



General Reinsurance Africa Ltd.

Registration Number 1966/003833/06

Financial Statement 2024

Statement of Financial Position as at 31 December 2024

	<u>Notes</u>	<u>2024</u> R'000	<u>2023 Restated</u> R'000	<u>1 January 2023 Restated</u> R'000
Assets				
Property and equipment	4	5 382	6 367	3 596
Deferred taxation	6	484 820	472 553	412 117
Insurance contract assets	8	612 645	992 869	1 047 634
Reinsurance contract assets	8	335 729	397 996	784 647
Right of use asset	10	17 579	22 346	4 173
Financial investments	5	7 372 917	7 966 790	7 246 427
Amounts due from group companies	9	8 808	3 483	760
Other receivables	14	11 272	17 992	21 169
Taxation	20.2	-	-	-
Cash and cash equivalents	20.3	1 503 328	536 410	693 739
Total assets		10 352 480	10 416 806	10 214 262
Equity and liabilities				
Capital and reserves		1 931 951	1 780 564	1 455 423
Issued capital	7	1 004 000	1 004 000	1 004 000
Investment reserve		-1 814	-33 184	-32 767
Accumulated profit		929 765	809 748	484 190
Liabilities		8 420 529	8 636 242	8 758 839
Insurance contract liabilities	8	7 765 228	8 072 663	8 300 435
Reinsurance contract liabilities	8	505 634	399 964	325 718
Lease liability	10	19 433	22 632	5 756
Taxation	20.2	6 340	16 708	27 463
Amounts due to group companies	9	54 374	50 158	34 998
Employee benefit accruals	11	48 619	42 319	30 872
Other payables	15	20 901	31 798	33 597
Total equity and liabilities		10 352 480	10 416 806	10 214 262

¹ Refer to note 22 for the disclosure on the restatement due to the prior period error on deferred taxation, financial investments, insurance contract assets, reinsurance contract assets, taxation, investment reserve, accumulated profit, insurance contract liabilities, other receivables, and reinsurance contract liabilities

Statement of Profit or Loss for the year ended 31 December 2024

	Notes	2024 R'000	2023 Restated R'000
Gross insurance service result	8C		
	8D	1 099 790	855 537
Insurance revenue		4 425 779	4 189 642
Insurance service expenses		-3 325 989	-3 334 105
Net expenses from reinsurance contracts	8C		
	8D	-839 497	-655 904
Allocation of reinsurance premiums paid		-1 479 686	-1 324 008
Amounts recoverable from reinsurers		656 312	661 498
Effect of non-performance risk of reinsurers		-16 123	6 606
Insurance service result		260 293	199 633
Interest revenue calculated using the effective interest method	12	693 028	648 170
Finance expenses from insurance contracts	8C		
	8D	-688 250	-371 069
Finance (expenses) / income from reinsurance contracts	8C		
	8D	-4 770	3 703
Net financial result		8	280 804
Management expenses	13	-103 270	-110 377
Other finance costs		-2 383	-553
Profit before tax		154 648	369 507
Taxation	16	-34 631	-43 949
Net profit after taxation		120 017	325 558

¹ Refer to note 22 for the disclosure on the restatement due to the prior period error on insurance revenue, insurance service expenses, allocation of reinsurance premiums paid, amounts recoverable from reinsurers, interest revenue calculated using effective interest method, finance expenses from insurance contracts, finance (expenses)/income from reinsurance contracts, and taxation.

Statement of Comprehensive Income for the year ended 31 December 2024

	<u>Notes</u>	<u>2024</u> R'000	<u>2023 Restated</u> R'000
Net profit after taxation		120 017	325 558
Other comprehensive income			
<i>Items of other comprehensive income that will be reclassified subsequently to profit or loss:</i>			
Financial assets measured at fair value through other comprehensive income			
Net gain arising on revaluation of financial assets measured at fair value through other comprehensive income during the year		47 363	4 387
Income tax relating to components of other comprehensive income	16	-15 993	-4 804
Total comprehensive income for the year		151 387	325 141

¹ Refer to note 22 for the disclosure on the restatement due to the prior period error on net gains arising on revaluation of financial assets measured at fair value through other comprehensive income during the year, and income tax relating to components of other comprehensive income.



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Independent Auditor's Report

To the shareholder of General Reinsurance Africa Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of General Reinsurance Africa Limited (the Company) set out on page 14 to 89, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of General Reinsurance Africa Limited as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final materiality

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

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

Final materiality	R33,5 million as 0.8% (rounded) of insurance revenue
Rationale for benchmark and percentage applied	We selected insurance revenue as the benchmark because, in our view, it is the metric which best reflects the focus of the users of the financial statements as it is a measure of the Company's performance. The percentage applied is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector and is further based on our professional judgement after consideration of qualitative factors that impact the Company.

