



SELECT COMMITTEE ON ECONOMIC DEVELOPMENT & TRADE

EXPORT CREDIT INSURANCE CORPORATION OF SOUTH AFRICA SOC LTD (ECIC)

**ECIC Annual Performance Plan and Budget for the 2024/25
Financial Year – 26 FEBRUARY 2025**



PART 1: MANDATE, HISTORICAL PERFORMANCE, CHALLENGES AND OPPORTUNITIES



ECIC VISION AND MISSION

Vision

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

Mission

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



ECIC MANDATE

Enabling Act is the Export Credit and Foreign Investments Insurance Act, Act No. 78 of 1957, as amended. Presently, under review by **the dtic**.

ECIC is a schedule 3B entity and is subject to the supervision and regulation by the Prudential Authority and Financial Services Conduct Authority in terms of the Insurance Act, 2017.

Since its inception the mandate of ECIC has been the facilitation of export trade and cross-border investments. Historically, ECIC has been supporting the export of capital goods and related services. In 2021, the ECIC mandate was expanded beyond capital goods exports. The authorisation to support non-capital (consumable) goods exports lays the basis for ECIC to insure consumer goods and short-term export transactions with a tenor of less than two years. ECIC is currently implementing a short-term insurance strategy which was approved by the Board in 2023.

On 15 May 2024, the ECIC mandate was extended to cover Euro-denominated transactions. This presents new opportunities in new markets addressing the request from both exporters and SA banks.



BENEFITS OF ECIC COVER

- Through ECIC cover able to:
 - Facilitate financing of cross-border projects (both short-term and long-term)
 - Facilitate exports of goods and services, and job creation
 - Mitigate risk of non-payment due to commercial and political risks
 - Play an advocacy role in mitigating potential claims
 - Restructuring of projects and the underlying loan



KEY RISKS COVERED BY ECIC – SHORT-TERM INSURANCE (STI) / MEDIUM TO LONG TERM (MLT)

Commercial Risks : - Insolvency

- Protracted Default

Range from 0 -100% (STI) and 0-95% (MLT)

Political Risks : - Breach of Contract

- Breach of Sovereign Financial Obligations(MOF Guarantee)

- Expropriation

- Change in Law

- Currency Inconvertibility/Transfer Restriction

- War and Civil Disturbances

Range from 0-100% but mostly 100%

Non- Performance Risk – Bonds (Advance Payment Bond/Performance Bond)



TARGETED SECTORS IN LINE WITH THE MASTER PLANS

ECIC continues to target sectors that are in line with the Industrial Policy priority sectors and **the dtic** master plans, and these include the following:

New industries	Labour-intensive	Export potential	Technology
Battery value chains	Clothing, Textile, Leather and Footwear (CTFL)	Automotives	Aerospace and Defence
Green economy	Agro-processing	Chemicals	Oceans economy
Digital economy	Steel, metal fabrication and aluminium	Plastics	Pharmaceuticals, vaccines and medical technologies
Cannabis and hemp			Cosmetics
			Electro-technical industries and White goods

ECIC will not limit its support to the sectors indicated above but will include sectors that require solutions for export trade. ECIC will intensify collaborations with State organs such as the IDC, NEF, **the dtic**, SEDFA as well as extended engagements with other continental entities such as Afreximbank to leverage on the AfCFTA.



SHORT-TERM INSURANCE PRODUCT OFFERING

Working Capital Facility

Bonds

Trade Credit Insurance

Suppliers Credit

Buyers Credit

The abovementioned short-term insurance products are offered to companies, Bis and SMMEs involved in export trade and these products are subject to the underwriting criteria..

Export Passport Programme (EPP)

In addition, the Export Passport Programme was established specifically to support the BIs and SMMEs involved in export trade with enhanced relaxation of certain underwriting criteria. – Offered Capacity – R9 billion over the next five years .



