ESRIC

Ensuring your tomorrow, today.

Integrated Report 2024

esric.co.sz

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Our six capitals

Financial Capital
Our capital adequacy, solvency strength and sustainable profitability

Intellectual Capital
Our underwriting expertise, risk management capabilities and systems integrity

Human Capital
Our professional expertise, accountable leadership and corporate culture

Social and Relationship Capital
Our policyholder trust, stakeholder confidence and national contribution

Manufactured Capital
Our branch network, operational infrastructure and digital expansion

Natural Capital
Our environmental risk management and climate-related resilience

Our strategic pillars

- Systems and technology
- Customer service
- Products
- People
- Distribution networks

Our stakeholders

- Customers
- Employees
- Communities
- Brokers
- Government & regulators
- Business partners
- Suppliers
- Media

Key strategic themes

- Increase customer and stakeholder value proposition.
- Develop ESRIC brand.
- Build a sustainable organisation of talented, competent and engaged people.
- Innovation throughout operations.

Read more about our strategy on page 8.

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01 ESRIC at a glance

ESRIC at a glance

Highlights for the year ended 31 December 2024

An integrated perspective

Concluding the final year of our 2020-2024 strategy on a high note as we transition to our next three-year strategic cycle.

Financial Capital

Profit before tax
E156.755 million ▼
2023: E290.600 million 46.570%

Net income after tax
E96.684 million ▼
2023: EE210.100 million 53.990%

Total dividend declaration
E105.000 million ▲
(E26.25 cents per share) 10.526%
2023: E95 million E23.75 cents per share

Human Capital

124 employees ▲
2023: 121 2.48%
80% successors identified for critical roles
Professional development and leadership initiatives

Intellectual Capital

Digital platform enhancements – Mobile app provided digital access to claims and policy services
Improved governance systems and frameworks

Social and Relationship Capital

E2.600 million CSI investment ▲
2023: E2.250 million 16%
Meaningful community support
Moved to a partnership model and impact-oriented investments
Refreshed Customer Experience Charter
37% market share in long-term insurance
53% market share in short-term insurance

Natural Capital

Reduced environmental impacts
Digital platforms reduced paper usage and carbon footprint

Manufactured Capital

Completion of the business process alignment project boosted systems infrastructure
3 branches
Data warehouse & infrastructure

ESRIC at a glance *continued*

Key performance indicators 2024

Non-Life insurance business

Value creation highlights

Insurance Revenue: Non Life	E582.477 million ▲	2023: E563.644	3.341%
Net investment income	E46.245 million ▲	2023: E40.600 million	13.896%
Insurance service result	E106.600 million ▼	2023: E200.766 million	46.903%
Dividend declared	E105.000 million ▲	2023: E95.000 million	10.526%

Life and pensions business

Value creation highlights

Insurance revenue	E190.121 million ▲	2023: E176.572 million	7.673%
Insurance service result	E3.051 million ▼	2023: E28.615 million	89.338%
Net investment income	E336.674 million ▲	2023: E236.482 million	42.368%
Dividend declared	E0.000	2023: E0.000	0.000%

Eswatini Re

Value creation highlights

Insurance revenue	E12.983 million ▲	2023: E8.460 million	53.463%
Insurance service result	E-5.167 million ▲	2023: E-5.283 million	2.196%
Net investment income	E2.228 million ▲	2023: E1.339 million	66.393%
Dividend declared	E0.000	2023: E0.000	0.000%

02 About our report

About our report

About this report

This Integrated Report presents a comprehensive and balanced account of the Eswatini Royal Insurance Corporation's ("ESRIC" or the "Corporation") performance, strategy, governance and risk management for the period 1 January 2023 to 31 December 2024.

It provides insight into our strategic priorities and progress as we pursue our vision of being the leading provider of insurance and related services in Eswatini, southern Africa, and beyond.

Scope and boundary

Our report is prepared in line with the principles of integrated thinking and responsible stewardship, which means that we continuously evaluate the relationship between our capitals and the trade-offs inherent in our strategic decisions. Accordingly, the report brings together our financial performance, underwriting discipline, governance practices and sustainability priorities in an integrated account of the business. It explains how we maintain capital strength, meet regulatory requirements, manage risk and respond to evolving customer needs while continuing to create value for all stakeholders over the short, medium and long term.

The report is intended to provide stakeholders with information that supports informed decision-making.

Reporting framework

ESRIC adheres to internationally recognised integrated reporting principles. This report was prepared in accordance with the principles of the Mohlomi Corporate Governance Code and King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV") and the Integrated Reporting Framework. It is guided by the International Financial Reporting Standards ("IFRS"), including the application of IFRS 17 – *Insurance Contracts*, which governs the recognition, measurement and disclosure of insurance contracts.

The Sustainability Accounting Standards Board ("SASB") guidelines are also referenced to incorporate environmental, social, and governance ("ESG") factors.

Financial and non-financial reporting

Our report extends beyond financial reporting and encompasses non-financial metrics, opportunities, risks and outcomes that may substantively influence value creation.

Forward-looking statements

This report contains forward-looking information about the Corporation's future performance and prospects over the short, medium and long term (defined as one year, two to three years, and three to five years respectively). These statements are based on information available at year-end and are inherently speculative. Actual results may differ materially from those anticipated.

The Board does not undertake to revise or update such statements after the release of this report, and they have not been audited or reviewed by the external auditors.

Materiality

In preparing this report, we have applied the principles of materiality, balance and comparability to ensure that the information presented is relevant and reflects the Corporation's performance and future prospects.

Material matters are those issues that could, in our opinion, substantively affect ESRIC's ability to fulfil its national mandate and long-term value creation.

Read more about our material matters on page 22.

Board statement of responsibility

ESRIC's Board of Directors, supported by the Finance and Audit Committee, is responsible for ensuring the integrity of this report. Executive management, assisted by the reporting team, was responsible for its preparation.

After applying its collective mind, and having considered ESRIC's risks and opportunities, material matters and operating environment, the Board believes this report to be a fair and balanced account of ESRIC's performance and its ability to create and sustain value over the short, medium and long term.

The Board further believes that the report reflects the Corporation's use of, and impact on, the capitals that underpin its business model, and how the availability of these capitals influences strategic decisions.

The Board accordingly approved ESRIC's Integrated Annual Report for the year under review.

Read more about our Board composition on page 24.

CHAIRMAN

03 Who we are

Who we are

Eswatini Royal Insurance Corporation ("ESRIC") provides non-life, life and pension insurance solutions to individuals, businesses and institutions across Eswatini and expanded its business by establishing Eswatini Re Limited as a reinsurance business in 2022.

A **national insurer** provider serving Eswatini for over five decades.

Established in 1973 under the King's Order-in-Council No. 32/1973

Branches in Mbabane, Manzini and Nhlangano.

Supported by brokers, agents, direct channels and expanding digital platforms

Focused on customer experience, operational efficiency and financial resilience

Our core mandate is to **protect the assets and livelihoods of policyholders**

A leader in the insurance industry.

37% market share in long-term insurance

53% market share in short-term insurance

Our vision

To be the leading provider of insurance and related services in Eswatini, southern Africa, and beyond.

Our promise

Ensuring your tomorrow, today.

Our mission

To be the foremost provider of insurance and related services by:

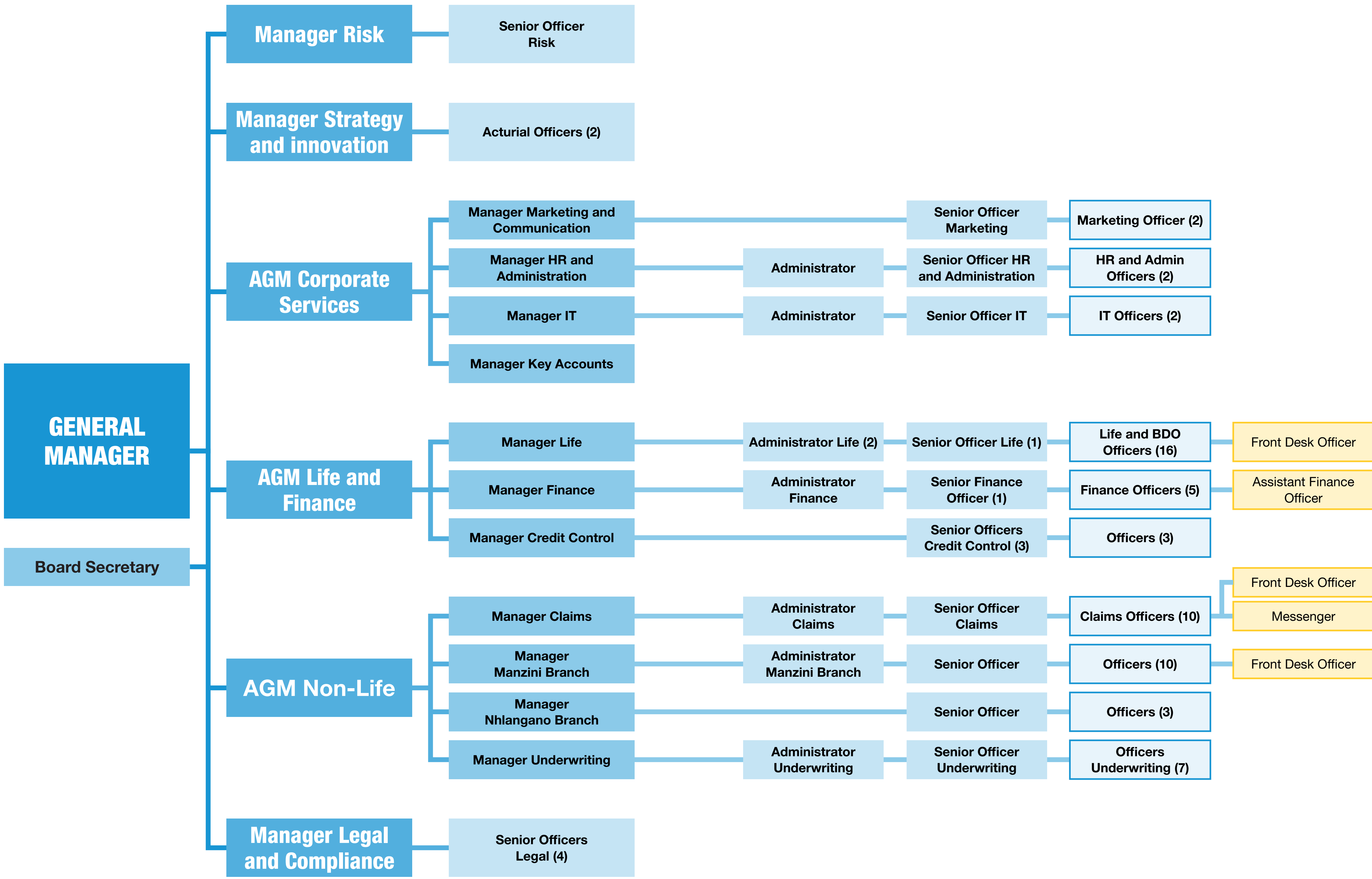
- Satisfying the aspirations of our shareholders through profitable underwriting;
- Providing high-quality insurance services to the market;
- Satisfying our policyholders and attracting new clients;
- Providing professional development to our staff to enable them to realise their full potential;
- Contributing to the development of the local economy.

Our values

As we drive the objectives of the Corporation, we shall:

- Be honest and fair in our dealings;
- Exercise integrity and respect;
- Encourage innovation by listening to stakeholders;
- Be responsible corporate citizens;
- Be consistent in dealing with matters;
- Adhere to corporate governance and best practice.

Our operating structure



Our operating context

The macroeconomic environment of lower, but still persistent, inflation and a gradual easing of interest rates, as well as severe disaster events in a number of countries, impacted insurance markets in 2024.

Global environment

While premium growth in the non-life sector slowed compared to 2023, it continued to outpace claims growth, resulting in underwriting profits in nearly all reporting jurisdictions in 2024.

Increased interest rates strengthened demand for annuities and guaranteed products in some markets, and life premiums grew to 11.900% overall in nominal terms across most markets.

Against this backdrop, global insurer profitability strengthened in 2024, supported by positive underwriting performance and investment gains, and demonstrating resilience in the face of macro uncertainty. Losses recorded in some markets in the previous year were largely reversed.

The insurance industry remains vulnerable to macroeconomic volatility, disaster and increasing cyber risk.

Key global factors affecting insurers

Insurance industry operating environment

Economic factors	▶ Inflation	▶ Interest rates
Market conditions	▶ Renewal rates	▶ Treaty conditions
Regulatory reforms	▶ Financial reporting	▶ Comparability
Disaster events	▶ Natural disasters	▶ Severe events

Impact on insurance industry performance

- Ongoing influence of inflation and interest rate dynamics on investment returns and discount rates.
- Competitive market conditions in property and casualty lines, with pressure on renewal rates and treaty conditions.
- Regulatory reforms such as IFRS 17 adoption affecting financial reporting and comparability across jurisdictions.
- Severe disaster events.

Our operating context *continued*

Regional influences

Southern Africa's economic environment remained subdued, with modest growth shaped by weaker activity in key economies such as South Africa. Output has been uneven, with some sectors contracting and consumer demand constrained. This has filtered through to broader business conditions across the region.

For insurers, the operating landscape is becoming more complex. Regulators are placing greater emphasis on solvency, risk disclosures and stronger governance frameworks, requiring insurers to be disciplined and proactive in how they manage capital, governance and risk.

The African insurance industry is becoming more complex, shaped by changing economic landscapes, rapid technological advancements and regulatory reform. The implementation of IFRS 17, which emphasises solvency, liquidity risk management and governance standards, has required significant adjustment. At the same time, digital adoption is accelerating and insurers are streamlining legacy product portfolios to improve efficiency.

The regional insurance sector remains resilient, with sound capital positions. Relatively low penetration rates across parts of the continent signal longer-term growth potential.

Domestic market conditions

Although modest in size, the Eswatini insurance sector is a significant driver of the local economy, contributing around 2% of GDP in premiums and risk-protection services. The sector supports government financing, Capital market activity and long-term investment across the country.

Insurers, retirement funds and other non-bank financial institutions account for the majority of financial sector assets, highlighting their central role in mobilising long-term savings and directing capital into the domestic economy.

Recent premium growth across both long-term and non-life classes underscores the resilience of the industry, amid claims pressures and broader economic uncertainty, with retirement fund products accounting for the largest share of the market.

Insurance and pension assets strengthen household security, enable business continuity and contribute to overall economic stability in Eswatini. Regulatory oversight by the Financial Services Regulatory Authority reinforces financial soundness and public trust.

Within this landscape, ESRIC remains focused on disciplined growth, capital strength and protecting policyholder interests.

Regional and domestic market conditions

Operating environment overview

Regional and continental context

Economic environment	Regulatory complexity	Industry transformation
▶ Subdued growth	▶ Solvency emphasis	▶ Digital acceleration
▶ Uneven output	▶ IFRS 17 implementation	▶ Portfolio streamlining
▶ Constrained demand	▶ Governance standards	▶ Low penetration upside

Domestic market conditions

Sector significance	Financial system role
▶ GDP contribution	▶ Majority of financial assets
▶ Capital market support	▶ Long-term savings mobilisation
▶ Long-term investment	▶ Capital allocation

Industry resilience	Stability & trust
▶ Premium growth sustained	▶ Household security
▶ Retirement funds lead market	▶ Business continuity
▶ Claims pressure absorbed	▶ Regulatory soundness

Disciplined growth ▪ Capital strength ▪ Policyholder protection

Engaging with stakeholders

Meaningful engagement with stakeholders informs our strategy, strengthens risk oversight and supports sound decision-making.

Managing stakeholder relationships responsibly is integral to sustaining trust and forms a vital component of our intellectual, social and relationship capital.

Our integrated approach to stakeholder engagement

Stakeholder group	What value means to this group	How we engage
Customers	Financial security	Digital interfaces, claims touchpoints, educational content
Business partners	Reliability and efficiency	Agency portals, trainings, joint business planning
Regulators	Consumer protection	Regulatory filings, direct advocacy, industry working groups
Government	Economic investment	Industry working groups, direct advocacy
Employees	Purpose and impact	Townhalls, internal digital platforms, performance management reviews
Communities	Social investment	Philanthropy, partnerships
Suppliers	Collaboration	Efficiency, prompt payment

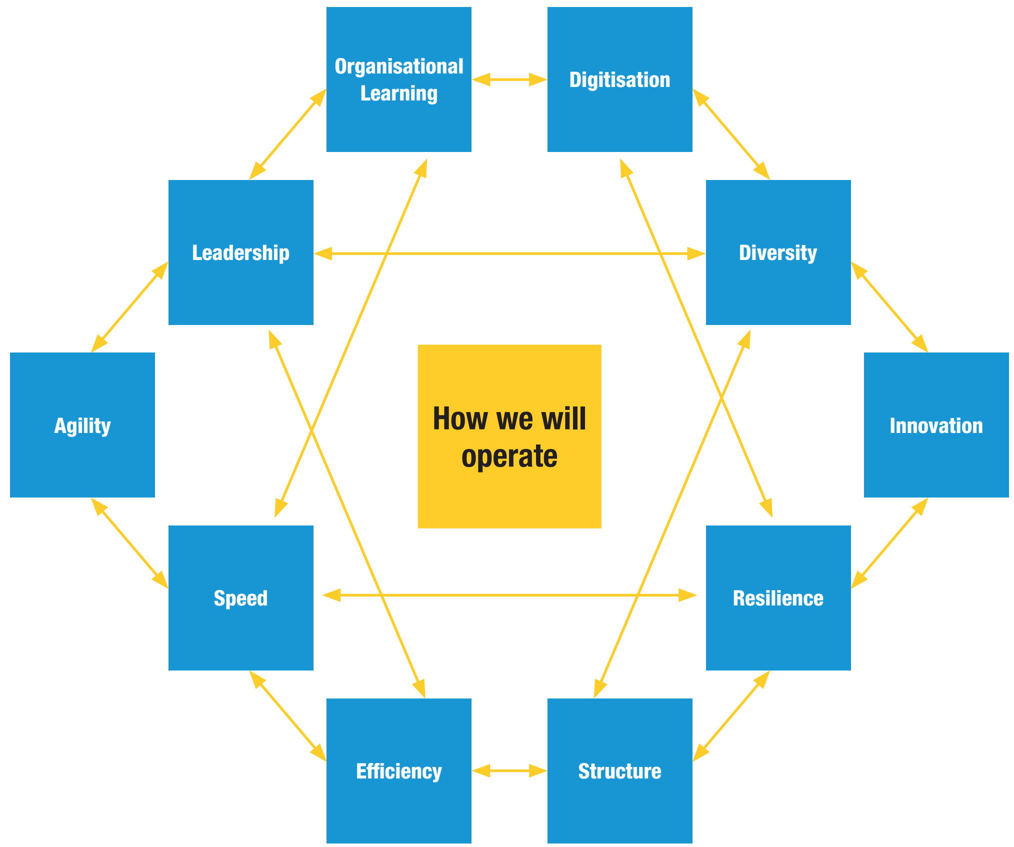
Stakeholder concerns	How we respond	State of our relationship
Customers: Complexity, trust Business partners: Channel conflicts Regulators: Solvency, data security Government: Solvency, ESG matters Employees: Automation, AI evolution Communities: Climate change	Customers: Introduce digital channels, transparency Business partners: Conflict management Regulators: Cyber audits Government: ESG integrations Employees: Continuous learning and AI literacy programs Communities: ESG approach adoption	Customers: Solid and improving Business partners: Strong/ codependency Regulators: High pressured but solid Government: Solid Employees: Positive Communities: Cautious but positive Suppliers: Strong

How we create value

Our ability to navigate an evolving and volatile macroeconomic environment is key to delivering stakeholder value, driven by our deep understanding and experience in the insurance sector.

ESRIC operates in a complex and evolving environment where financial, regulatory and risk dynamics directly influence our capacity to sustain value creation and meet our obligations to policyholders and stakeholders.

How we operate



How we create value *continued*

Creating value through integrated thinking

Integrated thinking informs ESRIC's strategy and decision-making. It connects performance, risk and governance, ensuring that we balance financial resilience, operational discipline and long-term sustainability.

Creating value through strategy

ESRIC operates in a complex and evolving environment where financial, regulatory and risk dynamics directly influence our ability to sustain value creation and meet our obligations to policyholders and stakeholders.

In 2024, ESRIC continued to advance its strategic agenda, focused on customer-centric growth, digital transformation, operational excellence and workforce capability. Priorities for the year included enhancing client access through digital channels, strengthening operational efficiency, improving customer experience, and laying the foundations for the 2025-2027 strategic cycle.

Key initiatives included the roll-out of digital self-service platforms, a refresh of the customer experience charter and targeted workforce capability initiatives, all designed to support long-term organisational resilience and market leadership.

Read more about performance against strategic pillars on page 15.

Implementation of IFRS 17

The implementation of IFRS 17 – *Insurance Contracts* was central to the Corporation's sustainability.

This global accounting standard represents a fundamental shift in how insurance companies recognise, measure, and report on their financial performance, and we committed substantial resources to ensure compliance; strengthening financial reporting processes, enhancing data governance and upgrading systems to meet IFRS 17 requirements.

Beyond being a regulatory requirement, IFRS 17 supports greater transparency, comparability, and discipline in financial reporting. Its integration into our operations strengthens the integrity of our disclosures, reinforces stakeholder confidence, and supports long-term resilience in a rapidly evolving financial and regulatory environment.

Our value-creating business model

Our business model is founded on five strategic focus areas through which we create sustainable value for all our stakeholders.

It outlines how we grow responsibly by delivering an excellent customer experience, advancing digital service delivery, and maintaining financial resilience through disciplined underwriting, prudent risk management and operational efficiency. Our business model is fundamental to our Financial and Intellectual Capital.

Read more about technology on page 9.

Delivering value

5 Strategic Focus areas

- Systems and technology
- Products
- Distribution networks
- Customer service
- People

Key themes Guiding Strategy

- Value creation for stakeholders
- Growth
- Profitability
- Development of ESRIC brand equity
- Diversification
- Sustainability

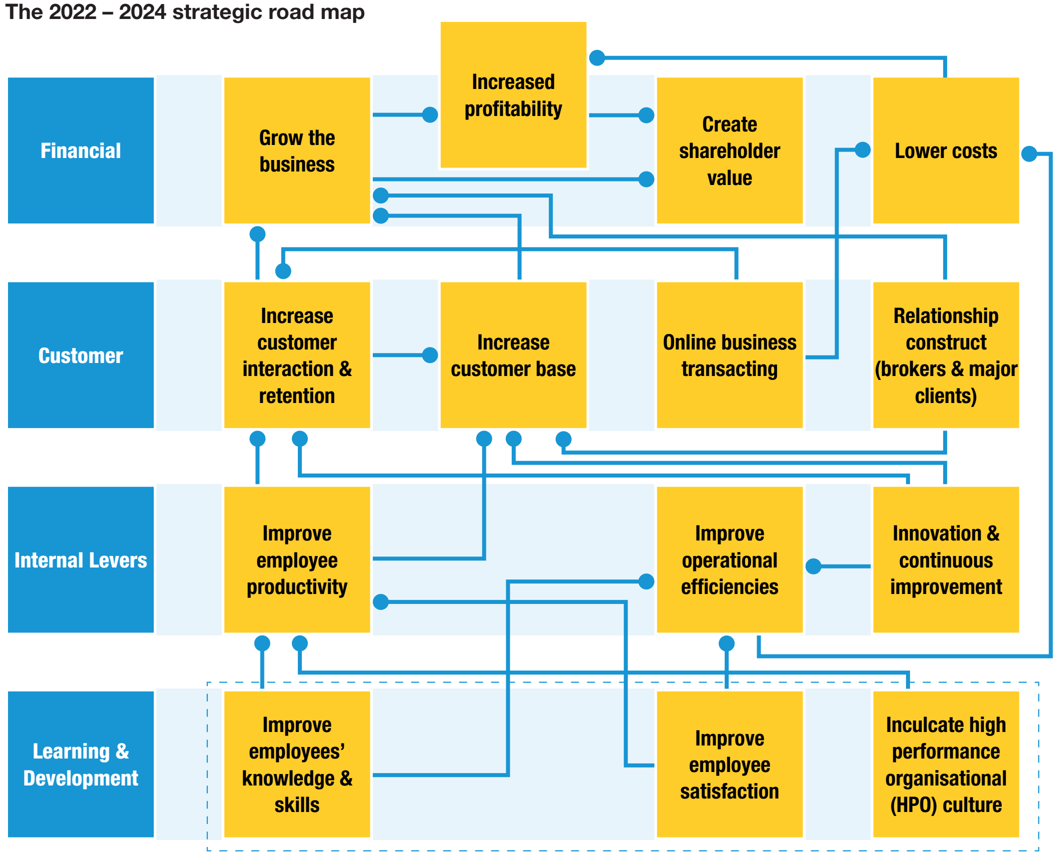
Going Green

- Reducing the energy footprint of our buildings
- Reduce water usage in our operations
- Reduce the use of paper

New Initiatives

- Acquire a stake in a financial institution
- Acquire and develop property in Manzini

The 2022 – 2024 strategic road map



Our Business Model

How we create preserve and distribute value

INPUTS The capitals we draw on

Financial Capital

E773 million | Insurance revenue
E157 million | Profit before tax
E97 million | Net income after tax
E105 million | Total dividend declared

Human Capital

124 | Employees
60 | Females
64 | Males

Intellectual Capital

- Our skills, experience, and expertise
- Policies, processes, systems, service support
- Documented best practice
- Operational frameworks
- Revenue management
- Software

Manufactured Capital

- 11 278 sqm | Buildings
- 7 | Vehicles
- Computer infrastructure

Social and Relationship Capital

- Our customers
- Our brokers
- The Board
- Employees
- Community/Society
- Media
- Suppliers and service providers

Natural Capital

- Our energy and water usage

BUSINESS ACTIVITIES How we transform inputs into value

Core business activities

Risk transfer through the:

- Sale of Life and Non-Life insurance policies;
- Management of insurance risk on behalf of customers;
- Careful investment-mandate selection;
- Maintaining a strong market share;
- Managing positive brand equity;

In terms of our pursuit of excellence by implementing our guiding strategic themes:

- Value-creation for shareholders;
- Development of brand equity;
- Growth;
- Diversification;
- Profitability;
- Sustainability.

While mitigating our critical risks, in the areas of:

- New systems implementation;
- Poor economic growth;
- IT security;
- Regulatory compliance;
- Poor return on investments;
- Erosion of buying power;
- Fraud;
- Inadequate reinsurance;
- Loss of market share.

OUTPUTS What we produce

Products and services

- Financial certainty.
- Peace of mind for clients and loved ones.
- Protection from unexpected events.
- Mitigation of dire circumstances resulting from theft, loss, death, disability and illness.

By-products and waste

- By-products
  - Insurance policies
  - Claims payments
  - Investment income
- Waste
  - Churn
  - Redundancy
  - Carbon footprint

TRADE-OFFS

Balancing competing demands

- The need for staff to learn new business processes.
- Disruption of clients' data due to new system migration.
- Increase in capital cost for new business processing systems.
- Divided focus between business operations with new business systems development.
- Revised job specifications and requirements, forcing new skills acquisition.

OUTCOMES Value for our stakeholders

Customers

- 2 549 claims paid out
- E217 million | paid in benefits
- E75.800 million | paid non-life claims

Employees

- Fostering leadership.
- Attracting, retaining and developing talent.
- Engaged and motivated employees.

Brokers

- E502 million | business generated
- E83 million | commission paid

Regulators

- Compliance with legislation and rules.

04 Messages from our leadership

ADV MUHAWU I MAZIYA
Chairman

Messages from our leadership

Chairman's report

The insurance industry continues to face significant pressures, characterised by volatility from catastrophic weather events, the escalated geopolitical tensions, cost of living challenges and an increasingly competitive landscape.

Introduction and overview of 2024

The year 2024 marked another period of strategic execution and resilience for Eswatini Royal Insurance Corporation, as we navigated a complex and evolving financial and regulatory environment while maintaining our strong position in the insurance and financial services sector.

Financial performance

Non-Life (short-term) business

Non-life Insurance Business movements

Insurance revenue	Insurance service expenses	Insurance service result
3.300% ▲	37.900% ▲	46.900% ▼

Key Performance Indicators – Non-Life

Indicator	Movement	2024	2023
Insurance revenue	3.300% ▲	E582 477 000	2023: E563 644 000
Insurance service expenses	37.900% ▲	E302 871 000	2023: E219 666 000
Insurance service result	-46.900% ▼	E106 600 000	2023: E200 766 000
Investment income	13.900% ▲	E46 246 000	2023: E40 603 000
Profit before taxation	-39.800% ▼	E113 853 000	2023: E189 137 000
Taxation	8.500% ▲	(E48 958 000)	2023: (E53 504 000)
Net Income after taxation	52.200% ▲	E64 895 000	2023: E135 633 000

Dividend Non-Life business 2024: **E105 000 000** 2023: E95 000 000

Despite a backdrop of persistent sluggish economic growth, 2024 has seen an improvement in premium growth across all classes. Insurance revenue recorded was E582.500 million compared to E563.600 million in 2023, assisted by the positive performance of the Fire class of business.

Insurance service expenses rose sharply in the year under review, driven by the upsurge in claims frequency and severity and the increase in the amortisation of insurance acquisition cash flows. This put pressure on underwriting margins, contributing to the year-on-year decline in the insurance service result. Strict underwriting controls and risk-based pricing continued to be enforced, along with active reinsurance programmes to protect capital against large losses.

Chairman's report *continued*

Life and Pensions Business Movements

Life and Pensions Business Movements

Insurance revenue	Insurance service expenses
7.700% ▲	29.500% ▲

Life (long-term) business

Key performance indicators – life and pensions

Insurance revenue	Insurance service expenses	Insurance service result	Investment income
7.700% ▲	29.500% ▲	-89.500% ▼	42.400% ▲
E190 121 000	**E184 596 000**	**E3 052 000**	**E336 675 000**
2023: E176 572 000	2023: E142 545 000	2023: E28 616 000	2023: E236 482 000

Profit before taxation	Taxation	Net Income after taxation
-55.500% ▼	-56.400% ▼	-55.100% ▼
E47 597 000	**(E12 404 000)**	**E35 193 000**
2023: E106 905 000	2023: (E28 453 000)	2023: E78 452 000

The Life insurance business revenue achieved growth of 7.700% from E176.600 million for the same period last year to E190.100 million in the year under review. It remained profitable, aided by disciplined actuarial valuation methods under IFRS 17 and prudent management of liabilities. The operating profit however decreased from E106.900 million in 2023 to E47.600 million in 2024 due to a significant increase in the claims paid and changes in nominal risk-free yield curve.

Operational highlights

During 2024, the Corporation continued its digital transformation journey, modernising core processes and enhancing client service channels to improve accessibility and operational efficiency. Significant progress was made in integrating IFRS 17 into our reporting framework, reinforcing transparency and compliance with global best practices.

Risk management

The risk landscape in the insurance industry continues to evolve, generating new and complex situations. The Corporation continually monitors trends and changes that can materially impact its risk profile and claims patterns. By managing the risk exposures, we ensure proactive and sustainable risk management throughout the organisation.

The executive team closely monitors macro-economic developments in Eswatini and across the world to assess the inherent market and industry risks that may impact the business. A review of the top 10 risks is carried out periodically and corrective interventions made where required.

Two dedicated departments, Risk Management and Compliance are in place, with clearly defined responsibilities for risk management and compliance. The Risk Management and Compliance Departments report on all risks and compliance matters respectively at each quarterly meeting of the Risk & Compliance Committee and the Board.

Sound corporate governance

As a Board, we exercise our balanced oversight role to endorse and promote internationally established principles of good corporate governance. Our commitment to good governance is enshrined in the charters, policies and operating procedures which are reviewed on a regular basis.

The Board's responsibility to ensure best practice in the Corporation's conduct is entrenched in the adopted Board Charter. It outlines the powers of the Board to achieve an appropriate balance of control and responsibility. The Corporation's Board Directors consist of a mix of Executive Directors ("EDs"), Non Executive Directors ("NEDs"), and Independent Directors to bring diverse perspectives and ensure accountability. The Board has set-up Board Committees comprising board members to which management reports. The Board and the Board Committees meet at least once every quarter, or more regularly as the business of the Corporation may demand. The Board Committees are:

- Audit Committee;
- Asset/Liability Management and Investment Committee;
- Risk and Compliance Committee; and
- Remuneration and Nomination Committee.

Various external experts are also engaged to provide additional independent expertise to the Board. These experts include auditors, both external and internal, actuaries, risk managers, reinsurance consultants and investment managers.

Dividend

For the year ended 31 December 2024, the Corporation declared a dividend of E26.25 cents per share (2023: E23.75 cents per share) in line with its dividend policy. The Corporation is committed to delivering sustainable, progressive dividends to our shareholders while maintaining financial flexibility and a strong capital position.

Outlook and appreciation

The Corporation's future direction is captured in the strategic plan document concluded towards the end of 2024. Its main focus is to grow the business further despite challenges posed by low economic growth and generally challenging environment. The plan considers expanding digital platforms to enhance customer engagement and operational agility and diversifying our product offerings to meet the evolving needs of individual and corporate clients. The Corporation will continue to play its role in the promotion of a robust, sound and stable insurance industry.

The Directors and management are confident that the Corporation has a strategy and adequate resources to deliver profitable results on both Life and Non-Life sections of the insurance industry in the foreseeable future.

On behalf of the Board, I wish to extend our heartfelt gratitude to management for their continued dedication, leadership, and commitment to steering the Corporation towards sustainable growth. I also wish to recognise and thank our staff for their unwavering support, hard work, and professionalism, which remain the foundation of our success.

Together, their combined efforts give us confidence that the Corporation will continue to deliver the profitable results as aforesaid.

May I also express our gratitude to our shareholders, loyal clients, intermediaries and all stakeholders for their support and continued confidence. This has ensured the continued viability and success of this business. I am confident the business will continue to deliver positive results, guided by the approved strategy of the organisation.

Adv Muhawu I Maziya
Chairman
10 September 2025

Chairman's outlook

Future orientation – corporate vision

SHORT-TERM **2025**	MEDIUM-TERM **2026-2028**	LONG-TERM **2029+**
Strategic Launch	Capability Building	Strategic Leadership
Profitable Growth	Distribution Expansion	Continuous Innovation
Digital Innovation	ESG Embedding	Sustainable Impact
Resilient Positioning	Talent and Technology	Channel Diversification
	Operational Agility	Long-Term Stakeholder Value
		Sector Transformation

"The Corporation enters the future with cautious optimism, supported by a clear strategic focus and resilient market positioning."

ZAMA NGCOBO
General Manager

Messages from our leadership *continued*

General Manager's report

The 2024 financial year was characterised by moderate economic growth, persistent inflation and fiscal pressures that influenced insurance demand, claims experience and investment performance across the sector.

Against this backdrop, ESRIC maintained its leadership position in both the long-term and short-term insurance markets, and although sector-wide profitability pressures affected the long-term segment, disciplined underwriting and focused execution ensured strong performance across both divisions.

At year end, ESRIC held a 37% market share in the long-term insurance sector and 53% in short-term insurance, measured by gross written premiums ("GWPs").

Material impact of economic conditions

Economic conditions materially affected performance. Domestic GDP growth slowed slightly compared with 2023, while public debt levels and government cash-flow constraints affected project-linked insurance and portfolios with public-sector exposure.

Slower activity in key insured sectors, construction, mining and agriculture, limited commercial premium growth, particularly in engineering, property and liability lines. Inflation, driven by administered price increases and imported costs from South Africa, increased claims severity and placed affordability pressures on policyholders. Regionally, economic weakness in South Africa and currency movements sustained claims inflation and added pressure to underwriting margins.

Climate-related volatility further heightened risk exposures in property and agriculture-linked classes, while delays in public-sector projects limited underwriting opportunities in certain classes.

These dynamics were reflected in the competitive environment, with insurers facing rising operating costs, softer premium growth and subdued demand. ESRIC responded by maintaining stringent underwriting discipline, closer portfolio monitoring and stronger risk oversight.

These measures ensured operational stability, protected our market leadership and positioned us to respond to emerging opportunities.

Read more about risk on page 23.

Market share at year end by sector

Market share

Long-Term Insurance	Short-Term Insurance
37%	55%

Key metric
Gross Written Premiums

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Key drivers of risk impacting performance

Global
- Geopolitical tensions and trade uncertainty
- Investor confidence
- Economic instability

National
- Government project delays
- Rising utility costs
- Pressure on operating costs

Environmental
- Climate volatility
- Agricultural exposure
- Manufacturing disruption
- Hydroelectric production risks

Implications for ESRIC

Market impact
- Softened activity in construction, mining and agriculture
- Lower commercial insurance demand
- Pressure in engineering, liability and property lines

Claims environment
- Rising input costs and inflation
- Increased claims severity
- Significant non-life outflows

Public sector exposure
- Project delays
- Fiscal constraints
- Adjusted underwriting opportunities

Our response

- Prudent underwriting
- Strengthened risk management
- Maintained capital adequacy

The outcome

- Financial stability
- Retained market leadership
- Positioned for growth

Investment income supports profitability

ESRIC's most material issues in 2024 centred around preserving capital adequacy, investment performance, managing claims volatility, cost pressures, and operational resilience.

Strong investment income provided critical support to overall profitability at a time when underwriting margins were constrained, underscoring the interdependence between underwriting performance and investment management within the Corporation's operating model.

Key material matters

Maintaining sufficient reserves to absorb shocks and sustain growth
Capital adequacy 01

Generating sustainable returns from the investment portfolio
Investment performance 02

Managing expense ratios amid inflationary and operational pressures
Cost pressures 03

Navigating reduced demand from sectors under economic strain
Sluggish activity in key insured sectors 04

Sustaining business continuity through systems, processes and people
Operational resilience 05

Managing unpredictable claims frequency, severity and timing
Claims volatility 06

Issues that substantively affect value creation, preservation and erosion

Simultaneously, the transition from IFRS 4 to IFRS 17 required focused oversight and strengthened financial reporting processes. The adoption of IFRS 17 enhanced transparency and consistency in insurance contract measurement and revenue recognition, reinforcing the integrity and comparability of our financial results.

Read more about our material matters on page 22.

Performance against strategy

Overall, ESRIC's 2024 performance reflects the steady execution of strategic priorities and we achieved tangible outcomes across our core strategic pillars.

Digital capability improved accessibility, while process automation enhanced our efficiency and turnaround times. Our employees remain a key driver of our ability to deliver on strategy and we invested in insurance-specific training, leadership development and the targeted resourcing of critical functions, including IT, to align our teams with evolving operational requirements and strengthen capability.

In addition, governance initiatives strengthened regulatory adherence and sustainable business practices. Furthermore, we continued to fulfil our commitment to social responsibility, recognising that long-term sustainability depends on both financial strength and social stability.

No new products were launched during the year, although product development discussions in the Long-Term segment commenced in 2025, and a cyber insurance product was introduced in the Non-Life segment in Q3 2025.

Read more about our strategy on page 8.

General Manager's report *continued*

Key strategic achievements

Strategic pillar	How we performed
Digital transformation	Successfully launched the ESRIC mobile app, enabling digital access to claims and policy services. Early adoption demonstrated growing customer preference for technology-enabled interactions.
Operational efficiency	Automated and improved processes and workflows, strengthened IT infrastructure, and completed the business process alignment project, which reduced reliance on manual processes.
Customer experience	The refreshed Customer Experience Charter reinforces our commitment to improved service standards and consistent, high-quality client interactions.
Human Capital development	Invested in targeted professional development and leadership initiatives to strengthen both current operational capacity and future growth.
Governance and compliance	Awareness initiatives improved governance standards and compliance and promoted sustainable, compliant business practices.

Outlook

This financial year marks the conclusion of our 2022–2024 strategy which emphasised customer-centric growth, digital development, operational efficiency and workforce capability.

We begin the 2025–2027 strategic cycle on a solid foundation with a clear strategic direction. Our new strategy prioritises profitable growth, operational efficiency, disciplined cost management and continued digital advancement.

Read more about strategy on page 8.

General Manager's outlook

Future orientation – operational vision

SHORT-TERM **2025**	MEDIUM-TERM **2026-2028**	LONG-TERM **2029+**
▶ Operational Efficiency ▶ Enhanced Customer Experience ▶ Digital Innovation ▶ Disciplined Cost Management	▶ Distribution Network Expansion ▶ ESG Integration Across Operations ▶ Digital Footprint Enhancement ▶ Talent Investment ▶ Technology and Process Optimisation ▶ Competitive Agility	▶ Continuous Innovation ▶ Distribution Diversification ▶ Long-Term Value Creation ▶ Full ESG Embedding ▶ Resilience and Adaptability ▶ Trusted Market Leadership ▶ Sector Transformation
LAUNCH and EXECUTE	BUILD and STRENGTHEN	LEAD and TRANSFORM

Shared foundation – execution, capability-building, sustained advantage

Macroeconomic pressures remain

Macroeconomic pressures, including inflation and cost-of-living constraints remain a reality. However, prudent underwriting and careful portfolio management enable the Corporation to navigate uncertainty while protecting capital and delivering sustainable value to all our stakeholders. We approach this new cycle with cautious optimism.

Over the medium term, priorities include strengthening organisational capability, expanding distribution reach and embedding ESG more fully into strategic decision-making. Investment in talent, technology and process optimisation will remain imperative.

In the longer term, ESRIC will focus on strategic leadership and sustainable impact, on innovation and diversified distribution channels. We will likewise maintain capital resilience to create long-term value for stakeholders in an evolving regulatory and economic environment.

Read more about our capitals on page 9.

Acknowledgements

I would like to extend my sincere thanks to every member of our team. Your dedication, professionalism and commitment have been pivotal in driving our progress and reinforcing our position as a trusted leader in Eswatini's insurance industry.

