

Integrated Report

2024/2025



YOUR EXPORT **RISK** PARTNER



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STRATEGIC MANDATE DELIVERY



**R166
million**

**Manufactured
exports**

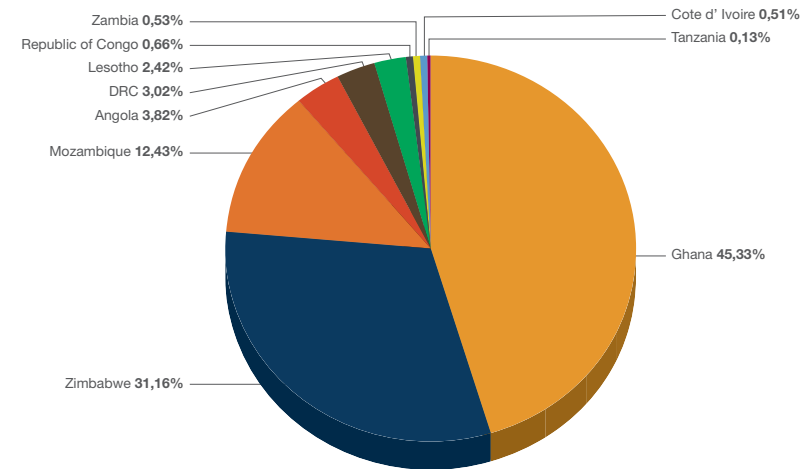
19

**Number of
insurance
policies**

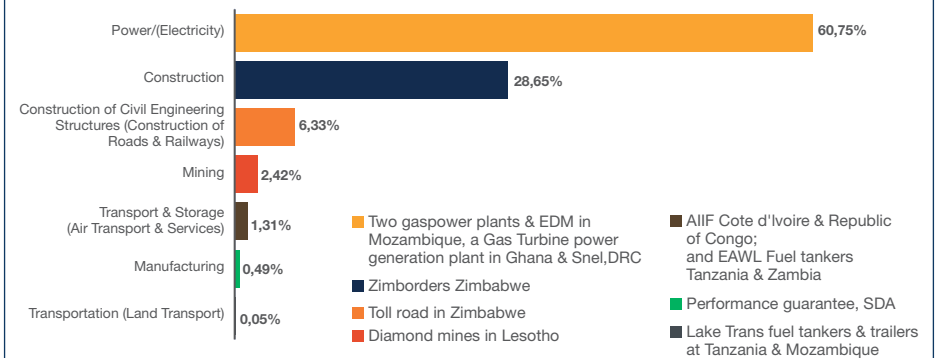
YOUR EXPORT RISK PARTNER



Sum Insured by Country – 31 March 2025



Economic Sector Analysis as at 31 March 2025





Sector	Job Opportunity Impact in 2024/25	
	Construction Phase	Operational Phase
Manufacturing	336	4
Trade & Accommodation	-	2
Financial & Business Services	90	1
Total employment impact	426	9



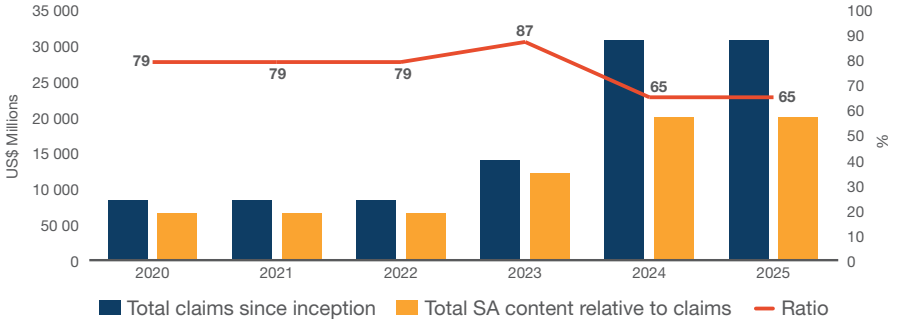


LEVEL 1 B-BBEE CONTRIBUTOR

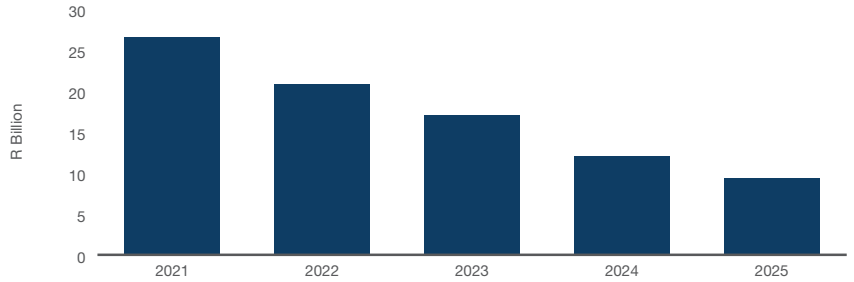




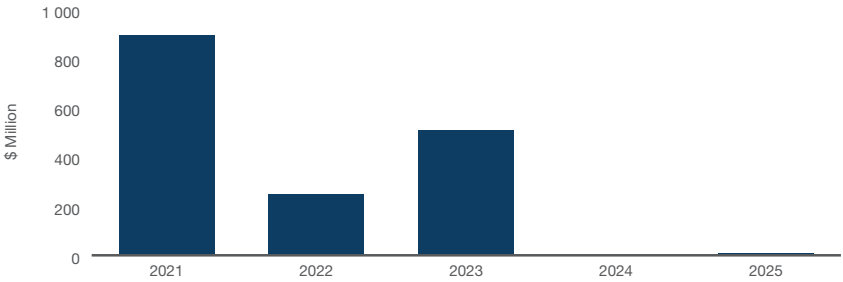
Total Claims to SA Content



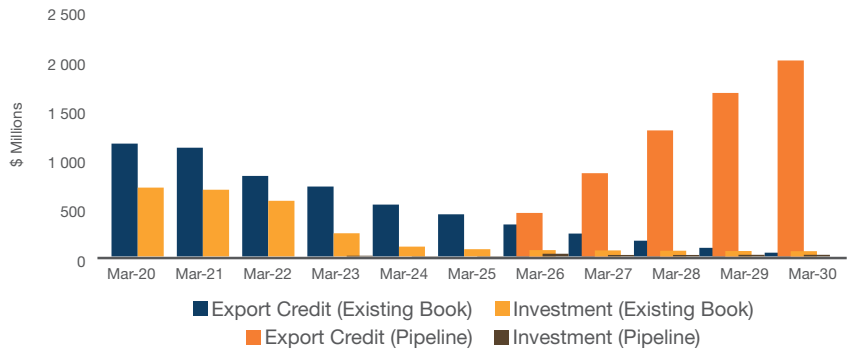
Total Insured Value



Transactions Approved



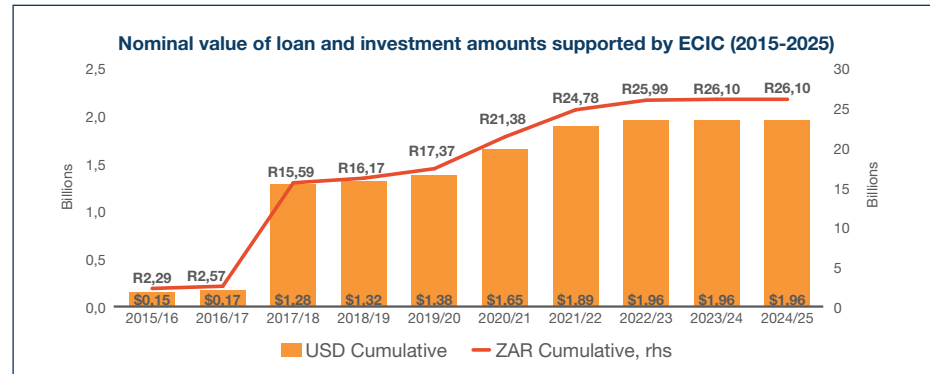
Insurance Portfolio Including Pipeline





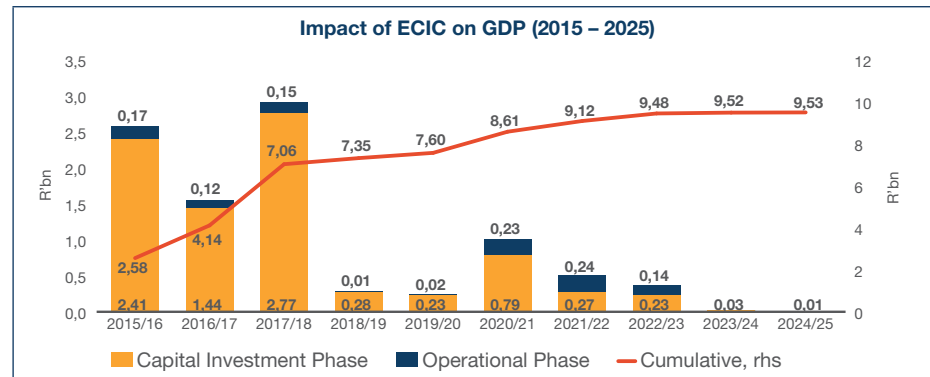
Value of ECIC supported projects

- Over the last 10 financial years, ECIC has grown considerably supporting 46 export-led, investment and short-term trade-related transactions across the African continent and other emerging economies. This accumulated to approximately US\$1.9 billion (R26.1 billion) worth of loans supported by ECIC in various sectors among them power, mining, rail, construction, manufacturing and telecommunications.



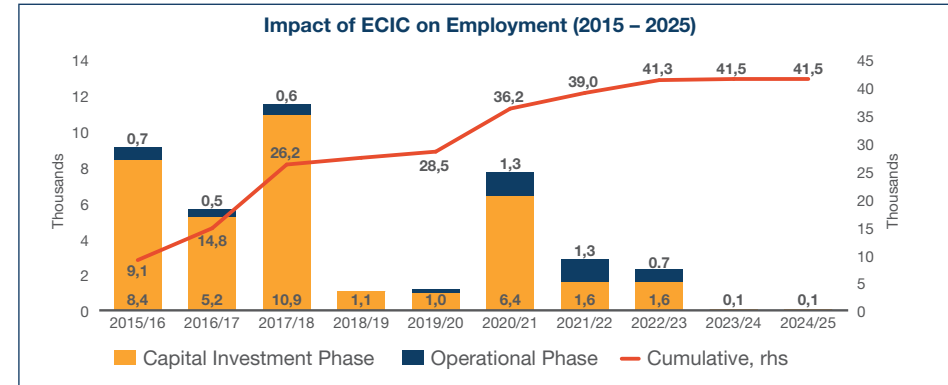
Value added to SA economy

- R9.53 billion is estimated to have been added to the South African GDP.



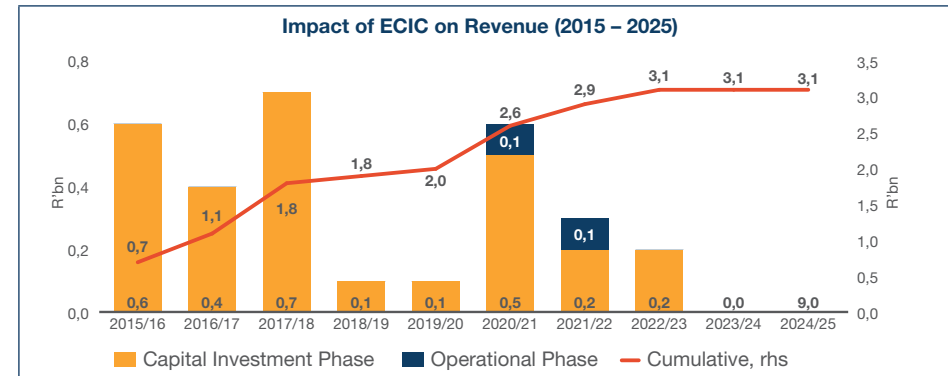
Employment Impact in South Africa

- ECIC's involvement has been instrumental in facilitating the generation and sustainability of an estimated 41 527 job opportunities in South Africa as a result of insured export transactions, over the past 10 years.

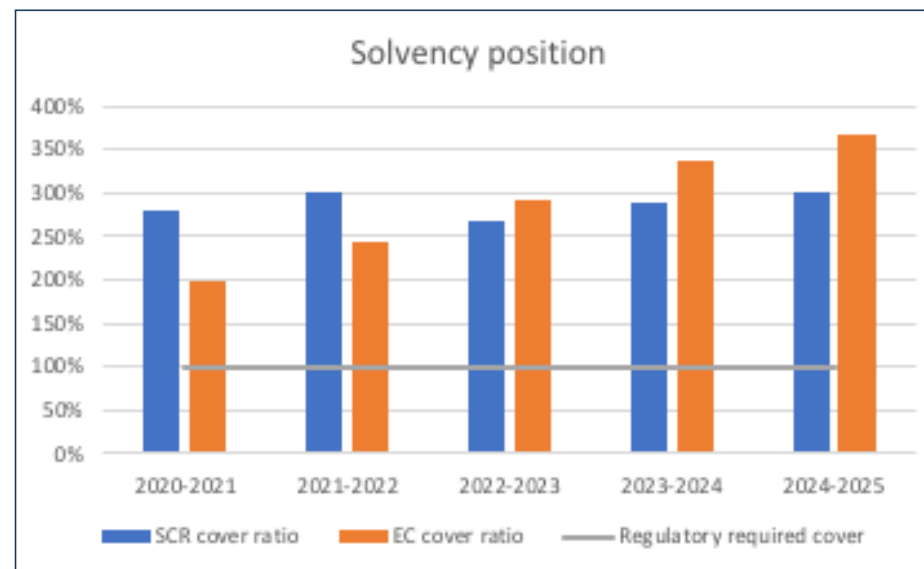
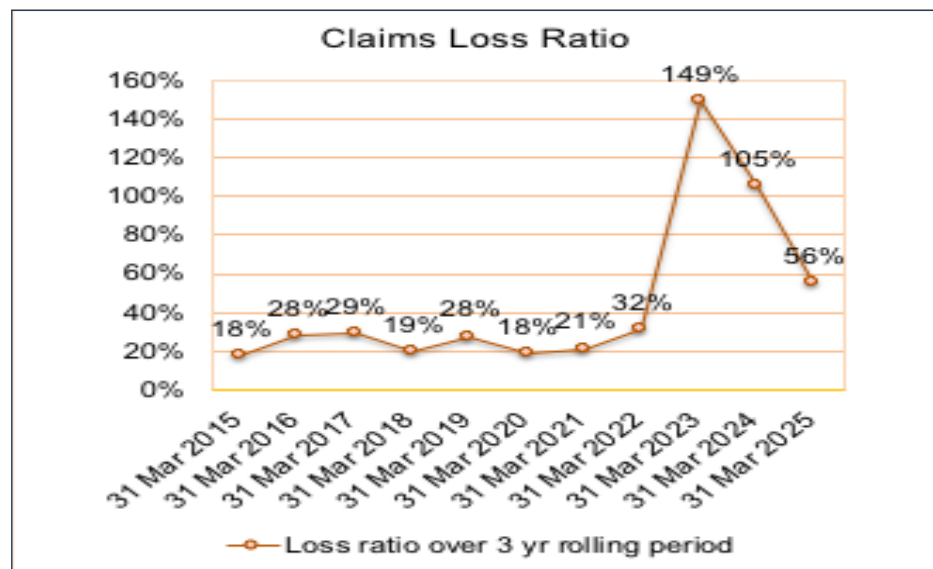
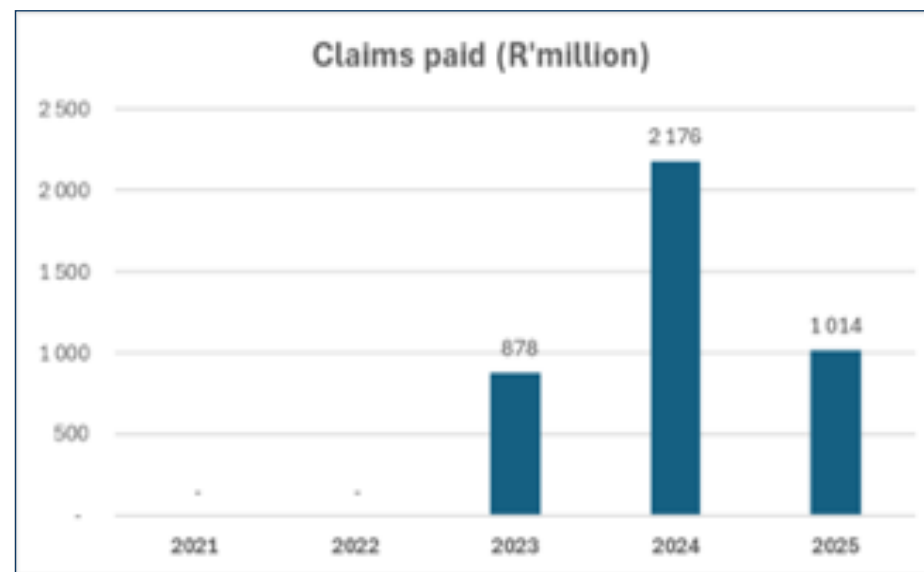
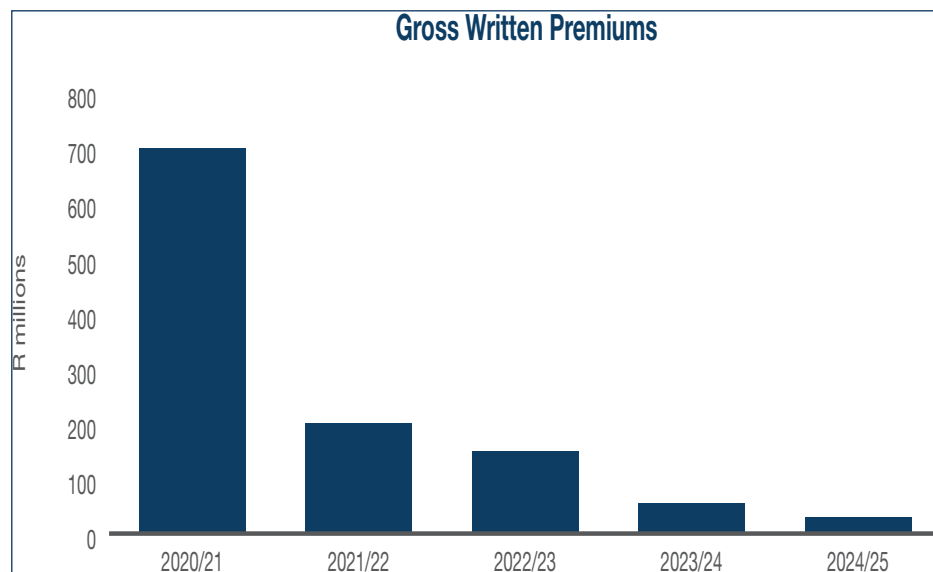


Revenue Impact in South Africa

- R3.1 billion is estimated to have been added to the South African fiscus.

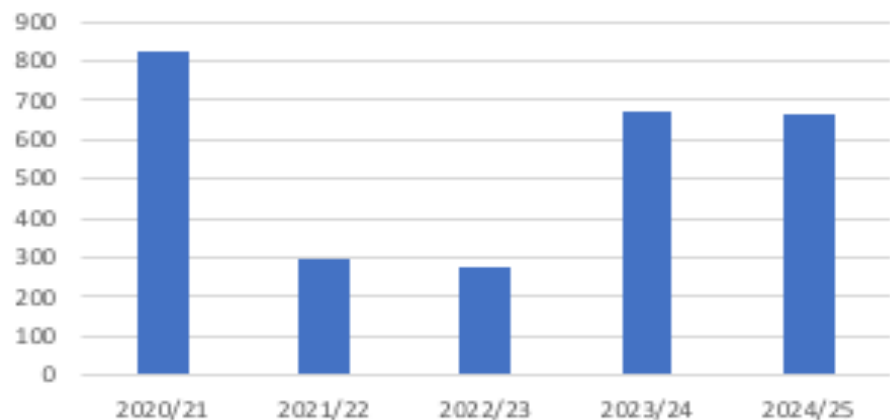


FINANCIAL PERFORMANCE AND SUSTAINABILITY

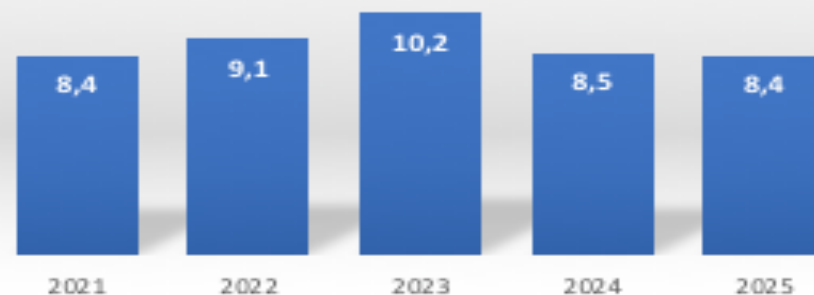




Net Investment Income
R' millions



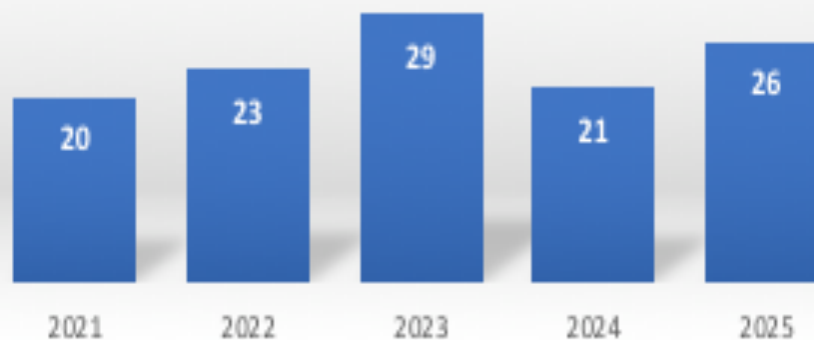
Total financial Assets
(including cash and debtors)
(R' billion)

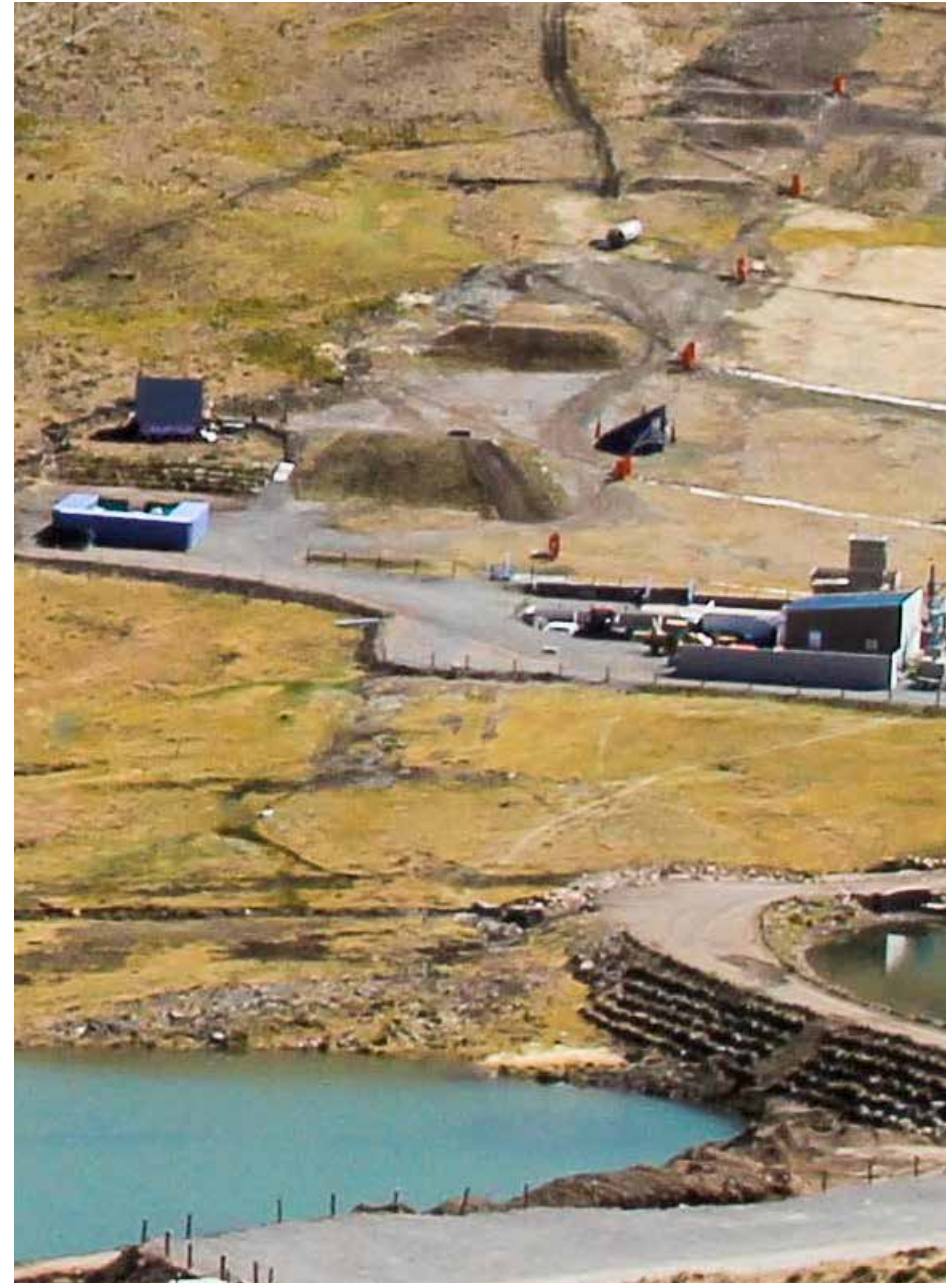
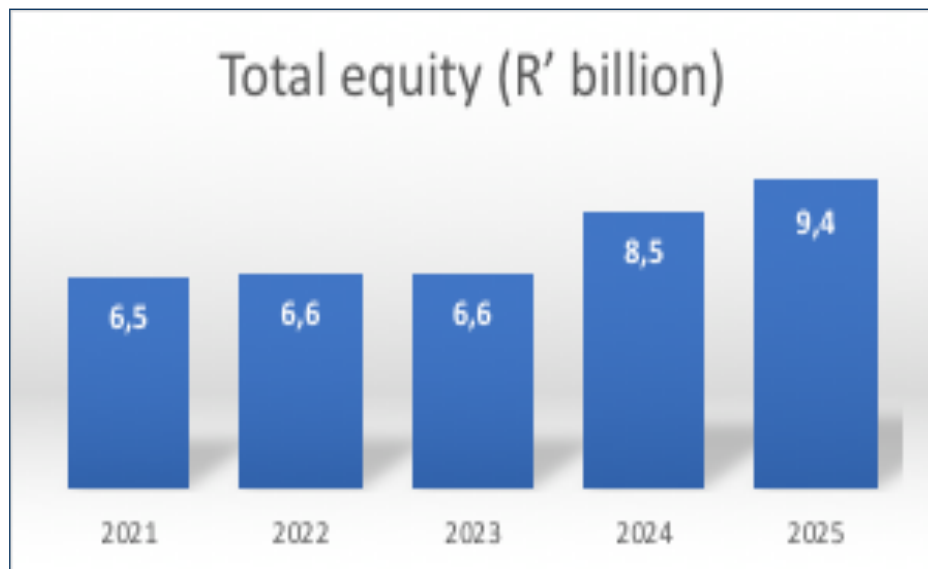
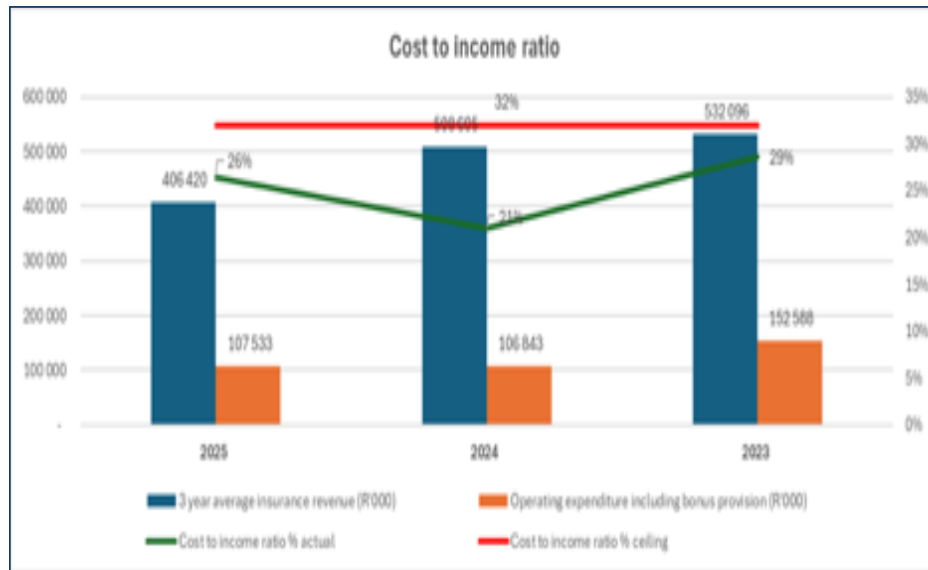


Net Insurance premium
revenue (R' million)



Cost to income ratio (%)

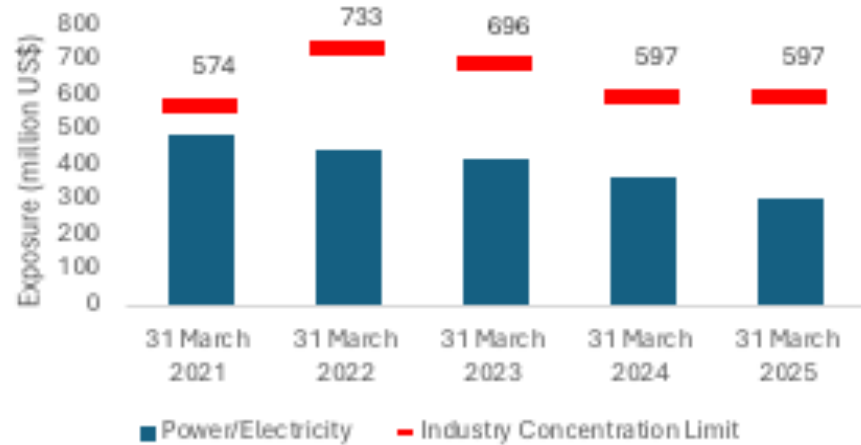




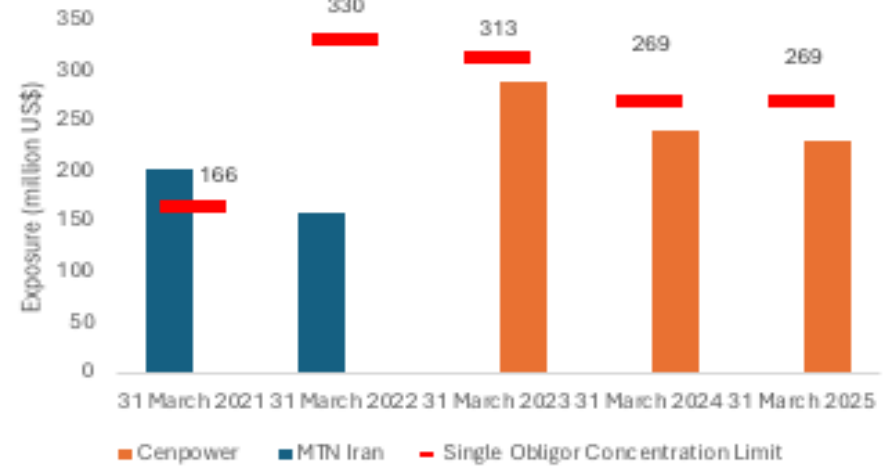


RISK AND GOVERNANCE

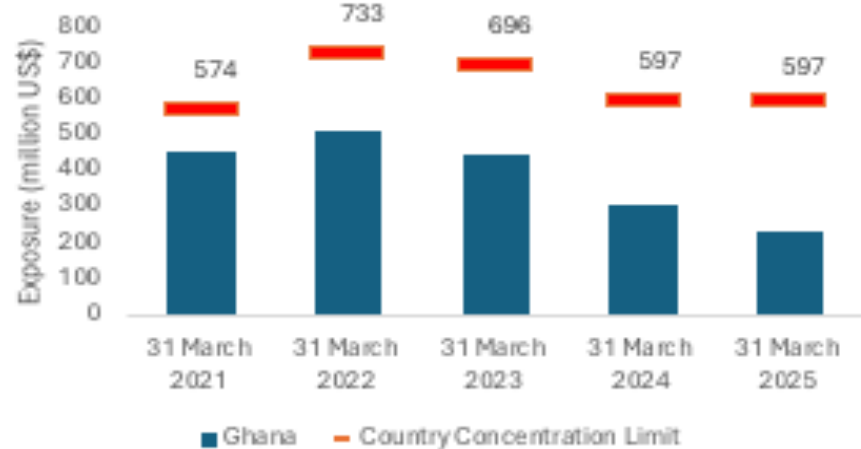
Industry Concentration



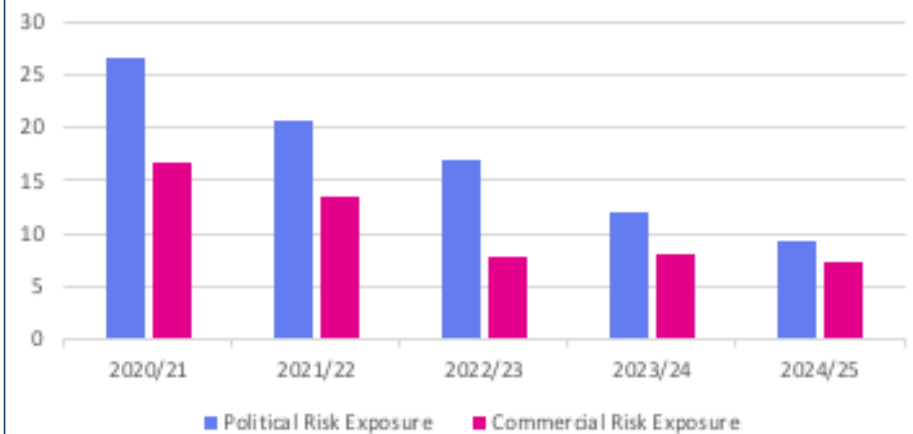
Single Obligor Concentration

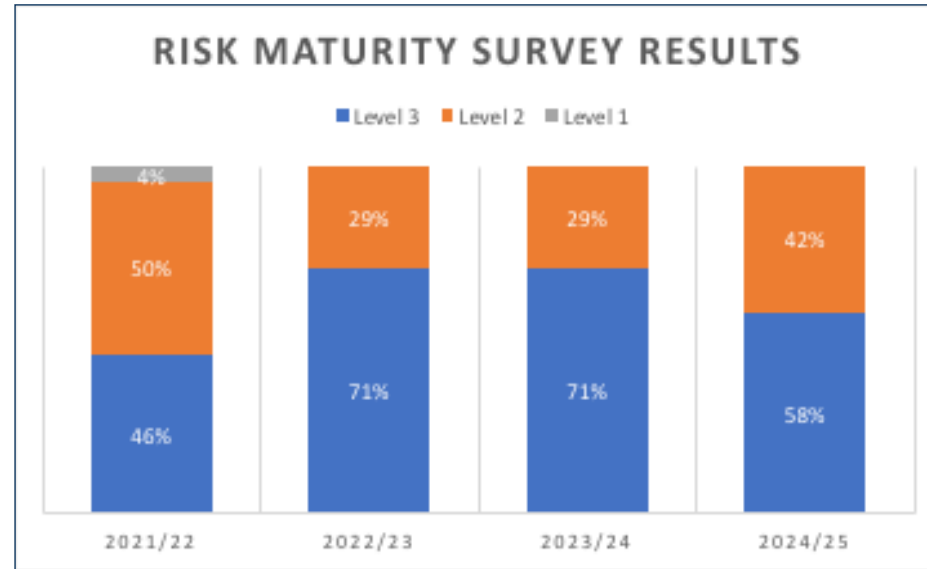


Country Concentration



Political Risk vs Commercial Risk Exposure R' billions





ECIC'S TRADE CREDIT INSURANCE
IS PART OF THE CORPORATION'S
SHORT-TERM INSURANCE OFFERING
AND PROVIDES BOTH **COMMERCIAL**
AND **POLITICAL RISK COVER**.

www.ecic.co.za

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



YOUR EXPORT RISK PARTNER



ECIC is a licensed non-life insurer and authorised Financial Services Provider (FSP 30656).
Currently exempted in terms of FAIS Notice 70 of 2019.

ECIC ACCOMMODATES SMMES
UNDER AN **EXPANDED**
MANDATE WHICH INCLUDES
CONSIDERATION FOR SMALLER
PROJECTS WITH DURATIONS OF
LESS THAN TWO YEARS,
THROUGH ITS TRADE CREDIT
INSURANCE.

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SUSTAINABILITY

How projects are screened for ESG

New and approved applications are screened using the Early ESG Screening Tool, which determines the ESG issues, impacts, categorisation and mitigation measures that will be put in place to manage the identified ESG risks.

Number of transactions approved	2023-2024	2024-2025
Medium- and long-term insurance (MLT)	4	4
Short-term insurance (STI)	4	1

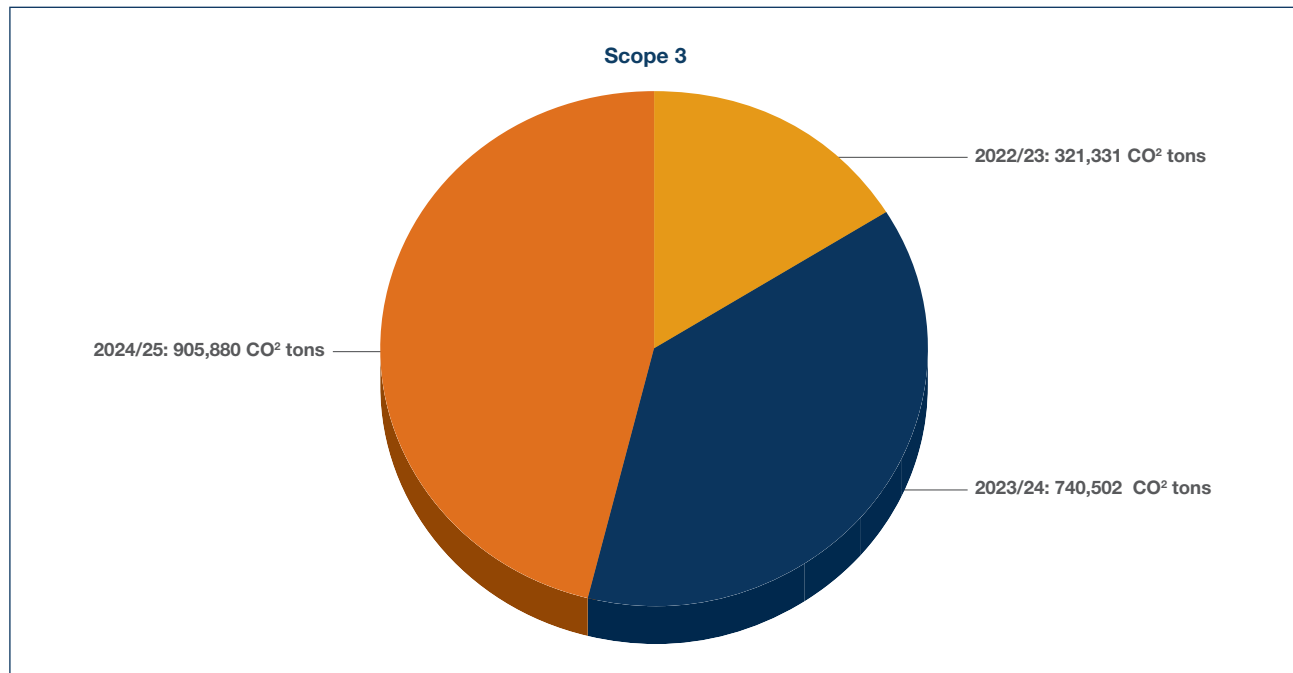
Number of approvals per year April 2023 to 31 March 2025

There are ten projects within the existing ECIC portfolio of underwritten projects where the ECIC has monitored the ESG risks. These projects were reported to the Social and Ethics Committee on a quarterly basis and a detailed update on the mitigation measures that were implemented by the various projects to manage the identified ESG risks was provided.

Carbon impact of projects

The corporation currently does not measure carbon emissions for the projects in the portfolio. However, we will be engaging our clients on this matter, as it is an additional reporting requirement and requires capacity building and resources. It is worth noting that carbon emissions of the Moz LNG project will be closely monitored and reported as per ESG Policy.

Air emissions from ECIC travel



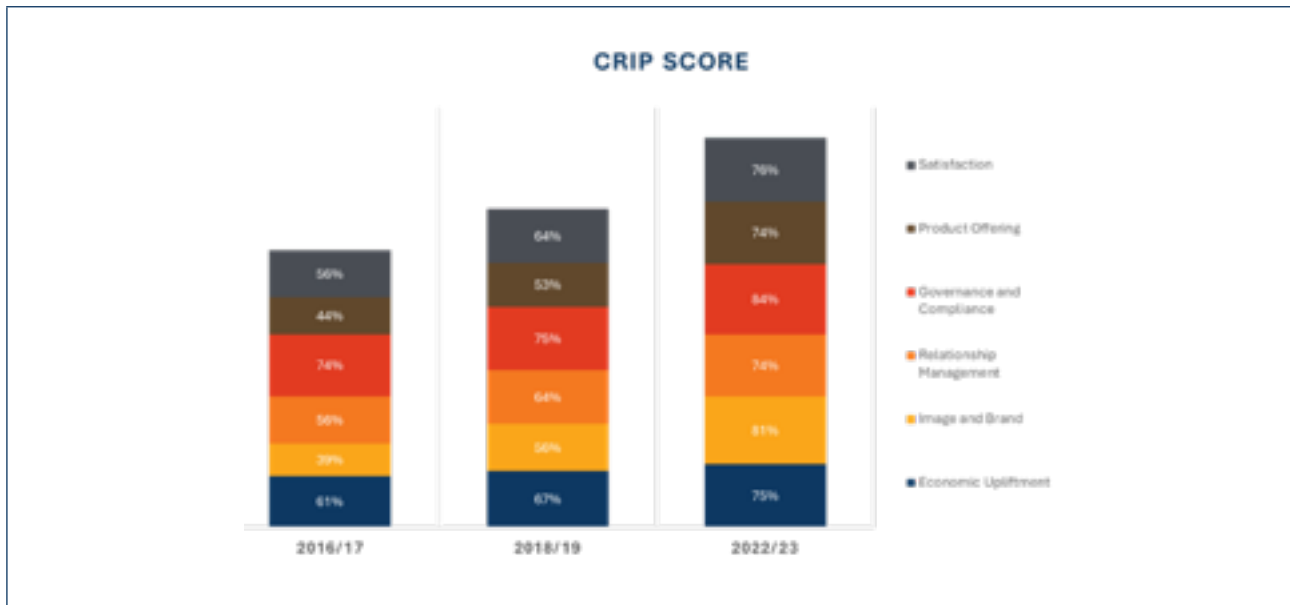
ESG considerations by investment fund managers

The investment strategy is implemented through the appointment of ten fund managers. These fund managers have relationships with the investee companies and are primarily responsible for managing environmental and broader ESG considerations. To ensure that ESG factors are meaningfully incorporated, we monitor how fund managers approach ESG through integration in their investment process, the policies they have in place, their stewardship activities and their commitment to global and local codes. The table below summarises these key approaches:

ESG Dimension	How fund managers address it	Example/Indicators
ESG Integration	ESG factors are embedded into investment analysis and decision-making	Use ESG data providers & internal scoring models
Policies & Frameworks	Fund managers' formal policies guide – how ESG is considered in the organisation and within the portfolios. Including compliance with ECIC ESG Policy	Responsible Investment Policy, Proxy Voting Policy, Conflict of Interest Policy, adherence to ECIC exclusion list
Stewardship & Active Ownership	Influence companies through engagement & voting	Regular dialogue with company management and proxy voting records
Proxy Voting	Exercise voting rights to promote ESG priorities	Voting on climate disclosure, diversity, executive remuneration, etc.
Commitment to Global and Local Codes	Alignment with responsible investment principles and codes of conduct	Signatory of UNPRI and Subscriber to CRISA. All eight of the South African fund managers subscribe to Code for responsible investing in South Africa and eight of all the ten incumbent fund managers are signatories of UN Principles for responsible investing.



STAKEHOLDER AND CLIENT FOCUS



Partnerships Formed

Berne Union	KUKE
Afreximbank	DIRCO Co-Ordination Mechanism for Economic Diplomacy
SAIA	Saudi EXIM
NEXI	KSURE

NAVIGATION

Our reporting suite for the year ended 31 March 2025 consists of two reports:



IAR

The 2025 Integrated Annual Report

The 2025 Integrated Annual Report, which is our primary communication document with our stakeholders.



AFS

The 2025 Annual Financial Statements

The 2025 Annual Financial Statements, which include the Directors' Report and the independent auditor's report.

For the full Annual Financial Statements, visit

<https://www.ecic.co.za/about-us/corporate-reports/annual-financial-statements/>.



ABOUT THIS INTEGRATED REPORT / OUR APPROACH TO REPORTING

This Annual Integrated Report of the Export Credit Insurance Corporation of South Africa SOC Ltd (ECIC) for the financial year ended 31 March 2025 provides material information about our strategy and business model, operating context, material risks and opportunities, stakeholder interests, performance, prospects, and governance. The scope and boundaries of the report are similar materially to those of the previous financial year.

The principles of the International Integrated Reporting (<IR>) Framework guide our integrated reporting to report on activities as follows:• in terms of two fundamental <IR> Framework concepts: organisational value creation over time and organisational resources and relationships

- against the six <IR> Framework capitals: financial, intellectual, human, social and relationship, manufactured, and natural.

The contents of the report relate to our purpose, core business and usefulness to stakeholders in our business sector and are aligned with best practices in integrated reporting.

The following Acts and guidelines are important to the nature of our business and the sector in which we operate:

- Short-Term Insurance Act, 53 of 1998 (as amended);
- Insurance Act, 18 of 2017;
- Export Credit and Foreign Investment Insurance Act, 78 of 1957 (as amended);
- Public Finance Management Act, 1 of 1999;
- Companies Act, 71 of 2008;
- King IV Report on Corporate Governance for South Africa (2016);
- Broad-Based Black Economic Empowerment (B-BBEE) Act, 53 of 2003 (as amended by 46 of 2013); and
- National Development Plan 2030.

Responsibility and assurance

The Board, as the Accounting Authority, is responsible for the integrity of this report. In the opinion of the Board, the report addresses all strategic and material issues and presents an integrated and accurate view of the Corporation's performance during the year under review. This assurance is based on effective internal processes and precludes the need for third-party assurance over any information in the report.

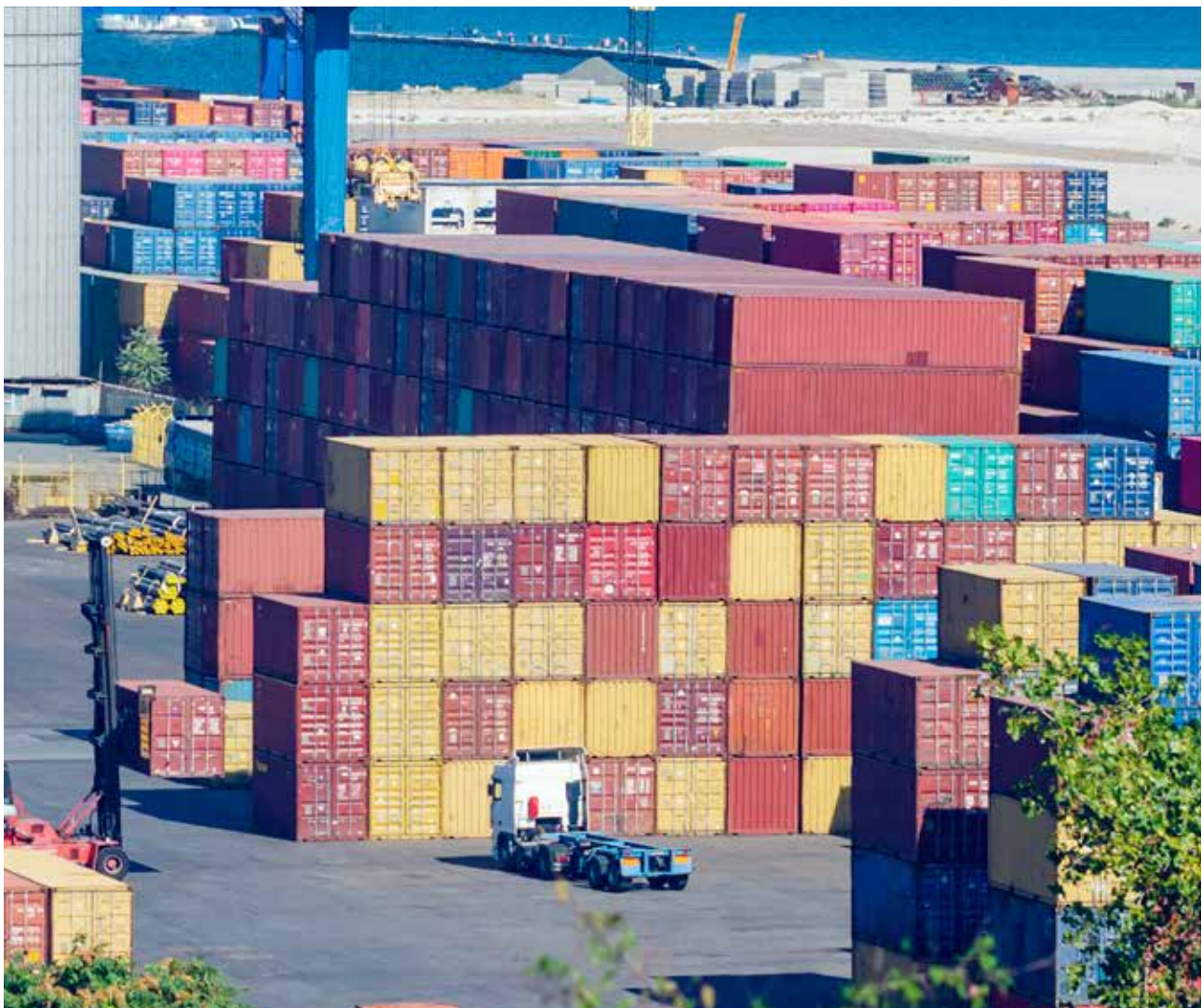
The Board believes that the report provides the South African government, as the single ECIC shareholder, and key stakeholders with an accurate summary of its financial and sustainability performance and a balanced appraisal of the material issues that affected its business value during the 2024/25 financial period.

