(365 991)**	**875**	**-**	**-**	**875**
Net finance income/ (expense)	(24 610)	346	1 599	-	1 945	(7 373)	44	(19 200)	(26 529)	(26)	-	-	(26)
Total amounts recognised in comprehensive income	**(304 657)**	**104 951**	**(17 937)**	**-**	**87 014**	**356 240**	**(1 305)**	**(747 455)**	**(392 520)**	**849**	**-**	**-**	**849**
Insurance acquisition cash flows amortisation	9 801	-	-	-	-	9 654	-	-	9 654	147	-	-	147
Other changes	809	(4 031)	17 413	-	13 381	6 089	2 283	(20 946)	(12 574)	-	-	-	-
Forex & Translation effect	(34 448)	(17 113)	-		(17 113)	(103 997)		86 661	(17 336)	-	-	-	-
Total non-cash movements	**(23 840)**	**(21 144)**	**17 413**	**-**	**(3 732)**	**(88 254)**	**2 283**	**65 715**	**(20 256)**	**147**	**-**	**-**	**147**

Notes to the Financial Statements

Insurance contracts issued	Total	Investment guarantee				Credit				Short term credit			
		LRC		LIC	Total	LRC		LIC	Total	LRC		LIC	Total
		Excluding loss compo-nent	Loss compo-nent			Excluding loss compo-nent	Loss compo-nent			Excluding loss compo-nent	Loss compo-nent		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Cash flows													
Premiums and salvages received	(421 962)	(54 284)	(3 011)	-	(57 294)	(297 148)	-	(66 505)	(363 652)	(1 017)	-	-	(1 017)
Claims and other directly attributable expenses paid	875 203	-	-	-	-	-	-	875 203	875 203	-	-	-	-
Total cash flows	**453 240**	**(57 284)**	**(3 011)**	**-**	**(57 294)**	**(297 148)**	**-**	**808 698**	**511 550**	**(1 017)**	**-**	**-**	**(1 017)**
Net balance as at 31 March	**(673 260)**	**3 584**	**(72 390)**	**-**	**(68 807)**	**(506 122)**	**(819)**	**(96 644)**	**(603 584)**	**(869)**	**-**	**-**	**(869)**

Notes to the Financial Statements

Reconciliation of the measurement components of insurance contract balances

2024

	Total business			
	Present value of future cash flows R'000	Risk Adjusted for non-financial risk R'000	CSM R'000	Total R'000
Opening insurance contract liabilities	(275 196)	(353 131)	(664 165)	(1 292 492)
Opening insurance contract assets	639 049	(19 817)	-	619 232
Net balance at beginning of the year	**363 853**	**(372 948)**	**(664 165)**	**(673 260)**
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	180 432	180 432
Change in the risk adjustment for non-financial risk for the expired risk	-	62 585	-	62 585
Experience adjustments	570 574	-	-	570 574
Incurred claims	(540 755)	(270 509)	-	(811 264)
	29 819	**(207 924)**	**180 432**	**2 327**
Changes that relate to future service				
Changes in estimates that adjust the CSM	(136 573)	22 557	114 016	-
Changes in estimates that result in onerous contract losses or reversal of losses	(28 876)	(4 075)	-	(32 951)
Changes relating to incurred claims	(1 060 890)	75 169	-	(985 721)
Contracts initially recognised in the period	20 514	(36 797)	(803)	(17 086)
	(1 205 825)	**56 854**	**113 213**	**(1 035 758)**
Changes that relate to past service				
Changes that relate to past service – adjustments to the LIC	4 312	-	-	4 312
Insurance service result	**(1 171 694)**	**(151 070)**	**293 645**	**(1 029 119)**
Net finance income/(expense)	(37 309)	(16 763)	(6 150)	(60 222)
Total amounts recognised in comprehensive income	**(1 209 003)**	**(167 833)**	**287 495**	**(1 089 341)**
Insurance acquisition cash flows amortisation	37 245	-	-	37 245
Other changes	(5 137)	5 861	(69)	655
Translation effect and forex	2 310	(33 610)	(40 588)	(71 888)
Total non-cash movements	**34 418**	**(27 749)**	**(40 657)**	**(33 988)**
Cash flows				
Premiums and salvages received	(427 348)	-	-	(427 348)
Claims and other directly attributable expenses paid	2 176 034	-	-	2 176 034
Total cash flows	**1 748 686**	**-**	**-**	**1 748 686**
Net balance at the end of the year	**937 954**	**(568 530)**	**(417 327)**	**(47 903)**
Closing insurance contract liabilities	(489 895)	(331 962)	(417 327)	(1 239 184)
Closing insurance contract assets	1 427 849	(236 568)	-	1 191 281
Net balance at end of year	**937 954**	**(568 530)**	**(417 327)**	**(47 903)**

Notes to the Financial Statements

Insurance contracts issued	Total R'000	Investment guarantee: Present value of future cash flows R'000	Investment guarantee: Risk adjustment for nonfinancial risk R'000	Investment guarantee: CSM R'000	Investment guarantee: Total R'000	Credit: Present value of future cash flows R'000	Credit: Risk adjustment for nonfinancial risk R'000	Credit: CSM R'000	Credit: Total R'000	Short term credit: Present value of future cash flows R'000	Short term credit: Risk adjustment for nonfinancial risk R'000	Short term credit: CSM R'000	Short term credit: Total R'000
Opening insurance contract liabilities	(1 292 492)	19 410	(86 760)	(1 457)	(68 807)	(294 511)	(266 365)	(661 939)	(1 222 816)	(95)	(6)	(768)	(869)
Opening insurance contract assets	619 232	-	-	-	-	639 049	(19 817)	-	619 232	-	-	-	-
Net balance as at 01 April	**(673 260)**	**19 410**	**(86 760)**	**(1 457)**	**(68 807)**	**344 537**	**(286 182)**	**(661 939)**	**(603 584)**	**(95)**	**(6)**	**(768)**	**(869)**
Changes that relate to current service	-	-	-	-	-	-	-	-	-	-	-	-	-
CSM recognised in profit or loss for the services provided	180 432	-	-	1 308	1 308	-	-	178 085	178 085	-	-	1 038	1 038
Change in the risk adjustment for nonfinancial risk for the expired risk	62 585	-	14 850	-	14 850	-	47 673	-	47 673	-	63	-	63
Experience adjustments	570 574	19 501	-	-	19 501	550 816	-	-	550 816	(619)	-	-	(619)
Incurred claims	**(811 264)**	-	-	-	-	**(540 755)**	**(270 509)**	-	**(811 264)**	-	-	-	-
	2 327	**19 500**	**14 850**	**1 308**	**35 658**	**10 061**	**(222 836)**	**178 085**	**(34 690)**	**258**	**63**	**1 038**	**1 359**
Changes that relate to future service													
Changes in estimates that adjust the CSM	-	(24 177)	23 920	257	-	(112 396)	(1 363)	113 759	-	-	-	-	-
Changes in estimates that result in onerous contract losses or reversal of losses	(32 951)	38 382	(16 910)	-	21 471	(67 258)	12 835	-	(54 422)	-	-	-	-
Changes relating to incurred claims	(985 721)	-	-	-	-	(1 060 890)	75 169	-	(985 721)	-	-	-	-
Contracts initially recognised in the period	(17 086)	-	-	-	-	20 187	(36 732)	(541)	(17 086)	327	(65)	(262)	-
	(1 035 758)	**14 205**	**7 010**	**257**	**21 471**	**(1 220 356)**	**49 909**	**113 218**	**(1 057 229)**	**327**	**(65)**	**(262)**	**-**

Notes to the Financial Statements

Insurance contracts issued	Total R'000	Investment guarantee: Present value of future cash flows R'000	Investment guarantee: Risk adjustment for nonfinancial risk R'000	Investment guarantee: CSM R'000	Investment guarantee: Total R'000	Credit: Present value of future cash flows R'000	Credit: Risk adjustment for nonfinancial risk R'000	Credit: CSM R'000	Credit: Total R'000	Short term credit: Present value of future cash flows R'000	Short term credit: Risk adjustment for nonfinancial risk R'000	Short term credit: CSM R'000	Short term credit: Total R'000
Changes that relate to past service													
Changes that relate to past service - adjustments to the LIC	4 312	-	-	-	-	4 311	-	-	4 311	-	-	-	-
Insurance service result	**(1 029 119)**	**33 705**	**21 859**	**1 565**	**57 129**	**(1 205 984)**	**(172 927)**	**291 303**	**(1 087 608)**	**584**	**(2)**	**777**	**1 359**
Net finance income/ (expense)	(60 222)	(629)	1 117	(31)	456	(36 675)	(17 878)	(6 092)	(60 645)	(5)	(1)	(27)	(33)
Total amounts recognised in comprehensive income	**(1 089 341)**	**33 076**	**22 976**	**1 534**	**57 586**	**(1 242 659)**	**(190 805)**	**285 211**	**(1 148 253)**	**579**	**(3)**	**750**	**1 326**
Insurance acquisition cash flows amortisation	37 245	-	-	-	-	36 845	-	-	36 845	-	-	-	-
Other changes	655	61	(58)	(3)	-	-	30	(113)	606	(1)	(2)	48	49
Forex & Translation effect	(71 888)	1 634	(5 702)	(73)	(4 141)	690	(27 906)	(40 469)	(67 685)	(14)	(2)	(46)	(62)
Total non-cash movements	**33 988**	**1 695**	**(5 760)**	**(76)**	**(4 141)**	**37 535**	**(27 876)**	**(40 582)**	**(30 234)**	**(15)**	**(4)**	**(2)**	**(13)**
Cash flows													
Premiums and salvages received	(427 348)	(23 977)	-	-	(23 977)	(402 486)	-	-	(402 486)	(884)	-	-	(884)
Claims and other directly attributable expenses paid	2 176 034	-	-	-	-	2 176 034	-	-	2 176 034	-	-	-	-
Total cash flows	**1 748 686**	**(23 977)**	**-**	**-**	**(23 977)**	**1 773 548**	**-**	**-**	**1 773 548**	**(884)**	**-**	**-**	**(884)**
Net balance as at 31 March	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Closing insurance contract liabilities	(1 239 184)	30 206	(69 545)	-	(39 339)	(520 085)	(262 408)	(417 311)	(1 199 804)	(16)	(9)	(16)	(40)
Closing insurance contract assets	1 191 281	-	-	-	-	1 427 849	(236 568)	-	1 191 281	-	-	-	0
Net balance as at 31 March	**(47 903)**	**30 206**	**(69 545)**	**-**	**(39 339)**	**907 764**	**(498 976)**	**(417 311)**	**(8 523)**	**(16)**	**(9)**	**(16)**	**(40)**