I would also like to acknowledge the collaborative spirit of our regulatory authorities. Your guidance and partnership are vital to maintaining transparency, sustainability and credibility in the sector. I am grateful too for the guidance and support of our Board of Directors whose oversight and support have been essential in ensuring we deliver on our objectives with integrity and effectiveness.

Our clients, partners and stakeholders deserve special recognition. Your confidence inspires us to innovate continuously and deliver lasting value.

The collective strength of these relationships enables us to transform challenges into opportunities.

As we transition into our 2025–2027 strategy, we look forward to building on our achievements, exploring new avenues for growth and shaping an even more resilient and forward-looking organisation.

Together, we continue to lay the foundation for a bright and sustainable future.

Zama Ngcobo
General Manager

10 September 2025

05 Our performance

Our performance

The 2024 financial year was characterised by moderate economic growth, persistent inflation and fiscal pressures.

Activity in key sectors such as construction, mining and agriculture remained subdued, inhibiting commercial premium growth. Climate-related events and project delays increased the magnitude of claims, while regional economic conditions and broader geopolitical dynamics contributed to claims inflation and cost pressures. Rising costs and subdued demand shaped the competitive landscape.

Within this environment, our operational focus remained clear: strengthen service delivery and customer experience, improve and modernise operations and maintain financial resilience.

Disciplined investment performance

We continued to serve policyholders across our Non-Life and Life segments through branches in Mbabane, Manzini and Nhlangano, supported by brokers, agents, direct channels and an expanding digital platform.

While underwriting margins were compressed due to claims inflation and sectoral headwinds, investment performance and capital oversight preserved profitability and financial stability, with overall profits amounting to E96.700 million.

These results underscore the interdependence between underwriting performance and investment management in ESRIC's value creation model.

Financial performance at a glance

KPIs and performance indicators

Insurance revenue
E772.600 million ▲
2023: E748.700 million — 3.2%
- Reflects continued premium generation across segments despite slower activity in key insured sectors.

Insurance service expenses
E497.700 million ▲
2023: E369.900 million — 34.6%
- Driven by increased claims severity and cost inflation.

Insurance service result
E104.500 million ▼
2023: E224.100 million — 53.4%
- Indicating tight underwriting margins.

Net investment income
E385.100 million ▲
2023: E278.400 million — 38.3%
- A material increase indicating strong investment performance that contributed significantly to overall profitability.

Overall profit
E96.500 million ▼
2023: E210.000 million — -53.9%
- Reflects the combined effect of underwriting results and investment income.

Financial performance at a glance *continued*

A snapshot of our operations

Non-Life Insurance	Life Insurance
Commercial Insurance Provides risk cover for business assets, liabilities and operational exposure	**Insurance Contracts** Covers defined risks such as death, disability and other insured life events
Personal Insurance Offers protection for motor, property and related personal risks	**Investment Contracts** Provides investment-related benefits to policyholders

Distribution
Reaching our customers

- Brokers
- Agents
- Direct

Progress against strategic priorities

ESRIC made substantial progress against strategic priorities during the year, strengthening our market leadership position through improved customer experiences, operational efficiency and sustained financial performance.

We automated and streamlined underwriting and claims workflows to reduce manual processes and improve turnaround times, supported by enhanced digital capabilities and a refreshed Customer Experience Charter. The launch of the ESRIC mobile app expanded customer self-service functionality, with further enhancements scheduled for FY2025.

Results reflect the operational interdependence between underwriting performance and investment management within ESRIC's value creation model.

Sustained business growth despite pressures

Despite external challenges, insurance revenue grew, supported by sustained premium income across segments. Higher claims severity and inflationary pressure dampened underwriting margins, however, strong investment income offset these pressures resulting in an overall profit for the year.

Operational efficiencies improved through continued process automation, while investments in human capital strengthened our organisational capability. Capital strength and liquidity levels were preserved, safeguarding the Corporation's ability to meet its obligations to policyholders.

Our 2024 results demonstrate resilience under pressure. Disciplined execution, prudent risk management and a culture of continuous improvement has positioned ESRIC for sustainable growth in the years ahead.

Sensitivity to market volatility

Nevertheless, future performance will depend on several interconnected factors. Financial market volatility, including interest rate movements, currency fluctuations, equity performance and counterparty credit risk, will impact on operations, making liquidity management and portfolio diversification critical.

Underwriting performance will remain closely linked to claims frequency and severity, demographic trends in our life portfolios and policyholder behaviour. In addition, actuarial assumptions and reinsurance optimisation will determine outcomes.

The resolution of outstanding tax matters with the Eswatini Revenue Service remains uncertain and may also affect cash flows and reported earnings.

Outlook

In the short term, ESRIC remains stable, supported by adequate liquidity and capital strength. Medium- to long-term performance will depend on disciplined underwriting, prudent risk management and operational efficiency, coupled with continued digital development to improve service delivery and streamline processes.

Long-term outcomes will be shaped by regulatory developments, demographic trends and sustained investment returns. Maintaining capital strength and sound asset management will remain pivotal to our ability to create long-term value.

Stringent risk management, capital resilience and operational effectiveness are fundamental.

Read more about risk management on page 21.

Financial performance outlook

Future orientation – financial vision

Performance depends on

SHORT-TERM
2025
- Adequate liquidity
- Capital strength
- Stable market position

MEDIUM-TERM
2026-2028
- Disciplined underwriting
- Prudent risk management
- Operational efficiency
- Digital service development

LONG-TERM
2029+
- Regulatory developments
- Demographic trends
- Sustained investment returns

ENDURING FUNDAMENTALS
Financial Strength
- **Capital Strength**
- **Sound Asset Management**
- **Liquidity Adequacy**
- **Prudent Risk**

Value creation outcome

SHORT-TERM
Stability and operational continuity supported by strong balance sheet fundamentals

MEDIUM-TERM
Sustained performance through disciplined execution and digital-enabled efficiency gains

LONG-TERM
Long-term value creation shaped by market adaptation, regulatory alignment and sustained returns

Information Technology

Data is the lifeblood of our organisation.

During the year under review, ESRIC completed the development of our data warehouse, a milestone that strengthened data governance and enhanced management insight into business performance.

Cybersecurity remained a strategic priority, and we continued to invest in robust infrastructure to support business continuity and safeguard client confidentiality and data integrity. These technical measures to identify and mitigate vulnerabilities were reinforced by increased employee awareness sessions aimed at promoting responsible digital practices and improving internal controls across the organisation.

Business process mapping

As part of our efforts to improve operational efficiency, we undertook a business process mapping exercise which will allow us to automate certain processes and standardise service delivery, both internally and externally. Several digital workflows were introduced to streamline internal approvals and customer interactions, advancing our transition towards a paperless environment.

Furthermore, recognising the importance of communication, we established redundancy across key communication channels to ensure reliable and uninterrupted access to services through multiple platforms.

ESRIC mobile application launches

Client self-service capability was significantly improved with the launch of the ESRIC mobile app in September 2024. Clients are now able to manage their policies, submit loan applications, process claims processing, request changes, arrange callbacks and make premium payments through a single digital interface. By 31 December 2024, the app had recorded over 11 000 downloads. Enhancements to self-service functionality are planned with the next release.

Mobile app
11 203
downloads
by 31 December 2024

Together these measures reduce downtime risk and reinforce stakeholder confidence in ESRIC's digital capability and service continuity.

Read more about sustainability on page 19

Information technology

Digital infrastructure and capability

Data is the lifeblood of our organisation	Milestone **Data warehouse development completed**

Data governance
Foundation layer
▶ Data warehouse completed ▶ Enhanced management insight ▶ Performance visibility

Cybersecurity
Protection layer
▶ Robust infrastructure investment ▶ Vulnerability identification ▶ Client data integrity
▶ Employee awareness sessions ▶ Business continuity

Process and automation
Efficiency layer
▶ Business process mapping ▶ Digital workflows ▶ Paperless transition
▶ Channel redundancy ▶ Standardised service delivery

Client self-service Client-facing layer ▶ Mobile app launched September 2024 ▶ Policy management ▶ Claims processing ▶ Loan applications ▶ Premium payments ▶ Callback requests	**11k+ downloads** By 31 December 2024, with further enhancements planned

Reducing downtime risk and reinforcing stakeholder confidence in digital capability and service continuity

Human Capital

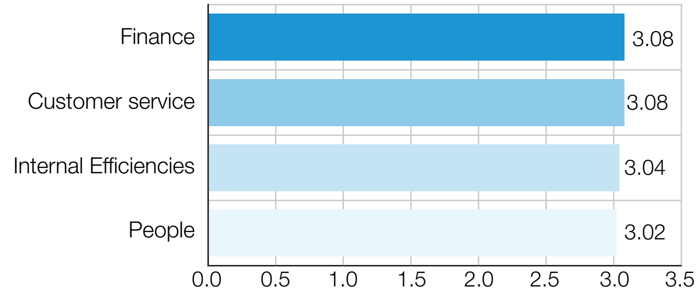
Our people are our competitive advantage. Their professionalism and commitment bring our brand promise to life.

ESRIC's ability to create an agile, high-performing organisation aligned with strategic priorities rests on our people. The quality of customer experience is shaped by our employees, underpinned by structured performance management, targeted development, succession planning and employee wellbeing initiatives.

Quarterly performance reviews

Performance reviews are conducted quarterly to ensure alignment between individual objectives and organisational outcomes. Indicators highlight disciplined performance management and governance oversight.

Distribution of performance ratings



Remuneration, recognition and rewards

Our remuneration philosophy supports a high-performance culture aimed at attracting, motivating and retaining employees who deliver exceptional results.

A job grading and salary review was finalised during the year to strengthen internal equity and ensure salaries are market-related. Similarly, our recognition programmes were enhanced to reward high performers and align employee contributions with performance outcomes and strategic objectives.

Employee relations and wellbeing

Employee relations remained stable throughout the year. Proactive engagement, established grievance resolution mechanisms and employee wellness initiatives to support employee resilience and productivity all contributed to a constructive working environment.

The health and wellness of our employees enables personal growth, teamwork, and business success. With this in mind, we introduced initiatives to support work-life balance and personal wellbeing, including psychological support, mental wellbeing sessions, fitness challenges, health talks, and financial wellness conversations.

Supporting our people

Stable Employee relations	▶ Proactive engagement	▶ Grievance resolution mechanisms	▶ Constructive working environment

The health and wellness of our employees enables **personal growth**, **teamwork**, and **business success**

Wellness initiatives

Psychological support	**Health education**	**Mental wellbeing**	**Financial wellness**	**Fitness challenges**
Professional services supporting employee resilience	Talks and resources promoting informed health decisions	Sessions focused on mindfulness and emotional balance	Conversations on personal financial health and planning	Team-based physical activities promoting active lifestyles

Personal growth ▪ Teamwork ▪ Business success

Human Capital *continued*

Nurturing and retaining talent

The Corporation remains committed to identifying, nurturing, and retaining top talent, without which we cannot deliver on our brand promise.

Fortunately, our workforce remains stable. Our 0.800% employee attrition is low relative to industry standards, reflecting retention of critical skills and capabilities that are essential for delivering on customer expectations now and into the future.

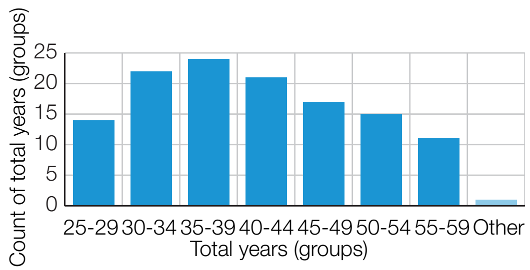
Succession plans for critical roles

Strategic appointments were made in key operational and digital functions to strengthen our capability in line with evolving business requirements, while succession plans were developed for critical roles, with 80% having identified successors.

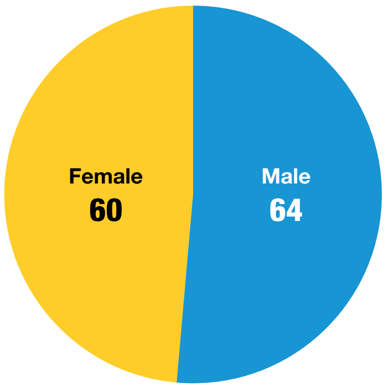
High-potential employees were included in these succession pipelines, supported by leadership development programmes, mentoring initiatives and individual development plans ("IDPs") to ensure readiness.

Human Capital snapshot

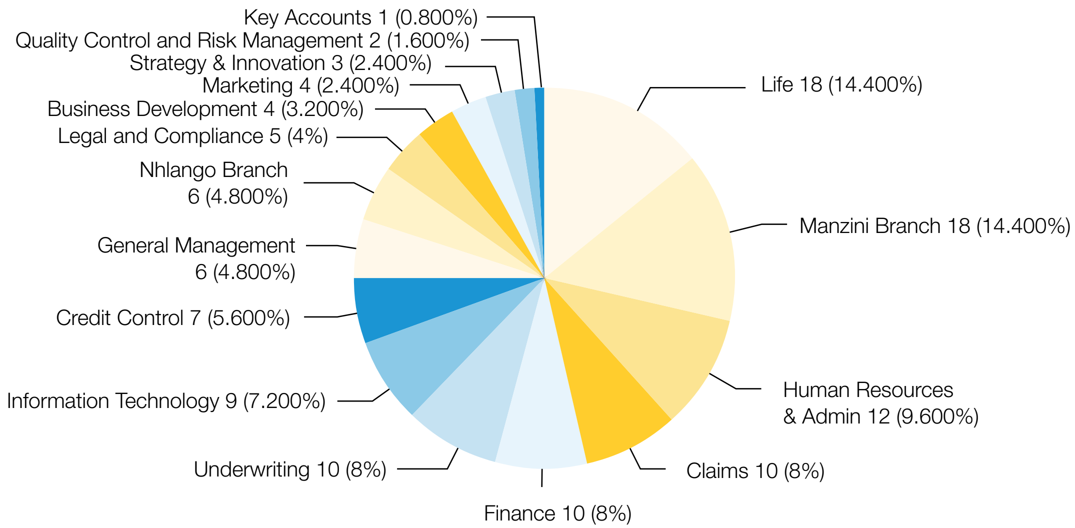
Employees by age



Employees by gender



Employee segmentation by department



Key Human Capital indicators

Attrition rate	0.800%
Performance assessments complete	100%
Internal promotion rate	5%
Policy compliance rate	100%

Balanced scorecard

The HR balanced scorecard tracks our performance across four dimensions:

Financial	Cost per hire: E7 100
	Training ROI: E10 400
Customer	Employee satisfaction rating: 58%
	Internal service ratings: within 8 hours
Internal processes	Average time to fill vacancies: 30 days
	Performance reviews: conducted every four months
	Disciplinary hearings: average 30 days
Learning and growth	Training hours per employee: 16 hours
	Leadership training participation: 32%
	Training plan adherence: 90%

Outlook and targets

Human Capital priorities for the coming year focus on strengthening organisational capability and developing a high-performance culture.

These initiatives will support responsive decision-making, delivery of strategic priorities and long-term sustainability.

- Launch a digital learning platform.
- Achieve a 90% succession coverage for critical roles.
- Reduce time-to-hire by 15% through process optimisation.
- Improve employee engagement score by 10%.

ESRIC's corporate values, honesty, integrity, innovation, responsibility and excellence, lie at the heart of these efforts, shape our culture, guide our conduct, and inform our engagement with policyholders, stakeholders and each other.

Human capital priorities

Strategic focus areas **2025**

Digital learning platform
Enabling continuous skills development through accessible, scalable digital learning infrastructure
01

Succession coverage
Strengthening leadership pipeline depth to ensure organisational continuity across critical roles
02

Time-to-hire reduction
Accelerating recruitment cycles to secure talent faster and reduce vacancy exposure
03

Employee engagement improvement
Deepening connection between people and purpose to sustain productivity and retention
04

Investing in people to drive sustained value creation

Sustainability

During the year, our primary goal from a sustainability perspective was to integrate ESG principles into our core business model.

As a statutory insurer, sustainability is directly linked to maintaining capital strength, protecting policyholders, complying with regulatory requirements and responding to evolving customer needs.

ESRIC operates in accordance with King IV principles and the Financial Services Regulatory Authority ("FSRA") requirements. A defined Board and Committee structure oversees risk and ethics, alongside a formal whistleblowing facility and a structured risk management framework.

Read more about governance on page 27.

In addition, the implementation of IFRS 17 during the year strengthened the integrity, transparency and comparability of financial reporting processes, and represented a significant regulatory reform.

Sustainability

Embedding ESG into our core business

Integrate ESG principles into our core business model

- Capital strength
- Policyholder protection
- Regulatory compliance
- Evolving customer needs

Governance architecture

- Board and Committee oversight
- Formal whistleblowing facility
- Risk and ethics governance
- Structured risk management framework

Regulatory milestone **IFRS 17**

- Financial reporting integrity
- Transparency strengthened
- Cross-entity comparability

Sustainability goals and performance

Strategic objective	Sustainability goal	Status	Evidence
Digital transformation	Reduce paper waste and improve customer transparency through technology.	Met	The launch of ESRIC's mobile app, enabled digital policy management and reduced the carbon footprint of physical branch visits.
Strategic philanthropy	Shift from donations to impact-oriented investments in health and education.	Met	Invested more than E2.600 million in over 30 organisations. Moved to a partnership model requiring accountability and progress reports from beneficiaries.
Human Capital development	Build a future-fit workforce with high ethical standards.	Met	Implemented professional development programmes and achieved high internal compliance scores with governance standards.
Market stability	Maintain industry-leading capital adequacy to protect the local economy.	Met	Retained a dominant market share in the long-term insurance sector despite rising industry loss ratios.

Met

Socio-economic environment performance

Category	Primary driver	Status
Resources	Digitisation of claims and client services.	Improving
E-Waste	Refurbishment and donation of hardware to schools.	Met
Governance	Full King IV compliance	Exceeded
Investment	High domestic capital mobilisation and local wealth creation.	Met

Year-on-year improvements

Financial sustainability is likewise linked to profitable underwriting and capital management. Despite rising industry loss ratios in late 2024, ESRIC recorded year-on-year improvements in performance metrics and we maintained our leadership position in the long-term insurance sector.

We continue to monitor capital adequacy and liquidity, claims trends and exposure to risk, making certain that we hold sufficient capital reserves to cover future claims.

Read more about our performance on page 15.

Weather-related claims were identified as a material issue during the reporting period. Catastrophe reinsurance treaties ("CAT") were put in place, and treaty capacity and premium rates based on catastrophe loss experience are periodically reviewed.

Read more about risk and governance on pages 21 and 27 respectively.

Digital enablement

Digital capability supports operational resilience and customer accessibility. During the year, the Corporation advanced digital platforms, boosting efficiency and client access to policy information and services.

Read more about Information Technology on page 17.

Human Capital development

Attracting, developing and retaining skilled employees remains a sustainability priority. We continue to invest in professional development programmes to support long-term capability within the organisation.

Read more about Human Capital on page 17.

Environmental considerations

Operational sustainability initiatives focused primarily on digitisation and resource efficiency. Increased digital processing eased reliance on paper-based systems, and E-waste targets were realised through the refurbishment and donation of hardware to schools.

Corporate social contributions

CSI focuses on: education, health and social welfare, SME development and entrepreneurship, sports, arts and culture, and strategic alliance and business partners.

Read more about corporate social investment on page 20.

Outlook

In the short term, the Corporation will continue to improve customer experience and operational efficiency through digital platforms. In the medium to long term, further system development is expected to deliver end-to-end processing to reduce reliance on physical documentation and branch visits, and reduce our carbon footprint.

Financial resilience, regulatory compliance, digital capability, employee development and community contribution will remain a priority.

The 2024 financial year closed out our three-year strategic cycle on a high note. The Corporation met its financial and social targets, effectively using its CSI programme as a tool for sustainable development.

Sustainability outlook

SHORT-TERM 2025

- Customer experience improvement through digital platforms
- Operational efficiency gains

MEDIUM TO LONG-TERM 2026+

- End-to-end digital processing
- Reduced reliance on physical documentation and branch visits
- Carbon footprint reduction

Sustainability as institutional resilience – capital, compliance, capability

Corporate social investment

Our corporate social investment ("CSI") programme prioritises long-term partnerships with organisations to address structural social and economic needs, particularly where access to resources is limited.

Consistent community investment over the years has contributed to meaningful impact among the organisations and beneficiaries we support.

We recognise that strong, stable communities are essential to the long-term success of the country, and through consistent support across our five CSI focus areas, the Corporation is contributing to the social and economic advancement of Eswatini.

During 2024, ESRIC invested over E2.600 million (2023: E2.250 million) in CSI, supporting over 30 organisations and entities across Eswatini in health, education, sports, social welfare and SME development. These contributions align with selected United Nations Sustainable Development Goals, including health, education, decent work and partnerships.

Our five CSI focus areas

Sector	Amount E'000
Education	214
SME development & entrepreneurship	35
Health	410
Social welfare & community development	222
Sports and culture	1 738
Total	2 619

These investments align with the following United Nations Sustainable Development Goals ("SDGs"):

Education

We provided administrative equipment and resources for Maloma High School and Ekumeni Primary School, supplied Mbabane Rotary with dental materials for their dental health community outreach, and purchased office material for the winners of the Sugarcane Growers Competition who are entrepreneurs, supporting SME development. Additionally, through the UNESWA Foundation, we continued to fund tuition and allowances for a deserving student, reinforcing long-term access to tertiary education.

Health

Contributions were made to Diabetes Eswatini, the Anti-Venom Foundation, Junior Achievers and the Eswatini Breast Cancer Network. These initiatives all strengthen preventative and responsive healthcare services in local communities.

ESRIC also donated towards the intensive care unit at Mbabane Government Hospital to support critical care capacity. This partnership, initiated during the COVID-19 pandemic, continues to help provide ICU equipment and service delivery needs.

Social welfare and SME development

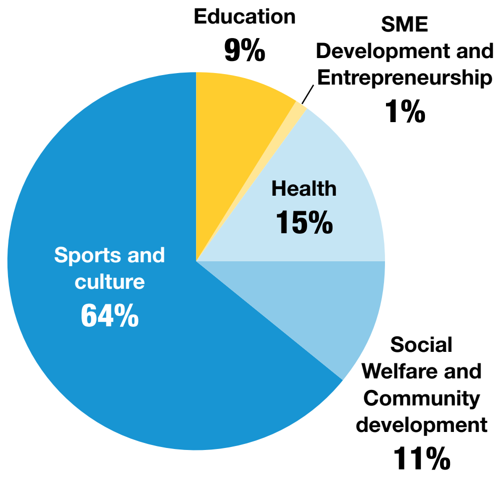
Our social welfare and community development initiatives support community-based programmes that address local development needs, and SME development and entrepreneurship initiatives contribute to enterprise growth and youth economic participation.

Sports and culture

As part of our commitment to nurture emerging local talent, ESRIC supported structured sporting platforms including the King's Cup Golf Tournament and local Eswatini National Darts Association.

In addition, we assisted the Mbabane Rotary Club Dental Outreach Programme to deliver free dental and general health services in the Shiselweni region, including Zombodze Clinic, Jericho Clinic and Eqinisweni Primary School.

Percentage contribution by sector



These targeted investments reflect ESRIC's commitment to national development and reinforce the social and economic foundations necessary for long-term sustainability.

Outlook

In the short-term, our focus is to strengthen customer experience by embedding digital platforms across the business while in the medium to long term we will further develop these systems to enable end-to-end processing, reduce reliance on physical documentation and brach visists, and reduce our carbon footprint.

Corporate social investment

Five focus areas

30+ Organisations 2024

Health | Education | Sports | Social welfare | SME development

SDG alignment: 3 Health | 4 Education | 8 Decent work | 17 Partnerships

06 Managing risk

Managing risk

Our enterprise risk management ("ERM") framework was fully integrated into the Corporation's governance and operational processes during the year.

The framework strengthens risk identification, assessment and oversight across the Corporation, and is built on five core pillars aligned with our accounting and actuarial policies.

Risk management strategy

Integration	Incorporating risk management principles into strategic planning, decision-making and day-to-day operations.
Awareness and capacity building	Promoting a culture of risk awareness through training and ongoing engagement with staff and management.
Monitoring and reporting	Enhancing processes to identify, assess, monitor and report risks in a timely and consistent manner.
Mitigation	Implementing measures to mitigate key risks and developing contingency plans for emerging threats.
Governance	Strengthening oversight by management and the Board in monitoring the Corporation's risk profile and ensuring accountability.

The link between our risk management and accounting and actuarial policies is evident in the following ways:

Valuation of liabilities	Actuarial policies guide how we measure insurance contract liabilities, taking into account underwriting, claims, lapse and mortality or morbidity risks. Risk management ensures that assumptions used in actuarial models reflect emerging risk trends.
Reserving and provisioning	Accounting policies require prudent provisioning for claims and future obligations. Risk management processes provide input on potential loss scenarios, stress testing, and capital adequacy to support accurate reserving.
Investment risk	Accounting standards and actuarial models rely on market valuations and discount rates. Risk management oversees market, credit and liquidity risks to ensure investment strategies remain aligned with policyholder obligations.
Regulatory and solvency requirements	Accounting and actuarial practices operate within regulatory frameworks, including IFRS 17 Solvency II and RBC frameworks. Risk management ensures compliance and alignment between financial reporting and capital adequacy.
Enterprise risk management	The ERM framework provides an overarching structure within which accounting and actuarial policies operate, providing consistency and transparency in financial reporting and capital management.

Risk management strategy

5 core pillars

Enterprise risk management framework

ERM framework architecture

Governance	Board & management oversight		
Integration	Strategy	Decisions	Operations
Monitoring and reporting	Identify	Assess	Report
Awareness and capacity	Culture	Training	Engagement
Mitigation	Controls	Contingency	Response

Material matters

Our material matters are those factors with the potential to significantly impact our ability to create value in the short, medium, and long term.

ESRIC operates in a dynamic environment where economic conditions, regulatory developments and market volatility impact our ability to create sustainable value and fulfil our mission to be the leading provider of insurance and related services in Eswatini, southern Africa, and beyond.

Each year, we assess key matters that could affect our business and stakeholders to address risks and opportunities proactively. In this way we guide capital allocation, risk oversight and strategic decision-making, ensuring alignment between performance, sustainability and accountability.

Read more about how we create value on page 7.

Four material matters that could substantively impact our ability to reach our goals and create long-term value were identified:

Four material matters that could substantively impact our ability to reach our goals and create long-term value

Material matters

01 Enterprise Risk Management and Governance

- ERM Embedding
- Board Oversight
- Integration with Policies

Why it's important

- Risk management underpins financial stability and sustainable.
- Disciplined underwriting, investment management and capital allocation require defined risk appetite parameters.
- Alignment between risk oversight, actuarial policy and financial reporting supports sound decision-making.
- Ongoing monitoring by management and the Board maintains accountability.

Our focus during the year

- Further embedded the ERM framework across strategic and operational processes.
- Strengthened integration between risk oversight, financial reporting and actuarial policy.
- Guided underwriting, investment and capital allocation decisions within defined risk appetite.

Capitals impacted | **Associated strategic pillars**

02 Regulatory and Financial Reporting Reform

- IFRS 17

Why it's important

- IFRS 17 – *Insurance Contracts* implementation was the most significant matter affecting the Corporation during the year.
- Although driven by regulatory reform, IFRS 17 is also a strategic sustainability priority.
- It fundamentally reshapes the recognition, measurement and disclosure of insurance contracts.
- The standard introduces a structural shift in financial reporting for insurers.
- Enhanced transparency, comparability and disclosure quality, strengthen financial reporting integrity.
- Reliable financial information supports informed decision-making and builds stakeholder confidence.

Our focus during the year

- Implemented IFRS 17 across the Corporation.
- Invested in system upgrades and reporting infrastructure.
- Strengthened data governance and actuarial modelling processes.
- Embedded IFRS 17 within operating and reporting frameworks.

Capitals impacted | **Associated strategic pillars**

03 Capital and Solvency Resilience

- Capital Adequacy
- Prudent Reserving
- Liquidity
- Investment Support

Why it's important

- Capital adequacy and solvency resilience are essential to ESRIC.
- Economic pressures, claims volatility and market movements require disciplined capital management.
- Capital strength underpins policyholder protection and regulatory compliance.
- Financial resilience supports the Corporation's ability to withstand economic volatility.

Our focus during the year

- Preserved liquidity.
- Strengthened asset-liability matching.
- Aligned underwriting, investment and reserving decisions with risk appetite and solvency objectives.
- Maintained disciplined capital management practices.

Capitals impacted | **Associated strategic pillars**

04 Market Volatility

Why it's important

- We operate in a volatile macroeconomic environment characterised by inflationary pressures, currency fluctuations and changing market conditions.
- Market volatility directly affects investment performance, claims experience, capital adequacy and stakeholder confidence.

Our focus during the year

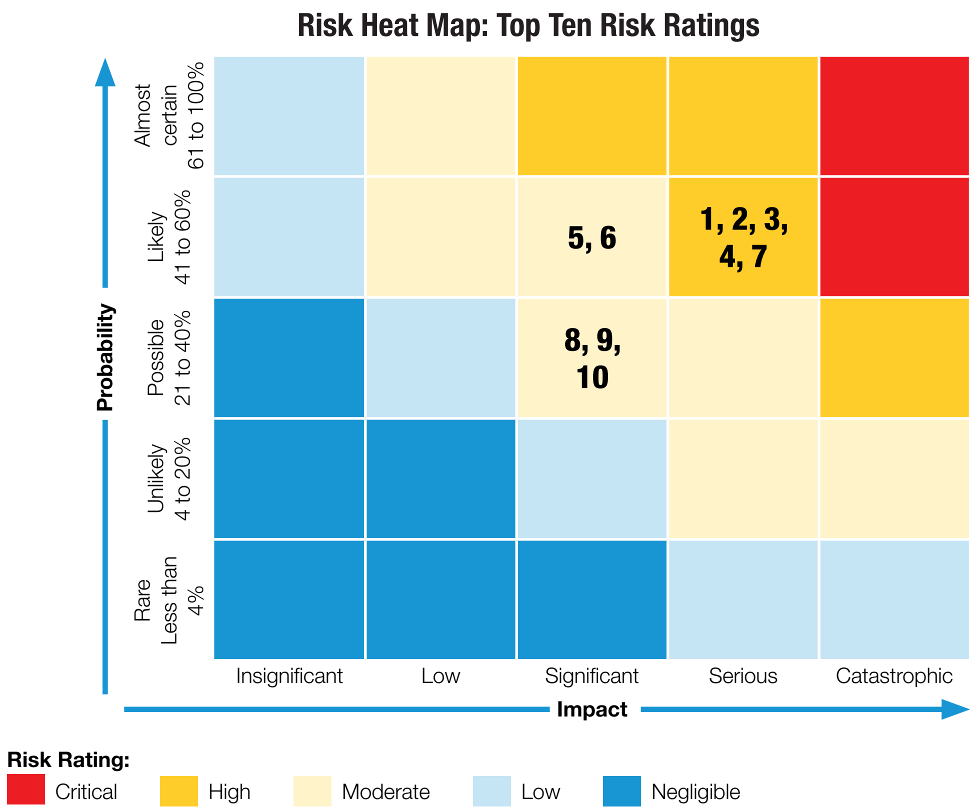
- Maintained prudent financial management.
- Emphasised disciplined oversight through ERM.
- Closely monitored capital adequacy and solvency levels.
- Drove operational efficiency to protect margins.

Capitals impacted | **Associated strategic pillars**

Our top 10 risks

Risk Rating	Risk Trend	Risk Category	Risk	Key controls	Residual Risk analysis
1	▲	Financial risk	Persistent increase in motor claims costs.	1. Sourcing spares directly from dealerships.	High
2	◀▶	Financial crime, incl anti-money laundering ("AML"); fraud and cyber	Inability to respond to cyber-attacks.	1. Kaspersky antivirus, patch management, mail gateway, MDR managed detection and response. 2. Monthly Mimecast report is generated and analysed. 3. Hourly replication to the disaster recovery site. 4. Monitoring of firewall logs and monthly monitoring of changes on the firewall. 5. Microsoft 365 security and compliance centre. 6. Network perimeter firewall 7. Patch management	High
3	◀▶	Information Technology Risk	Insufficient capability to fully leverage system functionalities.	1. Vendor engagement and continuous improvement	High
4	◀▶	Operational risk	Poor customer data quality and integrity	1. Data governance policy	High
5	◀▶	Business and Strategic	Loss of market share	1. Customer market surveys conducted periodically to understand customer needs. 2. Aggressive advertising. 3. The use of brokers and intermediaries	Moderate
6	▼	Governance and compliance	Non-compliance with the Data Protection Act	1. ESRIC has registered as a data processor/controller 2. ESRIC has appointed a data protection officer.	Moderate
7	◀▶	Strategic risk	Slow pace of digital adoption	1. Efficiency and dedication of the IT department	High
8	◀▶	People risk	Inadequate succession planning for critical roles and overreliance on specific employees.	1. Cross-training and knowledge sharing.	Moderate
9	◀▶	Environmental and social incl. global warming	Increase in weather-related claims.	1. CAT treaties in place.	Moderate
10	◀▶	Operational risk	Inadequate project management oversight.	1. An external project manager is engaged for each project.	Moderate

Risk heat map



07 Safeguarding value

Safeguarding value

Our leadership

ADVOCATE MUHAWU INNOCENT MAZIYA (60)
Chairman

PIETER BEZUIDENHOUT (64)

NICO CONRADIE (62)

ARTHUR ELS (74)

MUSA HLATSHWAYO (52)

BUSANGANI MKHALIPHI (54)

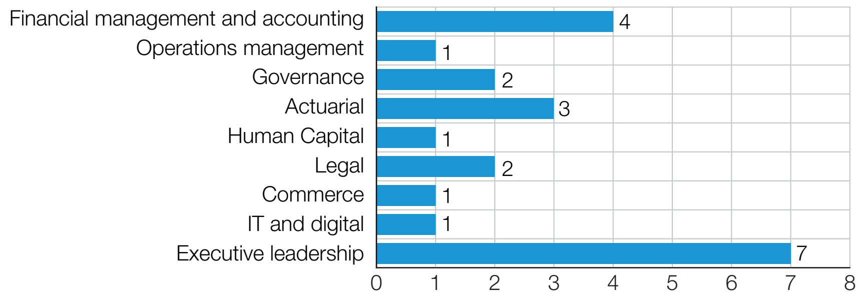
MAKHOSI NCUBE (48)

DUMISILE NGWENYA (65)

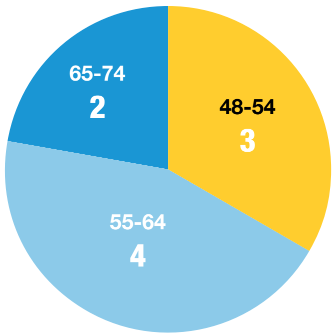
EDWARD SIPHO SITHOLE (56)

Our leadership *continued*

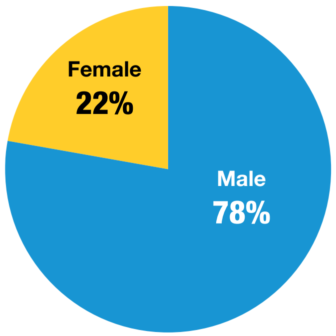
Experience and skills



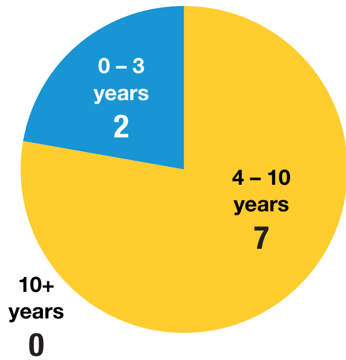
Age



Gender



Tenure



ADVOCATE MUHAWU INNOCENT MAZIYA (60)
Chairman
Appointed 1 January 2020

Dip J, Dip IR, BA Law, LLB, LLM,
Advocate Muhawu Maziya has extensive cross-sector experience spanning law, academia, insurance, sugar, ethanol, maize, financial services, regulation, alternative dispute resolution, retirement funds and corporate governance.

He has served as a Director of Nedbank Eswatini and Newera Partners, and as chair of several key institutions, including the National Maize Corporation, the Insurance and Retirement Funds Board, and the Financial Services Regulatory Authority. He has also contributed to advisory governmental committees on labour and industrial relations legislation.

In addition to his governance roles, Adv Maziya has held executive positions in organised business advocacy, marketing, production and value chain management. He is currently General Manager: Commercial at the Royal Eswatini Sugar Corporation.

PIETER BEZUIDENHOUT (64)
Appointed 1 December 2019

Hons BCompt (UNISA); CA (SA) South African Institute of Chartered Accountants (SAICA); CISA – Certified Information Systems Auditor (EDP Auditors Foundation); HCI – Licentiate Member (Insurance Institute of South Africa)
Mr Bezuidenhout completed his articles with Deloitte, rising to Audit Manager, before being transferred to Deloitte (UK) where he specialised in computer security and consulting. He later returned to Deloitte (SA) as Audit Manager, before moving to Spar as Group Accountant and later Divisional Financial Manager.

He was subsequently recruited by Exatrade Commodities, where he sits on the Main Board as well as on several subsidiary Boards, and is responsible for finance. He was appointed Chief Financial Officer at Mutual & Federal in 1999, before joining Zurich in 2009, as Chief Financial Officer/Finance Director.

In addition to his role on the ESRIC Board, Mr Bezuidenhout also serves on the Boards of Eagle Insurance (Mauritius), Zurich Pension Fund, and Nedbank Insurance Company.

NICO CONRADIE (62)
Appointed 1 June 2016

BSc (Cum Laude) (University of Stellenbosch); BSc (Hons), Theoretical Physics (University of Stellenbosch); MSc (Cum Laude), Reactor Physics (University of Potchefstroom)
Mr Conradie was employed at Munich Reinsurance Company in various management roles in South Africa and Australia, where he also later served on the Executive management team. He is currently Member of Executive: Life.

ARTHUR ELS (74)
Appointed 1 January 2020

BSc (Hons) degree in Mathematics (University of the Witwatersrand); Fellow of the Actuarial Society of South Africa; Certified Enterprise Risk Actuary (CERA); CFA Charterholder; CAIA Charterholder
Mr Els began his career as a product development actuary at the Prudential Insurance Company in Johannesburg before joining consulting actuaries JA Carson & Partners as a partner, where he gained extensive experience as a retirement fund valuator and statutory actuary to insurance companies.

Between 1998 and 2003, he served as Branch Director at Alexander Forbes, leading a team of actuarial staff and overseeing a portfolio of clients. In 2004, he established his own consulting actuarial firm, providing independent actuarial services for a number of Top 100 companies in South Africa.

This firm merged with Genesis Actuarial Solutions in 2014 to form SNG-ARGEN Actuarial Solutions. Mr Els retired from SNG-ARGEN in 2019 and is currently an independent chairperson of trustees of several retirement funds and an independent Non-Executive Director of various insurance companies. He also lectured part-time to fourth-year actuarial students at the University of the Witwatersrand until 2021.

MUSA HLATSHWAYO (52)
Appointed 1 September 2022

CA (SD); FCMA; CGMA; Msc; SBM
Mr Hlatshwayo is a chartered accountant with over 15 years of experience in all financial disciplines. He is the current Director of Investment at the Public Service Pensions Fund ("PSPF"), having previously held the position Investment Monitoring Manager.

Our leadership *continued*

He was seconded by the PSPF to Ezulwini Reinsurance Company Limited for 18 months as Acting General Manager.

Prior to joining PSPF, Mr Hlatshwayo was the Audit and Consultancy Manager at Ndallahwah and Company Chartered Accountants. He was previously a consultant at A-Cubed Management Consultants (SA) and was General Manager and Financial Analyst at several cooperatives in Eswatini.

Mr Hlatshwayo serves on the boards of a number of organisations in Eswatini.

BUSANGANI MKHALIPHI (54)
Appointed 1 February 2018

International MBA (National Chengchi University – Taiwan); BCom, Accounting (UNESWA); Diploma in Accounting Studies (UNESWA)

Ms Mkhaliphi serves as Director, Public Enterprise Unit ("PEU") in the Eswatini Ministry of Finance. Her responsibilities include setting and monitoring performance targets for category A public enterprises; contributing to the preparation of reports; and advising the standing committee on financial policy.

Ms Mkhaliphi attends Board meetings of selected enterprises, administers the Public Enterprise Loan Guarantee Fund, and coordinates and monitors corporate governance training for the Boards of Directors of public enterprises. She also advises on restructuring, commercialisation and privatisation matters and on the development of performance models for all public enterprises.

MAKHOSI NCUBE (48)
Appointed 1 April 2023

Master of Commerce in Financial Management (UCT); Fellow of the Actuarial Society of South Africa (2006); Postgraduate Diploma in Actuarial Science (UCT); Bachelor of Commerce in Actuarial Science (NUST)

Mr Ncube has actuarial experience across the financial sector in Africa. He currently holds the position of Rest of Africa Actuary at Old Mutual Limited Rest of Africa within the Corporate Segment, Central Actuarial, OMLAC (Kenya).

He previously held actuarial roles at Namibia Retail Affluent, Retail Mass Market and Personal Finance.

Earlier in his career he worked at FMI, a division of Bidvest Financial Services, and lectured Actuarial Science at the University of Cape Town.

Mr Ncube has also served as Treasurer and member of the governing body of Pinelands North Primary School in a voluntary capacity.

DUMISILE NGWENYA (65)
Appointed 15 May 2017

MSc, Leadership and Change Management (Leeds Metropolitan University); ACCA – UK (Zambia College of Accountancy Studies); BCom Accounting (UNISWA); Diploma in Commerce (UNISWA); Diploma in Accounting and Business Studies (UNISWA); Certificate in Accounting and Business Studies (UNISWA)

Mrs Ngwenya has held a range of senior accounting positions in the Eswatini public service, including roles in the Department of Customs and Excise, the Central Transport Administration ("CTA"), and the Ministry of Agriculture. She also served as Principal Accountant in the Treasury Department's Fraud and Losses Section.