The Board approved the report and submitted it to our shareholder representative, the Department of Trade, Industry and Competition (**the dtic**) and related entities, including National Treasury, the Auditor-General of South Africa and Parliament.



REPORTING BOUNDARY

The annual report covers the performance of the Corporation over each financial year (April to March), while the outlook throughout the report is based on the following year's Corporate Plan approved by the Board in January each year and considers the performance and stakeholder engagements of the first quarter of that Corporate Plan period.



REFERENCE INFORMATION

Business and Registered Address

Registered name	Export Credit Insurance Corporation of South Africa SOC Ltd
Registration number	2001/013128/30, Registered Financial Services Provider FSP No. 30656
Founded	2 July 2001
Enabling Act	Export Credit and Foreign Investments Insurance Act, 78 of 1957 (as amended)
Shareholder	South African government, represented by the Department of Trade, Industry and Competition (the dtic)
Registered address	Bylsbridge Boulevard Office Park, Building 9, Fourth Floor, 11 Byls Bridge Boulevard, Highveld Extension 73, Centurion
Postal address	PO Box 7075, Centurion 0046, South Africa
Telephone	+27 (0)12 471 3800
Email	info@ecic.co.za
Website	www.ecic.co.za
External auditor	Forvis Mazars, Rialto Road, Grand Moorings Precinct, Century City, South Africa
Banking details	First National Bank, Fehrsen Street, Steven House, Brooklyn, Pretoria, South Africa Nedbank, 135 Rivonia Road, Sandown, Johannesburg
Company Secretary	Nettie Moffatt
Contact person for this report	Warren Koen, Manager: Office of the Chief Executive Officer, +27 (0)12 471 3800, wkoen@ecic.co.za
Reporting period	1 April 2024 to 31 March 2025



ACRONYMS AND ABBREVIATIONS

AfCFTA	African Continental Free Trade Area
Afreximbank	African Export-Import Bank
ALM	Asset-Liability Matching
B-BBEE	Broad-Based Black Economic Empowerment
Berne Union	International Union of Credit and Investment Insurers
CA(SA)	Chartered Accountant (South Africa)
Cert. Dir	Certified Director
CEO	Chief Executive Officer
ECA	Export Credit Agency
Eximbank	Export-Import Bank
Government	Government of the Republic of South Africa

ICT	Information and Communications Technology
IMU	Interest Make-up
<IR> Framework	International Integrated Reporting Framework
IPAP	Industrial Policy Action Plan
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
OECD	Organisation for Economic Cooperation and Development
PFMA	Public Finance Management Act, 1 of 1999
SAA	Strategic Asset Allocation
SCR	Solvency Capital Required
the dtic	Department of Trade, Industry and Competition



FOREWORD BY THE MINISTER OF TRADE, INDUSTRY AND COMPETITION



Minister Parks Tau

It is my privilege to present the Integrated Report of the Export Credit Insurance Corporation of South Africa SOC Ltd (ECIC) for the 2024/25 financial year.

This report is tabled at a time when South Africa continues to navigate a complex economic landscape. Persistent challenges—including energy insecurity, logistical constraints, premature deindustrialisation, and global economic volatility – have placed considerable pressure on our export performance, economic growth, and investor confidence.

These headwinds have also heightened the risk environment for export credit insurance. This is reflected in the ECIC's approval of only four transactions, valued at \$17 million, against a target of \$650 million. Despite these constraints, the ECIC remains a key enabler of South Africa's export ambitions. As co-chair of the Export Passport Programme alongside **the dtic**, 12 beneficiaries are being supported in the pilot phase, with enhancements planned for the 2025/26 financial year to deepen its impact across the export value chain.

The dtic is committed to expanding South Africa's export footprint through targeted trade missions, specialised exhibitions, and exporter development

initiatives. Our goal is to grow export value to R3 trillion by 2029/30 – an essential pillar of our broader strategy to achieve 3% GDP growth. To realise this ambition, we are strengthening the trade finance ecosystem.

The ECIC is at the forefront of efforts to establish a fully operational Export-Import Bank of South Africa by 2028. It played a pivotal role in developing the business case that led to Cabinet's approval of sovereign shareholding in the African Export-Import Bank (Afreximbank). This strategic move will expand access to affordable financing for South African exporters.

The establishment of an Eximbank will address the liquidity gap in export-related financing, enabling more manufacturers and exporters – particularly SMMEs and Black Industrialists – participate in global trade. Together, the ECIC and the future Eximbank will offer integrated financing and insurance solutions that enhance the competitiveness of South African exporters, both locally and internationally. Importantly, the Eximbank will also serve a countercyclical role, supporting exporters during periods of economic stress.

Afreximbank's deep expertise in trade finance will be instrumental in the operationalisation of the



Eximbank, including the development of governance frameworks and risk management systems. It will also provide credit lines, loans, and guarantees to South African DFIs and commercial banks, facilitating direct support to emerging exporters. The ECIC and Afreximbank have already demonstrated the power of partnership through the \$1 billion South Africa–Africa Trade and Investment Promotion Programme (SATIPP), and discussions are underway to launch SATIPP 2.0 to further support trade in the SADC and Sub-Saharan Africa regions.

I commend the ECIC for once again achieving a clean audit and a Level 1 B-BBEE rating and delivering solid financial results.

The ECIC's 2025/26 Corporate Plan is aligned with **the dtic** group's strategic priorities—advancing industrialisation, driving transformation, and building a capable state. These efforts are vital to ensuring that public policy delivers inclusive growth and meaningful economic impact for all South Africans.



Mr Parks Tau, MP

Minister of Trade, Industry and Competition



STATEMENT FROM THE DEPUTY MINISTER ZUKO GODLIMPI



Mr Zuko Godlimpi

It is my honour to contribute to the Integrated Report of the Export Credit Insurance Corporation of South Africa (ECIC), an institution that plays a vital role in advancing our country's export-led growth and industrialisation agenda.

The South African economy continues to navigate a challenging global landscape marked by tightening financial conditions, geopolitical uncertainties, and structural constraints at home. Yet, even amidst these headwinds, there is a renewed urgency to position South Africa as a competitive trading nation, unlocking new opportunities for our exporters while deepening our integration into regional and global value chains.

In this context, the ECIC stands out as a strategic enabler. By de-risking cross-border trade and investment, the Corporation empowers South African exporters to compete with confidence, to access new markets, and to support industrial capacity expansion here at home. The ECIC's ability to mobilise finance, guarantee payments, and share risks with private financial institutions ensures that our exporters are not left behind in the rapidly changing global economy.

I am particularly encouraged by the ECIC's growing focus on the support for African integration through alignment with the African Continental Free Trade Area (AfCFTA), unlocking vast intra-African trade potential. The ECIC's promotion of inclusive growth

is showcased by extending credit insurance solutions to emerging exporters, small and medium enterprises, and new entrants into export markets.

These priorities are directly aligned with government's economic reconstruction and recovery plan, which places exports, industrialisation, and sustainable development at the centre of our growth strategy.

On behalf of the Department of Trade, Industry and Competition, I wish to commend the ECIC's Board, management, and staff for their continued commitment to developmental impact and financial sustainability. As we look ahead, our task is clear: to ensure that South African businesses are not only shielded from risk but are actively empowered to seize opportunities in a more interconnected world.

Together, through strong partnerships between government, the private sector, and institutions such as the ECIC, we can build a more resilient, inclusive, and globally competitive economy.



Mr. Zuko Godlimpi

Deputy Minister of Trade, Industry and Competition



MATERIALITY

The Corporation's approach to identifying and managing material issues is guided by Board and governance processes and its risk framework. The Executive team regularly identifies material issues to recognise their impact and significance to the Corporation and its stakeholders.

A key objective of integrated reporting is to report on value creation over time. Value creation depends on resources that are influenced by an organisation's external environment and stakeholder relationships.



MATERIALITY DETERMINATION PROCESS

Development of ECIC Corporate Plan (Refer to pages 68-72)

Strategic Planning Sessions held in September each year where the following is discussed:

- 1) Strategic Themes for the year;
- 2) Our external environment with an emphasis on outlook, products, pricing and research;
- 3) Legislative and regulatory developments, such as our compliance universe;
- 4) Emerging risks; and
- 5) Economic performance data and analysis regarding finance, investments and our portfolio.

Strategic objectives and targets for a 5-year period are then finalised and submitted to the Shareholder for review in October. Included in this is an annual Materiality and Significance Framework approved by the Board on recommendation from the Audit Committee.

The final Corporate Plan is approved by the Audit Committee and Board in January each year for the Minister's sign-off.

Tracking of Performance (Refer to page 116)

The Quarterly Performance Report is presented quarterly to the Audit Committee and Board for approval before submitting to the shareholder.

Internal audit performs a review on each Quarterly Performance Report before the approval.

In-Year Management Reporting (Refer to Governance on pages 84-100)

Audit Committee approves an annual internal audit plan which is reported against quarterly. This identifies risks and weaknesses to be reported on by management.

Quarterly feedback to Board Sub-Committees based on the implementation of Operational Plans linked to the Corporation Balanced Scorecard.

Stakeholder Feedback (Refer to pages 104-107)

Input from internal subject matter experts, thought leaders and external stakeholders through workshops and interviews facilitated by our marketing and communication, and business development functions.

Implementation of Stakeholder Management Framework and related Engagement Plans.

Own Risk and Solvency Assessment (Refer to page 113)

The ORSA process is an integral element of the Corporation's risk governance system.

It is designed primarily to satisfy the internal need to manage all material risks and ensure sufficient capital to meet solvency and business requirements.

The ORSA identifies the relationship between risk management, and the level and quality of financial resources required and available.

The assessment is conducted annually and can occur more frequently, if necessary.

Approval of Integrated Report (Refer to page 20)

The annual Integrated Report is reviewed and approved by EXCO, Audit Committee and Board for tabling in Parliament.

Assurance is provided by the work performed by Internal Audit on the Quarterly Performance Reports and commentary received from both Internal Audit and External Audit on the Integrated Report.

The Office of the CEO monitors and advises EXCO, Audit Committee and Board on any changes to the International <IR> Framework and on any additional assurance requirements



IDENTIFIED MATERIAL ISSUES

The material issues, with our strategic objectives, are integral to the way in which we manage the implementation of our strategy and performance assessments.

The Board concurs that the following material issues are salient to our business operations and most likely to cause risk for the Corporation, our shareholder, and key stakeholders. We describe the issues here, as well as their impact on our key stakeholders to either create or erode value.

The Need for a South African Export-Import Bank (SA Eximbank) and overhaul of the ECIC legislation

The dtic Strategic Plan identifies the need to establish SA Eximbank to support international trade and economic growth by 2028.

In most developed and developing economies, exporters are internationally competitive due to the financing and insurance products offered by their home countries' export credit agencies and Eximbanks. As such, they can compete based on pricing and quality of goods and services and, comparatively, obtain cheaper financing from domestic ECAs and Eximbanks. In South Africa, the lack of a dedicated export financing entity and ECIC's lack of financing or lending capability has left the country primarily relying on commercial banks to provide liquidity, which is often priced at higher interest rates due to high funding costs.

The current lack of a dedicated export financing entity has highlighted a big challenge in the provision of internationally competitive export financing in pursuit of government policy objectives, which, amongst others, include the promotion of an export-led investment and industrialisation of the economy.

The establishment of the SA Eximbank will provide export-related financing, including trade financing products, will alleviate the deficit of the required liquidity to fund the manufacturing of exports and will facilitate the participation of a greater number of exporters in export trade, both domestically and internationally. Furthermore, the combined value of ECIC and SA Eximbank will improve the competitiveness of South African exporters in

providing consolidated and/or comprehensive financing and insurance solutions to export transactions, including foreign investment transactions at competitive prices or rates.

Key issues addressed by the proposed legislative frameworks for the ECIC and the SA Eximbank:

1. Tax Exemption

The proposed legislation envisions a tax exemption for both the ECIC and the new SA Eximbank. Currently, the ECIC pays taxes on its premium income, which reduces its balance sheet, constraining it from underwriting more transactions. On average, the ECIC's tax per annum has not been less than R250 million and over the years, it has paid more than R3.2 billion in income taxes. ECIC has been experiencing several tax leakages; for instance, on its investment activities, the ECIC pays taxes on its unrealised foreign exchange gains. Generally, most ECAs and Eximbanks are exempt from paying taxes. Furthermore, with the introduction of IFRS 17 ECIC gets taxed on salvages not received (in other words, future monies it is yet to receive). Similarly, there are other South African entities, such as the DBSA and the NEF that do not pay income tax. Any tax exemption given to the ECIC and the new SA Eximbank will positively impact the stability of their balance sheet and further strengthen their ability to expand their product offering and support trade finance and insurance.

2. Solvency II Impact and Regulatory Environment

Internationally, ECAs and Eximbanks are not regulated and are exempt from solvency II. ECAs (Export Credit Agencies) and Eximbanks, while not directly regulated by Solvency II, may indirectly be impacted by it through their interactions with insurance companies. The EU's prudential framework for insurance and reinsurance undertakings, Solvency II, emphasises risk-based capital requirements and robust risk management practices. This impacts ECAs and Eximbanks because they often work with insurers on export credit and financing transactions.



3. Solvency II's Impact

Risk Management:

Solvency II requires insurance companies to have robust risk management systems to assess and manage various risks, including credit risk. This includes the risks associated with guarantees and other forms of support provided by ECAs and Eximbanks.

Capital Requirements:

Insurance companies must hold capital proportionate to their risk profile, including the risks related to their exposures to ECAs and Eximbanks.

Use of External Credit Assessments:

Solvency II allows the use of external credit assessments, including those from ECAs, for calculating capital requirements, but it also emphasises the need for internal assessments and due diligence to avoid over-reliance on external ratings.

Impact on Transactions:

If an insurer provides a guarantee on a transaction supported by an ECA or Eximbank, the insurer's capital requirements will be affected by the creditworthiness of the ECA/Eximbank and the nature of the underlying transaction.

4. ECAs' and Eximbanks' Perspective

Relationship with Insurers:

ECAs and Eximbanks often rely on insurance companies to cover potential losses on export credit and financing transactions.

Supporting Insurers:

By providing guarantees or other forms of support, ECAs and Eximbanks can help insurers manage their risk and potentially reduce their capital requirements under Solvency II.

Due Diligence:

ECAs and Eximbanks should be aware of the Solvency II framework and its implications for their insurer partners. They may need to provide information and support to insurers to facilitate their compliance with Solvency II requirements.

In essence, while ECAs and Eximbanks are not directly regulated by Solvency II, their activities are intertwined with the insurance industry and are therefore subject to the prudential requirements of Solvency II. They need to understand the framework and its implications for their operations and relationships with insurers.

In South Africa, the equivalent of Solvency II is the Solvency Assessment Measures (SAM), which insurers need to be in compliance with. The ECIC does comply with SAM, and it is regulated by the Insurance Act.

The ECIC and the SA Eximbank will have to be exempt from some of these legislations given their activities and the fact that they need to be funded by the Government should they experience financial difficulty, and furthermore, they can rely on the callable capital to cushion themselves against any financial challenges that threaten their solvency and sustainability.

It is therefore recommended that both the ECIC and the new SA Eximbank should be exempt from any law that specifically governs and regulates banks or insurers or other financial institutions and they should be exempt specifically from:

- the Financial Sector Regulation Act, 2017 and the financial sector laws defined in that act;
- the National Credit Act, 2005;
- the Consumer Protection Act, 2008;
- the Insurance Act, 2017 and any other legislation relating to insurance;
- the Banks Act, 1990 and any other regulation relating to banks;
- the provisions of the Companies Act, 2008 do not apply to the ECIC and the SA Eximbank, if:
 - the provision is inappropriate or incapable of being applied because of a special or contrary provision in this Act;
 - The Minister of Trade and Industry declares that any of the provisions do not apply to the ECIC and the SA Eximbank.

Engagement with the SARB (Prudential Authority) and the Financial Sector Conduct Authority (FSCA) will be necessary regarding the proposed exemptions.



5. PFMA Classification

The ECIC and SA Eximbank must, in conducting their business activities, comply with all relevant and applicable provisions of the Public Finance Management Act. Both entities should be listed as Schedule 2 entities. Currently, ECIC is listed as a schedule 3B entity, even though it generates its own income.

6. South African Content Requirements

Exim banks and ECAs have specific content requirements for transactions they support, primarily related to the origin of goods and services involved in an export transaction. These requirements can vary by agency and specific transaction but generally aim to support domestic industries and promote national economic interests. Currently, ECIC has a content requirement of 70% for projects in Africa, with 50% being South African content and 20% being content from the rest of Africa (being eligible goods and services sourced from the host African country where the project is located, or any other country on the continent). Furthermore, for projects outside of the African continent, the requirement is for 70% South African content. This target cuts across all sectors, irrespective of the actual content achievable in a particular sector. Many ECAs and Exim banks have relaxed their content rules, and some support projects based on economic and national interests irrespective of the content that can be achieved, for example, Export Development Canada.

In South Africa, there are some sectors that cannot achieve the 70% threshold given the number of inputs that are utilised to manufacture exports, as well as the competitiveness in those sectors. South Africa, for instance, is not able to support solar projects and battery storage because there isn't enough capacity and a number of these inputs come from China or Europe. Therefore, there is a need to have a differentiated content regime which is informed by the level of content that can be achieved per sector. Furthermore, under the AfCFTA, the rules of origin have been formulated and are yet to be adopted. This will also influence the level of content that the ECIC and the new SA Eximbank can apply. In the proposed legislation for both the Eximbank and the ECIC, the minister will be entitled to give a directive on the threshold that can be applied by both the ECIC and the SA Eximbank.

7. National Interest Transactions

Both proposed pieces of legislation relating to the ECIC and the Eximbank provide for national interest transactions that can be supported by either or both entities. These are transactions where South Africa benefits from the supply of goods and services. For example, the supply of electricity from Mozambique's Cahora Bassa Power Plant and the Lesotho Highlands Water Project, which supplies water to South Africa.

As envisioned in the proposed legislation, the ECIC and SA Eximbank may act at the request of and on behalf of the Government or acting on its own behalf, enter into a National Interest transaction involving the export trade or foreign investment transactions. Money made available for any National Interest transaction funded by the Government will not form part of the assets and liabilities of ECIC and:

- i. documents prepared in connection with the transaction must clearly state, and the other parties to the transaction must acknowledge, that the transaction is not with or enforceable against ECIC as the case may be; and
- ii. any funds acquired, used or invested in connection with that transaction will not be included with the other funds of ECIC and ECIC must clearly indicate in its books of account that the funds are the property of and belong to the State.

Furthermore, the ECIC and SA Eximbank may refer transactions to the Minister for consideration and approval. This might be due to the transaction's size or the tenor of the transaction or significant exposures to the country of export or due to insufficient South African content; however, having significant national interest imperatives.

8. The use of the ECIC insurance cover and the Eximbank guarantee as risk mitigations

Export Credit Agency (ECA) policies, including insurance and guarantees provided by entities like Eximbank, can be used to achieve capital relief for banks under Basel III regulations. This is primarily achieved by reducing the risk-weighted assets associated with loans to exporters, as the ECA support effectively transfers some of that risk away from the bank.



9. Capital Relief under Basel III:

- Basel III regulations require banks to hold capital against the credit risk of their assets.
- The amount of capital a bank must hold is determined by the risk weight of the asset, which is influenced by factors like the borrower's creditworthiness and any guarantees or insurance in place.
- ECA policies and Eximbank guarantees can reduce the risk weight of a loan by covering a portion of the potential loss in case of borrower default.
- This reduction in risk weight translates to a lower capital requirement for the bank, thus providing capital relief.

The lower capital requirements provide an opportunity for the banks to deploy more liquidity to fund infrastructure projects and export transactions.

In some countries, for example Russia and the US, the central banks prescribe the level of capital that can be applied by a commercial bank that is covered by the policy or guarantee from the ECA or Eximbank. Similarly, if our SARB can intervene and prescribe the level of discount or capital relief that can be applied against the ECIC policy of insurance or Eximbank guarantee, that will assist in freeing up capacity for the banks to provide liquidity to support infrastructure projects and exports. In this regard, there is a need for engagement with the SARB to issue a directive in this regard.

Progress on ECIC's expanded mandate

Three transactions to the equivalent value of USD 9,94 million were approved during the financial year:

- 1) Air Filter Maintenance Services International (Pty) Ltd
- 2) Pace International Trading (Pty) Ltd
- 3) Lindsay Manufacturing Africa (Pty) Ltd

ECIC THOUGHT LEADERSHIP

The Corporation conducts research to identify potential trade and investment opportunities in countries and economic sectors so that South African exporters and investors may take advantage of these opportunities and by so doing, take advantage of the ECIC insurance support scheme.

The following reports were finalised during the year:

Africa's Fintech Industry

The Export Credit Insurance Corporation's FinTech Research report reveals significant opportunities across Africa's rapidly expanding financial technology sector. Nigeria leads with a 32% market share, while South Africa dominates with 40% of continental fintech revenues despite regulatory constraints limiting mobile money adoption. East Africa, particularly Kenya, has secured substantial funding of \$149 million, with mobile finance facilitating stock market and cryptocurrency investments. However, the sector faces persistent challenges, including infrastructure constraints, regulatory complexities across 54 diverse states, cybersecurity vulnerabilities, and low literacy rates averaging 68% in Sub-Saharan Africa compared to the global 87%. Key growth drivers include expanding mobile networks, increasing smartphone penetration, demographic trends, and declining internet costs. The research identifies four primary opportunity areas:

- Cybersecurity solutions with AI-driven fraud detection
- Lending solutions for underbanked populations
- Digital payments supporting the African Continental Free Trade Area
- Financial literacy education programmes addressing knowledge gaps across the continent

The Mauritius Country Report

The Mauritius Country Report positions the country as one of South Africa's most important African trading partners and strategic gateways for continental expansion. With bilateral trade reaching \$558 million in 2023, Mauritius offers exceptional advantages, including a business-friendly environment ranked 13th globally for ease of doing business, one-day company formation, and competitive 15% corporate tax rates potentially reduced to 3% for exporters. The economy has demonstrated remarkable resilience with 8.9% growth in 2022, driven by tourism recovery and services sector expansion. Key sectors present substantial opportunities for South African businesses: financial services contributing 30% to GDP with extensive double taxation agreement networks, manufacturing benefiting from freeport



incentives, renewable energy targeting 60% clean power by 2030, and ICT services leveraging bilingual capabilities for Francophone markets. Political stability under the new Alliance for Change government, combined with similar legal systems, English proficiency, and direct four-hour flights from Johannesburg, creates an accessible platform for South African companies seeking international growth while navigating domestic challenges.

STAKEHOLDER FEEDBACK

During the 2024/25 financial year, the Corporation conducted the Culture Entropy Survey. The outcomes of this survey are detailed in the Stakeholder Section on page 107. This section also highlights the Click-Through Rate achieved in 2024/25 for the AfCFTA media campaign.

During the 2025/26 financial year, the Corporation will conduct its biennial Employee Engagement Survey and the triennial Corporate Reputation Index Performance (CRIP) Survey, which measures the brand, reputation and stakeholder satisfaction score.

ONGOING LEGAL PROCEEDINGS

The Corporation had rejected two protracted default insurance claims, and the insured instituted a litigation action against the Corporation, challenging its decision to reject the two claims. The Corporation is defending the litigation action.

GHANA

The prospects of recovering salvages on Ghana's debt are based on the outcome of the Paris Club G20 Framework Official Creditors Committee (OCC) Ghana Debt Treatment Agreement. The terms of the MOU between the OCC members and Ghana were reached on June 11, 2024. The ECIC has received a notice from Ghana MoF via the insured lenders to initiate debt treatment discussions.

Furthermore, the Government of Ghana, through the Paris Club, has circulated a list of priority projects and only the Amandi Hospitals project and the Investec loan have been listed. This means that the Government of Ghana is expected to repay the loan, which was covered by ECIC and as such, ECIC is likely to recover salvages earlier than the 17 years under the OCC and the Government of Ghana MOU agreed in June 2024.

ECIC is already engaging the Government of Ghana on the restructuring of the outstanding loans for which it paid claims in line with the terms of the MOU.

ECIC TAX LEAKAGE ON UNREALISED FOREIGN EXCHANGE GAINS

ECIC actively participates in the Berne Union (International Union of Credit and Investment Insurers), an international non-profit association and community of global export credit and investment insurers. The ECAs active on the African continent from the USA, the UK, Canada, Australia and China do not pay any income tax.

The ECIC insurance revenues and liabilities are predominantly in US Dollars, therefore the majority of the ECIC investment funds are held in US Dollars as approved by SARB. There is a mismatch between the IFRS® Accounting Standards and the Income Tax Act, causing ECIC to pay excessive taxation over the past 15 years.

In most of these years, exchange losses on the US\$ holdings convert to profits on the income tax calculation, resulting in tax payable on top of those losses. In the few years where the reverse has happened, the tax receivable is a fraction of the tax paid.

This puts a strain on the ECIC's ability to increase its capital base, thereby increasing the underwriting capacity, thereby enhancing the ability to fulfil the mandate.

Prior to 2009, ECIC was using Rands as its operating currency and as a result there was no misalignment between the Profit Before Tax and the tax charge.





Tax on forex movements

Table 2: Tax misalignment

in R'000	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Forex on USD accounts	-217,798	205,631	157,657	-252,749	-405,418	-361,524	-353,392	-501,611	241,850	360,795	-582,513	-347,899	408,754	65,431	-611,631	-191,384	110,205	-2,275,596
Forex on Rand accounts	-3,651	-82,834	-25,957	37,238	132,121	108,443	282,313	442,932	-190,397	-173,389	367,805	727,080	-834,060	-108,202	902,479	394,417	-189,224	1,787,114
Less forex on Afreximbank	-	-	-	-	-	-	-	-	-	100,748	-119,735	-149,260	116,757	14,476	-132,886	-43,155	22,994	-190,061
Taxable forex movements	-3,651	-82,834	-25,957	37,238	132,121	108,443	282,313	442,932	-190,397	-72,641	248,070	577,820	-717,303	-93,726	769,593	351,262	-166,230	1,597,053
Forex included in the tax computation	3,651	82,834	25,957	-37,238	-132,121	-108,443	-282,313	-442,932	190,397	72,641	-248,070	-577,820	717,303	93,726	-769,593	-351,262	166,230	-1,597,053
Forex (not allowed as a deduction) / taxed	-217,798	205,631	157,657	-252,749	-405,418	-361,524	-353,392	-501,611	241,850	360,795	-582,513	-347,899	408,754	65,431	-611,631	-191,384	110,205	-2,275,596
(Over)/Under forex movements	-214,147	288,465	183,614	-289,987	-537,539	-469,967	-635,705	-944,543	432,247	433,436	-830,583	-925,719	1,126,057	159,157	-1,381,224	-542,646	276,435	-3,872,649
Tax rate	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	28%	27%	27%	27%	
(Over)/Under tax payments done	-59,961	80,770	51,412	-81,196	-150,511	-131,591	-177,997	-264,472	121,029	121,362	-232,563	-259,201	315,296	44,564	-372,930	-146,514	74,637	-1,142,505
Effective tax rate on USD accounts	76.91%	22.12%	21.18%	45.71%	76.48%	80.82%	75.57%	104.98%	-11.80%	14.24%	96.09%	96.70%	8.75%	-19.97%	3.02%	16.54%	17.85%	59.11%
Translation effect	-56.90%	18.68%	5.81%	-21.00%	-51.06%	-54.38%	-49.35%	-77.03%	3.42%	12.89%	-67.24%	-69.64%	18.12%	-46.03%	108.20%	143.34%	5.61%	-28.17%
Effective tax rate on Rand accounts	20.01%	40.79%	26.99%	24.71%	25.42%	26.44%	26.22%	27.95%	-8.38%	27.13%	28.85%	27.06%	26.87%	-66.00%	111.22%	159.89%	23.46%	30.94%

The analysis above shows that due to the misalignment, over the years ECIC reported total net foreign exchange losses of R2.3 billion but was taxed on total net foreign exchange gains of R1.6 billion, which then resulted in ECIC paying R1,1 billion more tax. In an effort to reduce the leakage, the parties below were engaged:

- SARS to request for a ruling to calculate the tax charge on USD accounts; and
- National Treasury to amend the Income Tax Act.

The engagements were unsuccessful, and management appointed a tax consultant to assist with the application for an income tax ruling to exclude unrealised foreign exchange movements when calculating the tax charge. The consultant has advised that it will not be possible for the ECIC to obtain the required income tax ruling.

ECIC tax leakage on unrealised USD denominated insurance salvages

IFRS 17 pertains to insurance contracts and aims to standardise insurance contract recognition, measurement, presentation and disclosure.

IFRS 17 requires that we account for salvages which are receivable for the entire duration of the policy. For tax purposes, these salvages are taxable on recognition. This creates a challenge with regard to the Ghana claims, given that they are receivable so far into the future and there is a high uncertainty regarding the recoverability thereof. There is a high probability that another restructuring might happen in the future, which then reduces the amount receivable. A tax deduction will then be received at that point.

This then creates a liquidity issue whereby we are taxed in year one and only get a tax deduction much further down the line.

Impact of IMU shortfall on ECIC Financial Position

The gap between the payments made by the Corporation in terms of the IMU Scheme and the IMU Grants received to date results in a cumulative shortfall on 31 March 2025 of R865 million.

This represents 9% of the ECIC total assets that have been used to fund the IMU scheme payments due, not considering lost investment income. IMU scheme payments are due until 2029. The indication from the Government is that the IMU grant receivable over the medium term will not seek to reduce this shortfall.

Economic and political outlook

In early 2025, U.S. trade policies, including broad tariffs, have increased global economic uncertainty, slowed growth, and raised inflation risks. Central banks have responded with cautious rate cuts, while geopolitical tensions and trade disputes – especially between the U.S. and China – continue to disrupt markets. Despite modest global growth projections, risks remain elevated due to protectionism, weak demand, and regional conflicts.

U.S. tariffs have created significant economic challenges for African countries, particularly those with trade surpluses like South Africa. Key sectors – agriculture, textiles, manufacturing, and energy – face revenue and employment risks, while broader global trade tensions threaten fiscal stability, investment, and currency strength across the continent. Despite these pressures, Africa's GDP is projected to grow by 4% in 2025, driven by infrastructure, reforms, and trade expansion, though growth remains uneven. Inflation is easing, but political instability, conflicts, and upcoming elections in several countries continue to pose risks to economic resilience and policy continuity.

In 2025, South Africa's economic policy focused on social relief, fiscal adjustments, and institutional reform. GDP showed slight growth in Q4 2024, driven by agriculture, finance, trade, and household spending. Progress on Financial Action Task Force (FATF) requirements positions South Africa for potential removal from the grey list by October 2025, pending further demonstration of effectiveness in combating money laundering and terrorist financing.



Refer to the External Environment section on page 62 for more detail on the economic and political outlook of the Corporation.

Environmental, Social and Governance (ESG) issues

1. Approach to sustainability

The Corporation is committed to aligning its underwriting and investment business activities and decision-making processes in promoting responsible and ethical practices by addressing ESG issues, its inherent risks and proposed mitigants, monitoring of impacts and sustainability reporting by implementing the best international standards and frameworks. The Corporation is a signatory to the United Nations Principles of Responsible Investment and has in place an approved Environmental, Social and Governance (ESG) Policy. The ESG Policy stipulates how the ESG factors are evaluated, risks are identified, mitigation is carried out, and management of any negative impacts is done. These negative impacts are categorised as either Low/No Risk (Category C), Medium Risk (Category B) and High Risk (Category A).

In addition, the ESG Policy is based on the following standards and guidelines:

- Equator Principles;
- Organisation for Economic Cooperation and Development (OECD) recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (the “Common Approaches”), adopted by the Working Party on Export Credits and Credit Guarantees;
- World Bank Group Environmental, Health, and Safety Guidelines;
- G-20 Financial Stability Board’s Task Force on Climate-Related Financial Disclosures Recommendations;
- International Labour Organisation’s Core Conventions;
- United Nations Environment Programme Finance Initiative;
- United Nations Global Compact;
- United Nations Guiding Principles on Business and Human Rights;
- Integrated Resource Plan; and
- Code for Responsible Investing in South Africa.

Included in the ESG Policy is the Exclusion List, which highlights activities that the ECIC will not participate in for the Export Credit Support provided to its clients and where its funds may not be invested. These international best practice standards and frameworks enable the Corporation to measure and maximise the positive impacts of its underwriting and investment business activities, including managing potential negative impacts.

The Corporation is a member of the Berne Union and an observer member at the OECD and participates in environmental and social technical discussions on policies and practices in the ECA space.

ECIC also attends the Conference of the Parties (COP) to the UN Framework Convention on Climate Change (UNFCCC). These platforms inform the ESG Policy direction and stance of the Corporation in promoting sustainable development and sustainable and responsible investment.

The Corporation has in place an approved (2023) Environmental, Social and Governance (ESG) Policy. In 2026, the Corporation will be updating its ESG Policy to incorporate new changes as a result of changes in international best practice standards and frameworks.

2. ESG Risk Management

The Corporation’s ESG Policy highlights the need to address threats to the natural environment through waste, resource depletion and emissions and social threats through loss of land, cultural heritage, health and the rights of the communities. These issues are considered by the Corporation as part of conducting its due diligence on projects or transactions it is seeking to underwrite, to ensure that appropriate measures are implemented to address or mitigate the impacts thereof, including monitoring and reporting on the impacts. The Corporation also considers governance matters related to project or transition decision-makers, capacity and government support to ensure that projects it underwrites have sufficient governance structures in place and capacity to address any ESG risks, and to monitor and report on the impacts thereof.



The key areas of the ESG performance in projects or transactions underwritten by the Corporation and requiring special focus are as follows:

- a) Climate change;
- b) Resource efficiency and pollution;
- c) Labour and working conditions;
- d) Community health, safety and security;
- e) Biodiversity conservation and sustainable management of natural resources;
- f) Land acquisition and involuntary resettlement;
- g) Cultural heritage; and
- h) Indigenous people.

The Corporation recognises that the above issue can give rise to inherent negative and positive impacts. Therefore, a detailed analysis of the inherent risks and costs benefits, should always be undertaken as part of the Corporation's due diligence process, and depending on the categorisation of the project in terms of the Equator Principles or the World Bank and International Finance Corporation Performance Standards.

3. ESG credit process

The Corporation's ESG Specialist is the first line of defence, in conjunction with underwriters, as they are tasked with conducting detailed due diligence on projects or transactions to be underwritten by the Corporation. The projects or transactions are subjected to pre-screening through the Exclusion List, then presented to the New Business Committee. The New Business Committee deliberates on the merits of the project or transaction where ESG matters are discussed at a high level. The New Business Committee is an internal management Committee that considers new projects or transactions which are at an early stage of development and pronounces on whether such projects or transactions can be accepted into the pipeline for purposes of further assessment. Upon approval, the project or transaction goes through enhanced ESG screening (early ESG questionnaire). ESG categorisation is assigned: Category A – High Risk, Category B – Medium Risk and Category C – Low/No Risk. Enhanced due diligence is conducted.

During the enhanced due diligence, the Climate Change Risk Assessment (CCRA) is reviewed for both the physical and transition risk when required. The Corporation has on numerous occasions requested the project or transaction to conduct a CCRA where it has been omitted or required as part of the risk assessment process, including a comprehensive biodiversity assessment. This assessment enhances and improves the projects, so they are Equator Principles 4 compliant as required.

Following a detailed due diligence process, which includes an assessment of the ESG issues, the project or transaction is then presented to the Project EXCO, SETCO, FIIC and Board for consideration and approval, including a draft of conditions related to the ESG matters.

4. ESG Governance

The ECIC board has oversight of the sustainability for the corporation. The board and management are responsible for assessing the effectiveness of our ESG risk management. The sustainability responsibilities are delegated to several board subcommittees. The ESG matters are deliberated at the Social, Ethics and Transformation Committee chaired by an independent non-executive director. The Social, Ethics, and Transformation Committee provides feedback to the full board on a quarterly basis.

5. Opportunities

The Corporation is currently conducting research on green projects/renewable energy industries and pricing. Additionally, the Corporation is planning to engage other Export Credit Agencies regarding green, social and transition projects where there is an opportunity to collaborate or share information and capacity building.





MESSAGE FROM THE INDEPENDENT CHAIRPERSON



Delia Ndlovu

It is a privilege to present my inaugural report as the chair of the ECIC. I joined the Corporation at a time when the global environment and the local landscape were at an inflection point. From the corridors of international finance to the workshops of local entrepreneurs, the tides of fractured geopolitics, volatile markets, technological advancement and climate change are reshaping the world in which we operate. These dynamics have a direct consequence for the mandate of the ECIC. As an export agency supporting exporters in emerging and frontier markets, we are tasked with navigating uncertainty while preserving trust, enabling cross-border trade and derisking investments that drive inclusive and sustainable growth which creates jobs.

I am deeply encouraged by the resilience of our teams and invite all stakeholders to join us in shaping the next chapter of ECIC's journey, marked by relevance, trust and inclusive impact.

A Multipolar Global Landscape

The past year has brought a marked shift in the global trade and governance landscape. We are operating in a multipolar world, where great power competition and regional realignments increasingly shape policy and public sentiments. Principles that

once underpinned global economic cooperation, including free trade, rules-based governance and multilateralism are under growing pressure.

The shifting economic landscape, marked by uncertainty and opportunity in equal measure, demands that we as an organisation remain agile, alert, and forward-thinking. We recognise that our continued relevance hinges on our ability to anticipate market shifts and respond proactively, ensuring that our clients are equipped not only to survive but to thrive. Whether through robust risk management, the pursuit of new markets, or the championing of sustainable solutions, the ECIC is committed to empowering exporters as they chart new paths.

Within this evolving climate of both uncertainty and promise, South Africa maintains its pivotal role on the continent. As international supply chains diversify, there is a marked increase in global interest for sourcing and investing in Africa's growing markets. Agile and forward-thinking exporters are discovering new commercial frontiers. The ongoing implementation of the African Continental Free Trade Area (AfCFTA) continues to unlock substantial long-term opportunities for South African enterprises.

Over the past year, we have reinforced our risk management frameworks, broadened our underwriting capacity, and refined our evaluation criteria to ensure that we remain adaptive and effective amidst constant change. As exporters increasingly seek support for infrastructure, capital goods, short-term products, and turnkey projects abroad, there has been a noticeable uptick in demand for both short-term insurance cover and modest demand for complex, longer-term solutions. Political risk insurance has become more sought after due to rising instability in certain strategic markets.

Through these endeavours, the ECIC remains committed to anticipating market trends, mitigating risks, and proactively supporting our clients so they are positioned not merely to withstand challenges, but to seize emerging opportunities and thrive in a rapidly integrating world economy.

Financial Performance of the ECIC

The past financial year marked a welcome turnaround in the Corporation's financial performance. ECIC has emerged from the position of loss over the past year to record a solid profit reflecting improved and broadened underwriting capacity and continuous improvement in risk management frameworks.

The Corporation has delivered a profit after tax of R1.2 billion in the 2025 financial year, mainly due to net insurance results, net investment income and foreign exchange movements despite macroeconomic headwinds.

Net insurance results substantially increased by R1.4 billion (129%). Foreign exchange movements increased by R303 million (157%). Although the Corporation has returned to profitability, almost 60% of the profit before tax is from Net Investment Income.

Looking forward, it is encouraging that the Corporation has a pipeline of projects that are currently being implemented which are over \$1.3 billion and should reach financial close before March 2026. These projects are expected to generate significant Gross Written Premium revenue. It is important that the Corporation continues to achieve its core mandate of underwriting projects and the facilitation of exports of South African goods and services.

Strategic Reflections and the Road Ahead

In a time of global uncertainty, the ECIC must go beyond insuring trade to drive inclusive and sustainable growth. The Corporation should reaffirm its role as both an export support tool and a catalyst for economic development. The board will provide stewardship, oversight, and accountability to ensure this direction. To that end the board will ensure that the Corporation focuses on:

- Business leadership, which entails diversifying its revenue base. There is a critical need to rebalance the ECIC's product suite between short-term premiums and medium- to long-term project cover. A heavy reliance on long-term dated infrastructure projects introduces significant concentration risk and hinders agility. Broadening our revenue streams to include short-term transactions will strengthen both resilience and developmental impact. The current review of the ECIC legislation and the pending consideration of the establishment of the SA Exim Bank will transform our export landscape, deepen industrialisation, and support the Government's broader trade and development priorities.
- Market leadership, which involves expanding into high-impact sectors. The ECIC must continue to be vigilant about supporting SA exporters in the renewable energy economy, digitalisation and industrial value chains.
- Geographical leadership: The ECIC should focus on expanding into new African markets under the AFCFTA, while also supporting South African exporters as they pursue opportunities in regions such as the Middle East, the Americas, China, Thailand, the UAE, Qatar, Saudi Arabia, Japan, ASEAN, and Turkey.
- Strengthening institutional capacity by initiating the appointment of a new full-time CEO, who will work with the board to finalise ECIC's organisational structure and fill vacant roles.
- Promoting an inclusive culture and ethical leadership based on the Corporation's values. The Board will enhance the employee value proposition by fostering open dialogue, accountability, performance excellence, and shared purpose. It will also ensure organisational performance in flexible and hybrid work environments.



- Embedding sustainability, which means that the Corporation will prioritise societal impact in its decisions, using a double materiality approach to assess both external effects and its own impact on society and the environment. ESG will be considered in risk management and reporting, ensuring transparency. ECIC will continue to invest in projects that build financial resilience and social development, with a focus on tertiary education, financial literacy, and enterprise development.

Appreciation

I thank the former Board, led by Mr Dheven Dharmalingam, for guiding the Corporation through significant challenges like the Ghana claims, adoption of IFRS 17, and global economic difficulties. I also appreciate our shareholder, **the**

dtic, for their support, as well as the executive management team and all ECIC employees for their dedication and flexibility.

Thank you to the Board and its Committees for their stewardship, oversight and accountability. The Board will continue to uphold its fiduciary responsibilities and maintain accountability to stakeholders.



Delia Ndlovu

Independent Chairperson





OVERVIEW BY THE CHIEF EXECUTIVE OFFICER



Ntshengedzeni Gilbert Maphula

Highlights and significant developments

The Corporation has achieved a Level 1 B-BBEE score, as well as another clean audit. This demonstrates the strong corporate governance environment within which the Corporation operates and the strong pursuit of the transformation agenda to build an inclusive economy.

The Performance Section on page 116 details the achievements against the strategic objectives for the year. We achieved nine of our 15 strategic objectives, which reflects a determined effort by the Corporation despite the tough economic and operating conditions. Six of the 15 targets that were not achieved are:



ECIC Target	Achievement	Comment
\$570 million worth of approved transactions	One transaction to the equivalent value of \$7,2 million was approved for the financial year.	ECIC has over \$1,6 billion in approved projects which are in different stages of implementation and are likely to be realised in 2025/26. There is also \$1,5 billion in pipeline projects that are being worked on.
Four approved transactions		
\$80 million worth of approved transactions within expanded sectoral coverage	Three transactions to the equivalent value of \$9,94 million were approved for the financial year.	The uptake for short-term transactions has been very low since banks are not willing to provide support to small and medium enterprises, especially with bond products that are required to support execution of contracts.
90% of business processes automated	85% of business processes automated	The sign-off of the fixed asset register system could not be secured due to delays in finalising system testing (comprising both unit and end-to-end testing), stemming from the iterative configuration changes necessary to customise the system in line with end-user requirements. Consequently, three (3) of the five(5) targeted processes were not completed, as their implementation depended on the successful sign-off of the associated fixed asset register system processes. A new business process automation plan is being tracked from 1 April 2025 for the new Corporate Plan. The major automation will be the Insurance Management System
Level 3 across 75% of metrics (risk maturity levels of the Corporation)	Level 3 across 58% of the metrics.	The survey was completed by new employees and graduates who were still finding their feet and understanding ECIC. Risk Management Workshops are being rolled out in June 2025 to improve the staff awareness of Risk Policies and Processes
Culture entropy score below 30%	Culture entropy score of 47% was achieved.	Implementation of a hybrid working environment, change in offices and move to an open-plan environment, and a lack of performance bonuses over the last two years due to the high claims experienced. Workshops are being held to identify measures to improve the corporate culture of ECIC.



ESG matters and climate change

The ECIC ESG Policy complies with the Equator Principles IV. The Policy, amongst others, provides for the categorisation of projects in relation to the ESG impacts, deals with the due diligence process for Category A, B and C projects and outlines the ECIC stance on climate change-related issues. ECIC is well poised to support renewable energy projects and foster a just transition to clean energy sources and a greener economy.

Opportunities to enhance the export credit scheme

During the financial year, ECIC received approval to pursue the opportunity to expand the insurance coverage to Euro currency which will enhance ECIC's capacity to unlock opportunities for exporters and investors in regions where transactions are denominated in the Euro currency.

The pilot phase of the Export Passport Programme has provided the Steering Committee the opportunity to improve the processes and offerings for the Programme. The official launch is expected to take place during the 2025/26 financial year.

Stakeholder engagement

Understanding stakeholder expectations is vital to the effective execution of the ECIC mandate. The results of the internal Risk Maturity and Culture Entropy surveys conducted this year provide stakeholder feedback and recommendations to further improve on this.

The Stakeholders section on page 104 details the results of the surveys as well as the stakeholder engagements and marketing initiatives that have bolstered our brand profile and the advocacy work carried out by the Corporation.

Financial Performance

IFRS 17 was implemented in the 2023/24 financial year and has been applied retrospectively, thus resulting in the restatement of the 2023 figures. However, for the purposes of this report, the previously reported figures have been maintained, as the summary is presented over 5 years.

PREMIUMS, CLAIMS AND UNDERWRITING PROFIT SUMMARY

2020/21 TO 2024/25 (R'000)

	IFRS 17		IFRS 17	IFRS 4		
		% Movement				
	2024/24	2024/24	2023/23	2022/22	2021/21	2019/20
Insurance premium revenue	N/A	N/A	N/A	150 357	196 290	701 331
Net insurance revenue / earned premiums	288 455	(42.02%)	497 486	239 119	512 654	611 453
Net insurance results / Underwriting profit/ (loss)	325 345	(129.05%)	(1 120 010)	(1 358 914)	(298 035)	556 718
Claims paid	(1 013 789)	(53.41%)	(2 176 034)	(877 800)	-	-
Investment income	664 671	(1.06%)	671 778	277 589	297 453	822 981



ASSET GROWTH

2020/21 TO 2024/25 (R'000)

	2024/25	% Move- ment 2024/25	2023/24	2022/23	2022/23	2021/22	2020/21
Total financial assets (including cash and debtors)	8 359 207	(1.48%)	8 484 970	10 205 433	10 205 433	9 098 937	8 413 288
Total assets	10 680 270	(1.35%)	10 826 028	11 265 171	11 561 475	10 136 431	10 204 214
Total equity	9 434 486	8.87%	8 666 189	8 491 649	6 607 022	6 646 714	6 504 738

The reduction in total assets is due to the payment of insurance claims for projects in Ghana. The R1 billion insurance payment was netted off by the recognition of future salvages receivable and the investment income earned.

The Financial Overview section on page 126 details these results and the associated management of financial capital and the insurance portfolio.

Acknowledgements

I thank the previous Board for its guidance through a myriad of challenges, including the IFRS 17 transition, the record number of claims that ECIC has had to settle over the last three years, the challenging negotiations at the Paris Club over the Ghana sovereign debt restructuring, and the macro-economic conditions and sporadic political violence on the continent, especially in Mozambique, which has delayed the implementation of the Mozambique LNG projects.

This Integrated Report reflects the collective efforts and diverse contributions of our Board, management, and staff. We remain deeply grateful to the many stakeholders whose support – whether through direct engagement or strategic investment – has been instrumental in achieving these outcomes.

We extend our appreciation to our shareholder, **the dtic**, for fostering an enabling environment that supports our growth and development.

A heartfelt thank you goes to all our employees for their steadfast dedication and resilience, especially in the face of ongoing economic challenges. Your commitment continues to drive our success.

Way forward

The Outlook Section on page 143 gives insight into the targeted outcomes of the ECIC 2025/26 Corporate Plan.

The revision of the ECIC legislation and the potential establishment of the SA Eximbank are key focus areas for the strategic period.

Despite the last three years being very challenging, the Corporation has now turned a corner and is generating profits, it will be important that the Corporation focuses on closing the \$1.3 billion worth of projects in the pipeline before year-end, which will contribute to South African exports of goods and services and job creation. Furthermore, the Corporation will have to focus on growing its short-term insurance book through collaboration with other ECAs by concluding Re-Insurance Agreements, improving its processes, and prioritising the acquisition of a digital platform to support the short-term insurance strategy.



Ntshengedzeni Gilbert Maphula

Acting Chief Executive Officer







ORGANISATIONAL OVERVIEW

WHO WE ARE

The Establishment of ECIC

- Most ECAs were created after World War II. South Africa also began to offer official support for export transactions in 1957.
- Instead of creating a dedicated ECA, the Department of Economic Affairs (now the Department of Trade, Industry and Competition, **the dtic**) offered reinsurance cover to Credit Guarantee Insurance Corporation of Africa Limited (CGIC), a privately owned insurance company.
- After 1994, **the dtic** began the process of normalising external trade to prepare for full participation in the global trade village.
- The study commissioned by **the dtic** revealed that the insurance market gap was for medium- to long-term export transactions.
- As of 1 July 2001, **the dtic** stopped offering reinsurance cover for Short-Term trade transactions.
- A dedicated ECA was established in South Africa in the form of the Export Credit Insurance Corporation of South Africa SOC Ltd (ECIC).
- The core business was to fill the market gap through the provision of medium to long-term export credit and investment insurance on behalf of the government.
- On 31 May 2021, the ECIC mandate was expanded to include short-term insurance support involving the export of non-capital goods (consumables) and related services.
- On 15 May 2024, the ECIC was approved to cover Euro denominated transactions.

WHAT WE DO

We provide risk mitigation solutions for South African exporters who offer goods and services in the international market. Our focus is on Africa and other emerging markets outside the continent that are considered too risky for conventional insurers.

The delivery of our mandate is aligned with South Africa's national imperatives of inclusive economic growth, job creation and competitiveness in global markets, especially in Africa and other emerging markets that are considered too risky for conventional insurers.

Our export credit and investment insurance solutions rest on best practice, risk management and underwriting principles and act as a catalyst for private investments where commercial lenders are either unwilling or unable to accept long-term risks.

The Corporation's insurance products facilitate international trade and protect parties involved in cross-border projects, from financing institutions to exporters. Single projects are often linked to comprehensive ECIC policies that cover both commercial and political risk.