MLT PRODUCT OFFERINGS

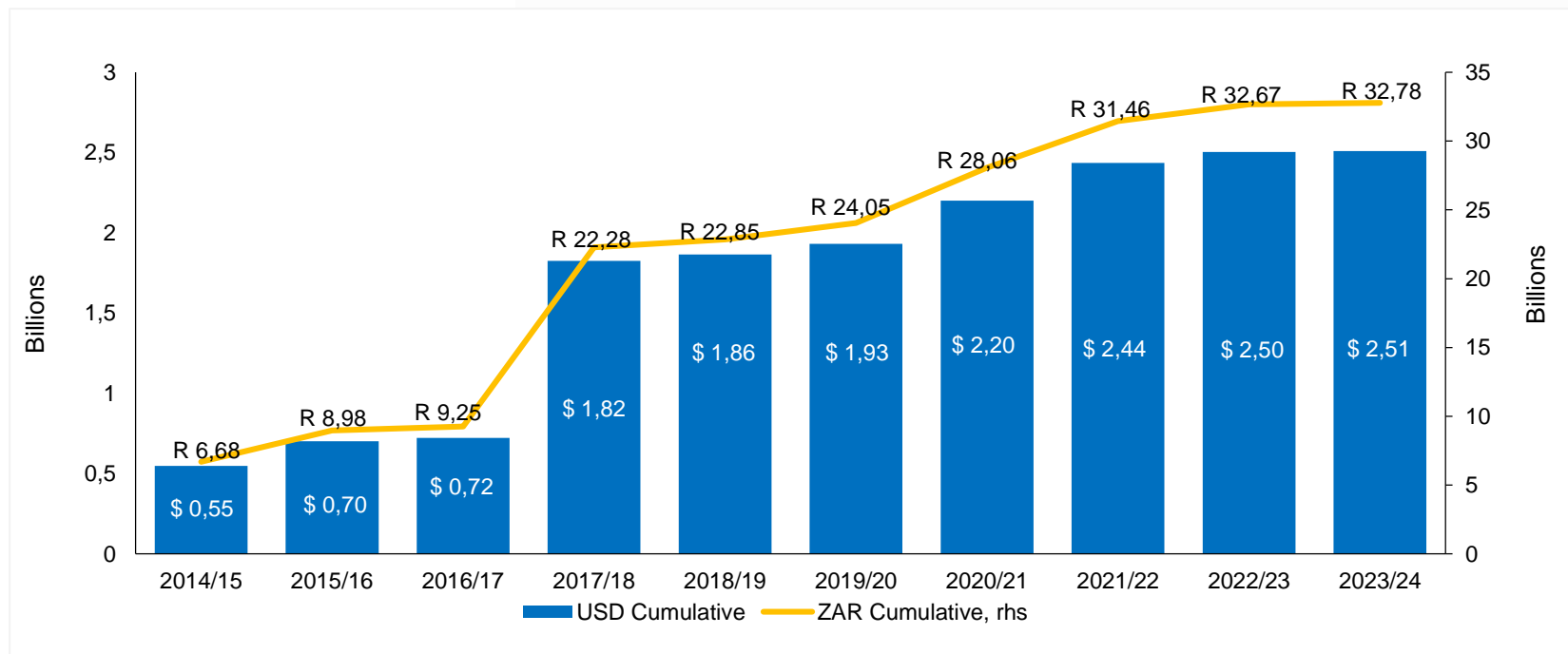
- Exporters
 - Predelivery Risk Cover – (PRI/CRI – non – payment)
 - Supplier's Credit Cover – (PRI/CRI – non-payment)
 - Lease of Equipment/ Return of Equipment Cover
- RSA Investor - Equity/Shareholder loans (PRI)
- SA Banks/Institutional Investors(Sanlam) - Buyer's credit Cover (PRI/CRI) – Project Finance; Corporate and Sovereign Lending



VALUE OF ECIC SUPPORTED PROJECTS

Over the last 10 financial years, ECIC has grown considerably supporting 46 export-led, investment and short-term trade-related transactions across the African continent and other emerging economies. This accumulated to approximately US\$2.5 billion (R32.8 billion) worth of loans supported by ECIC in various sectors among them power, mining, rail, construction, manufacturing and telecommunications.

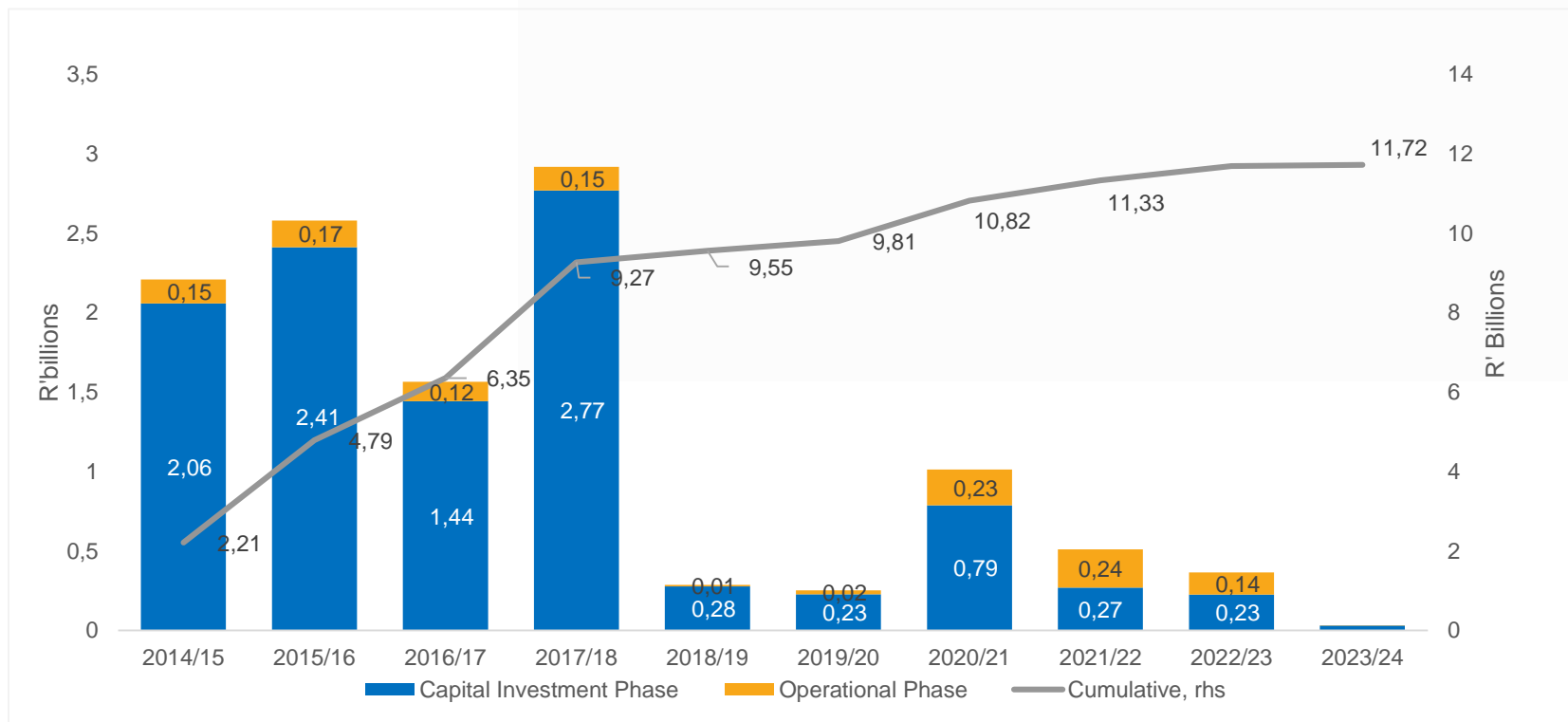
Nominal value of loan and investment amounts supported by ECIC (2014-2024)