Notes to the Financial Statements

Reconciliation of the measurement components of insurance contract balances

2023

	Total business			
	Present value of future cash flows R'000	Risk Adjusted for non-financial risk R'000	CSM R'000	Total R'000
Opening insurance contract liabilities	(222 200)	(246 044)	(661 628)	(1 129 872)
Opening insurance contract assets	344 584	(12 717)	-	331 867
Net balance at beginning of the year	**122 384**	**(258 761)**	**(661 628)**	**(798 005)**
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	185 838	185 838
Change in the risk adjustment for non-financial risk for the expired risk	-	69 562	-	69 562
Experience adjustments	478 429	-	-	478 429
Incurred claims	(642 413)	(110 768)	-	(753 181)
	(163 984)	**(41 206)**	**185 838**	**(19 352)**
Changes that relate to future service				
Changes in estimates that adjust the CSM	13 907	(2 691)	(11 216)	-
Changes in estimates that result in onerous contract losses or reversal of losses	(6 390)	-	-	(6 390)
Changes relating to incurred claims	(252 382)	(4 290)	-	(256 672)
Contracts initially recognised in the period	46 869	(19 597)	(27 272)	-
	(197 996)	**(26 578)**	**(38 488)**	**(263 062)**
Changes that relate to past service				
Changes that relate to past service – adjustments to the LIC	2 367	-	-	2 367
Insurance service result	**(359 613)**	**(67 784)**	**147 350**	**(280 047)**
Net finance income/(expense)	(22 224)	4 633	(7 019)	(24 610)
Total amounts recognised in comprehensive income	**(381 837)**	**(63 151)**	**140 331**	**(304 657)**
Insurance acquisition cash flows amortisation	9 801	-	-	9 801
Other changes	(7 981)	5 881	2 909	809
Translation effect and forex	168 246	(56 917)	(145 777)	(34 448)
Total non-cash movements	**170 066**	**(51 036)**	**(142 868)**	**(23 838)**
Cash flows				
Premiums and salvages received	(421 963)	-	-	(421 963)
Claims and other directly attributable expenses paid	875 203	-	-	875 203
Total cash flows	**453 240**	**-**	**-**	**453 240**
Net balance at the end of the year	**363 853**	**(372 948)**	**(664 165)**	**(673 260)**
Closing insurance contract liabilities	(275 196)	(353 131)	(664 165)	(1 292 492)
Closing insurance contract assets	639 049	(19 817)	-	619 232
Net balance at end of year	**363 853**	**(372 948)**	**(664 165)**	**(673 260)**

Notes to the Financial Statements

Reconciliation of the measurement components of insurance contract balances

Insurance contracts issued	Total R'000	Investment guarantee: Present value of future cash flows R'000	Investment guarantee: Risk adjustment for nonfinancial risk R'000	Investment guarantee: CSM R'000	Investment guarantee: Total R'000	Credit: Present value of future cash flows R'000	Credit: Risk adjustment for nonfinancial risk R'000	Credit: CSM R'000	Credit: Total R'000	Short term credit: Present value of future cash flows R'000	Short term credit: Risk adjustment for nonfinancial risk R'000	Short term credit: CSM R'000	Short term credit: Total R'000
Opening insurance contract liabilities	(1 129 872)	(3 580)	(91 161)	(54)	(94 795)	(218 468)	(154 882)	(660 875)	(1 034 225)	(150)	-	(699)	(849)
Opening insurance contract assets	331 867	-	-	-	-	344 584	(12 717)	-	331 867	-	-	-	-
Net balance as at 01 April	**(798 005)**	**(3 580)**	**(91 161)**	**(54)**	**(94 795)**	**126 116**	**(167 599)**	**(660 875)**	**(702 358)**	**(150)**	**-**	**(699)**	**(849)**
Changes that relate to current service													
CSM recognised in profit or loss for the services provided	185 838	-	-	103	103	-	-	185 016	185 016	-	-	719	719
Change in the risk adjustment for nonfinancial risk for the expired risk	69 562	-	24 992	-	24 992	-	44 570	-	44 570	-	-	-	-
Experience adjustments	478 429	79 161	-	-	79 161	399 112	-	-	399 112	156	-	-	156
Incurred claims	(753 181)	-	-	-	-	(642 413)	(110 768)	-	(753 181)	-	-	-	-
	(19 352)	**79 161**	**24 992**	**103**	**104 256**	**(243 301)**	**(66 198)**	**185 016**	**(124 482)**	**156**	**-**	**719**	**875**
Changes that relate to future service													
Changes in estimates that adjust the CSM	-	(15 484)	16 983	(1 499)	-	6 786	2 931	(9 717)	-	-	-	-	-
Changes in estimates that result in onerous contract losses or reversal of losses	(6 390)	14 069	(21 170)	-	(7 101)	2 147	(1 436)	-	711	-	-	-	-
Changes relating to incurred claims	(256 672)	-	-	-	-	(252 381)	(4 290)	-	(256 672)	-	-	-	-
Contracts initially recognised in the period	-	-	-	-	-	46 095	(19 591)	(26 504)	-	774	(6)	(768)	-
	(263 062)	**(1 416)**	**(4 187)**	**(1 499)**	**(7 101)**	**(197 354)**	**(22 386)**	**(36 221)**	**(255 961)**	**774**	**(6)**	**(768)**	**-**

Notes to the Financial Statements

Insurance contracts issued	Total R'000	Investment guarantee: Present value of future cash flows R'000	Investment guarantee: Risk adjustment for nonfinancial risk R'000	Investment guarantee: CSM R'000	Investment guarantee: Total R'000	Credit: Present value of future cash flows R'000	Credit: Risk adjustment for nonfinancial risk R'000	Credit: CSM R'000	Credit: Total R'000	Short term credit: Present value of future cash flows R'000	Short term credit: Risk adjustment for nonfinancial risk R'000	Short term credit: CSM R'000	Short term credit: Total R'000
Changes that relate to past service													
Changes that relate to past service - adjustments to the LIC	2 367	-	-	-	-	2 367	-	-	2 367	-	-	-	-
Insurance service result	**(280 047)**	**77 746**	**20 805**	**(1 396)**	**97 154**	**(435 353)**	**(90 020)**	**147 296**	**(378 076)**	**930**	**(6)**	**(49)**	**875**
Net finance income/ (expense)	(24 610)	(954)	2 905	(6)	1 945	(21 290)	1 758	(6 997)	(26 529)	(5)	-	(20)	(26)
Total amounts recognised in comprehensive income	**(304 657)**	**76 791**	**23 710**	**(1 402)**	**99 099**	**(459 552)**	**(86 855)**	**141 802**	**(404 605)**	**925**	**(6)**	**(69)**	**849**
Insurance acquisition cash flows amortisation	9 801	-	-		-	9 654	-	-	9 654	147	-	-	147
Other changes	809	(30 919)	21 292	9 722	96	(10 734)	7 165	4 280	711	(128)	-	128	-
Forex & Translation effect	(34 448)	3 524	(19 430)	(6)	(15 912)	164 593	(37 486)	(145 643)	(18 536)	128	-	(128)	-
Total non-cash movements	**(23 840)**	**(27 395)**	**1 862**	**9 716**	**(15 816)**	**163 513**	**(30 321)**	**(141 363)**	**(8 173)**	**147**	**-**	**-**	**147**
Cash flows													
Premiums and salvages received	(421 963)	(57 294)	-	-	(57 294)	(363 653)	-	-	(363 653)	(1 017)	-	-	(1 017)
Claims and other directly attributable expenses paid	875 203	-	-	-	-	875 203	-	-	875 203	-	-	-	-
Insurance acquisition cash flows	-	-	-	-	-	-	-	-	-	-	-	-	-
Total cash flows	**453 240**	**(57 294)**	**-**	**-**	**(57 294)**	**511 551**	**-**	**-**	**511 551**	**(1 017)**	**-**	**-**	**(1 017)**
Net balance as at 31 March	**(673 260)**	**19 410**	**(86 760)**	**(1 457)**	**(68 807)**	**344 537**	**(286 182)**	**(661 939)**	**(603 584)**	**(95)**	**(6)**	**(768)**	**(869)**
Closing insurance contract liabilities	(1 292 492)	19 410	(86 760)	(1 457)	(68 807)	(294 511)	(266 365)	(661 939)	(1 222 816)	(95)	(6)	(768)	(869)
Closing insurance contract assets	619 232	-	-	-	-	639 049	(19 817)	-	619 232	-	-	-	-
Net balance as at 31 March	**(673 260)**	**19 410**	**(86 760)**	**(1 457)**	**(68 807)**	**344 537**	**(286 182)**	**(661 939)**	**(603 584)**	**(95)**	**(6)**	**(768)**	**(869)**

Notes to the Financial Statements

Impact of contracts recognised in the year

2024

	Total business		
	Non-onerous contracts originated R'000	Onerous contracts originated R'000	Total R'000
Insurance acquisition cash flows	(400)	(36 845)	(37 245)
Estimates of the present value of future cash flows			
• Estimates of the present value of future cash outflows	(704)	(115 014)	(115 718)
• Estimates of the present value of future cash inflows	1 590	171 887	173 477
Risk adjustment for non-financial risk	317	(37 114)	(36 797)
CSM	(803)	-	(803)
Increase in insurance contract liabilities from contracts recognised in the period	**-**	**(17 086)**	**(17 086)**

Notes to the Financial Statements

Impact of contracts recognised in the year

Insurance contracts issued	Total R'000	Investment guarantee: Non onerous contracts originated R'000	Investment guarantee: Onerous contracts originated R'000	Investment guarantee: Total R'000	Credit: Non onerous contracts originated R'000	Credit: Onerous contracts originated R'000	Credit: Total R'000	Short-term credit: Non onerous contracts originated	Short-term credit: Onerous contracts originated	Short-term credit: Total
Estimates of the present value of future cash outflows										
• Insurance acquisition cash flows	(37 245)	-	-	-	(0)	(36 845)	(36 845)	(400)	-	(400)
• Claims and other directly attributable expenses	-	-	-	-	-	-	-	-	-	-
Estimates of the present value of future cash outflows	(115 718)	-	-	-	(532)	(115 015)	(115 547)	(172)	-	(172)
Estimates of the present value of future cash inflows	173 477	-	-	-	691	171 887	172 579	899	-	899
Risk adjustment for non-financial risk	(36 797)	-	-	-	382	(37 114)	(36 732)	(65)	-	(65)
CSM	**(803)**	**-**	**-**	**-**	**(541)**	**-**	**(541)**	**(262)**	**-**	**(262)**
Increase in insurance contract liabilities from contracts recognised in the period	**(17 086)**	**-**	**-**	**-**	**-**	**(16 087)**	**(17 087)**	**-**	**-**	**-**

Notes to the Financial Statements

Impact of contracts recognised in the year

2023

	Total business	
	Non-onerous contracts originated R'000	Total R'000
Insurance acquisition cash flows	(9 801)	(9 801)
Estimates of the present value of future cash flows		
• Estimates of the present value of future cash outflows	(61 074)	(61 074)
• Estimates of the present value of future cash inflows	117 744	117 744
Risk adjustment for non-financial risk	(19 597)	(19 597)
CSM	(27 272)	(27 272)
Increase in insurance contract liabilities from contracts recognised in the period	-	-