Respectively, such risks relate to buyers who, for whatever reason, do not honour contractually agreed-upon payments and projects that fail due to the actions of host governments. The Corporation's footprint in Africa and substantial appetite for insuring against political risk despite political volatility and underwriting projects with flexible terms and conditions that suit project-specific needs and cash-flow profiles give us a competitive advantage.

Our legislated, strategic, and operating environment gives context to our business model and the relationship between the inputs, outputs, outcomes, and impact of our activities.



ETHICS AND CULTURE

The continued high-profile lapses in corporate governance in private and public sector entities over the past years emphasise the importance of a strong culture of integrity and ethical leadership.

As an insurer, the Corporation is regulated by the Prudential Authority and Financial Sector Conduct Authority on prudential matters and conduct issues, respectively.

The Corporation's values inform the culture and define the behaviours needed to fulfil the mandate and achieve the set strategy. Through its mandate, the Corporation enables and facilitates value for clients, society and its people through the services it provides.

The Corporation strives to maintain the highest standards of professional conduct and ethics, which underpins the Corporation's reputation and inspires trust. The board sets the tone for organisational culture through leading ethically and responsibly. In the 2025FY, the Corporation implemented a dedicated ethics programme which included ethical leadership, ongoing training, awareness, and a dedicated whistle-blowing line training to embed ethics and integrity within the Corporation.



WHERE WE OPERATE

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

	2025		2024	
	R'000	Country rating	R'000	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
Eswatini			52 119	5
DRC	254 710	5	252 677	5
Nigeria			11 881	6
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 under the ECIC expanded mandate to cover short-term debt.

As of 31 March 2025, the total sum insured was R9,26 billion (US\$506.2 million), compared to R11,97 billion



(US\$629,9 million) on 31 March 2024. The reduction in the total sum insured can be attributed to the Thengashep Ghana claim that was settled under export credit insurance and a reduction in cover under investment insurance for PAIDF Zimborders. The balance is the net impact of loan repayments and loans still drawing on existing projects.

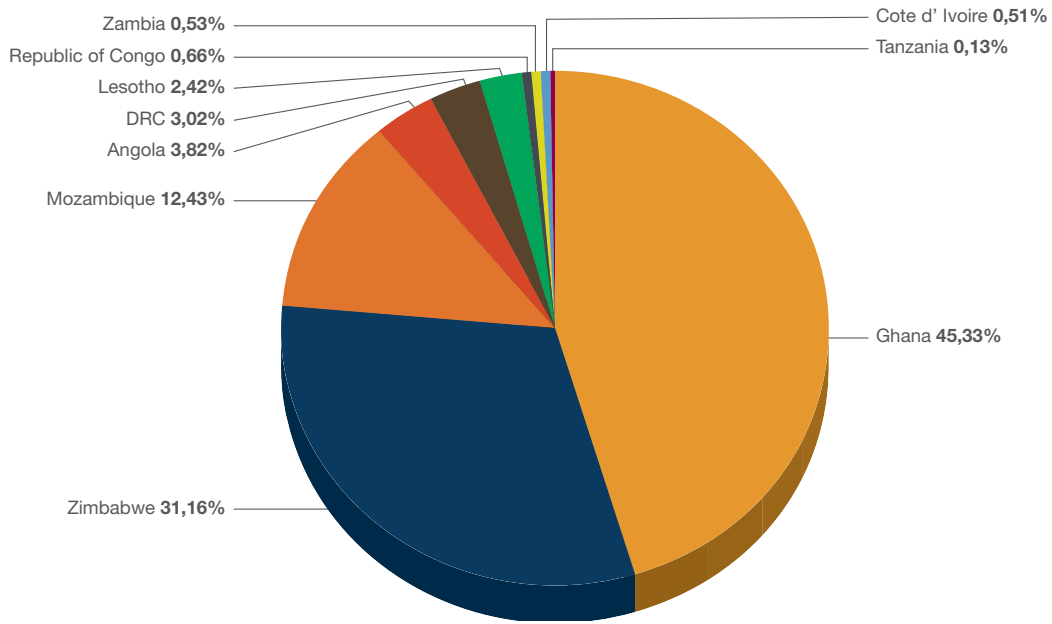
On 31 March 2024, the total sum insured was R11,96 billion (\$629,9 million) compared to R17,03 billion (\$956,7 million) on 31 March 2023. The reduction in the total sum insured was a combination of Ghana claims under the export credit insurance and non-renewal/expiry of policies under the investment insurance for Habesha Ethiopia, Vodacom Ethiopia, and PAIDF Malawi. The balance is a net-off of loan repayments and new loans/loans still drawing on existing projects.

Below are the country rating definitions:

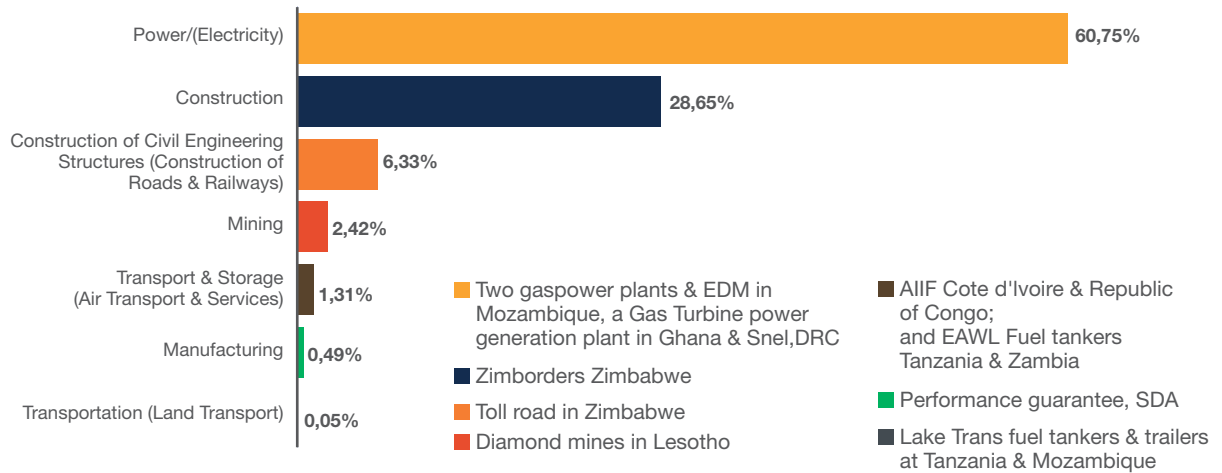
- 1: Highest credit quality. “1” rating denotes the lowest expectation of credit risk. It’s assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
- 2: Very high credit quality.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



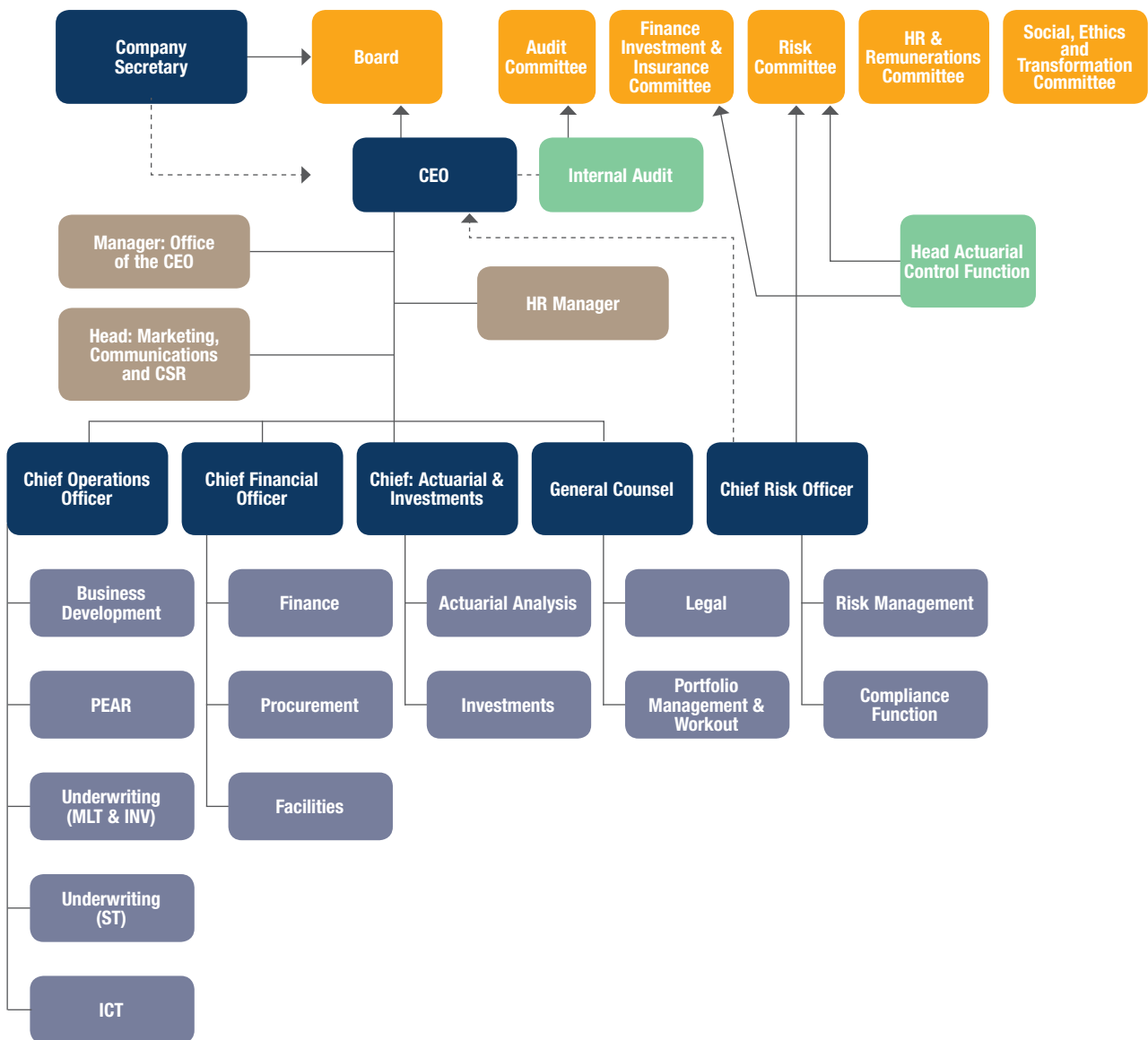
Total Sum Insured by Country – 31 March 2025



Economic Sector Analysis as at 31 March 2025



ORGANISATIONAL STRUCTURE



BOARD OF DIRECTORS

The ECIC Board is responsible for determining its strategic direction and ensuring that the implementation of the strategy is legislatively and regulatory compliant. The directors serve a maximum of two three-year terms each, except for the executive director's term, which is aligned to the Chief Executive Officer (CEO) contract of five years. The five Board committees include directors from **the dtic** and National Treasury, as shareholder representatives, and help the Board to fulfil its role.

	DELIA NDLOVU INDEPENDENT CHAIRPERSON Age: 56 Qualifications: MBA; HDip Tax; BAdmin Hons, Master Tax Practitioner (SAICA), Director Certificate (Toronto University), Member of the IODSA Areas of expertise: Various industries, including Energy, Telecommunications, Manufacturing, Mining, Financial Services and Consumer Position on other boards: Co-Founder of Matla Rock Energy Consortium, Co-founder of Women on Boards, Former Chair of Deloitte Africa Non-Executive director on the following Boards: • Professional Provident Society (PPS) • Oasis Crescent Asset Management • Lifeline Johannesburg (NGO) • Climate Governance Chapter Zero (NGO) • Philasande Healthcare (new startup) Years of service: 0
	PHILISIWE MTHETHWA INDEPENDENT NON-EXECUTIVE DIRECTOR Age: 61 Qualifications: B.A. in Economics, MBA (Corporate Finance), Certificate in Central Banking, South African Reserve Bank, French Language Diploma Areas of expertise: Investment Banking, DFI, Venture Capital, Strategy and Management, Risk Management Position on other boards: Non-executive director at Industrial Development Corporation (IDC) and Sodexo SA Years of service: 0
	SIOBHAIN O'MAHONY INDEPENDENT NON-EXECUTIVE DIRECTOR Age: 38 Qualifications: BSc (Hons) (Actuarial Science), Fellow of the Actuarial Society of South Africa, Fellow of the Institute and Faculty of Actuaries Areas of expertise: Actuarial valuations, Asset-liability matching, Capital adequacy requirements and calculations, Analytics, Pricing and profitability (banking), Loyalty programme design and modelling Positions on other boards: The South African Cities Network, Chairperson of The South African Institute of Professional Accountants Risk and Compliance Committee, HISP Health Information Systems Program South Africa NPA, Member of the Enforcement Committee of the Information Regulator of South Africa, Legal Practitioners Indemnity Insurance Fund NPC, Rand Mutual Assurance, Executive Director of companies with personal investments Years of service: 11
	SISA MAYEKISO INDEPENDENT NON-EXECUTIVE DIRECTOR Age: 42 Qualifications: BCom Honours (Accounting), CA(SA), CFA Areas of expertise: Accounting, Treasury, Investment & Risk Management Positions on other boards: Executive Director of companies with personal investments, Southern African Music Rights Organisation – Board member, Mines 1970 Unclaimed Benefits Preservation Pension & Provident Fund Board member Years of service: 7

	BHEKI MKHIZE INDEPENDENT NON-EXECUTIVE DIRECTOR Age: 47 Qualifications: BSc (Actuarial Science) Areas of expertise: Actuarial, Risk Management, Investment Management Positions on other boards: Independent Non-Executive Director of Khula Credit Guarantee SOC Ltd Years of service: 0
	WILLEM VAN DER SPUY NON-EXECUTIVE DIRECTOR (THE DTIC) Age: 52 Qualifications: BA (Honours) International Relations Areas of expertise: International Trade and Investment Position on other boards: None Years of service: 2
	LUKE GOVENDER ALTERNATE NON-EXECUTIVE DIRECTOR (the dtic) Age: 55 Qualifications: Master of Science (MSc) in Investment Promotion and Economic Development; Executive Development Programme on International Business; Executive Education Programme for South African Senior Government Officials; Leadership in Economic Diplomacy; Doctor Honoris Causa Areas of expertise: Investment and Trade Promotion; Economic Development; Policy Coordination; Strategy Development; Supportive representation; Institutional Management; Governance Reporting Positions on other boards: Ex-officio member on the Boards of the Fresh Produce Exporters' Forum and the South African Fruit and Vegetable Canners' Export Council; Non-Executive Director on the South African Oil and Gas Alliance Years of service: 0
	NETTIE MOFFAT COMPANY SECRETARY Age: 45 Qualifications: LLB, Postgraduate Certificate in Advanced Taxation, LLM (Commercial Law), FCIS, Admitted Attorney, Conveyancer and Notary Areas of expertise: Corporate and Commercial law Position on other boards: None Years of service: 0

EXECUTIVE MANAGEMENT

The CEO is responsible for the Corporation's day-to-day operations and is supported by the Chief Operations Officer, Chief Financial Officer, Chief Risk Officer, Chief Actuarial and Investment, and General Counsel. Various units report to the CEO and his executive team. Except for the CEO, who is on a five-year contract with a three-month notice period, all other executives are permanent employees who are required to give a month's notice when resigning. Executives are not bound by a restraint of trade agreement when leaving the Corporation.

	NTSHENGEDZENI GILBERT MAPHULA ACTING CHIEF EXECUTIVE OFFICER AND ACTING CHIEF OPERATIONS OFFICER Age: 53 Qualifications: BPROC (UNIVEN), LLB (UP), LLM (UP), LLM (UNISA) Areas of expertise: Cross Border Financing, Export Credit Insurance, Political Risk, International Trade and Foreign Investments Project Finance and Sovereign Lending Positions on other boards: None Years of service: 19
	NOLUTHANDO MKHATHAZO CHIEF FINANCIAL OFFICER Age: 43 Qualifications: CA(SA), Management Advancement Programme Areas of expertise: Finance, auditing and financial management Positions on other boards: None Years of service: 15
	JOHN OMOLLO CHIEF RISK OFFICER Age: 57 Qualifications: Master of Business Administration (MBA) Wits, Certified Public Accountant of Kenya (CPA II, III) Areas of expertise: Risk Management, Project & Structured Finance, Banking and Credit Rating of Financial Institutions Positions on other boards: None Years of service: 14



	SIAS ESTERHUIZEN CHIEF ACTUARIAL & INVESTMENT Age: 45 Qualifications: BSc (Financial Mathematics), BSc Hons (Actuarial Mathematics), FASSA (Fellow of the Actuarial Society of South Africa) Areas of expertise: Actuarial pricing, reserving, capital modelling and risk management disciplines Positions on other boards: None Years of service: 9
	DIANNE NAICKER ACTING GENERAL COUNSEL Age: 47 Qualifications: BProc Law (UKZN), LLM (International Commercial Law - Manchester, UK), Company Secretarial and Governance Practice (CSSA), Advanced Certificate in Management Practice (Henley Business School) Areas of expertise: Export Credit Insurance and Project Finance Positions on other boards: None Years of service: 14







EXTERNAL ENVIRONMENT

ECONOMIC AND POLITICAL OUTLOOK

1. Global Developments

At the start of the second quarter of 2025, some of the anticipated policies from the United States have begun to take shape. While still early, the implications are divergent across regions. Trade policies from the US have resulted in unprecedented policy uncertainty, with the expected consequence of a slowdown in the global economic growth rate. This is likely to remain the case until 2026, unless there is a clear policy shift from the US. Recession risks are increasing as developed markets respond to tariffs imposed by the US and as protectionism finds increased expression globally, particularly in the Eurozone. While maintaining a blanket 10% import tariff across almost all US imports – aimed at revenue collection – as well as the 25% import taxes on automobiles, steel, and aluminium, President Donald Trump has given countries 90 days from 9 April to negotiate with the US on all “reciprocal taxes”.

Despite some moderation in impact, the blanket tax and 25% tariffs on autos, steel, and aluminium continue to affect global inflation and growth. Global inflation has risen as the cost of goods increases. Additionally, there may be a widened growth differential between the US and emerging markets (EMs), which could negatively affect capital flows to EMs. Overall, these policy changes under President Trump’s administration could have profound and multifaceted effects on the global economy, influencing trade, inflation, capital flows, and geopolitical dynamics.

The Federal Reserve reduced interest rates by 25 bps in December, marking the third consecutive rate cut in 2024. However, as PEAR anticipated, the US Federal Reserve is now expected to leave policy rates unchanged through most of 2025 in response to the global uncertainty arising from the tariffs. Even though futures markets predict earlier Fed easing, PEAR assesses that this is only likely to be delivered in the event of a much weaker economy than is currently forecast. Meanwhile, at the MPC meeting of February 6, the Bank of

England cut interest rates to 4.5% from 4.75% after two previous cuts in August and November 2024. This was in response to the 10% tariffs imposed by the US on almost all UK products and the announced 25% tariffs on steel and aluminium, aiming to stimulate economic activity and growth. However, the Bank of England maintains a cautious approach to rate cuts, as inflation, not growth, is its main priority, with the core rate currently at 2.8%, higher than the bank’s 2% target. In the Eurozone, the European Central Bank (ECB) cut interest rates by 50 bp between January and March 2025, marking six consecutive cuts since June 2024. This move was supported by a favourable inflation outlook – despite inflation being above the 2% target – with some analysts predicting more cuts in 2025. The ECB’s continued rate cuts indicate a proactive approach to managing inflation and supporting economic recovery in the Eurozone as economies such as Germany struggle with weak demand and sluggish productivity.

The global economy is expected to remain resilient, with the OECD projecting growth at 3.3% in 2025 and 2026, up from 3.2% in 2024, supported by emerging nations. However, this outlook could shift based on several factors: Trump’s policies, economic conditions in the Eurozone and the UK, and geopolitical tensions.

The S&P Materials Price Index (MPI) suggests that baseline forecasts for commodities – including energy, chemicals, steel, nonferrous metals, and precious metals – remain relatively stable for 2025. According to S&P, weak demand and surplus capacity across most commodities provide a buffer for consumers against potential shocks. This scenario could pose challenges for commodity-producing countries, potentially leading to reduced revenue, slowed investment, and negative impacts on overall economic growth.

China’s stimulus measures have been a key topic, encompassing general and special government bonds, which are expected to support the retail sector through trade-in subsidies, as well as ongoing investments in equipment upgrades and AI supply chains. Despite China’s reciprocal tariffs of up to 125% on US goods, effective 10 April, the



outlook for industrial materials demand remains largely unchanged, except for some market spikes, particularly in metals. However, as the US tariffs' market implications set in, they are likely to eventually make China's 5% GDP growth target difficult to attain in 2025, especially as China still faces domestic challenges of deflation, a weak housing market, and an ageing demographic. Looking ahead, the tariffs from the US could erode Chinese competitive advantages in Europe and Southeast Asia as transshipment regions, which would contribute to the overall decrease in China's exports to the world. China's response indicates an escalatory trend in the trade war, narrowing the probability of trade negotiations between the two nations over the next quarter.

Following a breakdown in the ceasefire between Israel and Hamas in early March, fighting resumed in the Red Sea region from 15 March 2025. US airstrikes against Hamas, in support of Israel, have resulted in counterattacks from Iran, backing Hamas over transshipments in the Red Sea and Gulf of Aden. These attacks are unlikely to be indiscriminate due to uncertainties over Hamas' target selection, increasing the risk of cargo damage and supply chain disruptions in the region over the next quarter. This means that global shipping costs will probably stay elevated over the short to medium term.

2. On the Continent

President Trump's general 10% import tariffs and 25% tariffs on autos, steel, and aluminium present significant fiscal implications for most African countries. A temporary reprieve exists for several nations, including South Africa and Lesotho, which would have faced substantially higher tariffs (30% and 50%, respectively) had the US not suspended 'reciprocal' tariffs for a 90-day negotiation period. Countries now face three strategic options in response: implementing reciprocal measures, establishing targeted purchase programmes, or aligning with US policy priorities.

African nations with US trade surpluses face disproportionate exposure to tariff actions, with South Africa at particular risk given its trade surplus approximately four times larger than regional counterparts. The sectoral impacts are expected to be widespread and significant:

- 1. Agriculture:** The sector faces substantial pressure as increased costs for US buyers will likely reduce sub-Saharan African export revenues, particularly affecting smallholder farmers in Ghana, Kenya, and South Africa who produce key exports such as coffee, cocoa, tea, and various fruits and vegetables.
- 2. Textiles and Apparel:** Countries that have benefited from AGOA preferences – notably Kenya, Lesotho, Mauritius, and Madagascar – anticipate considerable export contractions, threatening both GDP and urban employment, with disproportionate effects on women and youth workers.
- 3. Manufacturing and Minerals:** South Africa's automotive manufacturing sector and mineral exports (including platinum group metals and gold) face revenue and job losses, impeding economic diversification efforts and competitive industry development.
- 4. Oil and Gas:** While exempt from direct US tariffs, energy exports from sub-Saharan Africa remain vulnerable to declining global demand resulting from economic deceleration. The consequent downward pressure on oil prices threatens output and external revenues for energy-producing states.

Non-oil-dependent economies face heightened vulnerability due to their concentration in tariff-sensitive sectors, with limited short-term options for market diversification.

The macroeconomic implications of global trade tensions extend beyond direct tariff effects. Weaker global growth will intensify fiscal fragility across sub-Saharan Africa through diminished tax receipts and reduced export revenues to key markets, including China and the EU. Simultaneously, investment uncertainty is expected to suppress FDI commitments, further constraining fiscal capacity. Governments consequently face challenging policy trade-offs between expenditure reductions to address fiscal deterioration and potential debt accumulation, with institutional capacity likely to weaken amid resource constraints and reduced donor support. Currency volatility and depreciation pressures are projected to increase as the region's net export position contracts, hampering foreign exchange reserve accumulation.



Despite investor sentiment deterioration potentially reducing capital inflows to frontier markets, monetary policy is expected to remain relatively stable as inflationary pressures are counterbalanced by declining food and commodity prices alongside subdued domestic demand, enabling central banks to maintain current interest rate trajectories in the near term.

Notwithstanding the impact of the tariffs and probable non-renewal of AGOA, Africa's GDP growth forecasts still estimate 4% growth supported by infrastructure projects, policy reforms, and trade expansion—though this growth is uneven across regions. East Africa leads with a projected 5.7% increase in 2025 from 4.4% in 2024. West Africa anticipates 4.4% growth, bolstered by Nigeria's economic reforms and stable performance in Côte d'Ivoire and Benin. North Africa is projected to expand by 3.8%, driven by improved economic conditions in Egypt, Morocco, and Tunisia, while Southern Africa expects modest growth of 2.6% and Central Africa forecasts acceleration to 4.2%.

Inflationary pressures across the continent are projected to moderate substantially from 19.3% in 2024 to 14.8% in 2025, with significant disinflation anticipated in Egypt, Nigeria, and Ghana. Monetary policy stances remained largely unchanged month-on-month, though elevated interest rates persist in key economies such as Ghana (27%) and Nigeria (27.5%), reflecting ongoing inflation management priorities.

Currency markets exhibited predominantly depreciation trends, with 30 African nations experiencing significant currency weakening as of February 2025, although select regional currencies, including those of Kenya, Uganda, and Nigeria, registered appreciation against major international currencies.

On the trade front, intra-African trade is projected to expand by an average of 5.1% in 2025 and 2026, reaching USD 1.5 trillion in 2025, while fiscal positions are expected to strengthen as deficits narrow from 5.8% of GDP in 2024 to 5.4% in 2025, with improved fiscal outcomes anticipated across most regions. Nevertheless, persistent geopolitical tensions, civil conflicts, and terrorism in several African countries continue to pose material risks to economic stability and policy effectiveness, potentially constraining the full realisation of projected growth trajectories.

Twelve parliamentary elections are scheduled for the remainder of this year (Burundi, Cameroon, Côte d'Ivoire, Central African Republic, Comoros, Egypt, Gabon, Malawi, Niger, Seychelles, Tanzania, and Togo), while three presidential elections will take place in Cameroon, Gabon, and Togo. These elections will have implications for the policy direction of these states, with countries where a particular party dominates enjoying relatively strong policy continuity, while policy stagnation is more probable in states where parliamentary results display even party representation within the legislature.

Gabon will hold a general election on April 12. Coup leader General Brice Oligui Nguema is highly likely to move from 'interim' to elected president as a result of the poll and in advance of an original two-year timeline from the coup of August 2023. The former ruling Gabonese Democratic Party appears set to also regain its National Assembly dominance. Nguema remains very popular for having ended the Bongo dynasty and faces no significant rivals. Should the elections proceed as planned, the outcome will mark one of the first reinstatements of a civilian government within the military government-dominated Sahel region.

Elsewhere on the continent, civil wars and armed conflicts continue in Ethiopia, Libya, Somalia, Sudan, and Mozambique, while territorial disputes intensify between DRC-Rwanda and Algeria-Morocco. Meanwhile, both civilian and military governments continue to fight against terrorist insurgents in Burkina Faso, Cameroon, Niger, Mali, Nigeria, Mozambique, Somalia, and Sudan.

3. South Africa

Finance Minister Enoch Godongwana's 2025 Budget speech delivered critical social relief extensions, above-inflation grant increases, a phased value-added tax adjustment, and renewed funding allocations for the South African National Defence Force (SANDF). The proposed phased VAT increase of one percentage point over the next two financial years has generated notable tensions within the coalition government. Implementation of the first phase is scheduled for 1 May 2025. In the fourth quarter, gross domestic product expanded by 0.06% following a 0.01% contraction in the preceding quarter. This modest recovery was primarily driven by positive contributions from the



agricultural, financial services, and trade sectors on the supply (production) side, while household consumption expenditure led growth on the demand (expenditure) side.

South Africa has made substantial progress in addressing four of the six remaining action items identified by the Financial Action Task Force (FATF) as of the February 2025 reporting cycle. The FATF Plenary has granted an extension for the two outstanding action items to be addressed by the subsequent reporting cycle spanning March to June 2025. This extension positions South Africa

for potential removal from the FATF grey list at the October 2025 plenary session. The outstanding actions relate specifically to demonstrating sustained effectiveness in investigating and prosecuting serious and complex money laundering and terrorist financing cases—widely acknowledged as among the most challenging components of anti-money laundering and counter-terrorist financing frameworks globally. The extension reflects the recognition that these effectiveness metrics require consistent demonstration across multiple reporting periods.







VISION



To be a world-class export credit insurer in facilitating South African export trade and cross-border investment globally.

MISSION



To provide insurance solutions in support of South African goods and services by applying best practice underwriting and risk management principles.

VALUES



The Corporation has five values being:

- **Integrity** – We strive to conduct every aspect of our business with honesty, integrity, and fairness.
- **Accountability** – We accept transparency and responsibility for our decisions and actions.
- **Excellence** – We are committed to the highest level of performance through continuous improvement of our knowledge, skills and business practices.
- **Innovation** – We encourage open-mindedness and support innovation and the development of new ideas and processes for the continued improvement of the services delivered by our Corporation.
- **Teamwork** – We work together as a team internally and collaborate externally with our stakeholders and customers. We appreciate that as a team, we can achieve much greater things than as individuals.

These values are reinforced by the Code of Ethics and Business Conduct “the Code” and are also reflected in our policies and procedures.



STRATEGIC OBJECTIVES OF THE ENTITY

Strategic Themes



Stakeholder and customer engagement

Engage with key stakeholders to know and understand their legitimate and reasonable needs, interests and expectations on an ongoing basis to assist the Corporation in effectively executing its mandate.



Grow and diversify the business

Increase market presence, customer-focused solutions, grow and diversify our portfolio of supported transactions.



Operational excellence

Continuous investment in effective and efficient integrated systems and processes, invest in our human capital, build knowledge and skills, and a culture of professionalism, innovation and team work to enhance organisational capacity and operational excellence.



Good governance and risk management

Pursue good governance and sound underwriting and risk management practices to ensure a self-sustainable and socially relevant and economically impactful enterprise.



SWOT ANALYSIS

Internal strengths and weaknesses

STRENGTHS

- Open to cover most African countries based on in-depth knowledge and proximity to the market
- Flexibility in underwriting terms (tenor, risk rating etc.)
- Strong adherence to good corporate governance principles
- Embedded Own Risk and Solvency Assessment related processes
- Skilled, competent and resilient workforce
- Government backing as a shareholder
- Peer recognition on large and complex projects
- Strong balance sheet and solvency position
- Expanded mandate that includes the underwriting of short-term insurance business
- Ability to stay the long haul in the workout of distressed transactions



WEAKNESSES

- Limited diversity of transactions that generate premium income
- Limited experience in short-term trade credit insurance
- Inherently long gestation period of typically supported transactions



External opportunities & threats

Opportunities

- Leveraging on strategic partnerships
- Opportunities in the execution of the African Continental Free Trade Area (AfCFTA)
- Advance the use of reinsurance
- Expand the insurance cover to Euro-denominated transactions
- Collaborate with other DFIs, ECAs and private market insurers
- Leveraging technology to enhance and automate business processes to increase efficiencies and remove red tape
- Diversify funding sources for SA exports by broadening ECIC cover to non-SA financial institutions



Threats

- Potential sovereign credit downgrades for the country that could increase the cost of funds for ECA finance
- Ongoing negative impacts of COVID-19 and the threat of other pandemics in the future
- Ongoing competition from other ECAs and the private market insurance
- Exchange rate volatility resulting in balance sheet erosion due to the current tax treatment
- Cyber security breaches/attacks
- Negative impact of a large claim and/or several small claims
- Grey listing of South Africa
- Challenge in full recovery of IMU shortfall from government



Alignment to the dtic Joint Key Performance Indicators

Relevance to ECIC Corporate Plan	Relevance to ECIC Corporate Plan	ECIC Target	
Joint KPI Industrialisation and Growing the Economy			
- Sector Partnerships: Master Plans - Localisation programmes - African and Global Exports	Contribute to trade facilitation that results in job creation	Value of deals underwritten Number of deals underwritten The value of deals approved within the expanded mandate	
Relevance to ECIC Corporate Plan	Relevance to ECIC Corporate Plan	ECIC Target	
Joint KPI Transformation			
- BEE promotion and review - Worker empowerment - Structure of economy	Enhance transformation Contribute to trade facilitation that results in job creation	Maintain a Level 1 B-BBEE Score Number of companies benefiting under the Export Passport Programme	
- Structure of economy - Integrated Delivery (District Model Reporting)			
Relevance to ECIC Corporate Plan	Relevance to ECIC Corporate Plan	ECIC Target	
Joint KPI Building a capable state			
- Building the entity staffing and governance capacity and quick-response - Addressing red tape and compliance in internal policies	Improve employee value proposition Improve business processes and systems Improve staff efficiency Embed risk management practices Enhance financial sustainability Stakeholder and Customer engagement Enhance corporate governance Contribute to trade facilitation that results in job creation	Retention of staff Percentage (%) of prioritised business processes automated Employee cost to earned premium (3-year average) No breaches on risk appetite limits over the 5-year period Risk maturity levels of the Corporation % Increase in equity (excluding foreign exchange movements and related tax) Operating cost base of underwriting activities Click Through Rate (CTR) on the AfCFTA media campaign Culture Entropy score Clean audit with no repeat findings on BAC Report Number of companies benefiting under the Export Passport Programme	







BUSINESS MODEL

Capitals employed

The Corporation pursues its mandate through a set of strategic objectives aligned with national priorities. These are reflected in the African integration and industrial development focal area of the Industrial Policy Action Plan (IPAP) and aligned with encouraging private sector investment as indicated in Government's Nine-Point Plan, as well as the National Development Plan (NDP), specifically the 2024-2029 Medium-Term Strategic Framework (MTSF).

The crux of achieving our objectives lies in value creation.

The capitals employed to create value are defined as:



FINANCIAL CAPITAL

Financial capital is created through insurance premiums and investment income. The Corporation maintains sufficient capital to meet regulatory and financial capital requirements to support its sum insured, with trade-offs in utilising available capital to fulfil its mandate through employing the capitals indicated herewith.



HUMAN CAPITAL

The Corporation's experienced employees and board embed a diverse, inclusive, and high-performance culture to execute on the strategy. In return, employees benefit from a productive and ethical work environment that promotes engagement, wellness and diversity and rewards excellence.



INTELLECTUAL CAPITAL

The Corporation's intellectual capital vests in intangibles such as brand value, reputation, software, rights and licences, systems, policies, and protocols, as well as tacit knowledge that includes significant expertise in underwriting, undertaking due diligence research and analysing the reports to inform investment decisions and an understanding and appetite for managing political risk in Africa that is unmatched in the private sector.



SOCIAL AND RELATIONSHIP CAPITAL

Leveraging relationship capital is imperative to accessing new markets and increasing business reach, as well as responding to the legitimate and reasonable needs, interests, and expectations of stakeholders in the best interest of the Corporation over time. A stakeholder-centric approach gives parity to all sources of value creation, including internal stakeholders who are always material to business, while this may or may not hold true for external stakeholders.

The Corporation is B-BBEE Level 1 compliant and implements a range of social impact initiatives annually through its Corporate Social Responsibility (CSR) programme.

The Corporation is a tax-paying entity thereby contributing to funding public services and social programmes.



MANUFACTURED CAPITAL

The Corporation's business structure and operational processes require the use of office equipment, office furniture and computer equipment, as well as the rental of an office building.



NATURAL CAPITAL

The Corporation impacts the natural environment directly in our operations through, inter alia, the use of water and energy and emphasising energy efficiency in our business environment and indirectly through financing projects that impact natural resources.



OUR VALUE CREATING BUSINESS MODEL

ECIC Value Creation Process					
	Inputs	Outputs	Risks	Key Performance Indicator	Outcomes
Financial capital	- Net Insurance Results: R325 million profit (2024: R1,1 billion loss)  - Net Investment Income: R665 million (2024: R672 million)  - Claims paid: R1 billion (2024: R2,2 billion)  - Number of insurance policies: 19 (2024: 18) 	- Equity: R9,3 billion (2024: R8,5 billion)  - Total Financial Assets: R8,4 billion (2024: R8,5 billion)  - Projects up and running after payment of claims - Insurance Portfolio of R9,3 billion (2024: R12 billion) 	- Uncertain macro-economic outlook - Regulatory / Legislative changes - Recession in the US - SA Credit Downgrade - Competition	- Increase in equity: 13% (2024: 24%)  - Operating cost base of underwriting activities excluding bonuses: R108 million (2024: R107 million)  - Value of transactions approved: \$7 million (2024: \$NIL)  - Value of approved transactions within expanded sectoral coverAge: \$10 million (2024: \$8 million) 	- ECIC is self-funded - ECIC is financially stable - Contributes to growth, development, and transformation of South African exporters - Reduced National Treasury contingent liability - Increased shareholder value
	- Employee costs: R97 million (2024: R89 million)  - Training: R4,6 million (2024: R4,5 million)  - Number of insurance policies: 19 (2024: 18)  - Staff complement: 93 (2024: 98)  - Graduate trainees included in staff complement: 11 (2024: 11)	Job opportunities created/ sustained: 435 (2024: 661) 	- Insufficient capacity - Insufficiently skilled capacity	- Retention of staff: 89% (2024: 90%)  - Staff efficiency: 23% (2024: 18%)  - Culture Entropy Score: 47% (2023: 26%) 	- Strategic business objectives met - Quality-rich and performance-driven organisational culture - Retention of diverse talent - Work-engaged employees



	ECIC Value Creation Process				
	Inputs	Outputs	Risks	Key Performance Indicator	Outcomes
Intellectual capital	- Additions of computer software and models: R NIL (2024: R NIL) - Amortisation / Usage of computer software and models: R NIL (2024: R NIL) - Cyber security tools, services, employee awareness and training: R421k (2024: R33k) ↑	- Research reports on trade and investment opportunities - Carrying value of intangible assets: R NIL (2024: R NIL) - Improved cybersecurity posture	- Business recovery - ICT risk - Regulatory/ Legislative changes - Cybersecurity breaches/ attacks	- Implementation of Business Process Automation Plan: 85% (2024: 80%) ↑ - Maintain B-BBEE Score: Level 1 (2024: Level 2) ↑ - No breaches on risk appetite limits over the 5-year period: NONE (2024: NONE) - Risk maturity levels of the Corporation: Level 3 across 58% of metrics (2024: Level 3 across 70% of metrics) ↓ - External Audit results: Clean audit (2024: Unqualified audit with findings) ↑ - No cybersecurity breaches reported	- Improved knowledge of ECIC products and African markets - Working environment conducive to delivering on mandate considering Industry 4.0 - Reduced reputational and financial loss risk

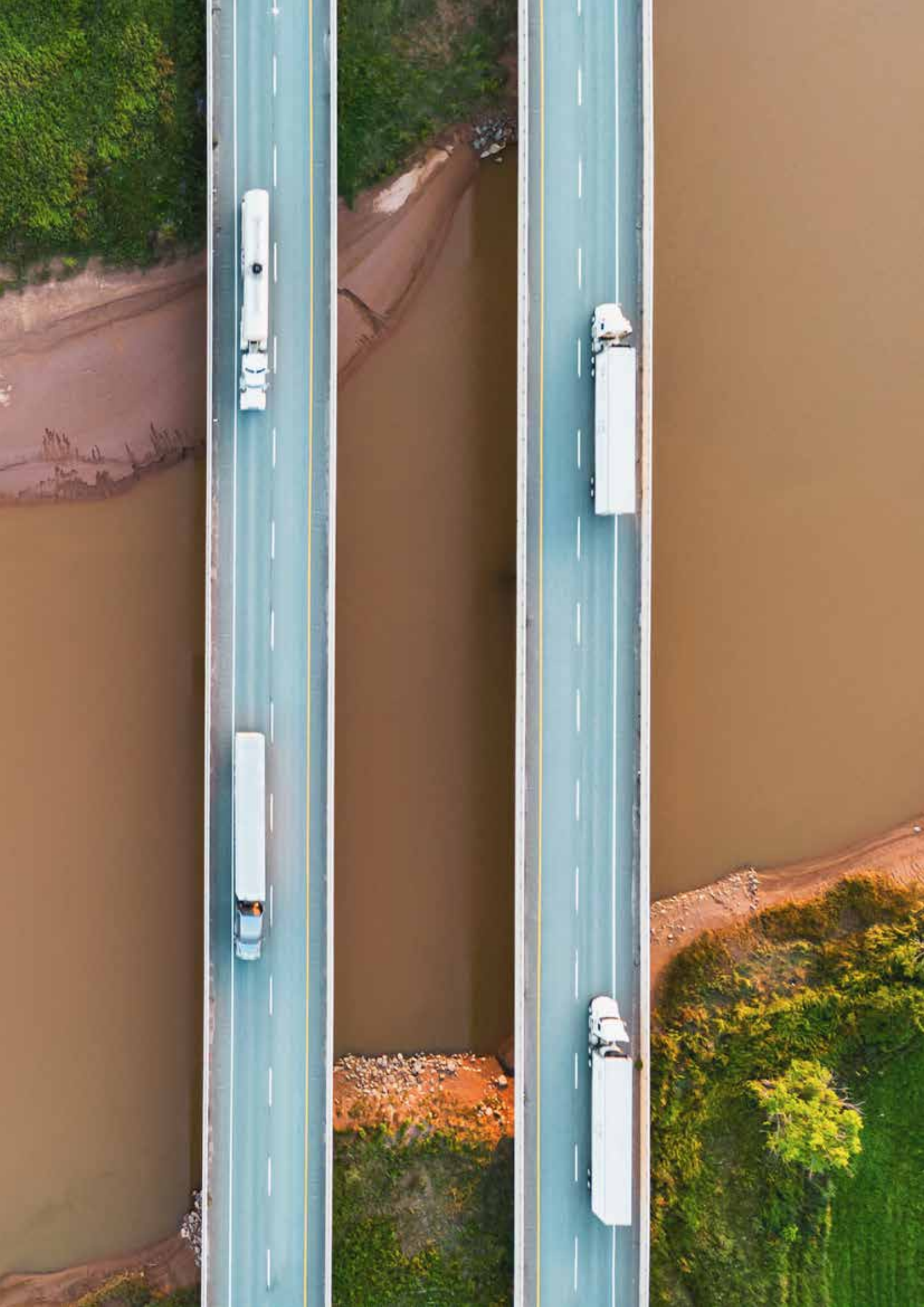


	ECIC Value Creation Process				
	Inputs	Outputs	Risks	Key Performance Indicator	Outcomes
Social and relationship capital	- Socio-Economic Development: R6,2 million (2024: R3,3 million)  - Tax paid: R203 million (2024: R494 million)  - Monitoring of projects' Environmental and Social Management Plans - Implementation of Transformation Strategies	- Bursaries offered for South African Actuaries Development Programme and Thuthuka Education Upliftment Fund Bursaries: R1,4 million (2024: R4,6 million)  - R3 million allocated to EME service providers (2024: R NIL) - R1,4 million allocated to export-oriented SMMEs (2024: R NIL) - Approved ESG Reporting Framework - Number of black-owned fund managers: 6 (2024: 5)  - Number of black woman-owned fund managers: 1 (2024: 1)  - Total funds allocated to black-owned fund managers: R131 billion (2024: R1,7 billion)  - Total funds allocated to black woman-owned fund managers: R242 million (2024: R203 million) 	- Competition - Damage to reputation / brand - Negative social impacts that are linked to insured projects	- Maintain B-BBEE Score: Level 1 (2024: Level 2)  - Culture Entropy Score: 47% (2023: 26%) 	- Increased brand awareness - Transformation and capacity building - Protection from reputational damage - Positive impact on skills shortage and job creation - Relationship with key stakeholders improved - Long-term sustainability - Evolving business model to meet stakeholder needs



ECIC Value Creation Process					
	Inputs	Outputs	Risks	Key Performance Indicator	Outcomes
Manufactured capital	- Additions of owned property and equipment: R526k (2024: R3,7 million)  - Depreciation / Usage of owned property and equipment: R1,7 million (2024: R1,7 million)	Carrying value of owned property and equipment: R4 million (2024: R5 million) 	- Business recovery - ICT risk - Regulatory / Legislative changes	Implementation of Business Process Automation Plan: 85% (2024: 80%) 	Working environment conducive to delivering on mandate considering Industry 4.0
Natural capital	- Cost of printing and stationery: R158k (2024: R194k)  - Cost of water and electricity: R824k (2024: R699k)  - Travel costs: R3,1 million (2024: R2 million)  - Financing projects that impact the natural environment - Monitoring of projects' Environmental and Social Management Plans	- Zero fines/ penalties related to environmental impacts - Insured projects comply with the World Bank Equator Principles - Signatory of the UNPRI	- Business recovery - ICT risk - Regulatory / Legislative changes	Implementation of Business Process Automation Plan: 85% (2024: 80%) 	Working environment conducive to delivering on mandate considering Industry 4.0









GOVERNANCE REPORT

The Board is responsible for the governance and compliance framework of the ECIC.

Compliance with laws, rules, codes, and standards

The ECIC operates in a highly regulatory environment. The Board plays an oversight role in ensuring that the Corporation complies with applicable laws and considers adherence to non-binding rules, codes, and standards. A dedicated unit for the Compliance function identifies applicable legislation, regulatory requirements, and related amendments, and analyses their impact on the Corporation and facilitates compliance monitoring and control using a risk-based approach. The function collaborates with other risk assurance providers and internal functions, including Operations.

Management committees, through business processes and in line with the delegation of authority, escalate material regulatory issues to the Committees and Board and corrective action is taken to address any identified noncompliance.

Legal and regulatory universe

The ECIC is a Schedule 3B public entity in terms of the Public Finance Management Act, 1 of 1999, as amended (PFMA). The Corporation was reconstituted in terms of the Export Credit and Foreign Investment Insurance Act, 78 of 1957, as amended, and incorporated in terms of the Companies Act, 71 of 2008, as amended. South Africa's legislative framework for corporate entities also applies to the ECIC, although the PFMA supersedes all other legislation excluding the Constitution. The Corporation is also registered as a financial services provider and complies with applicable insurance regulations, such as the Short-Term Insurance Act, 53 of 1998, as amended by the Financial Services Laws General Amendment Act, 45 of 2013; the Financial Advisory and Intermediary Services Act, 37 of 2002 and the Insurance Act, 18 of 2017, as amended.

An Export Credit Insurance Agreement together with the Shareholder's Compact (which is renewed annually), both with the Minister of Trade, Industry

and Competition (dtic), governs the ECIC's business conduct, as required by the PFMA. The ECIC also subscribes to the King IV Report on Corporate Governance for South Africa, 2016 (King IV™).

Public Finance Management Act (PFMA)

Compliance with the PFMA drives transparency, accountability and sound management of revenue, expenditure, assets, and liabilities in all public entities. The ECIC Board, as the Accounting Authority, takes effective and appropriate oversight steps to prevent irregular as well as fruitless and wasteful expenditure. Further, the ECIC Materiality and Significance Framework is reviewed on an annual basis. Compliance with PFMA reporting, according to section 55(2)(b), is disclosed on page 5 of the Annual Financial Statements.

Alignment with King IV™

The Board adopted and welcomed King IV™, with its philosophies and principles of integrated thinking and reporting, stakeholder inclusivity, sustainable development, effective and ethical leadership, transparency, openness, integrity and accountability, amongst others. The extent of our compliance with applicable King IV™ governance principles and recommendations during the past year is available on the ECIC website at www.ecic.co.za.

Board of Directors and its composition

The ECIC is governed by a unitary Board of Directors who, collectively, have the required knowledge, experience, and business acumen to guide the Corporation's strategy and governance. The Board consists of nine directors: six independent non-executive directors, two non-executive directors (government representatives from **the dtic** and National Treasury) and the CEO as an executive director. The CEO position is currently vacant and Mr N G Maphula was appointed the Acting CEO effective 1 August 2023. All directors jointly have a fiduciary duty to exercise the necessary care, due care, diligence, and skill in carrying out their responsibilities. The Board is



accountable to the shareholder for ECIC's activities and performance.

BOARD CHARTER

The Board Charter is reviewed annually and sets out the responsibilities and duties of the Board and ECIC management. The Charter ensures that the Board exercises full oversight control over significant matters, including but not limited to the ECIC's vision, mission, values, strategic objectives, corporate plans, annual budget and performance monitoring against set objectives, organisational design, the integrated report, and annual financial statements.

CHAIRPERSON AND CEO

The roles of the Chairperson and CEO are separated. The Chairperson is an independent non-executive director who works with a qualified Company Secretary, ensuring that the Board functions efficiently, is focused and operates as a unit. The responsibility for managing the ECIC's business is delegated to the CEO, as the executive director, who is also accountable to the Board.

DELEGATION OF AUTHORITY

The Board confers authority on management through the CEO in terms of the approved delegation of authority matrix. The delegation of authority document is updated as and when required and regulates the delegation of authority from the Shareholder, Board, Board committees and management.

INDEPENDENCE OF DIRECTORS

The Board Charter supports independence and objective decision-making with no director holding unfettered decision-making powers. Director "independence" is aligned with King IV™, while non-executive directors who represent government departments are not considered as independent. None of the directors have contractual or family relationships with the Corporation, nor do they participate in the Corporation's incentive schemes or charities that benefit from donations made by the ECIC. Their independence ensures fair, unbiased, and unfettered judgements in matters that affect the Corporation.

COMPANY SECRETARY AND SECRETARIAT

The Company Secretary guides and assists the board of directors to discharge their fiduciary responsibilities and duties in the best interests of the Corporation. The Company Secretary's duties include, amongst others, providing governance advice, providing directors with timely and unrestricted access to Corporation information, director training, induction, Board and Board committee performance evaluations, meeting agendas and minutes.

APPOINTMENT POLICY

Director recruitment is in accordance with **the dtic's** Policy Framework and the Procedures on Oversight and Governance of Public Entities and Statutory Institutions. Board vacancies are publicly advertised, and candidates are subject to security clearance. The policy provides a generic set of principles, procedures and processes that promote good corporate governance and strengthen **the dtic's** oversight responsibilities over its group of entities. The shareholder appoints the directors (and CEO) to, typically, serve for the prescribed term. At the end of the term, a director may be reappointed at the shareholder's discretion for another term of office, generally to the limit of only two terms.

BOARD MEETINGS

The Board, through the office of the Company Secretary, develops and adopts an annual work plan that covers its mandate and sets meeting dates and agendas. Meetings are scheduled in advance and special meetings are convened as required on notice. Directors who cannot physically attend meetings can participate virtually, through telephone conference calls or other electronic means, as prescribed by the Companies Act. Executive Management Committee members attend meetings by invitation to report on relevant matters. The Board met nine (9) times during the 2024/25 financial year, with two (2) of those meetings being special meetings to consider material matters such as project and claims approvals and other operational matters.