Mrs Ngwenya later became Chief Financial Officer at the National Maize Corporation ("NMC"), where she oversaw the preparation of financial statements, audit processes, financial advice, cashflow management, investment appraisal, and human resources.

She was appointed Deputy Accountant General in 2014 and then Accountant General in 2017. Mrs Ngwenya has also served as a Council member at Eswatini Institute of Accountants.

EDWARD SIPHO SITHOLE (56)
Appointed 1 January 2020

BA (UNISWA); Postgraduate Diploma in Business Management (University of Natal); MBA in Strategic Human Resources Management (University of Natal)

Mr Sithole has extensive experience in people management, strategy, and general management. He has occupied leadership roles in the FMCG (beverages) industry, textile manufacturing, financial services, and in state-owned entities. He previously held the position of Head of Corporate Services at the Eswatini Revenue Authority.

Most recently he was Head of Human Resources and Strategy at Nedbank (Eswatini).

Our general management team

ZAMOKUHLE NGCOBO (54)
General Manager

MDUDUZI DLAMINI (55)
Assistant General Manager

MUSA SIMELANE (56)
Assistant General Manager, Corporate Services

SABELO MOTSA (52)
Assistant General Manager Non-Life

ZAMOKUHLE NGCOBO (54)
General Manager

BA, Social Science – Economics and Statistics (UNESWA); ACII (Insurance Institute of South Africa)

Appointed to his current position in January 2014, Mr Ngcobo leads the Corporation's strategic direction. He is responsible for the development and implementation of corporate strategy, driving long-term sustainability and value for all stakeholders. In his previous role as Assistant General Manager Non-Life, Mr Ngcobo brought extensive operational insight to ESRIC.

Mr Ngcobo is accountable for fostering a high performance culture, providing strategic guidance to the executive management team, and ensuring the optimal use of the Corporation's human and financial capital to support its mandate. Under his leadership, ESRIC has prioritised the integration of sound corporate governance with operational effectiveness across the Corporation.

MDUDUZI DLAMINI (55)
Assistant General Manager

Life Insurance & Finance- BCom, AAT Level 111 (UNESWA)

Mr Dlamini's extensive experience in finance, audit and risk management make him a vital pillar of the ESRIC's executive leadership.

He began his career at Deloitte (Eswatini), overseeing complex audits, before joining ESRIC as Assistant Finance Manager. He was subsequently appointed Risk Management and Quality Control Manager. He progressed to Finance Manager, a position he held between 2007 and 2009, before assuming the role of Assistant General Manager.

MUSA SIMELANE (56)
Assistant General Manager, Corporate Services

BA, Law (UNESWA); LLB (UNESWA); COP in Life Assurance

Mr Simelane joined ESRIC in 1996 and has built a career across the Life and Non-Life divisions. He served as Claims Administrator for 10 years before taking over a leadership role in the Underwriting and Claims Department. He has deep intuitional knowledge across key operational areas of the business.

Mr Simelane was appointed Assistant General Manager Non-Life in 2016, and promoted to his current role as Assistant General Manager Corporate Services in 2023.

SABELO MOTSA (52)
Assistant General Manager Non-Life

MBA (UNISA), Post Grad Degree in Business Admin, Advanced Diploma in Insurance, BCom Accounting

Mr Motsa began his career in the retail sector, where he built a strong foundation in financial management as an Accountant and Financial Controller. He joined ESRIC in 2002, progressing through various underwriting roles, including Senior Underwriter and Underwriting Administrator.

He was appointed Manzini Branch Manager in 2012 and subsequently to Underwriting Manager. In 2023. Mr Motsa assume his current position in 2023.

Governance

Governance framework

Sound governance is fundamental to our sustainability, financial resilience and regulatory compliance.

While there were no changes to the governance structure during the reporting period, the transition from IFRS 4 to IFRS 17 represented a significant regulatory development that required focused oversight at Board and management level.

The Board remains committed to the highest standards of corporate governance, applying the principles of King IV to inform ESRIC's governance approach. It is currently developing a comprehensive governance framework to ensure that governance decisions are robust, responsive, and aligned with best practice.

Ethical leadership is supported through a formal vetting process for directors and ongoing declarations of conflicts of interest at Board meetings. Corporate citizenship is reflected in the Board-approved CSI budget, while sustainable performance is monitored through the Board and its committees, in accordance with their respective charters. These structures support oversight of performance, risk, compliance and effective control.

Our Board of Directors

The Board

The Board is the custodian of governance. It guides us in fulfilling our mission to be the foremost provider of insurance and related services.

Meeting dates
9th April 2024, 4th July 2024, 20th September 2024, 12th December 2024
Key Board focus areas in 2024: During the year, the Board focused on the following key areas that underpin the execution of our strategy: The composition, collective skills and experience of the Board are outlined on page 25.

- **Mr Muhawu Maziya** (Chairman)
- **Mr Pieter Bezuidenhout**
- **Mr Nicolaas Conradie** – Absent for the 4th July meeting
- **Mr Edward Sithole**
- **Mr Arthur Els**
- **Mrs Dumsile Ngwenya**
- **Ms Busangani Mkhaliphi** – Absent for the 20th September meeting
- **Mr Musa Hlatshwayo** – Absent for the 4th July meeting
- **Mr Makhosi Ncube**

Key:
- Eswatini Government
- Eswatini Royal Sugar Corporation (RES Corp)
- Cougar Investment Holding Company Limited
- Public Service Pensions Fund
- Munich Reinsurance Company of Africa Limited

ESRIC is governed by a unitary Board constituted in accordance with the Eswatini Royal Insurance Corporation Order and its Articles. The Board is structured in line with statutory requirements, ensuring a balance of authority and effective oversight.

The Board oversees strategy, risk management, and compliance, and ensures that robust internal controls and enterprise-wide risk management systems are in place. It sets the tone for ethical leadership and is ultimately accountable for the Corporation's performance, integrity and long-term sustainability. As part of its governance oversight responsibilities, the Board conducted performance evaluations during the year.

Governance structure

Corporate governance framework

Board of directors
Unitary board ▪ Custodian of governance
4+ MEETINGS Per Year

▶ King IV ▶ Ethical leadership ▶ IFRS 17 ▶ Corporate citizenship

Board committees

Audit	ALMIC	RCC	REMCO
Audit Committee	Asset Liability Matching and Investment Committee	Risk and Compliance Committee	Remuneration and Nomination Committee

Oversight ▶ Strategy ▶ Risk ▶ Compliance ▶ Performance ▶ Controls

Sustainability ▪ Financial Resilience ▪ Regulatory Compliance

Governance responsibilities

The Board ensures that effective corporate governance processes are established and maintained in alignment with the principles of King IV. It approves governance disclosures contained in the integrated annual report and assesses the effectiveness of its committees.

The Board undertakes to present a fair, balanced and transparent assessment of the Corporation's financial, environmental, social and governance performance and outlook in the integrated annual report and related disclosures.

Board committees

The number and structure of Board committees are proportionate to the size and complexity of the Corporation. Committees operate under formally approved charters and report to the Board, which retains ultimate decision-making authority unless specific powers are formally delegated.

Committee membership is drawn from Board members, although external specialists may attend meetings where required.

The Audit, Risk and Compliance Committee ("ARC") assists the Board in fulfilling its oversight duties, including the review of financial reporting, risk management and internal control systems. The ARC approves the annual internal audit plan and monitors the effectiveness of the internal audit function.

Internal and external audit

The Corporation maintains an independent internal audit function operating under an approved Internal Audit Charter. The internal audit function reports to the ARC and works in conjunction with management.

The Board maintains formal and transparent arrangements governing the appointment and oversight of both internal and external auditors.

Board composition and appointments

The Board consists of nine members, including the Chairman, as well as other officers and staff the Board deems necessary. The Chairman has a deliberative and casting vote, although a Chairman appointed to act in the absence of the Chairman has only a deliberative vote.

Six Directors are appointed by the Minister, while four are elected at a general meeting convened in accordance with the Articles of Association of the Corporation. Government does not participate in voting for the elected Directors.

Directors are appointed for terms not exceeding three years, as determined at the time of appointment. The Corporation follows a formal and transparent process based on merit, for the appointment, election, induction and re-election of Directors, taking into account skills, experience, independence and diversity considerations.

Directors may accept appointments to other boards, provided such appointments are disclosed and do not create conflicts of interest.

Induction and succession

New Directors undergo a structured induction programme coordinated by the Company Secretary. The induction covers governance processes, decision-making protocols, legal responsibilities and the expectations of Board membership. Directors are expected to assess their own knowledge and address any identified development needs.

A succession plan is in place for the Chairman, the General Manager and other senior management, taking into account regulatory requirements and the long-term strategic needs of the Corporation. The succession plan is a key success factor for the Remuneration and Nomination Committee.

Board meetings and stakeholder engagement

The Board meets at least four times per year, or more frequently where necessary. All Board members are required to attend Board meetings. Should any Director wish to call a meeting, he or she instructs the Company Secretary who gives notice of the meeting.

The Chairman may meet with the General Manager and the Company Secretary before meetings to finalise agendas and address key matters.

A General Meeting of the Corporation is held annually, at a time and place determined by the Board, with no more than fifteen months between successive meetings.

The Board is responsible for enabling appropriate dialogue with shareholders and other stakeholders and for considering stakeholder interests within the context of the Corporation's mandate and objectives.

Board Committees

The Board appoints committees from among its members and delegates specific responsibilities to the committees under formally approved terms of reference. The Board retains ultimate accountability and may amend or revoke delegated authority where appropriate.

The committees operate within the scope of their delegated mandates and report regularly to the Board, which monitors and evaluates their activities and performance.

Asset Liability Matching and Investment Committee ("ALMIC")

The committee is constituted as a standing committee of the Board. It met four times during the year under review.

Mandate

Oversee asset and liability management, investment strategy and performance, liquidity, solvency and related financial risks.

Meeting dates

8th April 2024, 3rd July 2024, 19th September 2024, 11th December 2024

Role

To oversee asset and liability management and investment performance, ensuring that investment strategies are aligned with the liability profile, risk appetite and solvency requirements of the Corporation.

Responsibilities

- Review and assess strategic investments.
- Monitor financial risks, including liquidity, interest rates, capital solvency, asset and liability matching risk, and market risk.
- Oversee asset and liability management to ensure alignment between investment strategy and liability obligations.
- Monitor investment performance against approved mandates and benchmarks.

Focus area FY2024: Strategic investments and overall performance of the Corporation's investment portfolio.

- **Mr Arthur Els** (Chairman)
- **Mr Pieter Bezuidenhout**
- **Ms Busangani Mkhaliphi**
- **Mr Makhosi Ncube**

Audit Committee

The Audit Committee is a statutory committee of the Board and is subject to the provisions of the Insurance Act 2005, King's Order-in-Council 1973, Eswatini Royal Insurance Corporation Articles of Association. The committee met four times during the year

Mandate

Oversee risk management, internal and external audit, the combined assurance model, internal controls, and the integrity of financial and integrated reporting.

Meeting dates

8th April 2024, 3rd July 2024, 19th September 2024, 11th December 2024

Role

To assist the Board in discharging its responsibilities relating to the safeguarding of assets, the effectiveness of internal control systems, risk management, governance processes, and the integrity of financial and integrated reporting, in compliance with applicable legal and regulatory requirements and accounting standards.

Responsibilities

- Review the integrity of the integrated report and Annual Financial Statements, including the underlying controls, processes and assumptions used in their preparation.
- Oversee the Corporation's risk management framework, policies and practices, and monitor the implementation of the risk management plan.
- Assess the adequacy and effectiveness of risk management, internal control systems and governance processes.
- Review key risk exposures and the processes in place to identify, assess, manage and monitor risks, including compliance and whistleblowing matters.
- Oversee internal audit, external audit and the combined assurance model.
- Assist the Board in fulfilling its oversight responsibilities relating to information technology governance and controls.

Focus area FY2024: IFRS 17 implementation; AFS and integrated reporting; internal and external audit; internal controls; IT governance.

- **Mr Pieter Bezuidenhout** (Chairman)
- **Mr Arthur Els**
- **Mrs Dumsile Ngwenya**
- **Mr Musa Hlatshwayo** – Absent for the 19th September meeting

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Risk and Compliance Committee ("RCC")

The RCC is constituted as a statutory committee of the Corporation, established in accordance with the Insurance Act of 2005, the King's Order-in-Council of 1973, the Eswatini Royal Insurance Corporation Articles of Association, and other applicable laws and regulatory requirements. The Committee met four times during the year.

Mandate
Oversee and monitor enterprise-wide risk and compliance and the effectiveness of the risk management framework.

Meeting dates
8th April 2024, 3rd July 2024, 19th September 2024, 11th December 2024

Role
To provide oversight of enterprise-wide risk and compliance in accordance with the Enterprise Risk Management Framework ("ERMF"), and to assist the Board in ensuring that key risks are identified, assessed, managed and monitored. The Committee has no executive or operational responsibilities.

Responsibilities
- Oversee the Corporation's risk management and compliance frameworks, policies and practices.
- Monitor ESRIC's risk profile, including strategic, financial, credit, market, liquidity, operational, IT, legal, regulatory and reputational risks.
- Review the adequacy and effectiveness of risk management processes, internal control systems and risk mitigation strategies.
- Monitor risk concentrations and emerging risks that may impact the Corporation.
- Receive reports on compliance with applicable laws, regulations, and actuarial and accounting standards.
- Oversee fraud risk management and whistleblowing processes.
- Facilitate appropriate communication on risk and compliance matters between the Board, management, auditors, regulators and shareholders.

Focus area FY2024: Oversight of cybersecurity; review and strengthening of comprehensive and robust governance framework; corporate governance and risk management training.

- **Mr Nicolaas Conradie** (Chairman) – Absent on the 3rd July
- **Mr Edward Sithole**
- **Ms Busangani Mkhaliphi**
- **Mr Makhosi Ncube**

Remuneration and Nomination Committee ("REMCOM")

The RemCom is constituted as a committee of the Board. The committee met twice during the year.

Mandate
Oversee remuneration, performance management, and Board and executive appointments and succession.

Meeting dates
4th July 2024, 12th December 2024

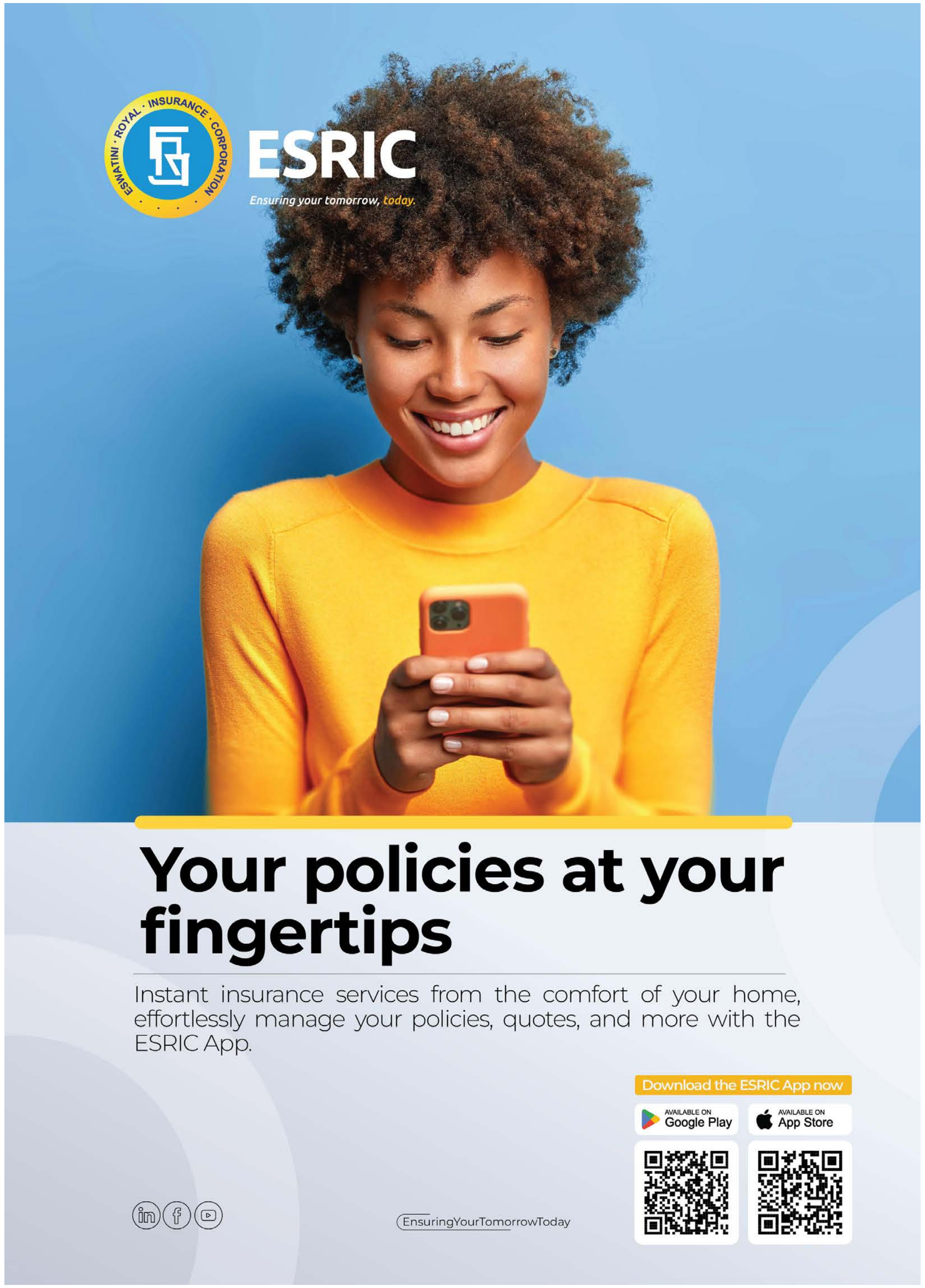
Role
To assist the Board in ensuring that directors, management, and employees are fairly and responsibly remunerated; that remuneration practices support the Corporation's strategic objectives and long-term sustainability; and to make recommendations to the Board on executive appointments, succession planning and performance evaluation.

Responsibilities
- Review and determine the Corporation's remuneration policy and oversee its implementation across the organisation.
- Ensure that remuneration practices are fair, responsible and aligned with the Corporation's strategic objectives, individual performance and affordability.
- Approve remuneration structures, salary increases and incentive frameworks for executives and general management.
- Ensure that remuneration disclosure is accurate, transparent and compliant with applicable requirements.
- Oversee the nomination, induction, succession planning, ongoing development, and performance assessments of Directors.
- Oversee the evaluation of the performance of the Board, its committees, executives and general management.

Focus area FY2024: Further enhance industrial relations; leadership development remuneration and performance management; succession planning.

- **Mr Edward Sithole** (Chairman)
- **Mr Nicolaas Conradie**
- **Mrs Dumsile Ngwenya**
- **Mr Musa Hlatshwayo**

Key:
- Eswatini Government
- Cougar Investment Holding Company Limited
- Public Service Pensions Fund
- Munich Reinsurance Company of Africa Limited



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General information

for the year ended 31 December 2024

The Board of Directors consisted of the following members during the year:

Mr M Maziya	Chairman
Mr A Els	Member
Mr N Conradie	Member
Mr E Sithole	Member
Mr P Bezuidenhout	Member
Ms D Ngwenya	Member
Ms B Mkhaliphi	Member
Mr M Ncube	Member
Mr MS Hlatshwayo	Member

Executive management:

Mr Z Ngcobo – General Manager
Mr M B Dlamini – Assistant General Manager – Life and Finance
Mr M Simelane – Assistant General Manager – Corporate Services
Mr S Motsa – Assistant General Manager – Non life

Registered office:

Postal	Physical
Eswatini Royal Insurance Corporation	Insika House
P O Box 917	Somhlolo Road
Mbabane, Eswatini	Mbabane
H100	Eswatini

Actuaries:

Deloitte & Touche	Actuarial & Insurance Solutions
Deloitte Place	The Woodland
Private Bag X6	Building 33, 2nd floor
Gallo Manor, 2052	20 Woodlands Drive
Gauteng	Woodmead, Gauteng
South Africa	South Africa

Auditors:

PricewaterhouseCoopers	Rhus Office Park
P O Box 569	Kal Grant Street
Mbabane, Eswatini	Mbabane
H100	Eswatini

Bankers:

First National Bank of Eswatini Limited
Nedbank Eswatini Limited
Standard Bank Eswatini Limited
Swaziland Building Society
Eswatini Development and Savings Bank

Investment managers:

African Alliance Eswatini Management Company Limited
Stanlib Asset Management Limited
SANLAM Asset Management Limited
Allan Gray Asset Managers
Ninety-One Limited
M&G Investments
Alexander Forbes

Subsidiary of the Corporation

The Corporation has the following subsidiary:

Eswatini Re Limited	100%

Statement of responsibility by the Board of Directors

for the year ended 31 December 2024

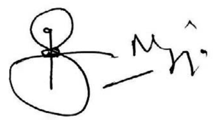
The Directors are responsible for the preparation, integrity and fair presentation of the financial statements of Eswatini Royal Insurance Corporation. The financial statements presented on pages 34 to 84 have been prepared in accordance with IFRS® Accounting Standards, and include amounts based on judgements and estimates made by management.

The Directors are also responsible for the Group's system of internal financial control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and system has occurred during the year under review.

The going concern basis has been adopted in preparing the financial statements. The Directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the Group.

The financial statements have been audited by the independent auditors, PricewaterhouseCoopers, who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and committees of the board. The Directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The audit report of PricewaterhouseCoopers is presented on pages 31 to 32. The financial statements were approved by Board of Directors and are signed on its behalf by:



CHAIRMAN

24/02/2026
DATE

GENERAL MANAGER

24/02/2026
DATE

Independent auditor's report

To the Shareholders of Eswatini Royal Insurance Corporation

pwc

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Eswatini Royal Insurance Corporation (the Corporation) and its subsidiary (together the Group) as at 31 December 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

Eswatini Royal Insurance Corporation's consolidated and separate financial statements set out on pages 34 to 84 comprise:

- the consolidated and separate statements of financial position as at 31 December 2024;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Eswatini. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Eswatini.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document(s) titled "Eswatini Royal Insurance Corporation Consolidated and Separate Financial Statements for the year ended 31 December 2024". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report *continued*

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Partner: Makhosazana Mhlanga
Registered Auditor
P.O. Box 569
Mbabane
24 February 2026

Report of the statutory actuary – life business

for the year ended 31 December 2024

Certification of financial position

I hereby certify that:

- The valuation on the statutory basis of the Eswatini Royal Insurance Corporation as at 31 December 2024, the results of which are summarised below, has been conducted in accordance with the Actuarial Society of South Africa Standards of Actuarial Practice 104;
- Assets exceeded liabilities plus the Capital Adequacy Requirements at the valuation date;
- In my opinion the Group is financially sound at the valuation date and is expected to remain so for the foreseeable future.

Statement of assets, liabilities, excess assets and capital requirements

	31 Dec 2024 E'm	31 Dec 2023 E'm
Total value of assets, net of reinsurance	**2 776.4**	2 498.0
Total value of liabilities as per statement of financial position	**(2 518.7)**	(2 246.5)
Value of policy liabilities as per statement of financial position	**(2 410.5)**	(2 140.0)
Current and other liabilities as per statement of financial position	**(108.2)**	(108.9)
Excess Assets	**257.7**	251.5
Capital Adequacy Requirements (CAR)	**134.6**	122.6
Ratio of Excess Assets to CAR	**1.9**	2.0

Although the Insurance Act of 2005 requires that a statutory actuarial valuation be performed, no methodology is prescribed. The statutory valuation basis has therefore been set so that it is equivalent to the published reporting basis, except that the reinsurance asset in the published results is set off from policy liabilities for statutory reporting purposes.

Analysis of change in excess assets on published reporting basis

The excess of the value of assets over the value of liabilities has changed as follows over the reporting period:

	31 Dec 2024 E'm	31 Dec 2023 E'm
Excess Assets as at end of the year	**257.7**	251.1
Excess Assets as at beginning of the year	**(251.1)**	(315.9)
Change in Excess Assets over the year	**6.6**	(64.8)

Changes in published reporting valuation methods or assumptions

There were no model changes during this valuation.

Report of the statutory actuary – life business *continued*

Published reporting valuation methods and assumptions

Insurance contracts

In general, the Statutory Valuation Method (SVM) method used in the past and described in Standard of Actuarial Practice (SAP) 104 of the Actuarial Society of South Africa has been used to establish the solvency of the fund. The SVM methodology requires that insurance policies be valued as:

- the discounted value of expected future cash flows;
- calculated using best estimate assumptions;
- with an addition for compulsory margins prescribed by SAP 104; and
- additional discretionary margins, if required, to reflect specific areas of risk or to ensure appropriate recognition of profit.

The impact of future voluntary premium increases is ignored because they would result in a reduction to the liability.

For some of the smaller product classes, approximate methodologies have been applied. The methodology for valuing such contracts is as follows (unchanged from the previous year):

- In the case of single premium Level Term Assurance a reserve of 95% of the unearned portion of the single premium was set up;
- In the case of Disability Benefits with premiums payable annually or more frequently a reserve of 80% of one year's office annual premium was set up;
- In the case of Double Accident Benefits with premiums payable annually or more frequently a reserve of 80% of one year's office annual premium was set up;
- In the case of Group Life Assurance a reserve was set up of 95% of the unexpired proportion of the premium net of reinsurances;
- In the case of Group Funeral Assurances with premiums payable annually or more frequently a reserve was set up of 85% of the unexpired proportion of the premium;
- A reserve for claims incurred but not reported (IBNR) has been established in respect of the Group Life, group funeral and the level term assurance business. This reserve is 3 months' worth of premium income.

The Bonus Stabilisation Reserve (BSR) represents the excess of historical investment returns over bonuses declared allowing for the supportability of the bonus rates by the investment returns in future. This is a surplus that is available for distribution as a bonus to the policyholders in the future and can be used to help maintain future bonus levels should investment returns in future years deteriorate to a level below the desired bonus rate.

Methodology for valuing Investment Contracts with DPF

Eswatini Royal Insurance Corporation has classified its Smoothed Bonus Deposit Administration business as investment contracts with discretionary participation features (DPF). The liability in respect of this business is valued as the historical contributions received less charges rolled up at actual historical declared bonus rates (vesting and non-vesting). This methodology is unchanged from previous years.

A BSR is also set up in respect of this business as the excess of historical investment returns over bonuses declared.

Statutory capital adequacy requirements

Since Eswatini law does not prescribe a minimum free capital level, the previous version of SAP104 has been applied.

The statutory capital adequacy requirements have been calculated in accordance with section 6 of SAP104 of the previous version. For the purpose of grossing up the intermediate ordinary capital adequacy requirements (IOCAR) to determine the ordinary capital adequacy requirements (OCAR), an assumed cash holding has been used. The management action available to reduce the OCAR requirement is the removal of part of the non-vested bonuses, the removal of terminal bonuses.

The ordinary capital adequacy requirement (OCAR) exceeded the termination capital adequacy requirement (TCAR), and thus the capital adequacy requirements have been based on the OCAR.

Mark Harrison
Statutory Actuary
1 July 2025

Consolidated and separate statements of comprehensive income

for the year ended 31 December 2024

	Notes	Group 2024 E	Group 2023 E	Corporation 2024 E	Corporation 2023 E
Insurance revenue	5	**772 597 211**	748 675 747	**772 597 211**	740 216 080
Insurance service expenses from insurance contracts issued	6	**(497 687 209)**	(369 945 928)	**(487 466 765)**	(362 210 869)
Insurance service result from insurance contracts issued		**274 910 002**	378 729 819	**285 130 446**	378 005 211
Allocation of reinsurance premiums paid	7	**(168 918 933)**	(168 880 577)	**(173 120 730)**	(162 311 816)
Amounts recovered from reinsurers	7	**(1 505 905)**	14 249 536	**(2 357 920)**	13 688 581
Net expense from reinsurance contracts held		**(170 424 838)**	(154 631 041)	**(175 478 650)**	(148 623 235)
Insurance Service Result		**104 485 164**	224 098 778	**109 651 796**	229 381 976
Interest income from financial investments not measured at FVTPL		**9 195 182**	9 195 308	**9 017 922**	8 471 768
Net gains on FVTPL financial investments	13	**365 297 657**	257 499 245	**363 246 671**	256 883 431
Net gains from fair value adjustments to investment properties		**800 000**	1 100 000	**800 000**	1 100 000
Rental income from investment properties		**9 855 941**	10 629 332	**9 855 941**	10 629 332
Net investment income		**385 148 780**	278 423 885	**382 920 534**	277 084 531
Finance expense from insurance contracts issued	8	**(299 049 268)**	(153 417 408)	**(299 324 194)**	(153 028 993)
Finance income from reinsurance contracts held	8	**517 868**	375 706	**517 868**	375 706
Total insurance finance expenses		**(298 531 400)**	(153 041 702)	**(298 806 326)**	(152 653 287)
Other income		**12 623 617**	12 710 699	**12 623 617**	12 710 699
Other expenses	12	**(46 970 834)**	(71 595 884)	**(44 939 211)**	(70 482 031)
Profit before income tax		**156 755 327**	290 595 776	**161 450 410**	296 041 888
Income tax expense	14	**(60 071 038)**	(80 459 301)	**(61 362 186)**	(81 956 982)
Profit for the year		**96 684 289**	210 136 475	**100 088 224**	214 084 906
Other comprehensive income					
Loss on revaluation of land and buildings	28	**(235 396)**	(167 472)	**(235 396)**	(167 472)
Total comprehensive income for the year		**96 448 893**	209 969 003	**99 852 828**	213 917 434

* *The above Consolidated and Separate statements of comprehensive income should be read in conjunction with the accompanying summary of significant accounting policies and notes to the financial statements.*

Consolidated and separate statements of financial position

as at 31 December 2024

	Notes	Group 2024 E	Group 2023 E	Corporation 2024 E	Corporation 2023 E
ASSETS					
Property, plant and equipment	17	**81 841 412**	50 328 887	**81 263 853**	49 627 194
Intangible assets	18	**41 837 316**	55 255 101	**41 813 964**	55 231 749
Investment in subsidiaries	36	**–**	–	**20 000 000**	20 000 000
Investment property	19	**50 100 000**	49 300 000	**50 100 000**	49 300 000
Right of use assets	35	**1 846 146**	1 429 207	**1 846 146**	1 429 207
Deferred income tax	21	**14 781 115**	8 428 484	**9 514 223**	4 452 740
Reinsurance contract assets	9	**45 024 393**	62 782 254	**43 714 173**	62 782 254
Other assets	22	**43 738 897**	97 163 731	**85 098 482**	169 144 081
Policy loans	23	**92 713 018**	88 950 711	**92 713 018**	88 950 711
Financial investments	20	**2 908 426 679**	2 676 803 091	**2 885 759 879**	2 656 187 277
Amounts due from related	29	**–**	–	**16 334 521**	15 805 941
Cash and cash equivalents	24	**244 192 491**	121 073 723	**240 085 336**	114 202 248
Total assets		**3 524 501 467**	3 211 515 189	**3 568 243 595**	3 287 113 402
EQUITY AND LIABILITIES					
Share capital	27	**4 000 000**	4 000 000	**4 000 000**	4 000 000
Revaluation reserves	28	**10 337 239**	10 572 635	**10 337 239**	10 572 635
Retained earnings		**905 561 107**	808 876 818	**919 446 549**	819 358 325
Total equity		**919 898 346**	823 449 453	**933 783 788**	833 930 960
LIABILITIES					
Insurance contract liabilities	9	**2 509 766 624**	2 225 192 751	**2 504 704 708**	2 221 287 331
Lease liabilities	35	**1 993 394**	2 079 327	**1 993 394**	2 079 327
Current income tax liability	16	**44 917 768**	31 779 177	**44 921 428**	31 786 052
Other liabilities	25	**26 694 059**	108 965 123	**61 609 001**	177 980 374
Provisions	26	**21 231 276**	20 049 358	**21 231 276**	20 049 358
Total liabilities		**2 604 603 121**	2 388 065 736	**2 634 459 807**	2 453 182 442
Total equity and liabilities		**3 524 501 467**	3 211 515 189	**3 568 243 595**	3 287 113 402

* *The above Consolidated and Separate statements of financial position should be read in conjunction with the accompanying summary of significant accounting policies and notes to the financial statements.*

Consolidated and separate statements of changes in equity

for the year ended 31 December 2024

Group	Share capital E	Retained earnings E	Revaluation reserve E	Total E
Year ending 31 December 2024				
At beginning of year	**4 000 000**	**808 876 818**	**10 572 635**	**823 449 453**
Profit for the year	**–**	**96 684 289**	**–**	**96 684 289**
Other comprehensive income	**–**	**–**	**(235 396)**	**(235 396)**
Dividends paid	**–**	**–**	**–**	**–**
At the end of the year	**4 000 000**	**905 561 107**	**10 337 239**	**919 898 346**
Year ending 31 December 2023				
At beginning of year as previously report	4 000 000	737 986 379	10 740 107	752 726 486
IFRS 17 Adjustment	–	(6 046 036)	–	(6 046 036)
Restated opening equity	4 000 000	731 940 343	10 740 107	746 680 450
Profit for the year	–	210 136 475	–	210 136 475
Other comprehensive income	–	–	(167 472)	(167 472)
Dividends paid	–	(133 200 000)	–	(133 200 000)
At the end of the year	4 000 000	808 876 818	10 572 635	823 449 453

* *The above Consolidated and Separates statement of changes in equity should be read in conjunction with the accompanying summary of significant accounting policies and notes to the financial statements.*

Corporation	Share capital E	Retained earnings E	Revaluation reserve E	Total E
Year ending 31 December 2024				
At beginning of year	**4 000 000**	**819 358 325**	**10 572 635**	**833 930 960**
Profit for the year	**–**	**100 088 224**	**–**	**100 088 224**
Other comprehensive income	**–**	**–**	**(235 396)**	**(235 396)**
Dividends paid	**–**	**–**	**–**	**–**
At the end of the year	**4 000 000**	**919 446 549**	**10 337 239**	**933 783 788**
Year ending 31 December 2023				
At beginning of year as previously reported	4 000 000	743 508 246	10 740 107	758 248 353
IFRS 17 Adjustment	–	(5 034 827)	–	(5 034 827)
Restated opening equity	4 000 000	738 473 419	10 740 107	753 213 526
Profit for the year	–	214 084 906	–	214 084 906
Other comprehensive income	–	–	(167 472)	(167 472)
Dividends paid	–	(133 200 000)	–	(133 200 000)
At the end of the year	4 000 000	819 358 325	10 572 635	833 930 960

* *The above Consolidated and Separate statements of changes in equity should be read in conjunction with the accompanying summary of significant accounting policies and notes to the financial statements.*

Consolidated and separate statements of cash flows

for the year ended 31 December 2024

	Group		Corporation	
	2024 E	2023 E	2024 E	2023 E
Cashflows from operating activities				
Profit for the year	**96 684 289**	210 136 475	**100 088 224**	214 084 906
Adjustments for:				
Net gains on investments	**(365 297 657)**	(257 499 245)	**(363 246 671)**	(256 883 431)
Interest income	**(9 195 182)**	(9 195 308)	**(9 017 922)**	(8 471 768)
Income tax expense	**60 071 038**	80 459 301	**61 362 186**	81 956 982
Depreciation expense	**7 322 542**	31 581 199	**7 322 542**	31 455 624
Fair value adjustment on investment property	**(800 000)**	(1 100 000)	**(800 000)**	(1 100 000)
Changes in reinsurance contract assets	**17 757 861**	(8 228 683)	**19 068 081**	(8 228 683)
Changes in other assets	**53 424 834**	(51 061 194)	**84 045 599**	(111 531 725)
Changes in policy loans	**(3 762 307)**	(8 633 392)	**(3 762 307)**	(8 633 392)
Changes in amounts due from related parties	**–**	–	**(528 580)**	15 165 821
Change in insurance contract liabilities	**284 573 873**	83 267 738	**283 417 377**	83 386 960
Change in other liabilities	**(82 271 064)**	63 292 376	**(116 371 373)**	101 130 515
Change in provisions	**1 181 918**	2 374 230	**1 181 918**	2 374 230
Dividends received from financial investments	**1 218 000**	15 455 356	**1 218 000**	15 580 930
Interest received	**84 868 418**	9 195 308	**84 567 023**	8 471 768
Income tax paid	**(53 285 078)**	(75 430 743)	**(53 288 292)**	(75 430 743)
Net cash inflow from operating activities	**92 491 485**	84 613 418	**95 255 805**	83 327 994
Cashflow from investing activities				
Payments for property, plant and equipment	**(35 402 059)**	(15 749 991)	**(35 402 059)**	(15 875 565)
Payments for intangible assets	**(18 048 027)**	(32 987 704)	**(18 048 027)**	(32 987 704)
Purchases of financial investments	**(179 689 989)**	(54 910 477)	**(179 689 989)**	(34 910 477)
Proceeds from sale of financial investments	**285 962 277**	93 513 376	**265 462 087**	93 513 376
Net cash inflow/(outflow) from investing activities	**52 822 202**	(10 134 796)	**32 322 012**	9 739 630
Cashflow from financing activities				
Dividends paid	**–**	(133 200 000)	**–**	(133 200 000)
Lease repayments - principal portion	**(1 694 729)**	(1 694 729)	**(1 694 729)**	(1 694 729)
Net cash outflow from investing activities	**(1 694 729)**	(134 894 729)	**(1 694 729)**	(134 894 729)
Net increase/(decrease) in cash and cash equivalents during the year	**123 118 768**	(60 416 107)	**125 883 088**	(41 827 105)
Cash and cash equivalents at the beginning of the year	**121 073 723**	181 489 830	**114 202 248**	156 029 353
Cash and cash equivalents at the end of the year	**244 192 491**	121 073 723	**240 085 336**	114 202 248

** The above Consolidated and Separate statements of cashflows should be read in conjunction with the accompanying summary of significant accounting policies and notes to the financial statements.*

Summary of material accounting policies

for the year ended 31 December 2024

1. General information

Eswatini Royal Insurance Corporation (ESRIC) underwrites life and non-life insurance risks, such as those associated with death, disability, health, property, and liability.

ESRIC is a limited liability corporation established in 1973 by a King's Order-in-Council in terms of founding legislation No. 32/1973. The Group is domiciled in Eswatini and its financial statements are expressed in Emalangeni (E). The address of its registered office is Insika House, Somhlolo Road, Mbabane, Eswatini.

The Corporation has a subsidiary [Eswatini Re Limited] which has been consolidated in the results of the Group.

Basis for consolidation

The consolidated and separate financial statements for the year ended 31 December 2024 incorporate the assets, liabilities, and results of the operations of the Corporation and its subsidiary. The corporation has a 100% shareholding in Eswatini Re Limited. The financial statements have been authorised for issue by the Board of Directors.

2. Summary of material accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The Consolidated and separate financial statements are prepared in accordance with IFRS® Accounting Standards. The Consolidated financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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

Carried at fair value:

- Financial instruments held for trading or designated at fair value through profit or loss;
- Investment properties and owner-occupied properties;
- Policyholder investment contract liabilities.

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

The accounting policies have been consistently applied to all years presented and all amounts are shown in Emalangeni unless otherwise stated.

2. Summary of material accounting policies *continued*

2.1 Basis of presentation *continued*

2.1.1 Changes in accounting policy and disclosures

a) International Financial Reporting Standards and amendments effective for the first time for the financial year beginning 01 January 2024

IFRS Accounting Standards and amendments effective for the first time for March 2025 year-ends			Applicable to the Group
Number	**Effective date**	**Executive summary**	**Yes/No**
Amendments to IAS 1, 'Presentation of Financial Statements' - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	Yes. No material impact to Corporation and the Group
Amendment to IFRS 16, 'Leases' - sale and leaseback	Annual periods beginning on or after 1 January 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	Yes. No material impact to Corporation and the Group
Amendments to Supplier Finance Arrangements (IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure')	Annual periods beginning on or after 1 January 2024 (Published May 2023)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Yes. No material impact to Corporation and the Group

b) International Financial Reporting Standards, interpretations and amendments issued but not yet effective for the financial year beginning 01 January 2024

A number of new standards and amendments to standards and interpretations issued but not yet effective for 31 December 2024 year end and have not been applied in preparing these financial statements. The group intends to adopt and apply these standards on their respective effective dates.

The standards are anticipated to have an impact on the group; however, management is still assessing the impact of this new standards to financial statements. The standards that are not yet effective are as follows:

2. Summary of material accounting policies *continued*

2.1 Basis of presentation *continued*

2.1.1 Changes in accounting policy and disclosures *continued*

b) International Financial Reporting Standards, interpretations and amendments issued but not yet effective for the financial year beginning 01 January 2024 *continued*

IFRS Accounting Standards and amendments issued but not effective			Applicable to the Group
Number	**Yes/No**	**Executive summary**	**Yes/No**
IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.	Yes. The Corporation and the Group is still assessing the impact of this standard as it will change the presentation and disclosure of the 2027 financial statements.
IFRS 19, 'Subsidiaries without Public Accountability'	Annual periods beginning on or after 1 January 2027	The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements. IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.	Yes. The Corporation and Group is still assessing the impacts of the standard.

2.2 Property, plant and equipment

Property, plant and equipment are held by the Group for the use in the supply of services or its own administration purposes. All property, plant and equipment, other than land and buildings are stated at historical cost less accumulated depreciation and impairment losses. Land and building (Except for investment property – see note 19) include offices and are shown at fair value, based on annual valuation by external independent professional valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of buildings are credited to revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value and other reserves; all other decreases are charged to the statement of comprehensive income.