Notes to the Financial Statements

Impact of contracts recognised in the year

Insurance contracts issued	Total R'000	Investment guarantee Non onerous contracts originated R'000	Investment guarantee Onerous contracts originated R'000	Investment guarantee Total R'000	Credit Non onerous contracts originated R'000	Credit Onerous contracts originated R'000	Credit Total	Short-term credit Non onerous contracts originated R'000	Short-term credit Onerous contracts originated R'000	Short-term credit Total R'000
Estimates of the present value of future cash outflows										
• Insurance acquisition cash flows	(9 801)	-	-	-	(9 654)	-	(9 654)	-	(147)	-
• Claims and other directly attributable expenses	-	-	-	-	-	-	-	-	-	-
Estimates of the present value of future cash outflows	(61 074)	-	-	-	(60 979)	-	(60 979)	-	(95)	-
Estimates of the present value of future cash inflows	117 744	-	-	-	116 727	-	116 727	-	1 017	-
Risk adjustment for non-financial risk	(19 597)	-	-	-	(19 591)	-	(19 591)	(6)	-	(6)
CSM	(27 272)	-	-	-	(26 504)	-	(26 504)	-	-	-
Increase in insurance contract liabilities from contracts recognised in the period	-	-	-	-	-	-	-	-	-	-

Notes to the Financial Statements

Amounts determined on transition to IFRS 17

2024

	Total business		
	New contracts and contracts measured under the full retrospective approach at transition R'000	Contracts measured under the modified retrospective approach at transition R'000	Total R'000
CSM as at beginning of the year	(24 254)	(639 911)	(664 165)
Changes that relate to current service			
CSM recognised in profit or loss for the services provided	7 198	173 234	180 432
	7 198	**173 234**	**180 432**
Changes that relate to future service			
Changes in estimates that adjust the CSM	-	114 016	114 016
Contracts initially recognised in the period	(803)	-	(803)
	(803)	**114 016**	**113 213**
Net finance income/(expense)	(156)	(5 994)	(6 150)
Total amounts recognised in comprehensive income	**6 239**	**281 256**	**287 495**
Other changes	5 545	(5 614)	(69)
Translation effect and forex	-	(40 588)	(40 588)
	5 545	**(46 202)**	**(40 657)**
CSM as at year end	**(12 470)**	**(404 857)**	**(417 327)**

Notes to the Financial Statements

Amounts determined on transition to IFRS 17

Insurance revenue and the CSM by transition method	Total R'000	Investment guarantee: New contracts and contracts measured under the full retrospective approach at transition R'000	Investment guarantee: Contracts measured under the modified retrospective approach at transition R'000	Investment guarantee: Contracts measured under the fair value approach at transition R'000	Investment guarantee: Total R'000	Credit: New contracts and contracts measured under the full retrospective approach at transition R'000	Credit: Contracts measured under the modified retrospective approach at transition R'000	Credit: Contracts measured under the fair value approach at transition R'000	Credit: Total R'000	Short term credit: New contracts and contracts measured under the full retrospective approach at transition R'000	Short term credit: Contracts measured under the modified retrospective approach at transition R'000	Short term credit: Contracts measured under the fair value approach at transition R'000	Short term credit: Total R'000
Insurance revenue													
CSM as at 1 April	**(664 165)**	**-**	**(1 457)**	**-**	**(1 457)**	**(23 485)**	**(638 454)**	**-**	**(661 939)**	**(768)**	**-**	**-**	**(768)**
Changes that relate to current service													
CSM recognised in profit or loss for the services provided	180 432	-	1 308	-	1 308	6 948	171 137	-	178 085	250	788	-	1 038
	180 432	**-**	**1 308**	**-**	**1 308**	**6 948**	**171 137**	**-**	**178 085**	**250**	**788**	**-**	**1 038**
Changes that relate to future service													
Changes in estimates that adjust the CSM	114 016	-	257	-	257	-	113 759	-	113 759	-	-	-	-
Contracts initially recognised in the period	(803)	-	-	-	-	(541)	16	-	(526)	(262)	(1)	-	(263)
	113 213	**-**	**257**	**-**	**257**	**(541)**	**113 775**	**-**	**113 233**	**(262)**	**(1)**	**-**	**(263)**
Net finance income/ (expense)	(6 150)	-	(541)	-	(541)	(156)	(5 454)	-	(5 610)	-	-	-	-
Other	(69)	-	506	-	506	4 781	(5 392)	-	(611)	764	(741)	-	23
Forex & Translation effect	(40 588)	-	(74)	-	(74)	-	(40 469)	-	(40 469)	-	(46)	-	(46)
Total amounts recognised in comprehensive income	**246 838**	**-**	**1 457**	**-**	**1 457**	**11 031**	**233 597**	**-**	**244 628**	**753**	**-**	**-**	**753**
CSM as at 31 March	**(417 327)**	**-**	**-**	**-**	**-**	**(12 454)**	**(404 857)**	**-**	**(417 311)**	**(16)**	**-**	**-**	**(16)**

Notes to the Financial Statements

Amounts determined on transition to IFRS 17

2023

	Total business		
	New contracts and contracts measured under the full retrospective approach at transition R'000	Contracts measured under the modified retrospective approach at transition R'000	Total R'000
CSM as at beginning of the year	-	(661 628)	(661 628)
Changes that relate to current service			
CSM recognised in profit or loss for the services provided	-	185 838	185 838
	-	**185 838**	**185 838**
Changes that relate to future service			
Changes in estimates that adjust the CSM	-	(11 216)	(11 216)
Contracts initially recognised in the period	(27 272)	-	(27 272)
	(27 272)	**(11 216)**	**(38 488)**
Net finance income/(expense)	3 018	(10 037)	(7 019)
Total amounts recognised in comprehensive income	**(24 254)**	**164 585**	**140 331**
Other changes	-	2 909	2 909
Translation effect and forex	-	(145 777)	(145 777)
	-	**(142 868)**	**(142 868)**
CSM as at year end	**(24 254)**	**(639 911)**	**(664 165)**

Notes to the Financial Statements

Amounts determined on transition to IFRS 17

Insurance revenue and the CSM by transition method	Total R'000	Investment guarantee: New contracts and contracts measured under the full retrospective approach at transition R'000	Investment guarantee: Contracts measured under the modified retrospective approach at transition R'000	Investment guarantee: Contracts measured under the fair value approach at transition R'000	Investment guarantee: Total R'000	Credit: New contracts and contracts measured under the full retrospective approach at transition R'000	Credit: Contracts measured under the modified retrospective approach at transition R'000	Credit: Contracts measured under the fair value approach at transition R'000	Credit: Total R'000	Short term credit: New contracts and contracts measured under the full retrospective approach at transition R'000	Short term credit: Contracts measured under the modified retrospective approach at transition R'000	Short term credit: Contracts measured under the fair value approach at transition R'000	Short term credit: Total R'000
Insurance revenue													
CSM as at 1 April	**(661 628)**	-	**(54)**	-	**(54)**	-	**(660 875)**	-	**(660 875)**	-	**(699)**	-	**(699)**
Changes that relate to current service													
CSM recognised in profit or loss for the services provided	185 838	-	103	-	103	3 689	181 327	-	185 016	-	719	-	719
	185 838	-	**103**	-	**103**	**3 689**	**181 327**	-	**185 016**	-	**719**	-	**719**
Changes that relate to future service													
Changes in estimates that adjust the CSM	(11 216)	-	(1 499)	-	(1 499)	-	(9 717)	-	(9 717)	-	-	-	-
Contracts initially recognised in the period	(27 272)	-	-	-	-	(27 272)	768	-	(26 504)	(768)	-	-	(768)
	(38 488)	-	**(1 499)**	-	**(1 499)**	**(27 272)**	**(8 949)**	-	**(36 221)**	**(768)**	-	-	**(768)**
Net finance income/ (expense)	(7 019)	-	(572)	-	(572)	3 023	(9 132)	-	(6 110)	(4)	-	-	(4)
Total amounts recognised in comprehensive income	**(140 331)**	-	**(1 968)**	-	**(1 968)**	**(23 485)**	**163 246**	-	**142 685**	**(772)**	**719**	-	**(53)**
Other	2 909	-	572	-	572	763	1 129	-	1 892	(764)	876	-	111
Forex & Translation effect	(145 777)	-	(6)	-	(6)	-	(145 643)	-	(145 643)	-	(128)	-	(128)
	(142 868)	-	**566**	-	**566**	**763**	**(144 514)**	-	**(143 751)**	**(764)**	**748**	-	**(17)**
CSM as at 31 March	**(664 165)**	-	**(1 457)**	-	**(1 457)**	**(23 485)**	**(638 454)**	-	**(661 939)**	**(768)**	-	-	**(768)**

Notes to the Financial Statements

8.3 Reinsurance contracts held (assets)

The reinsurance contract below relate to credit insurance

Reconciliation of the remaining coverage and incurred claims

2024

	Remaining coverage R'000	Incurred claims R'000	Total R'000
Opening reinsurance contract assets	4 391	48 851	53 242
Net income/(expenses) from reinsurance contracts held			
Reinsurance expenses	(816)	-	(816)
CSM recognised for the services received	(1 151)	-	(1 151)
Changes that relate to past service – adjustments to incurred claims	-	(11 405)	(11 405)
Changes that relate to future service – changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	-	31 871	31 871
Net income/(expenses) from reinsurance contracts held	**(1 967)**	**20 466**	**18 499**
Net finance income/(expense)	10	8 681	8 691
Total amounts recognised in comprehensive income	**(1 957)**	**29 147**	**27 190**
Other changes	(39)	39	-
Translation effect and forex	289	3 636	3 925
Total non-cash movements	**250**	**3 675**	**3 925**
Cash flows			
Premiums paid net of directly attributable expenses	263	-	263
Total cash flows	**263**	**-**	**263**
Net balance at the end of the year	**2 947**	**81 673**	**84 620**
Closing reinsurance contracts assets	2 947	81 673	84 620

Notes to the Financial Statements

Reconciliation of the remaining coverage and incurred claims

2023

	Remaining coverage R'000	Incurred claims R'000	Total R'000
Opening reinsurance contract assets	5 275	-	5 275
Net income/(expenses) from reinsurance contracts held			
Reinsurance expenses	(769)	-	(769)
CSM recognised for the services received	(1 476)	-	(1 476)
Claims recovered	-	54 636	54 636
Changes that relate to future service – changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	-	(4 506)	(4 506)
Changes that relate to past service – adjustments to incurred claims	-	(3)	(3)
Net income/(expenses) from reinsurance contracts held	**(2 245)**	**50 127**	**47 882**
Net finance income/(expense)	30	-	30
Total amounts recognised in comprehensive income	**(2 215)**	**50 127**	**47 912**
Translation effect and forex	(167)	-	(167)
Other changes	1 276	(1 276)	-
Total non-cash movements	**1 109**	**(1 276)**	**(167)**
Cash flows			
Premiums received	222	-	222
Total cash flows	**222**	**-**	**222**
Net balance at the end of the year	**4 391**	**48 851**	**53 242**
Closing reinsurance contract assets	4 391	48 851	53 242