Table 1: Board members, committees, and meeting attendance from 1 April 2024 to 31 March 2025

Board Members (Directors)	Board and Board Committee Meetings and Attendance					
	Board (9)	Audit (9)	Risk (3)	FIIC (7)	HRREMCO (4)	SETCO (4)
Non-Executive Directors						
D Dharmalingam	8 (C)	-	3	-	4	4
V Matsiliza	9	8		7	4 (C)	-
S O'Mahony	8	9	3 (C)	-	4	-
S Mayekiso	8	8		7 (C)	4	-
L Mothae	8	7 (C)	-	-	3	4
D Subbiah	9	-	3	7		4 (C)
Shareholder representative: L Mataboge (Alternate: W van der Spuy)*	7			4		
E Makhubela#	7		2	3		
Executive director						
NG Maphula	9		3			4

Notes to the table

C) = Chairperson of Board Committee

*Shareholder representative (**the dtic**)

#Shareholder representative (National Treasury)

DIRECTOR INDUCTION, ORIENTATION, AND ONGOING EDUCATION

A comprehensive director orientation and induction programme is implemented on an ongoing basis to inform new directors about their duties and responsibilities. Existing Board members are encouraged to, and do, participate in the induction programme. The orientation programme is structured to improve directors' understanding of the ECIC's legislative framework, governance processes, delegation of authority and business operations. Board members attend regular internal and external briefing sessions and training to broaden their understanding of the ECIC's operations and stay abreast of new legislation and regulations, as well as local and international industry developments, technology issues, risk management and corporate governance best practices. Director mentoring or coaching is available, as and when required.

INDEPENDENT ADVICE

The Board members can obtain independent professional advice at the Corporation's expense according to an agreed-upon procedure. No individual director exercised this right during the period under review.

BOARD AND DIRECTOR EVALUATIONS

An annual evaluation process assesses the effectiveness of the Board and Board committees and can identify any areas of improvement and/or the relative skills mix and other considerations for effectiveness. The Board submits its evaluation and progress report annually to **the dtic**.

The overall performances of the Chairperson, Board, and Board committees were viewed as satisfactory. The CEO's performance is also reviewed annually by the Board and Executive team, and the relevant feedback is provided therein.

The Board, under the leadership of the Chairperson, remains committed to the process, which has been embraced as a valued feedback mechanism.

INFORMATION TECHNOLOGY GOVERNANCE

The Audit Committee and Risk Committee monitor information and communication technology (ICT) governance by considering the efficacy of ICT controls, policies and processes and their risk to financial reporting and the effectiveness of financial controls. The Committees also monitor initiatives to manage ICT risks appropriately in order to mitigate threats to operational continuity.

VALUES AND ETHICS

The ECIC's values support its Code of Ethics and Business Conduct. Board members and employees are required to complete their annual declarations. Further, Board members and employees are required to declare conflicts of interest (real or perceived) between organisational obligations and personal interests. Should these arise, members are required to recuse themselves from the discussion and decision on related matters at meetings.

BOARD COMMITTEES

In terms of the Memorandum of Incorporation and/or the Companies Act 71 of 2008 as amended, the Board has, effectively and efficiently, established committees and delegated responsibilities. The committees are governed by Board-approved Terms of References (TOR) that define the composition, role, responsibilities, and delegated authority of each committee. The respective TORs are aligned with regulatory requirements and governance best practice. Board Committee TORs are reviewed annually, as recommended by King IV™.

The Board Committees are the:

- 1) Audit Committee;
- 2) Risk Committee;
- 3) Finance, Investment, and Insurance Committee;
- 4) Human Resources and Remuneration Committee; and
- 5) Social, Ethics and Transformation Committee.

The Board remains ultimately accountable for the proper fulfilment of committee functions, except for the statutory functions of the Audit Committee and the Social, Ethics and Transformation Committee. Committee Chairpersons report to the Board on their deliberations and recommendations.

ACTIVITIES IN 2024/25

The Board undertook, among others, the following activities:

- Approved projects which were strategically aligned with the Corporation's mandate;
- Approved valid claims to be paid by the Corporation;
- Regularly considered the actual and potential solvency impact (scenarios) in order to appropriately navigate and mitigate the risks associated with the Corporation's exposure to Ghana;
- Approved the establishment of the Export Passport Insurance Facility, which aims to assist Black Industrialists and Exports requiring insurance cover; and
- Provided oversight over the implementation of the Strategic/Corporate Plan.

PLANS FOR 2025/26

The Board's plans for 2025/26 include, among others, the following:

- Ensure that the Corporation approves projects that positively contribute towards the South African economy and promotes value creation;
- Enhance and ensure that an ethical corporate culture is fully embedded into the organisation;
- Perform an external formal Board and Committee Evaluation;
- Monitor Board succession planning to ensure Board continuity; and
- Ensure that the Corporation adequately and appropriately monitors its business activities, risks and capital in order to ensure the sustainability of the Corporation.



Audit Committee

The Audit Committee is constituted as a statutory committee in terms of the Companies Act, 71 of 2008 as amended, and is also responsible for all other duties assigned to it by the Board. During the year under review, the committee consisted of four (4) independent non-executive directors appointed by the shareholder at the Annual General Meeting. The Audit Committee met nine (9) times during the 2024/25 financial year, with three (3) of those meetings being special meetings to consider material operational matters, two (2) meetings being a continuation meeting on the AFS, and one (1) for the external audit overruns. The committee operates in terms of a formal terms of reference and Board-approved annual work plan.

The external and internal auditors attend committee meetings, have unrestricted access to the committee and Chairperson and can address the Audit Committee at each meeting without the presence of management. The Audit Committee has not recommended the engagement of an external assurance provider on material sustainability issues to the Board, as it regards the internal assurance as adequate, given the maturity of existing processes.

The committee believes that it has complied with its legal and regulatory responsibilities for the year under review (refer to the Audit Committee Report).

ASSURANCE STATEMENTS

The Audit Committee is satisfied that:

- The ECIC complied with its legal, regulatory, and other responsibilities;
- Correct and up-to-date quarterly returns, required by the PFMA and Treasury Regulations, were lodged with **the dtic**;
- Accounting policies and financial statements are appropriate and comply with IFRS Accounting Standards and the requirements of the Companies Act, 71 of 2008;
- The internal auditor, Nexia SAB&T Chartered Accountants Incorporated was suitably independent;
- Internal controls and risk management measures, including internal financial controls, are effective, as outlined in the internal auditor's written assessment;

- Internal financial controls and risk management measures (including internal financial controls) are effective and form a sound basis for reliable financial statements;
- The committee executed its duties in terms of the requirements of King IV™;
- the external auditor was appointed in line with sections 25(1)(b), (2), (3) and (4) of the Public Audit Act, 25 of 2004;
- The external auditor is independent in accordance with King IV™, which considers previous appointments, other work undertaken for the ECIC, and possible conflicts of interest as described by the Independent Regulatory Board for Auditors; and
- The external auditor provided suitable assurance that internal governance processes within the ECIC support and demonstrate its claim to independence.

ACTIVITIES IN 2024/25

The Committee undertook, among others, the following activities:

- Considered the Annual Financial Statements;
- Recommended the reappointment of the external auditors and supervised the external audit process;
- Reviewed and monitored the implementation of the Annual Procurement Plan; and
- Reviewed the Combined Assurance Plan to ensure that it addresses all significant risks facing the Corporation.

PLANS FOR 2025/26

The Committee's plans for 2025/26 include, among others, the following:

- Oversee the compliance with the law and regulations of any other applicable statute and of controlling bodies (legal and regulatory provisions) that may have a material impact on the Corporation's financial statements or compliance policies;
- Identify key matters arising in the current year's external auditor's management letter and satisfy itself that they are being properly followed up; and
- Consider the Corporation's tax liability and ensure there are measures in place to ensure that the Corporation addresses and/or mitigates any actual or potential tax leakages.



Risk Committee

The Risk Committee is responsible for risk identification, evaluation, monitoring, mitigation and management.

The Committee provides oversight over the effectiveness of the:

- risk management function, processes and systems;
- compliance management function;
- information and communication technology (ICT) function; and
- capital management activities.

The Committee assists the Board by ensuring that risk management processes and controls effectively identify, assess, monitor and report key risks in an integrated and timely manner. Mitigation measures against identified risks are implemented appropriately.

The Committee is delegated by the Board to oversee the implementation of legal and regulatory provisions. This includes, amongst others the Own Risk and Solvency Assessment (“ORSA”), review of the risk appetite and combined assurance. Committee members serve on the Audit Committee; the Finance, Investment, and Insurance Committee; the Human Resources and Remuneration Committee; and the Social, Ethics and Transformation Committee for ease of collaboration on risk issues.

The Committee met three (3) times during the 2024/25 financial year. A risk and compliance workshop day was held with management on 4 March 2025. The purpose of the risk and compliance workshop day was to consider the following:

- Strategic Risk Appetite and Risk response levers;
- SWOT analysis;
- Enhancing risk culture;
- Emerging risks and responses;
- Concentration limits;
- Risk management governance;
- Risk Management function, structure and capacity;
- The ethics and compliance strategy and plan; and
- Compliance and Ethics Function Resourcing.

In line with the Governance and Operational Standards for Insurers (GOI) No. 2, The Risk Committee consisted of at least three members that included executive and non-executive directors, with the majority being non-executive independent directors. Members of the committee in the FYE March 2025 are listed below:

Non-Executive Independent Directors

S O’Mahony (Chair)

D Dharmalingam

D Subbiah

Non-Executive, Non-Independent Directors (shareholder representatives)

E Makubele (National Treasury)

L Mataboge (31 July 2024 to 24 March 2025) (the dtic)

ACTIVITIES IN 2024/25

The Committee undertook, among others, the following activities:

- Consider the Corporation’s holistic risks, including underwriting risks arising from risk assessments of project finance transactions and exposure and advise the Board on the appropriate risk appetite limits for disparate exposures.
- Consider material underwriting risks for approved projects raised by the Finance, Investment and Insurance Committee (FIIC) and/or the Risk Function.
- Consider the succession planning of the Risk Committees and the Board from a risk perspective.
- Advised the Board on the overall risk appetite, tolerance, and strategy within prevailing and projected macroeconomic environments and financial markets.
- Advised the Board, prior to decision-making, on the risks and capital implications of proposed strategic transactions on the Corporation’s risk appetite and tolerance levels.
- Reviewed results of maturity which included the sourcing of independent external consultants to carry out work, where appropriate, including maturity surveys for risk and compliance



- g. Liaised with other Committee chairpersons and Board, on ethics breaches matters as reported through the anonymous tip-off lines as well as people risk matters captured through internal and external surveys.
- h. Initiated vendor risk assessment and management within the Corporation, to ensure matters of conflict of interest, value for money and mandate fit are observed in key procurement decisions.
- i. Championed Executive contracting as stipulated in GOI 2 to ensure executives are held accountable for their respective areas of responsibility.
- j. Championed improvements of the Corporation's performance management system and performance contracting for executives.
- k. Reviewed and led enhancements to the Corporation's Strategic risks assessment as captured in the corporate risk register.
- l. Advised the Board on Strategic risks to the Corporation via the risk Committee chairperson's report-back.
- m. Advised the Board on risks identified within the Corporation's underwriting portfolio, including incurred but not reported claims.
- n. Advised the Board on the state of salvages and risks around uncertainty of timing and realisation of salvages with long-dated tenors.
- o. Advised the Board on the prevailing and projected macroeconomic environment affecting the effectiveness and viability of both the underwriting and investment businesses.
- p. Received and considered information on all risk matters that the Committee reported on to the Board.
- q. Reviewed reports of material breaches of risk limits and the adequacy of proposed actions.
- r. Ensured that appropriate resources were available to manage risk and that those responsible had access to the necessary information to perform their function effectively.
- s. Regularly review the available capital, required capital, and the resulting solvency position.
- t. Had oversight responsibility for the Business Continuity and Disaster Recovery Plan.
- u. Evaluated the adequacy and effectiveness of the enterprise risk management system.
- v. Reviewed risk policies, including the underwriting risk policy and operational risk policy.

- w. Monitored the Corporation's ICT framework and strategy.
- x. Reviewed annual regulatory returns submitted to the Prudential Authority.
- y. Reviewed the ORSA Report.
- z. Evaluate the effectiveness of actuarial and risk control functions.

The Committee believes that it discharged its obligations adequately during the year in respect to risk management, compliance, ICT governance, capital management and solvency activities and reinsurance activities.

PLANS FOR 2025/26

The Committee's plans for 2025/26 include, among others, the following:

- a. Continue to monitor the Corporation's holistic risks; project risk assessments and exposure with advice to be provided to the Board.
- b. Ensure the refinement to the appropriate risk appetite statement.
- c. Ensure the refinement of the strategic/corporate scorecard.
- d. Continue to monitor material risks for approved projects raised by Finance, Investment and Insurance Committee and/or the Risk Function.
- e. Consider the succession planning of the Risk Committee and the Board from a risk perspective.
- f. Continue to monitor and ensure that the ORSA is fully embedded within the Corporation.
- g. Ensure that there is regular and vigorous review of the Corporation's Risk Strategy to ensure that it remains appropriate to mitigate the relevant risks, given the current fiscal challenges on the African continent.
- h. Consider and report to the Board on the corporate governance of ICT, relating to, amongst others:
 - i. progress to 85% of the target of the ICT strategy in terms of the ICT strategic plan;
 - ii. improving the Corporation's ratings on independent assessments;
 - iii. achieve a 20% target on the business process automation plan (implementation of eight processes);
 - iv. Improve the cybersecurity posture of the Corporation; and



- v. Arrange Governance and Cybersecurity workshops.
- i. Monitor the Corporation's compliance and ethics activities and statutory reporting, having regard to matters falling within the Committee's mandate.
- j. Ensure that critical emerging risks within the Corporation are brought to the Committee's attention and monitored closely, given the potential impact on the Corporation's stakeholders, control functions and overall Corporate Strategy.

Finance, Investment, and Insurance Committee

The Finance, Investment and Insurance Committee is comprised of three (3) independent non-executive directors and two non-executive directors (the **dtic** representative and the National Treasury representative (Meetings are also attended by the statutory actuary and investment managers on invitation.) The committee met seven (7) times during the 2024/25 financial year under review, with two of those meetings being special meetings to consider project claims.

ACTIVITIES IN 2024/25

The committee undertook, among others, the following activities:

- reviewed investment policies;
- oversaw the development of the investment strategy;
- oversaw and guided the implementation of the Corporation's asset managers' mandates and monitored asset managers' and the statutory actuary's performance;
- provided information to the Board on the achievements and challenges experienced by the Corporation's fund managers and the economic outlook locally and globally;
- monitored investments to ensure optimal returns and that ECIC's investment portfolio is adequately managed;
- oversaw the local mandates, selection of new managers and termination of managers;
- monitored the absorption of the IMU liability onto the Corporation's books;
- reviewed and oversaw the utilisation of the annual budget;

- considered and recommended the approval of the short-term insurance strategy and underwriting criteria; and
- approved short-term insurance transactions in line with the Corporation's expanded mandate.

PLANS FOR 2025/26

The Committee's plans for 2025/26 include, among others, the following:

- Close monitoring of the African continent and the Corporation's country exposures, which are within countries facing fiscal challenges;
- In-depth consideration of ESG matters – some failures due to governance
- Fund Managers' Transformation Strategy and Initiatives;
- Implement a review exercise which considers what would be an optimal insurance portfolio for the Corporation, in order to ensure that transactions which are considered and approved by the Corporation remain strategic;

in line with the mandate and are commercially sound; and

- Allocation of the risk pool;

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee consists of the Board Chairperson as well as four other independent non-executive directors. The Committee met four (4) times during the 2024/25 financial year.

AREAS OF RESPONSIBILITY

The Human Resources and Remuneration Committee is responsible for ensuring that remuneration matters are fair, responsible and in line with the remuneration philosophy. The committee oversees the implementation of the remuneration policy and makes recommendations to the Board regarding the remuneration of employees and remuneration matters of non-executive directors. The Committee considers Board and executive succession as well as the Board's induction and continuing development programme.



ACTIVITIES IN 2024/25

Some of the matters that the Human Resources and Remuneration Committee addressed during the reporting period included:

- The Committee initiated the process to fill the vacant position of Chief Executive Officer;
- Reviewed and approved the Corporate balanced scorecard, which sets out the performance against agreed strategic objectives;
- Considered the Acting Chief Executive and Divisional Executives performance contracts as a function of setting their remuneration;
- Reviewed the Corporation's human capital and remuneration policies and practices to ensure that they remain fit for purpose and are aligned with strategic objectives;
- Considered and recommended adjusted salary increases for approval by the Board;
- Reviewed and approved the Corporation's Succession Planning;
- Reviewed the organisational structure to ensure it is fit for purpose. The new structure is to be finalised on appointment of the new CEO;
- Reviewed the Committee's terms of reference and annual agenda;
- Considered Management's proposal for additional headcount. Approved an additional headcount effectively increasing the current ECIC headcount from 106 to 107;
- Considered the people and culture risks and risk responses recommended by management;
- Considered the employee engagement initiatives recommended by management;
- Considered and recommended the Remuneration Report for approval by the Board; and
- Considered progress made on the implementation of the Employment Equity Plan.

PLANS FOR 2025/26

The Committee anticipates the following key focus areas for the next year:

- In the year ahead, the Corporation will focus on cultural transformation given the connection between employee behaviour and organisational performance;
- Drive greater alignment between corporate, team and individual performance;
- Leadership capacitation and employee upskilling will be a focus area;

- Finalise the review of human capital policies embarked upon in the 2025 FY;
- The committee will finalise the recruitment of the vacant Chief Executive Officer;
- Finalize the review of the organisational structure to ensure it is fit for purpose; and Deliberately focus on succession planning, talent development and employee engagement.

Social, Ethics and Transformation Committee

The Social, Ethics and Transformation Committee (now renamed as the Social, Ethics and Transformation Committee effective 30 April 2024) is constituted as a statutory committee of the Board under section 72(4) of the Companies Act, 71 of 2008 as amended (read with Regulation 43 of the Companies Regulations). The Committee Chairperson presented a report on the Social and Ethics matters at the Corporation's 21st Annual General Meeting. The Committee met four (4) times during the 2024/25 financial year.

RESPONSIBILITIES

The Committee fulfils its functions and responsibilities in terms of the Companies Regulations 2011 and, from time to time, other Board-assigned functions. These responsibilities are documented in the Committee's Terms of Reference and annual work plan.

ACTIVITIES IN 2024/25

The Committee received several management reports and considered the following matters within its mandate:

- Confirmation that the ECIC's business conduct is aligned with the applicable UN Global Compact Principles and OECD Recommendations Against Corruption regarding human rights, labour standards, the environment and anti-corruption;
- The corporate social investment programme;
- Progress against the ECIC's employment equity plans;
- Consumer relationships to ensure that industry-specific consumer protection legislation and policies (i.e., FAIS, Short-Term Insurance Act) are in place;



- Compliance managed performance against the dtic's generic Broad-based Black Economic Empowerment scorecard to achieve the highest rating possible;
- ESG Reporting on the Corporations projects
- The Committee focused specifically on:
 - stakeholder engagement (pages 104 of this report)
 - marketing and communication initiatives (page 105 of this report)
 - CSR initiatives (page 120 of this report)
 - remedial actions for the improved occupational health and safety of employees and visitors.

ETHICAL CONDUCT OVERVIEW

The Fraud Prevention Policy, Whistle-Blowing Policy and Code of Ethics and Business Conduct are in place and were reviewed to combat corruption, manage identified fraudulent activities and ensure that the essential features of ethical conduct are governed and managed effectively. These policies are communicated adequately to staff.

COMPLIANCE

The ECIC's conduct is guided by several policies, including:

- The Code of Ethics and Business Conduct;
- Fit and Proper Policy;
- Whistle-Blowing policy;
- Fraud prevention policy;
- Sanctionable practices and combating financing of terrorism policy;
- The Conflict-of-Interest Policy;
- The Gifts Policy (requires employee to declare gifts above a certain threshold);
- The Procurement Policy (details of conduct during supply chain processes).

The committee is of the view that the ECIC assigned the necessary importance to its environmental, social, and ethical governance responsibilities and aligned its initiatives with the Company's business strategy. No substantive legislative or regulatory non-compliance or transgressions of codes of best practice that fall within the committee's mandate were brought to its attention. The Committee has no reason to believe that any such non-compliance or non-adherence occurred.

PLANS FOR 2025/26

The Committee recognises the dynamic nature of its environmental, social and ethics mandate and will ensure that relevant policies, plans and programmes are in place to promote and sustain social and economic development, good corporate citizenship, environmental responsibility, fair labour practices and good consumer relations. Going forward, the focus will be on ethics management, performance oversight and industry peer benchmarking and a heightened focus on transformation.

The Committee's focus areas for 2025/26 are, amongst others, the following:

- Implementation of the ESG Policy and Framework;
- Improved ESG Reporting (including reporting on projects);
- Continued implementation of the ECIC Ethics Framework;
- Greater focus on transformation, beyond the B-BBEE scorecard;
- Ensuring that the Corporation has measures in place to ensure the safety and security of employees;
- Consider the remunerative and non-remunerative work undertaken by employees to ensure that there are processes in place to safeguard the interests of the Corporation.
- Enhancements of the role of the Committee to align with industry best practice.



OTHER GOVERNANCE STRUCTURES

Executive Management Committee

The Executive Management Committee (EXCO) is chaired by the Acting CEO and includes the Acting Chief Operations Officer (COO), Chief Financial Officer (CFO), Acting General Counsel (GC), Chief Risk Officer (CRO), and the Chief Actuarial and Investment. The Executive Assistant to the Acting CEO serves as the EXCO secretary. The ACEO co-opted the Head of Marketing, Communications and CSR; Head of Information Communication Technology; Head of Human Resources; the Manager in the CEO's office, and the Senior Compliance and Ethics Officer onto EXCO. The committee's five focus areas are administration, operations, projects, enterprise risk management and ICT.

ACTIVITIES IN 2024/25

The Executive Management Committee met at least once a month to ensure effective operational decision-making and management oversight and attend to matters delegated by the Board. These included:

- Developing the Corporation's strategy and budget for Board consideration and approval;
- Ensuring effective day-to-day operations in accordance with approved strategies, policies, and procedures;
- Evaluating insurance cover applications and considering amendments, waivers, or consents;
- Monitoring the status, salvage, and claims of projects;
- Monitoring and reviewing employee development such as staff training, personal development, and management development;
- Identifying, mitigating, monitoring, and reporting on enterprise-wide risks
- Overseeing stakeholder relationship;
- Overseeing the effective management of ICT resources;
- Approving corporate social investment and funding for enterprise supplier development projects; and
- Monitoring progress against corporate performance targets.





REMUNERATION REPORT

On behalf of the Board and as Chair of the Human Resources & Remuneration Committee, I am pleased to present the Remuneration Report for the year ended 31 March 2025. It is structured in accordance with the requirements of King IV™ and is divided into the following three sections:

- Section 1 – A background statement regarding committee considerations and decisions for the financial year
- Section 2 – An overview of the Corporation's remuneration philosophy and policy applicable to the coming year.
- Section 3 – The implementation report, which deals with how we have implemented the remuneration policy over the past year.

Part 1: Background Statement

During the period under review, the Corporation had to navigate a landscape marked by heightened geopolitical tensions and mixed macroeconomic trends. This resulted in the Corporation not achieving all its targets set in the balanced corporate scorecard.

During the 2025FY, the Corporation had eighteen targets to be achieved in terms of the Corporate balanced Scorecard. The Corporation achieved ten of the eighteen targets resulting in a weighted corporate performance score of 3.00 out of 5.00 compared to a score of 2.84 over the period that ended 31 March 2025.

While the 2025FY continued to be a challenging year for the Corporation, the Corporation did however deliver strong financial performance with an increase in equity of 12,93% achieved.

The extent to which we achieve the set targets has a direct impact on the short-term incentives payable to employees. Due to the Corporation not achieving its performance targets in the 2024FY, consequently no incentives were paid out in 2025.

In discharging its responsibilities set out in the Committee's terms of reference, the following were key focus areas for the year under review:

- The Committee initiated the process to fill the vacant position of Chief Executive Officer;

- Reviewed and approved the Corporate balanced scorecard, which sets out the performance against agreed strategic objectives;
- Considered the Acting Chief Executive and Divisional Executives performance contracts as a function of setting their remuneration;
- Reviewed the Corporation's human capital and remuneration policies and practices to ensure that they remain fit for purpose and are aligned with strategic objectives;
- Considered and recommended adjusted salary increases for approval by the Board;
- Reviewed and approved the Corporation's Succession Planning;
- Reviewed the organisational structure to ensure it is fit for purpose. The new structure is to be finalised on appointment of the new CEO;
- Reviewed the Committee's terms of reference and annual agenda;
- Considered Management's proposal for additional headcount. Approved an additional headcount effectively increasing the current ECIC headcount from 105 to 106;
- Considered the people and culture risks and risk responses recommended by management;
- Considered the employee engagement initiatives recommended by management;
- Considered and recommended the Remuneration Report for approval by the Board; and
- Considered progress made on the implementation of the Employment Equity Plan.

REMUNERATION GOVERNANCE

The Human Resources and Remuneration Committee supports the Board to enable alignment of the Corporation's business and people strategies. Furthermore, the Committee assists the Board in ensuring that the Corporation remunerates fairly, responsibly, and transparently.

The Human Resources and Remuneration Committee is chaired by an Independent Non-Executive Director and comprises five Independent Non-Executive Directors and one Non-Independent Executive Director. The CEO and other members of EXCO attend meetings by invitation but do not vote and are not present when their remuneration is



determined. The Committee's Chairperson provides feedback to the Board after each Committee meeting of key decisions and relevant discussions.

The Human Resources & Remuneration Committee meeting attendance during the reporting period appears on page 86 in the Governance Report.

SHAREHOLDER ENGAGEMENT

The Corporation aims to foster constructive engagement with the shareholder to better understand their perspectives and ensure the remuneration practices balance their legitimate expectations with the business strategy and performance. The Shareholder is invited to take part in a non-binding advisory vote at the Annual General Meeting (AGM) on the remuneration policy, the implementation thereof, and non-executive directors' fees.

KEY FOCUS AREAS FOR THE 2026 FY

The Committee anticipates the following key focus areas for the next year:

- In the year ahead, the Corporation will focus on culture transformation given the connection between employee behaviour and organisational performance;
- Drive greater alignment between corporate, team and individual performance;
- Leadership capacitation and employee upskilling will be a focus area;
- Finalise the review of human capital policies embarked upon in the 2025 FY;
- The committee will finalise the recruitment of the vacant Chief Executive Officer;
- Finalize the review of the organisational structure to ensure it is fit for purpose;
- Deliberately focus on succession planning, talent development and employee engagement;
- Monitor remuneration-related regulatory developments and ensure the Corporation is prepared to comply with new requirements prescribed by the South African Companies Amendment Acts; and
- Implementing the remuneration disclosures as required by the Companies Amendment Act once the implementation date is announced.

For the year under review, the committee is satisfied that it has fulfilled its obligations in terms of its mandate.

Part 2: Remuneration Philosophy, Policy and Framework

REMUNERATION PHILOSOPHY AND POLICY

ECIC's remuneration philosophy is to remunerate and reward employees in line with market norms. ECIC recognises that remuneration, reward, and recognition have a direct link to attraction, performance, engagement, motivation, and retention of talented individuals. Consequently, the Corporation remunerates, recognises and rewards employees in line with the norms prevailing in the competitive market and the value they create for the stakeholders. The total remuneration approach includes a competitive mix of base salary, variable pay, employee benefits and recognition awards.

The remuneration policy sets out the methodology, agreed by the Board, to remunerate employees and it ensures that value is appropriately shared between the Corporation and employees.

EXECUTIVE AND STAFF REMUNERATION

ECIC adheres to a 'total cost to company' methodology, which we refer to as the guaranteed pay. All employees, including the executive director, receive guaranteed pay based on their role in the Corporation. Contributions to medical aid, retirement funding and insured benefits are included in the guaranteed pay. In addition to the guaranteed pay, the Corporation offers annual short-term incentives.

REMUNERATION STRUCTURE

Our remuneration structure comprises broadly of fixed guaranteed pay and short-term incentives (STI) as detailed below:

GUARANTEED PAY

The Corporation seeks to attract and retain the best talent with market-related pay. Guaranteed pay is made up of base pay and benefits such as medical aid and provident fund. It is set considering the size, scope, and complexity of the role, benchmarked to market. Remuneration is reviewed on an annual basis, considering the Consumer Price Index (CPI), market trends, employees and the Corporation's performance, internal parity and affordability and takes effect on 1 April each year.



Our pay philosophy is to benchmark guaranteed pay to the median of the market (at the 50th percentile), and we benchmark annually to ensure our total rewards and benefits package remains aligned to and competitive with the market.

As an integral part of total guaranteed pay, the Corporation provides a flexible structure of benefits that can be tailored, within certain limits, to individual requirements. These include:

- retirement funding;
- group life cover; and
- medical aid/insurance.

The Corporation pays an Acting Allowance to employees who are required to act in roles that are higher than their designated roles.

SHORT-TERM INCENTIVES

The short-term incentives aim to cultivate a high-performance culture and promote the attainment of short-term targets that will ultimately lead to the achievement of long-term goals. Short-term incentives are discretionary and are awarded as a percentage of total guaranteed pay. The actual award is based on a weighted mix of the level of performance achieved by the Corporation and the individual.

The pool available for short-term incentives is determined by financial performance against previously set and agreed targets and demonstrated value creation.

The Board has the discretion to grant payment of the short-term incentives, and it is therefore not an automatic entitlement. The discretion of the Board is dependent on the Corporation's annual financial results and/or any other factors as determined by the Corporation from time to time.

SIGN-ON, RETENTION AND RESTRAINT PAYMENTS

The Corporation will offer sign-on bonuses and retention bonuses under exceptional circumstances, and these will be preapproved by the Human Resources & Remuneration Committee. These special-purpose short-term variable remuneration arrangements are typical in the context of hiring senior and key employees to compensate for the loss of certain accrued benefits. Sign-on bonuses for the Executive Director(s), Executives and/or Prescribed Officers must be approved by the shareholder Minister.

PAYMENTS ON TERMINATION OF EMPLOYMENT

On termination of employment, ECIC will pay employees the benefits that were due to them. The Human Resources & Remuneration Committee has discretion regarding all terms of such agreements (to be exercised on a case-by-case basis).

BOARD REMUNERATION

Board members receive a fee for each Board and committee meeting attended, both of which are determined by the Minister of Trade, Industry and Competition. Board members also receive an annual retainer and are compensated for all the costs incurred in carrying out their ECIC duties.

Part 3: Implementation report

This section of the remuneration report sets out the reward decisions taken in 2025 pertaining to the Corporation's executive director, prescribed officers, and the general workforce.

TOTAL REMUNERATION

King IV™ and the Companies Act require that the individual remuneration of all members of executive management should be disclosed.

The table below declares the remuneration paid to the Executive Director and Executives during the reporting period. In implementing remuneration for the Executives, there were no deviations from the Corporation's Remuneration Policies, as approved by the Board:



2025 R'000	Basic salary	Provident fund	Cell phone allowance	Acting allowance	Other benefits*	Total
Ntshengedzeni Maphula – (Acting Chief Executive Officer & COO) ***	2 261	354	60	308	244	3 227
X Mpanza – Company Secretary	525	53	8	-	28	614
N Mkhathazo - Chief Financial Officer	2 615	260	30	-	90	2 995
S Esterhuizen - Chief Actuarial & Investment	2 864	306	28	-	45	3 243
Mmapuso – Acting Chief Risk Officer*****	-	-	7	147	-	154
J Omollo - Chief Risk Officer	2 709	435	30	-	45	3 219
Nettie Moffett – Company Secretary*****	327	33	4	-	9	373
Remembrance Ntshiyantshiya - Acting Company Secretary*****	-	-	3	24	-	27
D Naicker - Acting General Counsel****	-	-	12	180	-	192
	11 301	1 441	182	659	461	14 044

2024 R'000	Basic salary	Provident fund	Cell phone allowance	Acting allowance	Other benefits*	Total
M Nkuhlu - Chief Executive Officer**	912	258	14	-	110	1 133
X Mpanza – Company Secretary	1 209	121	21	-	65	1 416
N Mkhathazo - Chief Financial Officer	2 468	278	30	-	84	2 860
S Esterhuizen - Chief Actuarial & Investment	2 680	344	20	-	44	3 088
N Maphula – Acting Chief Executive Officer & Acting Chief Operations Officer 2	2 111	336	30	255	248	2 980
J Omollo - Chief Risk Officer	2 350	375	30	-	41	2 796
D Naicker - Acting General Counsel ³	-	-	-	180	29	209
	11 730	1 551	145	621	435	14 482

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

**Mr. M Nkuhlu (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

*****Ms. N Moffett – Company Secretary was appointed on 3 January 2025

*****Ms. Mmapuso Rakau - Head of Risk was acting Chief Risk Officer from 1 August 2024 - 28 February 2025

*****Ms. R Ntshiyantshiya – Assistant Company Secretary was acting Company Secretary from 1 Nov 2024 - 31 December 2024



SALARY INCREASES FOR 2025FY

The salary increase process for the 2025 FY was concluded, providing an average increase of 5,9% across the Corporation.

In awarding annual salary increases, the increase percentages granted to general staff are generally higher than those granted to senior and executive management, thereby narrowing the pay gap that exists between the highest- and lowest-paid employees.

DISCLOSURE OF DIRECTORS' REMUNERATION

Payments to directors for the year ended 31 March 2025 for services rendered are as follows:

2025			
Services as director or prescribed officer	Fees for services as director	Other benefits	Total R'000
D Dharmalingam	175	-	175
V Matsiliza	250	11	261
S Mayekiso	265	42	307
L Mothae	167	-	167
S O'Mahohy	206	-	206
D Subbiah	194	-	194
W Van der Spy*	-	-	-
E Pytakhubela *	-	-	-
L Mataboge*	-	-	-
L Govender*	-	-	-
	1 257	53	1 310

2024			
Services as director or prescribed officer	Fees for services as director	Other benefits	Total R'000
D Dharmalingam	248		248
V Ivlatziliza	237		237
S Mayekiso	250		250
L Mothae	228		228
S alVlahony	217	25	242
D Subbiah	230		230
L Mataboge*		19	19
E Makhubela *			
W Van der Spuyt			
	1 410	44	1 454

The increase in the non-executive remuneration in the 2025 financial year when compared to the 2024 financial year is due to the annual fee increment.

Executive Contracts

Executives, except for the CEO, are employed on permanent employment contracts with notice periods of one to three months. The CEO is employed on a 5-year fixed-term contract, and his notice period is three months.

Employment contracts are offered until the retirement age of 65 years.







STAKEHOLDERS

Building relationships with key stakeholders and leveraging strategic partnerships directly impacts the Corporation's ability to generate revenue. Embedding relationships and increasing local and international public and private sector strategic partnerships increases our business reach and new market access.

We regard stakeholders as individuals or groups who, reasonably, can be affected significantly by our business activities, outputs or outcomes or whose actions can significantly affect our ability to create value over time.

Our approach to stakeholder interaction is that of cementing inclusive, mutually beneficial, long-term relationships founded on complete and responsive communication to the legitimate and reasonable needs, interests, and expectations of our stakeholders in the best interest of the organisation over time. In following this stakeholder-centric approach, we give parity to all sources of value creation, including the social and relationship capital embodied by our stakeholders.

100% of the 2024/25 Stakeholder Engagement Plan was implemented.



MARKETING AND COMMUNICATIONS

Annual Marketing Campaign Overview: 2024–2025

During the financial year, our Marketing and Communications team continued to drive engagement, reach, and brand visibility through strategic use of social media platforms. Key initiatives focused on content optimisation, audience growth, and platform-specific campaigns that contributed to a year of solid digital performance.

The 2024–2025 ECIC marketing campaign, executed over three active quarters (Q1, Q3, and Q4), delivered strong results in elevating the Corporation's brand visibility and stakeholder engagement. Strategically aligned with ECIC's core mandate, the campaign promoted Short-Term Insurance (STI), Medium-to-Long-Term (MLT) offerings, and intra-African trade facilitation under

the AfCFTA framework. The campaign achieved a robust average Click-Through Rate (CTR) of 3.59%, well above the 0.2% industry benchmark. The 2024/25 FY maintained high engagement levels with a CTR of 4.27%, driven by precision targeting and campaign integration with ECIC's strategic events.

The year's outcomes affirm the value of regional content adaptation, real-time optimisation, and data-led campaign execution. Future efforts will aim to further enhance product interaction and introduce structured lead nurturing to maximise return on investment. The marketing and communications strategy aims to strengthen ECIC's presence and recognition across key African markets through high-impact communications philosophies. During the financial year there were various initiatives that positioned ECIC as a key enabler of intra-African trade by aligning messaging with the AfCFTA agenda on internal, external, web and social media platforms.



INVESTING IN OUR PEOPLE

To build a successful Corporation of the future, ECIC needs appropriately skilled and capable employees. In FY2025, key focus areas were to attract, retain and develop talent and skills.

Table 15: Investing in our People

	FY2025	FY2024
Number of full-time employees	93	98
Salaries and benefits (Rm)	R97 million	R 89 million
Women's representation in Executive Committee (%)	40%	40%
Black representation in Executive Committee (%)	80%	80%
Total training spend (Rm)	R 4 ,6 million	R 4,5 million

STAFF COMPLEMENT AND EMPLOYEE DIVERSITY

The Corporation continues to have a lean staff complement. During the reporting period, the staff complement consisted of 93 employees (2024:98) including those on fixed-term contracts and graduate trainees. The decline in the staff complement is due to vacancies.

In FY2025, the Corporation maintained a slightly higher representation of female employees relative to male employees, with 52% female employees and 48% males. The number of employees living with disabilities remained 4% and is slightly above the Financial Services Sector numerical target of 2%.

EMPLOYEE RETENTION

During the period under review, the employee attrition rate slightly increased from 10% to 11% but was still within the tolerable rate of 15%. The Corporation achieved a retention rate of 89% (2024: 90%) against an internal target of 85%. While ECIC recognises the mobility of a millennial workforce, it expects its staff retention rate to be within its tolerable rate of 85% in the foreseeable future.

EMPLOYEE DEVELOPMENT

During FY 2025, the Corporation invested R4,6 million in employee skills development (FY 2024: R4,5 million). We believe skills development is integral to every role and we are committed to supporting our employees to develop their skills and grow. By encouraging employee skills development, we continue to transform the skills profile of the Corporation ensuring that the Corporation has the requisite skills to deliver on its strategy.

LEARNERSHIPS

The Corporation continued to implement a learnership programme with eight learners living with disabilities during the period under review. This programme is aimed at assisting students who live with disability and lack necessary resources to further their studies. The eight learners graduated with a National Certificate in Generic Management.

GRADUATE PROGRAMME

The Corporation's Graduate programme offers two years of skills training to equip future leaders for business excellence. In FY 2025, there were 11 graduate trainees. The programme offers a well-rounded experience that exposes participants to various functions.

EMPLOYEE WELLNESS

Employee wellness remained a priority during the year, and the Corporation continued to drive several employee support and engagement activities. The employee assistance programme assisted ECIC employees with coping strategies, stress management, grief counselling and parental guidance. Employee wellness days were hosted throughout the year.

EMPLOYEE ENGAGEMENT

During the year under review, the Corporation conducted a culture assessment using the Barrett culture survey. The Barrett culture survey serves as

a crucial tool in cultivating an inclusive, high-performance and agile culture at ECIC. It gauges progress over time and provides insights into employees' needs and experiences in the workplace. The results of the survey indicate that there is an opportunity for improvement in aligning personal values with the Corporation's values. The entropy score, measuring employees' views on potentially non-productive work or wasted energy, was high at 47%, suggesting a perception of time lost to unproductive work.

Following the survey, Management is at work compiling an action plan to improve its culture score and reduce entropy. The Corporation will conduct another assessment in FY2027.







RISK MANAGEMENT

Risk Framework

The Corporation has a sound risk management framework that comprises a suite of policies, procedures and processes for business as well as control functions, that properly anchor the Corporation's risk-taking capability to ensure there are no breaches of the Corporation's risk appetite. The Corporation's strategic themes include sound risk management that ensures the Corporation remains sustainable in both the short and long run. Global trends in a post-COVID and high trade-tariffs world are important insofar as a forward-looking assessment of risk eligibility within the constraints of the various concentration limits within risk appetite limits and tolerances. The forward-looking tripwires and early warning signals have assisted the Corporation to identify potential high-risk opportunities and to put in place commensurate risk sharing/transfer mechanisms to fully eschew risk or to restrict risk within acceptable levels. Ensuing over-indebtedness in countries on the African continent poses high emerging risks for the Corporation. Traditionally, the ECIC, being an insurer of last resort, has built an underwriting portfolio predominantly comprising countries with weak credit ratings. In the wake of sovereign defaults in countries in the Corporation's portfolio, there has been an urgent need to relook at the Corporation's underwriting criteria and risk appetite limits to protect the balance sheet. Further revision of the Corporation's risk appetite and underwriting as well as Investment strategy will be necessary due to elevated tariff levels arising from changes in trade policies by the current US regime.

The Board composition in terms of skills and experience ensures that Board oversight role is effective and Board's delegated authority and policies are utilised to ensure sound management of risks. Regulatory standards and guidelines have been internalised and applied in risk decisions to ensure continued support to policyholders.

ECIC Board risk oversight

The Risk Committee of the Board exercises delegated oversight responsibility from the Board on all the Corporation's risk-taking activities. The Combined Assurance plan that incorporates

functions across the three lines of defence and is monitored by both the Risk and Audit Committees has evolved over the years and provides varied risk perspectives to the Board.

1st Line	2nd Line	3rd Line
Business Processes	Risk Function Head Actuarial Function (HAF) Compliance Function	Internal Audit External Audit

Figure 7: Integrated Assurance Model

On a quarterly basis a combined assurance report comprising updates on cumulative assurance work undertaken by the reporting date as well as a dashboard that provides the assurance risk assessment on a 3-scale of Low, Medium, and High.

Risk Management

Whilst the current underwriting portfolio comprises of a handful of countries, ECIC's business strategy is to diversify its portfolio to newer geographies within and without the continent. As an insurer that plays the role of providing risk cover at the point of market failure, ECIC's underwriting portfolio tends to be concentrated in relatively risky locations. To ensure achievement of a holistic view of risk, there is a need to delineate all risks as set out below:

COUNTRY RISK

Country risk is the risk that an investor in a foreign jurisdiction may not be able to receive monetary value duly due to them from their investments and/or loans arising from acts of commission and/or omission by a host. As part of its country risk management strategy, the Corporation's country risk assessment and management methodology combines qualitative and quantitative methods comprising primary and secondary research, with the latter taking into account published material from multilateral development agencies (MDAs). The key metrics that underpin country risk assessments include economic and exchange control considerations, sovereign debt analysis and government policy. In a post-COVID world, some of the countries in ECIC's underwriting



portfolio have become heavily indebted, which has led to sovereign defaults in some countries. The risk of over-indebted sovereigns is an emerging risk, as ECIC's underwriting portfolio contains exposures to such countries. Moving forward the Corporation has revised its underwriting criteria and risk appetite limits to ensure sustainable underwriting in a tough economic environment.

UNDERWRITING RISK

Underwriting risk is an overarching risk that comprises several risks that vary between transactions. Some of the risks in this category include completion/construction risk, supplier or reserve risk, market risk and credit risk. The Corporation uses internal analysis and external expert analysis to assess and manage underwriting risk from transaction inception to end-of-life. Prudent management of the insurance book is achieved by adherence to the Corporation's risk appetite limits and tolerance. The Corporation's expanded mandate has heralded short-term trade as an additional line of business. Short Term trade transactions require a differentiated underwriting approval process aligned to the underlying trade instruments

INVESTMENT RISK

Investment risk is the risk of a change in the actual or effective market value, earnings or future cash flows of a portfolio of financial instruments caused by volatility of market variables such as equity and bond prices, currency exchange and interest rates.

Investment risk includes equity, interest rate risk, spread and default risk and foreign exchange risk. The Corporation manages its investment portfolio on a tranching basis that ensures the disparate cash requirements of the Corporation are aligned to its investment strategy. The tranching approach minimises value erosion when commensurate asset classes are liquidated to meet the Corporation's liquidity requirements. To ensure an optimal risk-reward balance in the application of capital, the Corporation sets out risk appetite limits and tolerances that ensure commensurate capital allocation to the investment business. Increasing requirements and expectations around environmental and social (ESG) impact management by fund managers is important. In this regard, periodic manager due diligence includes a view on governance and risk management.

OPERATIONAL RISK

The Corporation uses both leading and lagging key risk indicators (KRIs) to manage operational risks proactively. In the post-pandemic era, emerging operational risks need to be identified and managed accordingly. As the Corporation embraces hybrid working conditions, it is important to make sure that risk levels that could be exacerbated by reduced physical interaction are kept within acceptable levels. Increasingly, the Corporation explores innovative ways to ensure full engagement of staff is achieved under the hybrid work arrangement, whilst emerging risks are managed within set limits.



RISK APPETITE

Working with management, the Board has approved the Corporation's risk appetite as stipulated in the Risk Management Strategy and the excerpt below:

Core Principle	Risk Appetite Statement	Measure
Self-Sustaining on a standalone basis	The Corporation shall grow the business by maintaining a capital buffer above SCR and EC.	The SCR and EC cover ratios shall not fall below 115% and 110% re-spectively
Maximum underwriting capacity	The Maximum Insurance Capacity that can be sustained by the available capital.	The Maximum Insurance Capacity is 12.5 times the multiple of Equity. This Limit is subject to both EC and SCR cover ratio limits.
Country concentration risk	The maximum combined loss (gross of claim salvages) of a single event from exposures in a single country.	US\$597 million loss (US\$269 million loss net of salvages) ¹
Industry concentration risk	The maximum combined loss (gross of claim salvages) of a single event from exposures in an industry.	US\$597 million loss (US\$269 million loss net of salvages)
Obligor concentration risk	The maximum loss (gross of claim salvages) of a single obli-gor/sovereign/project. ²	US\$269 million loss (at a 100% LGD) ³
Protect Reputation and Brand	The Corporation will manage or avoid situation/actions that could have a negative effect on its repu-tation and brand	N/A
Liquidity Risk	To ensure liquidity risk is kept low, the Corporation shall ensure that its insurance liquidity ratio (ILR) does not fall below set limit	ILR of > 110%
Short -Term Insurance Limits ⁴		Limit (US\$' 000)
STI Single Obligor Limit (collateralized) (8% of MLT collateralised)		7,200
STI Product Limit (\$ of net risk capacity)		29,240

¹The claim salvages are assumed to be 55% i.e., 45% LGD as per the highest expected loss for securitised investment insurance transactions.

²All exposure with direct or indirect sovereign backstop to be aggregated.

³Should an exposure be underwritten above this limit, a lower LGD must be justified. Whilst this assumes a lumpsum payment, if the claim payment is over term, then this value would reduce further.

⁴Inaugural Short-Term Insurance (STI) Limits referenced on MLT limits, to be reviewed continually as business imperatives evolve



Above solvency-derived risk appetite limits are the utmost maximum or high watermark in terms of possible risk exposure under the different measures. The Corporation is reviewing its risk appetite framework to ensure operative limits that take cognisance of potential convergence and/or intersection of disparate risk factors that could potentially result in higher aggregate exposures playing out simultaneously.

At a macro level, the Corporation is exposed to global economic shocks that have a knock-on effect on the demand of South African exports globally and to Africa in particular. In the post-pandemic world, most countries have been left with elevated debt levels arising from their respective fiscal allocations to finance pandemic containment measures on one hand. On the other hand, persistently high global inflation has resulted in monetary policy normalisation in most developed economies, with a resultant high cost of borrowing. The confluence of high debt and high borrowing costs has seen a sharp rise in the risk of sovereign default in one country within the ECIC portfolio.

While the Corporate risk register captures the sovereign default risk, other risks that have deteriorated include reputational risk and credit downgrade risk. While the former emanates from the perceived stringent claims payment process, especially where material policy requirements have been breached in ECIC's view, the latter is due to less capital relief from comparatively low-rated ECIC paper. Both risks will have to be managed closely to ensure continued confidence in ECIC cover. The continued weakness of the rand and the risk of possible US sanctions against South Africa both move in the same direction in terms of weakening ECIC's balance sheet. Rand weakness results in the appreciation of US dollar assets and balance sheet erosion through high taxes. The risk of sanctions would trigger outward portfolio flows that adversely impact the value of rand assets to meet claims payments. Governance and ICT risks are also trending upwards due to potential cyberattacks as well as Board succession planning challenges.

Own Risk and Solvency Assessment (ORSA)

The ORSA process is an integral element of the Corporation's risk governance system. While subject to regulatory requirements, it is designed primarily to satisfy the internal need to manage all material risks and ensure sufficient capital to meet solvency and business requirements. The assessment is conducted annually and can be undertaken more frequently if circumstances dictate, in line with the ORSA policy.

The ORSA ensures that:

- Processes and systems are in place and can adequately assess, monitor, and measure the risk profile and solvency requirements;
- Risk management system can accurately assess the Corporation's risk profile and the amount of capital required to cover the risks; and
- Assessment of the results is embedded in the decision-making process.

The ORSA encompasses reasonably foreseen and relevant material risks that include, at a minimum, underwriting, credit, market, operational, and liquidity risks (as applicable) and any additional risks arising from activities and operations. The ORSA identifies the relationship between risk management and the level and quality of financial resources required and available. The assessment also addresses the quantitative and qualitative elements relevant to both the medium- and long-term as well as the Short-Term business.

The assessment includes:

- Potential future changes in the risk profile in stressed situations;
- The quantity and quality of own funds required over the business planning period;
- The quantity and quality of own funds available, including the composition of own funds across the various tiers and changes to this composition over the planning horizon; and
- The overall solvency needs expressed in quantitative terms, complemented by a qualitative description of the risks and any deviations between the risk profile and implied risk profile underlying the solvency capital requirement calculation.