ESRIC at a glance
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Abbreviations

Summary of material accounting policies *continued*

for the year ended 31 December 2024

2. Summary of material accounting policies *continued*

2.2 Property, plant and equipment *continued*

Depreciation is calculated on the straight-line method to write off the cost or revalued amount of each asset to their residual values over their estimated useful lives as follows:

Buildings	50 years
Motor vehicles	5 years
Office equipment	5 years
Office furniture and fittings	10 years
Office computers	3 years

Land is not depreciated.

There has been no change to useful lives from those applied in the previous financial year for all the asset classes.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit. When revalued assets are sold, the amounts included in the revaluation reserves are transferred to retained earnings.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the directors and management. The directors and management, make strategic decisions, allocating resources and assessing performance of the operating segments. The principal segments of the Group have been identified on a primary segment by business unit, being commercial and personal lines for the non-life insurance business and insurance risk contracts and investment contracts for the life business. The basis is representative of the internal structure for management purposes. Segment results include revenue and expenses directly attributable to a segment and the relevant portion of the Group revenue and expenses that can be allocated on a reasonable basis, whether from external transactions or from transactions with other segments.

2.4 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation, or for both. Investment properties are measured initially at cost, including transaction costs. After initial recognition investment properties are measured at fair value.

External, qualified independent professional valuers perform valuations periodically. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio. In the event of a material change in market conditions between the valuation date and statement of financial position date an internal valuation is performed, and adjustments made to reflect any material changes in value.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Any gain or loss arising from a change in fair value is recognised in the statement of comprehensive income.

2. Summary of material accounting policies *continued*

2.4 Investment properties *continued*

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in the statement of comprehensive income.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. When the Group begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on fair value model, and is not reclassified as property, plant, and equipment during the redevelopment.

2.5 Intangible assets

Computer software development costs

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives which do not exceed 3 years and have no residual values.

2.6 Impairment

Impairment of other non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may be recoverable. An impairment loss is recognised in the statement of comprehensive income immediately when incurred for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2. Summary of material accounting policies *continued*

2.7 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

2.8 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

The Group as lessor
Receipts of operating leases from properties held as investment properties are accounted for as income on the straight-line basis over the period of the lease. When an operating lease is terminated, any payment required by the lessee by way of penalty is recognised as income in the period in which termination takes place.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivables.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by Eswatini Royal Insurance Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease such as term, country, currency, security

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use asset are measured at cost comprising the following:

- the amount of initial measurement of lease liability
- any lease payments made at or before the commencement date
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. While the Group revalue its buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

2. Summary of material accounting policies *continued*

2.8 Leases *continued*

An extension option is included in one property lease in the Group. This is used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension option held is exercisable only by the Group and not by the respective lessor.

2.9 Employee benefits

(a) Short-term employee benefits

The cost of all employee benefits is recognised during the period in which the employee renders the related service.

The provision for employee entitlements to salaries represent the amount that the Group has a present obligation to pay, as a result of employees' services provided up to the statement of financial position date. The provision has been calculated at undiscounted amounts based on current salary rates.

(b) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(c) Performance bonus plan

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where it is contractually obliged to or where there is a past practice that has created a constructive obligation.

A liability for employee benefits in the form of profit sharing and bonus plans is recognised in provisions for other liabilities and charges when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or
- past practice has created a valid expectation by employees that they will receive a bonus/profit sharing and the amount can be determined before the time of issuing the financial statements.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(d) Pension fund obligation

The Group has a pension scheme in accordance with the local conditions and practices. The scheme is a defined contribution plan.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. Summary of material accounting policies *continued*

2.10 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in Eswatini.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.11 Offsetting financial instruments

Assets and liabilities are offset, and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.12 Solvency

The Insurance Act, 2005 does not specify any solvency requirements. However, based on industry norms, the directors believe that the Group has enough resources to comply with the requirements if set in line with industry practice in the region. The Group has a policy for its non-life insurance business to maintain a solvency of 50% in terms of the international calculation method.

2.13 Contingencies and commitments

Transactions are classified as contingencies where the Group's obligation depends on uncertain future events or if a present obligation arises from past events, but the amount of the obligation cannot be measured with sufficient reliability. Items are classified as commitments where the Group commits itself to future transactions with external parties.

2.14 Key types of insurance contracts issued, and reinsurance contracts held

The Group issues the following types of contracts that are accounted for in accordance with IFRS 17 Insurance and Reinsurance Contracts.

General Insurance (GI) Business

Non-participating contracts including general insurance contracts (short term of less than 12 months and longer term of greater than 12 months) providing level or decreasing sum assured coverage for a limited period in exchange for renewable fixed premiums.

2. Summary of material accounting policies *continued*

2.14 Key types of insurance contracts issued, and reinsurance contracts held *continued*

General Insurance (GI) Business *continued*

- Quota share reinsurance – a contract in which the insurer cedes a fixed percentage of each risk to the reinsurer.
- Surplus reinsurance – a contract in which the insurer cedes a portion of any risk that exceeds a specified retention limit to the reinsurer.
- Excess of loss reinsurance – a contract in which the reinsurer indemnifies the insurer for losses that exceed a specified limit.

The Group accounts for these policies applying the Premium Allocation Approach (PAA).

Life Business

Non-participating contracts including Term life insurance contracts providing level or decreasing sum assured coverage for a limited period in exchange for renewable fixed premiums.

Direct participating contracts provide the annuitant with a guaranteed income pay out for life. The minimum pre-determined guaranteed annuity rates are specified at the contract's inception.

Credit life policies designed to pay off outstanding debts on death.

Individual fixed annuity contracts with and without life cover, providing the annuitant with a guaranteed income pay out for life.

The Group accounts for these policies applying the PAA.

Insurance contracts with direct participation features, these contracts are:

- Unit linked endowment Life products providing a guaranteed return;
- Whole Life with profit policies which pay a benefit on death, surrender or paid up status;
- Endowment with profit policies which pay a benefit on death, surrender or paid up status;
- Endowment with periodic cash benefit policies which pay a benefit on death, surrender or paid up status;

The Group accounts for these policies applying the Variable Fee Approach (VFA).

Insurance contracts with whole life or term benefits (risk component) but including a savings component.

The Group accounts for these policies applying the General Measurement Model (GMM) and the VFA.

General Group Life Annuities – insurance contracts providing monthly retirement annuity payments from retirement until death.

These contracts are accounted for applying the GMM.

Individual Funeral policies and cover term assurance which pay a benefit on death.

Individual Mortgage protection plans – These policies are insurance contracts with direct participation features so would ordinarily be accounted for applying the VFA approach but are a very small book of business with low materiality.

The Group accounts for these policies applying the GMM.

The Group also holds reinsurance contracts to mitigate risk exposure. These are Quota share reinsurance contracts – in which the insurer cedes a fixed percentage of each risk to the reinsurer.

The reinsurance contracts are accounted for applying the GMM and the PAA.

Summary of material accounting policies *continued*

for the year ended 31 December 2024

2. Summary of material accounting policies *continued*

2.15 Definitions and classifications

Products sold by the Group are classified as insurance contracts when the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

This assessment is made on a contract-by-contract basis at the contract issue date. In making this assessment, the Group considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Group determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Group to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

The Group issues certain insurance contracts that allow policyholders to participate in investment returns with the Group, in addition to compensation for losses from insured risk. Participating contracts meet the definition of insurance contracts with direct participating features if the following three criteria are met:

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items.
- The Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns from the underlying items.
- A substantial proportion of the cash flows that the Group expects to pay to the policyholder is expected to vary with the change in the fair value of the underlying items.

The Group assesses whether the above conditions and criteria are met using its expectations at the issue date of the contracts.

The Group also issues investment contracts with discretionary participation features. These contracts are linked to the same pool of assets as insurance contracts and have economic characteristics similar to those of insurance contracts. The Group accounts for these contracts applying IFRS 17.

2.16 Separating components from insurance and reinsurance contracts

In addition to the provision of the insurance coverage service, some insurance contracts issued by the Group have other components such as an investment component, an embedded derivative or the provision of some other distinct goods or non-insurance services.

The Group assesses its products to determine whether some of these components are distinct and need to be separated and accounted for applying other IFRS Accounting Standards. When these non-insurance components are non-distinct, they are accounted for together with the insurance component applying IFRS 17.

The Group first considers the need to separate distinct embedded derivatives and investment components, before assessing the need to separate any goods and non-insurance services component.

Separating embedded derivatives

The Group does not issue insurance contracts that include embedded derivatives.

2. Summary of material accounting policies *continued*

2.16 Separating components from insurance and reinsurance contracts *continued*

Separating investment components

The Group issues certain insurance policies. These include an investment component under which the Group is required to repay to a policyholder in all circumstances, regardless of an insured event occurring.

In assessing whether an investment component is distinct and therefore required to be accounted for separately applying IFRS 9, the Group considers if the investment and insurance components are highly interrelated or not.

A contract with equivalent terms to the investment component is sold (or could be sold) separately in the same market or in the same jurisdiction by other entities, including those issuing insurance contracts.

When the investment component meets the definition of an investment contract with discretionary participation features, it is then accounted for applying IFRS 17.

In determining whether investment and insurance components are highly interrelated the Group assesses whether the Group is unable to measure one component without considering the other and whether the policyholder is unable to benefit from one component unless the other component is present, i.e. whether cancelling one component also terminates the other. The Group has not identified any distinct investment components.

The Group applies IFRS 17 to account for non-distinct investment components as part of its insurance contracts.

Separating promises to transfer distinct goods or non-insurance services

After the Group has determined whether to separate embedded derivatives and investment components, it considers the separation of any promise to transfer goods or non-insurance services embedded in the contract. The Group separates from the host insurance contract only distinct promises to transfer goods or non-insurance services to a policyholder. Once separated, such promises are accounted for applying IFRS 15.

In determining whether an obligation to deliver a good or non-insurance service promised to a policyholder is distinct, the Group considers whether the policyholder can benefit from the good or service either on its own or together with other resources readily available to the policyholder (i.e. resources that are either sold separately or already owned by the policyholder).

A good or non-insurance service that is promised to the policyholder is not distinct if the cash flows and risks associated with the good or service are highly interrelated with the cash flows and risks associated with the insurance components. The Group provides a significant service integrating the good or non-insurance service with the insurance components.

The Group applies IFRS 15 to account for any distinct goods or non-insurance service as part of its insurance contracts.

2. Summary of material accounting policies *continued*

2.17 Combining a set or series of contracts

Sometimes, the Group enters two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The Group accounts for such a set of contracts as a single insurance contract when this reflects the substance of the contracts. When making this assessment, the Group considers whether:

- The rights and obligations are different when looked at together compared to when looked at individually
- The Group is unable to measure one contract without considering the other

2.18 Level of aggregation

The Group identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Group considers the similarity of risks rather than the specific labelling of product lines. The Group has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. Some products issued by different entities within the Group are considered as being managed at the issuing entity level. This is because the management of the solvency capital management, which supports the issuance of these contracts, is ringfenced within these entities.

The Group may acquire insurance contracts as part of a business combination or a portfolio transfer. Unlike originally issued contracts, contracts acquired in a settlement phase transfer an insurance risk of adverse claims development. The Group considers such risk to be different from contracts it originally issues and aggregates such contracts in separate portfolios by product line.

Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied.

At initial recognition, the Group segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

- Contracts that are onerous on initial recognition
- Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- Any remaining contracts

The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability- weighted basis. The Group determines the appropriate level at which reasonable and supportable information is available to assess whether the contracts are onerous at initial recognition and whether the contracts not onerous at initial recognition have a significant possibility of becoming onerous subsequently. The Group applies significant judgement in determining at what level of granularity the Group has sufficient information to conclude that all contracts within a set will be in the same group. In the absence of such information, the Group assesses each contract individually.

The composition of groups established at initial recognition is not subsequently reassessed.

2. Summary of material accounting policies *continued*

2.18 Level of aggregation *continued*

For short boundary contracts accounted for applying the PAA, the Group determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The Group assesses the likelihood of changes in applicable facts and circumstances to determine whether contracts not onerous on initial recognition belong to a group with no significant possibility of becoming onerous in the future.

If facts and circumstances indicate that some contracts may be onerous at initial recognition or the group of contracts has become onerous, the Group performs a quantitative assessment to assess whether the carrying amount of the liability for remaining coverage determined applying the PAA is less than the fulfilment cash flows related to remaining coverage determined applying the General Model. If the fulfilment cash flows related to remaining coverage determined applying the General Model exceed the PAA carrying amount of the liability for remaining coverage, the difference is recognised in profit or loss and the liability for remaining coverage is increased by the same amount.

When short boundary insurance contracts within a portfolio would only fall into different groups due to specific constraints imposed by law or regulation on the Group's practical ability to set a different price or level of benefits, the Group nevertheless includes those contracts in the same group.

2.19 Recognition

The Group recognises groups of insurance contracts issued from the earliest of the following dates:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group becomes due (in the absence of a contractual due date, this is deemed to be when the first payment is received)
- The date when a group of contracts becomes onerous

The Group recognises only contracts issued within a one-year period meeting the recognition criteria by the reporting date. Subject to this limit, a group of insurance contracts can remain open after the end of the current reporting period. New contracts are included in the group when they meet the recognition criteria in subsequent reporting periods until such time that all contracts expected to be included within the group have been recognised.

Investment contracts with discretionary participation features are initially recognised at the date the Group becomes a party to the contract.

2.20 Contract boundaries

The measurement of a group of insurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group.

In determining which cash flows fall within a contract boundary, the Group considers its substantive rights and obligations arising from the terms of the contract, and from applicable laws, regulations and customary business practices. The Group determines that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services.

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2. Summary of material accounting policies *continued*

2.20 Contract boundaries *continued*

A substantive obligation to provide insurance contract services ends when the Group has the practical ability to reassess the risks of a particular policyholder and, as a result, to change the price charged or the level of benefits provided for the price to fully reflect the new level of risk. If the boundary assessment is performed at a portfolio rather than individual contract level, the Group must have the practical ability to reprice the portfolio to fully reflect risk from all policyholders. The Group's pricing must not take into account any risks beyond the next reassessment date.

In determining whether all risks have been reflected either in the premium or in the level of benefits, the Group considers all risks that policyholders would transfer had the Group issued the contracts (or portfolio of contracts) at the reassessment date. Similarly, the Group concludes on its practical ability to set a price that fully reflects the risks in the contract or portfolio at a renewal date by considering all the risks it would assess when underwriting equivalent contracts on the renewal date for the remaining service. The assessment on the Group's practical ability to reprice existing contracts takes into account all contractual, legal and regulatory restrictions. In doing so, the Group disregards restrictions that have no commercial substance. The Group also considers the impact of market competitiveness and commercial considerations on its practical ability to price new contracts and repricing existing contracts. The Group exercises judgement in deciding whether such commercial considerations are relevant in concluding as to whether the practical ability exists at the reporting date.

In estimating expected future cash flows of a group of contracts, the Group applies judgement in assessing future policyholder behaviour surrounding the exercise of options available to them. These include surrender options, and other options falling within the contract boundary.

Cash flows are within the boundaries of investment contracts with discretionary participation features if they result from a substantive obligation of the Group to deliver cash at a present or future date.

The Group assesses the contract boundary at initial recognition and at each subsequent reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations.

2.21 Measurement of insurance contracts issued

Measurement on initial recognition for contracts other than PAA

The Group measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

Fulfilment cash flows within contract boundary

The fulfilment cash flows are the current unbiased and probability-weighted estimates of the present value of the future cash flows, including a risk adjustment for non-financial risk. In arriving at a probability-weighted mean, the Group considers a range of scenarios to establish a full range of possible outcomes incorporating all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of expected future cash flows. The estimates of future cash flows reflect conditions existing at the measurement date including assumptions at that date about the future.

2. Summary of material accounting policies *continued*

2.21 Measurement of insurance contracts issued *continued*

Measurement on initial recognition for contracts other than PAA *continued*

The Group estimates expected future cash flows for a group of contracts at a portfolio level and allocates them to the groups in that portfolio in a systematic and rational way.

When estimating future cash flows, the Group includes all cash flows within the contract boundary including:

- Premiums and any additional cash flows resulting from those premiums
- Reported claims that have not yet been paid, claims incurred but not yet reported, future claims expected to arise from the policy and potential cash inflows from recoveries on future claims covered by existing insurance contracts
- For deferred variable annuity, investment-linked insurance policies and investment contracts with discretionary participation features, payments that vary based on the returns on underlying items and resulting from any embedded guarantees
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the issued contract belongs
- Claim handling costs
- Costs of providing contractual benefits in kind, such as home and vehicle repair
- Policy administration and maintenance costs including recurring commissions expected to be paid to intermediaries for policy administration services only (recurring commissions that are insurance acquisition cash flows are treated as such in the estimate of future cash flows)
- Transaction-based taxes
- An allocation of fixed and variable overheads directly attributable to the fulfilment of insurance contracts including overhead costs such as accounting, human resources, information technology and support, building depreciation, rent, and maintenance and utilities
- Costs incurred for performing investment activities that enhance insurance coverage benefits for the policyholder
- Costs incurred for providing investment-related service and investment-return service to policyholders
- Other costs specifically chargeable to the policyholder under the terms of the contract

The Group issues investment-linked insurance policies and investment contracts with discretionary participation features that result in policyholders in different groups sharing the returns on the same pool of underlying items. The Group determines each group's share of the returns from the underlying items by first determining the overall return at a higher level of aggregation than the groups, and then making an allocation to each group on a systematic and rational basis.

The Group recognises and measures the liability for the unpaid amounts arising from all groups in aggregate and does not allocate such fulfilment cash flows to specific groups when coverage on contracts has been provided.

The cash flow estimates include both market variables, which are consistent with observable market prices, and non-market variables, which are not contradictory with market information and based on internally and externally derived data.

The Group updates its estimates at the end of each reporting period using all newly available information, as well as historic evidence and information about trends. The Group determines its current expectations of probabilities of future events occurring at the end of the reporting period. In developing new estimates, the Group considers the most recent experience and earlier experience, as well as other information.

2. Summary of material accounting policies *continued*

2.21 Measurement of insurance contracts issued *continued*

Measurement on initial recognition for contracts other than PAA *continued*

Discount rates

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period unless the Group has elected the accounting policy to present the time value of money separately in profit or loss and other comprehensive income.

The Group measures the time value of money using discount rates that reflect the liquidity characteristics of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices. They exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g. credit risk).

Expected future cash flows that vary based on the returns on any financial underlying items are discounted at rates that reflect this variability.

In determining discount rates for cash flows that do not vary based on the returns of underlying items, the Group uses the 'bottom-up' approach to estimate discount rates by adjusting a liquid risk-free yield curve to reflect the differences between the liquidity characteristics of the financial instruments that underlie the rates observed in the market and the liquidity characteristics of the insurance contracts.

For Life business, the Group estimates the discount rate applicable to each group of contracts on initial recognition, which is based on recognised contracts. In the following reporting period, as new contracts are included in the group, the discount rate applicable to the group on initial recognition is revised from the start of the reporting period in which the new contracts are added to the group. This is applicable to both the LRC and the LIC.

For GI business, for the LIC, the Group uses the current discount rate as at the reporting date applicable to discount the LIC cashflows.

Risk adjustment for non-financial risk

The Group measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk, separately as an adjustment for non-financial risk.

For GI business, and for the portfolios where traditional actuarial triangulation methods can be used to determine the best estimate liability for the LIC, The Group uses a Value-at-Risk (VaR) approach (commonly referred to as bootstrapping) to determine the RA.

For those portfolios where traditional actuarial triangulation methods cannot be used to determine the best estimate liability for LIC, the Provision for Adverse Deviation (PAD) approach is used to determine the RA.

The PAD approach is an approach where margins that reflect the compensation an entity requires for uncertainty related to non-financial risk are explicitly added onto best estimate assumptions. This margin is derived using the SAM standard deviation factors for reserve risk for LIC and premium risk for LRC.

The PAD approach measures the difference between the actual results of a calculation and the corresponding result using best estimate assumptions. For Life business, The Group uses the PAD approach to determine the RA based on a single equivalent scenario of stresses.

2. Summary of material accounting policies *continued*

2.21 Measurement of insurance contracts issued *continued*

Measurement on initial recognition for contracts other than PAA *continued*

Contractual service margin (CSM)

The CSM is a component of the overall carrying amount of a group of insurance contracts representing unearned profit that the Group will recognise as it provides insurance contract services over the coverage period.

At initial recognition, the Group measures the CSM at an amount that, unless a group of insurance contracts is onerous, results in no gains recognised in profit or loss arising from:

- The expected fulfilment cash flows of the group
- The amount of any derecognised asset for insurance acquisition cash flows allocated to the group
- Any other asset or liability previously recognised for cash flows related to the group
- Any cash flows that have already arisen on the contracts as of that date

If a group of contracts is onerous, the Group recognises a loss on initial recognition. This results in the carrying amount of the liability for the group being equal to the fulfilment cash flows, and the CSM of the group being nil. A loss component is recognised for any loss on initial recognition of the group of insurance contracts.

The Group determines at initial recognition the group's coverage units. The Group then allocates the group's CSM based on the coverage units provided in the period.

The Group allocates contracts acquired with claims in the settlement phase into annual groups based on the expected profitability of the contracts at the date of acquisition. The Group uses the consideration received or paid as an approximation of premiums to calculate the CSM on initial recognition. When, on initial recognition, contracts acquired in a portfolio transfer are determined to be onerous, the excess of the fulfilment cash flows over the consideration received is recognised in profit or loss. For contracts acquired as part of a business combination, the excess, representing the extent to which the contract is onerous, is recognised as part of goodwill (or the gain on a bargain purchase).

Insurance acquisition cash flows

The Group includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs.

The Group estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The Group then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

2. Summary of material accounting policies *continued*

2.21 Measurement of insurance contracts issued *continued*

Measurement on initial recognition for contracts other than PAA *continued*

The Group recognises an asset in respect of costs to secure a portfolio or group of insurance contracts, such as costs of selling and underwriting, when these costs are incurred before the recognition of the group of insurance contracts to which these costs relate. The Group recognises such an asset for each existing or future group of insurance contracts to which insurance acquisition cash flows are allocated. The related portion of the asset for insurance acquisition cash flows is derecognised and included in the measurement of the fulfilment cash flows of the associated group of contracts when the group is initially recognised. When only some of the insurance contracts expected to be included within the group are recognised as at the end of the reporting period, the Group determines the related portion of the asset that is derecognised and included in the group's fulfilment cash flows. The related portion is determined on a systematic and rational allocation method that considers the timing of recognition of the contracts in the group.

At each reporting date, the Group reviews the carrying amounts of the asset for insurance acquisition cash flows to determine whether there is an indication that the asset has suffered an impairment. If any such indication exists, the Group adjusts the carrying amount of the asset so that the carrying amount of the asset does not exceed the expected net cash inflow for the associated future groups of contracts. An impairment loss is recognised in profit or loss for the difference. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the extent the impairment conditions no longer exist or have improved and the cumulative amount of impairment loss reversal does not exceed the impairment loss recognised for the asset in prior years.

Subsequent measurement

In estimating the total future fulfilment cash flows, the Group distinguishes between those relating to already incurred claims and those relating to future service.

At the end of each reporting period, the carrying amount of the group of insurance contracts will reflect a current estimate of the liability for remaining coverage (LRC) as at that date and a current estimate of the liability for incurred claims (LIC).

The LRC represents the Group's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred, amounts that relate to other insurance contract services not yet provided (i.e. provision of investment-return and investment-related services) and investment components and other amounts not related to insurance contract services that have not yet been transferred to the LIC. The LRC is comprised of (a) the fulfilment cash flows relating to future service, (b) the CSM yet to be earned and (c) any outstanding premiums for insurance contract services already provided.

The LIC includes the Group's liability to pay valid claims for insured events that have already incurred, other incurred insurance expenses arising from past coverage service and the liability for claims incurred but not yet reported. It also includes the Group's liability to pay amounts the Group is obliged to pay the policyholder under the contract. This includes repayment of investment components, when a contract is derecognised. The current estimate of LIC comprises the fulfilment cash flows related to current and past service allocated to the group at the reporting date.

2. Summary of material accounting policies *continued*

2.21 Measurement of insurance contracts issued *continued*

Measurement on initial recognition for contracts other than PAA *continued*

Changes in fulfilment cash flows

At the end of each reporting period, the Group updates the fulfilment cash flows for both LIC and LRC to reflect the current estimates of the amounts, timing and uncertainty of future cash flows, as well as discount rates and other financial variables.

For life business, the Group has an accounting policy choice which calculates changes in fulfilment cash flows at the end of a reporting period for changes in non-financial assumptions, changes in discount rates and financial assumptions.

For GI business, the Group first calculates the changes in discount rates and financial assumptions on the fulfilment cash flows (as expected at the beginning of the period) and then calculate changes on those cash flows from the change in non-financial assumptions.

Experience adjustments are the difference between:

- The expected cash flow estimate at the beginning of the period and the actual cash flows for premiums received in the period (and any related cash flows paid such as insurance acquisition cash flows and insurance premium taxes)
- The expected cash flow estimate at the beginning of the period and the actual incurred amounts of insurance service expenses in the period (excluding insurance acquisition expenses)

Experience adjustments relating to current or past service are recognised in profit or loss. For incurred claims (including incurred but not reported) and other incurred insurance service expenses, experience adjustments always relate to current or past service. They are included in profit or loss as part of insurance service expenses.

Experience adjustments relating to future service are included in the LRC by adjusting the CSM. The release of the CSM depends on whether the contract does not participate, participates indirectly, or directly participates in the performance of the specified underlying items.

At the end of each reporting period, the Group re-estimates the LRC fulfilment cash flows, updating for changes in assumptions relating to financial and non-financial risks.

Adjustments to the CSM

For insurance contracts without direct participating features, the following changes in fulfilment cash flows are considered to be related to future service and adjust (or 'unlock') the CSM of the group of insurance contracts:

- Experience adjustments relating to the premiums received in the period that relate to future service, and any related cash flows such as insurance acquisition cash flows and premium-based taxes measured at the 'locked in' discount rates applicable when the contracts in the group were initially recognised.
- The change in the estimate of the present value of expected future cash flows in the liability for remaining coverage, related to non-financial variables, measured at the 'locked in' discount rates applicable when the contracts in the group were initially recognised. All financial variables are locked in at initial recognition.

2. Summary of material accounting policies *continued*

2.21 Measurement of insurance contracts issued *continued*

Measurement on initial recognition for contracts other than PAA *continued*

- Changes in the risk adjustment for non-financial risk relating to future service. The Group has elected not to disaggregate the change in the risk adjustment for non-financial risk between (i) a change related to non-financial risk and (ii) the effect of the time value of money and changes in the time value of money.
- Differences between the amount of investment components that were expected to be payable in the period and the amount of investment components that actually became payable. The amount of investment components expected to be payable in the period is measured at the discount rates applicable before it became payable.

The following adjustments do not relate to future service and thus do not adjust the CSM:

- Changes in fulfilment cash flows for the effect of the time value of money and the effect of financial risk and changes thereof
- Changes in the fulfilment cash flows relating to the LIC
- Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows)

Any further increases in fulfilment cash flows relating to future coverage are recognised in profit or loss as they occur, increasing the loss component of the group of insurance contracts. Any subsequent decreases in fulfilment cash flows related to future coverage do not adjust the CSM until the loss component of the group is fully reversed through profit or loss.

At the end of the reporting period, the carrying amount of the CSM for a group of insurance contracts without direct participating features is the carrying amount at the beginning of the period adjusted for:

- The effect of any new contracts added to the group
- Interest accreted on the carrying amount of the CSM measured at the discount rates determined at initial recognition
- The changes in fulfilment cash flows related to future service, except:
  - Increases in fulfilment cash flows that exceed the carrying amount of the CSM, giving rise to a loss that results in the group of contracts becoming onerous or more onerous
  - Decreases in fulfilment cash flows that reverse a previously recognised loss on a group of onerous contracts

Recognition of the CSM in profit or loss

An amount of the CSM is released to profit or loss in each period during which the insurance contract services are provided.

In determining the amount of the CSM to be released in each period, the Group follows three steps:

- Determine the total number of coverage units in the group. The amount of coverage units in the group is determined by considering the quantity of benefits provided under the contract and the expected coverage period for each contract
- Allocate the CSM at the end of the period (before any of it is released to profit or loss to reflect the insurance contract services provided in the period) equally to each of the coverage units provided in the current period and expected to be provided in the future
- Recognise in profit or loss the amount of CSM allocated to the coverage units provided during the period

2. Summary of material accounting policies *continued*

2.21 Measurement of insurance contracts issued *continued*

Measurement on initial recognition for contracts other than PAA *continued*

The number of coverage units change as insurance contract services are provided, contracts expire, lapse or surrender and new contracts are added to the group. The total number of coverage units depends on the expected duration of the obligations that the Group has from its contracts. These can differ from the legal contract maturity because of the impact of policyholder behaviour and the uncertainty surrounding future insured events. By determining a number of coverage units, the Group exercises judgement in estimating the likelihood of insured events occurring and policyholder behaviour to the extent that they affect expected period of coverage in the group, the different levels of service offered across periods (e.g. policyholder exercising an option and adding an additional coverage for a previously guaranteed price) and the 'quantity of benefits' provided under a contract.

Insurance contracts measured under the premium allocation approach

The Group applies the PAA to the measurement of insurance contracts with a coverage period of each contract in the group of one year or less as well as any insurance contracts that have met PAA eligibility requirements.

On initial recognition, the Group measures the LRC at the amount of premiums received in cash. As all issued insurance contracts to which the PAA is applied have coverage of a year or less, the Group applies a policy of expensing all insurance acquisition cash flows as they are incurred.

Premiums due to the Group for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the LRC. The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period.

The Group has determined that there is no significant financing component in insurance contracts with a coverage period of one year or less. The Group does not discount the liability for remaining coverage to reflect the time value of money and financial risk for such insurance contracts.

The Group also applies the PAA to reinsurance contracts held. The coverage period of such reinsurance contracts held is 12 months or less. These reinsurance contracts also include those with a longer period that have meet PAA eligibility requirements.

For both insurance contracts issued and reinsurance contracts held, the carrying amount of the LIC is measured applying the General Model, except that:

- For claims that the Group expects to be paid within one year or less from the date of incurrence, the Group does not adjust future cash flows for the time value of money and the effects of financial risks
- For claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognised.

2. Summary of material accounting policies *continued*

2.21 Measurement of insurance contracts issued *continued*

Insurance contracts measured under the premium allocation approach *continued*

Applying the PAA, the insurance revenue is measured at the amount allocated from the expected premium receipts excluding any investment component. The allocation is done on the basis of the passage of time.

When facts and circumstances indicate that a group of contracts has become onerous, the Group performs a test for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Group recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

Subsequent measurement for direct participating contracts (accounted for under the VFA)

The Group issues insurance contracts with investment-related services. When assessing whether a contract meets the definition of a direct participating contract, the Group applies the definition of IFRS 17.

In applying the definition of a direct participating contract, the Group considers the legal enforceability of the contractual link with the participating policyholder to a share of returns from a clearly defined pool of underlying items.

The Group's obligation to the policyholders consists of the obligation to pay policyholders the fair value of the underlying items less a variable fee for future service provided under the insurance contract.

In determining the policyholder's share of returns from the underlying items and how substantial the degree of variability in total payments to the policyholder is due to returns from underlying items, the Group makes the assessment:

- Over the duration of the insurance contract
- On a present value probability-weighted average basis

When calculating the probability-weighted average of multiple scenarios where some of those scenarios result in the payments to the policyholder not equalling a substantial share of the fair value of the underlying items, the Group applies judgement as to whether a contract meets the definition of a direct participating contract.

The carrying amount of the CSM for direct participating contracts at the end of the reporting period is the carrying amount at the beginning of reporting period adjusted for:

- The effect of any new contracts added to the group
- The change in the amount of the Group's share of the fair value of the underlying items except for: The amount of CSM the Group chooses to present in profit or loss to offset the impact from its risk mitigation instruments
- The decrease in the amount of the Group's share of the fair value of the underlying items that exceeds the carrying amount of the CSM giving rise to a loss that makes the associated group of contracts onerous, or that results in a loss for an existing onerous group becoming more onerous
- The increase in the amount of Group's share of the fair value of the underlying items that reverses a previously recognised loss on an onerous group of contracts
- The changes in fulfilment cash flows relating to future service, except: The amount of the CSM the Group chooses to present in profit or loss to offset the impact from its risk mitigation instruments

2. Summary of material accounting policies *continued*

2.21 Measurement of insurance contracts issued *continued*

Subsequent measurement for direct participating contracts (accounted for under the VFA) *continued*

Such increases in the fulfilment cash flows that exceed the carrying amount of CSM and the group of contracts becomes onerous or more onerous.

Such decreases in the fulfilment cash flows that reverse a previously recognised loss on an onerous group of contracts.

All CSM adjustments are measured considering a current measure of the time value of money with full allowance of its dependency on the financial variables affecting the fair value returns of the underlying items.

Applying the VFA, the changes in fulfilment cash flows that adjust the CSM are changes in the amount of the Group's share of the fair value of the underlying items and changes in fulfilment cash flows that do not vary based on the returns of the underlying items. The changes in fulfilment cash flows that do not vary based on the returns of the underlying items are:

- Changes in the effect of the time value of money and financial risks not arising from the underlying items, for example the impact of financial guarantees
- Experience adjustments arising from premiums received in the period related to future service
- Changes in the estimate of future expected cash flows of the liability for remaining coverage
- Differences arising from timing of payment of investment components
- Changes in the risk adjustment for non-financial risk related to future service

Onerous contracts

The Group considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract, any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

On initial recognition, the onerous assessment is done on an individual contract level assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

On initial recognition, the CSM of the group of onerous contracts is nil and the group's measurement consists entirely of fulfilment cash flows.

A net outflow expected from a group of contracts determined to be onerous is considered to be the group's 'loss component'. It is initially calculated when the group is first considered to be onerous and is recognised at that date in profit or loss. The amount of the group's loss component is tracked for the purposes of presentation and subsequent measurement.

After the loss component is recognised, the Group allocates any subsequent changes in fulfilment cash flows of the LRC on a systematic basis between the loss component and the LRC excluding the loss component.

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2. Summary of material accounting policies *continued*

2.21 Measurement of insurance contracts issued *continued*

Onerous contracts *continued*

For all issued contracts, other than those accounted for applying the PAA, the subsequent changes in the fulfilment cash flows of the LRC to be allocated are:

- Insurance finance income or expense
- Changes in risk adjustment for non-financial risk recognised in profit or loss representing release from risk in the period
- Estimates of the present value of future cash flows for claims and expenses released from the LRC because of incurred insurance service expenses in the period

The Group determines the systematic allocation of insurance service expenses incurred based on the percentage of loss component to the total fulfilment cash outflows included in the LRC, including the risk adjustment for non-financial risk, excluding any investment component amount.

The Group does not disaggregate the total finance income or expenses between profit or loss or OCI.

For any subsequent changes in the fulfilment cash flows of the LRC, the total of insurance finance income or expenses is allocated on a systematic basis between the loss component and the 'LRC excluding the loss component'.

For onerous groups of contracts, revenue is calculated as the amount of insurance service expenses expected at the beginning of the period that form part of revenue and reflects only:

- The change in the risk adjustment for non-financial risk due to expected release from risk in the period (excluding the amount systematically allocated to the loss component)
- The estimates of the present value of future cash flows related to claims expected to incur in the period (excluding the systematic allocation to the loss component)
- The allocation, based on the coverage units, of the portion of premiums that relates to the recovery of the insurance acquisition cash flows

All these amounts are accounted for as a reduction of the LRC excluding the loss component.

The Group recognises amounts in insurance service expenses related to the loss component arising from:

- Changes in fulfilment cash flows arising from changes in estimates related to future service that establish or further increase the loss component
- Subsequent decreases in fulfilment cash flows that relate to future service and reduce the loss component until it is exhausted
- For direct participating contracts only, subsequent decreases in the group's share of the fair value of the underlying items, that result in or further increase the loss component
- For direct participating contracts only, subsequent increases in the group's share of the fair value of the underlying items that reduce the loss component until it is exhausted
- Systematic allocation to the loss component arising both from changes in the risk adjustment for non-financial risk and from incurred insurance services expenses

2. Summary of material accounting policies *continued*

2.22 Reinsurance contracts held

Recognition

The Group uses treaty reinsurance to mitigate some of its risk exposures. Reinsurance contracts held are accounted for applying IFRS 17.

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Reinsurance contracts held are accounted for separately from underlying insurance contracts issued and are assessed on an individual contract basis. In aggregating reinsurance contracts held, the Group determines portfolios in the same way as it determines portfolios of underlying insurance contracts issued. The Group considers that each product line reinsured at the ceding entity level to be a separate portfolio. The Group disaggregates a portfolio of its reinsurance contracts held into three groups of contracts:

- Contracts that on initial recognition have a net gain
- Contracts that, on initial recognition, have no significant possibility of resulting in a net gain subsequently
- Any remaining reinsurance contracts held in the portfolio

Reinsurance contracts held are accounted for applying the PAA and the GMM. The Group assumes that all reinsurance contracts held in each portfolio will not result in a net gain on initial recognition, unless facts and circumstances indicate otherwise.

In determining the timing of initial recognition of a reinsurance contract held, the Group assesses whether the reinsurance contract's terms provide protection on losses on a proportionate basis. The Group recognises a group of reinsurance contracts held that provides proportionate coverage:

- At the start of the coverage period of that group of reinsurance contracts held
- At the initial recognition of any of the underlying insurance contracts, whichever is later

The Group recognises a group of non-proportional reinsurance contracts at the earliest of the beginning of the coverage period of the group or the date an underlying onerous group of contracts is recognised.

The boundary of a reinsurance contract held includes cash flows resulting from the underlying contracts covered by the reinsurance contract held. This includes cash flows from insurance contracts that are expected to be issued by the Group in the future if these contracts are expected to be issued within the boundary of the reinsurance contract held.

Cash flows are within the boundary of a reinsurance contract held, if they arise from the substantive rights and obligations of the cedant that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

2. Summary of material accounting policies *continued*

2.22 Reinsurance contracts held *continued*

Measurement of Reinsurance contracts held measured under the PAA

Under the PAA, the initial measurement of the asset for remaining coverage equals the reinsurance premium paid. The Group measures the amount relating to remaining service by allocating the premium paid over the coverage period of the group. For all reinsurance contracts held, the allocation is based on the passage of time.

Where the reinsurance contracts held covers a group of onerous underlying insurance contracts, the Group adjusts the carrying amount of the asset for remaining coverage and recognises a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The recognition of this gain results in the recognition for the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held.

Measurement of Reinsurance contracts held measured under the GMM

The Group's quota share life reinsurance contracts held are accounted for applying the measurement requirements for the General Model of for estimates of cash flows and discount rates. The Group measures the reinsurance contracts held and the underlying insurance contracts issued using consistent assumptions. The Group includes in the estimates of the present value of expected future cash flows for a group of reinsurance contracts held the effect of any risk of non-performance by the reinsurer, including the effects of any collateral and losses from disputes. The effect of non-performance risk of the reinsurer is assessed at each reporting date.

In determining the asset representing the risk adjustment for non-financial risk transferred to the reinsurer, the Group assesses the amount of risk transferred to the reinsurer by calculating the risk adjustment of the underlying contracts before and after the effect of the reinsurance contracts held. The difference is recognised as the asset representing the risk adjustment reinsured.

On initial recognition, the Group recognises any net cost or net gain on purchasing the group of reinsurance contracts held as a reinsurance CSM, unless the net cost of purchasing reinsurance coverage relates to events that occurred before the purchase of the group of reinsurance contracts, where the Group recognises such a cost immediately in profit or loss as an expense as part of insurance service result.

For a group of reinsurance contracts held, on initial recognition of an underlying onerous group of insurance contracts or on addition of onerous underlying insurance contracts to a group, ESRIC establishes a loss recovery component and, as a result, recognises a gain in profit or loss. The amount of the loss recovery component adjusts the CSM of a group of reinsurance contracts held. It is calculated at an amount equal to the loss recognised on the underlying insurance contracts multiplied by the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. After initial recognition, the carrying amount of the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held. Reversal of the loss recovery component adjusts the CSM and the risk adjustment of the group of reinsurance contracts held. After establishing a reinsurance loss recovery component, except for further additions of onerous contracts to the underlying groups, its amount is adjusted for:

2. Summary of material accounting policies *continued*

2.22 Reinsurance contracts held *continued*

Measurement of Reinsurance contracts held measured under the GMM *continued*

- Changes in fulfilment cash flows of underlying insurance contracts related to future service and do not adjust the CSM of their respective groups.
- Loss recovery component reversals to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held

These adjustments are calculated and presented in profit or loss.

The Group adjusts the carrying amount of the CSM of a group of reinsurance contracts held at the end of a reporting period to reflect changes in the fulfilment cash flows applying the same approach as for insurance contracts issued, except when the underlying contract is onerous and the change in the fulfilment cash flows for underlying insurance contracts is recognised in profit or loss by adjusting the loss component. The respective changes in reinsurance contracts held is also recognised in profit and loss (adjusting the loss recovery component).

2.23 Investment contracts with discretionary participation features

The Group issues investment contracts with discretionary participation features (DPF). These provide the investor with the contractual right to receive a non-discretionary amount and, as a supplement to that amount, additional amounts that are expected to be a significant portion of the total contractual benefits based on the return of a specified pool of underlying items.

The Group recognises investment contracts with DPF at the date when the Group becomes a party to the contract. The investment contracts with DPF are aggregated in the same manner as insurance contracts. The Group identifies portfolios of such investment contracts with DPF. Within that portfolio, the Group aggregates them based on three expected profitability levels (groups of onerous contracts, groups of contracts that have no significant possibility of becoming onerous subsequently, and groups that are neither onerous nor have no significant possibility of becoming onerous subsequently). Groups only comprise of contracts issued not more than a year apart.