Notes to the Financial Statements

Reconciliation of the measurement components of reinsurance contract balances

2024

	Present value of future cash flows R'000	Risk Adjusted for non-financial risk R'000	CSM R'000	Total R'000
Opening reinsurance contract assets	39 365	10 552	3 325	53 242
Net balance at beginning of the year	**39 365**	**10 552**	**3 325**	**53 242**
Changes that relate to current service				
CSM recognised in profit or loss for the services provided risk expired	-	-	(1 151)	(1 151)
Experience adjustments	(816)	-	-	(816)
	(816)	**-**	**(1 151)**	**(1 967)**
Changes that relate to future service				
Changes in the FCF that do not adjust the CSM for the group	26 449	5 422	-	31 871
Changes in estimates that adjust the CSM	(471)	-	471	-
	25 978	**5 422**	**471**	**31 871**
Changes that relate to past service				
Changes that relate to past service – adjustments to the incurred claims	(11 405)	-	-	(11 405)
Net income/(expenses) from reinsurance contracts held	**13 757**	**5 422**	**(680)**	**18 499**
Net finance income/(expense)	8 484	192	15	8 691
Total amounts recognised in comprehensive income	**22 241**	**5 614**	**(665)**	**27 190**
Translation effect and forex	2 826	899	200	3 925
Other changes	938	-	(938)	-
Total non-cash movements	**3 764**	**899**	**(738)**	**3 925**
Cash flows				
Premiums paid net of directly attributable expenses paid	263	-	-	263
Total cash flows	**263**	**-**	**-**	**263**
Net balance at the end of the year	**65 633**	**17 065**	**1 922**	**84 620**
Closing reinsurance contract assets	65 633	17 065	1 922	84 620

Notes to the Financial Statements

Reconciliation of the measurement components of reinsurance contract balances

2023

	Present value of future cash flows R'000	Risk Adjusted for non-financial risk R'000	CSM R'000	Total R'000
Opening reinsurance contract assets	1 331	-	3 944	5 275
Net balance at beginning of the year	**1 331**	**-**	**3 944**	**5 275**
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	(1 476)	(1 476)
Incurred claim	44 084	10 552	-	54 636
Experience adjustments	(769)	-	-	(769)
	43 315	**10 552**	**(1 476)**	**52 391**
Changes that relate to future service				
Changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	(4 506)	-	-	(4 506)
	(4 506)	**-**	**-**	**(4 506)**
Changes that relate to past service				
Changes that relate to past service – adjustments to the incurred claims	(3)	-	-	(3)
Net income /expenses) from reinsurance contracts held	**38 806**	**10 552**	**(1 476)**	**47 882**
Net finance income/(expense)	10	-	20	30
Total amounts recognised in comprehensive income	**38 816**	**10 552**	**(1 456)**	**47 912**
Other changes	10	-	(10)	-
Translation effect and forex	(1 014)	-	847	(167)
Total non-cash movements	**(1 004)**	**-**	**837**	**(167)**
Cash flows				
Premiums paid net of ceding commissions and other directly attributable expenses paid	222	-	-	222
Total cash flows	**222**	**-**	**-**	**222**
Net balance at the end of the year	**39 365**	**10 552**	**3 325**	**53 242**
Closing reinsurance contract assets	39 365	10 552	3 325	53 242

Notes to the Financial Statements

Impact of reinsurance contracts recognised in the year

There were no new contracts for both 2024 and 2023

Amounts determined on transition to IFRS 17

2024

	Contracts measured under the modified retrospective approach at transition R'000	Total R'000
CSM as at beginning of the year	3 325	3 325
Changes that relate to current service		
CSM recognised in profit or loss for the services provided	(1 151)	(1 151)
	(1 151)	**(1 151)**
Changes that relate to future service		
Changes in estimates that adjust the CSM	471	471
	471	**471**
Net finance income/(expense)	15	15
Total amounts recognised in comprehensive income	**(665)**	**(665)**
Other changes	(938)	(938)
Translation effect and forex	200	200
	(738)	**(738)**
CSM at year end	**1 922**	**1 922**

2023

	Contracts measured under the modified retrospective approach at transition R'000	Total R'000
CSM as at beginning of the year	3 944	3 944
Changes that relate to current service		
CSM recognised in profit or loss for the services provided	(1 476)	(1 476)
	(1 476)	**(1 476)**
Net finance income/expense	20	20
Total amounts recognised in comprehensive income	**(1 456)**	**(1 456)**
Other changes	(10)	(10)
Translation effect and forex	847	847
	837	**837**
CSM as at year end	**3 325**	**3 325**

Notes to the Financial Statements

Amounts determined on transition to IFRS 17

2024

	Credit R'000	Short term credit R'000	Total R'000
Insurance contracts issued			
New contracts and contracts measured under the full retrospective approach at transition	(12 454)	(16)	(12 470)
Contracts measured under the modified retrospective approach at transition	(404 857)	-	(404 857)
	(417 311)	**(16)**	**(417 327)**
Reinsurance contracts held			
Contracts measured under the modified retrospective approach at transition	1 922	-	1 922
	1 922	**-**	**1 922**

2023

	Credit R'000	Investment guarantee R'000	Short term credit R'000	Total R'000
Insurance contracts issued				
New contracts and contracts measured under the full retrospective approach at transition	(23 486)	-	(768)	(24 254)
Contracts measured under the modified retrospective approach at transition	(638 454)	(1 457)	-	(639 911)
	(661 940)	**(1 457)**	**(768)**	**(664 165)**
Reinsurance contracts held				
Contracts measured under the modified retrospective approach at transition	3 325	-	-	3 325
	3 325	**-**	**-**	**3 325**

Notes to the Financial Statements

9. Other receivables

	2024 R'000	2023 R'000
Financial assets		
Other receivables (sundry debtors and staff debtors)	1 307	273
Unsettled investments trades	147 513	213 323
Accrued income	12 145	3 281
	160 965	**216 877**
Non-financial assets		
VAT	243 776	-
Other receivables (prepayments, CSI and travel cost)	4 084	5 502
	247 860	**5 502**
Total other receivables	**408 825**	**222 379**

The movement in other receivables presented in note 26 includes premiums and salvages received of R427 million , but excludes non-cash transactions relating to unsettled investment trades, foreign exchange movements and translation effect on the other receivables balance. The total of these exclusions is R160 million (2023:R423 million).

10. Financial assets and liabilities at fair value

	2024 R'000	2023 R'000
Through profit or loss:		
Financial assets		
Bonds	4 489 428	4 663 784
Listed equities	1 171 986	1 411 669
Fixed deposits	224 766	-
Money market	247 916	441 701
Derivatives instruments	1 110	-
Collective investment scheme	485 492	463 734
	6 620 698	**6 980 888**
Financial liabilities		
Derivatives instruments	(455)	(108 457)
	6 620 243	**6 872 431**
Through other comprehensive income:		
Unlisted equities*	626 286	652 207
Total financial assets and liabilities	**7 246 529**	**7 524 638**

ECIC does not have the power to participate nor have control over the financial and operating policy decisions of its investees.

**Investment in the Afreximbank.*

Notes to the Financial Statements

Derivatives instruments

	2024 R'000	2023 R'000
Financial assets and liabilities		
Bond options	-	4
Credit default swap	1 031	-
Interest rate swap	(455)	-
Future exchange agreement	79	(108 461)
	655	**(108 457)**

Maturity profile of financial assets and liabilities

2024	Within 1 year R'000	1 to 5 years R'000	Greater than 5 years R'000	Total R'000
Financial assets and liabilities				
Bonds	364 055	2 808 791	1 316 582	4 489 428
Listed equities	1 171 986	-	-	1 171 986
Money market	201 523	46 393	-	247 916
Fixed deposits	224 766	-	-	224 766
Collective investment scheme	485 492	-	-	485 492
Unlisted equities	-	-	626 286	626 286
Derivative instruments – asset	79	1 031	-	1 110
Derivative instruments – liability	-	(127)	(328)	(455)
	2 447 901	**2 856 088**	**1 942 540**	**7 246 529**

2023	Within 1 year R'000	1 to 5 years R'000	Greater than 5 years R'000	Total R'000
Financial assets and liabilities				
Bonds	587 387	2 573 784	1 502 613	4 663 784
Listed equities	1 411 669	-	-	1 411 669
Money market	441 701	-	-	441 701
Collective investment scheme	463 734	-	-	463 734
Unlisted equities	-	-	652 207	652 207
Derivative instruments – liability	(108 457)	-	-	(108 457)
	2 796 034	**2 573 784**	**2 154 820**	**7 524 638**

Notes to the Financial Statements

Fair-value hierarchy of financial assets and liabilities at fair value through profit or loss

	2024 R'000	2023 R'000
Level 1		
Listed equities	1 171 986	1 411 669
Money market	159 652	258 584
Fixed deposits	224 766	-
Collective investment scheme	283 207	276 308
Derivative instruments	-	4
	1 839 611	**1 946 565**
Level 2		
Bonds*	4 489 428	4 663 784
Money market	88 264	183 117
Collective investment scheme	202 285	187 426
Derivative instruments	655	(108 461)
	4 780 632	**4 925 866**
	6 620 243	**6 872 431**

**The classification for bonds has been amended from level 1 to level 2 in accordance with best practice as per Johannesburg Stock Exchange (JSE) guidelines on SA bonds*

Included in the level 1 category are financial assets that are measured in whole by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arms-length basis. The prices for these instruments are sourced from:

- South African listed equities, property management companies - Johannesburg Stock Exchange
- Global listed equities – Bloomberg and MSCI indices
- Money market – Bloomberg
- Collective investment scheme – Bloomberg and the Exchanges
- Derivative instruments – SAFEX.

Included in the level 2 category are financial assets measured using valuation techniques based on assumptions supported by prices from an observable current market transaction. However, these prices are not determined in an active market. Inputs used in the valuation techniques include quoted market prices, interest rates, observable yield curves and credit spreads. Below are the valuation techniques and inputs used for level 2 instruments:

- Bonds and Money market – discounted cashflow and spreads
- Collective investment scheme – net assets value
- Derivative instruments – valued using mean quote for traded equivalent contract.

Notes to the Financial Statements

Reconciliation of financial assets at fair-value through profit or loss

2024	Opening balance R'000	Interest and dividends net of management fees and other costs R'000	Total gain in profit or loss R'000	Foreign exchange gain and currency translation R'000	Other movements* R'000	Closing balance R'000
Financial assets	6 872 431	563 076	45 225	455 648	(1 316 137)	6 620 243

2023	Opening balance R'000	Interest and dividends net of management fees and other costs R'000	Total loss in profit or loss R'000	Foreign exchange gain and currency translation R'000	Other movements* R'000	Closing balance R'000
Financial assets	4 003 171	464 629	(215 462)	1 337 152	1 282 941	6 872 431

**The other movements are mainly comprised of the following components:*
- *Net disposal of financial assets for R846 million (2023: R1.8 billion); and*
- *receipt of investment income of R 585 million (2023: R470 million).*

Fair-value hierarchy of financial assets through OCI

	2024 R'000	2023 R'000
Level 3		
Unlisted equities	626 286	652 207

Included in level 3 are financial assets whose fair value is determined using valuation techniques based on assumptions neither supported by prices from observable current market transactions in the same instrument nor based on available market data.