2024/25 PERFORMANCE REPORT

Target No.	Output	Performance Measure or Indicator	2024-25 Annual Target	Actual Achievement	Reason for underachievement
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	USD570 million	Targets not achieved. One transaction to the equivalent value of USD7,2 million approved: 1) Kanu Equipment Ltd	The global slowdown in trade growth, intensified by protectionist policies and geopolitical tensions, has significantly impacted emerging markets, including South Africa. The shift towards localizing global value chains and the imposition of tariffs on key sectors have reduced market access for South African exports. Countries are experiencing renewed conflicts, while others face political challenges that could affect economic stability. These conditions increase the risk of defaults and non-payment, making it harder for ECIC to provide insurance coverage.
2		Number of approved transactions	4 deals approved		
3		Value of approved transactions within expanded sectoral coverage	USD80 million	Target not achieved. Three transactions to the equivalent value of USD9,94 million approved: 1) Air Filter Maintenance Services International (Pty) Ltd 2) Pace International Trading (Pty) Ltd 3) Lindsay Manufacturing Africa (Pty) Ltd	
4		Export Passport Program	At least 7 companies benefiting under the Export Passport Programme	Target achieved. 12 beneficiaries were approved for the Export Passport Programme.	N/A
ACTIONS TO PROMOTE TRANSFORMATION					
ENHANCE TRANSFORMATION					
5	Maintain B-BBEE Score	B-BBEE Level	Level 1	Verification will be done in August 2025 after finalisation of external audit.	N/A
BUILDING A CAPABLE STATE					
IMPROVE EMPLOYEE VALUE PROPOSITION					
6	Retention of staff	% staff retained	Retain at least 85% of staff	Target achieved. 89% retained to-date.	N/A
IMPROVE BUSINESS PROCESSES AND SYSTEMS					
7	Automation of business processes	% of business processes automated	90% of business processes automated	Target not achieved. 85% of business processes automated.	The sign-off of the fixed asset register system could not be secured due to delays in finalising system testing (comprising both unit and end-to-end testing), stemming from the iterative configuration changes necessary to customise the system in line with end-user requirements. Consequently, three (3) of the five(5) targeted processes were not completed, as their implementation depended on the successful sign-off of the associated fixed asset register system processes.
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 23% achieved.	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 75% of metrics	Target not achieved. The risk maturity survey shows a level 3 across 58% of the metrics.	The regression in the maturity level is as a result of a deterioration in the following assessment criteria: – Understanding of risk – Delegation of authority – Risk management strategy – Link to key performance indicators – Measurement
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 12.93% achieved to-date	N/A
12	Track the operating cost base of underwriting activities	Operating cost base of underwriting activities	Operating cost below R164 million	Target achieved. Operating cost of underwriting activities is R108 million.	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 0.20	Target achieved. The average CTR score over the financial year was 3.59.	N/A
14	Improve employee engagement and organisational culture	Culture entropy score	Culture entropy score below 30%	Target not achieved. Culture entropy score of 47% achieved.	There is an increased amount of energy consumed in unproductive work signifying that there is a need for cultural transformation to significantly decrease energy consumed in unproductive work and in turn increase the Corporation's ability to retain its talented staff.
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 Clean audit with repeat findings achieved.	There were findings which required more time to address as a result these will be finalised in the 2026 financial year.



VALUE ADDING HIGHLIGHTS FOR 2024/25

PROJECTS SUPPORTED

Aligned to the ECIC mandate of making SA exporters attractive to international buyers, the Corporation approved four transactions to the equivalent value of \$17 million during the financial year. Three transactions relate to the expanded mandate, which commenced on 31 May 2021.

Kanu Equipment Ltd

The project entails the purchase of 20 B45 Articulated Dump Trucks by Kanu Equipment Limited (Buyer/Borrower), Mauritius, from Bell Equipment Company SA (Pty) Limited, South Africa (SA Exporter). The financed assets will be leased to Kanu Equipment Botswana, a 100% owned subsidiary of the Borrower, who will in turn sublease the financed equipment on a rent-to-own basis for four years (a duration that matches the repayment term of the Facility) with various creditworthy contract miners in Botswana, with the primary off taker of the financed equipment, being Wepex Geotechnical (Pty) Ltd (a geotechnical and tunnelling contractor specialising in, inter alia, soil and rock stabilisation and rockfall mitigation), for its new contract with Minergy Coal Mine.

The financed equipment will be delivered over a 12-month period and will cost US\$8,097,243. The transaction will be supported by ECIC under a Buyer's Credit Insurance Product.

Air Filter Maintenance Services International (Pty) Ltd

Air Filter Maintenance Services International (Pty) Ltd (the exporter) entered into a contract with a German Development Cooperation, GIZ (the purchaser), in Ecuador. The exporter is expected to design, deliver, install, commission, test, and hand over a new fully working state biosafety level 3 laboratory (BSL-3) for the National Institute for Public Health Research (INSPI) Headquarters in Guayaquil, Ecuador. The exporter will be assigning six specialists from South Africa to work on the mobile laboratories in Guayaquil, Ecuador. The total contract price amounts to EUR 970k.

Absa Bank Limited (the Bank) approached ECIC for 18 months' cover on guarantees requested by the exporter on future export contracts. ECIC cannot offer an "umbrella" guarantee facility; however, various guarantees can be covered individually, such as advance payment guarantees, performance guarantees and other bond products offered by ECIC.

The specific request concerned coverage for an advance payment guarantee. ECIC cover is for failure by the exporter to fulfil its contractual obligations due to:

- Financial constraints (e.g., insolvency of the contractor); and
- Poor/non-performance as per contract specifications.

Pace International Trading (Pty) Ltd

Pace International Trading (Pty) Ltd (the exporter) requested Trade Credit Insurance cover on two of its foreign buyers for the execution of export orders. The foreign buyers are Zimbabwe Platinum Mines (Private) Limited (Zimplats) and Mimosa Mining Company (Private) Limited (Mimosa).

Pace International has requested R80 million over 60 days for Zimplats and R45 million over 60 days for Mimosa. The requirement for cover of both foreign buyers is due to increased participation with the two entities and extending the work done with the mines. The company wants to mitigate the risk of higher trade volumes.

ECIC cover is for failure by the foreign buyer to fulfil its contractual obligations due to:

- Financial constraints (e.g., insolvency of the foreign buyer); and
- Protracted default/payment defaults.

Lindsay Manufacturing Africa (Pty) Ltd

Lindsay Manufacturing Africa (Pty) Ltd (the exporter) requested Trade Credit Insurance cover for its foreign debtor for execution of export supplies of Zimmatic and Greenfield centre pivots and laterals, FieldNet remote controls, GrowSmart Irrigation controls, and Watertronics Agricultural pumping



systems. The request is for cover on Waterwright Irrigation Pvt Ltd, based in Zimbabwe for R85 million over 120 days. The requirement for Trade Credit Insurance cover is to mitigate non-payment risk due to long credit terms of 120 days.

ECIC cover is for failure by the foreign buyer to fulfil its contractual obligations due to:

- Financial constraints (e.g., insolvency of the foreign buyer); and
- Protracted default/payment defaults.

NON-ACHIEVEMENT OF TARGETED TRANSACTION VALUE AND CORRECTIVE ACTIONS

The global deceleration in trade growth – exacerbated by rising protectionism and escalating geopolitical tensions – has had a pronounced impact on emerging markets, including South Africa. The trend toward the localisation of global value chains and the imposition of tariffs on strategic sectors have curtailed market access for South African exports. Compounding this, volatility in global commodity markets and declining prices for key export goods have further constrained the economic environment, limiting the ECIC's ability to underwrite new transactions.

Within the African continent, internal dynamics such as political instability and economic uncertainty in key partner markets have elevated the risk profile of export transactions. Renewed conflicts and governance challenges in several countries have heightened the likelihood of defaults and non-payment, further complicating the ECIC's mandate to provide insurance coverage.

Despite global and regional challenges, the ECIC's pipeline includes transformative projects that not only support South African exporters but also contribute to regional industrialisation, infrastructure development, and economic integration across Southern Africa:



Project	Estimated SA content over the project term (7-16 years)	Regional Impact
Total / Moz LNG, Mozambique	R1,6 billion	This \$20 billion LNG project in Cabo Delgado is set to make Mozambique a strategic energy hub for Southern Africa. It will generate up to USD 500 billion in revenue by 2045, create 30,000 jobs, and support infrastructure such as schools and hospitals. South African firms are supplying engineering services and modular components, strengthening regional energy security and industrial capacity.
Exxon Mobil / Rovuma LNG, Mozambique	R1,2 billion	With a projected capacity of 18 million tonnes per annum, this project will enhance Mozambique's export capabilities and regional energy supply. It involves over 15,000 workers and port expansion in Pemba. South African exports include liquefaction systems and logistics support. The project is key to regional energy trade and integration.
Yellow Equipment, DRC	R720 million	Heavy-duty equipment exports to the DRC support mining and infrastructure development in Africa's largest copper and cobalt producer. These exports enable mechanisation of mining operations, boosting productivity and regional supply chains.
Quantum Solutions, Angola	R530 million	This multi-sector infrastructure initiative includes rural electrification, potable water systems, and airport upgrades. It enhances Angola's public services and logistics, with South African firms contributing to energy and water technologies. The project supports regional mobility and trade facilitation.
Karo Platinum, Zimbabwe	R570 million	Located on the Great Dyke, this PGM project will produce 226,000 oz/year and create up to 10,000 jobs. It includes major infrastructure like a 132 kV transmission line and a 5,000 ML dam. South African exports include mining equipment and EPCM services. The project boosts Zimbabwe's GDP and strengthens regional mineral value chains.
Caledonia Mine, Zimbabwe	R990 million	Caledonia's Blanket Mine now exports gold directly, bypassing traditional state channels. This liberalisation improves export efficiency and foreign currency inflows. South African firms support gold processing and logistics, enhancing regional trade and beneficiation.
Quantum Rail, Angola and DRC	R2 billion	This strategic rail corridor connects the DRC's Copperbelt to Angola's Lobito Port. It is backed by a \$555 million investment and aims to transport 5 million tonnes of cargo annually. South African exports include rail infrastructure and rolling stock. The corridor boosts intra-African trade, regional integration, and access to global markets for landlocked countries.

These projects reflect ECIC's role in enabling South African exporters to participate in high-impact regional initiatives. They also align with broader goals of the AfCFTA, promoting industrialisation, infrastructure development, and inclusive growth across Southern Africa.



MEASURING THE SOCIO-ECONOMIC IMPACT OF ECIC SUPPORT SCHEME

Measurement based on export credit drawdowns recorded in ECIC's insurance portfolio from 1 April 2024 to 31 March 2025, confirmed that the ECIC succeeded in facilitating three projects with total drawdowns amounting to R342 million.

The estimated impact of the ECIC support scheme for the period 1 April 2024 – 31 March 2025 reflects the creation/sustainability of 435 job opportunities, of which a total of 426 job opportunities are estimated to be created/sustained during the construction phase, and an estimated nine job opportunities are expected to be sustained on an annual basis during the operational phase. Across both phases, the largest beneficiary of employment creation/sustainability is estimated to accrue to the semi-skilled labour category in South Africa.

Table 6: Employment impact by sector [Number]

Sector	Impact on SA	
	Construc- tion Phase	Opera- tional Phase
Agriculture	-	-
Mining	-	-
Manufacturing	336	4
Construction	-	-
Water and Electricity	-	-
Trade & Accommodation	-	2
Transport & Communication	-	-
Financial & Business Services	90	1
Community & Social Services	-	2
Total Employment Impact	426	9

SOCIO-ECONOMIC DEVELOPMENT

The Corporation remains committed to driving meaningful transformation and socio-economic upliftment through its Socio-Economic Development (SED) initiatives. Our SED Programme is strategically aligned with the objectives of the B-BBEE Codes of Good Practice (DTIC, 2019) and is designed to promote sustainable access to the economy for historically disadvantaged South Africans, with a particular focus on black individuals, black women and black youth.

The SED initiatives are guided by our internal SED Policy and focus on addressing the skills gap in the export and insurance trade industry. Recognising the importance of consumer financial education, the programme supported targeted initiatives that aim to empower beneficiaries with financial literacy and risk awareness to make informed financial decisions.

In line with this commitment, our 2024/2025 SED interventions were centred around supporting education and skills development. The programme prioritised youth, with an emphasis on women, by providing bursaries for students to access tertiary qualifications on Actuarial Science and funding Consumer Financial Education initiatives for micro-enterprise owners. The funded areas are:

SOUTH AFRICAN ACTUARIES DEVELOPMENT PROGRAMME

Bursaries of R1 417 477 to 5 female students

CONSUMER FINANCIAL EDUCATION - #L+EARN BIZ PROGRAMME

Offered to 84 (44 female, 40 male) micro-enterprise owners at a cost of R 811 243 – the programme intended to develop both the personal and business financial literacy of participants



ENTERPRISE AND SUPPLIER DEVELOPMENT

Pursuant to the Corporation's commitment to the social and economic transformation of South Africa, the ECIC ESD Programme is intended to:

- Build South Africa's industrial base in critical sectors of production and value-adding manufacturing, which are labour-intensive industries;
- Build capacity by incentivising appropriate local supplier development programmes by businesses supplying imported goods and services; and
- Actively support procurement from at least 51% black-owned QSEs, EMEs, and professional service providers and at least 30% black women-owned businesses.

In accordance with the ECIC's ESD policy and the 2024/25 ESD implementation plan:

- The Enterprise and Supplier Development (ESD) programme is designed to foster the growth of Exempt Micro Enterprises (EMEs) and Qualifying Small Enterprises (QSEs) in line with ECIC's ESD policies and **the dtic's** BBBEE legislation;
- It aims to strengthen the Corporation's BBBEE scorecard, promote supplier diversity through strategic sourcing, and support export-driven, Black-owned manufacturing SMMEs; and
- The programme seeks to implement ESD initiatives that generate sustainable economic opportunities for Black entrepreneurs, driving long-term inclusivity and economic empowerment through various funding mechanisms.

Enterprise and Supplier Development (ESD) Programme Report: FY 2024/25

In the 2024/25 financial year, the Enterprise and Supplier Development (ESD) programme achieved significant milestones in promoting inclusive economic participation.

Supplier Development Initiatives

All beneficiaries under the Supplier Development programme were 100% Black female-owned Exempt Micro Enterprises (EMEs). This strategic focus aligns with national objectives to empower historically disadvantaged groups, particularly Black women entrepreneurs, thereby fostering diversity and inclusivity within the supply chain.

Enterprise Development Support

The Enterprise Development programme provided targeted assistance to Black-owned EMEs operating within the manufacturing sector. This support aimed to enhance their operational capabilities, competitiveness, and integration into broader economic activities.

Financial Commitment

A total of R4,477,250 in funding from the ESD programme during the 2024/25 financial year was spent to assist the qualifying enterprises. This investment underscores ECIC's commitment to facilitating sustainable growth and development among Black-owned enterprises, contributing to the broader objectives of economic transformation and empowerment.



VALUE CREATION

	AFS Note	2025	%	2024 Restated	%	2023 Restated	%	2022	%	2021	%
Wealth created											
Net income		1,130,836		1,324,867		873,661		1,019,109		1,597,952	
Profit on exchange differences	23	110,205		-		-		65,431		408,754	
Claims recovered / Salvages income / Change in claims reserves	& 21	86,220		-		-		83,644		69,331	
Net insurance finance income		12,427		-		-					
Interest Make-Up Scheme fair value movements	# 15	-		-		-		39,489		-	
Deferred tax	27	141,394		307,765		-		55,648		-	
Paid to suppliers		(22,735)		(43,770)		(18,735)		(52,923)		(49,799)	
Loss for the year / Use of retained earnings	@	-		358,502		525,794		-		-	
		<u>1,458,347</u>		<u>1,947,364</u>		<u>1,380,720</u>		<u>1,210,398</u>		<u>2,026,238</u>	
		-		-		-					
Distribution of wealth											
Employee costs	24	97,268	7%	66,592	3%	109,142	8%	103,380	9%	92,375	5%
Interest Make-Up Scheme	# 15	29,623	2%	55,386	3%	10,781	1%	-	0%	64,375	3%
Loss on exchange differences	23	-	0%	193,228	10%	550,195	40%	-	0%	-	0%
Government Taxes	27	362,639	25%	69,253	4%	1,232	0%	31	0%	150,115	7%
Socio-Economic Development	24	6,203	0%	3,268	0%	6,662	0%	13,901	1%	25,998	1%
Net insurance finance expenses	& 21	-	0%	51,531	3%	24,580	2%	-		-	
Net Incurred claims / Claims paid / Change in claims reserves	& 21	-	0%	1,508,106	77%	678,128	49%	753,750	62%	-	0%
Retained for growth		962,614	66%	-	0%	-	0%	339,336	28%	1,693,375	84%
Depreciation and amortisation		6,585		6,506		3,067		4,994		7,719	
Deferred tax	27	-		-		284,416		-		18,317	
Profit for the year / losses relating to future transactions	@	<u>956,029</u>		<u>(6,506)</u>		<u>(287,483)</u>		<u>334,342</u>		<u>1,667,339</u>	
		<u>1,458,347</u>	100.0%	<u>1,947,364</u>	100.0%	<u>1,380,720</u>	100.0%	<u>1,210,398</u>	100.0%	<u>2,026,238</u>	100.0%

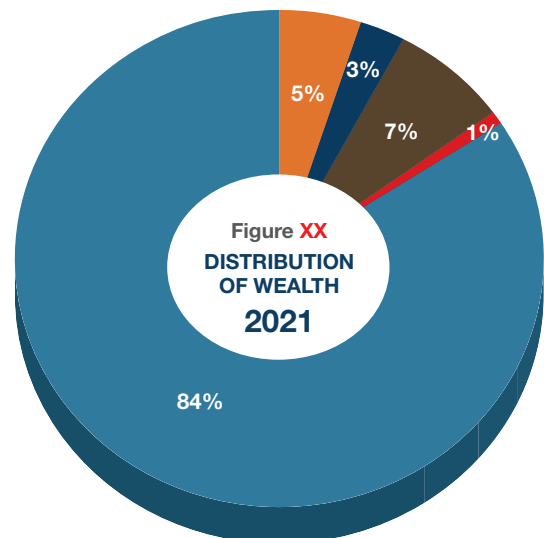
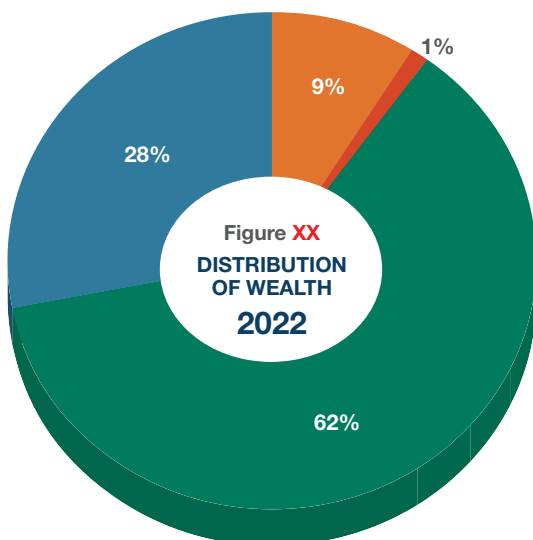
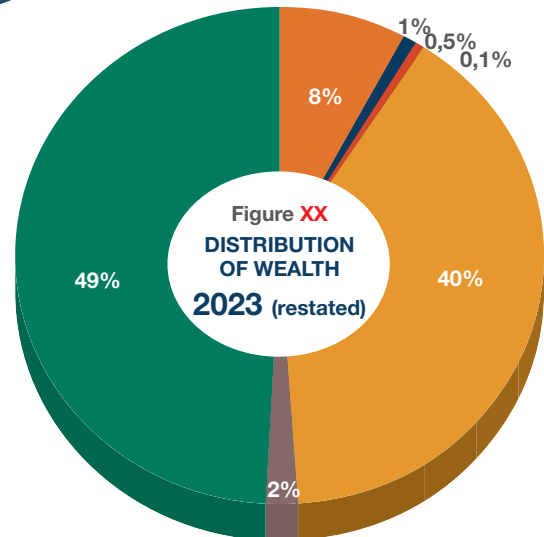
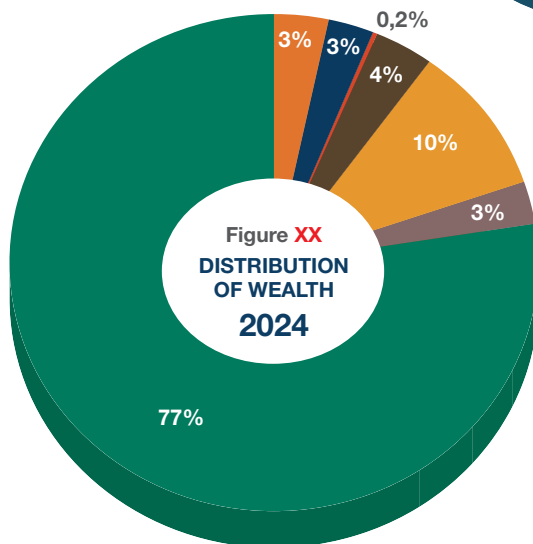
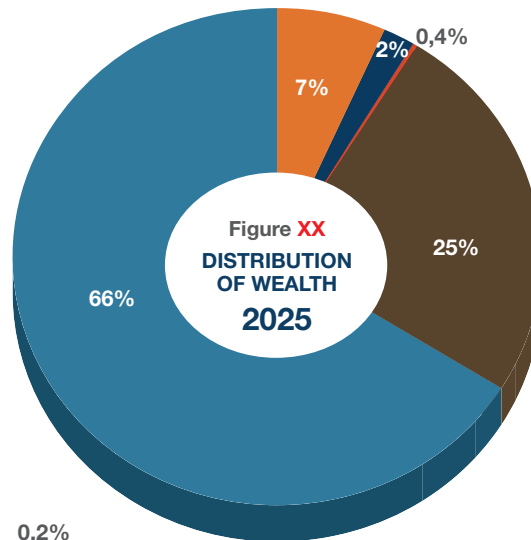
Net income earned / cost incurred on the IMU Scheme. This does not include the capital payments made on the IMU liability

@ As a loss was made, an adjustment is made to reflect Retained for growth as NIL.

& Net insurance finance expenses is as a result of discounting the net insurance contract assets and liabilities under IFRS 17. These were previously not discounted under IFRS 4



DISTRIBUTION OF WEALTH



- Employee costs
- Interest Make-Up Scheme
- Loss on exchange differences
- Taxes
- Socio-Economic Development
- Net insurance finance expenses
- Net Incurred claims / Claims paid / Change in claims reserves
- Claims recovered / Salvages income / Change in claims reserves
- Retained for growth







REFLECTIONS BY THE CHIEF FINANCIAL OFFICER



Mrs Noluthando Mkhathazo

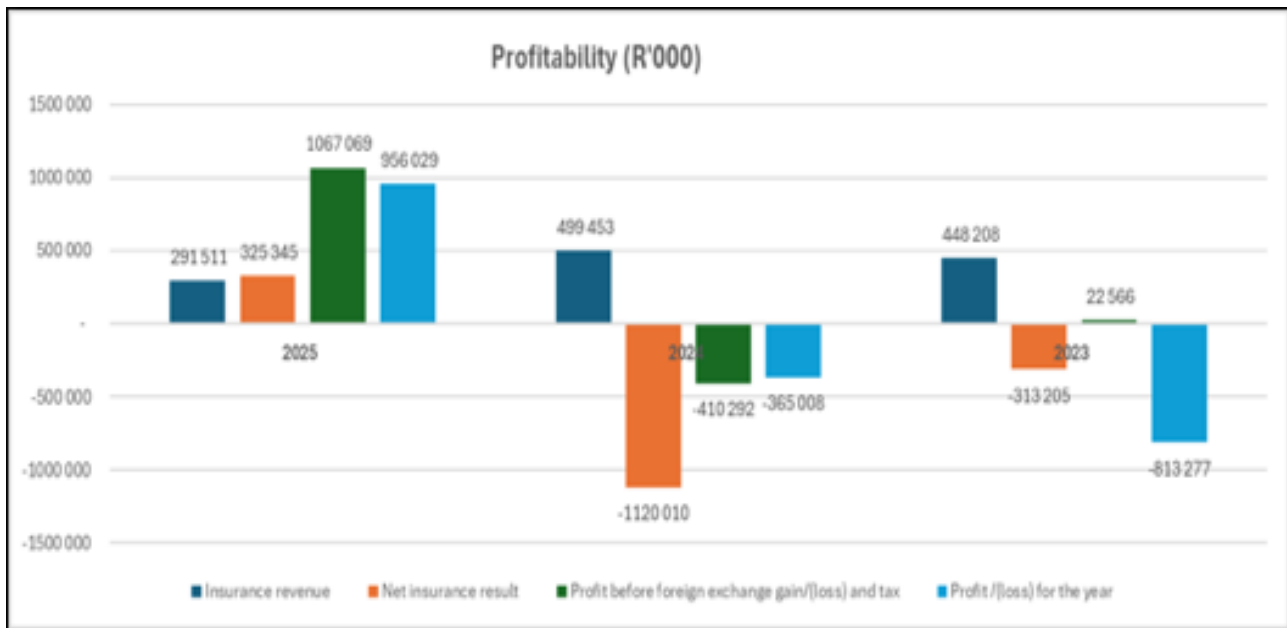
Management's main objective is to run ECIC as a self-sustainable organisation and create value for our stakeholders. This objective underpins how we conduct our business and manage the associated risks.

The two years have been the toughest years in the history of the organisation, where we experienced the delayed impact of the Russia/Ukraine war and

COVID-19 which resulted in many countries experiencing high debt levels, with some even defaulting on their obligations, with the case in point being Ghana. I'm pleased to announce that the Corporation has now turned a corner and has returned to profitability and generated a profit after tax of R956 million in the 2025 financial year.



Financial performance



Net insurance results substantially increased by R1.4 billion (129%). The loss incurred in the previous year was due to the following:

- Recognising an incurred claim for Amandi Rail;
- Reducing the salvages for Lihobong and Ghana projects; and
- An increase in net finance expenses due to an increase in the discount curve.

The substantial increase of R1,3 billion (362%) in net profit/(loss) for the year was mainly due to net insurance results and foreign exchange movements. The increase in foreign exchange movements of R303 million (157%) is due to the Rand appreciating by 3,7% against the US Dollar while it depreciated by 6,6% in the previous financial year.





Management continues to run the Corporation in a cost-efficient manner, and the cost -to-income ratio continues to be below the targeted ceiling of 32%.

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

DISCLOSURE AS REQUIRED BY SECTION 55 OF PFMA

Fruitless and wasteful expenditure

Confirmed incidents

	2025 R'000	2024 R'000
Opening balance	1 017	1 303
Less : Adjustments to the opening balance	-	-288
Add: Fruitless and wasteful expenditure confirmed	3	4
Less: Fruitless and wasteful expenditure written off	-1 015	-
Less: Fruitless and wasteful expenditure recoverable	-3	-2
Closing balance	2	1 017

PROCUREMENT THROUGH OTHER MEANS AND VARIATIONS

Procurement which is done through other means includes:

- Limited bidding;
- Written price quotations above R1 million as stated in our procurement policy;
- Procurement that occurs in emergency situations and urgent cases; and
- Instances where less than three quotations were received.

Variations and expansions of contracts mean:

- Expand a contract by increasing the scope of work; or
- Vary a contract by changing the scope of work.

The table below lists the procurements which were done through other means:

Reporting Of Procurement By Other Means

No	Project Description	Name of Supplier	Contract Number	Reason for the procurement by other means	Value of contract	Award Date	Contract start date	Contract expiry
	"Induction workshop for Board members of Public Entities (SOCs)	The National School of Government	ECIC01D-2024/25	The National School of Government, entity of the Department of Public Service Administration of South Africa has advised ECIC that it is sole service provider for the NSG Induction Programme for Boards and related capacity development interventions for managers who support the work of Public Entities	R194 250,00	29 April 2024	TBC	N/A
	Catering for the late ECIC Employee Sello Chabane's Memorial Service - 16 May 2024	Excellere Event and Coordinators CC (Reg. No. 2004/033657/23)	ECIC002D-2024/25	Single Source - Due to an untimely death of an ECIC Employee Mr Sello Chabane.	R28 692.50	15 May 2024	15 May 2024	N/A
	Professional services to perform a review on the reasonability of the assumptions applied in LMDC's financial forecast and debt repayment model.	Adamantem Chartered Accountants (SA) (Pty) Ltd (Reg. No. 2017/292632/07)	ECIC003D-2024/25	Single Source - The Adamantem team was part of the ECIC and ABSA team that analysed the viability of Liqhobong Mining Development Company (Pty) Ltd.	R395 600,00	03 May 2024	04 May 2024	Upon delivery of service
	Training	Mosaka Economic Consultants CC t/a Conningarth	ECIC004S-2024/25		R97 750.00	02 August 2024	TBC	Upon delivery of service
	Updating the BCM Policy and Strategy	Dimension Data (Pty) Ltd (Reg. No. 1987/006597/07)	ECIC005D-2024/25		R82 800.00	16 September 2024	TBC	Upon delivery of service
	Workday Adaptive Planning Software Licenses	Workday Limited (Reg. No. 521013)	ECIC007D-2024/25		R3 724 874,21	28 November 2024	01 January 2025	31 December 2027
	Bloomberg Software Licenses	Bloomberg Finance L.P. (Reg. No. 4348344)	ECIC03TE-2024/25		R2 988 916,74	22 January 2025	04 January 2025	03 January 2029
	E-Learning Platform	Mdiga Dynamics CC (Reg. No. 2009/174790/23)	ECIC009D-2024/25		R300 000,00	07 March 2025	01 April 2025	31 July 2025



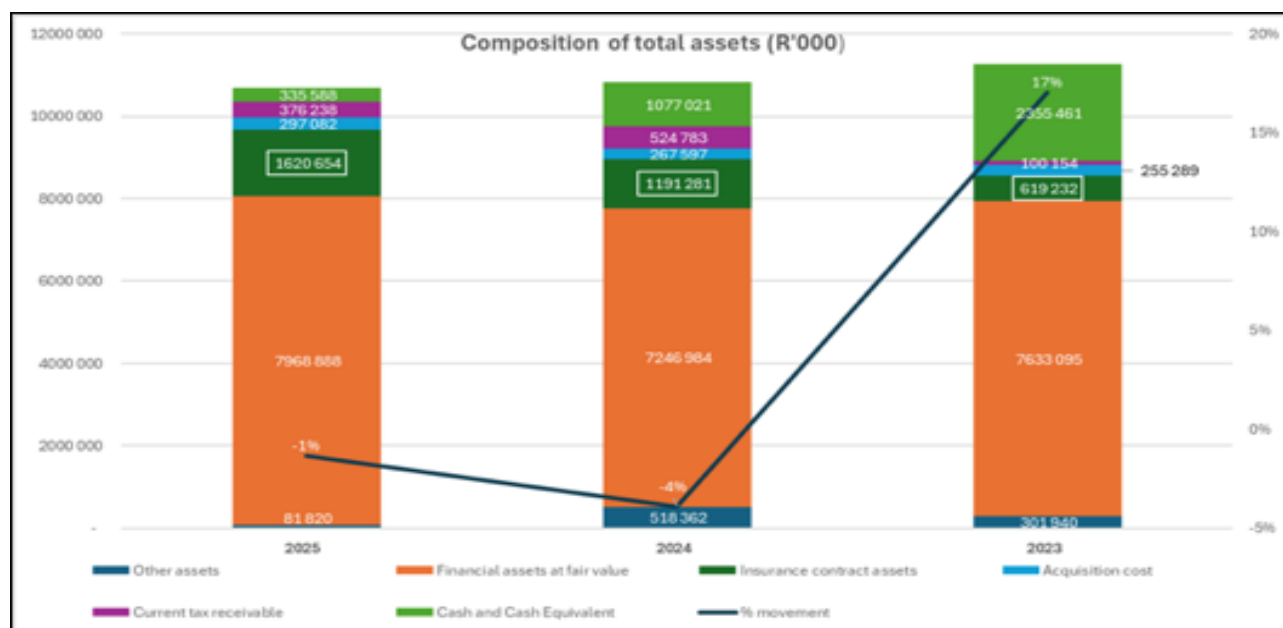
The table below lists the variation and expansion of contracts which were above 15% of the original contract:

Reporting Of Expansions And Variations Of Contracts

No	Project Description	Name of Supplier	Contract Number	Reason for expansion or variation of contract	Original contract value	Value of contract expansion or variation of contract	Value of previous contract expansion or variation of contract	Award Date	Contract start date	Contract expiry
1	Provision of Security services for additional three months.	Selkirk Security Services (Pty) Ltd (2014/019174/07)	SLA061-2022/23	R782 874,00	R209 418,80	R0,00	R143 122,18	30 April 2024	30 April 2023	31 July 2024
2	Provision of Head of Actuarial Function Services.	Deloitte & Touché (IRBA Reg. No. 902276)	SLA002P-2021/22	R2 555 401,00	R235 122,18	R92 000,00	\$25,00 per transaction.	22 July 2021	01 September 2021	31 August 2024
3	Custodian services on trading on a platform called Fund Routing and Settlement Service (FORSS)	Nedbank Limited (Reg. No. 1951/000009/06)	SLA008P-2021/22	"0,28 basis points (local) 0,35 basis points (off shore) \$5,00 Transaction fees"	\$0,00	\$0,00	R194 799,99	23 June 2022	01 July 2022	31 March 2029
4	Office cleaning services for a period of five (5) months.	Zwiito Cleaning CC (Reg. No. 2009/0033057/23)	SLA019-2023/24	R106 799,99	R88 000,00	R0,00	R208 886,00	13 December 2023	18 January 2024	17 December 2024
5	Rendering of the Secretarial Services.	FluidRock Co Sec (Pty) Ltd	SLA0142024/25	R117 461,00	R91 425,00	R0,00	R799 047,00	20 May 2024	20 May 2024	Once-off
6	Supply and configure a cloud based VoIP PABX Solution.	Mubvumela Corporation (Pty) Ltd (Reg. No. 2013/076147/07)	N/A	R708 672,00	R90 375,00	R0,00	R250 000,00	23 September 2024	01 October 2021	28 February 2025
7	Recruitment of the temporary Finance Officer.	Kays Staffing Solution (Pty) Ltd (2015/015523/07)	SLA022-2024/25	R150 000,00	R100 000,00	R0,00	R158 289,74	14 August 2024	14 November 2024	13 December 2024
8	Entropy culture survey	Daniel Tobias Eksteen t/a Strategic Human Capital Consulting (Reg. No: X60X2X5X450X9)		R131 783,92	R26 505,82	R0,00	R307 341,93	11 December 2024	31 October 2022	31 March 2025
9	Provision of office cleaning services	Zwiito Cleaning CC (Reg. No. 2009/0033057/23)	SLA019-2023/24	R106 799,99	R112 541,94	R88 000,00	R477 553,19	13 December 2024	17 July 2024	30 June 2025
10	Recruitment services for a temporary Accountant.	Sinakho Staffshop (Pty) Ltd (Reg.No 1997/006842/07)	SLA025/2024/25	R193 697,05	R283 856,14	R0,00	R628 187,50	18 December 2024	11 October 2024	31 March 2025
11	Provision of advisory services on Short -Term Incentive Scheme Design.	21st Century Pay Solution (Pty) Ltd	ECIC117Q-2022/23	R457 757,50	R170 430,00	R0,00	R4 648 392,49	27 January 2025	03 March 2023	On delivery date
12	Prvision of network connectivity for the ECIC office	Dataproof (Pty) Ltd Reg.No. 2014/143281/07)	PO-000005984	R4 451 107,00	R197 285,49	R0,00	R3 495 907,43	16 January 2025	01 March 2020	31 May 2025
13	Provision of server hosting for the ECIC office.	CHW Vuwani Solutions (Pty) Ltd (Reg.No 1990/002921/07)	PO-000006007	R3 370 650,00	R125 257,43	R0,00		16 January 2025	01 March 2020	31 May 2025

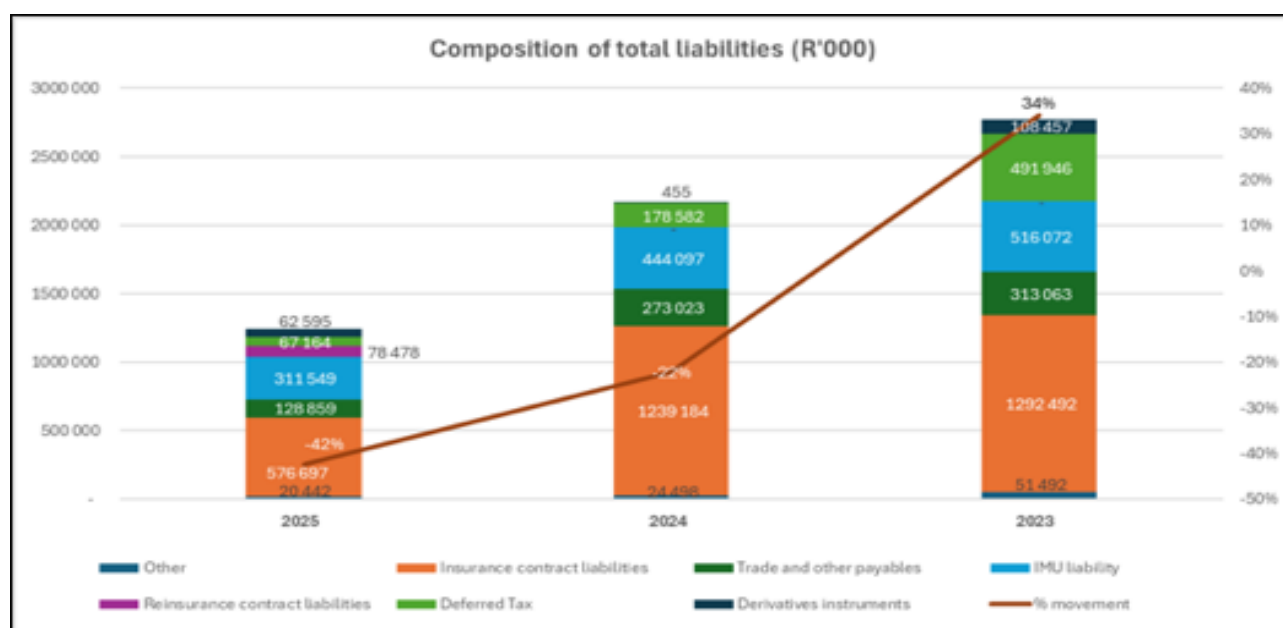


ASSETS AND LIABILITIES MANAGEMENT



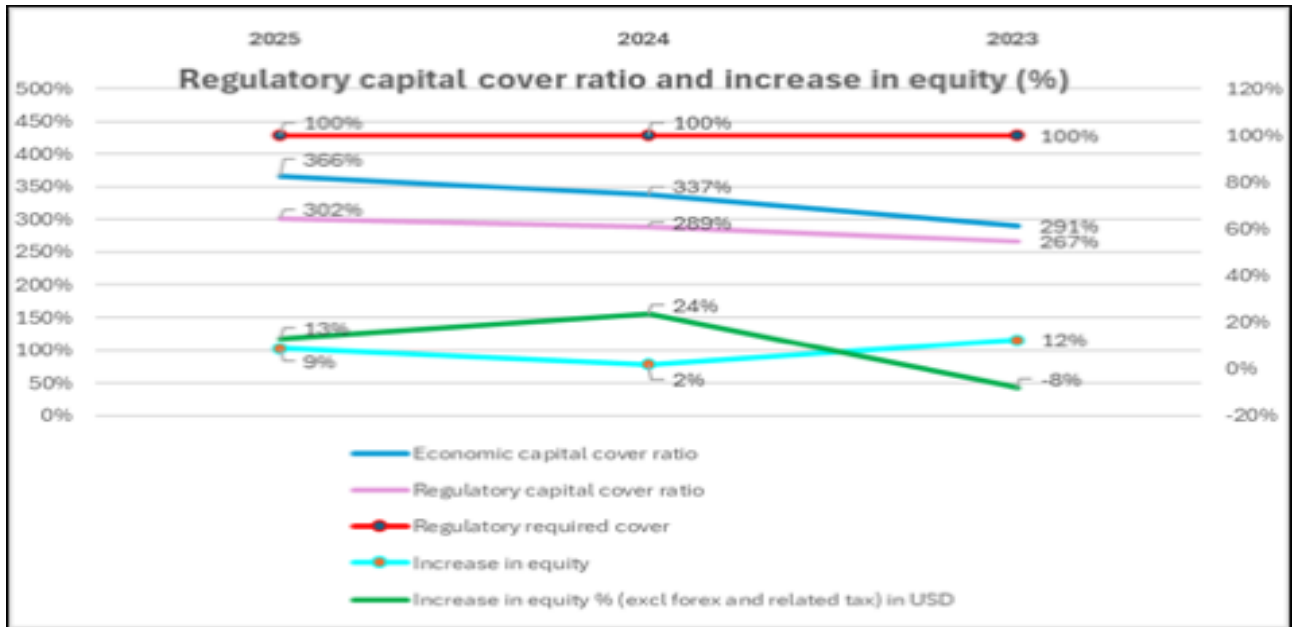
The total assets decreased by R146 million (1%) from R10.8 billion to R10.7 billion, which is mainly due to the payment of the insurance claim, which was netted off by the investment income generated and the increase in salvages receivable. The appreciation of the ZAR against the US Dollar also contributed to a decrease in assets due to a decrease of the ZAR equivalent of USD assets.

The bulk of other assets comprises VAT refunds and unsettled investment trades.



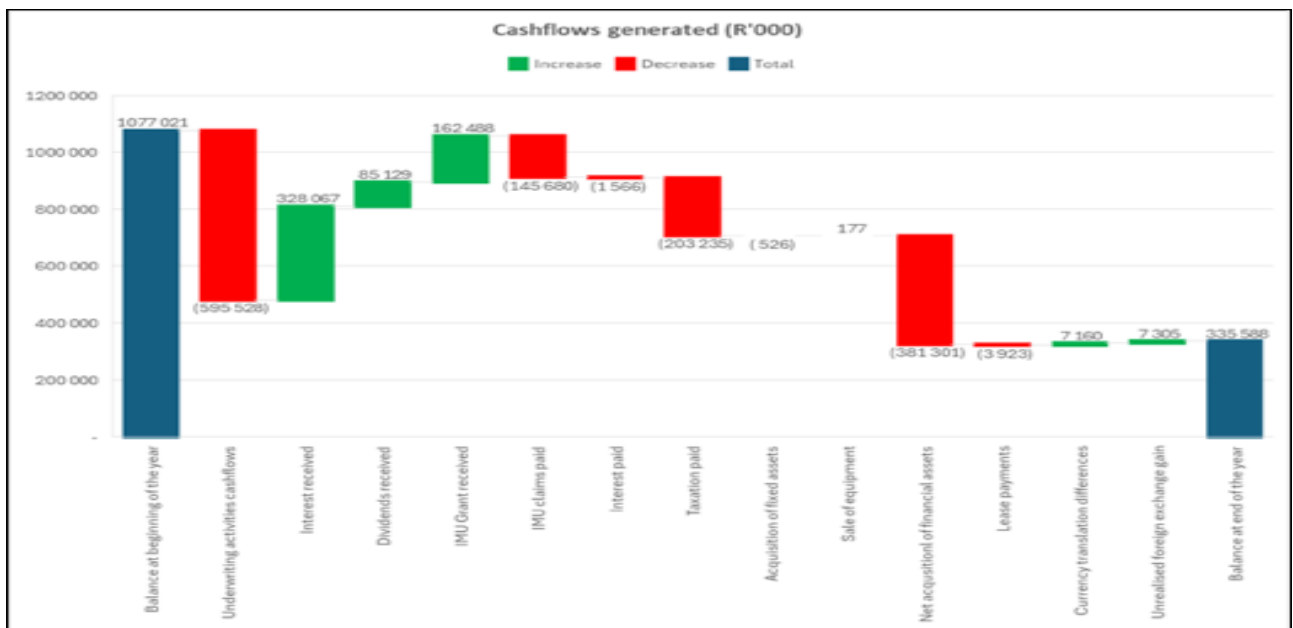
The total liabilities decreased by R914 million (42%) from R2.2 billion to R1.2 billion, which is mainly due to the payment of insurance and IMU claims, the reduction of unsettled investment trades and the appreciation of the ZAR against the USD.





The Corporation has a strong solvency portion, with both the Regulatory capital cover ratio and the Economic capital cover ratio exceeding 100% as required by the Prudential Authority. The Regulatory capital cover ratio and the Economic capital cover ratio stood at 302% and 366%, respectively.

CASHFLOW MANAGEMENT



Outlook

Based on the projections for 2026 to 2030, the expectation is that the corporation will continue to be profitable and financial sustainable, with both the regulatory and economic capital ratios exceeding the regulatory required ratio of 100%.



ECIC INSURANCE PORTFOLIO

ECIC's sum insured is accounted for in both ZAR and largely in US Dollars. However, for reporting purposes, the US Dollar exposure is converted into ZAR at the relevant US Dollar/ZAR exchange rate. For historic periods, exposures were converted at the prevailing US Dollar/ZAR exchange rate as at year end (31 March) and the relevant US Dollar/ZAR exchange rates were:

- 31 March 2020 at 1 US Dollar equivalent to R17,9822
- 31 March 2021 at 1 US Dollar equivalent to R14,8369

- 31 March 2022 at 1 US Dollar equivalent to R14,4705
- 31 March 2023 at 1 US Dollar equivalent to R17,8139
- 31 March 2024 at 1 US Dollar equivalent to R18,9926
- 31 March 2025 at 1 US Dollar equivalent to R18,2953

The sum insured for the next five years are converted at forecasted US Dollar/ZAR exchange rates as follows (rates applicable for the budget plan as of January 2025):

		Mar-25	Mar-26	Mar-27	Feb-28	Mar-29	Mar-30
Spot	USD/ZAR	18,65	19,82	20,68	21,71	21,71	21,71
	Euro/ZAR	20,19	22,06	23,34	24,82	24,82	24,82

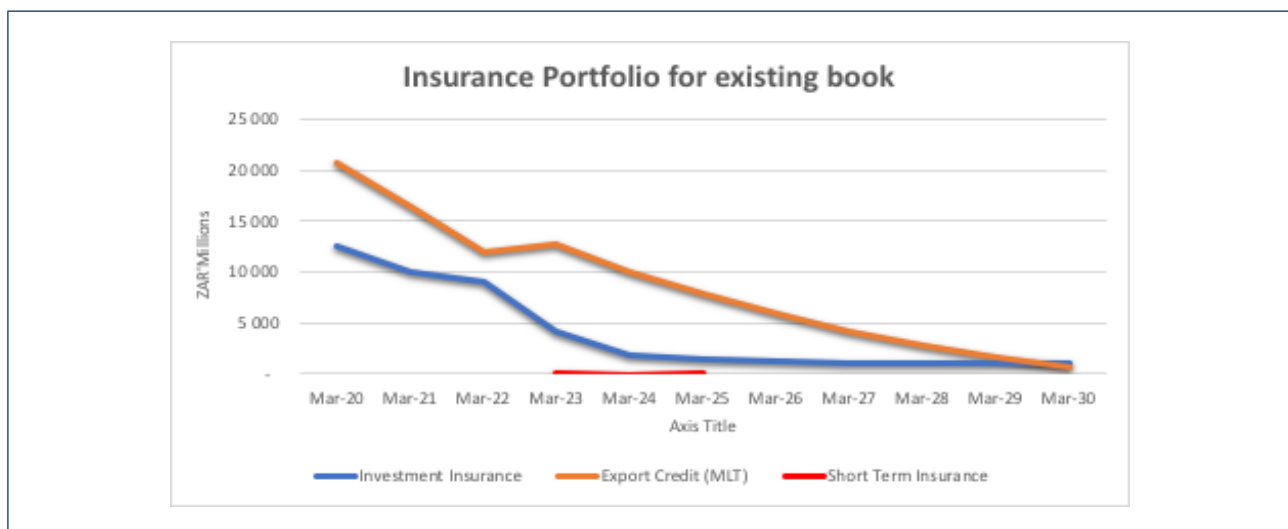


Figure 15: Insurance portfolio (existing book)

The ECIC insurance portfolio is made up of export credit loans, short-term (under extended mandate), and investment (including equity and shareholder loans). The sum insured, excluding any pipeline projects, is presented in figure 15 above, which reflects a sharp reduction in the insurance portfolio:

- The reduction in the investment insurance is the result of the quicker amortisation of the Infralink shareholders' loan. There was no new investment policy added;

- The reduction in export credit insurance was largely due to expiry of exposure following the settlement of a claim in Ghana paid by ECIC of US\$53 787 610,39 during the first quarter of 2025 FY. The balance is a net off of loan repayments and loans still drawing; and
- Short-term insurance has a lifespan of up to 12months.

The sum insured, including pipeline, is presented below in figure 16 which depicts ECIC extended mandate to cover short-term transactions. Pipeline represents projects on offer of cover and projects where ECIC has made an in-principle commitment:

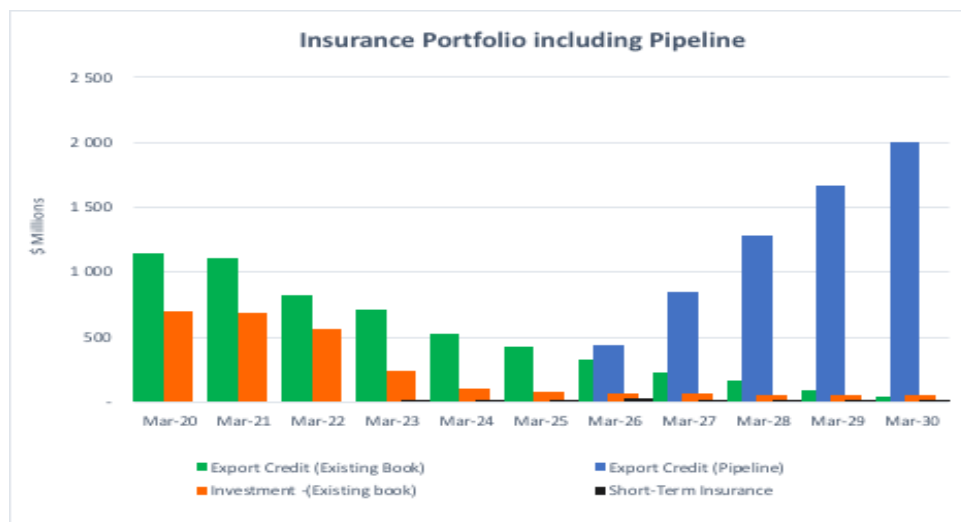


Figure 16 Insurance portfolio (including pipeline)

ECIC's sum insured per country remains largely in the same geographic areas. The top three countries as at 31 March 2025 are Ghana, Zimbabwe and Mozambique, which are also aligned to the top three economic sectors presented in Table 7 below.