Key audit matters

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

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

Valuation of insurance and reinsurance contracts	
Refer to the IFRS 17 insurance contracts accounting policy 1.4 and the disclosure relating to insurance and reinsurance contract assets and liabilities in notes 2.1 and 8 to the financial statements.	
Key audit matter	How the matter was addressed in our audit
At 31 December 2024, the Company recorded the following balances (rounded) relating to insurance and reinsurance contracts: Insurance contract liabilities amounting to R7,8 billion and insurance contract assets of R612 million. This results in net insurance contract liabilities of R7,2 billion.	In order to address the risk relating to the valuation of assets and liabilities arising from the insurance and reinsurance contracts recorded our audit approach included the involvement of actuarial specialists. We obtained an understanding of the processes related to the valuation of the insurance and reinsurance contracts and our procedures included the following:



Reinsurance contract liabilities of R506 million and reinsurance contract assets of R336 million. This results in net reinsurance contract liabilities of R170 million. These insurance and reinsurance contract assets and liabilities are measured using the General Measurement Model (GMM) under IFRS 17, Insurance Contracts (IFRS 17). The components included in the insurance and reinsurance contracts consist of the estimate of the present value of the future cash flows, risk adjustment for non-financial risk (RA) and contractual service margin (CSM). The determination of the insurance and reinsurance contracts liabilities and assets requires a high degree of judgement and subjectivity by management with regards to the assumptions used. Changes to these assumptions may result in material changes to the valuation of the insurance and reinsurance contract liabilities and assets. The key assumptions and estimations in the valuation of the insurance and reinsurance contract assets and liabilities include: ☐ discount rates ☐ risk adjustment for non-financial risk ☐ future cash flows The valuation of the insurance and reinsurance contracts has been assessed as a key audit matter due to the inherent complexity involved. Auditing the estimate involved a high degree of auditor effort, including the involvement of specialists with appropriate skills and knowledge.	☐ We tested the design and implementation of management's controls around the assumptions used in the valuation of the insurance and reinsurance contracts. ☐ We evaluated the presentation and disclosures related to the insurance and reinsurance contracts against the requirements of IFRS 17. ☐ We assessed the skills and experience of management's head of actuarial control function by obtaining their certificate from the Actuarial Society of South Africa. We involved our own actuarial specialists to perform the following: ☐ evaluated the actuarial models applied to determine the future cash flows by comparing them to generally accepted actuarial techniques and industry standards and the Company's accounting policies in accordance with IFRS 17. ☐ assessed the reasonability of the build-up and changes in the estimate of the present value of the future cash flows, RA and CSM by comparing expected changes to previous periods and unexpected changes to our knowledge of changes in the business and assumptions, based on the experience investigation results and assumption changes approved by management/governance structures. ☐ assessed the methods applied to select actuarial assumptions, and evaluated the accuracy of key assumptions used in the model by: ☐ evaluating the reasonability of the CSM build-up from opening balance to closing balance by focusing on new business, interest accretion and changes in assumptions that impact future service. ☐ independently calculated the incurred but not reported component of the estimate of the present value of the
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	future cash flows and compared it to management's recorded expectation. ○ on a sample basis for outstanding claims at year-end, tested claims information recorded on the underlying source documents (such as claims estimates). ○ tested the reliability, completeness and accuracy of the underlying data inputs used as the basis for the underlying IFRS 17 estimates and year-end valuations by agreeing the data to the relevant supporting documents and source information. ○ performed testing of management's process for identifying onerous contracts through testing of grouping rules applied and this included testing the underlying assumptions (risk adjustment, discount rate and future cash flows) and data inputs into loss component and loss recovery component calculations. ○ evaluating the Company's risk adjustment policies against the requirements of IFRS 17 and reviewed the accuracy of the Company's calculations. ○ independently recalculating the discount rate and comparing it to the Company's rates. Based on the procedures performed as detailed above, we did not identify any significant matters requiring further consideration in concluding on the procedures performed in respect of the valuation of the insurance and reinsurance contracts.
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Emphasis of matter - comparative information

We draw attention to note 22 to the financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2023 has been restated. Our opinion is not modified in respect of this matter.



Other matter relating to comparative information

The financial statements of the Company as at and for the years ended 31 December 2023 and 31 December 2022 (from which the statement of financial position as at 1 January 2023 has been derived), excluding the adjustments described in note 22 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 4 June 2024 and 6 April 2023.

As part of our audit of the financial statements as at and for the year then ended 31 December 2024, we audited the adjustments described in note 22 that were applied to restate the comparative information presented as at and for the year then ended 31 December 2023 and the statement of financial position as at 1 January 2023.

We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 31 December 2023 or 31 December 2022 (not presented herein) or to the statement of financial position as at 1 January 2023, other than with respect to the adjustments described in note 22 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in note 22 are appropriate and have been properly applied.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "General Reinsurance Africa Limited Annual Report 2024", which includes the Report of the Directors, the Report of the Audit Committee and the Certificate of the Company Secretary as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the financial statements

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

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



Auditor's responsibilities for the audit of the financial statements

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

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

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

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



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

Report on other legal and regulatory requirements

Audit tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of General Reinsurance Africa Limited for one year.

Disclosure of fee-related matters

In terms of the EAR Rule, we disclose the following fee-related matters:

Categories of services	Amount
Financial Statement Audit	R3 150 000
Other services	R690 000

DocuSigned by:

KPMG Inc

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KPMG Inc.

Per Kashmira Naran
Chartered Accountant (SA)
Registered Auditor Director
13 June 2025



The people behind the promise®

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