The instruments classified in this level were valued by discounting future cash flows from the instruments.

Notes to the Financial Statements

The following is the qualitative information about the significant unobservable inputs and their relationship to fair value, used in level 3 fair value measurements:

2024	Total value R'000	Change %
Reported value	626 286	
Mid-point discount rate of 21,29% – higher by 1%	588 150	(6,09)
Mid-point discount rate of 21,29% – lower by 1%	669 054	6,83
Terminal Growth rate of 3,75% – higher by 0,5%	637 192	1,74
Terminal Growth rate of 3,75% – lower by 0,5%	615 986	(1,64)
Minority discount of 17,4% – higher by 1%	616 812	(1,51)
Minority discount of 17,4% – lower by 1%	635 761	1,51
Marketability discount of 16,5% – higher by 1%	616 812	(1,51)
Marketability discount of 16,5% – lower by 1%	635 761	1,51

2023	Total value R'000	Change %
Reported value	652 207	
Mid-point discount rate of 19,11% – higher by 1%	614 285	(5,81)
Mid-point discount rate of 19,11% – lower by 1%	695 491	6,64
Terminal Growth rate of 3,93% – higher by 0,5%	665 671	2,06
Terminal Growth rate of 3,93% – lower by 0,5%	639 601	(1,93)
Minority discount of 15,5% – higher by 1%	642 754	(1,45)
Minority discount of 15,5% – lower by 1%	661 659	1,45
Marketability discount of 15,5% – higher by 1%	642 754	(1,45)
Marketability discount of 15,5% – lower by 1%	661 659	1,45

Valuation process

The Income approach was used as a primary valuation approach to determine the fair value of the instrument. To test the reasonability of the value derived using the income approach; market approach using the listed price of the comparable shares and net asset value were used.

Reconciliation of financial assets at fair value through other comprehensive Income

2024	Opening balance R'000	Dividend income R'000	Total loss in OCI R'000	Dividends received R'000	Foreign exchange gain and currency translation R'000	Closing balance R'000
Financial assets	652 207	31 907	(69 075)	(31 907)	43 154	626 286

2023	Opening balance R'000	Dividend income R'000	Total loss in OCI R'000	Dividends received R'000	Foreign exchange gain and currency translation R'000	Closing balance R'000
Financial assets	575 140	24 522	(55 819)	(24 522)	132 886	652 207

Notes to the Financial Statements

11. Cash and cash equivalents

	2024 R'000	2023 R'000
Cash at bank and on hand	307 310	407 644
Short term deposits	769 711	1 947 817
	1 077 021	**2 355 461**

The average interest rate on cash at bank and on hand at the reporting date was 5.345% (2023: 2.076%). Included in the short-term deposits is foreign currency denominated funds of R 741 million (2023: R1.9 billion) invested in fixed deposits with the financial institutions.

12. Share capital and share premium

	2024 R'000	2023 R'000
Authorised		
10 000 000 ordinary shares of R1 each	10 000	10 000
The unissued shares are currently under control of the directors.		
Issued		
Share premium (100 ordinary shares issued at a premium of R3 160 504 each)	316 051	316 051

Notes to the Financial Statements

13. Liability for interest make-up

	2024 R'000	2023 R'000
At fair value through profit (loss)		
Liability for interest make up	444 097	516 072

The dtic offered the interest make-up dispensation in order to allow local banks and other financiers to offer buyers of South African export goods and services financing for projects at internationally competitive rates. The IMU dispensation was administered by the Corporation on behalf of **the dtic** until 01 October 2016 when it took over as the principal. The approvals were obtained from the then FSB, **the dtic** and the Minister of Finance.

The fair value of the liability is determined on a discounted cash flow basis of all future IMU payments on existing agreements. The IMU payments stretch out to October 2029; hence, discounting the cash flows to allow for time value of money is appropriate.

The projected drawdown and repayment schedules used in calculating the future IMU payments, is as per the relevant loan agreement.

	2024 R'000	2023 R'000
Opening balance	516 072	564 706
Fair value movements on interest make up liability	55 386	10 781
Payments	(159 517)	(179 656)
Foreign exchange loss and currency translation	32 156	120 241
Closing balance	**444 097**	**516 072**

The contractual amount to be paid is R 550,831,000 (2023: R 671,510,000) which is R 106,734,000 (2023: R 155,438,000) higher than the carrying amount.

Sensitivity analysis

The table presented below demonstrates the sensitivity of liability estimates to particular movements in assumptions used in the estimation process:

2024	Total value R'000	Change %
Reported value	444 097	
Increase discount rates by 10%	440 879	(0 7)
Decrease discount rates by 10%	447 365	0 7
Depreciation of USD/ZAR Exchange rate by 10%	488 506	10 0
Appreciation of USD/ZAR Exchange rate by 10%	399 687	(10 0)

2023	Total value R'000	Change %
Reported value	516 072	
Increase discount rates by 10%	512 150	(0 8)
Decrease discount rates by 10%	520 053	0 8
Depreciation of USD/ZAR Exchange rate by 10%	567 679	10 0
Appreciation of USD/ZAR Exchange rate by 10%	464 465	(10 0)

Fair value hierarchy of financial liabilities at fair value through profit or loss

This liability has been classified as a level 3 as the fair value is determined using valuation techniques based on assumptions neither supported by prices from observable current market transactions in the same instrument nor based on available market data. The instruments classified in this level were valued by discounting future cash flows.

Notes to the Financial Statements

Reconciliation of financial liabilities at fair value through profit or loss measured at level 3

2024	Opening balance R'000	Fair value movements R'000	Settlements R'000	Foreign exchange loss and currency translation R'000	Closing balance R'000
Liability for interest make-up	516 072	55 386	(159 517)	32 156	444 097

2023	Opening balance R'000	Fair value movements R'000	Settlements R'000	Foreign exchange loss and currency translation R'000	Closing balance R'000
Liability for interest make-up	564 706	10 781	(179 656)	120 241	516 072

Reconciliation of the liability for interest make up

	2024 R'000	2023 R'000
Liability taken over	2 032 445	2 032 445
Total claims paid	(2 005 619)	(1 846 102)
Fair value movements on interest-make up liability	196 780	141 394
Foreign exchange movements	220 491	188 335
Closing balance	**444 097**	**516 072**

14. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	2024 R'000	2023 R'000
Deferred tax asset/(liability)	(178 582)	(491 946)
Reconciliation of deferred tax asset/(liability)		
Deferred tax through profit or loss		
Provisions	1 918	8 080
Fair value (gain)/loss on financial assets	(7 580)	11 248
Unrealised foreign exchange gain on equities	-	(36 627)
Payments received in advance	79	82
Prepayments	(146)	(335)
Property and equipment	(5 538)	(6 183)
Unused tax losses	42 515	109 130
Lease liability	2 227	5 639
	33 475	**91 034**
Deferred tax through other comprehensive income		
Fair value on financial assets through other comprehensive income	34 566	19 645
Unrealised foreign exchange gain on equities	(45 949)	-
IFRS 17 transition	(200 674)	(602 625)
	(212 057)	**(582 980)**
	(178 582)	**(491 946)**

Notes to the Financial Statements

Reconciliation of deferred tax asset/(liability) – 2024

	Opening balance R'000	Recognised in profit or loss R'000	Recognised in other comprehensive income R'000	Closing balance R'000
Assets				
Property and equipment	(6 183)	645	-	(5 538)
Financial assets at fair value through profit or loss	11 248	(18 828)	-	(7 580)
Financial assets through OCI	(16 982)	-	5 599	(11 383)
Prepayments	(335)	189	-	(146)
Unused tax losses	109 130	(66 615)	-	42 515
Liabilities				
Provisions	8 080	(6 162)	-	1 918
Payments received in advance	82	(3)	-	79
Lease liability	5 639	(3 412)	-	2 227
IFRS 17 transition	(602 625)	401 951	-	(200 674)
	(491 946)	**307 765**	**5 599**	**(178 582)**

Reconciliation of deferred tax asset/(liability) – 2023

	Opening balance R'000	Recognised in profit or loss R'000	Recognised in other comprehensive income R'000	Closing balance R'000
Assets				
Property and equipment	(189)	(5 994)	-	(6 183)
Financial assets at fair value through profit or loss	(736)	11 984	-	11 248
Financial assets through OCI	(335)	(28 704)	12 057	(16 982)
Prepayments	(497)	162	-	(335)
Unused tax losses	44 667	64 463	-	109 130
Liabilities				
Provisions	7 763	317	-	8 080
Payments received in advance	82	-	-	82
Lease liability	-	5 639	-	5 639
IFRS 17 transition	(270 342)	(332 283)	-	(602 625)
	(219 587)	**(284 416)**	**12 057**	**(491 946)**

Recognition of deferred tax asset

During the current financial year, the Corporation utilised an assessed loss of R73,962 million against taxable income. The remaining balance is made up of unused capital tax loses which are expected to be utilised against future capital gains from the 2025 financial year. This is demonstrated in the Corporation's strategic plan for 2024/25 to 2028/29 financial years.

Notes to the Financial Statements

Use and sales rate

The deferred tax rate applied to the fair value adjustments of financial assets is determined by the expected manner of recovery. Where the expected recovery of the financial assets is through sale the capital gains tax rate of 80% of normal tax rate i.e. 21.6% is used. If the expected manner of recovery is through indefinite use the normal tax rate of 27% is applied.

Derecognition of deferred tax liability

With the IFRS 17 standard becoming effective on the 01 April 2023, it crystallised the tax obligation relating to transitioning from IFRS 4 to IFRS 17 see note 28 which eliminated temporary differences.

15. Lease liability

Lease liability

During the year, the Corporation had leases for office building and printers which are reflected on the statement of financial position as a right of use asset and a lease liability. The Corporation classifies its right-of-use assets in a consistent manner to its property and equipment (see note 6).

The average effective incremental borrowing rate is 9.07%.