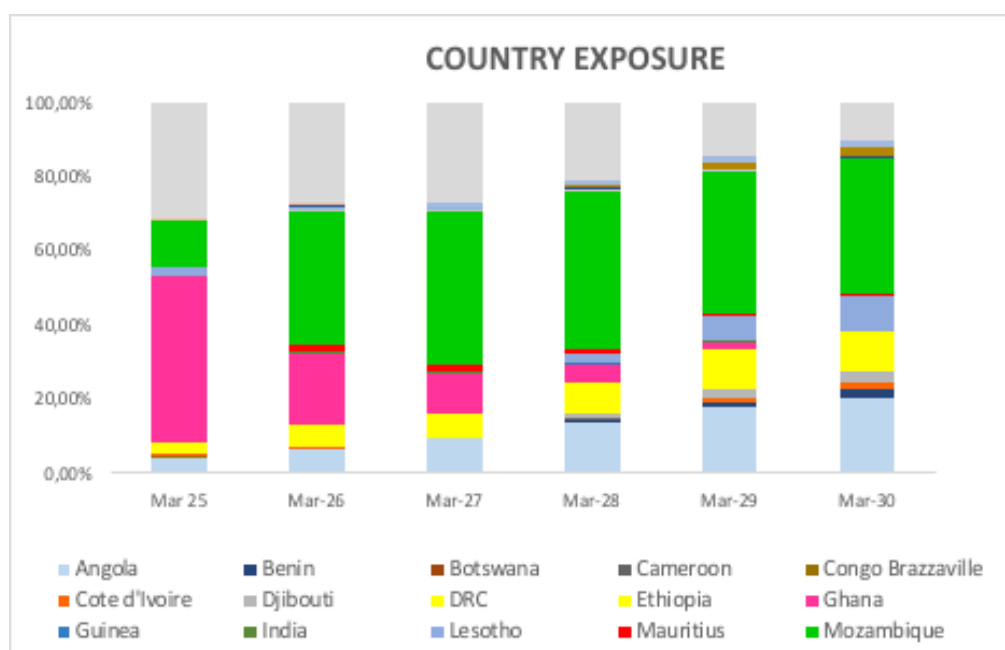


Figure 17: Sum insured per country



Table 7: Top 3 Economic sectors as at 31 March 2025

Top three countries' exposure amount to R8,25bn (88,92%)	
Ghana	45,33%
Zimbabwe	31,16%
Mozambique	12,43%

Top three economic sectors amount to R9,09b (98,15%)	
Power and energy	60,75%
Construction (including civil engineering structures)	34,98%
Mining	2,42%

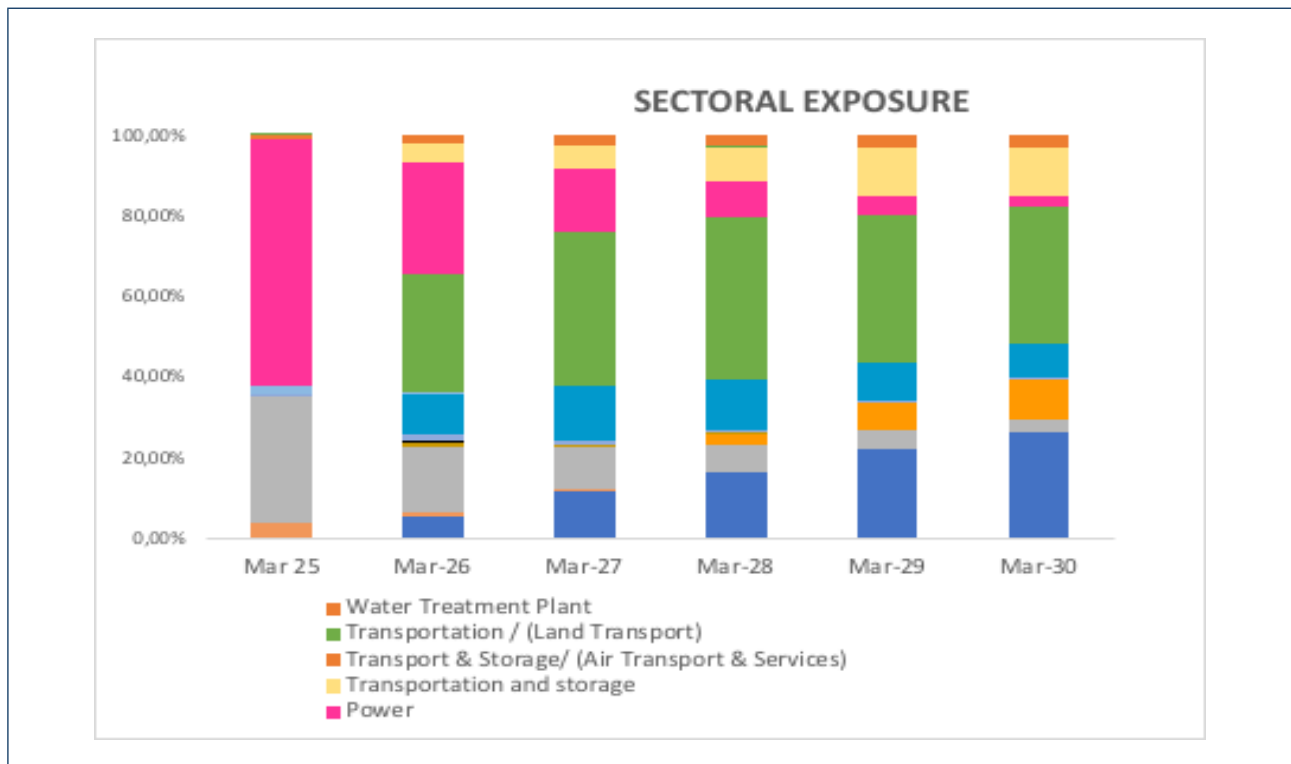


Figure 18: Sum insured per sector



Sovereign loans

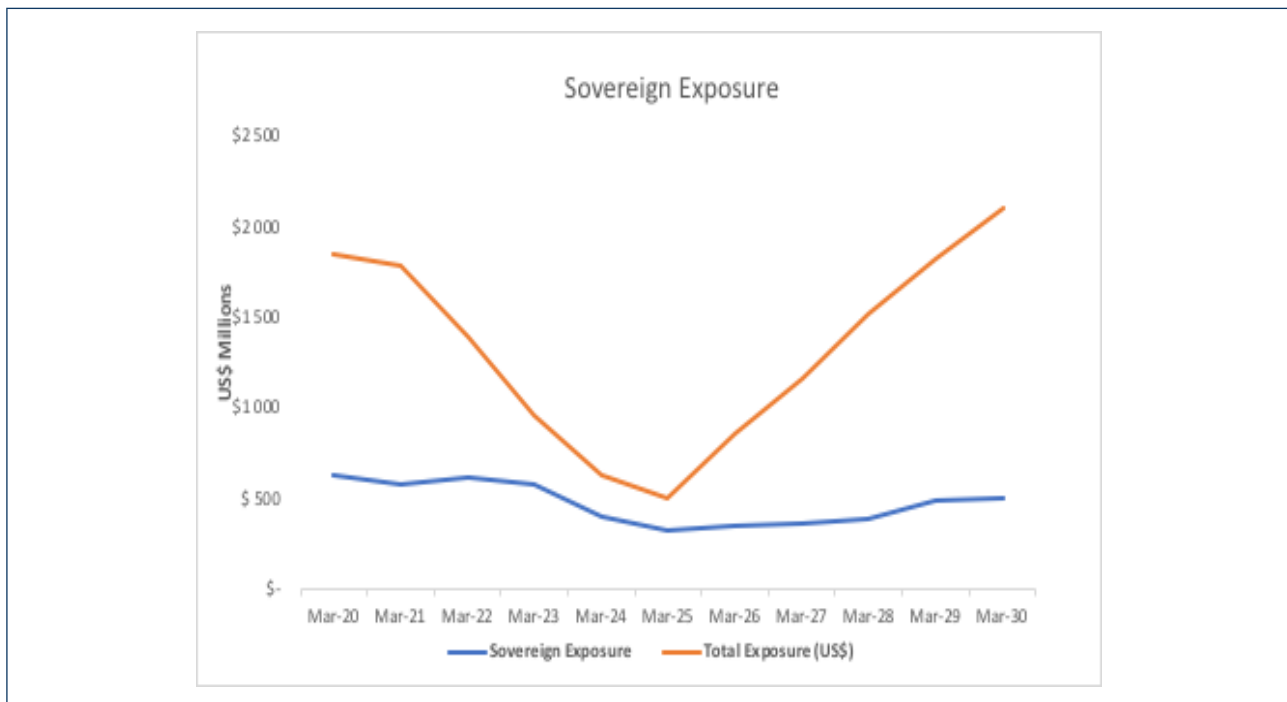


Figure 19: Sovereign exposure

Figure 19 reflects the sovereign debt as a percentage of the total sum insured, including pipeline. This reflects ECIC's reduced appetite for sovereign debt, as many countries in Africa seek debt relief.

Following payment of Ghana's claims in Q4 2024FY and Q1 2025FY, Ghana remains the largest sovereign exposure at \$220m by March 2025, which comprised a loan for funding a power plant.

The second largest exposure is in Zimbabwe, which amounts to \$32,1 million loan funding for the rehabilitation of toll roads. The Mozambique loan amounts to \$43,4 million for the electrification network rehabilitation programme. The Angola loan amounts to \$19,3 million for the military hospitals project.



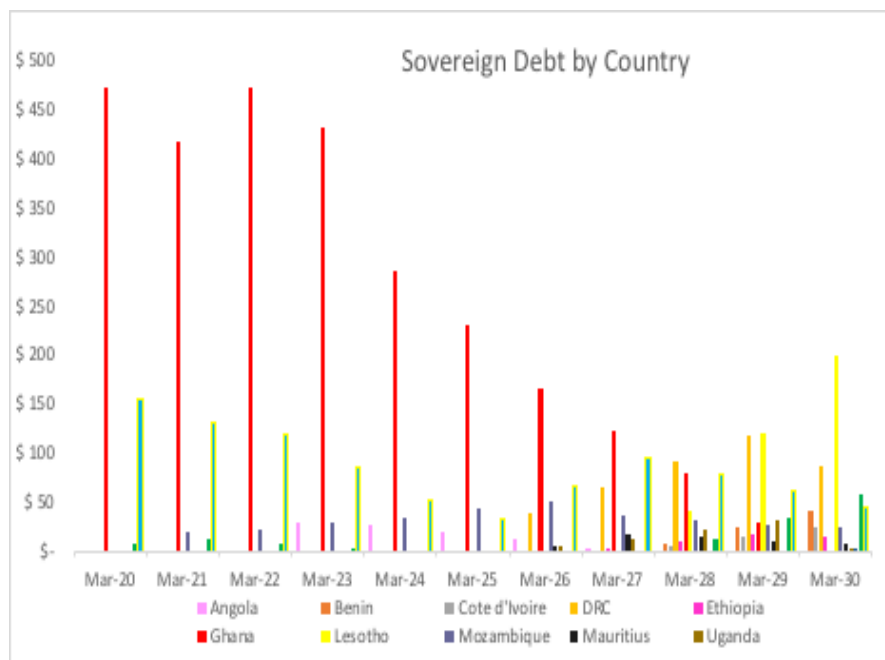


Figure 20: Sovereign debt by country



MANAGEMENT OF FINANCIAL CAPITAL

Capital management framework

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 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 expand its business underwriting capacity.

The Own Risk and Solvency Assessment (ORSA) serve 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.

Improving the capital position

The Corporation can maintain or increase available capital by either building retained earnings, requesting further capital from the shareholder, or reducing the business exposure to decrease liabilities and capital requirements.

Table 8: Mechanisms and strategies to maintain or increase available capital

Mechanism	Strategies
Build retained earnings	- Improve profitability - Limit dividends
Increase share capital	Additional shareholder capital in line with the ECIC Act, 78 of 1957 (as amended)
Downsize exposure	Reinsure existing insurance exposures⁵

Retained earnings can be accumulated by increasing profitability through examining the elements that contribute to profit, such as pricing and operational expenditure or limiting dividend payments. Any need to increase shareholder capital will be in line with the ECIC Act. Reduced exposure, for example through reinsurance, reduces capital requirements and improves the solvency ratio.

Risk Appetite Concerning Capital Management

The Corporation applies sound underwriting practices and responsible investment principles to remain financially sustainable on a stand-alone and ongoing basis. The risk philosophy and strategy are underpinned by:

- Acceptable levels of risk exposure;
- The right people and resources to fulfil its mandate and service its customers;
- Well-managed portfolio distribution and quality that precludes excessive concentration risk to the Corporation; and
- An investment strategy that limits portfolio volatility to within allocated capital and preserves capital for 'real return' in its investment portfolio, as measured on a rolling three-year basis.

These principles drive risk capacity, risk appetite and tolerance.

Risk capacity is set by capital available to absorb potential losses from accepted risks and tested to ensure a post-loss event with sufficient capital to cover the remaining exposure equivalent to 110% Economic Capital (EC). The Corporation considers own funds tiering to allow the quality of available capital to absorb losses.

Risk appetite is set as the amount of risk the Corporation is willing to accept within its risk capacity, with a concomitant willingness to use capital to fund catastrophic losses to remain solvent within risk appetite thresholds. The business needs to rebuild its solvency to mitigate loss and since its shareholder has no appetite to inject additional capital, it must always be able to recover organically.

Taking this into consideration, the Corporation needs to maintain its own funds (available capital) above an absolute minimum to meet its obligations and continue operating after a catastrophic loss.

Within this context, the Corporation has an appetite for a net loss that could reduce the economic capital cover ratio to 110%. Currently, the Corporation portfolio can support exposures up to 12.5 times equity, which is in line with international ECA practice.



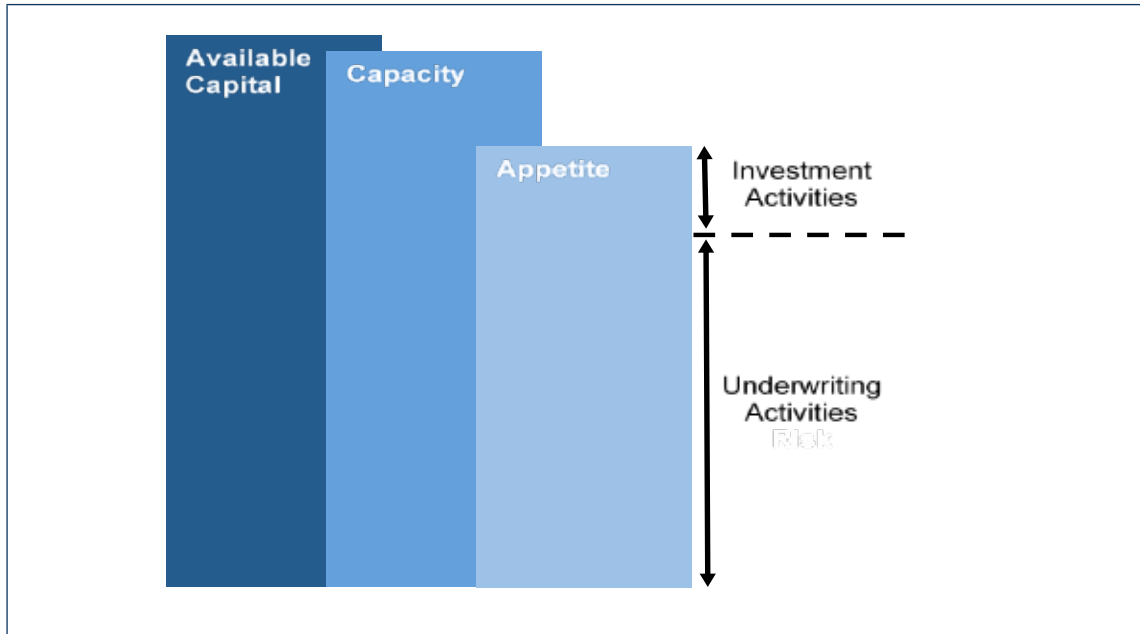


Figure 21: Illustration of risk capacity and appetite

The bubble chart displays the change in the composition of the Corporation's portfolio over the planning period in terms of diversification across countries and the overall weighted probability of default (PD) of the portfolio, with the size of the bubble reflecting the portfolio size. The lower the portfolio-weighted PD and the more diversified it is, the lower the overall risk of the portfolio. Over the projected period the country concentration increases due to increased exposure in Mozambique. The portfolio weighted average PD in the early years increases due to increased exposure in higher-risk countries and then reduces in the outer years.

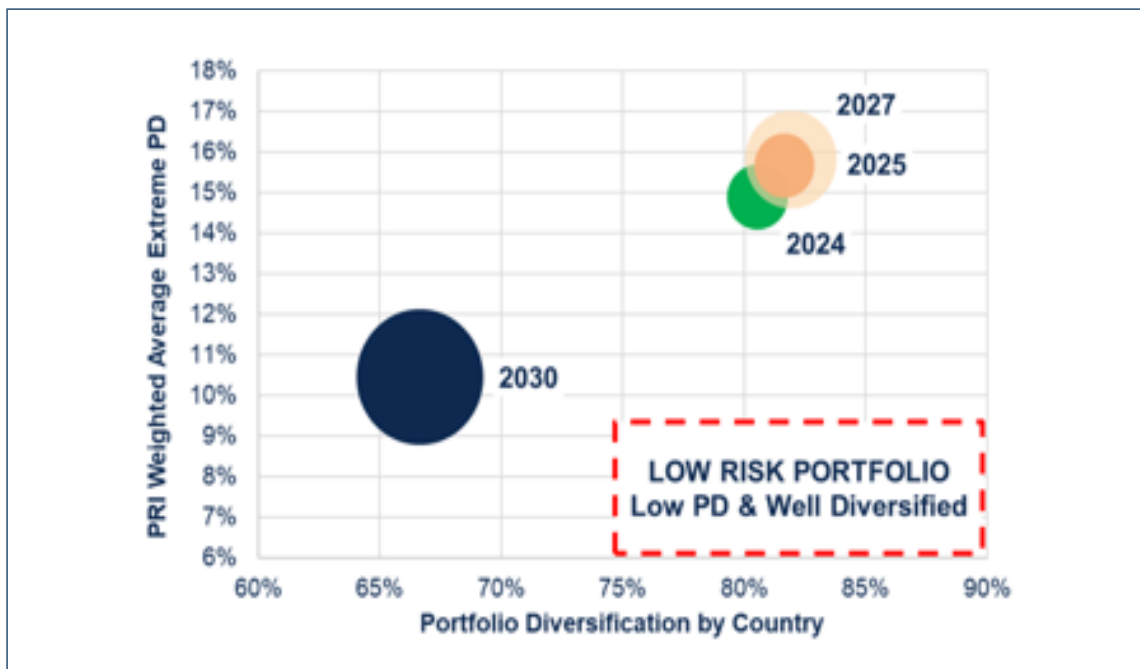


Figure 22:

Asset Liability Matching (ALM) determines the Strategic Asset Allocation (SAA) of the investment portfolio across various asset classes. The ALM modelling approach is liability-cognisant investment philosophy that strives to minimise asset-liability mismatch risk by investing in appropriate assets after considering the nature, timing and amount of liabilities and other obligations. The ALM optimises the capital charge structure

within the Corporation's solvency framework and maximises risk-return.

The amount of capital allocated for investment activities is limited to ensure that sufficient capital is available for underwriting activities. The relative allocation of capital between the two activities has a risk preference of 60%-80% and 20%-40%, respectively, between underwriting and investment activities. This risk preference is applied as a risk budget allocation.

The chart below indicates the current consumption of capital against the allocated thresholds.

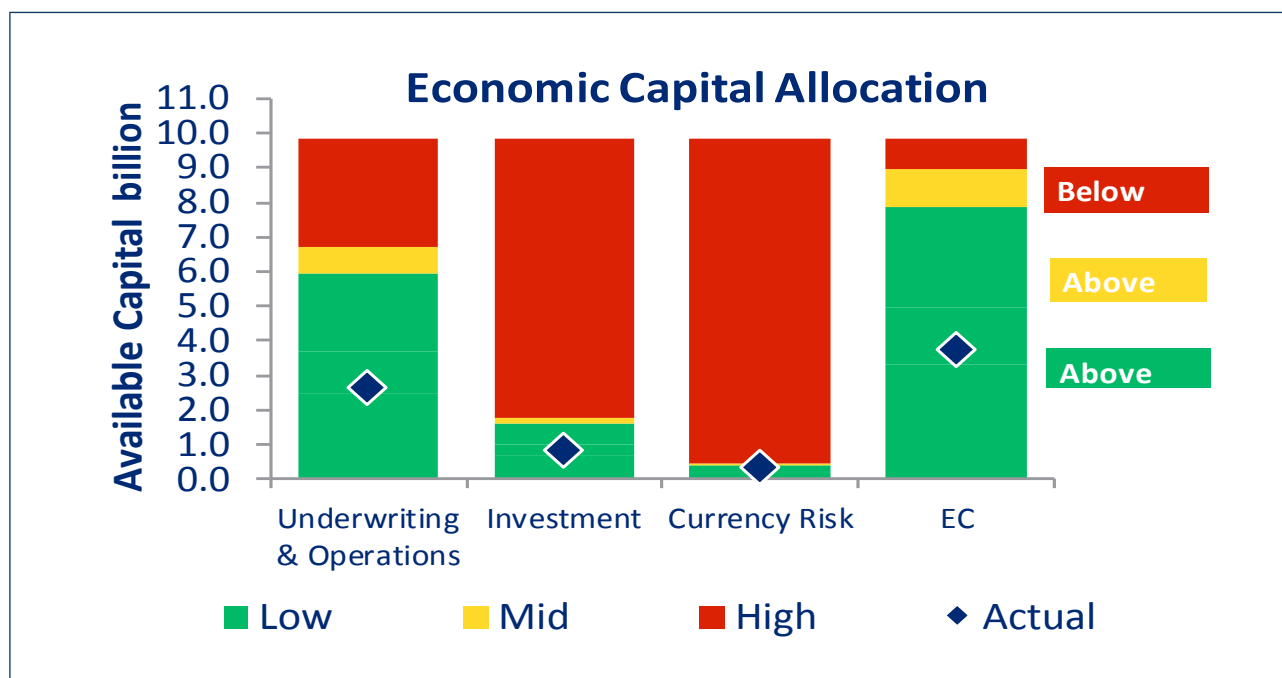


Figure 23: Economic capital allocation

Projected solvency

The chart below shows the projection of the regulatory Solvency Capital Requirement (SCR) and Economic Capital (EC) cover ratios over the 2023-2027 period. The red, amber, and green levels reflect the Board appetite thresholds.

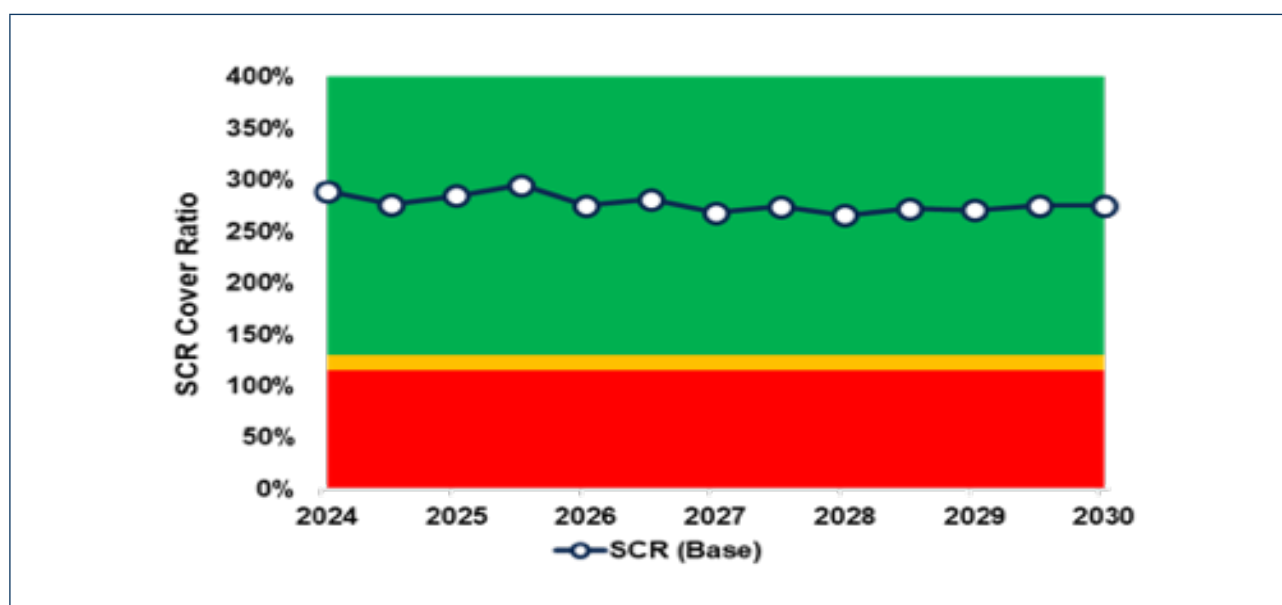


Figure 24: Projected Solvency Cover Ratio (SCR)



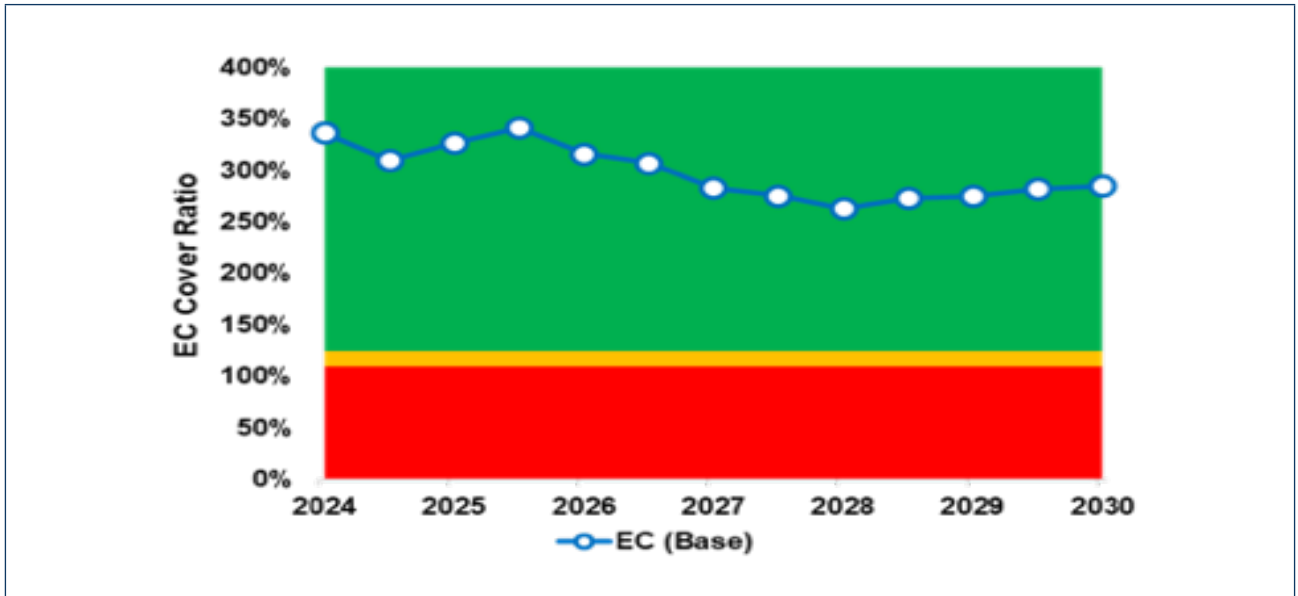


Figure 25: Projected Solvency Cover Ratio (EC)



OUTLOOK

2025/26 Corporate Plan targets

1 Gross Written Premium of R400 million	2 B-BBEE Level 1;	3 20% implementation of Business Process Automation Plan
4 No breaches on risk appetite limits (from 1 April 2022)	5 5% increase in equity	6 Tax-exempt status for ECIC
7 Operating costs not exceeding R140m	8 Employee engagement score of at least 70%	9 Clean audit with no repeat findings and no more than three new findings on the BAC report (judgemental differences not considered)

The table below details how ECIC contributes to **the dtic** Strategic Plan's key focus areas:

The dtic Focus Area	ECIC target
Unlocking Access to Capital/Finance Outside the State - Launch a SA Eximbank by 2028 capitalised in excess of R20 Billion, to be leveraged for additional private placements - Achieve R20 Billion in capital for the export bank, with incremental funding milestones reached each year over the next 3 years (by 2028)	2025/26 Tax-exempt status for ECIC 2028/29 SA Eximbank operational
Red Tape Reduction - Digitisation of 50% of the dtic entities processes in 6 months	More than 50% of the ECIC processes are already digitised through the Business Process Automation Plan that has been implemented since 2020/21. A new Business Process Automation Plan is being implemented from 2025/26. 2025/26 20% of business processes automated (new business automation plan) 2026/27 65% of business processes automated 2027/28 100% of business processes automated
Strategic Market Access: Exports for Global Markets	Gross Written Premium of R400 million



The dtic Focus Area	ECIC target
Workforce Readiness & Skills for the Economy	Maintain a Level 1 B-BBEE Score Through the ECIC Graduate Programme, absorption of graduates is targeted per the requirements of the B-BBEE Scorecard. The current ECIC headcount allows for 15 graduates on two-year contracts.
Market Concentration and Economic Inclusion	Maintain a Level 1 B-BBEE Score Through the ECIC Supplier Development and Enterprise Development Programme and the ECIC Preferential Procurement Policy.

In accelerating the creation of an SA Eximbank, ECIC will play a major role in the following:

1. Drafting the business case and the draft legislation for the establishment of an SA Eximbank;
2. In conjunction with **the dtic**, facilitate the approval process of the draft legislation through Cabinet and Parliament;
3. Embarking on a fundraising process for the initial funding requirements of R20 billion (Contribution of initial capital from ECIC and other South African DFIs, private placements/borrowings and injection by SA Government to fund the balance); and
4. Launching of SA Eximbank for operations in 2028.

Key Stakeholders/Champions in ECIC's contribution to Government Priorities

ECIC will be collaborating on the following key deliverables with the identified key stakeholders and Champions:

- In seeking approval for the legislation which will establish the SA Eximbank, and the tax exemption status for ECIC, ECIC will be working closely with **the dtic** and National Treasury;
- In establishing an SA Eximbank, ECIC will be working closely with Afreximbank;
- In raising the funding for capitalising the SA Eximbank, ECIC will work closely with:
 - o **the dtic**;
 - o institutional investors such as the Public Investment Corporation;
 - o sovereign wealth funds in Saudi Arabia, Qatar, United Arab Emirates;
 - o local and international Developmental Financing Institutions;
- In promoting the Aerospace and Defence industry exports, ECIC will collaborate with Denel SA and other exporters within the industry;
- In resolving the SA Gas Cliff threat, ECIC will be working closely with Total, Sasol and Petro SA; and
- Generally, in facilitating exports of goods and services, ECIC will be collaborating with South African Commercial Banks and Development Financing Institutions in providing finance and South African exporters who will be providing the goods and services.



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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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ISBN:



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YOUR EXPORT **RISK** PARTNER

**Export Credit Insurance Corporation
of South Africa SOC Ltd**

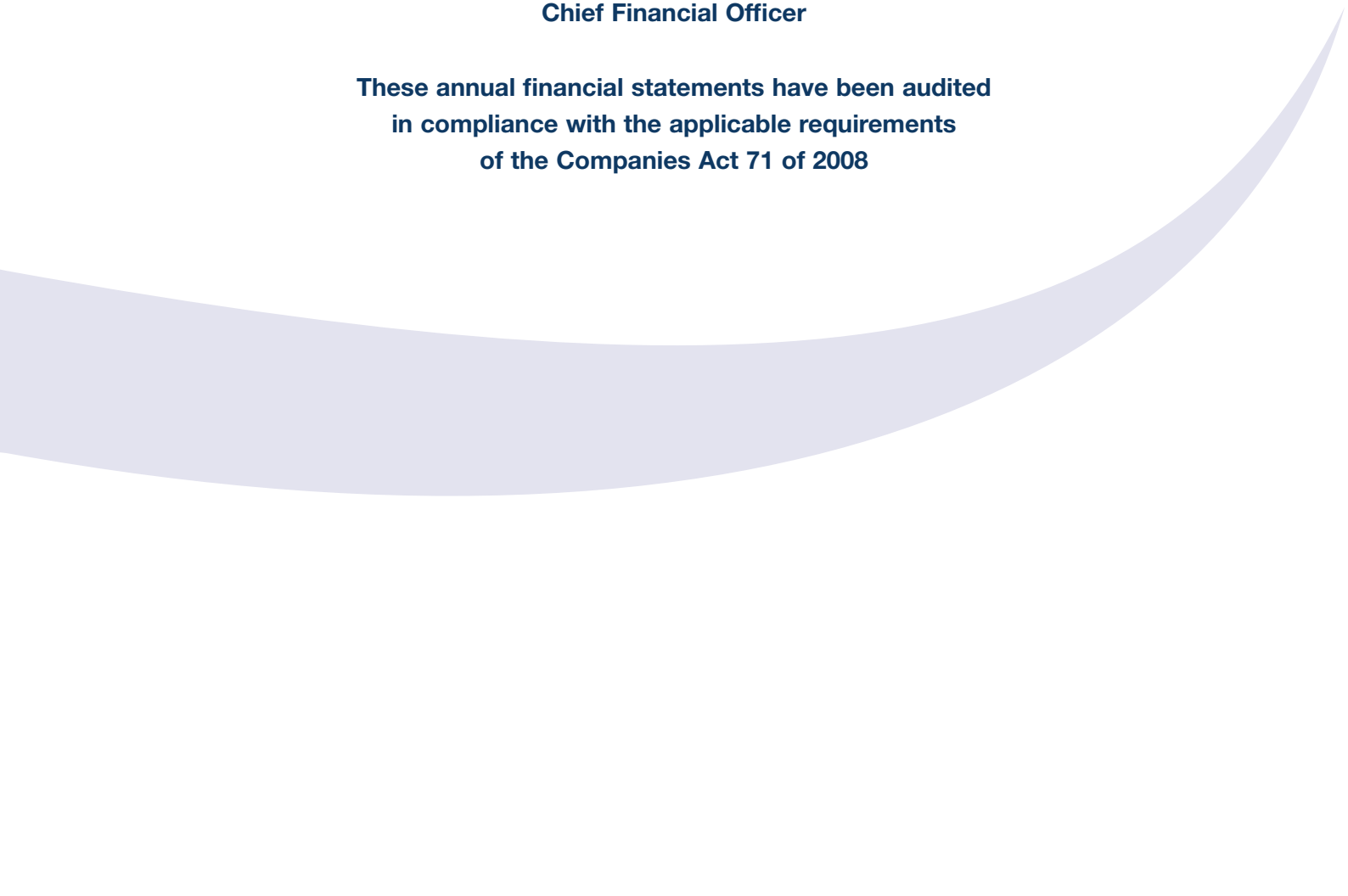
(Registration number 2001/013128/30)

**Annual financial statements
for the year ended 31 March 2025**

These annual financial statements were supervised by:

**N Mkhathazo CA (SA)
Chief Financial Officer**

**These annual financial statements have been audited
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) DP Ndlovu*** (Independent non-executive director & Chairperson) V Matsiliza** (Independent non-executive director) S Mayekiso (Independent non-executive director) L Mothae** (Independent non-executive director) S O'Mahony (Independent non-executive director) D Subbiah* (Independent non-executive director) E Makhubela** (Non-executive director) W Van der Spuy (Non-executive director) L Govender (Non-executive director – alternate to W Van der Spuy) A Mabizela**** (Independent non-executive director) BI Mkhize*** (Independent non-executive director) P Mthetwa*** (Independent non-executive director)
Business address	11 Byls Bridge Boulevard Byls Bridge Office Park Building 9, Fourth Floor Highveld Extension 73 Centurion 0157
Bankers	First National Bank Nedbank
Auditors	Forvis Mazars Chartered Accountants (S.A.) Registered Auditors
Secretary	N Moffatt
Company registration number	2001/013128/30

* – Term ended 31 May 2025

** – Term ended 30 June 2025

*** – Term started 01 July 2025

**** – Term started 01 July 2025 and resigned on 22 July 2025



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Audit Committee Report

This is the Audit Committee's report for the financial year ended 31 March 2025. 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 2025 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

The 2024 financial year was the first year of the tenure Forvis Mazars in South Africa subcontracting to Growthstone Assurance Incorporated as the Corporation's external auditors for a period of five years (2023/24 to 2027/28 financial years). The committee is satisfied with the independence and objectivity of the external auditors, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors.

Requisite assurance was sought from and provided by Auditor General of South Africa (AGSA) that internal governance processes within the firm support and demonstrate its claim to independence.

During the year under review, the committee as and when the need arose met with the external auditors without management being present. 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 2025 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. There were no non-audit services provided in the current financial year.

The committee has recommended, for approval at the Annual General Meeting, the appointment of Forvis Mazars in South Africa subcontracting to Growthstone Assurance Incorporated as external auditors of the Corporation for the 2025 financial year.

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).

Audit Committee Report

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.

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 2025 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 2025. 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;
- 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.



Audit Committee Report

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.

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 28 July 2025, the committee recommended the approval of the annual financial statements to the Board.

A handwritten signature in black ink, appearing to be 'S Mayekiso'.

S Mayekiso
Chairperson

30 July 2025

Directors' Responsibilities 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 2025.

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, Forvis Mazars in South Africa subcontracting to Growthstone Assurance Incorporated, 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, the requirements of the Companies Act and PFMA, 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 judgements 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 2025. The performance information has been reported 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 23.1 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 2025 that appear on pages 8 to 10 and 18 to 116 were approved by the Board of Directors on 30 July 2025 and are signed on its behalf by:



DP Ndlovu
Chairperson

30 July 2025



N Maphula
Acting Chief Executive Officer

30 July 2025



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.

A handwritten signature in black ink, appearing to be 'N Moffatt', written over a horizontal line.

N Moffatt
Company Secretary

30 July 2025



Directors' Report

The directors have the pleasure in submitting their report on the financial statements of Export Credit Insurance Corporation of South Africa SOC Ltd for the year ended 31 March 2025.

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, South African Financial Reporting Requirements and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

The financial results of the Corporation are fully disclosed on pages 8 to 10 and 18 to 116.

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 2024/25 Integrated Report.

Board of Directors

The current directors are reflected on the General Information page.

Executive management

During the 2025 financial year, the following resignation and appointment happened:

- Ms X Mpanza resigned as Company Secretary on 31 August 2024; and
- Ms N Moffatt was appointed as the Company Secretary from 03 January 2025.

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 2025 are in all material respects consistent with those applied in the annual financial statements for the year ended 31 March 2024, except if otherwise indicated.

Significant events

During the financial year, the Corporation paid another claim relating to Ghana sovereign default amounting to R1 billion.

Events after the reporting period

One of the Corporation's mining sector project clients encountered significant challenges due to the low quality of diamonds extracted and the limited quantity of available reserves. These issues resulted in the project being placed under care and maintenance. The Corporation is expecting a claim in October 2025 amounting to R180 million.

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 36 for a detailed assessment.



Directors' Report

Audit Committee information

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

	2024/ 04/25	2024/ 05/30	2024/ 06/26	2024/ 07/11a	2024/ 07/25	2024/ 10/24	2024/ 11/13b	2025/ 01/23	2025/ 03/25c
Members									
V Matsiliza	✓	✓	✓	✓	✓	✓	✓	✓	×
S O Mahony	✓	✓	✓	✓	✓	✓	✓	✓	✓
S Mayekiso	✓	✓	✓	✓	✓	×	✓	✓	✓
L Mothae (Chair)	✓	×	✓	✓	✓	✓	×	✓	✓

✓ in attendance

× did not attend

a – A special meeting for the approval of draft annual financial statements.

b – A special meeting for the approval of audited annual financial statements

c – Approval of risk assessment for a strategic service provider and approval of 2024 audit fees overruns

Litigation statement

The Corporation rejected two protracted default claims and as a 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 Incurred claims (LIC) as part of note 9 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 2025 financial year on the high-level corporate strategic objectives and indicates 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	2024-25 Annual Target	Actual Achievement	Reason for underachievement
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	USD570 million	Targets not achieved. One transaction to the equivalent value of USD7,2 million approved: 1) Kanu Equipment Ltd	The global slowdown in trade growth, intensified by protectionist policies and geopolitical tensions, has significantly impacted emerging markets, including South Africa. The shift towards localizing global value chains and the imposition of tariffs on key sectors have reduced market access for South African exports. Countries are experiencing renewed conflicts, while others face political challenges that could affect economic stability. These conditions increase the risk of defaults and non-payment, making it harder for ECIC to provide insurance coverage.
2		Number of approved transactions	4 deals approved		
3		Value of approved transactions within expanded sectoral coverage	USD80 million	Target not achieved. Three transactions to the equivalent value of USD9,94 million approved: 1) Air Filter Maintenance Services International (Pty) Ltd 2) Pace International Trading (Pty) Ltd 3) Lindsay Manufacturing Africa (Pty) Ltd	
4		At least 7 companies benefiting under the Export Passport Programme	At least 7 companies benefiting under the Export Passport Programme	Target achieved. 12 beneficiaries were approved for the Export Passport Programme.	
ACTIONS TO PROMOTE TRANSFORMATION					
ENHANCE TRANSFORMATION					
5	Maintain B-BBEE Score	B-BBEE Level	Level 1	Verification will be done in August 2025 after finalisation of external audit.	N/A
BUILDING A CAPABLE STATE					
IMPROVE EMPLOYEE VALUE PROPOSITION					
6	Retention of staff	% staff retained	Retain at least 85% of staff	Target achieved. 89% retained to-date.	N/A
IMPROVE BUSINESS PROCESSES AND SYSTEMS					
7	Automation of business processes	% of business processes automated	90% of business processes automated	Target not achieved. 85% of business processes automated.	The sign-off of the fixed asset register system could not be secured due to delays in finalising system testing (comprising both unit and end-to-end testing), stemming from the iterative configuration changes necessary to customise the system in line with end-user requirements. Consequently, three (3) of the five(5) targeted processes were not completed, as their implementation depended on the successful sign-off of the associated fixed asset register system processes.
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 23% achieved.	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 75% of metrics	Target not achieved. The risk maturity survey shows a level 3 across 58% of the metrics.	
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 12.93% achieved to-date	N/A
12	Track the operating cost base of underwriting activities	Operating cost base of underwriting activities	Operating cost below R164 million	Target achieved. Operating cost of underwriting activities is R108 million.	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 0.20	Target achieved. The average CTR score over the financial year was 3.59.	N/A
14	Improve employee engagement and organisational culture	Culture entropy score	Culture entropy score below 30%	Target not achieved. Culture entropy score of 47% achieved.	There is an increased amount of energy consumed in unproductive work signifying that there is a need for cultural transformation to significantly decrease energy consumed in unproductive work and in turn increase the Corporation's ability to retain its talented staff.
ENHANCE CORPORATE GOVERNANCE					
15	Effective governance and internal control measures	Clean audit with no repeat findings and no more than 3 new findings on the BAC Report (judgmental differences not taken into account)	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 Clean audit with repeat findings achieved.	There were findings which required more time to address as a result these will be finalised in the 2026 financial year.

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 Export Credit Insurance Corporation of South Africa SOC Ltd (the public entity) set out on pages 18 to 114 which comprise the statement of financial position at 31 March 2025, 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 Export Credit Insurance Corporation of South Africa SOC Ltd at 31 March 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act of South Africa (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.
6. In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final Materiality

7. The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error, and they 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 the financial statements.
8. Our determination of materiality is a matter of professional judgement and is affected by our perception and understanding of the financial information needs of intended users, which is the quantitative and qualitative factors that determine the level at which relevant decisions taken by users would be affected by a misstatement. These factors helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Independent Auditors' Report

9. Based on our professional judgement, we determined final materiality for the financial statements as follows:

Final materiality amount	R106 million
Basis for determining materiality	1% of Total Assets has been used as the basis for determining final materiality.
Rationale for benchmark applied	The public entity's main business is to facilitate export trade and cross-border investments between the Republic of South Africa and other countries by providing political and/or commercial risk insurance on behalf of the Government of South Africa for such transactions. Therefore, Total Assets is an appropriate quantitative indicator of materiality as Total Assets best reflects the financial health position of the public entity and its ability to pay claims. We selected 1% based on our professional judgement, which considers the regulatory environment that the public entity operates within, state ownership, compliance requirements and oversight by National Treasury and Minister of Finance.

Key audit matters

10. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion, and we do not provide a separate opinion on these matters.
11. In terms of the EAR Rule, we are required to also report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below:

Key audit matter	How the matter was addressed in the audit
Valuation of Insurance Contract Assets and Liabilities – refer to accounting policy 1.5 and note 9 As at 31 March 2025, the public entity recorded insurance contract assets amounting to R1,6 billion and insurance contract liabilities amounting to R577 million. Insurance contract assets and liabilities are measured using the general measurement model in accordance with IFRS 17 <i>Insurance Contracts</i> (IFRS 17). Insurance contract assets and liabilities are comprised of the liability for remaining cover (LRC) and liability for incurred claims (LIC) components. Under the LRC this includes the Best Estimate Liability (BEL), Risk Adjustment (RA) and Contract Service Margin (CSM). Under the LIC this includes the Incurred but not Reported (IBNR) reserves, Outstanding Claims Reserves (OCR) and RA. A high degree of judgement and estimation was required in determining the value of insurance contracts to be recognised in the financial statements. This involved careful selection of actuarial methods and assumptions concerning the present value of expected future cash flows and the risk adjustment for non-financial risks, collectively comprising the LIC and LRC. The most significant inputs in determining the LIC are the expected salvages received from paid claims. For the LRC, the most significant input assumptions are the probabilities of default, rating transition matrix and discount rates. Complex models were developed to quantify both the LRC and LIC components.	Our audit procedures, amongst others, included the following: • We obtained an understanding of the processes related to the valuation of insurance contract assets and liabilities and the relevant key controls within these processes; • We assessed the competence, capabilities and objectivity of the public entity's actuarial team; • We tested the reliability, completeness and accuracy of the underlying data inputs used by the actuaries as the basis for the underlying IFRS 17 estimates and year-end valuations by reconciling it to source information; • We assessed management's valuation methodology applied for compliance with IFRS 17, most recent actuarial guidance and compared the methodology with standard actuarial practices and industry standards; • With the assistance of our actuarial specialists, we obtained the calculations of the insurance contract assets and liabilities from management and performed the following procedures: – We assessed the reasonability of the insurance contract assets and liabilities by independently recalculating the year-end carrying values and comparing the results to the carrying values calculated by the public entity's actuarial team and industry comparable models;

Independent Auditors' Report

Key audit matter	How the matter was addressed in the audit
The discount rate is determined at a risk-free rate plus an illiquidity premium where applicable. The public entity determines the risk adjustment using a confidence level approach (value to risk), calibrated to the technical reserves being held at a 75th percentile as at 31 March 2025. Due to the complexity described and the significance on the financial statements as a whole, the valuation of insurance contract assets and liabilities as at 31 March 2025 has been designated as a key audit matter.	– We assessed the reasonability of identified significant assumption changes, including the sensitivity analysis, through engagement with the public entity's actuarial team; – We assessed the appropriateness of management's data and assumptions applied in determining the CSM and RA, including the coverage units for reasonability; – We performed a reconciliation between the Solvency and Assessment Management (SAM) and IFRS 17 to test consistency between the two bases; and ● We assessed the accuracy and completeness of disclosures in note 9 to the financial statements against the requirements of IFRS 17. Based on the procedures performed over the valuation of insurance contract assets and liabilities, we did not identify any significant matters requiring further consideration in concluding on our procedures.
Valuation of level 3 investment – refer to accounting policy 1.9 and note 11 As at 31 March 2025, the public entity recorded an investment with unobservable inputs to the value of R765 million (9.7% of total investments) at fair value through other comprehensive income. The level 3 investment relates to unlisted equities held in African Export-Import Bank ("Afreximbank"). Afrximbank is a supranational financial institution whose purpose is to facilitate, promote and expand intra- and extra-African trade. The fair value is determined in accordance with the requirements of IFRS 13: <i>Fair Value Measurement</i> (IFRS 13) using a discounted cash flow method of valuation over a five-year forecast period at an appropriate risk adjusted discount rate. Significant judgement and subjectivity are involved in assessing the value of the shares, making this area particularly sensitive and critical in the audit process. Given the complexity and subjectivity of the valuation process, the matter was identified as a key audit matter in the review of the financial statements.	Our audit procedures, amongst others, included the following: ● We obtained an understanding of the processes related to the valuation of investments with unobservable market inputs and the relevant key controls within these processes; ● We assessed management's ability to forecast; ● We verified and tested the accuracy of the underlying data used in the fair value estimation by reconciling to source information; ● We involved our internal valuation specialists with appropriate skills and knowledge, as applicable, who assisted the audit team in: – We assessed the appropriateness of valuation methodologies with reference to IFRS 13, and industry practice; – We identified key assumptions used in the determination of the investment's fair value and assess the reasonableness of the assumptions by comparing to industry benchmarks; – We validated the accuracy of the valuation calculation performed by management by calculating an independent estimate and comparing it to the public entity's fair value estimate; and ● We evaluated the appropriateness of the disclosures relating to the determination of the fair value, including the sensitivity analysis, against the requirements of IFRS 13. Based on the procedures performed over the valuation of the level 3 investment, we did not identify any significant matters requiring further consideration in concluding on our procedures.

Independent Auditors' Report

Responsibilities of the accounting authority for the financial statements

12. 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 the 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.
13. 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

14. 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.
15. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at pages 16 to 17, forms part of our auditor's report.

Report on the audit of the annual performance report

Introduction and scope

16. 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.
17. We selected the following objectives presented in the annual performance report for the year ended 31 March 2025 for auditing. We selected objectives that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Objective	Purpose
Objective 1 – Industrialization and growing the economy – Contribute to trade facilitation that results in job creation	Value of approved transactions
Objective 1 – Industrialization and growing the economy – Contribute to trade facilitation that results in job creation	Number of approved transactions
Objective 1 – Industrialization and growing the economy – Contribute to trade facilitation that results in job creation	Value of approved transactions within expanded sectoral coverage
Objective 1 – Industrialization and growing the economy – Contribute to trade facilitation that results in job creation	Export Passport Program
Objective 2 – Building a capable state- Improve employee value proposition	% staff retained
Objective 3 – Building a capable state – Improve staff efficiency	Employee cost to earned premium (3-year average)
Objective 4 – Building a capable state – Enhance financial sustainability	Increase in capital base
Objective 4 – Building a capable state – Enhance financial sustainability	Track the operating cost base of underwriting activities

Independent Auditors' Report

18. 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.
19. 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
20. We performed the procedures for the purpose of reporting material findings only and not to express an assurance opinion or conclusion.
21. We did not identify any material findings on the reported performance information for the selected objectives.

Other matters

22. We draw attention to the matters below.

Achievement of planned targets

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

Report on the audit of compliance with legislation

24. 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.
25. 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.
26. 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.
27. We did not identify any material non-compliance with the selected legislative requirements.

Other information in the financial statements

28. 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, 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.
29. 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.
30. 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.

Independent Auditors' Report

31. 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.

Internal control deficiencies

32. 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

33. 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.
34. 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 2025.