VALUE ADDED TO SA ECONOMY

R11.72 billion is estimated to have been added to the South African GDP.

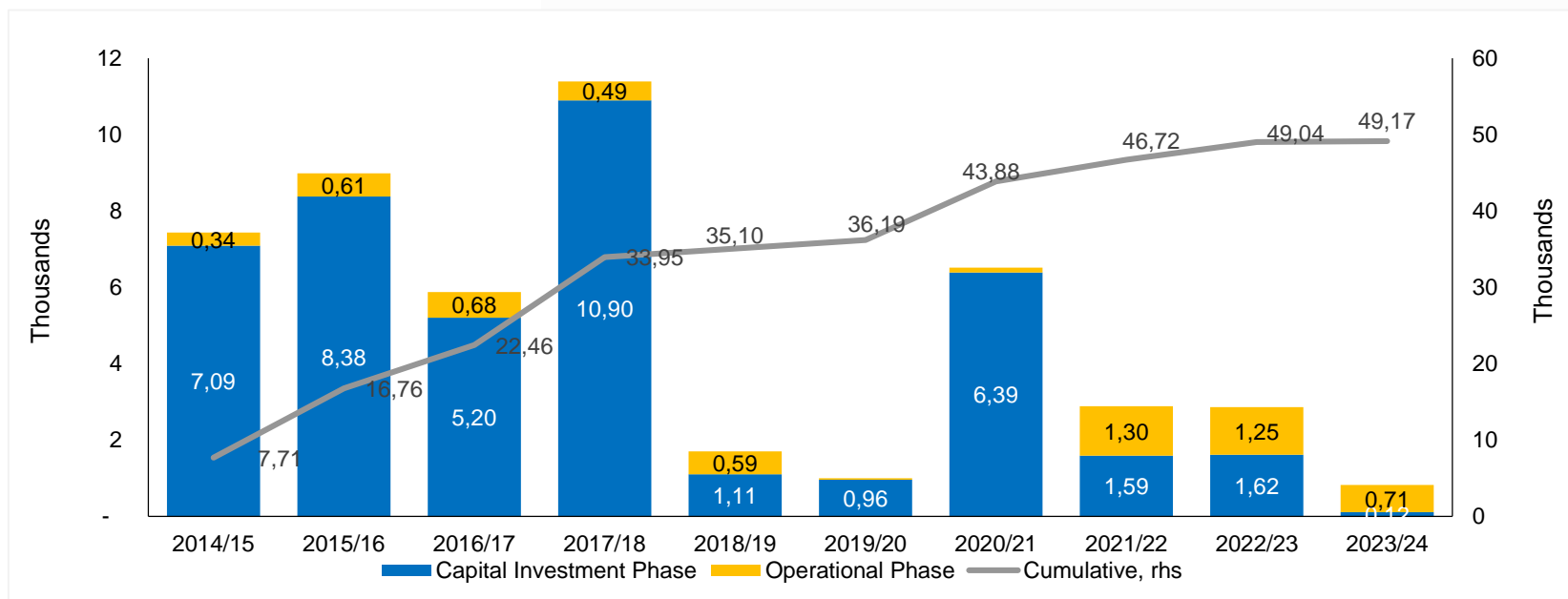
Impact of ECIC on GDP (2014 – 2024)



EMPLOYMENT IMPACT IN SOUTH AFRICA

ECIC's involvement has been instrumental in facilitating the generation and sustainability of an estimated 49 174 job opportunities in South Africa as a result of insured export transactions, over the past 10 years.