The lease liabilities are secured by the related underlying assets. Future minimum lease liability repayments at 31 March 2024 were as follows:

	2024 R'000	2023 R'000
Within one year	5 503	5 009
Later than one but not more than five years	17 145	22 614
	22 648	27 623
Less: future finance charges	(3 424)	(5 250)
Present value of minimum lease payments	**19 224**	**22 373**
Reconciliation of lease liability		
Opening balance	22 373	140
Additions	465	24 003
Finance charges	1 896	792
Lease liability payments	(5 510)	(2 562)
Closing balance	**19 224**	**22 373**

Notes to the Financial Statements

16. Employee benefit liability

Reconciliation of employee benefit liability

2024	Opening balance R'000	Additions R'000	Utilisation R'000	Reversal R'000	Paid R'000	Closing balance R'000
Bonus provision	23 615	-	-	(23 615)	-	-
Leave provisions	5 504	8 078	(5 575)	-	(2 733)	5 274
	29 119	**8 078**	**(5 575)**	**(23 615)**	**(2 733)**	**5 274**

2023	Opening balance R'000	Additions R'000	Utilisation R'000	Reversal R'000	Paid R'000	Closing balance R'000
Bonus provision	22 618	23 614	-	(1 752)	(20 865)	23 615
Leave provision	4 841	7 725	(4 895)	-	(2 167)	5 504
	27 459	**31 339**	**(4 895)**	**(1 752)**	**(23 032)**	**29 119**

Retirement benefits

The Corporation contributes to the Sanlam Umbrella Fund, which is a defined contribution plan registered in terms of the Pension Funds Act, 1956. Membership is compulsory for all full-time employees. As with all defined contribution funds, the liabilities equal the assets at all times and therefore no actuarial valuation is required.

	2024 R'000	2023 R'000
The total group contribution for the year:	8 604	8 303

17. Other payables

	2024 R'000	2023 R'000
Financial instruments:		
Sundry creditors	20 188	13 748
Unsettled investment trades	250 720	295 460
Accrued expenses	2 115	1 790
	273 023	**310 998**
Non-financial instruments:		
VAT	**-**	**2 065**
	-	**2 065**
	273 023	**313 063**

The movement in other payables in note 26 excludes non-cash balance relating to unsettled investment trades and foreign exchange movements of R246 million (2023: R298 million).

Notes to the Financial Statements

18. Categories of assets and liabilities

Categories of assets and liabilities – 2024	Note(s)	Financial assets and liabilities at fair value through profit or loss R'000	Financial assets available for sale R'000	Financial assets and liabilities at amortised cost R'000	Other non-financial assets and liabilities R'000	Total R'000	Current assets and liabilities R'000	Non-current assets and liabilities R'000
Assets								
Property and equipment	6	-	-	-	24 917	24 917	-	24 917
Insurance contract assets	8	-	-	-	1 191 281	1 191 281	79 665	1 111 616
Financial assets at fair value	10	6 620 698	626 286	-	-	7 246 984	2 447 901	4 799 083
Reinsurance contract assets	8	-	-	-	84 620	84 620	82 893	1 727
Current tax receivable	30	-	-	-	385 590	385 590	385 590	-
Other receivables	9	-	-	160 965	247 860	408 825	408 825	-
Insurance acquisition costs	7	-	-	-	267 597	267 597	131 417	136 180
Cash and cash equivalents	11	-	-	1 077 021	-	1 077 021	1 077 021	-
		6 620 698	**626 286**	**1 237 986**	**2 201 865**	**10 686 835**	**4 613 312**	**6 073 523**
Liabilities								
Insurance contract liabilities	8	-	-	-	1 239 184	1 239 184	897 525	341 659
Liability for interest make-up	13	444 097	-	-	-	444 097	145 787	298 310
Derivatives instruments	10	455	-	-	-	455	-	455
Deferred tax	14	-	-	-	178 582	178 582	200 674	(22 092)
Employee benefits liability	16	-	-	-	5 274	5 274	5 274	-
Lease liabilities	15	-	-	19 224	-	19 224	3 938	15 286
Other payables	17	-	-	273 023	-	273 023	273 023	-
		444 552	**-**	**292 247**	**1 423 040**	**2 159 839**	**1 526 221**	**633 618**

Notes to the Financial Statements

Categories of assets and liabilities – 2023	Note(s)	Financial assets and liabilities at fair value through profit or loss R'000	Financial assets available for sale R'000	Financial assets and liabilities at amortised cost R'000	Other non-financial assets and liabilities R'000	Total R'000	Current assets and liabilities R'000	Non-current assets and liabilities R'000
Assets								
Property and equipment	6	-	-	-	26 319	26 319	-	26 319
Insurance contract assets	8	-	-	-	619 232	619 232	85 179	534 053
Financial assets at fair value	10	6 980 888	652 207	-	-	7 633 095	2 904 491	4 728 604
Reinsurance contract assets	8	-	-	-	53 242	53 242	1 627	51 615
Current tax receivable	30	-	-	-	100 154	100 154	100 154	-
Other receivables	9	-	-	216 877	5 502	222 379	222 379	-
Insurance acquisition costs	7	-	-	-	255 289	255 289	30 926	224 363
Cash and cash equivalents	11	-	-	2 355 461	-	2 355 461	2 355 461	-
		6 980 888	**652 207**	**2 572 338**	**1 059 738**	**11 265 171**	**5 700 217**	**5 564 954**
Liabilities								
Insurance contract liabilities	8	-	-	-	1 292 492	1 292 492	579 489	713 003
Liability for interest make-up	13	516 072	-	-	-	516 072	136 067	380 005
Derivatives instruments	10	108 457	-	-	-	108 457	108 457	-
Deferred tax	14	-	-	-	491 946	491 946	401 951	89 995
Employee benefits liability	16	-	-	-	29 119	29 119	29 119	-
Lease liabilities	15	-	-	22 373	-	22 373	3 124	19 249
Other payables	17	-	-	310 998	2 065	313 063	313 063	-
		624 529	**-**	**333 371**	**1 815 622**	**2 773 522**	**1 571 270**	**1 202 252**

Notes to the Financial Statements

19. Insurance revenue and expenses

Insurance revenue and insurance service result

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held by product line for 2024 and 2023 is included in the following tables. Additional information on amounts recognised in profit or loss and OCI is included in the insurance contract balances reconciliations below.

2024

	Credit R'000	Investment Guarantee R'000	Short term Credit R'000	Total R'000
Insurance revenue				-
Contracts not measured under the PAA				
Amounts relating to the changes in the LRC				
– Expected incurred claims and other expenses after loss component allocation	151 332	16 407	256	167 995
Experience adjustment premiums	101 794	(13 355)	2	88 441
– CSM recognised in profit or loss for the services provided	178 086	1 308	1 038	180 432
– Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	47 671	14 850	64	62 585
Insurance revenue from contracts not measured under the PAA	478 883	19 210	1 360	499 453
Total insurance revenue	**478 883**	**19 210**	**1 360**	**499 453**
Insurance service expenses				
Incurred claims and other directly attributable expenses	(811 264)	-	-	(811 264)
Changes that relate to future service – adjustments to the LIC	(985 721)	-	-	(985 721)
Losses on onerous contracts and reversal of those losses	(66 916)	37 920	-	(28 996)
Changes that relate to past service – adjustments to the LIC	4 312	-	-	4 312
Changes that relate current service: LIC	293 097	-	-	293 097
Expenses allocated to project	(57 859)	-	-	(57 859)
Total insurance service expenses	**(1 624 351)**	**37 920**	**-**	**(1 586 431)**
Net income (expenses) from reinsurance contracts held				
Reinsurance expenses – contracts not measured under the PAA				
Amounts relating to the changes in the remaining coverage				
– Expected claims and other expenses recovery	(816)	-	-	(816)
– CSM recognised for the services received	(1 151)	-	-	(1 151)
Reinsurance expenses – contracts not measured under the PAA	(1 967)	-	-	(1 967)
Changes that relate to future service – changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	31 871	-	-	31 871
Changes that relate to past service – adjustments to incurred claims	(11 405)	-	-	(11 405)
Total net income from reinsurance contracts held	**18 499**	**-**	**-**	**18 499**
Total insurance service result	**(1 126 969)**	**57 130**	**1 360**	**(1 068 479)**

Notes to the Financial Statements

2023

	Credit R'000	Investment Guarantee R'000	Short term Credit R'000	Total R'000
Insurance revenue				-
Contracts not measured under the PAA				
Amounts relating to the changes in the LRC				
- Expected incurred claims and other expenses after loss component allocation component allocation	134 087	36 861	156	171 104
- CSM recognised in profit or loss for the services provided	185 016	103	719	185 838
Experience adjustment premiums	(1 410)	23 114	-	21 704
- Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	44 570	24 992	-	69 562
Insurance revenue from contracts not measured under the PAA	362 263	85 070	875	448 208
Total insurance revenue	**362 263**	**85 070**	**875**	**448 208**
Insurance service expenses				
Incurred claims and other directly attributable expenses	(753 181)	-	-	(753 181)
Changes that relate to past service - adjustments to the LIC	2 367	-	-	2 367
Changes that relate to future service-adjustments to the LIC	(256 672)	-	-	(256 672)
Losses on onerous contracts and reversal of those losses	1 349	12 085	-	13 434
Changes that relate current service: LIC	265 797	-	-	265 797
Expenses allocated to projects	(47 729)	(8 593)	(138)	(56 460)
Total insurance service expenses	**(788 069)**	**3 492**	**(138)**	**(784 715)**
Net income/(expenses) from reinsurance contracts held				
Reinsurance expenses – contracts not measured under the PAA				
Amounts relating to the changes in the remaining coverage				
- Expected claims and other expenses recovery	(769)	-	-	(769)
- CSM recognised for the services received	(1 476)	-	-	(1 476)
Reinsurance expenses – contracts not measured under the PAA	(2 245)	-	-	(2 245)
Changes that relate to future service – changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	(4 506)	-	-	(4 506)
Changes that relate to past service – adjustments to incurred claims	(3)	-	-	(3)
Claims recovered	54 636	-	-	54 636
Total net expenses from reinsurance contracts held	**47 882**	**-**	**-**	**47 882**
Total insurance service result	**(377 924)**	**88 562**	**737**	**(288 625)**

Notes to the Financial Statements

20. Net investment income

	2024 R'000	2023 R'000
Dividend income		
Dividend income – Local	26 465	29 854
Dividend income – Foreign	42 125	27 107
Total dividend income	**68 590**	**56 961**
Other investment income:		
Interest received on cash and cash equivalents	119 214	2 577
Change in fair value of financial assets	74 857	(55 613)
Realised (loss)/gain on disposal of financial assets	(29 631)	(159 849)
Sundry income	209	-
Interest income	438 539	433 513
Total interest income	**603 188**	**220 628**
Total investment income	**671 778**	**277 589**

The realised losses on disposal of financial assets and negative fair value movements are attributable to the prevailing market conditions.

Included in the dividend income is net accrued income of R940K (2023: R2.1 million) which is expected to be settled in the next financial year. Included in the interest income is net accrued income of R7.9 million (2023: -R652K) which is expected to be settled in the next financial year.

21. Currency translation differences

The currency translation difference arises because the presentation currency (ZAR) is different to the functional currency (USD). This difference represents the changes in the foreign exchange rates between the historic or average rate and the closing rate on net assets.

For monetary net assets, currency translation difference arises as result of foreign exchange rate movements.