Auditor tenure

35. 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 Export Credit Insurance Corporation of South Africa SOC Ltd for 2 years.

Forvis Mazars

Partner: Riana Groenewald

Registered Auditor

31 July 2025

Cape Town

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 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



Independent Auditors' Report

- 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.

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

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 31 March 2025

	Note(s)	2025 R'000	2024 restated* R'000
Assets			
Property and equipment	7	17 575	24 917
Insurance acquisition costs	8	297 082	267 597
Insurance contract assets	9.1	1 620 654	1 191 281
Reinsurance contract assets	9.1	-	84 620
Current tax receivable	29	376 238	524 783
Other receivables	10	64 245	408 825
Financial assets at fair value	11	7 968 888	7 246 984
Cash and cash equivalents	12	335 588	1 077 021
Total Assets		10 680 270	10 826 028
Equity and Liabilities			
Equity			
Share capital and share premium	13	316 051	316 051
Foreign currency translation reserve		4 366 355	4 685 885
Fair value adjustment through other comprehensive income reserve		(2 986)	(134 784)
Retained income		4 755 066	3 799 037
Total equity		9 434 486	8 666 189
Liabilities			
Insurance contract liabilities	9.1	576 697	1 239 184
Reinsurance contract liabilities	9.1	78 478	-
Liability for interest make-up	14	311 549	444 097
Deferred tax	15	67 164	178 582
Lease liabilities	16	15 301	19 224
Employee benefits liability	17	5 141	5 274
Other payables	18	128 859	273 023
Derivatives instruments	11	62 595	455
Total Liabilities		1 245 784	2 159 839
Total Equity and Liabilities		10 680 270	10 826 028

* – Refer to restatement note 37 (no impact in 2023)



Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2025 R'000	2024 restated* R'000
Insurance revenue	20	291 511	499 453
Insurance service expenses	20	29 010	(1 586 431)
Net (expense)/income from reinsurance contracts	20	(7 603)	18 499
Insurance service result		312 918	(1 068 479)
Net finance income/(expense) from insurance contracts issued		9 145	(60 222)
Net finance income from reinsurance contracts held		3 282	8 691
Net insurance finance income/(expenses)		12 427	(51 531)
Net insurance results		325 345	(1 120 010)
IMU grant receipts		162 488	155 505
Other income	21	15 222	98
Gains/(loss) on exchange differences	22	110 205	(193 228)
Operating expenses	23	(69 468)	(60 381)
Fair value movements on interest make-up liability	14	(29 623)	(55 386)
Net investment income	24	664 671	671 778
Interest expense	25	(1 566)	(1 896)
Profit /(loss) before taxation		1 177 274	(603 520)
Taxation	26	(221 245)	238 512
Profit /(loss) for the year		956 029	(365 008)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Currency translation differences	27	(319 530)	603 025
Fair value adjustments of financial assets		161 774	(69 075)
Deferred tax on fair value of financial assets		(34 943)	14 920
Tax on forex movements through OCI		4 967	(9 322)
Total items that will not be reclassified to profit or loss		(187 732)	539 548
Other comprehensive (loss)/income for the year net of taxation		(187 732)	539 548
Total comprehensive income for the year		768 297	174 540

* – Refer to restatement note 37

Statement of Changes in Equity

	Share capital and share premium R'000	Foreign currency translation reserve** R'000	Reserve for valuation of financial instruments*** R'000	Total reserves (foreign currency & fair value adjustment) R'000	Retained income R'000	Total equity R'000
Balance at 01 April 2023	316 051	4 082 860	(71 307)	4 011 553	4 164 045	8 491 649
Restated loss for the year*	-	-	-	-	(365 008)	(365 008)
Restated effects of translation to presentation currency (note 27)*	-	603 025	-	603 025	-	603 025
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	-	603 025	(63 477)	539 548	(365 008)	174 540
Balance at 01 April 2024	316 051	4 685 885	(134 784)	4 551 101	3 799 037	8 666 189
Profit for the year	-	-	-	-	956 029	956 029
Effects of translation to presentation currency (note 27)	-	(319 530)	-	(319 530)	-	(319 530)
Fair value adjustment net of taxation	-	-	126 831	126 831	-	126 831
Tax on forex movements through OCI	-	-	4 967	4 967	-	4 967
Total comprehensive income for the year	-	(319 530)	131 798	(187 732)	956 029	768 297
Balance at 31 March 2025	316 051	4 366 355	(2 986)	4 363 369	4 755 066	9 434 486
Note(s)	13					

* – Refer to restatement note 37 (no impact in 2023)

** 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 unlisted equities. The fair value adjustments are recognised and measured through OCI, see note 11.



Statement of Cash Flows

	Note(s)	2025 R'000	2024 R'000
Cash flows from operating activities			
Cash used in underwriting activities	28	(595 528)	(2 221 447)
Interest received		328 067	550 052
Dividends received		85 129	67 649
Interest paid	25	(1 566)	(1 896)
Interest make-up grant receipts		162 488	155 505
Interest make-up claims paid	14	(145 680)	(159 517)
Taxation paid	29	(203 235)	(494 286)
Net cash from operating activities		(370 325)	(2 103 940)
Cash flows from investing activities			
Purchase of property and equipment	7	(526)	(3 749)
Proceeds from sale of equipment	7	177	51
Purchases of investments at fair value	11	(6 126 979)	(588 575)
Proceeds from sales of investments at fair value	11	5 745 678	1 434 814
Net cash from investing activities		(381 650)	842 541
Cash flows from financing activities			
Payments of lease liabilities	17	(3 923)	(3 614)
Total cash movement for the year		(755 898)	(1 265 013)
Cash and cash equivalents at the beginning of the year		1 077 021	2 355 461
Effect of foreign currency translation on cash and cash equivalents	27	7 160	1 599
Unrealised foreign exchange profit/(loss) on cash and cash equivalents	22	7 305	(15 026)
Cash and cash equivalents at the end of the year	12	335 588	1 077 021

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 3.1.

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; South African Reporting Requirements; 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 2025, the Corporation was solvent with total assets exceeding total liabilities by R9,4 billion (2024: R8,7 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 30 July 2025.

These accounting policies are consistent with the previous period, unless stated otherwise.

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) IAS 1 Presentation of Financial Statements

Classification of Liabilities as Current or Non-current

Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.

The amendment is effective for financial years beginning on or after 1 January 2024. There was no material impact resulting from the amendment.

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

(i) IFRS 7 Financial Instruments: Disclosures

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The amendments to IFRS 7 introduce additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets.

Annual Improvements to IFRS Accounting Standards – Volume 11 – Gain or loss on derecognition

Narrow scope amendment to delete an obsolete reference that remained in IFRS 7 following the publication of IFRS 13 Fair Value Measurement and to make the wording of the requirements of IFRS 7 relating to disclosure of a gain or loss on derecognition consistent with the wording and concepts in IFRS 13.

Accounting Policies

The amendment is effective for financial years beginning on or after 1 January 2026. No material impact is expected as a result of the amendment.

(ii) IFRS 9 Financial Instruments

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

Narrow scope amendments to address diversity in accounting practice by making the classification and measurement requirements of IFRS 9 more understandable and consistent, by:

- Clarifying the classification of financial assets with environmental, social and corporate governance (ESG) and similar features; and
- Clarifying the date on which a financial asset or financial liability is derecognised when a liability is settled through electronic payment systems. These amendments also introduce an accounting policy option to allow a company to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

Annual Improvements to IFRS Accounting Standards—Volume 11

Two narrow scope amendments were made to IFRS 9:

- Derecognition of lease liabilities. The amendment clarifies that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss arising from the difference between the carrying amount of the lease liability extinguished or transferred and any consideration paid in profit or loss.
- Transaction price. Removal of an inconsistency between the requirements of IFRS 9 and the requirements in IFRS 15 Revenue from Contracts from Customers in relation to the initial measurement of trade receivables at their transaction price. The amendment clarifies that trade receivables must be measured at the amount determined by applying IFRS 15.

The amendment is effective for financial years beginning on or after 1 January 2026. No material impact is expected as a result of the amendment.

(iii) IAS 21 The Effects of Changes in Foreign Exchange Rates

Lack of Exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The amendment is effective for financial years beginning on or after 1 January 2025. No material impact is expected as a result of the amendment.

(iv) IFRS 18 Presentation and Disclosure in Financial Statements

- IFRS 18 is the culmination of the IASB's Primary Financial Statements project.
- IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analysing and comparing companies:
 - Improved comparability in the statement of profit or loss (income statement) through the introduction of three defined categories for income and expenses—operating, investing and financing—to improve the structure of the income statement, and a requirement for all companies to provide new defined subtotals, including operating profit.
 - Enhanced transparency of management-defined performance measures with a requirement for companies to disclose explanations of those company-specific measures that are related to the income statement.
 - More useful grouping of information in the financial statements through enhanced guidance on how to organise information and whether to provide it in the primary financial statements or in the notes, as well as a requirement for companies to provide more transparency about operating expenses.
- This Standard replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged.

The standard is effective for financial years beginning on or after 1 January 2027. A change to the primary financial statements is expected. Impact is still being assessed.

Accounting Policies

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 judgements, 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 judgements 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 judgements, 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, judgements and assumptions made.

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 follows:

- 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.

Accounting Policies

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 a grouping of contracts is not followed if the contracts are issued more than 12 months apart.

1.5.4 Recognition

The earliest recognition date for ECIC is on the effective date. The effective date could be the date on which the coverage period begins, the premium is invoiced or paid, or the first loan draw is made. The determination of the effective date involves significant judgement, as it depends on identifying the point at which the entity becomes substantively obligated to provide insurance contract services or has received consideration from the policyholder. This assessment takes into account the terms of the contract, the nature of the underlying exposure, and the operational processes tied to premium payment or loan disbursement. Accordingly, an onerous contract assessment is required between the date of signature and the effective date, which requires recognition of contracts that are onerous before coverage begins or premiums are due. Assessment of onerous contracts (for issued and reinsured contracts) are conducted at underwriting stage and if the 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 reassessed subsequently based on future changes in risk.

1.5.5 Accounting for contract modification and derecognition

The decision to derecognise 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. Contract modifications that necessitate derecognition include those that lead to a significantly different contract boundary or would have placed the modified contract in a distinct group if the new terms had been present initially. 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 (see note 2 – Claim Salvages and note 6)
- expected claims handling expenses
- expected policy administration expenses
- acquisition costs

Accounting Policies

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

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 meaning the period could stretch across multiple financial years. To allocate acquisition expenses appropriately to insurance contracts the starting point for acquisition costs is that they accumulate in a pre-recognition acquisition cost asset. Significant judgement is applied in estimating and managing this pre-recognition acquisition cost asset.

This includes determining the appropriate allocation of acquisition costs to potential future contracts and assessing their recoverability. Acquisition costs are allocated to potential individual contracts based on two factors:

- Relative effort expended in pursuing each contract in the given year, assessed as low, medium, or high by the underwriting team; and
- Anticipated premiums, used to indicate the relative size of each transaction and the related complexity.

For the period between underwriting and the inception date the pre-recognition acquisitions cost asset is tested each year for impairment based on anticipated premiums from the contract. Where, costs have been allocated to a new contract that was pursued unsuccessfully those cost are reallocated to the other contracts anticipated to incept in the same financial year.

This approach reflects the nature of ECIC's business model and requires the use of management judgement in forecasting contract outcomes, estimating expected premiums, and attributing acquisition efforts reliably and consistently across pending transactions. The acquisition costs related to the contract that became effective in the current year are adjusted to the LRC and amortised over the contract period.

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 for non-financial risks

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.

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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 adjustment for non-financial risk are accounted for in profit or loss as part of insurance revenue (LRC) or insurance services expense (LIC).

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 Corporation recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred profit that the Corporation will recognise as a reinsurance expense as it receives reinsurance coverage in the future.

For reinsurance 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), EURO (EUR) 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.

Accounting Policies

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.

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



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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.

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 which comprise of 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 fulfilment 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.

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 revenue or insurance service expense and insurance finance income.

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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.

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 as the exchange rates did not move significantly. 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 in ZAR as disclosed in note 38. The foreign currency translation reserves are not 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.



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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 over the shorter of the lease term or the useful life of the underlying asset. The Corporation also assesses the right-of-use asset for impairment at each reporting date.

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.

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.

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

Accounting Policies

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 as 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 intention of the Corporation's investment strategy is to maximise returns within the investment portfolio through active buying and selling. This is done by investing 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 classified on initial recognition.

Financial assets at amortised cost

The Corporation invests in fixed term deposits which are measured at amortised cost using the effective interest method. The intention to hold these investments is to earn interest while providing the Corporation with the liquidity to settle immediate claims and operational requirements.

Financial assets through OCI (equity)

These assets are investments in unlisted equities held for strategic reasons. The intention is not to sell the shares. 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 and are highly liquid.

Other receivables

Other receivables consist of financial and non-financial assets.

Accounting Policies

Financial Assets

Other receivables comprise receivables from policy holders, staff loans and advances, deposits and other receivables, and 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 measured at fair value through profit or loss

The liability for interest make-up (IMU) is designated as financial liabilities at fair value through profit or loss, refer to note 14 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 (see note 11):

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 measured at fair value through profit or loss

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

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

Unlisted equities 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, see note 11.

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.

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 equities measured 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 comprise accrued expenses and payroll taxes. 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.

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 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.



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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.

The credit risk on other receivables 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 than the normal 30 days. No default in the past and also forward looking (expected future cash inflows) 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.

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%.

Accounting Policies

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. This is because cash and cash equivalents are typically held with reputable financial institutions with high credit ratings, and the instruments (such as demand deposits and short-term highly liquid investments) carry an insignificant risk of default. As a result, the probability of default is considered negligible, leading to an immaterial expected credit loss.

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.

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.

For the purposes of calculating income tax expense, taxable income is determined in ZAR, in accordance with local tax legislation. Although the Corporation's functional currency is the USD, tax computations are based on ZAR (see note 38) as required by South African tax authorities.

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.

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.



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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. The contributions are expensed through profit and loss.

Leave pay

The leave pay is measured based on the unused leave entitlement of employees at the reporting date, multiplied by their contractual remuneration rates per day. The estimate considers:

- The number of leave days accrued but not yet taken by employees;
- The probability that employees will take or be paid out for the leave; and
- Any legislative or contractual obligations requiring payment for unused leave.

The liability is recognized as a current provision under employee benefits, as it is expected to be settled within the normal operating cycle of the entity. The estimate is reviewed at each reporting date and adjusted to reflect current conditions.

In addition, payment of leave will be limited to a maximum of 21 days for employees who are less than 5 years in the Corporation and 26 days for employees who have been employed by ECIC for longer than 5 years. This is covered by the statement that any legislative or contractual obligations requiring payment.

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 against employee cost.

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.

Accounting Policies

1.14 IMU grant receipts

The Corporation took over **the dtic's** IMU obligations that arose from the IMU Scheme Support Agreements (see note 14).

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.

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 judgements 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 judgements applied in determining the IFRS 17 transition amounts (as referred to in note 9)

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 (as referred to in note 9) 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, which for ECIC refer to the insurer's rights to recover amounts from a debtor or third party after a claim has been paid to the policyholder. The claim salvage recovery rate modelled as $1 - \text{Loss Given Default (LGD)}$. 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.



Notes to the Financial Statements

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.

– 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, ongoing acquisition costs (e.g. commission) 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. For contracts which were in existence prior 01 April 2023, the transition values were determined by applying a modified retrospective approach.

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

The risk adjustment reflects the compensation that ECIC requires for bearing the uncertainty about the amount and timing of future cash flows arising from non-financial risk. It is an explicit adjustment to the expected value of future cash flows, capturing the inherent variability in those estimates. The expected value represents the probability-weighted average of possible outcomes, while the risk adjustment quantifies the uncertainty around this mean estimate.

The risk adjustment cannot be negative, consistent with its role in reflecting compensation for non-financial risk. ECIC applies a percentile-based approach to determine the risk adjustment, using simulation techniques to capture outcome variability. The risk adjustment is calculated as the difference between the 70th and 50th percentiles of the simulated loss distribution. This is added to the mean, which corresponds to the 60th percentile, thereby positioning the final estimate close to the 80th percentile of outcomes. This methodology ensures that the liabilities reported provide an appropriate degree of confidence that future obligations will be met.

Although ECIC's policies are structured to permit only a single claim per contract – after which the contract expires – there remains significant uncertainty related to:

- Claim frequency: The probability of a claim occurring varies significantly across counterparties and countries.
- Claim recovery: Salvage and subrogation assumptions introduce material uncertainty into the estimation of net claim costs, especially given the unique and often unpredictable legal and commercial contexts of cross-border exposures.
- Country and commercial risks: These are key drivers of the probability of default. For contracts in jurisdictions with weak sovereign or commercial credit profiles, the uncertainty around expected outcomes increases, resulting in a higher risk adjustment.
- Correlations within risk portfolios: While ECIC does not assume diversification benefits across contracts – since pricing does not incorporate such effects – certain economic or political events may lead to correlated risk exposures within countries. These correlations are accounted for in the simulated cash flow distributions, although the development of one transaction does not directly impact another.

Notes to the Financial Statements

Legal and regulatory risk is considered limited due to the nature of ECIC's policy framework, which is based on current legal standards and does not anticipate unknown future legislative changes. Similarly, ECIC is not exposed to the emergence of new types of claims or novel causes of loss under the current product structure, and such unknowns are not considered in the estimation of the risk adjustment, in line with IFRS 17 guidance.

The key characteristics influencing the level of risk adjustment include:

- Severity: Higher potential claim amounts (sum at risk) result in larger adjustments, especially in low-frequency, high-severity scenarios.
- Duration: Longer policy terms increase the time horizon for potential defaults, thus increasing uncertainty.
- Volatility: Wider probability distributions of default, particularly in lower-rated countries or commercial sectors, drive higher risk adjustments.
- Emerging experience: As experience develops (e.g., defaults, recoveries, economic changes), the associated uncertainty may either increase or decrease. This feedback loop is reflected in both the input assumptions (e.g. probability of default) and the resulting risk adjustment.

(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 transactions 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, see note 11.

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 judgements when forecasting the expected future free cash flow and the discount rate. When making estimates and judgements, management take into account the following:

- nature of the investee's business;
- historical and projected financial information; and
- the global and regional economic outlook.

Notes to the Financial Statements

(c) Impairment of financial and non-financial assets

– Recoverability of other receivables

The Corporation calculates expected credit losses (ECLs) using the simplified approach, which involves recognizing lifetime ECLs for all other receivables. ECLs are determined using a provision matrix based on historical loss experience, adjusted for forward-looking information e.g whether acknowledgement of debt has been signed, probability of the project getting effective, etc. In cases where a receivable is considered credit-impaired, the ECL may approximate the full outstanding balance, net of expected recoveries.

– Impairment of non-financial assets

The process for determining the critical estimates, judgements 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) Lease liability

The incremental borrowing rate used to discount 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 16.

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.

Notes to the Financial Statements

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 see note 1.5 and 2.

The return to shareholders under this business arises from the total premiums charged to policyholders less the amounts paid to cover claims (net of reinsurance 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.



Notes to the Financial Statements

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.

4.1. Concentrations of insurance risk

As part of the Corporation's risk management strategy, the Board has approved risk appetite limits that determine how much risk the Corporation can underwrite in terms of country, industry and obligor. The limits are set based on the Corporation's capital both on a regulatory (Solvency Capital Required) and internal view basis (Economic Capital) to limit over concentration in a particular risk type. The Corporation concentration limits are set for individual country, Industry and/or obligor. Currently the respective risk appetite limits are as stipulated below:

- Country Limit: US\$597 million (US\$269 million on 100% LGD)
- Industry Limit: US\$597 million (US\$269 million on 100% LGD)
- Single Obligor Limit: US\$269 million (100% LGD)

The risk appetite limits ensure that an adverse event in any of the concentration risk categories be it a sovereign, industry or obligor event, the Corporation will be able to meet its claim obligations without impairing its financial position and going concern capabilities.

Concentration Determination

The Corporation provides political (PRI) and commercial (CRI) risk insurance to support exports of goods and services, as well as investments. Consequently, a country risk event would give rise to claims under the political risk cover. Similarly, a commercial event within a particular sector, industry or obligor would give rise to claims under commercial risk cover. As a result, it is important to limit the extent of loss the Corporation would absorb and remain a going concern in case an adverse political (country) or commercial (industry, obligor) risk event.

To determine the level of loss the Corporation can absorb, two calculations have been done. One is to determine the maximum amount of loss the Corporation can suffer and remain economically viable. Where economic viability is based on a minimum solvency requirement as stipulated by the regulator (SCR) as well as internal view of risk (EC). The second calculation is a loss given default (LGD). A loss given default has been calculated to determine the amount of cents in a dollar that the Corporation would lose based on historical as well as industry claims experience. The amount of loss before SCR/EC are breached is then grossed up by the LGD to determine the concentration limit for both country and industry. The concentration limit for a single obligor is not grossed up and is set at 100% LGD due to lack of diversification.

Shared Characteristics

All exposures within a country, industry or obligor share the common risk that an adverse risk event affecting the country, industry or obligor would have a similar effect on all exposures within a particular concentration.

Nature of Risk

The nature of risk in ECIC's underwriting portfolio are predominantly credit risk and market risk that could be triggered by various risk events such as expropriation, currency inconvertibility, commodity price changes etc. The manifestation of all the risks covered is inability to pay, which is a credit risk event.

- Insurance exposure arises from policies of cover provided to policies holders for export of goods, services and investments.
- Management objective is to minimize the amount of loss that would arise in case of adverse risk events in the portfolio.
- Risk exposures are measured based on the level of cover i.e. 85% for commercial risk and 100% for political risk.

Notes to the Financial Statements

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

	2025		2024	
	R'000	Country rating	R'000	Country rating
Ghana	4 198 474	5	5 760 927	5
Mozambique	1 150 714	5	1 229 126	5
Zimbabwe	2 885 769	7	3 771 519	7
Lesotho	223 862	5	234 270	5
Angola	354 033	5	496 953	5
Zambia	48 759	5	24 792	5
Tanzania	11 832	5	38 333	5
Democratic Republic of Congo	279 776	5	254 710	5
Republic of Congo Brazzaville	61 072	6	63 399	6
South Africa*	-	-	42 565	4
Cote d' Ivoire	46 814	5	48 598	5
	9 261 105		11 965 192	

*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:

	2025 R'000	2024 R000
Sum insured per sector		
Construction	2 653 708	3 571 320
Construction of civil engineering structure	586 093	999 826
Mining	223 862	234 270
Power (Electricity)	5 625 936	6 887 238
Transport & storage (Air Transport & Services)	121 749	169 909
Transportation (Land Transport)	4 757	14 350
Water collection, treatment & supply	-	45 714
Machinery & equipment	45 000	42 565
	9 261 105	11 965 192
Sum insured by product type		
Credit insurance – medium to long-term	7 872 489	10 024 510
Credit insurance – short-term	45 000	42 565
Investment guarantee	1 343 616	1 898 117
	9 261 105	11 965 192

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 19.

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.

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), Euro (EUR) 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 and Euro net assets which are exposed to foreign currency risk as at reporting date:

	2025 R'000	2024 R'000
Cash and cash equivalents	263 999	205 325
Financial assets and liabilities at fair value	2 747 625	2 155 068
Other receivables	12 849	159 654
Lease liability	(15 301)	(19 224)
Other payables	(80 990)	(245 448)
	2 928 182	2 255 375
The exchange rates used is sourced from South African Reserve Bank and the following were applied:		
US Dollar to SA Rand exchange rates:		
Closing rate	18,2953	18,9926
Average rate	18,2308	18,7410

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
2025	(280 402)	337 231	634 791	(634 791)
2024	(286 613)	387 300	412 035	(685 221)

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.

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
2025	(245 180)	266 958	(245 180)	266 958
2024	(58 539)	14 283	(58 539)	14 283

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.

	2025 R'000	2024 R'000
Industrials	162 648	80 340
Financials	1 081 134	782 755
Health	169 730	98 916
Technology	426 160	263 674
Consumer staples	115 828	55 679
Materials	143 170	87 465
Collective investment scheme	680 123	485 492
Energy	39 110	37 350
Real estate	128 624	108 195
Utilities	22 369	116
Consumer discretionary	317 258	187 013
Communication services	182 223	96 769
Note 11 (listed equities, unlisted equities and collective investment scheme only)	3 468 377	2 283 764

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
2025	98 356	(98 356)	128 347	(128 347)
2024	53 530	(53 530)	78 080	(78 080)

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 is reflected below:

	Within 1 year R'000	1 to 5 years R'000	Greater than 5 years R'000	Total R'000
2025				
Financial assets				
Financial assets at fair value	3 636 358	1 985 949	2 346 581	7 968 888
Other receivables	54 731	-	-	54 731
Cash and cash equivalents	335 588	-	-	335 588
	4 026 677	1 985 949	2 346 581	8 359 207
Financial and lease liabilities				
Other payables	128 859	-	-	128 859
Derivative instruments	59 667	2 722	206	62 595
Lease liability	6 321	10 838	-	17 159
Liability for interest make-up	121 581	237 753	-	359 334
	316 428	251 313	206	567 947
	Within 1 year R'000	1 to 5 years R'000	Greater than 5 years R'000	Total R'000
2024				
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

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; and
- 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. The Corporation does not take collateral over the financial assets exposed to credit risk.

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 reinsurance liability/asset of R78 million liability (2024: R84 million assets).

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.

	AAA- A+	A- BBB+	BBB and lower	Not Rated	Total
	R'000	R'000	R'000	R'000	R'000
2025					
Financial assets at fair value	3 582 228	485 221	1 080 118	2 821 321	7 968 888
Other receivables	-	-	-	54 731	54 731
Cash and cash equivalents	335 588	-	-	-	335 588
	3 917 816	485 221	1 080 118	2 876 052	8 359 207
2024					
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

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

**Not rated financial assets at fair value comprise of listed equities*



Notes to the Financial Statements

5.3.2 ECL breakdown for other receivables

The analysis for the expected credit loss at the reporting date was as follows:

	Receivables outstanding R'000	Expected loss rate %	Expected loss rate adjusted %	ECL allowance R'000	Receivables net ECL R'000
2025					
ECL for staff debtors					
<30 days	138	0%	0%	-	138
31 - 90 days	15	0%	0%	-	15
91 -120 days	-	0%	0%	-	-
121+ days	163	100%	98%	(159)	4
ECL for assessment fees & reimbursements					
<30 days	1 034	0%	0%	-	1 034
31 - 90 days	-	0%	0%	-	-
91 -120 days	-	0%	0%	-	-
121 -365 days	354	0%	0%	-	354
365+ days	310	100%	100%	(310)	-
ECL for unsettled investments trades					
<30 days	53 186	0%	0%	-	53 186
31 - 90 days	-	0%	0%	-	-
91 -120 days	-	0%	0%	-	-
121 -365 days	-	0%	0%	-	-
365+ days	-	0%	0%	-	-
	55 200			(469)	54 731
2024					
ECL for staff debtors					
<30 days	287	0%	0%	-	287
31 - 90 days	20	0%	0%	-	20
91 -120 days	-	0%	0%	-	-
121 -365 days	163	100%	53%	(86)	77
ECL for assessment fees & reimbursements					
<30 days	923	0%	0%	-	923
31 - 90 days	-	0%	0%	-	-
91 -120 days	-	0%	0%	-	-
121 -365 days	-	0%	0%	-	-
365+ days	310	100%	100%	(310)	-
ECL for unsettled investments trades					
<30 days	159 658	0%	0%	-	159 658
31 - 90 days	-	0%	0%	-	-
91 -120 days	-	0%	0%	-	-
121 -365 days	-	0%	0%	-	-
365+ days	-	0%	0%	-	-
	161 361			(396)	160 965

Notes to the Financial Statements

5.3.3 Reconciliation of the Expected Credit losses (ECL)

	Opening balance R'000	Additions R'000	Recovered/ reversed R'000	Write-off R'000	Closing balance R'000
2025					
Loss allowance	(396)	(73)	-	-	(469)
2024					
Loss allowance	(376)	(20)	-	-	(396)

5.4 Financial risk management disclosure relating to insurance contract assets and liabilities – 2025

Sensitivity analysis to underwriting risk variables	Updated balances with the changes affecting profit or loss and equity							
	Total R'000	Change %	LRC R'000	Change %	LIC R'000	Change %	CSM R'000	Change %
Reported value	1 043 957		(293 230)		1 337 187		(267 804)	
Probability of Default (10% increase)	955 396	(8,5%)	(308 421)	5,2%	1 263 817	(5,5%)	(247 730)	(7,5%)
Loss Given Default (increase mean with 500bps and standard deviation by 10%)	988 638	(5,3%)	(348 549)	18,9%	1 337 187	0,0%	(125 779)	(53,0%)
Rating transition matrix (5% increase on standard deviation)	1 040 697	(0,3%)	(296 490)	1,1%	1 337 187	0,0%	(256 093)	(4,4%)
Risk Adjustment percentile (increase to 75th percentile)	160 937	(84,6%)	(306 274)	4,4%	467 211	(65,1%)	(241 373)	(9,9%)
Lapse rate (100bps increase)	1 031 218	(1,2%)	(305 969)	4,3%	1 337 187	0,0%	(261 767)	(2,3%)
Maintenance expenses (10% increase)	962 539	(7,8%)	(374 648)	27,8%	1 337 187	0,0%	(210 657)	(21,3%)

Sensitivity analysis to market risk variables	Updated balances with the changes affecting profit or loss and equity							
	Total R'000	Change %	LRC R'000	Change %	LIC R'000	Change %	CSM R'000	Change %
Reported value	1 043 957		(293 230)		1 337 187		(267 804)	
Increase discount rates by 100bps	863 646	(17,3%)	(291 395)	(0,6%)	1 155 041	(13,6%)	(268 334)	0,2%
Decrease discount rates by 100bps	1 254 278	20,1%	(296 386)	1,1%	1 550 664	16,0%	(268 334)	0,2%
Depreciation of USD/ZAR exchange rate by 10%	1 148 651	10,0%	(322 255)	9,9%	1 470 906	10,0%	(294 091)	9,8%
Appreciation of USD/ZAR exchange rate by 10%	939 263	(10,0%)	(264 206)	(9,9%)	1 203 469	(10,0%)	(241 518)	(9,8%)

Maturity profile for reinsurance contracts	Updated balances with the changes affecting profit or loss and equity			
	Within 1 year R'000	1 to 5 year R'000	Greater than 5 years R'000	Total R'000
Reinsurance contract liabilities	-	25 365	53 113	78 478



Notes to the Financial Statements

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

Sensitivity analysis to underwriting risk variables	Updated balances with the changes affecting profit or loss and equity							
	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)	(10 345)	78,4%	(399 336)	8,0%	388 991	0,8%	(338 422)	18,9%
Risk Adjustment percentile (increase to 75th percentile)	(95 263)	(98,9%)	(403 366)	7,1%	308 103	(20,2%)	(328 838)	21,2%
Lapse rate (100bps increase)	(34 100)	28,8%	(420 167)	3,2%	386 067	0,0%	(404 948)	3,0%
Maintenance expenses (10% increase)	3 612	107,5%	(382 455)	11,9%	386 067	0,0%	(306 376)	26,6%

Sensitivity analysis to market risk variables	Updated balances with the changes affecting profit or loss and equity							
	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	(238 176)	(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%	(51 872)	(8,3%)	(476 546)	(9,8%)	424 674	10,0%	458 281	(9,8%)

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

Notes to the Financial Statements

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

Number of years until expected to be recognised	Insurance contracts issued		Reinsurance contracts held	
	Credit R'000	Total R'000	Credit R'000	Total R'000
As at 31 March 2025				
1	(291 192)	(291 192)	(4 524)	(4 524)
2	(21 024)	(21 024)	(4 743)	(4 743)
3	113 125	113 125	18 606	18 606
4	(91 225)	(91 225)	(4 080)	(4 080)
5	(95 883)	(95 883)	(4 281)	(4 281)
6-10	(530 144)	(530 144)	(23 708)	(23 708)
>10	2 253 530	2 253 530	101 208	101 208
Total	1 337 187	1 337 187	78 478	78 478

Number of years until expected to be recognised	Insurance contracts issued		Reinsurance contracts held	
	Credit R'000	Total R'000	Credit R'000	Total R'000
As at 31 March 2024				
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:

Number of years until expected to be recognised	Insurance contracts issued			Reinsurance contracts held	
	Credit R'000	Short-term credit R'000	Total R'000	Credit R'000	Total R'000
As at 31 March 2025					
1	(93 751)	(21)	(93 772)	-	-
2	(71 851)	-	(71 851)	-	-
3	(52 382)	-	(52 382)	-	-
4	(36 616)	-	(36 616)	-	-
5	(6 700)	-	(6 700)	-	-
6-10	(6 483)	-	(6 483)	-	-
Total	(267 783)	(21)	(267 804)	-	-



Notes to the Financial Statements

Number of years until expected to be recognised	Insurance contracts issued		Reinsurance contracts held		
	Credit R'000	Short-term credit R'000	Total R'000	Credit R'000	Total R'000
As at 31 March 2024					
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
2025					
Sectors including related countries					
Power – electricity (UK)*	(191 583)	-	-	-	(191 583)
Construction (Ghana)	-	-	2 609 214	-	2 609 214
Power – electricity (Ghana)	-	-	1 205 894	-	1 205 894
Manufacturing (Iraq)	-	-	150 519	-	150 519
Water collection, treatment & supply (Seychelles)	-	-	85 550	-	85 550
Transportation (Nigeria)	-	-	-	9 093	9 093
	(191 583)	-	4 051 177	9 093	3 868 687

	AAA-A+ R'000	A-BBB+ R'000	BBB and lower R'000	Not rated R'000	Total R'000
2024					
Sectors including related countries					
Power – electricity (UK)*	(195 652)	-	-	-	(195 652)
Construction (Ghana)	-	-	2 664 623	-	2 664 623
Power – electricity (Ghana)	-	-	1 231 503	-	1 231 503
Manufacturing (Iraq)	-	-	209 081	-	209 081
Water collection, treatment & supply (Seychelles)	-	-	118 913	-	118 913
Transportation (Nigeria)	-	-	-	12 022	12 022
	(195 652)	-	4 224 120	12 022	4 040 490

* – Salvages due to reinsurers

Notes to the Financial Statements

7. Property and equipment

	2025			2024		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Owned assets						
Furniture and fittings	4 742	(3 029)	1 713	4 923	(2 689)	2 234
Motor vehicles	242	(242)	-	251	(251)	-
Office equipment	1 011	(755)	256	2 501	(2 165)	336
Computer equipment	8 130	(6 161)	1 969	7 893	(5 110)	2 783
Subtotal	14 125	(10 187)	3 938	15 568	(10 215)	5 353
Leased assets (right of use)						
Building	25 395	(12 064)	13 331	26 363	(7 252)	19 111
Computer equipment	458	(152)	306	476	(23)	453
Subtotal	25 853	(12 216)	13 637	26 839	(7 275)	19 564
Total	39 978	(22 403)	17 575	42 407	(17 490)	24 917

Reconciliation of property and equipment – 2025

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Translation effect R'000	Closing balance R'000
Owned assets						
Furniture and fittings	2 234	-	-	(446)	(75)	1 713
Office equipment	336	6	(13)	(35)	(38)	256
Computer equipment	2 783	520	-	(1 210)	(124)	1 969
Subtotal	5 353	526	(13)	(1 691)	(237)	3 938
Leased assets (right of use)						
Building	19 111	-	-	(4 801)	(979)	13 331
Computer equipment	453	-	-	(93)	(54)	306
Subtotal	19 564	-	-	(4 894)	(1 033)	13 637
Total	24 917	526	(13)	(6 585)	(1 270)	17 575



Notes to the Financial Statements

Reconciliation of property and equipment – 2024

	Opening balance R'000	Additions R'000	Write-off R'000	Disposals 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	(19)	(17)	(1 155)	(16)	2 783
Subtotal	3 435	3 749	(24)	(51)	(1 669)	(87)	5 353
Leased assets (right of use)							
Building	22 884	-	-	-	(4 814)	1 041	19 111
Computer equipment	-	465	-	-	(23)	11	453
Subtotal	22 884	465	-	-	(4 837)	1 052	19 564
Total	26 319	4 214	(24)	(51)	(6 506)	965	24 917

Property and equipment encumbered as security

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

Changes in estimates

As part of our annual review, management has assessed the useful lives and residual values applied to property and equipment. Based on this assessment, no changes were deemed necessary for the current financial year.

The existing estimates continue to reflect the expected pattern of consumption of the future economic benefits embodied in the assets. Therefore, the useful lives and residual values applied in the current period are consistent with those used in the previous reporting period.

8. Insurance acquisition costs

	2025 R'000	2024 R'000
Opening balance	267 597	255 289
Additions	53 741	32 632
Derecognised on recognition of insurance contracts	(3)	(37 245)
Impairment of acquisition cost	(14 429)	-
Translation effect	(9 824)	16 921
	297 082	267 597

9. Insurance and reinsurance contract assets and liabilities

9.1 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
2025							
Note	9.3	9.4	9.5	9.2			
Insurance contract assets*	1 620 654	-	-	1 620 654	(91 530)	1 712 184	1 620 654
Insurance contract liabilities	550 157	26 499	41	576 697	346 020	230 677	576 697
Reinsurance contract liabilities	78 478	-	-	78 478	-	78 478	78 478
	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	1 239 184	39 339	41	1 239 184	897 525	341 659	1 239 184
Reinsurance contract assets	84 620	-	-	84 620	82 893	1 727	84 620

The Corporation holds provision for protracted default claims, notwithstanding that it is defending the litigation action. The Corporation rejected two protracted default claims and as a result, the insured has instituted a litigation action, challenging the Corporation's decision to reject the insured's claims.

The impact of the litigation is accounted for in the Liability for Incurred claims (LIC) and does not form part of contingent liabilities under IAS 37 (note 32).

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



Notes to the Financial Statements

9.2 Total business

Insurance contracts issued (assets and liabilities)

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

2025

	LRC			
	Excluding loss component R'000	Loss component R'000	LIC R'000	Total R'000
Opening insurance contract liabilities	(322 711)	(111 257)	(805 216)	(1 239 184)
Opening insurance contract assets	-	-	1 191 281	1 191 281
Net balance at beginning of the year	(322 711)	(111 257)	386 065	(47 903)
Insurance revenue	316 598	(25 087)	-	291 511
Insurance service expenses				
Changes that relate to past service – adjustments to the LIC	-	-	49 660	49 660
(Losses) on onerous contracts and reversal of those losses	-	55 536	-	55 536
Insurance service expenses	-	55 536	49 660	105 196
Insurance service result	316 598	30 449	49 660	396 707
Net finance income/(expense)	(13 318)	3 657	18 806	9 145
Total amounts recognised in comprehensive income	303 280	34 106	68 466	405 852
Insurance acquisition cash flows amortisation	3	-	-	3
Translation effect and forex	(992)	21 573	(46 102)	(25 521)
	(989)	21 573	(46 102)	(25 518)
Cash flows				
Premiums and salvages received	(217 232)	-	(85 031)	(302 263)
Claims and other directly attributable expenses paid	-	-	1 013 789	1 013 789
Total cash flows	(217 232)	-	928 758	711 526
Net balance at the end of the year	(237 652)	(55 578)	1 337 187	1 043 957
Closing insurance contract liabilities	(237 652)	(55 578)	(283 467)	(576 697)
Closing insurance contract assets	-	-	1 620 654	1 620 654
Net balance at the end of the year	(237 652)	(55 578)	1 337 187	1 043 957

Notes to the Financial Statements

2024

	LRC			
	Excluding 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	-	-	(688 312)	(688 312)
(Losses) on onerous contracts and reversal of those losses	-	(28 996)	-	(28 996)
Insurance service expenses	-	(28 996)	(1 499 576)	(1 528 572)
Insurance service result	520 513	(50 056)	(1 499 576)	(1 029 119)
Net finance income/(expense)	1 494	4 272	(65 988)	(60 222)
Total amounts recognised in comprehensive income	522 007	(45 784)	(1 565 564)	(1 089 341)
Insurance acquisition cash flows amortisation	400	36 845	-	37 245
Translation effect and forex	(65 068)	31 974	(38 139)	(71 233)
	(64 668)	68 819	(38 139)	(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 measurement components of insurance contract balances 2025

	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	(489 895)	(331 962)	(417 327)	(1 239 184)
Opening insurance contract assets	1 427 849	(236 568)	-	1 191 281
Net balance at beginning of the year	937 954	(568 530)	(417 327)	(47 903)
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	139 783	139 783
Change in the risk adjustment for non-financial risk for the risk expired	-	44 455	-	44 455
Experience adjustments	107 272	-	-	107 272
	107 272	44 455	139 783	291 510
Changes that relate to future service				
Changes in estimates that adjust the CSM	(67 191)	64 935	2 256	-
Changes in estimates that result in onerous contract losses or reversal of losses	55 253	(24 705)	-	30 548
Contracts initially recognised in the period	6 080	(1 899)	(4 181)	-
	(5 858)	38 331	(1 925)	30 548
Changes that relate to past service				
Changes that relate to past service – adjustments to the LIC	71 098	3 551	-	74 649
Insurance service result	172 512	86 337	137 858	396 707
Net finance income/(expense)	75 108	(55 351)	(10 612)	9 145
Total amounts recognised in comprehensive income	247 620	30 986	127 246	405 852
Insurance acquisition cash flows	3	-	-	3
Translation effect and forex	(108 106)	60 308	22 277	(25 521)
	(108 103)	60 308	22 277	(25 518)
Cash flows				
Premiums and salvages received	(302 263)	-	-	(302 263)
Claims and other directly attributable expenses paid	1 013 789	-	-	1 013 789
Total cash flows	711 526	-	-	711 526
Net balance at the end of the year	1 788 997	(477 236)	(267 804)	1 043 957
Closing insurance contract liabilities	(162 958)	(145 935)	(267 804)	(576 697)
Closing insurance contract assets	1 951 955	(331 301)	-	1 620 654
Net balance at end of year	1 788 997	(477 236)	(267 804)	1 043 957

Notes to the Financial Statements

2024

	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	256 435	-	-	256 435
	256 435	62 585	180 432	499 452
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)
Contracts initially recognised in the period	20 514	(36 797)	(803)	(17 086)
	(144 935)	(18 315)	113 213	(50 037)
Changes that relate to past service				
Changes that relate to past service – adjustments to the LIC	(742 439)	75 169	-	(667 270)
Incurred claims	(540 755)	(270 509)	-	(811 264)
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
Translation effect and forex	(2 827)	(27 749)	(40 657)	(71 233)
	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

Impact of contracts recognised in the year

2025

	Non-onerous contracts originated R'000	Onerous contracts originated R'000	Total R'000
Insurance acquisition cash flows	(3)	-	(3)
Estimates of the present value of future cash flows			
– Estimates of the present value of future cash outflows	(5 430)	-	(5 430)
– Estimates of the present value of future cash inflows	11 513	-	11 513
Risk adjustment for non-financial risk	(1 899)	-	(1 899)
CSM	(4 181)	-	(4 181)
Increase in insurance contract liabilities from contracts recognised in the period	-	-	-

2024

	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

Amounts determined on transition to IFRS 17

2024

	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)
	(156)	(5 994)	(6 150)
Total amounts recognised in comprehensive income	6 239	281 256	287 495
Translation effect and forex	5 545	(46 202)	(40 657)
	5 545	(46 202)	(40 657)
CSM as at year end	(12 470)	(404 857)	(417 327)



Notes to the Financial Statements

9.2 Reinsurance contracts held

The reinsurance contract below relate to credit insurance.