Impact of ECIC on Employment (2014 – 2024)



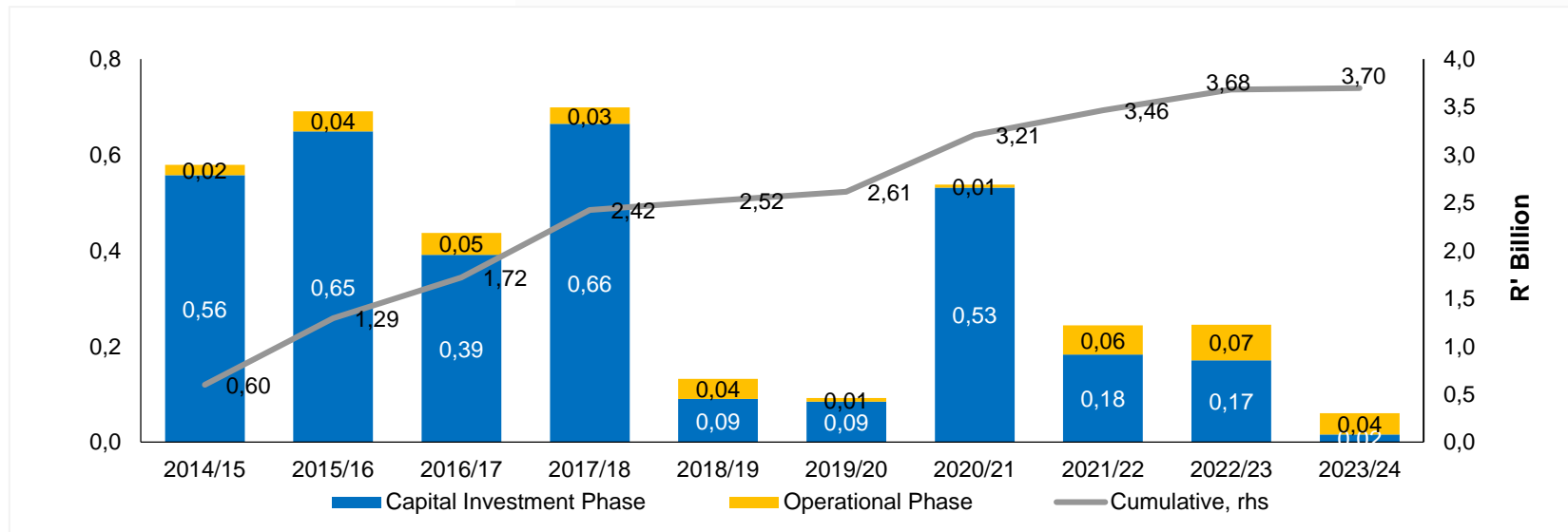
Note: Results presented consider the Direct, Indirect and Induced impacts of ECIC's contribution



REVENUE IMPACT IN SOUTH AFRICA

R3.7 billion is estimated to have been added to the South African fiscus.

Impact of ECIC on Revenue (2014 – 2024)