	2024 R'000	2023 R'000
Opening accumulated foreign exchange rate movements on assets and liabilities	1 749 745	(194 406)
Foreign exchange gain on monetary assets and liabilities (excluding cash and cash equivalents)	(1 135 492)	1 922 676
Net insurance contracts	(3)	(3)
Property and equipment	965	933
Payments in advance	53	150
Movements on Insurance contract liabilities and reinsurance contract assets	(31 011)	48 568
Insurance acquisition costs	16 922	42 953
Foreign exchange loss on cash and cash equivalents	2	(27 730)
	601 181	**1 793 141**

Notes to the Financial Statements

22. Net operating expenses

Operating profit or loss for the year is stated after charging (crediting) the following, amongst others:

	2024 R'000	2023 R'000
Auditor's remuneration - external		
Audit fees for the current year	3 061	2 300
Non-audit services (review of IFRS 17 implementation)	-	712
	3 061	**3 012**
Internal auditors' remuneration	**900**	**721**
Remuneration to non-employees		
Consulting services	4 706	3 605
Actuarial services	804	847
Legal services	262	348
	5 772	**4 800**
Directors' emoluments		
Remuneration paid to executive director	747	2 672
Remuneration paid/payable to non-executive directors	1 454	2 303
	2 201	**4 975**
Employee costs		
Salaries	89 460	86 201
Prior year over provision for bonus	(23 615)	(1 752)
Provision for bonus for current year	-	22 021
	65 845	**106 470**
Short-term leases		
Building	-	3 461
Equipment	122	141
	122	**3 602**
Depreciation, write-off and disposal of assets		
Equipment	1 692	1 278
Building	4 814	1 789
Loss on sale of equipment	51	-
Equipment written-off	24	-
	6 581	**3 067**
SED & ESD contributions		
Education	1 284	2 486
Enterprise development	694	1 336
Supplier development	1 290	2 840
	3 268	**6 662**
Expenses allocated to projects		
Acquisition cost	(32 642)	(44 226)
Maintenance expenses allocated to projects	(59 701)	(56 460)
	(92 343)	**(100 686)**
General administrative expenses	41 155	32 162
Total operating expenses (excluding portfolio fees)	**36 562**	**64 785**
Investment portfolio management fee	23 819	15 569
Total operating expenses	**60 381**	**80 354**

Notes to the Financial Statements

22.1 Disclosure as required by section 55 of PFMA

Fruitless and wasteful expenditure

	2024 R'000	2023 R'000
Opening balance	1 303	-
Adjustment of the opening balance	(288)	-
Additions – relating to previous years	-	679
Additions – relating to current year	4	624
Recovered	(2)	-
Closing balance	**1 017**	**1 303**

Subsequent to year end, the entire balance of fruitless and wasteful expenditure was written off and disciplinary steps were taken against the relevant employees i.e. written warnings issued as a consequence of the fruitless and wasteful expenditure. No criminal steps were taken as this did not involve criminal activities.

Irregular expenditure

There was no Irregular Expenditure incurred during the 2023 and 2024 financial years.

23. Interest expense

	2024 R'000	2023 R'000
Leases liability	1 896	792

24. (Loss) on foreign exchange differences

The foreign exchange differences arise as a result of revaluing Rand monetary net assets from historic rates to closing rate.

	2024 R'000	2023 R'000
Cash and cash equivalents	(15 026)	(42 399)
Net assets (excluding net insurance contract liabilities and assets, and cash and cash equivalents)	(69 533)	(131)
Financial assets at fair value and derivative instruments, see note 10	(171 587)	(570 073)
Insurance contract liabilities, see note 8	64 762	62 408
	(191 384)	**(550 195)**

Notes to the Financial Statements

25. Taxation

	2024 R'000	2023 R'000
Major components of the tax income		
Current		
Local income tax - current period	(194 773)	-
Local income tax - prior period (IFRS 17 transition)	401 951	-
Foreign income tax - current period	1 268	1 232
	208 446	**1 232**
Deferred		
Deferred tax	94 186	(47 867)
IFRS 17 transition	(401 951)	332 283
	(307 765)	**284 416**
Total tax charge for the year	**(99 319)**	**285 648**
Reconciliation of the tax expense		
Reconciliation between average effective tax rate and applicable tax rate.		
Current year's charge as a percentage of profit before taxation	16.72 %	53.90 %
Disallowable fair value movements on interest make up liability	78.31 %	6.76 %
Translation effect	144.87 %	108.20 %
Exempt IMU grant income*	(219.88)%	(94.10)%
Exempt income – other**	(40.15)%	(18.05)%
Disallowable expenses – other***	72.58 %	9.45 %
Other****	(25.45)%	11.72 %
IFRS 17 transition	0.00 %	(50.88)%
	27.00 %	**27.00 %**

The translation effect is due to the tax expense which is based on Rand functional currency financials instead of US Dollar functional currency.

*Exempt IMU grant income – the IMU grant income is tax exempt from the 2022 financial year in terms of Schedule 11 of the Income Tax Act.
***Exempt income-other – this is mainly dividends.*
****Disallowable expenses – other – comprises of disallowed operating expenses that were not incurred in the production of income.*
*****Other – comprises mainly of unrealised foreign gains that relates to equity investments and related parties' receivables.*

Notes to the Financial Statements

26. Cash used in operations

	2024 R'000	2023 R'000
Loss before taxation	(601 676)	(527 629)
Adjustments for non-cash items:		
Depreciation and write-off	6 557	3 067
Loss on sale of assets	24	-
IMU grant received	(155 505)	(150 000)
Interest Paid	1 896	792
Loss on foreign exchange differences	191 384	550 195
Dividends income	(68 590)	(56 961)
Interest income	(557 976)	(436 148)
Insurance claims paid	(2 176 034)	(875 203)
IFRS17 non-cash items	1 039 198	244 633
Fair value loss on financial assets	(74 857)	55 613
Realised loss on disposal of financial assets	29 631	159 849
Intangible assets derecognised	-	252
Fair value movements on interest make-up liability	55 386	10 781
Changes in working capital:		
Movements in trade and other receivables	400 461	454 329
Movements in trade and other payables	(287 501)	(112 746)
Movements in employee benefits liability	(23 845)	1 660
	(2 221 447)	**(677 516)**

27. Tax paid

	2024 R'000	2023 R'000
Balance at beginning of the year	100 154	2 066
Current tax recognised in profit or loss	119 125	(1 232)
Current tax recognised in profit or loss (IFRS 17 transition)	(401 951)	-
Assessed loss utilised	73 962	-
Accrued interest	14	55
Balance at end of the year	(385 590)	(100 154)
	(494 286)	**(99 265)**

Notes to the Financial Statements

28. Restatement due to IFRS 17 transition

IFRS 4 Classification	IFRS 17 Classification	2022 Previously presented R'000	Restatement R'000	2022 Restated figures R'000	Comments
Assets	**Assets**				
Deferred tax	Deferred tax	50 755	(50 755)	-	There is now a deferred tax liabilities due to additional income.
Not applicable	Insurance contract assets	-	331 867	331 867	Insurance contract assets are no longer disclosed net of insurance contract liabilities.
Reinsurance contract assets	Reinsurance contract assets	7 697	(2 422)	5 275	Both cash inflows and outflows are now taken into account when calculate the re-insurer's portion.
Trade and other receivables	Trade and other receivables	1 007 019	(967 749)	39 270	Premium and salvage receivables are now take into account when calculating the carring value of LRC and LIC.
Total assets	**Total assets**	**10 136 431**	**(511 148)**	**9 625 283**	
Equity	**Equity**				
Retained earnings	Retained earnings	4 068 489	908 834	4 977 323	
Total equity	**Total equity**	**6 646 714**	**908 834**	**7 555 548**	
Liabilities	**Liabilities**				
Trade and other payables	Trade and other payables	129 056	(1 085)	127 972	Premiums payable to the re-insurer are now included in the carrying value of the Reinsurance contract assets.
Deferred tax	Deferred tax	-	219 587	219 587	There is now a deferred tax liabilities due to additional income.
Reinsurance deferred acquisition cost	Not applicable	1 185	(1 185)	-	Commissions receivables from the re-insurer are now included in the carrying value of the Reinsurance contract assets.
Insurance contract liabilities	Insurance contract liabilities	2 767 171	(1 637 300)	1 129 871	Premium and salvage receivables are now take into account when calculating the carring value of LRC and LIC.
Total liabilities	**Total liabilities**	**3 489 717**	**(1 419 982)**	**2 069 735**	

Notes to the Financial Statements

Make up of IFRS 17 restatement to retained earnings

	2022 R'000
IFRS 4 assets and liabilities as at 31 March 2022	
Insurance contract liabilities	2 767 171
Reinsurance contract assets	(7 697)
Reinsurance deferred acquisition cost	1 185
Premiums receivable(accrual)	(899 164)
Salvages receivable	(68 585)
Reinsurance premiums payable	1 082
	1 793 992
IFRS 17 net liabilities as at 31 March 2022	(792 729)
Insurance acquisition cost	177 911
Additional income on transition	**1 179 174**
Tax on additional income @27%	(270 340)
IFRS 17 Transition reserve as at 31 March 2022	**908 834**
Total deferred tax due to transition	
Included as part of transition reserve as at 31 March 2022	(270 340)
Included in the profit or loss in the 2022 financial year	-
Total liability as at 31 March 2022	**(270 340)**

29. Commitments

Operating leases

	2024 R'000	2023 R'000
Minimum lease payments due		
– first year	-	122

The lease payments are exclusive of VAT.

There are no material commitments entered into during the current financial year.

Notes to the Financial Statements

30. Related parties

Relationships

Related party balances

Identity of related parties

The Corporation has a related party relationship with its shareholder, fellow government entities and its directors and executive officers. The sole shareholder is the government of South Africa through the Department of Trade, Industry and Competition (**the dtic**).

Transactions with key management personnel

Details of directors' emoluments are disclosed in note 31. Key management personnel for purposes of related party information are defined as directors.

Government guarantee

In terms of Export Credit and Foreign Investments Insurance Act 1957, as amended, the Government of South Africa acts as a guarantor for the liabilities of the Corporation. Since inception, the Corporation has not called on this Government Guarantee.