Reconciliation of the remaining coverage and incurred claims

2025

	Remaining coverage (excluding loss component) R'000	Incurred claims R'000	Total R'000
Opening reinsurance contract assets	2 947	81 673	84 620
Net income/(expenses) from reinsurance contracts held			
Reinsurance expenses	(303)	-	(303)
CSM recognised for the services received	(2 753)	-	(2 753)
Changes that relate to past service – adjustments to incurred claims	-	(4 547)	(4 547)
Net income/(expense) from reinsurance contracts held	(3 056)	(4 547)	(7 603)
Net finance income/(expense)	60	3 222	3 282
Total amounts recognised in comprehensive income	(2 996)	(1 325)	(4 321)
Translation effect and forex	(841)	(8 875)	(9 716)
	(841)	(8 875)	(9 716)
Cash flows			
Premiums and salvages paid	890	-	890
Recoveries from reinsurance	-	(149 950)	(149 950)
Total cash flows	890	(149 950)	(149 060)
Net balance at the end of the year	-	(78 478)	(78 478)
Closing reinsurance contract liabilities	-	(78 478)	(78 478)



Notes to the Financial Statements

2024

	Remaining coverage (excluding loss component) 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	-	20 466	20 466
Net income/(expense) from reinsurance contracts held	(1 967)	20 466	18 499
Net finance income/(expenses)	10	8 681	8 691
Total amounts recognised in comprehensive income	(1 957)	29 147	27 190
Translation effect and forex	250	3 675	3 925
	250	3 675	3 925
Cash flows			
Premiums and salvages paid	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 measurement components of reinsurance contract balances 2025

	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	65 633	17 065	1 922	84 620
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	(2 753)	(2 753)
Experience adjustments	(303)	-	-	(303)
	(303)	-	(2 753)	(3 056)
Changes in estimates that adjust the CSM	877	-	(877)	-
	877	-	(877)	-
Changes that relate to past service				
Changes that relate to past service adjustments to the incurred claims	(4 859)	312	-	(4 547)
Insurance service result	(4 285)	312	(3 630)	(7 603)
Net finance income/(expenses)	2 922	358	2	3 282
Total amounts recognised in comprehensive income	(1 363)	670	(3 628)	(4 321)
Translation effect and forex	(10 915)	(508)	1 706	(9 717)
	(10 915)	(508)	1 706	(9 717)
Cash flows				
Premiums and salvages paid	890	-	-	890
Recoveries from reinsurance	(149 950)	-	-	(149 950)
Total cash flows	(149 060)	-	-	(149 060)
Net balance at the end of the year	(95 705)	17 227	-	(78 478)
Closing reinsurance contract liabilities	(95 705)	17 227	-	(78 478)

Notes to the Financial Statements

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
Changes that relate to current service				
Change in the risk adjustment for non-financial risk for the risk expired	-	-	(1 151)	(1 151)
Experience adjustments	(816)	-	-	(816)
	(816)	-	(1 151)	(1 967)
Changes in estimates that adjust the CSM	(471)	-	471	-
	(471)	-	471	-
Changes that relate to past service				
Changes that relate to past service – adjustments to the incurred claims	15 044	5 422	-	20 466
Insurance service result	13 757	5 422	(680)	18 499
Net finance income/(expenses)	8 484	192	15	8 691
Total amounts recognised in comprehensive income	22 241	5 614	(665)	27 190
Translation effect and forex	3 764	899	(738)	3 925
	3 764	899	(738)	3 925
Cash flows				
Premiums and salvages paid	263	-	-	263
Total cash flows	263	-	-	263
Net balance at the end of the year	65 633	17 065	1 922	84 620



Notes to the Financial Statements

Impact of contracts recognised in the year

There were no new contracts for both 2025 and 2024

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
	15	15
Total amounts recognised in comprehensive income	(665)	(665)
Translation effect and forex	(738)	(738)
CSM as at year end	1 922	1 922

Notes to the Financial Statements

9.3 Credit

Insurance contracts issued

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

2025

	LRC			
	Excluding loss component R'000	Loss component R'000	LIC R'000	Total R'000
Opening insurance contract liabilities	(325 952)	(68 638)	(805 214)	(1 199 804)
Opening insurance contract assets	-	-	1 191 281	1 191 281
Net balance at beginning of the year	(325 952)	(68 638)	386 067	(8 523)
Insurance revenue	295 591	(11 870)	-	283 721
Insurance service expenses				
Changes that relate to past service – adjustments to the LIC	-	-	49 660	49 660
(Losses) on onerous contracts and reversal of those losses	-	28 533	-	28 533
Insurance service expenses	-	28 533	49 660	78 193
Insurance service result	295 591	16 663	49 660	361 914
Net finance income/(expense)	(8 420)	2 429	18 806	12 815
Total amounts recognised in comprehensive income	287 171	19 092	68 466	374 729
Translation effect and forex	9 878	9 487	(46 104)	(26 739)
	9 878	9 487	(46 104)	(26 739)
Cash flows				
Premiums and salvages received	(197 728)	-	(85 031)	(282 759)
Claims and other directly attributable expenses paid	-	-	1 013 789	1 013 789
Total cash flows	(197 728)	-	928 758	731 030
Net balance at the end of the year	(226 631)	(40 059)	1 337 187	1 070 497
Closing insurance contract liabilities	(226 631)	(40 059)	(283 467)	(550 157)
Closing insurance contract assets	-	-	1 620 654	1 620 654
Net balance at the end of the year	(226 631)	(40 059)	1 337 187	1 070 497



Notes to the Financial Statements

2024

	LRC			
	Excluding loss component R'000	Loss component R'000	LIC R'000	Total R'000
Opening insurance contract liabilities	(506 122)	(819)	(715 876)	(1 222 817)
Opening insurance contract assets	-	-	619 232	619 232
Net balance at beginning of the year	(506 122)	(819)	(96 644)	(603 585)
Insurance revenue	483 279	(4 395)	-	478 884
Insurance service expenses				
Incurred claims and other directly attributable expenses	-	-	(811 264)	(811 264)
Changes that relate to past service – adjustments to the LIC	-	-	(688 312)	(688 312)
(Losses) on onerous contracts and reversal of those losses	-	(66 916)	-	(66 916)
Insurance service expenses	-	(66 916)	(1 499 576)	(1 566 492)
Insurance service result	483 279	(71 311)	(1 499 576)	(1 087 608)
Net finance income/(expense)	4 841	501	(65 987)	(60 645)
Total amounts recognised in comprehensive income	488 120	(70 810)	(1 565 563)	(1 148 253)
Insurance acquisition cash flows amortisation	-	36 845	-	36 845
Translation effect and forex	(32 981)	4 041	(38 138)	(67 078)
	(32 981)	40 886	(38 138)	(30 233)
Cash flows				
Premiums and salvages received	(274 969)	(37 895)	(89 622)	(402 486)
Claims and other directly attributable expenses paid	-	-	2 176 034	2 176 034
Total cash flows	(274 969)	(37 895)	2 086 412	1 773 548
Net balance at the end of the year	(325 952)	(68 638)	386 067	(8 523)
Closing insurance contract liabilities	(325 952)	(68 638)	(805 214)	(1 199 804)
Closing insurance contract assets	-	-	1 191 281	1 191 281
Net balance at the end of the year	(325 952)	(68 638)	386 067	(8 523)

Notes to the Financial Statements

Reconciliation of the measurement components of insurance contract balances 2025

	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	(520 085)	(262 408)	(417 311)	(1 199 804)
Opening insurance contract assets	1 427 849	(236 568)	-	1 191 281
Net balance at beginning of the year	907 764	(498 976)	(417 311)	(8 523)
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	139 551	139 551
Change in the risk adjustment for non-financial risk for the risk expired	-	37 051	-	37 051
Experience adjustments	93 968	-	-	93 968
	93 968	37 051	139 551	270 570
Changes that relate to future service				
Changes in estimates that adjust the CSM	(39 392)	37 137	2 255	-
Changes in estimates that result in onerous contract losses or reversal of losses	28 489	(11 794)	-	16 695
Contracts initially recognised in the period	5 829	(1 867)	(3 962)	-
	(5 074)	23 476	(1 707)	16 695
Changes that relate to past service				
Changes that relate to past service – adjustments to the LIC	71 098	3 551	-	74 649
Insurance service result	159 992	64 078	137 844	361 914
Net finance income/(expense)	73 512	(50 097)	(10 600)	12 815
Total amounts recognised in comprehensive income	233 504	13 981	127 244	374 729
Translation effect and forex	(106 875)	57 852	22 284	(26 739)
	(106 875)	57 852	22 284	(26 739)
Cash flows				
Premiums and salvages received	(282 759)	-	-	(282 759)
Claims and other directly attributable expenses paid	1 013 789	-	-	1 013 789
Total cash flows	731 030	-	-	731 030
Net balance at the end of the year	1 765 423	(427 143)	(267 783)	1 070 497
Closing insurance contract liabilities	(186 532)	(95 842)	(267 783)	(550 157)
Closing insurance contract assets	1 951 955	(331 301)	-	1 620 654
Net balance at end of year	1 765 423	(427 143)	(267 783)	1 070 497

Notes to the Financial Statements

2024

	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	(294 513)	(266 365)	(661 939)	(1 222 817)
Opening insurance contract assets	639 049	(19 817)	-	619 232
Net balance at beginning of the year	344 536	(286 182)	(661 939)	(603 585)
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	178 085	178 085
Change in the risk adjustment for non-financial risk for the risk expired	-	47 673	-	47 673
Experience adjustments	236 677	-	-	236 677
	236 677	47 673	178 085	462 435
Changes that relate to future service				
Changes in estimates that adjust the CSM	(112 396)	(1 363)	113 759	-
Changes in estimates that result in onerous contract losses or reversal of losses	(67 258)	12 835	-	(54 423)
Contracts initially recognised in the period	20 187	(36 732)	(541)	(17 086)
	(159 467)	(25 260)	113 218	(71 509)
Changes that relate to past service				
Changes that relate to past service – adjustments to the LIC	(742 439)	75 169	-	(667 270)
Incurred claims	(540 755)	(270 509)	-	(811 264)
Insurance service result	(1 205 984)	(172 927)	291 303	(1 087 608)
Net finance income/(expense)	(36 675)	(17 878)	(6 092)	(60 645)
Total amounts recognised in comprehensive income	(1 242 659)	(190 805)	285 211	(1 148 253)
Insurance acquisition cash flows	36 845	-	-	36 845
Translation effect and forex	(4 506)	(21 989)	(40 583)	(67 078)
	32 339	(21 989)	(40 583)	(30 233)
Cash flows				
Premiums and salvages received	(402 486)	-	-	(402 486)
Claims and other directly attributable expenses paid	2 176 034	-	-	2 176 034
Total cash flows	1 773 548	-	-	1 773 548
Net balance at the end of the year	907 764	(498 976)	(417 311)	(8 523)
Closing insurance contract liabilities	(520 085)	(262 408)	(417 311)	(1 199 804)
Closing insurance contract assets	1 427 849	(236 568)	-	1 191 281
Net balance at end of year	907 764	(498 976)	(417 311)	(8 523)

Notes to the Financial Statements

Impact of contracts recognised in the year

2025

	Non-onerous contracts originated R'000	Onerous contracts originated R'000	Total R'000
Estimates of the present value of future cash			
– Estimates of the present value of future cash outflows	(5 311)	-	(5 311)
– Estimates of the present value of future cash inflows	11 140	-	11 140
Risk adjustment for non-financial risk	(1 867)	-	(1 867)
CSM	(3 962)	-	(3 962)
Increase in insurance contract liabilities from contracts recognised in the period	-	-	-

2024

	Non-onerous contracts originated R'000	Onerous contracts originated R'000	Total R'000
Insurance acquisition cash flows	-	(36 845)	(36 845)
Estimates of the present value of future cash flows			
– Estimates of the present value of future cash outflows	(532)	(115 015)	(115 547)
– Estimates of the present value of future cash inflows	691	171 888	172 579
Risk adjustment for non-financial risk	382	(37 114)	(36 732)
CSM	(541)	-	(541)
Increase in insurance contract liabilities from contracts recognised in the period	-	(17 086)	(17 086)



Notes to the Financial Statements

Amounts determined on transition to IFRS 17

2024

	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	(23 485)	(638 454)	(661 939)
Changes that relate to current service			
CSM recognised in profit or loss for the services provided	6 948	171 137	178 085
	6 948	171 137	178 085
Changes that relate to future service			
Changes in estimates that adjust the CSM	-	113 759	113 759
Contracts initially recognised in the period	(541)	-	(541)
	(541)	113 759	113 218
Net finance income/(expense)	(156)	(5 936)	(6 092)
	(156)	(5 936)	(6 092)
Total amounts recognised in comprehensive income	6 251	278 960	285 211
Translation effect and forex	4 780	(45 363)	(40 583)
CSM as at year end	(12 454)	(404 857)	(417 311)

Notes to the Financial Statements

9.4 Investment guarantee

Insurance contracts issued

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

2025

	LRC		
	Excluding loss component R'000	Loss component R'000	Total R'000
Opening insurance contract liabilities	3 280	(42 619)	(39 339)
Insurance revenue	20 607	(13 217)	7 390
Insurance service expenses			
(Losses) on onerous contracts and reversal of those losses	-	27 003	27 003
Insurance service expenses	-	27 003	27 003
Insurance service result	20 607	13 786	34 393
Net finance income/(expense)	(4 878)	1 228	(3 650)
Total amounts recognised in comprehensive income	15 729	15 014	30 743
Translation effect and forex	(10 869)	12 086	1 217
	(10 869)	12 086	1 217
Cash flows			
Premiums and salvages received	(19 120)	-	(19 120)
Total cash flows	(19 120)	-	(19 120)
Net balance at the end of the year	(10 980)	(15 519)	(26 499)
Closing insurance contract liabilities	(10 980)	(15 519)	(26 499)



Notes to the Financial Statements

2024

	LRC		
	Excluding loss component R'000	Loss component R'000	Total R'000
Opening insurance contract liabilities	3 584	(72 390)	(68 806)
Insurance revenue	35 875	(16 665)	19 210
Insurance service expenses			
(Losses) on onerous contracts and reversal of those losses	-	37 920	37 920
Insurance service expenses	-	37 920	37 920
Insurance service result	35 875	21 255	57 130
Net finance income/(expense)	(3 314)	3 770	456
Total amounts recognised in comprehensive income	32 561	25 025	57 586
Translation effect and forex	(32 076)	27 934	(4 142)
	(32 076)	27 934	(4 142)
Cash flows			
Premiums and salvages received	(789)	(23 188)	(23 977)
Total cash flows	(789)	(23 188)	(23 977)
Net balance at the end of the year	3 280	(42 619)	(39 339)
Closing insurance contract liabilities	3 280	(42 619)	(39 339)

Notes to the Financial Statements

Reconciliation of the measurement components of insurance contract balances 2025

	Present value of future cash flows R'000	Risk adjusted for non- financial risk R'000	Total R'000
Opening insurance contract liabilities	30 206	(69 545)	(39 339)
Changes that relate to current service			
Change in the risk adjustment for non-financial risk for the risk expired	-	7 366	7 366
Experience adjustments	13 174	-	13 174
	13 174	7 366	20 540
Changes that relate to future service			
Changes in estimates that adjust the CSM	(27 798)	27 798	-
Changes in estimates that result in onerous contract losses or reversal of losses	26 764	(12 911)	13 853
	(1 034)	14 887	13 853
Changes that relate to past service			
Insurance service result	12 140	22 253	34 393
Net finance income/(expense)	1 602	(5 252)	(3 650)
Total amounts recognised in comprehensive income	13 742	17 001	30 743
Translation effect and forex	(1 240)	2 457	1 217
	(1 240)	2 457	1 217
Cash flows			
Premiums and salvages received	(19 120)	-	(19 120)
Total cash flows	(19 120)	-	(19 120)
Net balance at the end of the year	23 588	(50 087)	(26 499)
Closing insurance contract liabilities	23 588	(50 087)	(26 499)



Notes to the Financial Statements

2024

	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	19 411	(86 760)	(1 457)	(68 806)
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	1 308	1 308
Change in the risk adjustment for non-financial risk for the risk expired	-	14 850	-	14 850
Experience adjustments	19 500	-	-	19 500
	19 500	14 850	1 308	35 658
Changes that relate to future service				
Changes in estimates that adjust the CSM	(24 177)	23 920	257	-
Changes in estimates that result in onerous contract losses or reversal of losses	38 382	(16 910)	-	21 472
	14 205	7 010	257	21 472
Changes that relate to past service				
Insurance service result	33 705	21 860	1 565	57 130
Net finance income/(expense)	(630)	1 117	(31)	456
Total amounts recognised in comprehensive income	33 075	22 977	1 534	57 586
Translation effect and forex	1 697	(5 762)	(77)	(4 142)
	1 697	(5 762)	(77)	(4 142)
Cash flows				
Premiums and salvages received	(23 977)	-	-	(23 977)
Total cash flows	(23 977)	-	-	(23 977)
Net balance at the end of the year	30 206	(69 545)	-	(39 339)
Closing insurance contract liabilities	30 206	(69 545)	-	(39 339)

Notes to the Financial Statements

Impact of contracts recognised in the year

There were no new contracts for both 2025 and 2024

Amounts determined on transition to IFRS 17

Insurance revenue and the CSM by transition method

2024

	Contracts measured under the modified retrospective approach at transition R'000	Total R'000
CSM as at beginning of the year	(1 457)	(1 457)
Changes that relate to current service		
CSM recognised in profit or loss for the services provided	1 308	1 308
	1 308	1 308
Changes that relate to future service		
Changes in estimates that adjust the CSM	257	257
	257	257
Net finance income/(expense)	(31)	(31)
	(31)	(31)
Total amounts recognised in comprehensive income	1 534	1 534
Translation effect and forex	(77)	(77)
CSM as at year end	-	-



Notes to the Financial Statements

9.5 Short-term credit

Insurance contracts issued

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

2025

	LRC	
	Excluding loss component R'000	Total R'000
Opening insurance contract liabilities	(41)	(41)
Net balance as at 01 April 2024	(41)	(41)
Insurance revenue	400	400
Insurance service expenses		
Insurance service result	400	400
Net finance income/(expense)	(20)	(20)
Finance expenses from insurance contracts issued	(20)	(20)
Total amounts recognised in comprehensive income	380	380
Insurance acquisition cash flows amortisation	3	3
Translation effect and forex	2	2
Cash flows		
Premiums and salvages received	(385)	(385)
Total cash flows	(385)	(385)
Net balance as at 31 March 2025	(41)	(41)
Closing insurance contract liabilities	(41)	(41)
Net balance as at 31 March 2025	(41)	(41)



Notes to the Financial Statements

2024

	LRC	
	Excluding loss component R'000	Total R'000
Opening insurance contract liabilities	(869)	(869)
Net balance as at 01 April 2024	(869)	(869)
Insurance revenue	1 359	1 359
Insurance service expenses		
Insurance service result	1 359	1 359
Net finance income/(expense)	(33)	(33)
Net finance income/(expense)	(33)	(33)
Total amounts recognised in comprehensive income	1 326	1 326
Insurance acquisition cash flows amortisation	400	400
Translation effect and forex	(14)	(14)
Cash flows		
Premiums and salvage received	(884)	(884)
Total cash flows	(884)	(884)
Net balance as at 31 March 2024	(41)	(41)
Closing insurance contract liabilities	(41)	(41)
Net balance as at 31 March 2024	(41)	(41)



Notes to the Financial Statements

Reconciliation of the measurement components of insurance contract balances 2025

	Present value of future cash flows R'000	Risk adjustment for non- financial risk R'000	CSM R'000	Total R'000
Opening insurance contract liabilities	(16)	(9)	(16)	(41)
Net balance as at 01 April 2024	(16)	(9)	(16)	(41)
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	232	232
Change in the risk adjustment for non-financial risk for the risk expired	-	38	-	38
Experience adjustments	130	-	-	130
	130	38	232	400
Changes that relate to future service				
Changes in estimates that adjust the CSM	(1)	-	1	-
Contracts initially recognised in the period	251	(32)	(219)	-
	250	(32)	(218)	-
Changes that relate to past service				
Insurance service result	380	6	14	400
Net finance income/(expense)	(6)	(2)	(12)	(20)
	(6)	(2)	(12)	(20)
Total amounts recognised in comprehensive income	374	4	2	380
Insurance acquisition cash flows amortisation	3	-	-	3
Translation effect and forex	10	(1)	(7)	2
Cash flows				
Premiums and salvages received	(385)	-	-	(385)
Total cash flows	(385)	-	-	(385)
Net balance as at 31 March 2025	(14)	(6)	(21)	(41)
Closing insurance contract liabilities	(14)	(6)	(21)	(41)
Net balance as at 31 March 2025	(14)	(6)	(21)	(41)

Notes to the Financial Statements

2024

	Present value of future cash flows R'000	Risk adjustment for non- financial risk R'000	CSM R'000	Total R'000
Opening insurance contract liabilities	(95)	(6)	(768)	(869)
Net balance as at 01 April 2023	(95)	(6)	(768)	(869)
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	-	-	1 038	1 038
Change in the risk adjustment for nonfinancial risk for the risk expired	-	63	-	63
Experience adjustments	258	-	-	258
	258	63	1 038	1 359
Changes that relate to future service				
Contracts initially recognised in the period	327	(65)	(262)	-
	327	(65)	(262)	-
Changes that relate to past service				
	585	(2)	776	1 359
Net finance income/(expense)	(5)	(1)	(27)	(33)
	(5)	(1)	(27)	(33)
Total amounts recognised in comprehensive income	580	(3)	749	1 326
Insurance acquisition cash flows amortisation	400	-	-	400
Translation effect and forex	(15)	-	2	(13)
Cash flows				
Premiums and salvages received	(884)	-	-	(884)
Total cash flows	(884)	-	-	(884)
Net balance as at 31 March 2024	(16)	(9)	(16)	(41)
Closing insurance contract liabilities	(16)	(9)	(16)	(41)
Net balance as at 31 March 2024	(16)	(9)	(16)	(41)



Notes to the Financial Statements

Impact of contracts recognised in the year

2025

	Non-onerous contracts originated R'000	Onerous contracts originated R'000	Total R'000
Insurance acquisition cash flows	(3)	-	(3)
Estimates of the present value of future cash			
– Estimates of the present value of future cash outflows	(119)	-	(119)
– Estimates of the present value of future cash inflows	373	-	373
Risk adjustment for non-financial risk	(32)	-	(32)
CSM	(219)	-	(219)
Increase in insurance contract liabilities from contracts recognised in the period	-	-	-

2024

	Non-onerous contracts originated R'000	Onerous contracts originated R'000	Total R'000
Insurance acquisition cash flows	(400)	-	(400)
Estimates of the present value of future cash			
– Estimates of the present value of future cash outflows	(172)	-	(172)
– Estimates of the present value of future cash inflows	899	-	899
Risk adjustment for non-financial risk	(65)	-	(65)
CSM	(262)	-	(262)
Increase in insurance contract liabilities from contracts recognised in the period	-	-	-

Notes to the Financial Statements

Amounts determined on transition to IFRS 17

Insurance revenue and the CSM by transition method

2024

	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	Contracts measured under the fair value approach at transition R'000	Total R'000
CSM as at 01 April 2023	(768)	-	-	(768)
Changes that relate to current service				
CSM recognised in profit or loss for the services provided	250	788	-	1 038
Changes that relate to future service				
Contracts initially recognised in the period	(262)	-	-	(262)
Finance expenses from insurance contracts issued	-	(27)	-	(27)
Total amounts recognised in comprehensive income	(12)	761	-	749
Translation effect and forex	764	(761)	-	3
	752	-	-	752
CSM as at 31 March 2024	(16)	-	-	(16)

10. Other receivables

	2025 R'000	2024 R'000
Financial assets		
Other receivables (sundry debtors and staff debtors)	1 546	1 307
Unsettled investments trades	45 453	147 513
Accrued income	7 732	12 145
Subtotal	54 731	160 965
Non-financial assets		
VAT	1 937	243 776
Other receivables (prepayments, CSI and travel cost)	7 577	4 084
Subtotal	9 514	247 860
Total	64 245	408 825

The movement in other receivables presented in note 28 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 R50 million (2024:R160 million).



Notes to the Financial Statements

11. Financial assets and liabilities at fair value

	2025 R'000	2024 R'000
Through profit or loss:		
Financial assets (designated)		
Listed bonds	4 248 812	4 489 428
Listed equities	2 023 187	1 171 986
Collective investment scheme	680 123	485 492
Money market	203 368	247 916
Financial assets (mandatory)		
Derivatives instruments	48 331	1 110
	7 203 821	6 395 932
Financial liabilities		
Derivatives instruments	(62 595)	(455)
Subtotal for Through profit or loss	7 141 226	6 395 477
Amortised cost		
Fixed deposits	-	224 766
Through other comprehensive income:		
Unlisted equities*	765 067	626 286
Total financial assets and liabilities	7 906 293	7 246 529

*Investment in the Afreximbank.

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

Derivative instruments

	2025 R'000	2024 R'000
Financial assets and (liabilities)		
Interest rate futures	(1 271)	-
Credit default swap	48 125	1 031
Total return swap	(1 324)	-
Interest rate swap	(128)	(455)
Currency options	(3 600)	-
Forward exchange rate agreement	(56 066)	-
Future exchange agreement	-	79
	(14 264)	655

Notes to the Financial Statements

Maturity profile of financial assets and liabilities

	Within 1 year R'000	1 to 5 years R'000	Greater than 5 years R'000	Total R'000
2025				
Financial assets and liabilities				
Listed bonds	753 534	1 913 763	1 581 515	4 248 812
Listed equities	2 023 187	-	-	2 023 187
Money market	133 033	70 335	-	203 368
Collective investment scheme	680 123	-	-	680 123
Unlisted equities	-	-	765 067	765 067
Derivative instrument- asset	46 481	1 850	-	48 331
Derivative instrument-liability	(59 667)	(2 722)	(206)	(62 595)
	3 576 691	1 983 226	2 346 376	7 906 293
2024				
Financial assets and liabilities				
Listed 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 instrument- asset	79	1 031	-	1 110
Derivative instrument-liability	-	(127)	(328)	(455)
	2 447 901	2 856 088	1 942 540	7 246 529

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

	2025 R'000	2024 R'000
Level 1		
Listed equities	2 023 187	1 171 986
Money market	-	159 652
Collective investment scheme	680 072	283 207
Derivative instruments	162 965	-
	2 866 224	1 614 845
Level 2		
Listed bonds	4 248 812	4 489 428
Money market	203 368	88 264
Collective investment scheme	51	202 285
Derivative instruments	(177 229)	655
	4 275 002	4 780 632
	7 141 226	6 395 477



Notes to the Financial Statements

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 and bonds – 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.

*The underlying instruments are listed instruments but the net assets value of the fund is derived monthly using the inputs from the exchange.

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

	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 loss and currency translation R'000	Other movements* R'000	Closing balance R'000
2025						
Financial assets	6 395 477	374 931	342 473	(175 821)	204 166	7 141 226
	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
2024						
Financial assets	6 872 431	556 775	45 225	455 286	(1 534 240)	6 395 477

*The other movements are mainly comprised of the following components:

- Net disposal/(purchases) of financial assets for -R156 million (2024: R628 million); and
- Receipt of investment income of R409 million (2024: R611 million).

Notes to the Financial Statements

Fair-value hierarchy of financial assets at amortised cost

	2025 R'000	2024 R'000
Level 1		
Fixed deposits	-	224 766

Reconciliation of financial assets at amortised cost

	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 loss and currency translation R'000	Maturity R'000	Closing balance R'000
2025						
Financial assets	224 766	18	-	-	(224 784)	-

	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	Investment deposit R'000	Closing balance R'000
2024						
Financial assets	-	6 301	-	362	218 103	224 766

Fair-value hierarchy of financial assets through OCI

	2025 R'000	2024 R'000
Level 3		
Unlisted equities	765 067	626 286

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 quantitative information about the significant unobservable inputs and their relationship to fair value, used in level 3 fair value measurements:

	Total value R'000	Change in equity R'000	Change %
2025			
Reported value	765 067		
Mid-point discount rate of 18,6% – higher by 1%	723 729	(41 338)	(5,40)
Mid-point discount rate of 18,6% – lower by 1%	812 305	47 238	6,17
Terminal Growth rate of 3,88% – higher by 0,5%	777 746	12 679	1,66
Terminal Growth rate of 3,88% – lower by 0,5%	753 221	(11 846)	(1,55)
Minority discount of 17,4% – higher by 1%	753 493	(11 574)	(1,51)
Minority discount of 17,4% – lower by 1%	776 641	11 574	1,51
Marketability discount of 16,5% – higher by 1%	753 493	(11 574)	(1,51)
Marketability discount of 16,5% – lower by 1%	776 641	11 574	1,51

	Total value R'000	Change in equity R'000	Change %
2024			
Reported value	626 286		
Mid-point discount rate of 21,29% – higher by 1%	588 150	(38 136)	(6,09)
Mid-point discount rate of 21,29% – lower by 1%	669 054	42 768	6,83
Terminal Growth rate of 3,75% – higher by 0,5%	637 192	10 906	1,74
Terminal Growth rate of 3,75% – lower by 0,5%	615 986	(10 300)	(1,64)
Minority discount of 17,4% – higher by 1%	616 812	(9 474)	(1,51)
Minority discount of 17,4% – lower by 1%	635 761	9 475	1,51
Marketability discount of 16,5% – higher by 1%	616 812	(9 474)	(1,51)
Marketability discount of 16,5% – lower by 1%	635 761	9 475	1,51

Valuation process

The Income approach was used as a primary valuation approach to determine the fair value of instruments. 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

	Opening balance R'000	Dividend income R'000	Total gain in OCI R'000	Dividends received R'000	Foreign exchange loss and currency translation R'000	Closing balance R'000
2025						
Financial assets	626 286	49 169	161 774	(49 169)	(22 993)	765 067

	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
2024						
Financial assets	652 207	31 907	(69 075)	(31 907)	43 154	626 286

Notes to the Financial Statements

12. Cash and cash equivalents

	2025 R'000	2024 R'000
Cash at bank and on hand	169 032	307 310
Short term deposits	166 556	769 711
	335 588	1 077 021

The cash and cash equivalents are available for use by the Corporation in its ordinary business.

The average interest rate on cash at bank and on hand at the reporting date was 1.655% (2024: 1.335%). Included in the short-term deposits is USD fixed deposits invested with the financial institutions valued at R149 million (2024: R966 million).

13. Share capital and share premium

	2025 R'000	2024 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

14. Liability for interest make-up

	2025 R'000	2024 R'000
At fair value through profit (loss)		
Liability for interest make up	311 549	444 097

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 Financial Services Board (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 discount rate curve used to discount cashflows is the US Treasury Bills BVAL curve obtained from Bloomberg constructed using the US treasury bonds yield to maturity. The discount rates allow for spread risk (5.983%) which is then added to the discount rates curve.

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

	2025 R'000	2024 R'000
Opening balance	444 097	516 072
Fair value movements on interest make up liability	29 623	55 386
Payments	(145 680)	(159 517)
Foreign exchange (gain)/loss and currency translation	(16 491)	32 156
Closing balance	311 549	444 097

The contractual amount to be paid is R 359 million (2024: R 551 million) which is R 48 million (2024: R 107 million) 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:

	Total value R'000	Impact on profit or loss R'000	Change %
2025			
Reported value	311 549		
Increase discount rates by 10%	309 961	(1 588)	(0,5)
Decrease discount rates by 10%	313 155	1 606	0,5
Depreciation of USD/ZAR Exchange rate by 10%	342 703	31 154	10,0
Appreciation of USD/ZAR Exchange rate by 10%	280 394	(31 155)	(10,0)
2024			
Reported value	444 097		
Increase discount rates by 10%	440 879	(3 218)	(0,7)
Decrease discount rates by 10%	447 365	3 268	0,7
Depreciation of USD/ZAR Exchange rate by 10%	488 506	44 409	10,0
Appreciation of USD/ZAR Exchange rate by 10%	399 687	(44 410)	(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

	Opening balance R'000	Fair value movements R'000	Settlements R'000	Foreign exchange gain and currency translation R'000	Closing balance R'000
2025					
Liability for interest make-up	444 097	29 623	(145 680)	(16 491)	311 549
2024					
Liability for interest make-up	516 072	55 386	(159 517)	32 156	444 097

Reconciliation of the liability for interest make-up

	2025 R'000	2024 R'000
Liability taken over	2 032 445	2 032 445
Total claims paid	(2 151 299)	(2 005 619)
Fair value movements on interest-make up liability	226 403	196 780
Foreign exchange movements	204 000	220 491
Closing balance	311 549	444 097

15. Deferred tax

	2025 R'000	2024 R'000
Deferred tax asset/(liability)	(67 164)	(178 582)
Reconciliation of deferred tax asset/(liability)		
Deferred tax through profit or loss		
Provisions	2 416	1 918
Fair value gain on financial assets	(28 198)	(7 580)
Payments received in advance	79	79
Prepayments	(391)	(146)
Property and equipment	(3 841)	(5 538)
Unused tax losses	-	42 515
Lease liability	4 131	2 227
	(25 804)	33 475
Deferred tax through other comprehensive income		
Fair value on financial assets through other comprehensive income	(307)	34 566
Unrealised foreign exchange gain on equities	(41 053)	(45 949)
IFRS 17 transition	-	(200 674)
	(67 164)	(178 582)



Notes to the Financial Statements

Reconciliation of deferred tax asset/(liability) – 2025

	Opening balance R'000	Recognised in profit or loss R'000	Recognised in other comprehen- sive income R'000	Closing balance R'000
Assets				
Property and equipment	(5 538)	1 697	-	(3 841)
Financial assets at fair value through profit or loss	(7 580)	(20 618)	-	(28 198)
Financial assets through OCI	(11 383)	-	(29 977)	(41 360)
Prepayments	(146)	(245)	-	(391)
Unused tax losses	42 515	(42 515)	-	-
Liabilities				
Provisions	1 918	498	-	2 416
Payments received in advance	79	-	-	79
Lease liability	2 227	1 904	-	4 131
IFRS 17 transition	(200 674)	200 674	-	-
	(178 582)	141 395	(29 977)	(67 164)

Reconciliation of deferred tax asset/(liability) – 2024

	Opening balance R'000	Recognised in profit or loss R'000	Recognised in other comprehen- sive 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)

Recognition of deferred tax asset

In the previous financial year, the Corporation utilised an assessed loss of R74 million against taxable income. The remaining balance was made up of unused capital tax losses which was utilised in the current financial year.

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.

Notes to the Financial Statements

16. Lease liability

Lease liability

During the year, the Corporation had leases for office building and printers which are reflected in 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 7).

The average effective incremental borrowing rate are as follows:

- office building – 9.07%.
- printers – 9.18%

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

	2025 R'000	2024 R'000
Within one year	6 321	5 503
Later than one but not more than five years	10 838	17 145
	17 159	22 648
Less: future finance charges	(1 858)	(3 424)
Present value of minimum lease payments	15 301	19 224
Reconciliation of lease liability		
Opening balance	19 224	22 373
Additions	-	465
Finance charges	1 565	1 896
Capital repayments	(3 923)	(3 614)
Interest repayments	(1 565)	(1 896)
Closing balance	15 301	19 224

17. Employee benefit liability

Reconciliation of employee benefit liability

		Opening balance	Additions	Utilisation	Paid	Total	
2025		R'000	R'000	R'000	R'000	R'000	
Leave provisions		5 274	8 588	(5 977)	(2 744)	5 141	
		Opening balance	Additions	Utilisation	Reversal	Paid	Total
2024		R'000	R'000	R'000	R'000	R'000	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	



Notes to the Financial Statements

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 are limited to contributions made and therefore no actuarial valuation is required.

	2025 R'000	2024 R'000
The total group contribution for the year	9 040	8 604

18. Other payables

	2025 R'000	2024 R'000
Financial instruments		
Sundry creditors	20 256	20 188
Unsettled investment trades	106 489	250 720
Accrued expenses	2 114	2 115
	128 859	273 023

The movement in other payables in note 28 excludes non-cash balance relating to unsettled investment trades and foreign exchange movements of R163 million (2024: R246 million).

19. Categories of assets and liabilities

Categories of assets and liabilities – 2025	Note(s)	Financial assets and liabilities at fair value through profit or loss R'000	Financial assets at fair value through other comprehensive income 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	7	-	-	-	17 575	17 575	-	17 575
Insurance contract assets	9.2	-	-	-	1 620 654	1 620 654	(91 530)	1 712 184
Financial assets at fair value	11	7 203 821	765 067	-	-	7 968 888	3 636 358	4 332 530
Current tax receivable	29	-	-	-	376 238	376 238	376 238	-
Other receivables	10	-	-	54 731	9 514	64 245	64 245	-
Insurance acquisition costs	8	-	-	-	297 082	297 082	183 270	113 812
Cash and cash equivalents	12	-	-	335 588	-	335 588	335 588	-
		7 203 821	765 067	390 319	2 321 063	10 680 270	4 504 169	6 176 101
Liabilities								
Insurance contract liabilities	9.2	-	-	-	576 697	576 697	346 020	230 677
Reinsurance contract assets	9.2	-	-	-	78 478	78 478	-	78 478
Liability for interest make-up	14	311 549	-	-	-	311 549	118 242	193 307
Derivatives instruments	11	62 595	-	-	-	62 595	59 667	2 928
Deferred tax	15	-	-	-	67 164	67 164	-	67 164
Employee benefits liability	17	-	-	-	5 141	5 141	5 141	-
Lease liabilities	16	-	-	15 301	-	15 301	5 187	10 114
Other payables	18	-	-	128 859	-	128 859	128 859	-
		374 144	-	144 160	727 480	1 245 784	663 116	582 668

Notes to the Financial Statements

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FOR THE YEAR ENDED 31 MARCH 2025



Categories of assets and liabilities – 2024	Note(s)	Financial assets and liabilities at fair value through profit or loss R'000	Financial assets at fair value through other comprehen- sive income 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	7	-	-	-	24 917	24 917	-	24 917
Insurance contract assets	9.2	-	-	-	1 191 281	1 191 281	79 665	1 111 616
Financial assets at fair value	11	6 395 932	626 286	224 766	-	7 246 984	2 447 901	4 799 083
Reinsurance contract assets	9.2	-	-	-	84 620	84 620	82 893	1 727
Current tax receivable	29	-	-	-	524 783	524 783	524 783	-
Other receivables	10	-	-	160 965	247 860	408 825	408 825	-
Insurance acquisition costs	8	-	-	-	267 597	267 597	131 417	136 180
Cash and cash equivalents	12	-	-	1 077 021	-	1 077 021	1 077 021	-
		6 395 932	626 286	1 462 752	2 341 058	10 826 028	4 752 505	6 073 523
Liabilities								
Insurance contract liabilities	9.2	-	-	-	1 239 184	1 239 184	897 525	341 659
Liability for interest make-up	14	444 097	-	-	-	444 097	145 787	298 310
Derivatives instruments	11	455	-	-	-	455	-	455
Deferred tax	15	-	-	-	178 582	178 582	200 674	(22 092)
Employee benefits liability	17	-	-	-	5 274	5 274	5 274	-
Lease liabilities	16	-	-	19 224	-	19 224	3 938	15 286
Other payables	18	-	-	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

20. Insurance revenue and expenses

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held by product line for 2025 and 2024 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.

20.1 Insurance revenue and insurance service result

2025

	Credit R'000	Investment guarantee R'000	Short-term credit R'000	Total R'000
Note	9.3	9.4	9.5	
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	100 626	3 694	130	104 450
– CSM recognised in profit or loss for the services provided	139 551	-	232	139 783
– Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	37 051	7 366	38	44 455
Experience adjustment premiums	6 493	(3 670)	-	2 823
Total insurance revenue	283 721	7 390	400	291 511
Insurance service expenses				
Changes that relate to past service – adjustments to the LIC	49 660	-	-	49 660
Losses on onerous contracts and reversal of those losses	28 533	27 003	-	55 536
Impairment of acquisition cost	(14 429)	-	-	(14 429)
Expenses allocated project 23	(61 757)	-	-	(61 757)
Total insurance service expenses	2 007	27 003	-	29 010
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	(303)	-	-	(303)
– CSM recognised for the services received	(2 753)	-	-	(2 753)
Reinsurance expenses – contracts not measured under the PAA	(3 056)	-	-	(3 056)
Changes that relate to past service – adjustments to incurred claims	(4 547)	-	-	(4 547)
Total net expenses from reinsurance contracts held	(7 603)	-	-	(7 603)
Total insurance service result	278 125	34 393	400	312 918



Notes to the Financial Statements

2024

	Credit R'000	Investment guarantee R'000	Short-term credit R'000	Total R'000
Note	9.3	9.4	9.5	
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
– CSM recognised in profit or loss for the services provided	178 085	1 308	1 038	180 431
– Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	47 673	14 850	63	62 586
Experience adjustment premiums	101 794	(13 355)	2	88 441
Total insurance revenue	478 884	19 210	1 359	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	(688 312)	-	-	(688 312)
Losses on onerous contracts and reversal of those losses	(66 916)	37 920	-	(28 996)
Recovery of other insurance service expenses	1 842	-	-	1 842
Expenses allocated to project 23	(59 701)	-	-	(59 701)
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 past service – adjustments to incurred claims	20 466	-	-	20 466
Total net expenses from reinsurance contracts held	18 499	-	-	18 499
Total insurance service result	(1 126 968)	57 130	1 359	(1 068 479)

Notes to the Financial Statements

21. Other income

	2025 R'000	2024 R'000
Insurance indemnity	-	74
Interest received from SARS (note 29)	15 057	14
Gains on sale of equipment	165	10
	15 222	98

22. Profit/(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.

	2025 R'000	2024 R'000
Cash and cash equivalents	7 305	(15 026)
Net assets (excluding net insurance contract liabilities and assets, and cash and cash equivalents)	1 638	(71 377)
Financial assets at fair value and derivative instruments	101 874	(171 587)
Insurance contract liabilities	(612)	64 762
	110 205	(193 228)

23. Net operating expenses

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

	2025 R'000	2024 R'000
Auditor's remuneration – external		
Audit fees for the current year	3 276	3 061
Internal auditors' remuneration	792	900
Remuneration to non-employees		
Consulting services	5 042	4 706
Actuarial services	1 268	804
Legal services	979	262
	7 289	5 772
Directors' emoluments		
Remuneration paid to executive director	-	747
Remuneration paid/payable to non-executive directors	1 310	1 454
	1 310	2 201
Employee costs		
Salaries	97 268	89 460
Prior year over provision for bonus	-	(23 615)
Total employee costs	97 268	65 845
Short-term leases		
Equipment	-	122
	-	122



Notes to the Financial Statements

	2025 R'000	2024 R'000
Depreciation, write-off and disposal of assets		
Equipment	1 784	1 692
Building	4 801	4 814
Loss on sale of equipment	-	51
Equipment written-off	-	24
	6 585	6 581
Socio-economic, Enterprise and Supplier Development (SED & ESD) contributions		
Education	2 229	1 284
Enterprise development	870	694
Supplier development	3 104	1 290
	6 203	3 268
Expenses allocated to projects		
Acquisition cost (note 8)	(53 741)	(32 642)
Maintenance expenses allocated to projects (note 20)	(61 757)	(59 701)
	(115 498)	(92 343)
General administrative expenses	38 036	41 155
Total operating expenses (excluding portfolio fees)	45 260	36 562
Investment portfolio management fee	24 208	23 819
Total operating expenses	69 468	60 381

23.1 Disclosure as required by section 55 of PFMA

Fruitless and wasteful expenditure

	2025 R'000	2024 R'000
Opening balance	1 017	1 303
Adjustment of the opening balance	-	(288)
Additions – relating to current year	3	4
Written off	(1 015)	-
Recovered	(3)	(2)
Closing balance	2	1 017

In the current year, the entire balance of fruitless and wasteful expenditure relating to prior year 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. The expenditure incurred in the current year relates to rebooking fees as results of missing a flight.

Irregular expenditure

	2025 R'000	2024 R'000
Opening balance	-	-
Add: Irregular expenditure – relating to current year	396	-
Closing balance	396	-

Received professional services from a service provider who was tax non compliant.

Notes to the Financial Statements

24. Net investment income

	2025 R'000	2024 R'000
Dividend income		
Dividend income – local	23 893	26 465
Dividend income – foreign	60 670	42 125
Total dividend income	84 563	68 590
Other investment income:		
Interest received on cash and cash equivalents	17 890	119 214
Change in fair value of financial assets	98 451	74 857
Realised gain/(loss) on disposal of financial assets	244 022	(29 631)
Sundry income	-	209
Foreign exchange movements	(82 387)	-
Interest income	302 132	438 539
Total other investment income	580 108	603 188
Total investment income	664 671	671 778

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 -R566 thousand (2024: R940 thousand) which is expected to be settled in the next financial year. Included in the interest income is net accrued income of -R3,8 million (2024: R7,9 million) which is expected to be settled in the next financial year.

25. Interest expense

	2025 R'000	2024 R'000
Lease liability	1 565	1 896
Interest penalty paid	1	-
Total interest expense	1 566	1 896



Notes to the Financial Statements

26. Taxation

	2025 R'000	2024 R'000
Major components of the tax income		
Current		
Local income tax – current period	159 182	(333 966)
Local income tax – prior period (IFRS 17 transition)	200 674	401 951
Foreign income tax – current period	2 783	1 268
	362 639	69 253
Deferred		
Deferred tax	59 280	94 186
IFRS 17 transition	(200 674)	(401 951)
	(141 394)	(307 765)
Total tax charge for the year	221 245	(238 512)
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	18,79 %	39,52 %
Disallowable fair value movements on interest make up liability	(0,90)%	24,02%
Translation effect	6,02 %	343,63%
Exempt IMU grant income*	4,92 %	(67,45)%
Exempt income – other**	0,97 %	(12,32)%
Disallowable expenses – other***	1,01 %	(301,20)%
Other****	(3,81)%	0,80%
	27,00 %	27,00 %

The translation effect is due to the tax expense which is determined in ZAR, in accordance with local tax legislation, although the Corporation's functional currency is the USD.

*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 and withholdings tax.

Notes to the Financial Statements

27. 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.

	2025 R'000	2024 R'000
Retained income	582 585	1 749 745
Foreign exchange movements on monetary assets and liabilities (excluding cash and cash equivalents)	(892 390)	(1 135 245)
Net insurance contracts	(3)	(3)
Property and equipment	(1 264)	965
Payments in advance	17	53
Movements on insurance and reinsurance contract	(5 811)	(31 011)
Insurance acquisition costs	(9 824)	16 922
Foreign exchange movements on cash and cash equivalents	7 160	1 599
	(319 530)	603 025

28. Cash used in operations

	2025 R'000	2024 R'000
Profit/(loss) before taxation	1 177 274	(603 520)
Adjustments for non-cash items and those disclosed separately:		
(Profit)/loss on sale of assets	(165)	24
Depreciation and write-off	6 585	6 557
Loss on foreign exchange differences (note 22 & 24)	(27 818)	193 228
Fair value loss on financial assets	(98 451)	(74 857)
Realised loss on disposal of financial assets	(244 022)	29 631
IMU grant received	(162 488)	(155 505)
Fair value movements on interest make-up liability	29 623	55 386
Impairment of acquisition cost	14 429	-
IFRS17 non-cash items	(459 667)	1 039 461
Interest income (note 21 & 24)	(335 079)	(557 976)
Dividends income	(84 563)	(68 590)
Interest paid	1 566	1 896
Changes in working capital:		
Movements in other receivables	394 433	(26 887)
Reinsurance recoveries	149 950	-
Reinsurance premiums	(890)	(263)
Insurance claims paid (note 9)	(1 013 789)	(2 176 034)
Premiums and salvages received (note 9)	302 263	427 348
Movements in other payables	(244 585)	(287 501)
Movements in employee benefits liability	(134)	(23 845)
	(595 528)	(2 221 447)



Notes to the Financial Statements

29. Tax paid

	2025 R'000	2024 R'000
Balance at beginning of the year	524 783	100 154
Current tax recognised in profit or loss	(204 480)	258 318
Current tax recognised in profit or loss (IFRS 17 transition)	(200 674)	(401 951)
Assessed loss utilised	42 515	73 962
Interest income	15 057	14
Interest received	(4 198)	-
Balance at end of the year	(376 238)	(524 783)
	(203 235)	(494 286)

30. Related parties

Relationships

Shareholder	Department of Trade, Industry and Competition (the dtic)
Fellow subsidiary entity	Development Bank of Southern Africa SOC Limited (DBSA)
	South African Revenue Services (SARS)
	Insurance Sector Education and Training Authority (INSETA)
	City of Tswane
	Financial Sector Conduct Authority (FSCA)
	Industrial Development Corporation of South Africa SOC Ltd
	Prudential Authority (PA)

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:

Notes to the Financial Statements

	2025 R'000	2024 R'000
Statement of profit or loss and other comprehensive income effects:		
Premiums		
Development Bank of Southern Africa SOC Limited (DBSA)	24 937	39 600
Assessment fees		
Development Bank of Southern Africa SOC Limited (DBSA)	103	-
IMU grant receipts		
Department of Trade, Industry and Competition (the dtic)	162 488	155 505
Other income (Interest)		
South African Revenue Services (SARS)	15 057	14
Mandatory grants received in terms of the Skills Development Levies Act		
Insurance Sector Education and Training Authority (INSETA)	178	168
Other operating expense		
City of Tshwane	6	-
Development Bank of Southern Africa SOC Limited (DBSA)	292	-
Financial Sector Conduct Authority (FSCA)	197	378
Industrial Development Corporation of South Africa SOC Ltd	-	2 000
Prudential Authority (PA)	96	86
Road Traffic Management Corporation (RTMC)	1	-
South African Broadcasting Corporation (SABC)	1	-
Taxation (Income tax)		
South African Revenue Services	359 856	67 985
Statement of financial position effects:		
Financial assets		
Bonds – Parastatals	22 542	23 258
Bonds – National government	1 453 370	1 096 147
Taxation (Income Tax)		
South African Revenue Services	376 238	524 783
Other receivables (excluding loss allowance)		
Development Bank of Southern Africa SOC Limited (DBSA)	118	-
South African Revenue Services (Value added tax)	1 937	243 776
Total assets	1 854 205	1 887 964
Liabilities		
Other payables		
Development Bank of Southern Africa SOC Limited (DBSA)	292	-



Notes to the Financial Statements

31. Directors' and executives' emoluments

Non-executive remuneration

2025 Directors' emoluments	Fees for services as director	Other benefits	Total
D Dharmalingam	175	-	175
V Matsiliza	250	11	261
S Mayekiso	265	42	307
L Mothae	167	-	167
S O'Mahony	206	-	206
D Subbiah	194	-	194
W Van der Spuy *	-	-	-
E Makhubela *	-	-	-
L Mataboge*	-	-	-
L Govender *	-	-	-
	1 257	53	1 310

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

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

Notes to the Financial Statements

Executive remuneration

2025	Basic salary	Provident fund	Cellphone allowance	Other benefits*	Acting allowance	Total
Executive remuneration	R'000	R'000	R'000	R'000	R'000	R'000
N Maphula – General Counsel (Acting CEO & COO) ***	2 261	354	60	244	308	3 227
N Moffet – Company Secretary *****	327	33	4	9	-	373
N Mkhathazo – Chief Financial Officer	2 615	260	30	90	-	2 995
S Esterhuisen – Chief Actuarial & Investment	2 864	306	28	45	-	3 243
J Omollo – Chief Risk Officer	2 709	435	30	45	-	3 219
R Ntshiyantshiya – Assistant Company Secretary (Acting Company Secretary) *****	-	-	3	-	24	27
X Mpanza – Company Secretary Resigned	525	53	8	28	-	614
D Naicker – Head: Legal (Acting General Counsel) ****	-	-	12	-	180	192
Mmapuso Rakau – Head of Risk (Acting Chief Risk Officer) *****	-	-	7	-	147	154
	11 301	1 441	182	461	659	14 044

2024	Basic salary	Provident fund	Cellphone allowance	Other benefits*	Acting allowance	Total
Executive remuneration	R'000	R'000	R'000	R'000	R'000	R'000
M Nkuhlu – 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 Nkuhlu (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

*****Ms. N Moffet – Company Secretary was appointed on 03 January 2025

*****Ms. Mmapuso Rakau – Head of Risk was acting Chief Risk Officer from 1 August 2024 – 28 February 2025

*****Ms. R Ntshiyantshiya – Assistant Company Secretary was acting Company Secretary from 01 Nov 2024 – 31 December 2024

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.



Notes to the Financial Statements

33. Capital management

	2025 R'000	2024 R'000
Total equity	9 434 486	8 526 994
Adjustment (regulatory basis)	287 902	618 716
Available capital	9 722 388	9 145 710
Required Capital (Regulatory)	3 220 723	3 159 866
Required Capital (Economic)	2 659 900	2 713 931
Regulatory capital cover ratio	302%	289%
Economic capital cover ratio	366%	337%

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. The Corporation has met all external regulatory requirements.

34. Dividend payable

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

35. Events after the reporting period

One of the Corporation's mining sector project clients encountered significant challenges due to the low quality of diamonds extracted and the limited quantity of available reserves. These issues resulted in the project being placed under care and maintenance. The Corporation is expecting a claim in October 2025 amounting to R180 million.

Notes to the Financial Statements

36. Going concern

We draw attention to the fact that at March 31, 2025, the Corporation had accumulated profit of R4,8 billion (2024: R3,8 billion) and that the Corporation's total assets exceed its liabilities by R9,4 billion (2024: R8,7 billion). The total comprehensive income for the year is R768 million (2024: R175 million). The net cash utilised in operating activities of R370 million (2024: R2,1 billion) is due to a claim 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.

37. Restatement note

The restatements were necessary due to errors identified in the calculation of the taxation expense for the 2024 financial year. These errors led to the an understatement of tax refunds due from SARS as a result of incorrectly applying the amendments to section 28 of the Income Tax Act following the implementation of IFRS 17. There was no impact of the error in 2023 as it only affected 2024.

The correction of the error(s) results in reclassification adjustments as follows:

	2024 Previously presented R'000	Restatement R'000	2024 Restated figures R'000
Statement of Financial Position			
Assets			
Current tax receivable	385 590	139 193	524 783
Total assets	10 686 835	139 193	10 826 028
Equity			
Foreign currency translation reserve	4 684 041	1 844	4 685 885
Retained income	3 661 688	137 349	3 799 037
Total equity	8 526 996	139 193	8 666 189
Statement of financial performance			
Loss on exchange differences	(191 384)	(1 844)	(193 228)
Loss before taxation	(601 676)	(1 844)	(603 520)
Taxation	99 319	139 193	238 512
Loss for the year	(502 357)	137 349	(365 008)
Other comprehensive income:			
Currency translation differences	601 181	1 844	603 025
Total comprehensive income for the year	35 347	139 193	174 540



Supplementary Information

38. Translated Financial Information in South African Rand

The financial statements are prepared using the USD as the functional currency, in accordance with IFRS accounting standards. However, as the entity operates in South Africa, local tax regulations require the calculation of tax expense in ZAR. Accordingly, the following schedule presents the statement of financial position and the statement of profit or loss and other comprehensive income translated into ZAR for informational purposes.

Statement of financial position

	Note(s)	2025 R'000	2024 R'000
Assets			
Property and equipment	7	16 763	22 840
Financial assets at fair value	11	7 968 888	7 246 984
Insurance contract assets	9.2	1 620 654	1 191 281
Reinsurance contract assets	9.2	-	84 620
Current tax receivable	29	376 238	524 783
Other receivables	10	64 158	408 755
Insurance acquisition costs	8	247 032	207 723
Cash and cash equivalents	12	335 588	1 077 021
Total Assets		10 629 321	10 764 007
Equity and liabilities			
Equity			
Share capital and share premium	13	316 051	316 051
Fair value adjustment through other comprehensive income reserve		(2 986)	(134 784)
Retained income		9 070 472	8 422 901
Total equity		9 383 537	8 604 168
Liabilities			
Insurance contract liabilities	9.2	576 697	1 239 184
Reinsurance contract liabilities	9.2	78 478	-
Deferred tax	15	67 164	178 582
Employee benefits liability	17	5 141	5 274
Other payables	18	128 859	273 023
Derivative instruments	11	62 595	455
Lease liabilities	16	15 301	19 224
Liability for interest make-up	14	311 549	444 097
Total liabilities		1 245 784	2 159 839
Total Equity and Liabilities		10 629 321	10 764 007

Supplementary Information

	Note(s)	2025 R'000	2024 R'000
Statement of profit or loss and other comprehensive income			
Insurance revenue	20	286 990	500 219
Insurance service expenses	20	30 297	(1 589 768)
Net income from reinsurance contracts	20	(7 556)	18 499
Insurance service result		309 731	(1 071 050)
Net finance expense from insurance contracts issued		3 071	(60 897)
Finance income from reinsurance contracts held		3 513	8 717
Net insurance finance expenses		6 584	(52 180)
Net insurance result (before allocating maintenance costs)		316 315	(1 123 230)
IMU grant receipts		162 488	155 505
Other operating income	21	15 222	98
Profit/(loss) on exchange differences		(166 230)	351 262
Other operating expenses	23	(69 468)	(60 381)
Fair value movements on interest make up liability		(29 623)	(55 386)
Net investment income	24	664 671	671 778
Interest expense	25	(1 566)	(1 896)
Profit/(loss) before taxation		891 809	(62 250)
Taxation	26	(221 245)	238 512
Profit for the year		670 564	176 262
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Fair value adjustments of financial assets		161 774	(69 075)
Deferred tax on fair value of financial assets		(34 943)	14 920
Forex movements through OCI		(22 994)	43 155
Tax on forex movements through OCI		4 967	(9 322)
Total items that will not be reclassified to profit or loss		108 804	(20 322)
Other comprehensive income for the year net of taxation		108 804	(20 322)
Total comprehensive (loss)/ income for the year		779 368	155 940

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