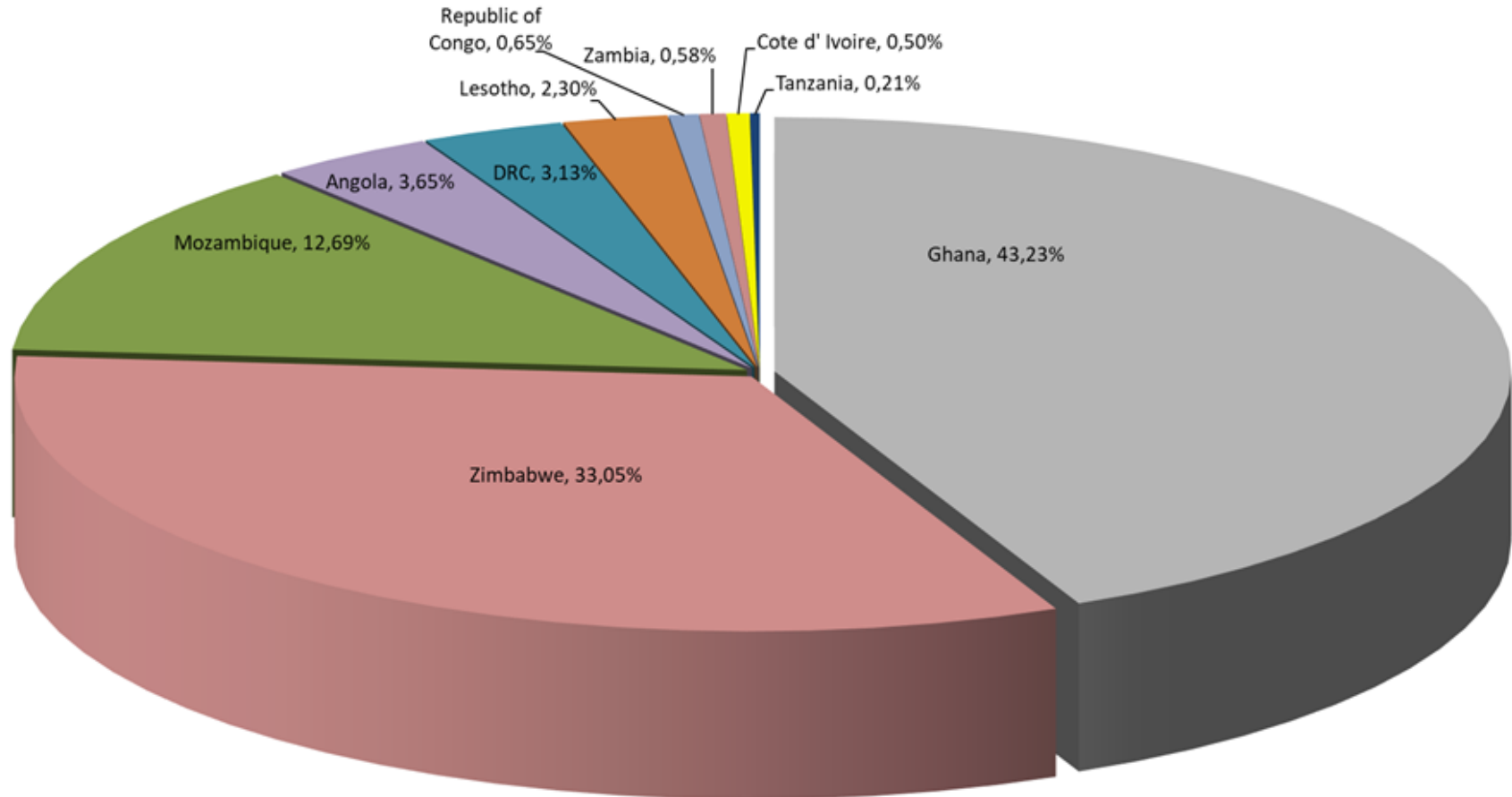


Note: Results presented consider the Direct, Indirect and Induced impacts of ECIC's contribution