2.24 Modification and derecognition

The Group derecognises the original contract and recognises the modified contract as a new contract, if the terms of insurance contracts are modified and the following conditions are met:

- If the modified terms were included at contract inception and the Group would have concluded that the modified contract: Is outside of the scope of IFRS 17
- Results in a different insurance contract due to separating components from the host contract
- Results in a substantially different contract boundary
- Would be included in a different group of contracts
- The original contract met the definition of an insurance contract with direct participating features, but the modified contract no longer meets the definition
- The original contract was accounted for applying the PAA, but the modified contract no longer meets the PAA eligibility criteria for that approach
- If the contract modification meets any of the conditions, the Group performs all assessments applicable at initial recognition, derecognises the original contract and recognises the new modified contract as if it was entered for the first time.

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2. Summary of material accounting policies *continued*

2.24 Modification and derecognition *continued*

If the contract modification does not meet any of the conditions, the Group treats the effect of the modification as changes in the estimates of fulfilment cash flows.

For insurance contracts accounted for applying either the VFA or the General Model, a change in the estimates of fulfilment cash flows results in a revised end of period CSM (before the current period allocation). A portion of the revised end of period CSM is allocated to the current period, as is the revised CSM amount applied from the beginning of the period but reflecting the change in the coverage units due to the modification during the period. This portion is calculated using updated coverage unit amounts determined at the end of the period and weighted to reflect the fact that the revised coverage existed for only part of the current period.

For insurance contracts accounted for applying the PAA, the Group adjusts insurance revenue prospectively from the time of the contract modification.

The Group derecognises an insurance contract when, and only when the contract is:

- Extinguished (when the obligation specified in the insurance contract expires or is discharged or cancelled)
- Modified and the derecognition criteria are met

When the Group derecognises an insurance contract from within a group of contracts, it:

- Adjusts the fulfilment cash flows allocated to the group to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognised from the group
- Adjusts the CSM of the group for the change in the fulfilment cash flows (unless it relates to the increase or reversal of the loss component)
- Adjusts the number of coverage units for expected remaining insurance contract services to reflect the coverage units derecognised from the group, and recognises in profit or loss in the period the amount of CSM based on that adjusted number

When the Group transfers an insurance contract to a third party and that results in derecognition, the Group adjusts the CSM of the group from which the contract has been derecognised for the difference between the change in the carrying amount of the group caused by the derecognised fulfilment cash flows and the premium charged by the third party for the transfer.

When the Group derecognises an insurance contract due to modification, it derecognises the original insurance contract and recognises a new one. The Group adjusts the CSM of the group from which the modified contract has been derecognised for the difference between the change in the carrying amount of the group as a result of adjustment to fulfilment cash flows due to derecognition and the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium actually charged for the modification.

2. Summary of material accounting policies *continued*

2.25 Presentation

The Group has presented separately in the consolidated statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities, and the portfolios of reinsurance contracts held that are assets and those that are liabilities.

The Group disaggregates the amounts recognised in the consolidated statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses and, separately from the insurance service result, the 'net insurance finance income or expenses' sub-total. The Group has voluntarily included the net insurance finance income or expenses line in another sub-total: net insurance and investment result, which also includes the income from all the assets backing the Group's insurance liabilities.

The Group includes any assets for insurance acquisition cash flows recognised before the corresponding groups of insurance contracts are recognised in the carrying amount of the related portfolios of insurance contracts issued.

The Group disaggregates the change in risk adjustment for non-financial risk between a financial and non-financial portion.

Insurance revenue

As the Group provides insurance services under a group of insurance contracts issued, it reduces its LRC and recognises insurance revenue, which is measured at the amount of consideration the Group expects to be entitled to in exchange for those services.

For groups of insurance contracts measured under the General Model and VFA, insurance revenue consists of the sum of the changes in the LRC due to:

- The insurance service expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding: Amounts allocated to the loss component
- Repayments of investment components
- Amounts that relate to transaction-based taxes collected on behalf of third parties
- Insurance acquisition expenses
- Amounts relating to risk adjustment for non-financial risk
- The change in the risk adjustment for non-financial risk, excluding: Changes that relate to future service that adjust the CSM
- Amounts allocated to the loss component
- The amount of CSM for the services provided in the period
- Other amounts, such as experience adjustments for premium receipts that relate to current or past service, if any

Insurance revenue also includes the portion of premiums that relate to recovering those insurance acquisition cash flows included in the insurance service expenses in each period. Both amounts are measured in a systematic way on the basis of the passage of time.

When applying the PAA, the Group recognises insurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service. However, when the expected pattern of release from risk during the coverage period differs significantly from the passage of time, the premium receipts are allocated based on the expected pattern of incurred insurance service expenses.

At the end of each reporting period, the Group considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

2. Summary of material accounting policies *continued*

2.25 Presentation *continued*

Insurance service expenses

Insurance service expenses arising from a group of insurance contracts issued comprises:

- Changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components
- Changes in the LIC related to claims and expenses incurred in prior periods (related to past service)
- Other directly attributable insurance service expenses incurred in the period
- Amortisation of insurance acquisition cash flows, which is recognised at the same amount in both insurance service expenses and insurance contract revenue
- Loss component of onerous groups of contracts initially recognised in the period
- Changes in the LRC related to future service that do not adjust the CSM, because they are changes in the loss components of onerous groups of contracts

Income or expenses from reinsurance contracts held

The Group presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- Amount recovered from reinsurers
- An allocation of the premiums paid

The Group presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

The Group establishes a loss recovery component of the asset for the remaining coverage for a group of reinsurance contracts held. This depicts the recovery of losses recognised on the initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group.

Insurance finance income and expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts and a group of reinsurance contracts held.

The use of OCI presentation for insurance finance income and expenses

The Group has an accounting policy choice to present all of the period's insurance finance income or expenses in profit or loss or to split the amount between profit or loss and other comprehensive income (OCI). When considering the choice of presentation of insurance finance income or expenses, the Group examines the assets held for that portfolio and how they are accounted for. The accounting policy choice to disaggregate insurance finance income or expenses so that part is recognised in profit or loss and part in OCI is applied on a portfolio-by-portfolio basis.

The Group may reassess its accounting policy choice during the duration of a group of direct participating contracts when there is a change in whether the Group holds the underlying items or no longer holds the underlying items. When such change occurs, the Group includes the amount accumulated in OCI by the date of change as a reclassification adjustment to profit or loss spread across the period of change and future periods based on the method and on assumptions that applied immediately before the date of change. Comparatives are not restated.

The Group has elected the accounting policy choice to present all of the period's insurance finance income or expenses in profit or loss.

2. Summary of material accounting policies *continued*

2.26 Contracts existing at transition date

Contracts measured applying the fair value approach

The Group used reasonable and supportable information available at the transition date to:

- Identify groups of insurance contracts
- Determine whether an insurance contract meets the definition of an insurance contract with direct participation features
- Identify discretionary cash flows for insurance contracts without direct participation features
- Determine whether an investment contract meets the definition of an investment contract with discretionary participation features within the scope of IFRS 17
- Level of aggregation
- The Group included contracts into groups of contracts issued more than one year apart as there was no reasonable and supportable information available to make the division.

Measurement at the transition date

In applying the fair value approach at the transition date, the CSM or loss component of the LRC was estimated as the difference between the fair value and the fulfilment cash flows of the group of contracts as of that date. In determining fair value, the Group followed the requirements of IFRS 13 Fair Value Measurement, except for that standard's requirement in relation to demand features (that fair value cannot be less than the amount repayable on demand), This is because it would contradict the IFRS 17 requirement to incorporate cash flows on a probability-weighted basis.

Discount rates

The Group used discount rates as at the date of transition, instead of discount rates as at the date of initial recognition.

Insurance acquisition cash flows

The Group determined the asset for insurance acquisition cash flows at the transition date at an amount equal to the amount the Group would have incurred at the transition date to obtain rights to:

- Recover insurance acquisition cash flows from premiums of insurance contracts before the transition date but not yet recognised at the transition date
- Obtain future insurance contracts after the transition date without having to pay again for those costs already paid
- Obtain future renewals of insurance contracts recognised at transition date

The Group did not include an amount for insurance acquisition cash flows in the measurement of the groups of insurance contracts recognised at the transition date.

Insurance finance income or expenses

The Group did not choose to disaggregate the presentation of insurance finance income or expenses and determined the cumulative amount recognised in OCI.

2.27 Taxation

Income tax specifically chargeable to policyholders

When income tax expenses are specifically chargeable to the policyholder under the terms of the contract, they are measured applying IAS 12, and the Group includes those amounts in the fulfilment cash flows applying IFRS 17. The Group accounts for them as a reduction in the liability for remaining coverage and recognises insurance revenue when incurred.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, described in Note 31, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (addressed separately below), that the directors have made in the process of applying the Group's accounting policies and that will have the most significant effect on the amounts recognised in financial statements:

Assessment of significance of insurance risk: The Group applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Group to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely. The assessment of whether additional amounts payable on the occurrence of an insured event are significant and whether there is any scenario with commercial substance in which the issuer has a possibility of a loss on a present value basis involves significant judgement and is performed at initial recognition on a contract-by-contract basis. The type of contracts where this judgement is required are those that transfer financial and insurance risk and result in the latter being the smaller benefit provided.

Combination of insurance contracts: Determining whether it is necessary to treat a set or series of insurance contracts as a single contract involves significant judgement and careful consideration. In assessing whether a set or series of insurance contracts achieve, or are designed to achieve, an overall commercial effect, the Group determines whether the rights and obligations are different when looked at together compared to when looked at individually and whether the Group is unable to measure one contract without considering the other.

Consideration whether there are investment components: The Group considers all terms of contracts it issues to determine whether there are amounts payable to the policyholder in all circumstances, regardless of contract cancellation, maturity, and the occurrence or non-occurrence of an insured event. Some amounts, once paid by the policyholder, are repayable to the policyholder in all circumstances. The Group considers such payments to meet the definition of an investment component, irrespective of whether the amount repayable varies over the term of the contract as the amount is repayable only after it has first been paid by the policyholder.

3. Critical accounting judgements and key sources of estimation uncertainty *continued*

3.1 Critical judgements in applying the Group's accounting policies *continued*

Separation of non-insurance components from insurance contracts: The Group issues some insurance contracts that have several elements in addition to the provision of the insurance coverage service, such as a deposit component, an investment management service, an embedded derivative and other goods or services. Some of these elements need to be separated and accounted for by applying other Standards, while other elements remain within the insurance measurement model. In assessing whether components meet the separation criteria and should be separated, the Group applies significant judgement.

Separation of insurance components of an insurance contract: The Group issues some insurance contracts that combine protection for the policyholder against different types of insurance risks in a single contract. IFRS 17 does not require or permit separating insurance components of an insurance contract unless the legal form of a single contract does not reflect the substance of its contractual rights and obligations. In such cases, separate insurance elements must be recognised. Overriding the 'single contract' unit of account presumption involves significant judgement and is not an accounting policy choice. When determining whether a legal contract reflects its substance or not, the Group considers the interdependency between different risks covered, the ability of all components to lapse independently, and the ability to price and sell the components separately.

Determination of the contract boundary: The measurement of a group of insurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Group considers its substantive rights and obligations arising from the terms of the contract, from applicable law, regulation and customary business practices. Cash flows are considered to be outside of the contract boundary if the Group has the practical ability to reprice existing contracts to reflect their reassessed risks, and if the contract's pricing for coverage up to the date of reassessment only considers the risks until the next reassessment date. The Group applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all the risks in the contract or portfolio.

3.2 Key sources of estimation uncertainty

The following are key estimations that the directors have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Insurance contract assets and liabilities and reinsurance contract assets and liabilities

By applying IFRS 17 to measurement of insurance contracts issued (including investment contracts with DPF) and reinsurance contracts held, the Group has made estimations in the following key areas. They form part of the overall balances of insurance contract assets and liabilities and reinsurance contract assets and liabilities:

- Future cash flows
- Discount rates
- Allocation rate for insurance finance income or expenses
- Risk adjustment for non-financial risk
- Allocation of asset for insurance acquisition cash flows to current and future groups of contracts

Every area, including the Group's estimation methods and assumptions used and other sources of estimation uncertainty are discussed below.

3. Critical accounting judgements and key sources of estimation uncertainty *continued*

3.3 Risk management framework and objectives

The Board acknowledges its responsibility for establishing and communicating appropriate risk and control policies and ensuring that adequate risk management processes are in place. The Group has committees which deal with the various aspects on policies for accepting risks, including selection and approval of risks to be insured, use of limits and avoiding undue concentrations of risk, underwriting strategies to ensure the appropriate risk classification and premium levels etc. as detailed below:

Audit, Risk and Compliance Committees

The 2 committees are in place to assist the board in discharging its risk management obligations which are:

- Review the Group's risk philosophy, strategy, policies, and processes recommended by executive management;
- Review compliance with risk policies and with the overall risk profile of the Group;
- Review and assess the integrity of the process and procedures for identifying, assessing, recording and monitoring of risk;
- Review the adequacy and effectiveness of the Group's risk management function and its implementation by management;
- Ensure that material corporate risks have been identified, assessed and receive attention; and
- Provide the board with an assessment of the state of risk management within the Group.

A significant part of Group's business involves the acceptance and management of risk. Primary responsibility for risk management at an operational level rests with the executive management. The Group's risk management processes, of which the systems of internal, financial and operating controls are an integral part, are designed to control and monitor risk throughout the Group. For effectiveness, these processes rely on regular communication, sound judgement and a thorough knowledge of the products and markets by the people closest to them. Management and various specialist committees are tasked with integrating the management of risk into the day-to-day activities of the Group.

In particular:

The principal objectives (pertaining to risk) are as follows:

- Act as an effective communication channel between the Board on one hand and the external auditors and the internal auditors on the other;
- Satisfy the Board that adequate internal, financial and operating controls are being identified, addressed and monitored by management and that material corporate risks have been identified and are being contained and monitored through the Group's risk committee; and
- Enhance the quality, effectiveness, relevance and communication value of the published financial statements and other public documentation of a financial nature issued by the Group, with focus being placed on the actuarial assumptions, parameters, valuations and reporting guidelines and practices adopted by the statutory actuary as appropriate to the Group's life insurance activities.

3. Critical accounting judgements and key sources of estimation uncertainty *continued*

3.3 Risk management framework and objectives *continued*

Asset Liability Matching and Investment Committee

The asset liability matching, and investment committee is responsible for the management of the Group's capital and the investment policies for assets backing its liabilities.

This committee focuses in overseeing the high-level mix parameters for various products and portfolios and is tasked with agreeing benchmarks and mandates for performance of each investment portfolio in conjunction with the asset managers. It monitors the execution of such mandates.

4. Management of financial and insurance risk

The Group issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Group manages them.

4.1 Financial risk

The Group's financial instruments mainly consist of instruments held at fair value through profit or loss. The methods for recognition and measurement of financial instruments are disclosed in the Group's accounting policies.

The carrying amounts and the respective fair values of financial instruments for the group are summarised below:

	Group		Corporation	
	Carrying value 2024	Carrying value 2023	Carrying value 2024	Carrying value 2023
Financial assets				
Reinsurance contract assets	**45 024 393**	62 782 254	**43 714 173**	62 782 254
Other assets	**43 738 897**	97 163 731	**85 098 482**	169 144 081
Policy loans	**92 713 018**	88 950 711	**92 713 018**	88 950 711
Financial investments	**2 908 426 679**	2 676 803 091	**2 885 759 879**	2 656 187 277
Amounts due from related parties	**–**	–	**16 334 521**	15 805 941
Cash and cash equivalents	**244 192 491**	121 073 723	**240 085 336**	114 202 248
	3 334 095 478	3 046 773 510	**3 363 705 409**	3 107 072 512
Financial liabilities				
Insurance contract liabilities	**2 509 766 624**	2 225 192 751	**2 504 704 708**	2 221 287 331
Other liabilities	**26 694 059**	108 965 123	**61 609 001**	177 980 374
	2 536 460 683	2 334 157 874	**2 566 313 709**	2 399 267 705

Summary of material accounting policies *continued*

for the year ended 31 December 2024

4. Management of financial and insurance risk *continued*

4.1 Financial risk *continued*

Financial risk management

The Group has appointed qualified asset managers to manage its financial instruments that support policyholder liabilities. The principal asset managers are African Alliance Management Company Limited, Stanlib Asset Management Limited, Allan Gray Asset Managers, Ninety-One Limited/ Alexander Forbes and M&G Investments.

Exposure to outside financial institutions concerning financial instruments is monitored in accordance with parameters which have been approved by the Group's Asset Liability Matching and Investment Committee as mandated by the board.

The financial risks to which the Group is exposed are described below:

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss.

Credit risks arise mainly from financial assets at fair value through profit or loss, reinsurance contract assets, policy loans, other assets, amounts due from related parties and cash and cash equivalents.

The carrying amounts of financial assets and insurance assets represent the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date for the group was:

	Group		Corporation	
	Carrying value 2024	Carrying value 2023	Carrying value 2024	Carrying value 2023
Financial assets				
Reinsurance contract assets	**45 024 393**	62 782 254	**43 714 173**	62 782 254
Other assets	**43 738 897**	97 163 731	**85 098 482**	169 144 081
Policy loans	**92 713 018**	88 950 711	**92 713 018**	88 950 711
Financial investments	**2 908 426 679**	2 676 803 091	**2 885 759 879**	2 656 187 277
Amounts due from related parties	**–**	–	**16 334 521**	15 805 941
Cash and cash equivalents	**244 192 491**	121 073 723	**240 085 336**	114 202 248
	3 334 095 478	3 046 773 510	**3 363 705 409**	3 107 072 512

Other assets, reinsurance contract assets, financial investments and cash and cash equivalents are placed with reputable counterparties whose credit ratings are assessed when placing the business and when there is a change in the status of the counterparty.

Policy loans are 100% secured against the policyholders investment surrender value. As a result any policy holder can only be granted a loan of up to 90% of the investment's surrender value.

Debt collection procedures are vigorously carried out on defaulters. Full provision is made for non-recoverability as soon as management is uncertain as to the recovery.

If policyholders cease to pay their premiums, as contractually required, any insurance risk would lapse, and any investment product would be subject to charges in order to recover outstanding costs.

4. Management of financial and insurance risk *continued*

4.1 Financial risk *continued*

Financial risk management *continued*

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments and insurance contracts.

The Insurance industry is regulated by the Registrar of Insurance and Retirement Funds as required by the Insurance Act of 2005. The Insurance Act 2005 specifies the liquidity and capital requirements of insurance and retirements fund companies.

Liquidity risks arising out of contractual obligations to policyholders are discussed further in note 31 of the notes to financial statements.

The Group manages liquidity risk by reviewing the contractual maturities of both its financial assets and financial liabilities. Refer to note 31 – Liquidity analysis for the detailed maturity analysis and the reconciliation to the financial statements.

(c) Market risk

Market risk includes currency risk, interest rate risk and equity price risk. From time to time derivative financial instruments are entered into to reduce this exposure to market risk.

i) Currency risk

Currency risk is the risk that the financial instruments that are denominated in foreign currency will fluctuate due to changes in foreign exchange rates.

The Group is exposed to currency risk as its investments include financial instruments that are held in international portfolios.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument or an insurance contract will fluctuate due to changes in market interest rates.

The Group continuously assesses the market expectations within the South African and Eswatini interest rate environments.

The following financial instruments and insurance contracts will be directly impacted by changes in market interest rates: financial assets at fair value through profit or loss, reinsurance assets, cash and cash equivalents, insurance liabilities – insurance contracts, investment contracts and reinsurance liabilities.

A change of 50 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2024:

	Group		Corporation	
	Carrying value 2024	Carrying value 2023	Carrying value 2024	Carrying value 2023
Interest bearing instruments				
Cash and cash equivalents	**244 192 491**	121 073 723	**240 085 336**	114 202 248
Policy loans	**92 713 018**	88 950 711	**92 713 018**	88 950 711
	336 905 509	210 024 434	**332 798 354**	203 152 959
Increase of 50 basis point on P/L and equity	**168 452**	105 012	**166 399**	101 576
Decrease of 50 basis point on PL and equity	**(168 452)**	(105 012)	**(166 399)**	(101 576)

Summary of material accounting policies *continued*

for the year ended 31 December 2024

4. Management of financial and insurance risk *continued*

4.1 Financial risk *continued*

Financial risk management *continued*

(c) Market risk *continued*

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group maintains a balanced portfolio of investments between equity, capital and money market to mitigate the impact of other price risk.

iv) Legal risk

Legal risk is the risk that the Group will be exposed to contractual obligations which have not been provided for.

The Group has a policy of ensuring all contractual obligations are documented and agreed to, through signing by the relevant parties to the contract. As at 31 December 2024, the directors are not aware of any significant obligation not provided for.

v) Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

vi) Taxation risk

Taxation risk is the risk that the Group will incur a financial loss due to an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing structures.

During the development stage of any new product and prior to any corporate transactions the taxation resources of the Group, and if required external resources, identify and advise on any material potential taxation impact thereof.

Taxation risk is further mitigated through policy terms and conditions, which enable the risk to be passed back to policyholders. This is the case on all classes of business other than non-participating annuity business.

vii) Regulatory risk

Regulatory risk is the risk arising from a change in regulations pertaining to the business of the Group.

In order to manage this risk, the Group is an active participant in various bodies which may have an impact on its business, such as the office of The Financial Services Regulatory Authority.

4.2 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments may exceed the carrying amount of the insurance liabilities. This could occur because the variability of frequency or severity of claims have been underestimated.

4. Management of financial and insurance risk *continued*

4.2 Insurance risk *continued*

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 by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

4.2.1 Non-life insurance contracts

The primary insurance activity carried out by the Group assumes the risk of loss from persons or organisations that are directly subject to the risk. Such risks may relate to property, motor, liability, accident, health and other perils that may arise from an insurable event. As such the Group is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Group also has exposure to market risk through its insurance and investment activities.

The Group manages its insurance risk through setting underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging issues.

The Group uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses and scenario analyses.

a) Underwriting strategy

The Group underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks over a large area. As such, it is believed that this reduces the variability of the outcome. The underwriting strategy is set out in an annual business plan that sets out the classes of business to be written and the industry sectors to which the Group is prepared to expose itself.

This strategy is cascaded down to individual underwriters through detailed underwriting authorities that set out the limits that any one underwriter can write by line size, class of business and industry in order to enforce appropriate risk selection within the portfolio. The underwriters have the right to refuse renewal or to change the terms and conditions of the contract with 30 days' notice. Adherence to the underwriting authorities is measured through a series of exception reports that are run on a monthly basis covering line size, class and industry.

The Group bases its pricing policy on the theory of probability. Underwriting limits are set for underwriting manager and underwriters to ensure that this policy is consistently applied. The Group has the right to re-price and change the conditions for accepting risks on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Only extensive expertise, well-maintained data resources, and selective underwriting based on this information can produce risk-adequate prices and conditions. The effects of the risk of change influence both the premium calculation and the reserves.

Summary of material accounting policies *continued*

for the year ended 31 December 2024

4. Management of financial and insurance risk *continued*

4.2 Insurance risk *continued*

4.2.1 Non-life insurance contracts *continued*

b) Reinsurance strategy

The Group reinsures a portion of the risks it underwrites in order to control its exposures to losses and protect capital resources. The Group utilises an independent Reinsurance Broker for the negotiations, placement and arrangement of Reinsurance programmes with reputable reinsurers.

The treaties are a combination of proportional and non-proportional in order to minimise the net exposure to the Group. The Group also participates in the facultative reinsurance in certain specified circumstances.

c) Terms and conditions of insurance contracts

The Group issues a range of non-life insurance contracts, each of which is described in further detail below:

Engineering – Provides cover for risks relating to:

- The possession, use or ownership of machinery or equipment, other than motor vehicles, in the carrying on of a business:
- Erection of buildings or other structures or the undertaking of other works.
- The installation of machinery or equipment.

Guarantee – A contract whereby the insurer assumes an obligation to discharge the debts or other obligations of another person in the event of the failure of that person to do so.

Liability – Provides cover for risks relating to the incurring of a liability other than relating to a risk covered more specifically under another insurance contract.

Motor – Covers risks relating to the possession, use or ownership of motor vehicles. This cover can include risks relating to vehicle accident, theft or damage to third party property or legal liability arising out of the possession, use or ownership of the insured vehicle.

Property – Covers risks relating to the use, ownership, loss of or damage to immovable property other than a risk covered more specifically under another insurance contract. It also covers for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Transportation – Covers risks relating to the possession, use or ownership of a vessel, aircraft or other craft for the conveyance of persons or goods by air, space, land or water. It also covers risks relating to the storage, treatment or handling of goods that are conveyed.

d) Nature of risks covered

The following gives an assessment of the Group's main products and the ways in which it manages the associated risks and the concentrations of these risks:

Product	Commercial	Personal
Crime	*	*
Contractors all risks	*	
Domestic (other)		*
Domestic (motor)		*
Fire and allied peril	*	*
Guarantees	*	
Accident	*	*
Personal accident	*	*
Motor	*	*
Engineering	*	
Marine	*	
Hull	*	
Liability	*	
Workmen's compensation	*	
Cargo	*	

4. Management of financial and insurance risk *continued*

4.2 Insurance risk *continued*

4.2.1 Non-life insurance contracts *continued*

d) Nature of risks covered *continued*

Commercial division underwrites small to large business from companies. Personal division provides insurance to the general public in their personal capacities.

The following perils are covered under the different types of business:

- Fire – fire, storm, explosions, riot, malicious and earthquake.
- Accident – all risks.
- Personal Accident – death, permanent disablement, total disablement and medical expenses.
- Motor – private and commercial (comprehensive, full third-party fire and theft, full third party)
- Engineering – machinery breakdown, contractors all risks, erection all risks and electronic equipment.
- Marine – hull and cargo.
- House-owners – fire, theft of fixtures, liability, storm and explosion.
- House-holders – burglary.

The return to shareholders under these products arises from the total premiums charged to policyholders less the amounts paid to cover claims and the expenses incurred by the Group. There is also certain scope for the Group 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 usually occurs suddenly (such as a fire or burglary) and the cause is easily determinable. The claim will thus be notified promptly and can be settled without delay.

e) Management of insurance risks

The key risks associated with these products are underwriting risk, competitive risk, and claims experience risk (including the variable incidence of natural disasters). The Group will also be exposed to fraud risk by policyholders.

Underwriting risk is the risk that the Group does not charge premiums appropriate for the risk that it accepts. The risk on any policy will vary according to many factors such as location, safety measures in place, age of property etc. For domestic property insurance it is expected that there will be large numbers of properties with similar risk profiles. However, for commercial business this will not be the case.

Many commercial property proposals will comprise of a unique combination of location, type of business, and safety measures in place. Calculating a premium commensurate with the risk for these policies will be subjective, and hence risky. This risk is managed primarily through sensible pricing, product design, risk selection, appropriate investment strategy, rating and reinsurance. The Group therefore monitors and reacts to changes in the general economic and commercial environment in which it operates.

Insurance companies are exposed to the risk that the insured will make false or invalid claims, or exaggerate the amount claimed following a loss. This largely explains why economic conditions correlate with the profitability of a portfolio. External control systems and fraud detection measurements are also in place to improve the Group's ability to proactively detect fraudulent claims. The Group has independent assessors who determine the value of claims in cases of uncertainty.

4. Management of financial and insurance risk *continued*

4.2 Insurance risk *continued*

4.2.1 Non-life insurance contracts *continued*

e) Management of insurance risks *continued*

Through selective underwriting, client-focused claims handling and advanced reserving methods, the Group endeavour to minimize risks, resulting from the risk of change. Claims are analysed separately for long-tail and short-tail claims. The development of large losses and catastrophes is analysed separately. Short-tail claims can be estimated with greater reliability, and the Group's estimation process reflects all the factors that influence the amount and timing of cash flows from these contracts.

f) Concentrations of insurance risk

Within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon the Group's liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts and relate to circumstances where significant liabilities could arise.

Property is subject to a number of risks, including theft, fire, business interruption and weather. For property business there is a very significant geographical concentration of risk so that external factors such as adverse weather conditions may adversely impact upon a large proportion of a particular geographical portion of the Group's property risks. Claims including perils such as storms, floods, subsidence, fires, explosions, and rising crime levels will occur on a regional basis, meaning that the Group has to manage its geographical risk dispersion very carefully.

For motor business the main risks relates mainly to losses arising from theft, fire, third party losses and accident. Claims including perils such as increase in crime levels, adverse weather and bad road networks will occur on a seasonal and regional scale, meaning that the Group has to ensure that all products are adequately priced and that salvage recovery is pursued in order to mitigate losses.

g) Non-life insurance risk

1. Claims development

Claims on casualty contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term, subject to pre-determined time scales dependent on the nature of the insurance contract. The Group 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 not yet paid and a provision for claims incurred but not yet reported (IBNR) at the statement of financial position date. Based on run off experience against IBNR in 2024, management are of the opinion that the provision for IBNR is adequate but not excessive.

In calculating the estimated cost of unpaid claims (both reported and not), the Group's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

4. Management of financial and insurance risk *continued*

4.2 Insurance risk *continued*

4.2.1 Non-life insurance contracts *continued*

g) Non-life insurance risk *continued*

1. Claims development *continued*

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For casualty contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each two year period.

2. Process used to decide on assumptions

The risks associated with these insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The Group uses assumptions based on a mixture of internal and external market data to measure its claims liabilities. Internal data is derived mostly from the Group's quarterly claims reports and screening of the actual insurance contracts to derive data for the contracts held. The Group has reviewed the individual contracts and classes and the actual exposure years of claims. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims.

4.2.2 Life insurance contracts

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics such as AIDS or widespread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in social conditions that would increase longevity.

The terms and conditions of life insurance contracts which affect the amount, timing and uncertainty of cash flows are explained below:

Endowment Assurance With Profits (EWP)

This is life assurance where the sum assured is paid at the end of a specified term or on death if this should occur at an earlier date. The minimum term is 10 years for all products. It may be a stand-alone product or it may include a five yearly cash benefit policy. At maturity the sum assured plus bonuses is payable.

Whole Life Assurance with profit

The benefits of a whole life policy are payable only on death of the life assured whenever that may occur. However, the premium is paid to either age 60 or 80 after which the life assured ceases to pay premiums and the cover is guaranteed until death. This is also a profit participating policy.

Summary of material accounting policies *continued*

for the year ended 31 December 2024

4. Management of financial and insurance risk *continued*

4.2 Insurance risk *continued*

4.2.2 Life insurance contracts *continued*

Whole Life Assurance with profit *continued*

The Endowment Assurance with profits and the whole life assurance with profit may include the following supplementary benefits (optional):

- Disability cash benefit which provides for an equal sum of payment in the event the life assured becomes permanently incapacitated to perform his own or similar occupation.
- Additional Accident Benefit. This type of benefit provides for an additional sum of money in case the life assured dies of an accident.
- Rest In Peace Benefit. The Rest in Peace Benefit provides for funeral expenses for the entire family.

Term Assurance

Temporary life assurance is issued for a specific term wherein the life cover and premium remain level throughout.

Term assurances are taken out solely to insure against the possibility of death occurring within a time specified in the contract. If death does not occur during that period, no payment is made and the life assured does not receive any returns from his premium.

- Decreasing Term Assurance

Temporary life assurance where the sum assured decreases over the duration of the policy.

- Group Life Assurance

The benefit is paid as a cash lump sum to the dependants of a deceased person. The benefit is expressed as a multiple of the member's annual salary.

- Capital Disability Assurance

This benefit is an extension of the Group Life Assurance and is payable when a member becomes totally and permanently disabled to the extent that he is unable to engage in any occupation.

a) Underwriting

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, the Group balances death risk and survival risk across its portfolio. Medical selection is also included in the Group's underwriting procedures with premiums varied to reflect the health condition.

b) Policyholder behaviour risk

Insurance risk for contracts are also affected by the contract holders' right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to contract holder behaviour.

On the assumption that contract holders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour. For example, it is likely that contract holders whose health has deteriorated significantly will be less inclined to terminate contracts insuring death benefits than those contract holders remaining in good health. This results in an increasing trend of expected mortality, as the portfolio of insurance contracts reduces due to voluntary terminations.

The main risk posed by this behaviour is the risk that expenses and commissions incurred early in the term of the contract but priced to be recovered by means of ongoing charges over a longer period, are not fully recovered due to the decision by the policyholder to cease or reduce contributions.

4. Management of financial and insurance risk *continued*

4.2 Insurance risk *continued*

4.2.2 Life insurance contracts *continued*

Term Assurance *continued*

c) Assumptions

For life insurance contracts estimates are made in two stages. At inception of the contract, the Group determines assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. These assumptions are used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract.

Subsequently, new estimates are developed at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates. The initial assumptions are not altered if the liabilities are considered adequate. If the liabilities are not adequate, the assumptions are altered ('unlocked') to reflect the latest current estimates; no margin is added to the assumptions in this event.

As a result, the effect of changes in the underlying variables on insurance liabilities and related assets is not symmetrical.

Improvements in estimates have no impact on the value of the liabilities and related assets, while significant enough deteriorations in estimates have an impact. The assumptions used for the insurance contracts disclosed in this note are as follows:

- **Mortality risk and morbidity risk**

There are a number of policy types which provide significant benefits on death of the policyholder or beneficiary. The impact of HIV and AIDS is of particular concern in Eswatini. The primary mortality risk mitigation strategies are:

  - Underwriting at the time when policies are written
  - The use of waiting periods and stepped sums assured to prevent anti-selection;
  - Reinsurance

The Group is not exposed to material morbidity or medical risks.

- **Planned margins**

Compulsory and discretionary margins are applied to the best estimate assumptions to introduce an element of prudence into the valuation and to ensure appropriate recognition of profit. These margins will enable the solvency of the Group to withstand fairly material deviations in experience from the best estimates.

Basis Element	Compulsory Margin	Discretionary Margin
Mortality including AIDS	7.5% reduction for Mortality group A 7.5% addition for all other products	Extra 7.5% reduction for Mortality group A (except for annuity business) Extra 7.5% increase for all other products
Investment return	0.25% increase for Investment group A 0.25% reduction for all other products	Extra 0.25% increase for Investment group A Extra 0.25% reduction for all other products
Surrenders	10% reduction for Surrender group A	Extra 15% reduction for Surrender group A
Lapses	25% increase for Lapse group A 25% reduction for Lapse group B	–
Renewal expenses	10% increase	Extra 15% increase
Expense inflation	10% increase	–

4. Management of financial and insurance risk *continued*

4.2 Insurance risk *continued*

4.2.2 Life insurance contracts *continued*

Term Assurance *continued*

c) Assumptions *continued*

Planned margins continued

The definitions of the group A and group B shown above is as follows:

Mortality group A: Children's education endowment, RA with life cover, Child's deferred endowment, Retirement annuity, Whole Life with Periodic Cash Payments, Rest in Peace and Annuities.

Investment group A: Lilunga Pure Endowment, Lilunga Single Premium, Lilunga Asset Builder, Lilunga Graduate Plan Auto Premium Waiver, Lilunga Pension Provider, Children's education endowment, Endowment Assurances, Whole Life With Profits Up To Age 80, RA with life cover, Whole Life With Profits Up To Age 60, Child's Deferred Endowment, Retirement annuity, Single Premium RA, Endowment with Periodic Cash Payments, Whole life with Periodic Cash Payments, Rest in Peace, Rider on a conventional product, Level Term Cover, Supplementary LCTA, Supplementary DCTA, Mortgage Protection policy, Lilunga Lien Product, Lilunga Gradute Plan UW Premium Waiver, Lilunga Graduate Plan No Premium Waiver, Noma-Kunje, Rider on Insika Comprehensive, Annuities funeral benefit, OPE Conventional Policies.

Surrender group A: All Lilunga and Insika Savings Component.

Lapse group A: Whole Life With Profits Up To Age 80, Rider on Unit Linked Product, Decreasing Cover Term Assurance, Supplementary DCTA, Insika Comprehensive Life Policy.

▶ Economic assumptions

The expected future return on bonds is derived from the 10.3 year point on the South African Solvency Assessment and Management (SAM) nominal yield curve. The 10.3 year point was chosen relative to the average term on the prospective liabilities. The expected future return on the other asset classes are derived using flat deductions/additions to the return on bonds. The future investment return assumption is then calculated as the weighted average of these returns using the long-term strategic allocation of the assets backing the liabilities as weights. The expense inflation assumption is derived from the inflation curve implied by the SAM nominal and real curves at the 10.3 year point. The economic assumptions used are shown below:

The economic assumptions used are shown below:

	GAP	2024	2023
Bonds		**12.4%**	12.3%
Equities	2.0%	**14.4%**	14.3%
Property	1.0%	**13.4%**	13.3%
Cash	(2.0%)	**10.4%**	10.3%
Average investment return		**12.9%**	12.9%
Expense inflation		**7.1%**	7.0%

▶ Demographic and expense assumptions

Mortality and lapse rates were left unchanged from the previous year.

The methodology to derive the expense assumption was changed to be in line with the methodology used on the published basis. A detailed expense investigation was performed by the ESRIC team to allocate management expenses to the various business lines. For the statutory valuation, all management expenses were considered when deriving the expense assumption whereas the published basis excludes management expenses that are not directly attributable to the policyholders.

4. Management of financial and insurance risk *continued*

4.2 Insurance risk *continued*

4.2.2 Life insurance contracts *continued*

c) Assumptions *continued*

The change in the methodology to derive expenses has resulted in an increase in the Lilunga and Conventional annual renewal per policy assumption from E768.00 to E860.00 and E76.00 to E86.00 for main and supplementary policies respectively. The annual renewal annuity assumption increased significantly from E708.00 to E2 872.82 per policy.

The Individual business demographic and expense assumptions for 2024 are as follows:

Mortality Assurances	Male: 80% of SA56-62 + 0.001 + 100% of Assa2003m). Female: 80% of (SA56-62f + 0.001+100% of Assa2003f) where SA56-62f rated down by 3 years.
Pensions in payment	125% of A(90)
Longevity	1.0% per annum
Withdrawal	7.5% per annum for Lilunga policies; 7.5% per annum for Mortgage Protection policies; 7.5% per annum for Term Assurances policies; 2.5% per annum for Rest In Peace policies; 7.5% per annum for Insika policies; 0% per annum for all other policy types

▶ Changes in assumptions

There we no changes in assumptions during the year.

d) Assumptions risk

Deviations from assumptions will result in actual cash flows being different from those projected in the policyholder liability calculations. As such, each assumption represents a source of uncertainty.

e) Reinsurance risk

When selecting a reinsurer, the Group considers their relative security. The security of the reinsurer is assessed from public rating information and that from internal investigations.

Credit ratings of insurance reinsurers are as follows:

	2024		2023	
	Exposure	Premiums	Exposure	Premiums
AAA	**0%**	**0%**	0%	0%
AA+	**0%**	**0%**	0%	0%
AA-	**43%**	**54%**	64%	48%
A+	**0%**	**0%**	0%	0%
A	**0%**	**0%**	0%	0%
A-	**18%**	**10%**	14%	19%
B++	**19%**	**18%**	7%	13%
BBB+	**0%**	**0%**	0%	0%
BBB-	**0%**	**0%**	0%	0%
Unrated	**20%**	**18%**	15%	20%
	100%	**100%**	100%	100%

Summary of material accounting policies *continued*

for the year ended 31 December 2024

4. Management of financial and insurance risk *continued*

4.2 Insurance risk *continued*

4.2.2 Life insurance contracts *continued*

e) Reinsurance risk *continued*

Premium rates pertain to premiums ceded to reinsurers during the period ended 31 December 2024 and exposure rations relate to amounts owing from reinsurers at year end. We have only listed major re-insurers.

f) The Capital Adequacy Requirement (CAR) as part of the risk management framework

In order to comply with the requirements of SAP 104, a life insurance Group is required to hold capital in excess of its liabilities to ensure that it will remain solvent under adverse conditions in future years. The extent that a Group will be affected by adverse conditions depends on a number of factors, most importantly:

- The nature and term of the assets
- The types and duration of guarantees granted
- The ability to change contract terms and charges
- The speed with which the Group can react to changing circumstances.

The required excess capital is termed the "Capital Adequacy Requirement" or CAR. This considers two potential risks.

- That all policies cease with immediate effect – the so-called Termination CAR or TCAR.
- That an accumulation of adverse circumstances in a number of quite different areas conspire to produce a highly detrimental capital position. This is the CAR in the ordinary line of business or OCAR.

It is important to note that the Corporation can reduce their CAR by allowing for future management action, specifically the removal of non-vesting and terminal bonuses and allowing the bonus stabilisation reserve to go negative to a certain level, as well as reductions to future bonus declarations. The principal management actions assumed in the CAR calculation are the removal of a portion of the non-vested bonuses on DA and Lilunga business and terminal bonuses on with-profits business.

The ESRIC CAR at 31 December 2024 is E134.6m (2023: is E122.6m). This is the maximum of the OCAR post management action of E134.6m and the TCAR of E7.5m. The management action taken on OCAR was to remove a total of E96.8m in non-vested bonuses and terminal bonuses. The impact of management action was to reduce OCAR from E231.8m to E134.6.6m.

4.3 Fair value estimation

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs in making the measurements.

The Group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy in accordance with IFRS 13:

- **Level 1:** Quoted market price in an active market for an identical instrument.
- **Level 2:** Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

4. Management of financial and insurance risk *continued*

4.3 Fair value estimation *continued*

- **Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

An analysis of financial instruments, measured at fair value at the end of the reporting period, by level in the fair value hierarchy into which the fair value measurement is categorised can be found in the notes to the financial statements.

The following table presents the Group's assets that are measured at fair value at 31 December 2024.