Other related party transactions

The following transactions were entered into with the government of South Africa through its various departments and entities on commercial terms and conditions:

	2024 R'000	2023 R'000
Statement of profit or loss and other comprehensive income effects:		
Premium		
Industrial Development Corporation of South Africa SOC Ltd (IDC)	-	3 753
Development Bank of Southern Africa SOC Limited (DBSA)	39 600	39 585
IMU grant receipts		
Department of Trade, Industry and Competition (**the dtic**)	155 505	150 000
Other income (Interest)		
South African Revenue Services (SARS)	14	55
Mandatory grants received in terms of the Skills Development Levies Act		
Insurance Sector Education and Training Authority (INSETA)	168	226
Other operating expense		
Office of the Compensation Commissioner (OOTCC)	-	61
Financial Sector Conduct Authority (FSCA)	378	516
Industrial Development Corporation of South Africa SOC Ltd	2 000	1 000
Prudential Authority (PA)	86	42
Taxation (Income tax)		
South African Revenue Services	207 178	-
Statement of financial position effects:		
Financial assets		
Bonds – Parastatals	23 258	25 613
Bonds – National government	1 096 147	1 297 443

Notes to the Financial Statements

	2024 R'000	2023 R'000
Taxation (Income Tax)		
South African Revenue Services	385 590	100 154
Other receivables (excluding loss allowance) (Development Bank of South Africa)	-	17 815
South African Revenue Services (Value added tax)	243 776	-
Total assets	**1 748 771**	**1 441 025**
Liabilities		
Trade and other payables		
Office of the Compensation Commissioner	-	61
South African Revenue Services (Value added tax)	-	2 065
Total liabilities	**-**	**2 126**

31. Directors' and executives' emoluments

Non-executive remuneration

2024 **Directors' emoluments**	Fees for services as director	Other benefits	Total
D Dharmalingam	248	-	248
S Mayekiso	250	-	250
S O'Mahony	217	25	242
V Matsiliza	237	-	237
L Mothae	228	-	228
D Subbiah	230	-	230
L Mataboge*	-	19	19
E Makhubela*	-	-	-
W. van Der Spuy*	-	-	-
	1 410	**44**	**1 454**

2023 **Directors' emoluments**	Fees for services as director	Other benefits	Total
D Dharmalingam	377	4	381
S Mayekiso	416	2	418
S O'Mahony	368	13	381
V Matsiliza	416	3	419
D Subbiah	356	9	365
L Mothae	337	1	338
L Mataboge*	-	-	-
E Makhubela*	-	1	1
W. van Der Spuy*	-	-	-
	2 270	**33**	**2 303**

The director is a government representative (the dtic** or National Treasury) and is not paid meeting attendance fees.*

The decrease in non-executive remuneration in the 2024 financial year when compared to the 2023 financial year is mainly due to the backpay for the 2019 to the 2022 financial years on adjustment of the rates.

Notes to the Financial Statements

Executive remuneration

2024	Basic salary R'000	Provident fund R'000	Cellphone allowance R'000	Other benefits* R'000	Acting allowance R'000	Total R'000
M Nkhulu – Chief Executive Officer**	912	97	14	110	-	1 133
N Mkhathazo – Chief Financial Officer	2 468	278	30	84	-	2 860
S Esterhuisen – Chief Actuarial & Investments	2 680	344	20	44	-	3 088
N Maphula – General Counsel (Acting CEO & COO)***	2 111	336	30	248	255	2 980
J Omollo – Chief Risk Officer	2 350	375	30	41	-	2 796
X Mpanza – Company Secretary	1 209	121	21	65	-	1 416
D Naicker - Head: Legal (Acting General Counsel)****	-	-	-	29	180	209
	11 730	**1 551**	**145**	**621**	**435**	**14 482**

Other benefits comprise of travel allowance, medical benefits, connectivity allowance, daily travel allowance and social security contributions.

***Mr. M Nkhulu (CEO) passed on during July 2023.*

****Mr. M Maphula (General Counsel)(Acting CEO and Acting COO) was appointed to act as CEO from July 2023.*

*****Ms. D Naicker (Head: Legal) was appointed to act as General Counsel in July 2022.*

2023	Basic salary R'000	Bonus paid R'000	Provident fund R'000	Cellphone allowance R'000	Other benefits* R'000	Acting allowance R'000	Total R'000
K Kutoane – Former Chief Executive Officer** and Executive Director	1 046	1 594	-	16	16	-	2 672
C Kgoale – Former Company Secretary***	262	-	32	6	14	-	314
M Nkuhlu – Chief Executive Officer****	2 666	1 023	258	36	309	191	4 483
N Mkhathazo – Chief Financial Officer	2 223	828	346	30	52	-	3 479
S Esterhuisen – Chief Actuarial & Investments	2 518	947	322	25	16	-	3 828
N Maphula – General Counsel (Acting COO)*****	1 981	824	313	30	221	187	3 556
J Omollo – Chief Risk Officer	2 135	824	338	30	24	-	3 351
S Thwala – Assistant Company Secretary (Acting Company Secretary)******	-	-	-	-	-	61	61
X Mpanza – Company Secretary*******	202	-	20	-	9	-	231
D Naicker – Head: Legal (Acting General Counsel)********	-	-	-	-	-	135	135
	13 033	**6 040**	**1 629**	**173**	**661**	**574**	**22 110**

Other benefits comprise of travel allowance, medical benefits, connectivity allowance, daily travel allowance and social security contributions.

***The contract term for Mr K Kutuone as CEO came to an end in June 2022*

****Mr C Kgoale resigned as company secretary in June 2022*

****Mr M Nkuhlu (COO) was appointed to act as CEO and was confirmed as CEO by the Minister of dtic in December 2022.

******Mr M Maphula (General Counsel) was appointed to act as COO in July 2023*

*******Ms S Thwala (Assistant company secretary) was appointed to act as company secretary in July 2022*

********Ms X Mpanza (Company secretary) was appointed in February 2023.*

*********Ms D Naicker (Head: Legal) was appointed to act as General Counsel in July 2022.*

Notes to the Financial Statements

32. Contingent asset and liability

The Corporation did not have any contingent assets or liabilities in the current financial year.

There is no reimbursement from any third parties for the potential obligations of the company.

33. Capital management

	2024 R'000	2023 R'000
Total equity	8,526,994	6,607,022
Adjustment unto regulatory basis	618,716	635,311
Available capital	9,145,710	7,242,333
Required Capital (Regulatory)	3,159,866	2,709,784
Required Capital (Economic)	2,713,931	2,488,472
Regulatory capital cover ratio	289 %	267 %
Economic capital cover ratio	337 %	291 %

Capital management policy

The Board ensures that the quantity and quality of capital maintained is adequate and, at a minimum, will meet applicable regulatory capital requirements. The Corporation also monitors economic required capital as an internal view of required capital as part of its risk appetite. The capital philosophy is to use available capital optimally to fulfil the Corporation's mandate and increase its capital base to extend its business underwriting capacity. Sufficient capital should be available to absorb potential losses from accepted risks and tested to ensure post a loss event sufficient capital remains to cover the remaining exposure equivalent to 110% of economic required capital. The Own Risk and Solvency Assessment (ORSA) serves as the Corporation's capital management plan that considers the projected available and required capital over a five-year period. The plan is updated annually and describes any planned capital raising initiatives and how capital is deployed and managed within the organisation.

Solvency capital requirements

In terms of Prudential Standard of Financial Soundness of Insurers, the Corporation is required to maintain sufficient capital to compensate for the different aspects of risk ranging from insurance risk to operational risk, as well as market risk and credit risk.

The Corporation recognises share premium, retained earnings and other reserves as capital. For internal management purposes, the Corporation refers to the statutory solvency requirements as prescribed by the Prudential Authority (PA).

The Corporation submits quarterly and annual returns to the PA in terms of the Insurance Act, 2017 (the Act). The Corporation is required to maintain, at all times, sufficient eligible own funds as defined in the Act. The returns submitted by the Corporation to the regulator showed that the Corporation met the minimum capital requirements throughout the year.

Cover ratios

The cover ratios measure the degree to which the available capital covers the required capital. The Corporation retains a strong solvency position, with the solvency capital requirement (SCR) cover ratio above 100% as required by the PA.

Notes to the Financial Statements

34. Dividend payable

No dividends were paid or declared in the current financial year and prior year.

35. Events after the reporting period

There were no material events after reporting period.

36. Going concern

We draw attention to the fact that at March 31, 2024, the Corporation had accumulated profit of R 2.6 billion and that the Corporation’s total assets exceed its liabilities by R 8.5 billion. The total comprehensive income for the year is R35 million. The net cash utilised in operating activities of R2.1 billion is due to claims paid.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Supplementary Information

37. Financial results based on South African Rand Functional Currency

The financial statements are prepared based on the US Dollar functional currency. Below is the statement of financial position and statement of profit or loss and other comprehensive income on the Rand functional currency basis for information purposes:

Statement of financial position	Note(s)	2024 R'000	2023 R'000
Assets			
Property and equipment	6	22 840	25 207
Financial assets at fair value	10	7 246 984	7 633 095
Insurance contract assets	8	1 191 281	619 232
Reinsurance contract assets	8	84 620	53 242
Current tax receivable	27	385 590	100 154
Other receivables	9	408 755	222 363
Insurance acquisition costs	7	207 723	212 336
Cash and cash equivalents	11	1 077 021	2 355 461
Total Assets		**10 624 814**	**11 221 090**
Equity and liabilities			
Equity			
Share capital and share premium	12	316 051	316 051
Fair value adjustment through other comprehensive income reserve		(134 784)	(71 307)
Retained income		8 283 708	8 202 824
Total equity		**8 464 975**	**8 447 568**
Liabilities			
Insurance contract liabilities	8	1 239 184	1 292 492
Deferred tax	14	178 582	491 946
Employee benefits liability	16	5 274	29 119
Other payables	17	273 023	313 063
Lease liabilities	15	19 224	22 373
Derivative instruments	10	455	108 457
Liability for interest make-up	13	444 097	516 072
Total liabilities		**2 159 839**	**2 773 522**
Total Equity and Liabilities		**10 624 814**	**11 221 090**

Supplementary Information

	Note(s)	2024 R'000	2023 R'000
Statement of profit or loss and other comprehensive income			
Insurance revenue	19	500 219	455 424
Insurance service expenses	19	(1 589 768)	(763 870)
Net income from reinsurance contracts	19	18 499	46 593
Insurance service result		**(1 071 050)**	**(261 853)**
Net finance expense from insurance contracts issued		(60 897)	(23 590)
Net finance income from reinsurance contracts held		8 717	31
Net insurance finance expenses		**(52 180)**	**(23 559)**
Net insurance result (before allocating maintenance costs)		**(1 123 230)**	**(285 412)**
IMU grant income		155 505	150 000
Other operating income		98	109
Profit/(Loss) on exchange differences		351 262	1 171 101
Other operating expenses	22	(60 381)	(80 354)
Fair value movements on interest make up liability	13	(55 386)	(10 781)
Net investment income	20	671 778	277 589
Interest expense	23	(1 896)	(792)
(Loss) /profit before taxation		**62 250**	**1 221 460**
Taxation	25	99 319	(285 648)
(Loss)/ profit for the year		**37 069**	**935 812**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Fair value adjustments of financial assets		(69 075)	(55 819)
Deferred tax on fair value of financial assets		14 920	12 057
Forex movements through OCI		43 155	-
Tax on forex movements through OCI		(9 322)	-
Total items that will not be reclassified to profit or loss		**20 319**	**(43 762)**
Other comprehensive income for the year net of taxation		**20 319**	**(43 762)**
Total comprehensive (loss)/ income for the year		**16 750**	**892 050**

Notes

Notes

ECIC is a licensed non-life insurer
and authorised Financial Services Provider (FSP 30656).
Currently exempted in terms of FAIS Notice 78 of 2019.

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