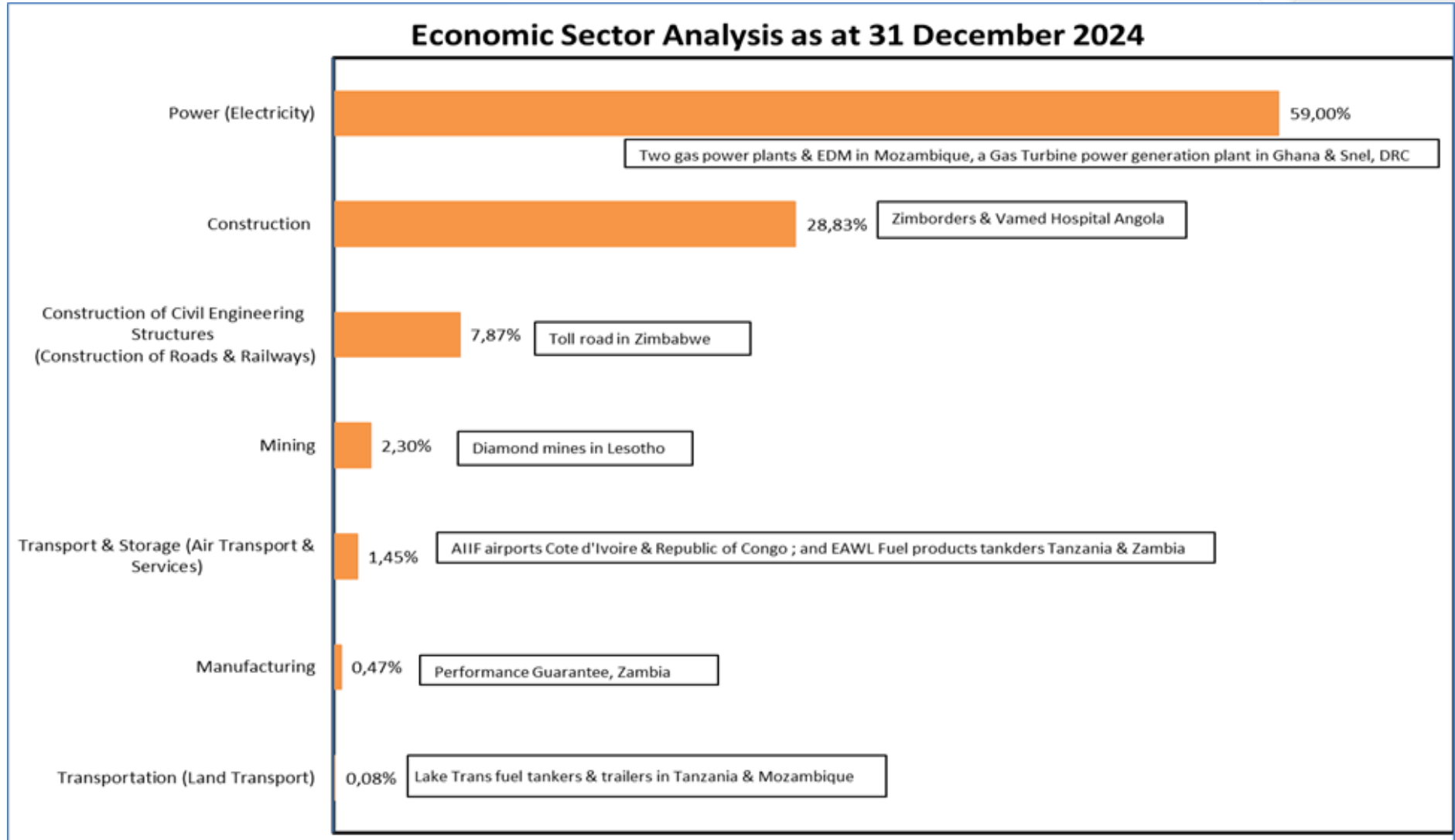


ECIC INSURANCE PORTFOLIO - 31 DECEMBER 2024 (Q3 REPORT)

Summary of Total Sum Insured by Country - 31 December 2024



ECIC INSURANCE PORTFOLIO – 31 DECEMBER 2024 (Q3 REPORT)