	Group 2024		
	Level 1 E	Level 2 E	Level 3 E
Financial assets			
Investment property	–	–	50 100 000
Reinsurance contract assets	–	45 024 393	–
Other assets	–	43 738 897	–
Policy loans	–	92 713 018	–
Financial investments	–	2 908 426 679	–
Amounts due from related parties	–	–	–
Cash and cash equivalents	–	244 192 491	–
	–	3 334 095 478	50 100 000
Financial liabilities			
Insurance contract liabilities	–	2 509 766 624	–
Other liabilities	–	26 694 059	–
	–	2 536 460 683	–

4. Management of financial and insurance risk *continued*

4.3 Fair value estimation *continued*

	Group 2023		
	Level 1	Level 2	Level 3
Financial assets			
Investment property	–	–	49 300 000
Reinsurance contract assets	–	62 782 254	–
Other assets	–	97 163 731	–
Policy loans	–	88 950 711	–
Financial investments	–	2 676 803 091	–
Amounts due from related parties	–	–	–
Cash and cash equivalents	–	121 073 723	–
	–	3 046 773 510	49 300 000
Financial liabilities			
Insurance contract liabilities	–	2 225 192 751	–
Other liabilities	–	108 965 123	–
	–	2 334 157 874	–

	Corporation 2024		
	Level 1 E	Level 2 E	Level 3 E
Financial assets			
Investment property	**–**	**–**	**50 100 000**
Reinsurance contract assets	**–**	**43 714 173**	**–**
Other assets	**–**	**85 098 482**	**–**
Policy loans	**–**	**92 713 018**	**–**
Financial investments	**–**	**2 885 759 879**	**–**
Amounts due from related parties	**–**	**16 334 521**	**–**
Cash and cash equivalents	**–**	**240 085 336**	**–**
	–	**3 363 705 409**	**50 100 000**
Financial liabilities			
Insurance contract liabilities	**–**	**2 504 704 708**	**–**
Other liabilities	**–**	**61 609 001**	**–**
	–	**2 566 313 709**	**–**

	Corporation 2023		
	Level 1	Level 2	Level 3
Financial assets			
Investment property	–	–	49 300 000
Reinsurance contract assets	–	62 782 254	–
Other assets	–	169 144 081	–
Policy loans	–	88 950 711	–
Financial investments	–	2 656 187 277	–
Amounts due from related parties	–	15 805 941	–
Cash and cash equivalents	–	114 202 248	–
	–	3 107 072 512	49 300 000
Financial liabilities			
Insurance contract liabilities	–	2 221 287 331	–
Other liabilities	–	177 980 374	–
	–	2 399 267 705	–

4. Management of financial and insurance risk *continued*

4.4 Sensitivities

4.4.1 Sensitivities – Life business

The following table details the impact of changes in key assumptions on the Group's profit and loss, equity and CSM before and after risk mitigation by reinsurance held. This analysis is based on a change in one risk variable with all other variables held constant. Sensitivity analysis assumes that changes to variables can be made independently, which is very unlikely to occur in practice. There were no changes made from the previous period in the methods and assumptions used in preparing the sensitivity analysis

	Change is assumption	**CSM** Gross E	Net E	**Equity** Gross E	Net E	**Profit or loss** Gross E	Net E
Mortality	+10%	3 688 692	3 401 166	1 952 182	2 156 512	1 952 182	2 156 512
Mortality	(10%)	(4 324 048)	(4 189 220)	635 928	345 088	635 928	345 088
Lapse rate	+8%	585 788	583 803	(975 259)	(974 395)	(975 259)	(974 395)
Lapse rate	(8%)	(618 186)	(616 117)	980 467	979 566	980 467	979 566
Expenses	+15%	(27 721 360)	(27 716 123)	16 811 623	16 816 860	16 811 623	16 816 860
Expenses	(15%)	28 055 104	28 062 301	(16 477 879)	(16 470 682)	(16 477 879)	(16 470 682)
Interest rates	+1%	(3 731 961)	(3 731 446)	(61 135 348)	(61 126 434)	(61 135 348)	(61 126 434)
Interest rates	(1%)	4 070 180	4 081 766	71 254 697	71 256 660	71 254 697	71 256 660

Year ended 2023 – Group and Corporation	**Change is assumption**	**CSM** Gross E	Net E	**LIC** Gross E	Net E	**Profit or loss** Gross E	Net E
Mortality	+10%	2 994 791	2 994 791	1 543 445	1 543 445	1 543 445	1 543 445
Mortality	(10%)	(4 824 805)	(4 824 805)	(983 427)	(983 427)	(983 427)	(983 427)
Lapse rate	+8%	682 107	682 107	(743 283)	(743 283)	(743 283)	(743 283)
Lapse rate	(8%)	(725 187)	(725 187)	744 342	744 342	744 342	744 342
Expenses	+15%	(31 112 064)	(31 112 064)	9 401 718	9 401 718	9 401 718	9 401 718
Expenses	(15%)	31 328 620	31 328 620	(9 185 162)	(9 185 162)	(9 185 162)	(9 185 162)
Interest rates	+1%	(3 099 532)	(3 099 532)	(41 446 047)	(41 446 047)	(41 446 047)	(41 446 047)

4.4.2 Sensitivities – GI business

The following tables detail the impact of changes in key assumptions on the Group's profit or loss, and LIC before (Gross) and after (Net) risk mitigation by reinsurance contracts held. This analysis is based on a change in one risk variable with all other variables held constant. Sensitivity analysis assumes that changes to variables can be made independently, which is very unlikely to occur in practice. There were no changes made from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

	Change is assumption	**LIC** Gross E	Impact on LIC	**Profit or loss** Gross E	Impact on P/L
Risk Adjustment	+5%	3 477 254	Increase	(3 477 254)	Decrease
Risk Adjustment	(5%)	(3 477 253)	Decrease	3 477 253	Increase
Yield Curve	+1%	(6 342 425)	Decrease	6 342 425	Increase
Yield Curve	(1%)	5 147 033	Increase	(5 147 033)	Decrease

Year ended 2023 – Group and Corporation	**Change is assumption**	**LIC** Gross E	Impact on LIC	**Profit or loss** Gross E	Impact on P/L
Risk Adjustment	+5%	4 269 635	Increase	(4 269 635)	Decrease
Risk Adjustment	(5%)	(4 269 636)	Decrease	4 269 636	Increase
Yield curve used to discount cash flows	+1%	(10 215 204)	Decrease	10 215 204	Increase
Yield curve used to discount cash flows	(1%)	9 874 265	Increase	(9 874 265)	Decrease

4. Management of financial and insurance risk *continued*

4.5 Claims development

The table below summarises actual claims compared with previous estimates of the undiscounted amount of the claims. The Group presents information on the gross and net claims development for claims incurred 3 years before the reporting period. The Group reconciles the LIC presented in the table with the aggregate carrying amount of the groups of insurance contracts.

	2021	2022	2023	2024	Total
Gross of reinsurance					
Estimates of undiscounted gross cumulative claims					
At end of accident year	107 461 765	94 953 921	109 734 083	**128 337 339**	
One year later	163 575 102	92 615 967	82 424 970	**–**	
Two years later	172 413 530	64 652 382	–	**–**	
Three years later	75 005 716	–	–	**–**	
Four years later	–	–	–	**–**	
Five years later	–	–	–	**–**	
Six years later	–	–	–	**–**	
Seven years later	–	–	–	**–**	
Eight years later	–	–	–	**–**	
Nine years later	–	–	–	**–**	
Cumulative gross claims paid	72 742 826	60 395 008	69 834 819	**67 456 952**	**270 429 605**
Gross liabilities – accident years from 2021 to 2024	**2 262 890**	**4 257 374**	**12 590 151**	**60 880 387**	**79 990 802**
Gross liabilities – accident years before 2021	**–**	**–**	**–**	**–**	**3 210 884**
Risk adjustment	**–**	**–**	**–**	**–**	**259 697**
Effect of discounting	**–**	**–**	**–**	**–**	**4 400 645**
Gross liabilities for incurred claims included in the statement of financial position	**–**	**–**	**–**	**–**	**78 801 040**
Net claims development					
Estimates of undiscounted gross cumulative claims					
At end of accident year	–	88 358 340	99 548 576	**117 903 073**	
One year later	–	90 609 029	79 612 658	**–**	
Two years later	–	64 285 512	–	**–**	
Three years later	–	–	–	**–**	
Four years later	–	–	–	**–**	
Five years later	–	–	–	**–**	
Six years later	–	–	–	**–**	
Seven years later	–	–	–	**–**	
Eight years later	–	–	–	**–**	
Nine years later	–	–	–	**–**	
Cumulative gross claims paid	–	60 395 008	69 273 864	**67 220 578**	**196 889 450**
Net Liabilities – accident years from 2022 to 2024	**–**	**3 890 504**	**10 338 794**	**50 682 496**	**64 911 793**
Net liabilities – accident years before 2022	**–**	**–**	**–**	**–**	**2 513 070**
Risk Adjustment	**–**	**–**	**–**	**–**	**–**
Effect of discounting	**–**	**–**	**–**	**–**	**2 309 500**
Net liabilities for incurred claims included in the statement of financial position	**–**	**–**	**–**	**–**	**65 115 364**

5. Insurance revenue

Group 2024 **Particulars [Figures in Emalangeni]**	Total	Life GMM	Life VFA	Life PAA	Non Life PAA
Contracts not measured under the PAA	**95 856 520**	**59 924 505**	**35 932 015**	**–**	**–**
Amounts related to liabilities for remaining coverage	**90 439 177**	**55 750 849**	**34 688 328**	**–**	**–**
▶ Expected incurred claims and other expenses	**54 223 901**	**39 440 763**	**14 783 138**	**–**	**–**
▶ Risk adjustment for the risk expired	**5 584 009**	**3 037 322**	**2 546 687**	**–**	**–**
▶ CSM for the services provided	**30 797 162**	**13 438 659**	**17 358 503**	**–**	**–**
▶ Experience adjustments for premium receipts	**(165 895)**	**(165 895)**		**–**	**–**
Recovery of acquisition cash flows	**5 417 343**	**4 173 656**	**1 243 687**	**–**	**–**
Contracts measured under the PAA	**676 740 691**	**–**	**–**	**94 264 052**	**582 476 639**
Total Insurance Revenue	**772 597 211**	**59 924 505**	**35 932 015**	**94 264 052**	**582 476 639**

Group 2023 **Particulars [Figures in Emalangeni]**	Total	Life GMM	Life VFA	Life PAA	Non Life PAA
Contracts not measured under the PAA	77 881 186	47 236 687	30 644 499	–	–
Amounts related to liabilities for remaining coverage	75 612 881	45 799 526	29 813 355	–	–
▶ Expected incurred claims and other expenses	45 885 702	32 384 627	13 501 075	–	–
▶ Risk adjustment for the risk expired	5 040 442	2 427 031	2 613 411	–	–
▶ CSM for the services provided	24 764 815	11 065 946	13 698 869	–	–
▶ Experience adjustments for premium receipts	(78 078)	(78 078)	–	–	–
Recovery of acquisition cash flows	2 268 305	1 437 161	831 144	–	–
Contracts measured under the PAA	670 794 561	–	–	98 691 117	572 103 444
Total Insurance Revenue	748 675 747	47 236 687	30 644 499	98 691 117	572 103 444

Corporation 2024 **Particulars [Figures in Emalangeni]**	Total	Life GMM	Life VFA	Life PAA	Non Life PAA
Contracts not measured under the PAA	**95 856 520**	**59 924 505**	**35 932 015**	**–**	**–**
Amounts related to liabilities for remaining coverage	**90 439 177**	**55 750 849**	**34 688 328**	**–**	**–**
▶ Expected incurred claims and other expenses	**54 223 901**	**39 440 763**	**14 783 138**	**–**	**–**
▶ Risk adjustment for the risk expired	**5 584 009**	**3 037 322**	**2 546 687**	**–**	**–**
▶ CSM for the services provided	**30 797 162**	**13 438 659**	**17 358 503**	**–**	**–**
▶ Experience adjustments for premium receipts	**(165 895)**	**(165 895)**	**–**	**–**	**–**
Recovery of acquisition cash flows	**5 417 343**	**4 173 656**	**1 243 687**	**–**	**–**
Contracts measured under the PAA	**676 740 691**	**–**	**–**	**94 264 052**	**582 476 639**
Total Insurance Revenue	**772 597 211**	**59 924 505**	**35 932 015**	**94 264 052**	**582 476 639**

Corporation 2023 **Particulars [Figures in Emalangeni]**	Total	Life GMM GMM	Life VFA VFA	Life PAA	Non Life PAA
Contracts not measured under the PAA	77 881 186	47 236 687	30 644 499	–	–
Amounts related to liabilities for remaining coverage	75 612 881	45 799 526	29 813 355	–	–
▶ Expected incurred claims and other expenses	45 885 702	32 384 627	13 501 075	–	–
▶ Risk adjustment for the risk expired	5 040 442	2 427 031	2 613 411	–	–
▶ CSM for the services provided	24 764 815	11 065 946	13 698 869	–	–
▶ Experience adjustments for premium receipts	(78 078)	(78 078)	–	–	–
Recovery of acquisition cash flows	2 268 305	1 437 161	831 144	–	–
Contracts measured under the PAA	662 334 894	–	–	98 691 117	563 643 777
Total Insurance Revenue	740 216 080	47 236 687	30 644 499	98 691 117	563 643 777

Notes to the financial statements *continued*

for the year ended 31 December 2024

6. Insurance service expenses from insurance contracts issued

Group 2024 Particulars [Figures in Emalangeni]	Total	Life GMM	Life VFA	Life PAA	Non Life PAA
Incurred claims and other expenses	**(387 074 881)**	**(40 880 305)**	**(9 358 214)**	**(89 551 056)**	**(247 285 306)**
Changes that relate to future service: losses on onerous contracts and reversals of those losses	**(29 341 490)**	**(31 788 379)**	**(1 782 016)**	**3 307 341**	**921 564**
Changes that relate to past service: changes to liabilities for incurred claims	**26 917 788**	**(684 095)**	**(4 098 378)**	**1 667 374**	**30 032 887**
Insurance acquisition cash flows amortisation	**(104 176 436)**	**(4 173 656)**	**(1 243 687)**	**(1 998 813)**	**(96 760 280)**
Insurance acquisition cash flows recognised when incurred	**(4 012 190)**	**–**	**–**	**(4 012 190)**	**–**
Total insurance service expenses	**(497 687 209)**	**(77 526 435)**	**(16 482 295)**	**(90 587 344)**	**(313 091 135)**

Group 2023 Particulars [Figures in Emalangeni]	Total	Life GMM	Life VFA	Life PAA	Non Life PAA
Incurred claims and other expenses	(336 838 047)	(29 242 236)	(11 804 674)	(70 239 378)	(225 551 759)
Changes that relate to future service: losses on onerous contracts and reversals of those losses	(20 942 434)	(22 051 631)	(2 706 631)	4 467 824	(651 996)
Changes that relate to past service: changes to liabilities for incurred claims	29 231 361	1 510 018	1 357 809	(2 457 705)	28 821 238
Insurance acquisition cash flows amortisation	(34 378 958)	(1 437 161)	(831 144)	(2 092 309)	(30 018 343)
Insurance acquisition cash flows recognised when incurred	(7 017 852)	–	–	(7 017 852)	–
Total insurance service expenses	(369 945 930)	(51 221 010)	(13 984 639)	(77 339 420)	(227 400 860)

Corporation 2024 Particulars [Figures in Emalangeni]	Total	Life GMM	Life VFA	Life PAA	Non Life PAA
Incurred claims and other expenses	**(377 018 272)**	**(40 880 305)**	**(9 358 214)**	**(89 551 056)**	**(237 228 697)**
Changes that relate to future service: losses on onerous contracts and reversals of those losses	**(30 263 054)**	**(31 788 379)**	**(1 782 016)**	**3 307 341**	**–**
Changes that relate to past service: changes to liabilities for incurred claims	**26 697 474**	**(684 095)**	**(4 098 378)**	**1 667 374**	**29 812 573**
Insurance acquisition cash flows amortisation	**(102 870 723)**	**(4 173 656)**	**(1 243 687)**	**(1 998 813)**	**(95 454 567)**
Insurance acquisition cash flows recognised when incurred	**(4 012 190)**	**–**	**–**	**(4 012 190)**	**–**
Total insurance service expenses	**(487 466 765)**	**(77 526 435)**	**(16 482 295)**	**(90 587 344)**	**(302 870 691)**

Corporation 2023 Particulars [Figures in Emalangeni]	Total	Life GMM	Life VFA	Life PAA	Non Life PAA
Incurred claims and other expenses	(330 358 191)	(29 242 236)	(11 804 674)	(70 239 378)	(219 071 903)
Changes that relate to future service: losses on onerous contracts and reversals of those losses	(20 290 438)	(22 051 631)	(2 706 631)	4 467 824	–
Changes that relate to past service: changes to liabilities for incurred claims	28 783 749	1 510 018	1 357 809	(2 457 705)	28 373 627
Insurance acquisition cash flows amortisation	(33 328 138)	(1 437 161)	(831 144)	(2 092 309)	(28 967 524)
Insurance acquisition cash flows recognised when incurred	(7 017 851)	–	–	(7 017 851)	–
Total insurance service expenses	(362 210 869)	(51 221 010)	(13 984 640)	(77 339 419)	(219 665 800)

7. Net expense from reinsurance contracts held

Group 2024 Particulars [Figures in Emalangeni]	Total	Life GMM	Life PAA	Non Life PAA
Contracts not measured under the PAA	**(11 290)**	**(11 290)**	**–**	**–**
Amounts related to liabilities for remaining coverage	**(11 290)**	**(11 290)**	**–**	**–**
▶ Recoveries for expected incurred claims and other expenses	**(82 257)**	**(82 257)**	**–**	**–**
▶ Risk adjustment for the risk expired	**(6 915)**	**(6 915)**	**–**	**–**
▶ CSM for the service received	**(464)**	**(464)**	**–**	**–**
▶ Experience adjustments for premiums paid	**78 346**	**78 346**	**–**	**–**
Contracts measured under the PAA	**(168 907 643)**	**–**	**(10 075 445)**	**(158 832 198)**
Allocation of reinsurance premiums	**(168 918 933)**	**(11 290)**	**(10 075 445)**	**(158 832 198)**
Contracts not measured under the PAA	**1 419**	**1 419**	**–**	**–**
Recoveries for incurred claims and other expenses	**–**	**–**	**–**	**–**
Changes that relate to future service: recoveries for losses on onerous contracts and reversals of those losses	**1 419**	**1 419**	**–**	**–**
Changes that relate to past service: changes to recoveries of liabilities for incurred claims	**–**	**–**	**–**	**–**
Effect of changes in non-performance risk of reinsurers	**–**	**–**	**–**	**–**
Contracts measured under the PAA	**(1 507 324)**	**–**	**7 612 708**	**(9 120 032)**
Amounts recovered from reinsurers	**(1 505 905)**	**1 419**	**7 612 708**	**(9 120 032)**
Net income or expenses from reinsurance contracts held	**(170 424 838)**	**(9 871)**	**(2 462 737)**	**(167 952 230)**

Group 2023 Particulars [Figures in Emalangeni]	Total	Life GMM	Life PAA	Non Life PAA
Contracts not measured under the PAA	50 534	50 534	–	–
Amounts related to liabilities for remaining coverage	50 534	50 534	–	–
▶ Recoveries for expected incurred claims and other expenses	26 722	26 722	–	–
▶ Risk adjustment for the risk expired	15 442	15 442	–	–
▶ CSM for the service received	2 068	2 068	–	–
▶ Experience adjustments for premiums paid	6 302	6 302	–	–
Contracts measured under the PAA	(168 931 111)	–	(7 630 046)	(161 301 065)
Allocation of reinsurance premiums	(168 880 577)	50 534	(7 630 046)	(161 301 065)
Contracts not measured under the PAA	(23 221)	(23 221)	–	–
Recoveries for incurred claims and other expenses	–	–	–	–
Changes that relate to future service: recoveries for losses on onerous contracts and reversals of those losses	(23 221)	(23 221)	–	–
Changes that relate to past service: changes to recoveries of liabilities for incurred claims	–	–	–	–
Effect of changes in non-performance risk of reinsurers	–	–	–	–
Contracts measured under the PAA	14 272 757	2 202 611	12 070 146	–
Amounts recovered from reinsurers	14 249 536	2 179 390	12 070 146	–
Net income or expenses from reinsurance contracts held	(154 631 041)	2 229 924	4 440 100	(161 301 065)

Notes to the financial statements *continued*

for the year ended 31 December 2024

7. Net expense from reinsurance contracts held *continued*

Corporation 2024 **Particulars [Figures in Emalangeni]**	Total	Life GMM	Life PAA	Non Life PAA
Contracts not measured under the PAA	**(11 290)**	**(11 290)**	**–**	**–**
Amounts related to liabilities for remaining coverage	**(11 290)**	**(11 290)**	**–**	**–**
▶ Recoveries for expected incurred claims and other expenses	**(82 257)**	**(82 257)**	**–**	**–**
▶ Risk adjustment for the risk expired	**(6 915)**	**(6 915)**	**–**	**–**
▶ CSM for the service received	**(464)**	**(464)**	**–**	**–**
▶ Experience adjustments for premiums paid	**78 346**	**78 346**	**–**	**–**
Contracts measured under the PAA	**(173 109 440)**	**–**	**(10 075 445)**	**(163 033 995)**
Allocation of reinsurance premiums	**(173 120 730)**	**(11 290)**	**(10 075 445)**	**(163 033 995)**
Contracts not measured under the PAA	**1 419**	**1 419**	**–**	**–**
Recoveries for incurred claims and other expenses	**–**	**–**	**–**	**–**
Changes that relate to future service: recoveries for losses on onerous contracts and reversals of those losses	**1 419**	**1 419**	**–**	**–**
Changes that relate to past service: changes to recoveries of liabilities for incurred claims	**–**	**–**	**–**	**–**
Effect of changes in non-performance risk of reinsurers	**–**	**–**	**–**	**–**
Contracts measured under the PAA	**(2 359 339)**	**–**	**7 612 708**	**(9 972 047)**
Amounts recovered from reinsurers	**(2 357 920)**	**1 419**	**7 612 708**	**(9 972 047)**
Net income or expenses from reinsurance contracts held	**(175 478 650)**	**(9 871)**	**(2 462 737)**	**(173 006 042)**

Corporation 2023 **Particulars [Figures in Emalangeni]**	Total	Life GMM	Life PAA	Non Life PAA
Contracts not measured under the PAA	50 534	50 534	–	–
Amounts related to liabilities for remaining coverage	50 534	50 534	–	–
▶ Recoveries for expected incurred claims and other expenses	26 722	26 722	–	–
▶ Risk adjustment for the risk expired	15 442	15 442	–	–
▶ CSM for the service received	2 068	2 068	–	–
▶ Experience adjustments for premiums paid	6 302	6 302	–	–
Contracts measured under the PAA	(162 362 350)	–	(7 630 046)	(154 732 304)
Allocation of reinsurance premiums	(162 311 816)	50 534	(7 630 046)	(154 732 304)
Contracts not measured under the PAA	(23 221)	(23 221)	–	–
Recoveries for incurred claims and other expenses	–	–	–	–
Changes that relate to future service: recoveries for losses on onerous contracts and reversals of those losses	(23 221)	(23 221)	–	–
Changes that relate to past service: changes to recoveries of liabilities for incurred claims	–	–	–	–
Effect of changes in non-performance risk of reinsurers	–	–	–	–
Contracts measured under the PAA	13 711 802	–	2 202 611	11 509 191
Amounts recovered from reinsurers	13 688 581	(23 221)	2 202 611	11 509 191
Net income or expenses from reinsurance contracts held	(148 623 235)	27 313	(5 427 435)	(143 223 113)

8. Finance income/(expense) from insurance contracts

Group 2024 **Particulars [Figures in Emalangeni]**	Total	Life GMM GMM	Life VFA VFA	Life PAA	Non Life PAA
Insurance finance (income)/expenses from insurance contracts issued recognised in P&L					
Interest accrued	**(130 404 785)**	**(59 416 823)**	**–**	**(66 277 658)**	**(4 710 304)**
Effect of changes in interest rates and other financial assumptions	**(94 347 649)**	**(94 093 863)**	**–**	**–**	**(253 786)**
Effect of changes in FCF at current rate when CSM is unlocked at locked-in rate	**(1 900 882)**	**(1 900 882)**	**–**	**–**	**–**
Changes in fair value of underlying assets measured under VFA	**(72 395 952)**	**–**	**(72 395 952)**	**–**	**–**
Total insurance finance income/(expenses) from insurance contracts issued	**(299 049 268)**	**(155 411 568)**	**(72 395 952)**	**(66 277 658)**	**(4 964 090)**
Finance income/(expenses) from reinsurance contracts held recognised in P&L					
Interest accreted	**588 696**	**1 478**	**–**	**–**	**587 218**
Effect of changes in interest rates and other financial assumptions	**(70 828)**	**(6 274)**	**–**	**–**	**(64 554)**
Total finance income/(expenses) from reinsurance contracts held	**517 868**	**(4 796)**	**–**	**–**	**522 664**
Net insurance finance income or expenses	**(298 531 400)**	**(155 416 364)**	**(72 395 952)**	**(66 277 658)**	**(4 441 426)**

Group 2023 **Particulars [Figures in Emalangeni]**	Total	Life GMM GMM	Life VFA VFA	Life PAA	Non Life PAA
Insurance finance (income)/expenses from insurance contracts issued recognised in P&L					
Interest accreted	(115 470 313)	(51 845 650)	–	(59 043 015)	(4 581 648)
Effect of changes in interest rates and other financial assumptions	32 149 732	32 499 546	–	–	(349 814)
Effect of changes in FCF at current rate when CSM is unlocked at locked-in rate	(2 077 387)	(2 077 387)	–	–	–
Changes in fair value of underlying assets measured under VFA	(68 019 440)	–	(68 019 440)	–	–
Total insurance finance income/(expenses) from insurance contracts issued	(153 417 408)	(21 423 491)	(68 019 440)	(59 043 015)	(4 931 462)
Finance income/(expenses) from reinsurance contracts held recognised in P&L					
Interest accreted	377 957	103	–	–	377 854
Effect of changes in interest rates and other financial assumptions	(2 251)	1 206	–	–	(3 457)
Total finance income/(expenses) from reinsurance contracts held	375 706	1 309	–	–	374 397
Net insurance finance income or expenses	(153 041 702)	(21 422 182)	(68 019 440)	(59 043 015)	(4 557 065)

8. Finance income/(expense) from insurance contracts *continued*

Corporation 2024 **Particulars [Figures in Emalangeni]**	Total	Life GMM GMM	Life VFA VFA	Life PAA	Non Life PAA
Insurance finance (income)/expenses from insurance contracts issued recognised in P&L					
Interest accreted	**(130 679 711)**	**(59 416 823)**	**–**	**(66 277 658)**	**(4 985 230)**
Effect of changes in interest rates and other financial assumptions	**(94 347 649)**	**(94 093 863)**	**–**	**–**	**(253 786)**
Effect of changes in FCF at current rate when CSM is unlocked at locked-in rate	**(1 900 882)**	**(1 900 882)**	**–**	**–**	**–**
Changes in fair value of underlying assets measured under VFA	**(72 395 952)**	**–**	**(72 395 952)**	**–**	**–**
Total insurance finance income/(expenses) from insurance contracts issued	**(299 324 194)**	**(155 411 568)**	**(72 395 952)**	**(66 277 658)**	**(5 239 016)**
Finance income/(expenses) from reinsurance contracts held recognised in P&L					
Interest accreted	**588 696**	**1 478**	**–**	**–**	**587 218**
Effect of changes in interest rates and other financial assumptions	**(70 828)**	**(6 274)**	**–**	**–**	**(64 554)**
Total finance income/(expenses) from reinsurance contracts held	**517 868**	**(4 796)**	**–**	**–**	**522 664**
Net insurance finance income or expenses	**(298 806 326)**	**(155 416 364)**	**(72 395 952)**	**(66 277 658)**	**(4 716 352)**

Corporation 2023 **Particulars [Figures in Emalangeni]**	Total	Life GMM GMM	Life VFA VFA	Life PAA	Non Life PAA
Insurance finance (income)/expenses from insurance contracts issued recognised in P&L					
Interest accreted	(115 081 898)	(51 845 650)	–	(59 043 015)	(4 193 233)
Effect of changes in interest rates and other financial assumptions	32 149 732	32 499 546	–	–	(349 814)
Effect of changes in FCF at current rate when CSM is unlocked at locked-in rate	(2 077 387)	(2 077 387)	–	–	–
Changes in fair value of underlying assets measured under VFA	(68 019 440)	–	(68 019 440)	–	–
Total insurance finance income/(expenses) from insurance contracts issued	(153 028 993)	(21 423 491)	(68 019 440)	(59 043 015)	(4 543 047)
Finance income/(expenses) from reinsurance contracts held recognised in P&L					
Interest accreted	377 957	103	–	–	377 854
Effect of changes in interest rates and other financial assumptions	(2 251)	1 206	–	–	(3 457)
Total finance income/(expenses) from reinsurance contracts held	375 706	1 309	–	–	374 397
Net insurance finance income or expenses	(152 653 287)	(21 422 182)	(68 019 440)	(59 043 015)	(4 168 650)

9. Insurance and reinsurance contract assets and liabilities

Group 2024 **Particulars [Figures in Emalangeni]**	Life GMM	Life VFA	Life PAA	Non-Life PAA	Total
Insurance contract assets	**–**	**–**	**–**	**5 329 443**	**5 329 443**
Insurance contract liabilities	**(935 658 600)**	**(768 759 773)**	**(676 731 771)**	**(133 945 923)**	**(2 515 096 067)**
	(935 658 600)	**(768 759 773)**	**(676 731 771)**	**(128 616 480)**	**(2 509 766 624)**
Reinsurance contract assets	**–**	**–**	**3 184 101**	**41 841 159**	**45 025 260**
Reinsurance contract liabilities	**(867)**	**–**	**–**	**–**	**(867)**
	(867)	**–**	**3 184 101**	**41 841 159**	**45 024 393**

2023 **Particulars [Figures in Emalangeni]**	Life GMM	Life VFA	Life PAA	Non-Life PAA	Total
Insurance contract assets	1 738 189	–	–	1 615 136	3 353 325
Insurance contract liabilities	(783 290 989)	(732 503 089)	(587 365 063)	(125 386 935)	(2 228 546 076)
	(781 552 800)	(732 503 089)	(587 365 063)	(123 771 799)	(2 225 192 751)
Reinsurance contract assets	–	–	2 259 587	60 522 667	62 782 254
Reinsurance contract liabilities	–	–	–	–	–
	–	–	2 259 587	60 522 667	62 782 254

Corporation 2024 **Particulars [Figures in Emalangeni]**	Life GMM	Life VFA	Life PAA	Non-Life PAA	Total
Insurance contract assets	**–**	**–**	**–**	**5 329 443**	**5 329 443**
Insurance contract liabilities	**(935 658 600)**	**(768 759 773)**	**(676 731 771)**	**(128 884 007)**	**(2 510 034 151)**
	(935 658 600)	**(768 759 773)**	**(676 731 771)**	**(123 554 564)**	**(2 504 704 708)**
Reinsurance contract assets	**–**	**–**	**3 184 101**	**40 530 939**	**43 715 040**
Reinsurance contract liabilities	**(867)**	**–**	**–**	**–**	**(867)**
	(867)	**–**	**3 184 101**	**40 530 939**	**43 714 173**

2023 **Particulars [Figures in Emalangeni]**	Life GMM	Life VFA	Life PAA	Non-Life PAA	Total
Insurance contract assets	1 738 189	–	–	1 614 903	3 353 092
Insurance contract liabilities	(783 290 989)	(732 503 089)	(587 365 063)	(121 481 282)	(2 224 640 423)
	(781 552 800)	(732 503 089)	(587 365 063)	(119 866 379)	(2 221 287 331)
Reinsurance contract assets	–	–	2 259 587	60 533 074	62 792 661
Reinsurance contract liabilities	(10 407)	–	–	–	(10 407)
	(10 407)	–	2 259 587	60 533 074	62 782 254

Notes to the financial statements *continued*

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9. Insurance and reinsurance contract assets and liabilities *continued*

9.1.1 Analysis of remaining coverage and incurred claims: Life GMM

Group and Corporation 2024

Particulars [Figures in Emalangeni]	Liabilities for remaining coverage Excluding loss component	Loss Component	Liability for incurred claims	Total
Opening assets	**1 738 189**	**–**	**–**	**1 738 189**
Opening liabilities	**(682 428 868)**	**(99 370 604)**	**(1 491 517)**	**(783 290 989)**
Net opening balance	**(680 690 679)**	**(99 370 604)**	**(1 491 517)**	**(781 552 800)**
Insurance revenue	**59 924 504**	**–**	**–**	**59 924 504**
Contracts under fair value approach	**44 760 145**	**–**	**–**	**44 760 145**
Other contracts	**15 164 359**	**–**	**–**	**15 164 359**
Insurance service expenses	**(4 173 655)**	**(33 292 232)**	**(41 564 399)**	**(79 030 286)**
Incurred claims and other insurance service expenses	**–**	**–**	**(40 880 304)**	**(40 880 304)**
Amortisation of acquisition expenses	**(4 173 655)**	**–**	**–**	**(4 173 655)**
Losses and reversal of losses on onerous contracts	**–**	**(31 788 379)**	**–**	**(31 788 379)**
Adjustments to liabilities for incurred claims	**–**	**(1 503 853)**	**(684 095)**	**(2 187 948)**
Insurance service result	**55 750 849**	**(33 292 232)**	**(41 564 399)**	**(19 105 782)**
Insurance finance expenses from insurance contracts recognised in profit and loss	**(148 506 296)**	**(5 401 422)**	**–**	**(153 907 718)**
Insurance finance expenses from insurance contracts recognised in OCI	**–**	**–**	**–**	**–**
Effect of movements in exchange rates	**–**	**–**	**–**	**–**
Total changes in the statement of comprehensive income	**(92 755 447)**	**(38 693 654)**	**(41 564 399)**	**(173 013 500)**
Investment components	**50 097 473**	**–**	**(50 097 473)**	**–**
Cash flows				
Premium received	**(83 363 762)**	**–**	**–**	**(83 363 762)**
Claims and other insurance service expenses paid, including investment components	**–**	**–**	**90 977 777**	**90 977 777**
Insurance acquisition cash flows	**11 293 685**	**–**	**–**	**11 293 685**
Total cash flows	**(72 070 077)**	**–**	**90 977 777**	**18 907 700**
Net closing balance	**(795 418 730)**	**(138 064 258)**	**(2 175 612)**	**(935 658 600)**
Closing assets	**–**	**–**	**–**	**–**
Closing liabilities	**(795 418 730)**	**(138 064 258)**	**(2 175 612)**	**(935 658 600)**
Net closing balance	**(795 418 730)**	**(138 064 258)**	**(2 175 612)**	**(935 658 600)**

9. Insurance and reinsurance contract assets and liabilities *continued*

9.1.1 Analysis of remaining coverage and incurred claims: Life GMM *continued*

Group and Corporation 2023

Particulars [Figures in Emalangeni]	Liabilities for remaining coverage Excluding loss component	Loss Component	Liability for incurred claims	Total
Opening assets	1 270 403	–	–	1 270 403
Opening liabilities	(672 305 898)	(71 917 552)	(3 001 535)	(747 224 985)
Net opening balance	(671 035 495)	(71 917 552)	(3 001 535)	(745 954 582)
Changes in the statement of comprehensive income				
Insurance revenue	47 236 686	–	–	47 236 686
Contracts under fair value approach	40 094 134	–	–	40 094 134
Other contracts	7 142 552	–	–	7 142 552
Insurance service expenses	(1 437 161)	(22 051 631)	(27 732 218)	(51 221 010)
Incurred claims and other insurance service expenses	–	–	(29 242 236)	(29 242 236)
Amortisation of acquisition expenses	(1 437 161)	–	–	(1 437 161)
Losses and reversal of losses on onerous contracts	–	(22 051 631)	–	(22 051 631)
Adjustments to liabilities for incurred claims	–	–	1 510 018	1 510 018
Insurance service result	45 799 525	(22 051 631)	(27 732 218)	(3 984 324)
Insurance finance expenses from insurance contracts recognised in profit and loss	(16 022 070)	(5 401 421)	–	(21 423 491)
Insurance finance expenses from insurance contracts recognised in OCI	–	–	–	–
Total changes in the statement of comprehensive income	29 777 455	(27 453 052)	(27 732 218)	(25 407 815)
Investment components	49 878 649	–	(49 878 649)	–
Cash flows				
Premium received	(92 931 413)	–	–	(92 931 413)
Claims and other insurance service expenses paid, including investment components	–	–	79 120 885	79 120 885
Insurance acquisition cash flows	3 620 125	–	–	3 620 125
Total cash flows	(89 311 288)	–	79 120 885	(10 190 403)
Net closing balance	(680 690 679)	(99 370 604)	(1 491 517)	(781 552 800)
Closing assets	1 738 189	–	–	1 738 189
Closing liabilities	(682 428 868)	(99 370 604)	(1 491 517)	(783 290 989)
Net closing balance	(680 690 679)	(99 370 604)	(1 491 517)	(781 552 800)

9. Insurance and reinsurance contract assets and liabilities *continued*

9.1.1 Analysis of remaining coverage and incurred claims: Life VFA

Group and Corporation 2024

Particulars [Figures in Emalangeni]	Liabilities for remaining coverage: Excluding loss component	Liabilities for remaining coverage: Loss Component	Liability for incurred claims	Total
Opening liabilities	(717 425 907)	(3 138 841)	(11 938 341)	(732 503 089)
Net opening balance	**(717 425 907)**	**(3 138 841)**	**(11 938 341)**	**(732 503 089)**
Insurance revenue	**35 932 014**	**–**	**–**	**35 932 014**
Contracts under modified retrospective approach	–	–	–	–
Contracts under fair value approach	30 437 945	–	–	30 437 945
Other contracts	5 494 069	–	–	5 494 069
Insurance service expenses	**(1 243 686)**	**(1 782 016)**	**(13 456 590)**	**(16 482 292)**
Incurred claims and other insurance service expenses	–	–	(9 358 213)	(9 358 213)
Amortisation of acquisition expenses	(1 243 686)	–	–	(1 243 686)
Losses and reversal of losses on onerous contracts	–	(1 782 016)	–	(1 782 016)
Adjustments to liabilities for incurred claims	–	–	(4 098 377)	(4 098 377)
Insurance service result	**34 688 328**	**(1 782 016)**	**(13 456 590)**	**19 449 722**
Insurance finance expenses from insurance contracts recognised in profit and loss	(72 321 739)	(74 213)	–	(72 395 952)
Insurance finance expenses from insurance contracts recognised in OCI	–	–	–	–
Effect of movements in exchange rates	–	–	–	–
Total changes in the statement of comprehensive income	**(37 633 411)**	**(1 856 229)**	**(13 456 590)**	**(52 946 230)**
Investment components	**123 739 325**	**–**	**(123 739 325)**	**–**
Cash flows				
Premium received	(122 916 719)	–	–	(122 916 719)
Claims and other insurance service expenses paid, including investment components	–	–	133 097 537	133 097 537
Insurance acquisition cash flows	6 508 728	–	–	6 508 728
Total cash flows	**(116 407 991)**	**–**	**133 097 537**	**16 689 546**
Net closing balance	**(747 727 984)**	**(4 995 070)**	**(16 036 719)**	**(768 759 773)**
Closing liabilities	(747 727 984)	(4 995 070)	(16 036 719)	(768 759 773)
Net closing balance	**(747 727 984)**	**(4 995 070)**	**(16 036 719)**	**(768 759 773)**

9. Insurance and reinsurance contract assets and liabilities *continued*

9.1.1 Analysis of remaining coverage and incurred claims: Life VFA *continued*

Group and Corporation 2023

Particulars [Figures in Emalangeni]	Liabilities for remaining coverage: Excluding loss component	Liabilities for remaining coverage: Loss Component	Liability for incurred claims	Total
Opening assets	–	–	–	–
Opening liabilities	(690 149 405)	(405 643)	(13 296 151)	(703 851 199)
Net opening balance	(690 149 405)	(405 643)	(13 296 151)	(703 851 199)
Changes in the statement of comprehensive income				
Insurance revenue	30 644 498	–	–	30 644 498
Contracts under fair value approach	27 587 330	–	–	27 587 330
Other contracts	3 057 168	–	–	3 057 168
Insurance service expenses	(831 144)	(2 706 630)	(10 446 864)	(13 984 638)
Incurred claims and other insurance service expenses	–	–	(11 804 673)	(11 804 673)
Amortisation of acquisition expenses	(831 144)	–	–	(831 144)
Losses and reversal of losses on onerous contracts	–	(2 706 630)	–	(2 706 630)
Adjustments to liabilities for incurred claims	–	–	1 357 809	1 357 809
Insurance service result	29 813 354	(2 706 630)	(10 446 864)	16 659 860
Insurance finance expenses from insurance contracts recognised in profit and loss	(67 992 874)	(26 568)	–	(68 019 442)
Effect of movements in exchange rates	–	–	–	–
Total changes in the statement of comprehensive income	(38 179 520)	(2 733 198)	(10 446 864)	(51 359 582)
Investment components	122 012 644	–	(122 012 644)	–
Cash flows				
Premium received	(116 009 818)	–	–	(116 009 818)
Claims and other insurance service expenses paid, including investment components	–	–	133 817 318	133 817 318
Insurance acquisition cash flows	4 900 192	–	–	4 900 192
Total cash flows	(111 109 626)	–	133 817 318	22 707 692
Net closing balance	(717 425 907)	(3 138 841)	(11 938 341)	(732 503 089)
Closing assets	–	–	–	–
Closing liabilities	(717 425 907)	(3 138 841)	(11 938 341)	(732 503 089)
Net closing balance	(717 425 907)	(3 138 841)	(11 938 341)	(732 503 089)

Notes to the financial statements *continued*

for the year ended 31 December 2024

9. Insurance and reinsurance contract assets and liabilities *continued*

9.1.1 Analysis of remaining coverage and incurred claims: Life PAA

Group and Corporation 2024

Particulars [Figures in Emalangeni]	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss Component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening liabilities	**(562 084 386)**	**–**	**(23 255 732)**	**(2 024 945)**	**(587 365 063)**
Net opening balance	**(562 084 386)**	**–**	**(23 255 732)**	**(2 024 945)**	**(587 365 063)**
Changes in the statement of comprehensive income					
Insurance revenue	**94 264 051**	**–**	**–**	**–**	**94 264 051**
Contracts under fair value approach	**–**	**–**	**–**	**–**	**–**
Other contracts	**94 264 051**	**–**	**–**	**–**	**94 264 051**
Insurance service expenses	**(1 998 813)**	**3 307 340**	**(91 939 518)**	**43 647**	**(90 587 344)**
Incurred claims and other insurance service expenses	**–**	**–**	**(93 615 596)**	**52 351**	**(93 563 245)**
Amortisation of acquisition expenses	**(1 998 813)**	**–**	**–**	**–**	**(1 998 813)**
Losses and reversal of losses on onerous contracts	**–**	**3 307 340**	**–**	**–**	**3 307 340**
Adjustments to liabilities for incurred claims	**–**	**–**	**1 676 078**	**(8 704)**	**1 667 374**
Insurance service result	**92 265 238**	**3 307 340**	**(91 939 518)**	**43 647**	**3 676 707**
Insurance finance expenses from insurance contracts recognised in profit and loss	**(66 404 072)**	**–**	**126 414**	**–**	**(66 277 658)**
Total changes in the statement of comprehensive income	**25 861 166**	**3 307 340**	**(91 813 104)**	**43 647**	**(62 600 951)**
Investment components	**56 148 448**	**–**	**(56 148 448)**	**–**	**–**
Cash flows					
Premium received	**(178 391 215)**	**–**	**–**	**–**	**(178 391 215)**
Claims and other insurance service expenses paid, including investment components	**–**	**–**	**150 385 609**	**–**	**150 385 609**
Insurance acquisition cash flows	**1 239 849**	**–**	**–**	**–**	**1 239 849**
Total cash flows	**(177 151 366)**	**–**	**150 385 609**	**–**	**(26 765 757)**
Net closing balance	**(657 226 138)**	**3 307 340**	**(20 831 675)**	**(1 981 298)**	**(676 731 771)**
Closing liabilities	**(657 226 138)**	**3 307 340**	**(20 831 675)**	**(1 981 298)**	**(676 731 771)**
Net closing balance	**(657 226 138)**	**3 307 340**	**(20 831 675)**	**(1 981 298)**	**(676 731 771)**

9. Insurance and reinsurance contract assets and liabilities *continued*

9.1.1 Analysis of remaining coverage and incurred claims: Life PAA *continued*

Group and Corporation 2023

Particulars [Figures in Emalangeni]	Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss Component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets	–	–	–	–	–
Opening liabilities	(498 699 522)	(4 467 823)	(22 807 062)	(1 923 764)	(527 898 171)
Net opening balance	(498 699 522)	(4 467 823)	(22 807 062)	(1 923 764)	(527 898 171)
Changes in the statement of comprehensive income					
Insurance revenue	98 691 117	–	–	–	98 691 117
Other contracts	98 691 117	–	–	–	98 691 117
Insurance service expenses	(2 092 309)	4 467 823	(79 613 754)	(101 181)	(77 339 421)
Incurred claims and other insurance service expenses	–	–	(77 208 406)	(48 823)	(77 257 229)
Amortisation of acquisition expenses	(2 092 309)	–	–	–	(2 092 309)
Losses and reversal of losses on onerous contracts	–	4 467 823	–	–	4 467 823
Adjustments to liabilities for incurred claims	–	–	(2 405 348)	(52 358)	(2 457 706)
Insurance service result	96 598 808	4 467 823	(79 613 754)	(101 181)	21 351 696
Insurance finance expenses from insurance contracts recognised in profit and loss	(59 073 494)	–	30 479	–	(59 043 015)
Total changes in the statement of comprehensive income	37 525 314	4 467 823	(79 583 275)	(101 181)	(37 691 319)
Investment components	59 852 803	–	(59 852 803)	–	–
Cash flows					
Premium received	(162 393 813)	–	–	–	(162 393 813)
Claims and other insurance service expenses paid, including investment components	–	–	138 987 408	–	138 987 408
Insurance acquisition cash flows	1 630 832	–	–	–	1 630 832
Total cash flows	(160 762 981)	–	138 987 408	–	(21 775 573)
Net closing balance	(562 084 386)	–	(23 255 732)	(2 024 945)	(587 365 063)
Closing assets	–	–	–	–	–
Closing liabilities	(562 084 386)	–	(23 255 732)	(2 024 945)	(587 365 063)
Net closing balance	(562 084 386)	–	(23 255 732)	(2 024 945)	(587 365 063)

Notes to the financial statements *continued*

for the year ended 31 December 2024

9. Insurance and reinsurance contract assets and liabilities *continued*

9.1.1 Analysis of remaining coverage and incurred claims: Non-life PAA

Group 2024

	Liabilities for remaining coverage		Liabilities for incurred claims		
P Particulars [Figures in Emalangeni]	Excluding loss component	Loss Component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets	2 164 049	–	(419 182)	(129 731)	1 615 136
Opening liabilities	(28 199 984)	(892 925)	(86 095 355)	(10 198 671)	(125 386 935)
Net opening balance	(26 035 935)	(892 925)	(86 514 537)	(10 328 402)	(123 771 799)
Changes in the statement of comprehensive income					
Insurance revenue	595 459 662	–	–	–	595 459 662
Other contracts	595 459 662	–	–	–	595 459 662
Insurance service expenses	(96 760 279)	921 563	(219 642 269)	2 389 850	(313 091 135)
Incurred claims and other insurance service expenses	–	–	(234 043 290)	(13 242 015)	(247 285 305)
Amortisation of acquisition expenses	(96 760 279)	–	–	–	(96 760 279)
Losses and reversal of losses on onerous contracts	–	921 563	–	–	921 563
Adjustments to liabilities for incurred claims	–	–	14 401 021	15 631 865	30 032 886
Insurance service result	498 699 383	921 563	(219 642 269)	2 389 850	282 368 527
Insurance finance expenses from insurance contracts recognised in profit and loss	(316 738)	(28 638)	(4 527 205)	(552 556)	(5 425 137)
Total changes in the statement of comprehensive income	498 382 645	892 925	(224 169 474)	1 837 294	276 943 390
Cash flows					
Premium received	(640 624 623)	–	–	–	(640 624 623)
Claims and other insurance service expenses paid, including investment components	–	–	240 374 308	–	240 374 308
Insurance acquisition cash flows	118 462 244	–	–	–	118 462 244
Total cash flows	(522 162 379)	–	240 374 308	–	(281 788 071)
Net closing balance	(49 815 669)	–	(70 309 703)	(8 491 108)	(128 616 480)
Closing assets	7 137 234	–	(1 395 896)	(411 895)	5 329 443
Closing liabilities	(56 952 903)	–	(68 913 807)	(8 079 213)	(133 945 923)
Net closing balance	(49 815 669)	–	(70 309 703)	(8 491 108)	(128 616 480)

9. Insurance and reinsurance contract assets and liabilities *continued*

9.1.1 Analysis of remaining coverage and incurred claims: Non-life PAA *continued*

Group 2023

	Liabilities for remaining coverage		Liabilities for incurred claims		
Particulars [Figures in Emalangeni]	Excluding loss component	Loss Component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets	140 576	–	–	–	140 576
Opening liabilities	(72 135 211)	(158 684)	(79 270 657)	(12 797 080)	(164 361 632)
Net opening balance	(71 994 635)	(158 684)	(79 270 657)	(12 797 080)	(164 221 056)
Changes in the statement of comprehensive income					
Insurance revenue	572 103 444	–	–	–	572 103 444
Other contracts	572 103 444	–	–	–	572 103 444
Insurance service expenses	(30 018 343)	(651 996)	(199 846 106)	3 115 585	(227 400 860)
Incurred claims and other insurance service expenses	–	–	(212 303 600)	(13 248 158)	(225 551 758)
Amortisation of acquisition expenses	(30 018 343)	–	–	–	(30 018 343)
Losses and reversal of losses on onerous contracts	–	(651 996)	–	–	(651 996)
Adjustments to liabilities for incurred claims	–	–	12 457 494	16 363 743	28 821 237
Insurance service result	542 085 101	(651 996)	(199 846 106)	3 115 585	344 702 584
Insurance finance expenses from insurance contracts recognised in profit and loss	(230 921)	(82 245)	(3 971 391)	(646 907)	(4 931 464)
Total changes in the statement of comprehensive income	541 854 180	(734 241)	(203 817 497)	2 468 678	339 771 120
Investment components *Cash flows*					
Premium received	(518 351 793)	–	–	–	(518 351 793)
Claims and other insurance service expenses paid, including investment components	–	–	196 573 617	–	196 573 617
Insurance acquisition cash flows	22 456 313	–	–	–	22 456 313
Total cash flows	(495 895 480)	–	196 573 617	–	(299 321 863)
Net closing balance	(26 035 935)	(892 925)	(86 514 537)	(10 328 402)	(123 771 799)
Closing assets	2 164 049	–	(419 182)	(129 731)	1 615 136
Closing liabilities	(28 199 984)	(892 925)	(86 095 355)	(10 198 671)	(125 386 935)
Net closing balance	(26 035 935)	(892 925)	(86 514 537)	(10 328 402)	(123 771 799)

9. Insurance and reinsurance contract assets and liabilities *continued*

9.1.1 Analysis of remaining coverage and incurred claims: Non-life PAA *continued*

Corporation 2024

Particulars [Figures in Emalangeni]	Liabilities for remaining coverage: Excluding loss component	Liabilities for remaining coverage: Loss Component	Liabilities for incurred claims: Present value of future cash flows	Liabilities for incurred claims: Risk adjustment for non-financial risk	Total
Opening assets	2 164 048	–	(419 182)	(129 963)	1 614 903
Opening liabilities	(26 415 687)	–	(84 973 521)	(10 092 074)	(121 481 282)
Net opening balance	(24 251 639)	–	(85 392 703)	(10 222 037)	(119 866 379)
Changes in the statement of comprehensive income					
Insurance revenue	582 476 639	–	–	–	582 476 639
Other contracts	582 476 639	–	–	–	582 476 639
Insurance service expenses	(95 454 567)	–	(209 954 019)	2 537 895	(302 870 691)
Incurred claims and other insurance service expenses	–	–	(224 150 293)	(13 078 403)	(237 228 696)
Amortisation of acquisition expenses	(95 454 567)	–	–	–	(95 454 567)
Adjustments to liabilities for incurred claims	–	–	14 196 274	15 616 298	29 812 572
Insurance service result	487 022 072	–	(209 954 019)	2 537 895	279 605 948
Insurance finance expenses from insurance contracts recognised in profit and loss	–	–	(4 670 308)	(568 702)	(5 239 010)
Total changes in the statement of comprehensive income	487 022 072	–	(214 624 327)	1 969 193	274 366 938
Cash flows					
Premium received	(627 317 434)	–	–	–	(627 317 434)
Claims and other insurance service expenses paid, including investment components	–	–	232 102 089	–	232 102 089
Insurance acquisition cash flows	117 160 222	–	–	–	117 160 222
Total cash flows	(510 157 212)	–	232 102 089	–	(278 055 123)
Net closing balance	(47 386 779)	–	(67 914 941)	(8 252 844)	(123 554 564)
Closing assets	7 137 233	–	(1 396 127)	(411 663)	5 329 443
Closing liabilities	(54 524 012)	–	(66 518 814)	(7 841 181)	(128 884 007)
Net closing balance	(47 386 779)	–	(67 914 941)	(8 252 844)	(123 554 564)

9. Insurance and reinsurance contract assets and liabilities *continued*

9.1.1 Analysis of remaining coverage and incurred claims: Non-life PAA *continued*

Corporation 2023

Particulars [Figures in Emalangeni]	Liabilities for remaining coverage: Excluding loss component	Liabilities for remaining coverage: Loss Component	Liabilities for incurred claims: Present value of future cash flows	Liabilities for incurred claims: Risk adjustment for non-financial risk	Total
Opening assets	140 576	–	–	–	140 576
Opening liabilities	(69 762 430)	–	(77 912 881)	(12 661 680)	(160 336 991)
Net opening balance	(69 621 854)	–	(77 912 881)	(12 661 680)	(160 196 415)
Changes in the statement of comprehensive income					
Insurance revenue	563 643 778	–	–	–	563 643 778
Other contracts	563 643 778	–	–	–	563 643 778
Insurance service expenses	(28 967 524)	–	(193 777 506)	3 079 230	(219 665 800)
Incurred claims and other insurance service expenses	–	–	(205 831 310)	(13 240 593)	(219 071 903)
Amortisation of acquisition expenses	(28 967 524)	–	–	–	(28 967 524)
Adjustments to liabilities for incurred claims	–	–	12 053 804	16 319 823	28 373 627
Insurance service result	534 676 254	–	(193 777 506)	3 079 230	343 977 978
Insurance finance expenses from insurance contracts recognised in profit and loss	–	–	(3 903 461)	(639 587)	(4 543 048)
Total changes in the statement of comprehensive income	534 676 254	–	(197 680 967)	2 439 643	339 434 930
Cash flows					
Premium received	(510 643 021)	–	–	–	(510 643 021)
Claims and other insurance service expenses paid, including investment components	–	–	190 201 145	–	190 201 145
Insurance acquisition cash flows	21 336 982	–	–	–	21 336 982
Total cash flows	(489 306 039)	–	190 201 145	–	(299 104 894)
Net closing balance	(24 251 639)	–	(85 392 703)	(10 222 037)	(119 866 379)
Closing assets	2 164 048	–	(419 182)	(129 963)	1 614 903
Closing liabilities	(26 415 687)	–	(84 973 521)	(10 092 074)	(121 481 282)
Net closing balance	(24 251 639)	–	(85 392 703)	(10 222 037)	(119 866 379)

9. Insurance and reinsurance contract assets and liabilities *continued*

9.2.1 Analysis by measurement component: Life GMM

Group and Corporation 2024

Particulars [Figures in Emalangeni]	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under fair value approach	CSM: Other contracts	Total
Opening assets	**3 103 054**	**(278 564)**	**(1 086 301)**	**–**	**1 738 189**
Opening liabilities	**(688 680 081)**	**(22 945 357)**	**(59 000 662)**	**(12 664 889)**	**(783 290 989)**
Net opening balance	**(685 577 027)**	**(23 223 921)**	**(60 086 963)**	**(12 664 889)**	**(781 552 800)**
Changes in the statement of comprehensive income					
Changes that relate to current services	**2 836 442**	**3 441 820**	**11 212 017**	**2 226 642**	**19 716 921**
CSM recognised for services provided	**–**	**–**	**11 212 017**	**2 226 642**	**13 438 659**
Risk adjustment recognised for the risk expired	**–**	**3 441 820**	**–**	**–**	**3 441 820**
Experience adjustments	**2 836 442**	**–**	**–**	**–**	**2 836 442**
Changes that relate to future services	**(5 459 091)**	**(6 369 871)**	**(19 132 246)**	**(5 673 549)**	**(36 634 757)**
Contracts initially recognised in the period	**(29 032 843)**	**(7 570 368)**	**–**	**(3 612 579)**	**(40 215 790)**
Changes in estimates that adjust the CSM	**20 150 797**	**1 042 418**	**(19 132 246)**	**(2 060 970)**	**(1)**
Changes in estimates that result in losses and reversal of losses on onerous contracts	**3 422 955**	**158 079**	**–**	**–**	**3 581 034**
Changes that relate to past services	**(684 095)**	**–**	**–**	**–**	**(684 095)**
Adjustments to liabilities for incurred claims	**(684 095)**	**–**	**–**	**–**	**(684 095)**
Insurance service result	**(146 286 873)**	**(2 640 604)**	**(5 086 776)**	**(1 397 316)**	**(155 411 569)**
Insurance finance expenses from insurance contracts recognised in profit and loss	**(146 286 873)**	**(2 640 604)**	**(5 086 776)**	**(1 397 316)**	**(155 411 569)**
Total changes in the statement of comprehensive income	**(149 593 617)**	**(5 568 655)**	**(13 007 005)**	**(4 844 223)**	**(173 013 500)**
Cash flows					
Premium received	**(83 363 762)**	**–**	**–**	**–**	**(83 363 762)**
Claims and other insurance service expenses paid, including investment components	**90 977 777**	**–**	**–**	**–**	**90 977 777**
Insurance acquisition cash flows	**11 293 685**	**–**	**–**	**–**	**11 293 685**
Total cash flows	**18 907 700**	**–**	**–**	**–**	**18 907 700**
Net closing balance	**(816 262 944)**	**(28 792 576)**	**(73 093 968)**	**(17 509 112)**	**(935 658 600)**
Closing liabilities	**(816 262 944)**	**(28 792 576)**	**(73 093 968)**	**(17 509 112)**	**(935 658 600)**
Net closing balance	**(816 262 944)**	**(28 792 576)**	**(73 093 968)**	**(17 509 112)**	**(935 658 600)**

9. Insurance and reinsurance contract assets and liabilities *continued*

9.2.1 Analysis by measurement component: Life GMM *continued*

Group and Corporation 2023

Particulars [Figures in Emalangeni]	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under fair value approach	CSM: Other contracts	Total
Opening assets	2 040 856	(286 071)	(484 382)	–	1 270 403
Opening liabilities	(631 352 361)	(21 054 936)	(79 834 461)	(14 983 229)	(747 224 987)
Net opening balance	(629 311 505)	(21 341 007)	(80 318 843)	(14 983 229)	(745 954 584)
Changes in the statement of comprehensive income					
Changes that relate to current services	5 439 034	2 604 997	9 133 368	1 932 578	19 109 977
CSM recognised for services provided	–	–	9 133 368	1 932 578	11 065 946
Risk adjustment recognised for the risk expired	–	2 604 997	–	–	2 604 997
Experience adjustments	5 439 034	–	–	–	5 439 034
Changes that relate to future services	(40 316 212)	(2 557 721)	16 417 385	1 852 230	(24 604 318)
Contracts initially recognised in the period	(13 523 442)	(2 745 380)	–	(1 354 086)	(17 622 908)
Changes in estimates that adjust the CSM	(19 520 925)	(102 776)	16 417 385	3 206 316	–
Changes in estimates that result in losses and reversal of losses on onerous contracts	(7 271 845)	290 435	–	–	(6 981 410)
Changes that relate to past services	1 510 018	–	–	–	1 510 018
Adjustments to liabilities for incurred claims	1 510 018	–	–	–	1 510 018
Insurance service result	(12 707 960)	(1 930 190)	(5 318 873)	(1 466 468)	(21 423 491)
Insurance finance expenses from insurance contracts recognised in profit and loss	(12 707 960)	(1 930 190)	(5 318 873)	(1 466 468)	(21 423 491)
Total changes in the statement of comprehensive income	(46 075 120)	(1 882 914)	20 231 880	2 318 340	(25 407 814)
Cash flows					
Premium received	(92 931 414)	–	–	–	(92 931 414)
Claims and other insurance service expenses paid, including investment components	79 120 886	–	–	–	79 120 886
Insurance acquisition cash flows	3 620 126	–	–	–	3 620 126
Total cash flows	(10 190 402)	–	–	–	(10 190 402)
Net closing balance	(685 577 027)	(23 223 921)	(60 086 963)	(12 664 889)	(781 552 800)
Closing assets	3 103 054	(278 564)	(1 086 301)	–	1 738 189
Closing liabilities	(688 680 081)	(22 945 357)	(59 000 662)	(12 664 889)	(783 290 989)
Net closing balance	(685 577 027)	(23 223 921)	(60 086 963)	(12 664 889)	(781 552 800)

Notes to the financial statements *continued*

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9. Insurance and reinsurance contract assets and liabilities *continued*

9.2.1 Analysis by measurement component: Life VFA

Group and Corporation 2024

Particulars [Figures in Emalangeni]	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under fair value approach	CSM: Other contracts	Total
Opening liabilities	(612 260 598)	(15 177 310)	(96 732 397)	(8 332 784)	(732 503 089)
Net opening balance	(612 260 598)	(15 177 310)	(96 732 397)	(8 332 784)	(732 503 089)
Changes in the statement of comprehensive income					
Changes that relate to current services	5 582 074	2 566 620	16 926 506	431 996	25 507 196
CSM recognised for services provided	–	–	16 926 506	431 996	17 358 502
Risk adjustment recognised for the risk expired	–	2 566 620	–	–	2 566 620
Experience adjustments	5 582 074	–	–	–	5 582 074
Changes that relate to future services	40 048 335	(6 223 853)	(30 122 696)	(5 661 134)	(1 959 348)
Contracts initially recognised in the period	7 932 907	(1 288 792)	–	(7 959 942)	(1 315 827)
Changes in estimates that adjust the CSM	31 903 352	(4 079 712)	(30 122 696)	2 298 808	(248)
Changes in estimates that result in losses and reversal of losses on onerous contracts	212 076	(855 349)	–	–	(643 273)
Changes that relate to past services	(4 098 377)	–	–	–	(4 098 377)
Adjustments to liabilities for incurred claims	(4 098 377)	–	–	–	(4 098 377)
Insurance service result	(72 395 702)	–	–	–	(72 395 702)
Insurance finance expenses from insurance contracts recognised in profit and loss	(72 395 702)	–	–	–	(72 395 702)
Total changes in the statement of comprehensive income	(30 863 670)	(3 657 233)	(13 196 190)	(5 229 138)	(52 946 231)
Cash flows					
Premium received	(122 916 719)	–	–	–	(122 916 719)
Claims and other insurance service expenses paid, including investment components	133 097 539	–	–	–	133 097 539
Insurance acquisition cash flows	6 508 727	–	–	–	6 508 727
Total cash flows	16 689 547	–	–	–	16 689 547
Net closing balance	(626 434 721)	(18 834 543)	(109 928 587)	(13 561 922)	(768 759 773)
Closing liabilities	(626 434 721)	(18 834 543)	(109 928 587)	(13 561 922)	(768 759 773)
Net closing balance	(626 434 721)	(18 834 543)	(109 928 587)	(13 561 922)	(768 759 773)

9. Insurance and reinsurance contract assets and liabilities *continued*

9.2.1 Analysis by measurement component: Life VFA *continued*

Group and Corporation 2023

Particulars [Figures in Emalangeni]	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM: Contracts under fair value approach	CSM: Other contracts	Total
Opening liabilities	(560 795 533)	(15 721 924)	(121 470 378)	(5 863 600)	(703 851 435)
Net opening balance	(560 795 533)	(15 721 924)	(121 470 378)	(5 863 600)	(703 851 435)
Changes in the statement of comprehensive income					
Changes that relate to current services	1 735 306	2 621 027	13 526 003	172 866	18 055 202
CSM recognised for services provided	–	–	13 526 003	172 866	13 698 869
Risk adjustment recognised for the risk expired	–	2 621 027	–	–	2 621 027
Experience adjustments	1 735 306	–	–	–	1 735 306
Changes that relate to future services	(9 246 667)	(2 076 413)	11 211 978	(2 642 050)	(2 753 152)
Contracts initially recognised in the period	10 508 126	(1 916 626)	–	(9 789 238)	(1 197 738)
Changes in estimates that adjust the CSM	(18 352 861)	(6 305)	11 211 978	7 147 188	–
Changes in estimates that result in losses and reversal of losses	(1 401 932)	(153 482)	–	–	(1 555 414)
Changes that relate to past services	1 357 809	–	–	–	1 357 809
Adjustments to liabilities for incurred claims	1 357 809	–	–	–	1 357 809
Insurance service result	(68 019 207)	–	–	–	(68 019 207)
Insurance finance expenses from insurance contracts recognised in profit and loss	(68 019 207)	–	–	–	(68 019 207)
Total changes in the statement of comprehensive income	(74 172 759)	544 614	24 737 981	(2 469 184)	(51 359 348)
Cash flows					
Premium received	(116 009 819)	–	–	–	(116 009 819)
Claims and other insurance service expenses paid	133 817 318	–	–	–	133 817 318
Insurance acquisition cash flows	4 900 195	–	–	–	4 900 195
Total cash flows	22 707 694	–	–	–	22 707 694
Net closing balance	(612 260 598)	(15 177 310)	(96 732 397)	(8 332 784)	(732 503 089)
Closing assets	–	–	–	–	–
Closing liabilities	(612 260 598)	(15 177 310)	(96 732 397)	(8 332 784)	(732 503 089)
Net closing balance	(612 260 598)	(15 177 310)	(96 732 397)	(8 332 784)	(732 503 089)

Notes to the financial statements *continued*

for the year ended 31 December 2024

10. Insurance and reinsurance contract assets and liabilities

10.1.1 Reconciliation of changes in re – insurance contracts by remaining coverage and incurred claims: Life GMM

Group and Corporation 2024	Remaining coverage component			
Particulars [Figures in Emalangeni]	Excluding loss-recovery component	Loss-recovery component	Incurred claims component	Total
Opening liabilities	**12 814**	**(23 221)**	**–**	**(10 407)**
Net opening balance	**12 814**	**(23 221)**	**–**	**(10 407)**
Allocation of reinsurance premiums paid	**(11 291)**	**–**	**–**	**(11 291)**
Other contracts	**(11 291)**	**–**	**–**	**(11 291)**
Amounts recovered from reinsurers	**–**	**1 420**	**–**	**1 420**
Recoveries on incurred claims and other incurred reinsurance service expenses	**–**	**–**	**–**	**–**
Changes in the loss recovery component	**–**	**1 420**	**–**	**1 420**
Net income/(expenses) from reinsurance contracts held	**(11 291)**	**1 420**	**–**	**(9 871)**
Investment components	**–**	**–**	**–**	**–**
Finance income/(expense) from reinsurance contracts held recognised in profit or loss	**(4 795)**	**–**	**–**	**–**
Total changes in the statement of profit or loss and OCI	**(16 086)**	**1 420**	**–**	**(14 666)**
Cash flows			**–**	
Premiums paid	**24 206**	**–**	**–**	**24 206**
Amounts received	**–**	**–**	**–**	**–**
Total cash flows	**24 206**	**–**	**–**	**24 206**
Net closing balance	**20 934**	**(21 801)**	**–**	**(867)**
Closing assets	**–**	**–**	**–**	**–**
Closing liabilities	**20 934**	**(21 801)**	**–**	**(867)**
Net closing balance	**20 934**	**(21 801)**	**–**	**(867)**

Group and Corporation 2023	Remaining coverage component			
Particulars [Figures in Emalangeni]	Excluding loss-recovery component	Loss-recovery component	Incurred claims component	Total
Opening assets	(89 035)	–	–	(89 035)
Opening liabilities	–	–	–	–
Net opening balance	(89 035)	–	–	(89 035)
Allocation of reinsurance premiums paid	50 536	–	–	50 536
Other contracts	50 536	–	–	50 536
Amounts recovered from reinsurers	–	(23 221)	–	(23 221)
Recoveries on incurred claims and other incurred reinsurance service expenses	–	–	–	–
Changes in the loss recovery component	–	(23 221)	–	(23 221)
Net income/(expenses) from reinsurance contracts held	50 536	(23 221)	–	27 315
Finance income/(expense) from reinsurance contracts held recognised in profit or loss	1 309	–	–	1 309
Total changes in the statement of profit or loss and OCI	51 845	(23 221)	–	28 624
Cash flows			–	
Premiums paid	50 004	–	–	50 004
Amounts received	–	–	–	–
Total cash flows	50 004	–	–	50 004
Net closing balance	12 814	(23 221)	–	(10 407)
Closing assets	–	–	–	–
Closing liabilities	12 814	(23 221)	–	(10 407)
Net closing balance	12 814	(23 221)	–	(10 407)

10. Insurance and reinsurance contract assets and liabilities *continued*

10.1.1 Reconciliation of changes in re – insurance contracts by remaining coverage and incurred claims: Life PAA

Group and Corporation 2024	Remaining coverage component		Incurred claims component		
Particulars [Figures in Emalangeni]	Excluding loss-recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets	**82 789**	**–**	**2 003 072**	**173 726**	**2 259 587**
Net opening balance	**82 789**	**–**	**2 003 072**	**173 726**	**2 259 587**
Allocation of reinsurance premiums paid					
Amounts recovered from reinsurers	**–**	**–**	**7 525 398**	**87 310**	**7 612 708**
Recoveries on incurred claims and other incurred reinsurance service expenses	**–**	**–**	**6 684 313**	**87 310**	**6 771 623**
Changes in expected recoveries on past claims	**–**	**–**	**841 085**	**–**	**841 085**
Net income/(expenses) from reinsurance contracts held	**(10 075 445)**	**–**	**7 525 398**	**87 310**	**(2 462 737)**
Total changes in the statement of profit or loss and OCI	**(10 075 445)**	**–**	**7 525 398**	**87 310**	**(2 462 737)**
Cash flows					
Premiums paid	**10 071 563**	**–**	**–**	**–**	**10 071 563**
Amounts received	**–**	**–**	**(6 684 312)**	**–**	**(6 684 312)**
Total cash flows	**10 071 563**	**–**	**(6 684 312)**	**–**	**3 387 251**
Net closing balance	**78 907**	**–**	**2 844 158**	**261 036**	**3 184 101**
Closing assets	**78 907**	**–**	**2 844 158**	**261 036**	**3 184 101**
Net closing balance	**78 907**	**–**	**2 844 158**	**261 036**	**3 184 101**

Group and Corporation 2023	Remaining coverage component		Incurred claims component		
Particulars [Figures in Emalangeni]	Excluding loss-recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets	(78 550)	–	1 902 164	175 998	1 999 612
Allocation of reinsurance premiums paid					
Amounts recovered from reinsurers	–	–	2 204 883	(2 272)	2 202 611
Recoveries on incurred claims and other incurred reinsurance service expenses	–	–	2 112 024	(2 272)	2 109 752
Changes in expected recoveries on past claims	–	–	92 859	–	92 859
Net income/(expenses) from reinsurance contracts held	(7 630 046)	–	2 204 883	(2 272)	(5 427 435)
Total changes in the statement of profit or loss and OCI	(7 630 046)	–	2 204 883	(2 272)	(5 427 435)
Cash flows					
Premiums paid	7 791 385	–	–	–	7 791 385
Amounts received	–	–	(2 103 975)	–	(2 103 975)
Total cash flows	7 791 385	–	(2 103 975)	–	5 687 411
Net closing balance	82 789	–	2 003 072	173 726	2 259 587
Closing assets	82 789	–	2 003 072	173 726	2 259 587
Net closing balance	82 789	–	2 003 072	173 726	2 259 587

Notes to the financial statements *continued*

for the year ended 31 December 2024

10. Insurance and reinsurance contract assets and liabilities *continued*

10.1.1 Reconciliation of changes in re – insurance contracts by remaining coverage and incurred claims: None Life PAA

Group 2024	Remaining coverage component		Incurred claims component		
Particulars [Figures in Emalangeni]	Excluding loss-recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets	**32 784 389**	**–**	**24 039 007**	**3 699 271**	**60 522 667**
Opening liabilities	**–**	**–**	**–**	**–**	**–**
Net opening balance	**32 784 389**	**–**	**24 039 007**	**3 699 271**	**60 522 667**
Allocation of reinsurance premiums paid	**(171 816 638)**	**–**	**–**	**–**	**(171 816 638)**
Other contracts	**(171 816 638)**	**–**	**–**	**–**	**(171 816 638)**
Amounts recovered from reinsurers	**–**	**–**	**(7 144 546)**	**(1 737 692)**	**(8 882 238)**
Recoveries on incurred claims and other incurred reinsurance service expenses	**–**	**–**	**14 307 207**	**1 538 114**	**15 845 321**
Changes in expected recoveries on past claims	**–**	**–**	**(21 451 753)**	**(3 275 806)**	**(24 727 559)**
Net income/(expenses) from reinsurance contracts held	**(171 816 638)**	**–**	**(7 144 546)**	**(1 737 692)**	**(180 698 876)**
Finance income/(expense) from reinsurance contracts held recognised in profit or loss	**–**	**–**	**372 726**	**71 588**	**444 314**
Total changes in the statement of profit or loss and OCI	**(171 816 638)**	**–**	**(6 771 820)**	**(1 666 104)**	**(180 254 562)**
Cash flows					
Premiums paid	**172 340 318**	**–**	**–**	**–**	**172 340 318**
Amounts received	**–**	**–**	**(10 767 264)**	**–**	**(10 767 264)**
Total cash flows	**172 340 318**	**–**	**(10 767 264)**	**–**	**161 573 054**
Net closing balance	**33 308 069**	**–**	**6 499 923**	**2 033 167**	**41 841 159**
Closing assets	**33 308 069**	**–**	**6 499 923**	**2 033 167**	**41 841 159**
Closing liabilities	**–**	**–**	**–**	**–**	**–**
Net closing balance	**33 308 069**	**–**	**6 499 923**	**2 033 167**	**41 841 159**

Group 2023	Remaining coverage component		Incurred claims component		
Particulars [Figures in Emalangeni]	Excluding loss-recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets	28 048 019	–	20 720 543	4 050 431	52 818 993
Opening liabilities	–	–	–	–	–
Net opening balance	28 048 019	–	20 720 543	4 050 431	52 818 993
Allocation of reinsurance premiums paid	(161 266 326)	–	–	–	(161 266 326)
Other contracts	(161 266 326)	–	–	–	(161 266 326)
Amounts recovered from reinsurers	–	–	12 539 442	(416 846)	12 122 596
Recoveries on incurred claims and other incurred reinsurance service expenses	–	–	19 074 273	1 589 919	20 664 192
Changes in expected recoveries on past claims	–	–	(6 534 831)	(2 006 765)	(8 541 596)
Net income/(expenses) from reinsurance contracts held	(161 266 326)	–	12 539 442	(416 846)	(149 143 730)
Finance income/(expense) from reinsurance contracts held recognised in profit or loss	–	–	308 710	65 686	374 396
Total changes in the statement of profit or loss and OCI	(161 266 326)	–	12 848 152	(351 160)	(148 769 334)
Cash flows					
Premiums paid	166 002 696	–	–	–	166 002 696
Amounts received	–	–	(9 529 688)	–	(9 529 688)
Total cash flows	166 002 696	–	(9 529 688)	–	156 473 008
Net closing balance	32 784 389	–	24 039 007	3 699 271	60 522 667
Closing assets	32 784 389	–	24 039 007	3 699 271	60 522 667
Closing liabilities	–	–	–	–	–
Net closing balance	32 784 389	–	24 039 007	3 699 271	60 522 667

10. Insurance and reinsurance contract assets and liabilities *continued*

10.1.1 Reconciliation of changes in re – insurance contracts by remaining coverage and incurred claims: None Life PAA *continued*

Corporation 2024	Remaining coverage component		Incurred claims component		
Particulars [Figures in Emalangeni]	Excluding loss-recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets	**32 784 389**	**–**	**24 039 007**	**3 709 678**	**60 533 074**
Opening liabilities	**–**	**–**	**–**	**–**	**–**
Net opening balance	**32 784 389**	**-**	**24 039 007**	**3 709 678**	**60 533 074**
Allocation of reinsurance premiums paid	**(163 035 412)**	**–**	**–**	**–**	**(163 035 412)**
Other contracts	**(163 035 412)**	**–**	**–**	**–**	**(163 035 412)**
Amounts recovered from reinsurers	**–**	**–**	**(8 232 936)**	**(1 737 692)**	**(9 970 628)**
Recoveries on incurred claims and other incurred reinsurance service expenses	**–**	**–**	**13 195 573**	**1 538 114**	**14 733 687**
Changes in expected recoveries on past claims	**–**	**–**	**(21 428 509)**	**(3 275 806)**	**(24 704 315)**
Net income/(expenses) from reinsurance contracts held	**(163 035 412)**	**–**	**(8 232 936)**	**(1 737 692)**	**(173 006 040)**
Finance income/(expense) from reinsurance contracts held recognised in profit or loss	**–**	**–**	**451 074**	**71 588**	**522 662**
Total changes in the statement of profit or loss and OCI	**(163 035 412)**	**–**	**(7 781 862)**	**(1 666 104)**	**(172 483 378)**
Investment component	**(4 965 069)**	**–**	**4 965 069**	**–**	**–**
Cash flows					
Premiums paid	**163 012 132**	**–**	**–**	**–**	**163 012 132**
Amounts received	**–**	**–**	**(10 530 889)**	**–**	**(10 530 889)**
Total cash flows	**163 012 132**	**–**	**(10 530 889)**	**–**	**152 481 243**
Net closing balance	**27 796 040**	**–**	**10 691 325**	**2 043 574**	**40 530 939**
Closing assets	**27 796 040**	**–**	**10 691 325**	**2 043 574**	**40 530 939**
Closing liabilities	**–**	**–**	**–**	**–**	**–**
Net closing balance	**27 796 040**	**–**	**10 691 325**	**2 043 574**	**40 530 939**

Corporation 2023	Remaining coverage component		Incurred claims component		
Particulars [Figures in Emalangeni]	Excluding loss-recovery component	Loss-recovery component	Present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets	28 048 019	–	20 720 543	4 050 431	52 818 993
Opening liabilities	–	–	–	–	–
Net opening balance	28 048 019	–	20 720 543	4 050 431	52 818 993
Allocation of reinsurance premiums paid	(161 266 326)	–	–	–	(161 266 326)
Other contracts	(161 266 326)	–	–	–	(161 266 326)
Amounts recovered from reinsurers	–	–	12 539 442	(416 846)	12 122 596
Recoveries on incurred claims and other incurred reinsurance service expenses	–	–	19 074 273	1 589 919	20 664 192
Changes in expected recoveries on past claims	–	–	(6 534 831)	(2 006 765)	(8 541 596)
Net income/(expenses) from reinsurance contracts held	(161 266 326)	–	12 539 442	(416 846)	(149 143 730)
Finance income/(expense) from reinsurance contracts held recognised in profit or loss	–	–	308 710	76 093	384 803
Total changes in the statement of profit or loss and OCI	(161 266 326)	–	12 848 152	(340 753)	(148 758 927)
Cash flows					
Premiums paid	166 002 696	–	–	–	166 002 696
Amounts received	–	–	(9 529 688)	–	(9 529 688)
Total cash flows	166 002 696	–	(9 529 688)	–	156 473 008
Net closing balance	32 784 389	–	24 039 007	3 709 678	60 533 074
Closing assets	32 784 389	–	24 039 007	3 709 678	60 533 074
Closing liabilities	–	–	–	–	–
Net closing balance	32 784 389	–	24 039 007	3 709 678	60 533 074

Notes to the financial statements *continued*

for the year ended 31 December 2024

10. Insurance and reinsurance contract assets and liabilities *continued*

10.1.1 Reinsurance contracts carrying amount: Life GMM

Group and Corporation 2023

Particulars [Figures in Emalangeni]	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM Contracts under modified retrospective approach	CSM Contracts under fair value approach	CSM Other contracts	Total
Opening assets	29 672	17 234	–	–	(33 373)	13 533
Net opening balance	29 672	17 234	–	–	(33 373)	13 533
Changes in the statement of comprehensive income						
Changes that relate to current services	(69 544)	15 443	–	–	2 069	(52 032)
CSM recognised for services received	–	–	–	–	2 069	2 069
Risk adjustment recognised for the risk expired	–	15 443	–	–	–	15 443
Experience adjustments	(69 544)	–	–	–	–	(69 544)
Changes that relate to future services	(120 410)	(6 146)	–	–	103 334	(23 222)
Contracts initially recognised in the period	(111 218)	418	–	–	89 391	(21 409)
Changes in estimates that adjust the CSM	(8 929)	(5 014)	–	–	13 943	–
Changes in estimates that result in losses and reversals of losses on underlying onerous contracts	(263)	(1 550)	–	–	–	(1 813)
Changes that relate to past services	–	–	–	–	(2 210)	(2 210)
Adjustments to liabilities for incurred claims	–	–	–	–	(2 210)	(2 210)
Net income/(expenses) from reinsurance contracts held	2 105	1 414	–	–	–	3 519
Finance income from reinsurance contracts held recognised in profit or loss	2 105	1 414	–	–	–	3 519
Total changes in the statement of comprehensive income	(187 849)	10 711	–	–	103 193	(73 945)
Cash flows						
Premium received	50 005	–	–	–	–	50 005
Total cash flows	50 005	–	–	–	–	50 005
Net closing balance	(108 172)	27 945	–	–	69 820	(10 407)
Closing liabilities	(108 172)	27 945	–	–	69 820	(10 407)
Net closing balance	(108 172)	27 945	–	–	69 820	(10 407)

10. Insurance and reinsurance contract assets and liabilities *continued*

10.2 Effect of insurance contracts initially recognised in the period

Group and Corporation 2024	Life GMM Contracts issued		Life VFA Contracts issued	
Particulars [Figures in Emalangeni]	Profitable contracts	Onerous contracts	Profitable contracts	Onerous contracts
Estimates of PV of future cash inflows	**34 616 208**	**155 428 683**	**37 468 390**	**18 094 306**
Estimates of PV of future cash outflows				
Insurance acquisition cash flows	**(1 041 762)**	**(15 587 565)**	**(2 481 612)**	**(1 698 058)**
Claims payable and other expenses	**(29 613 222)**	**(172 835 185)**	**(26 406 829)**	**(17 043 289)**
Risk adjustment	**(357 918)**	**(7 212 451)**	**(620 007)**	**(668 786)**
CSM	**(3 603 306)**	**(9 274)**	**(7 959 942)**	**–**
Amount included in insurance contract liabilities for the period	**–**	**(40 215 792)**	**–**	**(1 315 827)**

Group and Corporation 2023	Contracts issued		Contracts issued	
Particulars [Figures in Emalangeni]	Profitable contracts	Onerous contracts	Profitable contracts	Onerous contracts
Estimates of PV of future cash inflows	41 265 258	63 075 000	53 757 092	24 730 601
Estimates of PV of future cash outflows				
Insurance acquisition cash flows	(726 883)	(4 990 939)	(3 734 919)	(2 655 614)
Claims payable and other expenses	(43 041 245)	(69 104 631)	(39 203 426)	(22 385 610)
Risk adjustment	(710 305)	(2 035 077)	(1 058 114)	(858 511)
CSM	(64 176)	(1 289 910)	(9 760 635)	(28 603)
Amount included in insurance contract liabilities for the period	(3 277 351)	(14 345 557)	–	(1 197 737)

10.3 An analysis of the expected recognition of the CSM remaining at the end of reporting period in profit or loss is presented below.