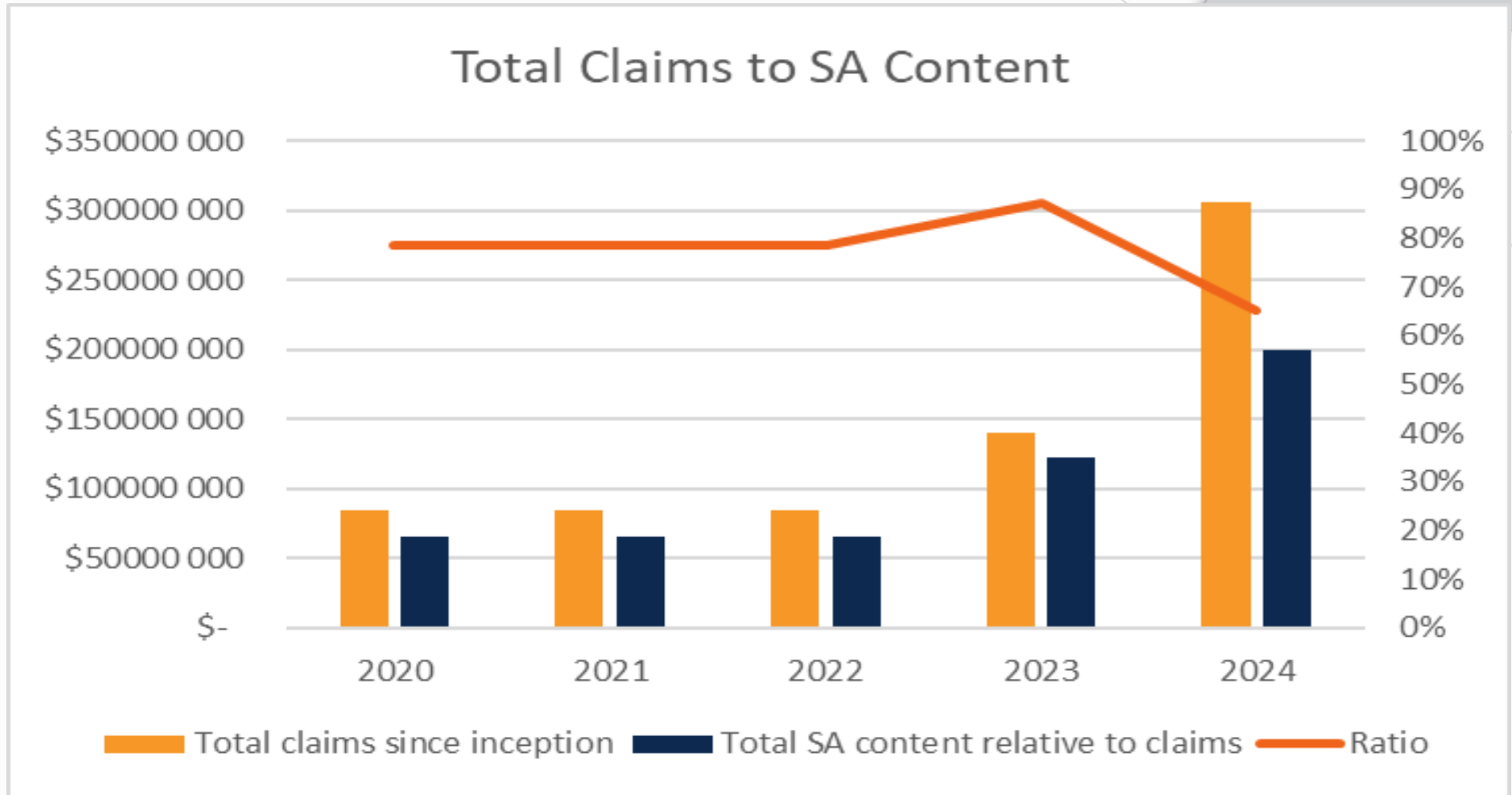


HISTORY OF CLAIMS PAID

FY	Number of Claims	Value of Claims	Project Description	Country	Causes of Loss	Comments
2009	2	USD 2,215,322	Fujian Zhongan/Thuthuka Project Managers, waste treatment plant	China	Commercial	Private company. Project never completed. No recovery prospect.
		USD 1,851,327	Suraq Ltd/Techserve CC, Aquaculture operation prawn farming	Suriname	Commercial	Private company. Project never completed. No recovery prospect.
2010	2	USD 13,030,411	Sudan Railway Corporation/Global Railway Engineering, Wagons and Locomotives Rehabilitation	Sudan	Commercial	Guarantee from MoF. Salvage prospects unknown.
		USD 29,912,771	Varvarinskoye/Senet Gold mine	Kazakhstan	Commercial	Private Company. Salvage fully recovered.
2017	1	USD 3,723,689	Zomay/Nautic Africa, Maritime operations Vessels	Nigeria	Commercial	Private company. Salvage is being received. ECIC approved an amendment to the recovery loan profile in 2022FY. Persistent weak market conditions resulting in protracted, ad hoc repayments by the Borrower.
2019	1	USD 12,747,827	Matanuska/ Banana plantation	Mozambique	Commercial	Private Company. No salvage prospects.
2020	1	USD 20,583,160	Biwater / Water treatment plant	Sudan	Commercial	Off-taker Government. Restructuring discussions have not commenced. Ongoing war destabilise efforts for restructuring.
2023	1	USD 56,299,413	Liqhobong Diamond Mine	Lesotho	Commercial	ECIC settled a protracted default claim as part of the long-term debt restructuring. ECIC appointed Adamantem to evaluate LMDC's financial performance, its anticipated future financial performance, and to estimate potential recoveries to ECIC. The most recent report showed substantial underperformance leading to decreased revenue due to continuing operational challenges and the deterioration in the diamond market prices. LMDC proposed reducing throughput to 50% in response to reduced diamond market demand. Timing of market recovery uncertain. Following further review by Adamantem and market downturn, recoverable amount has been reduced to zero.
2024	2	USD 27,511,711	Amandi Hospital	Ghana	MOF default	Sovereign debt. ECIC paid protracted default claims in January, February and May 2024. Paris Club OCC/GoG MoU restructuring defers loan repayments/ ECIC salvages, by N+16 to commence in 2039.
		USD 84,860,876	Amandi Rail	Ghana	MOF default	
2025	1	USD 53,787,610	Thengashep / Rural electrification	Ghana	MOF default	



TOTAL CLAIMS TO SA CONTENT



TOTAL NUMBER OF BURSARY STUDENTS AND GRADUATES BY FY2023/24

Bursary Programme	Total number of students supported				Total number of students that dropped/ suspended or passed away	Total number of graduates	Total number of students failed and not eligible to continue	Total number of students that secured employment by 2024
	FY2020/21	FY2021/22	FY2022/23	FY2023/24				
University of Stellenbosch MPhil Development Finance 2-year bursary	10	10	-	-	-	10	-	n/a Employed prior to funding
USB MPhil Development Finance 1-year bursary	-	4	-	-	-	3	1	n/a Employed prior to funding
South African Actuarial Development Programme (SAADP)	10	7	-	-	3	6	1	6
Actuarial Science 3-year bursary (cohort 2)	-	10	-	-	-	10	0	8
SAADP Actuarial Science 1-year bursary	-	-	-	4	-	4	0	4
SAADP 4th year: Actuarial Science and Mathematical Statistics	13	13	13	-	-	10	3	10
SAICA Thuthuka 3-year bursary	-	10	-	-	-	4	6	4
SAICA Thuthuka 1-year bursary	-	-	-	-	-	9	-	9
False Bay College TVET National Certificate (cohort 2) 2019 intake	10	8	8	6	4	n/a	-	n/a
False Bay College TVET National Certificate (cohort 3)								Programme still in process
Total	43	62	21	10	7	56	11	41
Total number of student supported by FY2023/24	136							

DEMOGRAPHIC BREAKDOWN OF BURSARY RECIPIENTS BY FINANCIAL YEAR

Financial Year	African		Coloured		White	
	Male	Female	Male	Female	Male	Female
FY2020/21	13	17	9	2	2	0
FY2021/22	19	30	9	3	1	0
FY2022/23	9	5	4	2	1	0
FY2023/24	1	6	2	0	1	0
Total	42	58	24	7	5	0