Group and Corporation 2024 **Figures in Emalangeni**					
Segment	Less than 1 year	In 1 to 5 years	In 6 to 10 years	> 10 years	Total
Life VFA	**7 068 126**	**24 638 766**	**31 303 445**	**60 480 171**	**123 490 508**
Life GMM	**4 845 357**	**13 212 871**	**12 414 954**	**60 129 900**	**90 603 082**
Total contractual service margin	**11 913 483**	**37 851 637**	**43 718 399**	**120 610 071**	**214 093 590**

Group and Corporation 2023					
Segment	Less than 1 year	In 1 to 5 years	In 6 to 10 years	> 10 years	Total
Life VFA	6 335 420	20 427 365	24 033 571	54 268 824	105 065 180
Life GMM	4 040 340	11 057 802	8 527 246	49 126 465	72 751 853
Total contractual service margin	10 375 760	31 485 167	32 560 817	103 395 289	177 817 033

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for the year ended 31 December 2024

11. Operating segments

11.1 Identifying operating segments

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. All operating segments used by management meet the definition of reportable segments under IFRS 8.

The Group is organised and has identified four reportable operating segments on both non-life and life insurance business based on the nature of the products and services delivered by each segment. These segments distribute their products through various forms of brokers, agencies and direct marketing programmes. Management identifies its reportable operating segments by product line consistent with the reports used by the board of directors.

At 31 December 2024, the segments and their respective operations are as follows:

Non-life insurance business

- *Commercial insurance* – providing cover on the assets and liabilities of business enterprise.
- *Personal insurance* – consisting of insurance to individuals and their personal property.

Life insurance business

- *Insurance contracts* – contracts on which the Group accepts significant insurance risk from policyholder by agreeing to compensate the policyholder if insured event take place.
- *Investment contracts* – consist of contracts that transfer financial risk with no insurance risk.

Eswatini Re Limited

Provides re- insurance services

11.2 Segment information

Transactions between the business segments are carried out at arm's length. The revenue from external parties reported to the executive committee and board of directors is measured in a manner consistent with that in the statement of comprehensive income.

The Executive Committee and Board of Directors assess the performance of the operating segments based on a smoothed measure of operating profit. Unallocated costs represent corporate expenses, classified under investments and Shareholders funds.

The total amounts of assets and liabilities are measured in a manner consistent with that of financial statements. Assets consist primarily of property, plant and equipment, loans and receivables including insurance receivables, reinsurance assets, financial assets and operating cash. Liabilities comprise operating liabilities for both insurance and investment contracts, reinsurance liabilities and insurance and other payables excluding items such as taxation. These assets and liabilities are not allocated to any segments but included in corporate assets and liabilities.

11.3 Entity–wide information

Geographic segments

The Group's operations are wholly within Eswatini and its revenue is fully generated from within the country.

Customer

Management considers its external customers to be the individual policyholders; as such the Group is not reliant on any individual customer.

12. Expenditure

12.1 Operating expenses

	Group 2024 E	Group 2023 E	Corporation 2024 E	Corporation 2023 E
Operating expenses include the following items:				
Auditors' remuneration				
▶ External audit fees – Current year	**4 748 098**	3 235 359	**4 505 098**	2 693 288
▶ Internal audit and other related services	**954 207**	1 305 161	**954 207**	1 305 161
	5 702 305	4 540 520	**5 459 305**	3 998 449
Actuarial fees	**2 307 584**	2 360 257	**2 100 165**	2 360 257
Directors' emoluments – for services as directors	**2 797 001**	2 398 833	**2 604 105**	2 171 273
Employee benefit expenses	**97 372 169**	92 029 223	**94 591 545**	89 200 914
Insurance levy	**10 306 431**	9 490 639	**10 207 894**	9 401 060
Legal fees	**434 968**	363 259	**434 968**	363 259
Repairs and maintenance	**2 989 419**	7 016 421	**2 989 419**	7 016 421
Software licence and maintenance fees	**21 754 443**	17 811 004	**21 754 443**	17 811 004
Asset management expenses				
Property management	**544 208**	564 362	**544 208**	564 362
Investment managers' administration fees	**13 418 123**	13 143 548	**13 418 123**	13 143 548
	13 962 331	13 707 910	**13 962 331**	13 707 910

13. Net gains on FVTPL financial investments

	Group 2024 E	Group 2023 E	Corporation 2024 E	Corporation 2023 E
Investment income from financial investments	**365 297 657**	257 499 245	**363 246 671**	256 883 431

Notes to the financial statements *continued*

for the year ended 31 December 2024

14. Income tax expense

	Group 2024 E	Group 2023 E	Corporation 2024 E	Corporation 2023 E
Eswatini normal taxation:				
Current year	**66 423 669**	84 889 222	**66 423 669**	84 889 222
Deferred taxation	**(6 352 631)**	(4 429 921)	**(5 061 483)**	(2 932 240)
	60 071 038	80 459 301	**61 362 186**	81 956 982
Taxation rate reconciliation:				
Profit before tax	**156 755 327**	290 595 776	**161 450 410**	296 041 888
Tax thereon at **27.5%** (2023: 27.5%)	**43 107 715**	79 913 838	**44 398 863**	81 411 519
Tax effects of:				
Expenses not deductible for tax purposes	**949 512**	1 085 621	**949 512**	1 085 621
Provision for uncertain tax treatment *	**17 033 819**	–	**17 033 819**	–
Change in tax rate	**(3 228 236)**	–	**(3 228 236)**	–
Prior year unrecognized deferred tax asset	**2 208 228**	(540 158)	**2 208 228**	(540 158)
	60 071 038	80 459 301	**61 362 186**	81 956 982

Refer to note 37 for further details around the provision for uncertain tax treatment

15. Employee benefit expenses

	Group 2024 E	Group 2023 E	Corporation 2024 E	Corporation 2023 E
Salaries	**66 000 990**	63 361 302	**63 220 366**	60 589 920
Performance bonus	**21 634 570**	19 625 067	**21 634 570**	19 625 067
Staff welfare costs	**1 671 782**	1 860 910	**1 671 782**	1 860 910
Pension costs – defined contribution plan	**8 064 827**	7 125 514	**8 064 827**	7 125 514
	97 372 169	91 972 793	**94 591 545**	89 201 411

The average number of employees during the year was **124** (2023: 121).

16. Current income tax liability

	Group 2024 E	Group 2023 E	Corporation 2024 E	Corporation 2023 E
The movement in the current income tax account is as follows:				
At the beginning of the year	**31 779 177**	22 320 698	**31 786 052**	22 327 573
Charged to statement of comprehensive income – current	**66 423 669**	84 889 222	**66 423 669**	84 889 222
Paid during the year	**(53 285 078)**	(75 430 743)	**(53 288 293)**	(75 430 743)
At the end of the year	**44 917 768**	31 779 177	**44 921 428**	31 786 052

17. Property, plant and equipment

Group **Year ended 31 December 2024**	Office furniture and equipment E	Motor Vehicles E	Land and Buildings E	Total E
Cost				
Opening balance	**30 435 966**	**3 220 830**	**56 987 619**	**90 644 415**
Additions	**2 099 931**	**–**	**33 302 128**	**35 402 059**
Revaluation loss	**–**	**–**	**(235 396)**	**(235 396)**
	32 535 897	**3 220 830**	**90 054 351**	**125 811 078**
Accumulated depreciation				
Opening balance	**(23 014 382)**	**(2 083 086)**	**(15 218 060)**	**(40 315 528)**
Charge for the year	**(808 982)**	**(143 850)**	**(2 701 306)**	**(3 654 138)**
	(23 823 364)	**(2 226 936)**	**(17 919 366)**	**(43 969 666)**
Net carrying amount	**8 712 533**	**993 894**	**72 134 985**	**81 841 412**

Group **Year ended 31 December 2023**	Office furniture and equipment E	Motor Vehicles E	Land and Buildings E	Total E
Cost				
Opening balance	25 780 232	2 330 090	46 951 574	75 061 896
Additions	4 655 734	890 740	10 203 517	15 749 991
Revaluation loss	–	–	(167 472)	(167 472)
	30 435 966	3 220 830	56 987 619	90 644 415
Accumulated depreciation				
Opening balance	(20 321 779)	(1 929 639)	(14 241 270)	(36 492 688)
Charge for the year	(2 692 603)	(153 447)	(976 790)	(3 822 840)
	(23 014 382)	(2 083 086)	(15 218 060)	(40 315 528)
Net carrying amount	7 421 584	1 137 744	41 769 559	50 328 887

Corporation **Year ended 31 December 2024**	Office furniture and equipment E	Motor Vehicles E	Land and Buildings E	Total E
Cost				
Opening balance	**29 500 907**	**3 220 830**	**57 136 546**	**89 858 283**
Additions	**2 099 931**	**–**	**33 302 128**	**35 402 059**
Revaluation loss	**–**	**–**	**(235 396)**	**(235 396)**
	31 600 838	**3 220 830**	**90 203 278**	**125 024 946**
Accumulated depreciation				
Opening balance	**(22 929 943)**	**(2 083 086)**	**(15 218 060)**	**(40 231 089)**
Charge for the year	**(684 848)**	**(143 850)**	**(2 701 306)**	**(3 530 004)**
	(23 614 791)	**(2 226 936)**	**(17 919 366)**	**(43 761 093)**
Net carrying amount	**7 986 047**	**993 894**	**72 283 912**	**81 263 853**

Corporation **Year ended 31 December 2023**	Office furniture and equipment E	Motor Vehicles E	Land and Buildings E	Total E
Cost				
Opening balance	24 845 173	2 330 090	46 974 927	74 150 190
Additions	4 655 734	890 740	10 329 091	15 875 565
Revaluation loss	–	–	(167 472)	(167 472)
	29 500 907	3 220 830	57 136 546	89 858 283
Accumulated depreciation				
Opening balance	(20 237 340)	(1 929 639)	(14 241 270)	(36 408 249)
Charge for the year	(2 692 603)	(153 447)	(976 790)	(3 822 840)
	(22 929 943)	(2 083 086)	(15 218 060)	(40 231 089)
Net carrying amount	6 570 964	1 137 744	41 918 486	49 627 194

17. Property, plant and equipment *continued*

The Group's land and buildings were revalued in December 2024. The revaluation was done on a fair market value method by ERIS Property Group. The land and buildings consist of Lot 2176, Mbabane, Hhohho, measuring 7 464m² and Lot 614, Matsapha, Manzini, measuring 3 814m².

Included in property, plant and equipment are fully depreciated items with an initial cost of **E16 829 780** (2023: E13 579 149).

18. Intangible assets – Computer Software

	2024 E	2023 E
Group		
Cost		
At the beginning of the year	**116 746 389**	83 758 685
Additions	**18 048 027**	32 987 704
At the end of the year	**134 794 416**	116 746 389
Accumulated amortisation		
At the beginning of the year	**(61 491 288)**	(34 996 962)
Charge for the year	**(31 465 812)**	(26 494 326)
At the end of the year	**(92 957 100)**	(61 491 288)
Net carrying amount	**41 837 316**	55 255 101

Included in intangible assets are fully amortized items with an initial cost of **E 9 297 588** (2023: E 9 297 588).

	2024 E	2023 E
Corporation		
Cost		
At the beginning of the year	**116 723 037**	83 735 333
Additions	**18 048 027**	32 987 704
At the end of the year	**134 771 064**	116 723 037
Accumulated amortisation		
At the beginning of the year	**(61 491 288)**	(34 996 962)
Charge for the year	**(31 465 812)**	(26 494 326)
At the end of the year	**(92 957 100)**	(61 491 288)
Net carrying amount	**41 813 964**	55 231 749

Included in intangible assets are fully amortized items with an initial cost of **E 9 297 588** (2023: E 9 297 588).

19. Investment property

Group and Corporation

	Land and Buildings E
31 December 2024	
At the beginning of the year	**49 300 000**
Capitalised subsequent expenditure	**–**
Fair value adjustment	**800 000**
At the end of the year	**50 100 000**
31 December 2023	
At the beginning of the year	48 200 000
Capitalised subsequent expenditure	–
Fair value adjustment	1 100 000
At the end of the year	49 300 000

The investment property consists of Lilunga House, which is held for rental income purposes and for capital appreciation. The amount shown above represents an estimate of fair value at the statement of financial position date.

Fair value is based on valuations that are done by a professional firm of valuers, ERIS Property Group. The last valuation was performed on 31 December 2024.

There are no restrictions to the realizability of this property and the property is not pledged as security for any liability.

A register of Investment Properties at 31 December 2024 is available for inspection at the Group's registered office.

20. Financial assets

	Group 2024 E	Group 2023 E	Corporation 2024 E	Corporation 2023 E
At fair value through profit or loss (note 20.1)	**2 857 501 831**	2 646 378 432	**2 834 835 031**	2 625 762 618
At amortized cost (note 20.2)	**50 924 848**	30 424 659	**50 924 848**	30 424 659
	2 908 246 679	2 676 803 091	**2 885 759 879**	2 656 187 277

20.1 At fair value through profit or loss

	Group 2024 E	Group 2023 E	Corporation 2024 E	Corporation 2023 E
Swaziland Building Society – Permanent unlisted shares	**228 247 790**	205 620 760	**228 247 790**	205 620 760
Nedbank Eswatini Limited – Equity	**4 095 000**	4 095 000	**4 095 000**	4 095 000
Royal Eswatini Sugar Corporation – Equity	**2 280 000**	2 280 000	**2 280 000**	2 280 000
Allan Gray Asset Managers	**111 990 532**	130 256 536	**111 990 532**	130 256 536
Alexander Forbes – Offshore	**289 664 036**	297 597 550	**289 664 036**	297 597 550
Ninety-One Limited	**123 869 183**	137 490 902	**123 869 183**	137 490 902
African Alliance	**36 168 815**	32 960 093	**36 168 815**	32 960 093
Stanlib	**1 767 315 492**	1 544 928 962	**1 744 648 692**	1 524 313 148
Sanlam	**180 613 068**	161 266 449	**180 613 068**	161 266 449
M&G Investments	**113 257 915**	129 882 180	**113 257 915**	129 882 180
	2 857 501 831	2 646 378 432	**2 834 835 031**	2 625 762 618

Financial assets at fair value through profit or loss are presented within 'investing activities' in the statement of cash flows.

The fair value of all equity securities is based on their current bid prices in an active market.

20.2 At amortised cost

	Group 2024 E	Group 2023 E	Corporation 2024 E	Corporation 2023 E
Debt securities – fixed interest rate:				
▶ Fincorp bond	**50 924 848**	30 424 659	**50 924 848**	30 424 659
	50 924 848	30 424 659	**50 924 848**	30 424 659

21. Deferred income tax asset

Deferred income taxes are calculated in full on temporary differences under the liability method using the principal tax rate of **25%** (2023: 27.5%).

The gross movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Group 2024 E	Group 2023 E	Corporation 2024 E	Corporation 2023 E
At the beginning of the year	**8 428 484**	3 998 562	**4 452 740**	1 520 499
Charged to income statement	**6 352 631**	4 429 922	**5 061 483**	2 932 241
At the end of the year	**14 781 115**	8 428 484	**9 514 223**	4 452 740

22. Other assets

	Group 2024 E	Group 2023 E	Corporation 2024 E	Corporation 2023 E
Other assets				
Staff receivables	**28 982 461**	23 803 368	**28 982 461**	23 803 368
Sundry receivable	**13 114 064**	72 330 668	**54 473 649**	144 311 018
Loans to agents	**1 642 372**	1 029 695	**1 642 372**	1 029 695
	43 738 897	97 163 731	**85 098 482**	169 144 081

The fair value of the trade and other receivables approximate their book values as included above.

At 31 December 2024, none of the assets balances are past due. The entity further believes that no impairment allowance is necessary in respect of receivables as no objective evidence existed at year end to indicate that one or more events may have a negative effect on the estimated future cash flows expected from any individual balance.

23. Policy loans

	Group 2024 E	Group 2023 E	Corporation 2024 E	Corporation 2023 E
Loans to policy holders	**92 713 018**	88 950 711	**92 713 018**	88 950 711
	92 713 018	88 950 711	**92 713 018**	88 950 711

Loans to policy holders are secured against the policy holder's future investments. The Group has got strong credit policies towards these loans. A policyholder can only be advanced a loan of up to 90% of the individuals investments. As at 31 December 2024, the fair value of these loans approximated the carrying amounts.

24. Cash and cash equivalents

	Group 2024 E	Group 2023 E	Corporation 2024 E	Corporation 2023 E
Cash on hand	**12 000**	12 000	**12 000**	12 000
Short term deposits with local banks	**244 180 491**	121 061 723	**240 073 336**	114 190 248
	244 192 491	121 073 723	**240 085 336**	114 202 248

25. Other liabilities

	Group 2024 E	Group 2023 E	Corporation 2024 E	Corporation 2023 E
Other payables	**26 694 059**	108 965 123	**61 609 001**	177 980 374
	26 694 059	108 965 123	**61 609 001**	177 980 374

26. Employee benefit provisions

	Group and Corporation	
	2024 Performance Bonus E	2023 Performance Bonus E
At the beginning of the year	**20 049 358**	17 675 127
Charged to income statement	**21 231 276**	20 049 358
Utilised during the year	**(20 049 358)**	(17 675 127)
At the end of the year	**21 231 276**	20 049 358

Performance bonus

Provision is made for payments in accordance with a bonus plan for the year ended 31 December 2024.

The bonus provision consists of a performance-based bonus, which is determined by reference to the overall Group performance with regard to a set of pre-determined key performance areas. The cash flow is expected to occur in the 2025 financial year when the results have been approved.

26.1 Retirement benefits

The Group provides retirement benefits for all its employees through the Pension fund of the Group which is a defined contribution plan. Employees contribute **7%** (2023: 7%) of their pensionable emoluments. The employer contributes **18.3%** (2023: 18.3%) of pensionable emoluments part of which pays for risk benefits.

	Group		Corporation	
	2024 E	2023 E	2024 E	2023 E
Defined contribution plan – Employer	**7 522 476**	7 125 515	**7 522 476**	7 125 515
▶ Employee	**2 877 448**	2 725 607	**2 877 448**	2 725 607

27. Share capital

	Group		Corporation	
	2024 E	2023 E	2024 E	2023 E
Authorised share capital – 4 000 000 (2023: 4 000 000) ordinary shares of E1 each	**4 000 000**	4 000 000	**4 000 000**	4 000 000
Issued share capital and paid – 4 000 000 (2023: 4 000 000) ordinary shares of E1 each	**4 000 000**	4 000 000	**4 000 000**	4 000 000

The reconciliation of authorised and issued share capital is as follows:

	2024		2023	
	Authorised E	**Issued E**	Authorised E	Issued E
At the beginning of the year	**4 000 000**	**4 000 000**	4 000 000	4 000 000
At the end of the year	**4 000 000**	**4 000 000**	4 000 000	4 000 000

27. Share capital *continued*

There were no changes to the authorised and issued share capital during the year.

The requirement of Clause 7(2) of the Insurance Act, 2005 is that an insurer shall have a minimum share capital of E2 000 000. ESRIC has a share capital of E4 000 000 because it has two insurance licenses (non - life and life businesses).

28. Revaluation reserves

	2024 E	2023 E
At the beginning of the year	**10 572 635**	10 740 107
Revaluation – land and buildings	**(235 396)**	(167 472)
At the end of the year	**10 337 239**	10 572 635

The revaluation reserve arises from Land and Building revaluation. The most recent revaluation was done by a professional firm of valuers, ERIS Property Group as at 31 December 2024.

29. Related party transactions

29.1 Related parties consist of the following entities:

Entity	Nature of relationship
Kingdom of Eswatini Government	Shareholder (47.8%)
Munich Reinsurance Company of Africa Limited	Shareholder (16%)
Cougar Investment Holdings Limited	Shareholder (21%)
Inba Holdings Limited	Shareholder (7.6%)
Public Services Pension Fund	Shareholder (7.6%)

29.2 Transactions with related parties during the year

	2024 E	2023 E
29.2.1 Commission received from reinsurance included in acquisition expenses (net of commission expense):		
Munich Reinsurance Company of Africa Limited	**5 751 647**	10 444 604
Old Mutual Insurance Company Limited	**811 737**	–
Eswatini Re Limited	**1 532 917**	2 351 940
	8 096 301	12 796 544

29. Related party transactions *continued*

29.2 Transactions with related parties during the year *continued*

29.2.2 Premiums paid to reinsurers included in net premiums:

	2024 E	2023 E
Munich Reinsurance Company of Africa Limited	**29 539 887**	43 930 832
Old Mutual Insurance Company Limited	**3 246 949**	–
Eswatini Re Limited	**9 226 960**	10 959 013
	42 013 796	54 889 845

29.2.3 Treaty claims recoveries during the year included in reinsurers' share of claims incurred:

	2024 E	2023 E
Munich Reinsurance Company of Africa Limited	**1 461 415**	2 257 978
Eswatini Re Limited	**151 495**	958 750
	1 612 910	3 216 728

Balance outstanding from insurance business with related parties were as follows:

29.2.4 Claims recoveries due from reinsurers at year end included in insurance receivables:

	2024 E	2023 E
Munich Reinsurance Company of Africa Limited	**786 239**	220 828
Old Mutual Insurance Company Limited	**240 835**	-
	1 027 074	220 828

29.2.5 Premiums owed to reinsurers at year end included in reinsurance liabilities:

	2024 E	2023 E
Munich Reinsurance Company of Africa Limited	**4 263 974**	1 327 350
Eswatini Re Limited	**1 081 227**	283 240
Old Mutual Insurance Company Limited	**2 435 212**	–
	7 780 413	1 610 590

29.2.6 Directors and executive management compensation

	2024 E	2023 E
Executive management compensation	**7 568 515**	7 311 408
Directors' fees	**2 604 105**	2 741 119

29.2.7 Loans to related parties

	2024 E	2023 E
Loans to Executive Management	**2 285 235**	1 934 564

29. Related party transactions *continued*

29.2 Transactions with related parties during the year *continued*

29.2.8 Dividends paid to shareholders

	2024 E	2023 E
Eswatini Government	**–**	63 714 022
Munich Reinsurance Company of Africa Limited	**–**	21 312 000
Cougar Investment Holdings Limited	**–**	27 972 000
INBA Holdings Limited	**–**	10 100 989
Public Services Pension Fund	**–**	10 100 989
	–	133 200 000

29.2.9 Amounts due from related party

	2024 E	2023 E
Eswatini Re	**16 334 521**	15 805 941

Transactions with related parties are on an arm's length basis and no special conditions apply.

29.3 Doubtful debts

There is no provision for doubtful debts, nor any bad debt written off during the year 2024 and 2023, that relates to related parties.

Notes to the financial statements *continued*

for the year ended 31 December 2024

30. Operating segment

	2024				
	Non Life	Life	Eswatini Re	Adjustments	Group
Insurance revenue	582 476 639	190 120 572	12 983 023	(12 983 023)	772 597 211
Insurance service expenses from reinsurance contracts issued	(302 870 691)	(184 596 074)	(10 220 444)	–	(497 687 209)
Insurance service result from reinsurance contracts issued	279 605 948	5 524 498	2 762 579	(12 983 023)	274 910 002
Allocation of reinsurance premiums paid	(163 035 412)	(10 085 318)	(8 781 226)	12 983 023	(168 918 933)
Amounts recovered from reinsurers	(9 970 628)	7 612 708	852 015	–	(1 505 905)
Net expense from retrocession contracts held	(173 006 040)	(2 472 610)	(7 929 211)	12 983 023	(170 424 838)
Insurance Service Result	106 599 908	3 051 888	(5 166 632)	–	104 485 164
Interest income from financial investments not measured at FVTPL	–	9 017 922	177 260	–	9 195 182
Net gains on FVTPL financial investments	46 245 763	317 000 908	2 050 986	–	365 297 657
Net gains from fair value adjustments to investment properties	–	800 000	–	–	800 000
Rental income from investment properties	–	9 855 941	–	–	9 855 941
Net investment income	46 245 763	336 674 771	2 228 246	–	385 148 780
Finance expense from insurance contracts issued	(5 239 012)	(294 085 182)	274 926	–	(299 049 268)
Finance income from reinsurance contracts held	522 663	(4 795)	–	–	517 868
Total insurance finance expenses	(4 716 349)	(294 089 977)	274 926	–	(298 531 400)
Other income	–	12 623 617	–	–	12 623 617
Other expenses	(34 276 025)	(10 663 186)	(2 031 623)	–	(46 970 834)
Profit before income tax	113 853 297	47 597 113	(4 695 083)	–	156 755 327
Income tax expense	(48 958 312)	(12 403 874)	1 291 148	–	(60 071 038)
Profit for the year	64 894 985	35 193 239	(3 403 935)	–	96 684 289
Other comprehensive income					
Loss on revaluation of land and buildings	(235 396)	–	–	–	(235 396)
Total comprehensive income for the year	64 659 589	35 193 239	(3 403 935)	–	96 448 893

30. Operating segment *continued*

Figures in Emalangeni	2024				
	Non Life	Life	Eswatini Re	Adjustments	Group
ASSETS					
Property, plant and equipment	81 178 601	85 252	577 559	–	81 841 412
Intangible assets	30 757 139	11 056 825	23 352	–	41 837 316
Investment in subsidiaries	10 000 000	10 000 000	–	(20 000 000)	–
Investment property	–	50 100 000	–	–	50 100 000
Right of use assets	1 846 146	–	–	–	1 846 146
Deferred income tax	7 905 447	1 608 776	5 266 892	–	14 781 115
Reinsurance contract assets	40 718 458	2 995 715	1 310 220	–	45 024 393
Other assets	72 484 957	12 613 525	–	(41 359 585)	43 738 897
Policy loans	–	92 713 018	–	–	92 713 018
Financial investments	427 796 669	2 457 990 210	22 666 800	–	2 908 426 679
Amounts due from related parties	16 334 521	–	–	(16 334 521)	–
Cash and cash equivalents	107 694 830	132 390 506	4 107 155	–	244 192 491
Total assets	796 689 768	2 771 553 827	33 951 978	(77 694 106)	3 524 501 467
EQUITY AND LIABILITIES					
Share capital	4 000 000	–	20 000 000	(20 000 000)	4 000 000
Revaluation reserves	10 337 239	–	–	–	10 337 239
Retained earnings	580 453 382	338 993 167	(13 885 442)	–	905 561 107
Total equity	594 790 621	338 993 167	6 114 558	(20 000 000)	919 898 346
LIABILITIES					
Insurance contract liabilities	123 554 795	2 381 149 913	5 061 916	–	2 509 766 624
Lease liabilities	1 993 394	–	–	–	1 993 394
Current tax liabilities	44 664 869	256 559	(3 660)	–	44 917 768
Other liabilities	14 546 141	47 062 860	22 779 164	(57 694 106)	26 694 059
Provisions	17 139 948	4 091 328	–	–	21 231 276
Total liabilities	201 899 147	2 432 560 660	27 837 420	(57 694 106)	2 604 603 121
Total equity and liabilities	796 689 768	2 771 553 827	33 951 978	(77 694 106)	3 524 501 467

Notes to the financial statements *continued*

for the year ended 31 December 2024

30. Operating segment *continued*

Figures in Emalangeni	2023				
	Non Life	Life	Eswatini Re	Adjustments	Group
Insurance revenue	563 643 777	176 572 303	8 459 667	–	748 675 747
Insurance service expenses from insurance contracts issued	(219 665 800)	(142 545 069)	(7 735 059)	–	(369 945 928)
Insurance service result from insurance contracts issued	343 977 977	34 027 234	724 608	–	378 729 819
Allocation of reinsurance premiums paid	(154 697 565)	(7 614 251)	(6 568 761)	–	(168 880 577)
Amounts recovered from reinsurers	11 485 969	2 202 612	560 955	–	14 249 536
Net expense from reinsurance contracts held	(143 211 596)	(5 411 639)	(6 007 806)	–	(154 631 041)
Insurance Service Result	200 766 381	28 615 595	(5 283 198)	–	224 098 778
Interest income from financial investments not measured at FVTPL	–	8 471 768	723 540	–	9 195 308
Net gains on FVTPL financial investments	39 502 528	217 380 903	615 814	–	257 499 245
Net gains from fair value adjustments to investment properties	1 100 000	–	–	–	1 100 000
Rental income from investment properties	–	10 629 332	–	–	10 629 332
Net investment income	40 602 528	236 482 003	1 339 354	–	278 423 885
Finance expense from insurance contracts issued	(4 543 281)	(148 485 712)	(388 415)	–	(153 417 408)
Finance income from reinsurance contracts held	374 396	1 310	–	–	375 706
Total insurance finance expenses	(4 168 885)	(148 484 402)	(388 415)	–	(153 041 702)
Other income	(97 773)	12 808 472	–	–	12 710 699
Other expenses	(47 965 288)	(22 516 743)	(1 113 853)	–	(71 595 884)
Profit before income tax	189 136 963	106 904 925	(5 446 112)	–	290 595 776
Income tax expense	(53 503 834)	(28 453 148)	1 497 681	–	(80 459 301)
Profit for the year	135 633 129	78 451 777	(3 948 431)	–	210 136 475
Other comprehensive income					
Loss on revaluation of land and buildings	(167 472)	–	–	–	(167 472)
Total comprehensive income for the year	135 465 657	78 451 777	(3 948 431)	–	209 969 003

30. Operating segment *continued*

Figures in Emalangeni	2023				
	Non Life	Life	Eswatini Re	Adjustments	Group
ASSETS					
Property, plant and equipment	49 523 922	103 272	701 693	–	50 328 887
Intangible assets	40 377 581	14 854 168	23 352	–	55 255 101
Investment in subsidiaries	10 000 000	10 000 000	–	(20 000 000)	–
Investment property	–	49 300 000	–	–	49 300 000
Right of use assets	1 429 207	–	–	–	1 429 207
Deferred income tax	2 238 875	2 213 865	3 975 744	–	8 428 484
Reinsurance contract assets	60 720 592	2 061 662	–	–	62 782 254
Other assets	155 060 988	14 083 093	–	(71 980 350)	97 163 731
Policy loans	–	88 950 711	–	–	88 950 711
Financial investments	388 909 357	2 267 277 920	20 615 814	–	2 676 803 091
Current tax receivable	–	–	6 875	–	6 875
Amounts due from related parties	15 805 941	–	–	(15 805 941)	–
Cash and cash equivalents	66 275 681	47 926 567	6 871 475	–	121 073 723
Total assets	790 342 144	2 496 771 258	32 194 953	(107 786 291)	3 211 522 064
EQUITY AND LIABILITIES					
Share capital	4 000 000	–	20 000 000	(20 000 000)	4 000 000
Revaluation reserves	10 572 635	–	–	–	10 572 635
Retained earnings	515 558 398	303 799 928	(10 481 507)	–	808 876 819
Total equity	530 131 033	303 799 928	9 518 493	(20 000 000)	823 449 454
LIABILITIES					
Insurance contract liabilities	119 866 611	2 101 420 720	3 905 420	–	2 225 192 751
Lease liabilities	2 079 327	–	–	–	2 079 327
Current tax liabilities	22 668 537	9 117 515	–	–	31 786 052
Other liabilities	99 567 875	78 412 499	18 771 040	(87 786 291)	108 965 123
Provisions	16 028 761	4 020 596	–	–	20 049 357
Total liabilities	260 211 111	2 192 971 330	22 676 460	(87 786 291)	2 388 072 610
Total equity and liabilities	790 342 144	2 496 771 258	32 194 953	(107 786 291)	3 211 522 064

31. Liquidity analysis

	Group 2024			
	Less than 1 year E	2 to 5 years E	Over 5 years E	Total E
Financial and insurance assets				
Reinsurance contract assets	**45 024 393**	**–**	**–**	**45 024 393**
Other assets	**43 738 897**	**–**	**–**	**43 738 897**
Policy loans	**31 376 578**	**59 941 510**	**1 394 930**	**92 713 018**
Financial investments	**2 673 803 890**	**–**	**234 622 789**	**2 908 426 679**
Amounts due from related parties	**–**	**–**	**–**	**–**
Cash and cash equivalents	**244 192 491**	**–**	**–**	**244 192 491**
Total assets	**3 038 136 249**	**59 941 510**	**236 017 719**	**3 334 095 478**
Financial and insurance liabilities				
Insurance contract liabilities	**2 509 766 624**	**–**	**–**	**2 509 766 624**
Other liabilities	**26 694 059**	**–**	**–**	**26 694 059**
Lease liabilities	**1 993 394**	**–**	**–**	**1 993 394**
Total liabilities	**2 538 454 077**	**–**	**–**	**2 538 454 077**

	Group 2023			
	Less than 1 year E	2 to 5 years E	Over 5 years E	Total E
Financial and insurance assets				
Reinsurance contract assets	62 782 254	–	–	62 782 254
Other assets	97 163 731	–	–	97 163 731
Policy loans	30 103 312	57 509 075	1 338 324	88 950 711
Financial investments	2 464 807 331	–	211 995 760	2 676 803 091
Amounts due from related parties	–	–	–	–
Cash and cash equivalents	121 073 723	–	–	121 073 723
Total assets	2 775 930 351	57 509 075	213 334 084	3 046 773 510
Financial and insurance liabilities				
Insurance contract liabilities	2 225 192 751	–	–	2 225 192 751
Other liabilities	108 965 123	–	–	108 965 123
Lease liabilities	2 079 327	–	–	2 079 327
Total liabilities	2 336 237 201	–	–	2 336 237 201

31. Liquidity analysis *continued*

	Corporation 2024			
	Less than 1 year E	2 to 5 years E	Over 5 years E	Total E
Financial and insurance assets				
Reinsurance contract assets	**43 714 173**	**–**	**–**	**43 714 173**
Other assets	**85 098 482**	**–**	**–**	**85 098 482**
Policy loans	**31 376 578**	**59 941 510**	**1 394 930**	**92 713 018**
Financial investments	**2 651 137 090**	**–**	**234 622 789**	**2 885 759 879**
Amounts due from related parties	**16 334 521**	**–**	**–**	**16 334 521**
Cash and cash equivalents	**240 085 336**	**–**	**–**	**240 085 336**
Total assets	**3 067 746 180**	**59 941 510**	**236 017 719**	**3 363 705 409**
Financial and insurance liabilities				
Insurance contract liabilities	**2 504 704 708**	**–**	**–**	**2 504 704 708**
Other liabilities	**61 609 001**	**–**	**–**	**61 609 001**
Lease liabilities	**1 993 394**	**–**	**–**	**1 993 394**
Total liabilities	**2 568 307 103**	**–**	**–**	**2 568 307 103**

	Corporation 2023			
	Less than 1 year E	2 to 5 years E	Over 5 years E	Total E
Financial and insurance assets				
Reinsurance contract assets	62 782 254	–	–	62 782 254
Other assets	169 144 081	–	–	169 144 081
Policy loans	30 103 312	57 509 075	1 338 324	88 950 711
Financial investments	2 444 191 517	–	211 995 760	2 656 187 277
Amounts due from related parties	15 805 941	–	–	15 805 941
Cash and cash equivalents	114 202 248	–	–	114 202 248
Total assets	2 836 229 353	57 509 075	213 334 084	3 107 072 512
Financial and insurance liabilities				
Insurance contract liabilities	2 221 287 331	–	–	2 221 287 331
Other liabilities	177 980 374	–	–	177 980 374
Lease liabilities	2 079 327	–	–	2 079 327
Total liabilities	2 401 347 032	–	–	2 401 347 032

32. Dividends

There were no dividends declared and paid during 2024

33. Contingencies

As at 31 December 2024, the Group was a defendant in various legal actions. All actions where the directors are of the opinion that significant loss is likely to be suffered have been provided for in the financial statements.

34. Events after statement of financial position date

A dividend of E26.25 per share has been declared in respect of the period ended 31 December 2024. The total amount of the dividend declared is E 105 000 000. This was approved subsequent to year end at board meeting held on the 23 September 2025.

35. Leases

	2024 E	2023 E
Right-of-use assets		
Opening balance	**1 429 207**	2 625 534
Modification	**1 613 266**	–
Depreciation	**(1 196 327)**	(1 196 327)
At year end	**1 846 146**	1 429 207
Lease liabilities		
Current	**1 993 394**	2 079 327
Non-current	**–**	–
	1 993 394	2 079 327
Depreciation charge of right-of-use assets		
Buildings	**(1 196 327)**	(1 196 327)
	(1 196 327)	(1 196 327)
Interest expense	**(474 316)**	(474 316)

The Group leases two offices. Rental contracts are typically made for fixed period terms of one year to three years but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Investment in subsidiary

	2024 E	2023 E
	Corporation	
Investment in Eswatini Re	**20 000 000**	20 000 000

Name	Country of Incorporation	Interest Held 2024	Interest Held 2023	Principal Activities
Eswatini Re	Eswatini	**100%**	100%	Re-insurance company

36. Uncertain tax treatment within current tax liabilities

Recognized uncertain tax treatments

The Group operates in a tax jurisdiction where interpretation of certain parts of the Income Tax Order applicable to insurance companies is not clear. The Group is therefore subject to periodic challenges by tax authorities regarding the treatment of certain transactions. Management applies judgement in assessing the likely outcome of these matters, taking into account the applicable Income Tax Order of 1975, any regulations, interpretations, and the advice of external tax specialists.

As at 31 December 2024, the Group has recognised a liability of E17 033 819 for uncertain tax positions, primarily relating to the deductibility of certain expenses and exemption of certain income generated in Eswatini. This liability is included in current tax liabilities within the statement of financial position.

A similar liability relating to uncertain tax treatment for withholding taxes amounting to E19 941 000 has been recognized and disclosed under other liabilities with the statement of financial position. The withholding taxes are not income taxes hence they have been presented with other liabilities.

The amount recognised represents management's best estimate using the most likely outcome approach in accordance with IFRIC 23. The final resolution of these matters may result in an obligation that is higher or lower than the amount provided. Any differences will be recognised in the period in which the matter is resolved.

For the year ended 31 December 2024, interest of E2 838 970 was recognised.

Unrecognised uncertain tax positions

In addition, the Group is in ongoing discussions with the Eswatini Revenue Service regarding the deductibility of certain other expenses claimed in prior years and exemption of certain income. Based on tax advice obtained, management believes it is possible but not probable that an additional liability could arise.

The potential exposure is estimated at approximately E61 128 387, excluding any related interest and penalties. No provision has been recognised for this matter in accordance with IAS 37.

Due to the inherent uncertainties and the sensitive nature of these discussions, further information about these matters has not been disclosed, as it could prejudice the Group's position in ongoing negotiations with the tax authorities.

09 Abbreviations

Glossary of terms

Terms and abbreviations used in this report

AML	Anti-Money Laundering
ALMIC	Asset Liability Matching and Investment Committee
ARC	Audit, Risk and Compliance Committee
BSR	Bonus Stabilisation Reserve
CAR	Capital Adequacy Requirements
CAT	Catastrophe Reinsurance Treaty
CSI	Corporate Social Investment
CSM	Contractual Service Margin
CTA	Central Transport Administration
DPF	Discretionary Participation Features
ED	Executive Director
EWP	Endowment Assurance with Profits
ERM	Enterprise Risk Management
ESG	Environmental, social, and governance
ESRIC	Eswatini Royal Insurance Corporation
FCF	Free Cash Flow
FMCG	Fast-Moving Consumer Goods
FSRA	Financial Services Regulatory Authority
FVTPL	Fair Value Through Profit or Loss
GDP	Gross Domestic Product
GI	General Insurance
GMM	General Measurement Model
GWP	Gross Written Premium
HR	Human Resources
IASB	International Accounting Standards Board
IBNR	Incurred but Not Reported
IDP	Individual Development Plan
IFRS	International Financial Reporting Standards
IOCAR	Intermediate Ordinary Capital Adequacy Requirements
ISA	International Standards on Auditing
KPI	Key Performance Indicator
LIC	Liability for Incurred Claims
LRC	Liability for Remaining Coverage
MDR	Managed Detection and Response
NED	Non Executive Director
NEP	Net Earned Premium
NMV	National Maize Corporation
OCAR	Ordinary Capital Adequacy Requirement
OCI	Other Comprehensive Income
OPE	Out-of-Pocket Expenses
PAA	Premium Allocation Approach
PAD	Provision for Adverse Deviation
PB	Personal Belonging
PEU	Public Enterprise Unit
PSPF	Public Service Pensions Fund
RA	Risk Adjustment
RBC	Risk-Based Capital
RCC	Risk and Compliance Committee
REMCO	Remuneration Committee
ROI	Return on Investment
SAM	Solvency Assessment and Management
SAN	Storage Area Network
SAP	Standard of Actuarial Practice
SASB	Sustainabiity Accounting Standards Board
SDG	Sustainable Development Goals
SME	Small and Medium Enterprise
SVM	Statutory Valuation Method
TCAR	Termination Capital Adequacy Requirement
UWP	Underwriting Profit
VFA	Viable Fee Approach
VaR	Value-at-Risk

Notes