TOTAL NUMBER OF STUDENTS REACHED THROUGH FINANCIAL LITERACY BY FY2024 AND DEMOGRAPHIC BREAKDOWN

Financial Literacy Programme	Total number of students reached				*Black Males	*Black Females	Non-Black Males	Non-Black Females
	FY2020/21	FY2021/22	FY2022/23	FY2023/24				
L+Earn: Beneficiaries who attended multiple sessions	461	1008	-	-	690	709	56	14
L+Earn: Beneficiaries who attended at least 1 session	230	384	-	-	251	360	3	-
SecureTheBag (Universities)	-	-	3609	-	1544	1680	305	80
SecureTheBag (TVET Colleges)	-	-	2261	-	862	1208	81	110
L+EARN BIZ 2023 Programme	-	-	-	85	38	47	-	-
Total	691	1392	5870	85	3385	4004	445	204

*Please note that Black Males and Females refers to Black People (including Coloureds and Indians) as defined in the Codes of Good Practice



CONSUMER FINANCIAL EDUCATION (ASSOCIATION FOR SAVINGS AND INVESTMENTS SOUTH AFRICA)

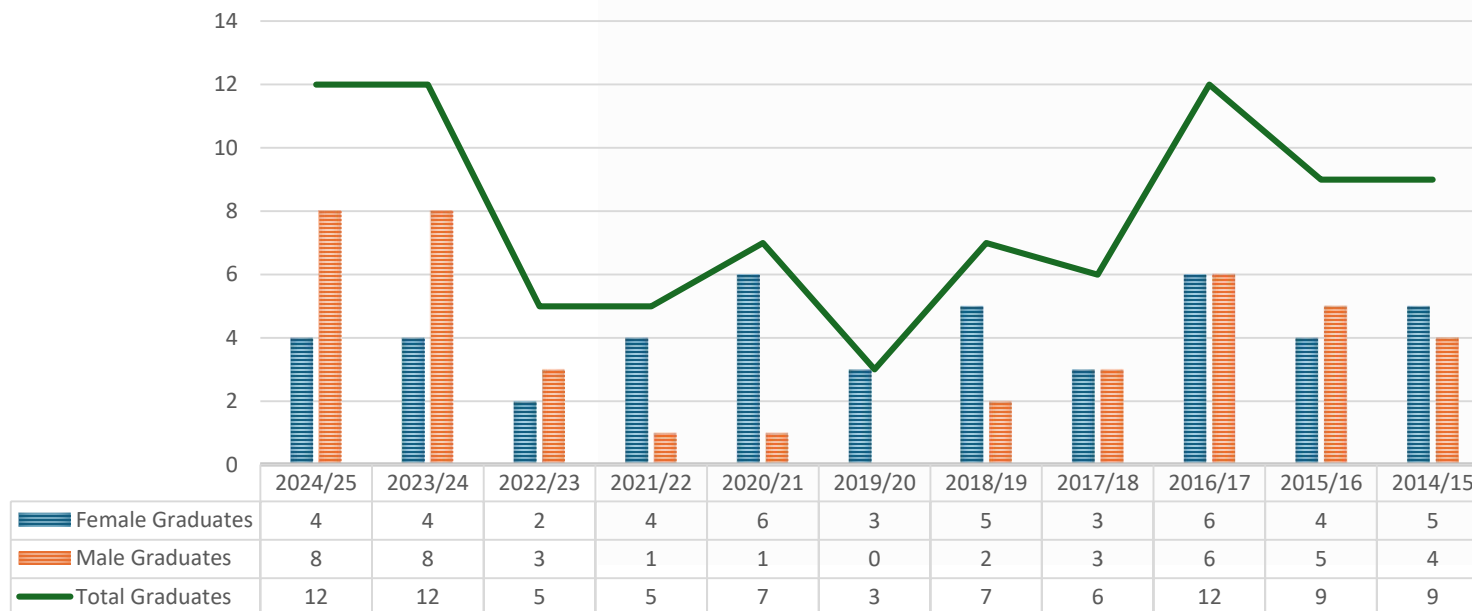
Financial Year	No of Students	Institutions/Universities	COMMENTS
2020/21	691	On-line	L+Earn#Secure the Bag A CFE programme aimed at young adults at TVET colleges and universities, that helps them understand and take charge of their current and future incomes as they prepare for the world of work.
2021/22	1392	On-line	L+Earn#Secure the Bag A CFE programme aimed at young adults at TVET colleges and universities, that helps them understand and take charge of their current and future incomes as they prepare for the world of work.
2022/23	5870	On-line	Flame Programme FLAME programme aims to support and improve the capacity of target beneficiaries and their businesses in generating sustainable income and employment. Table 1: Overview of the FLAME Programme Objectives
2023/24	85	On-line	L+Earn#BIZ 2023 A virtual CFE programme targeted at youth owned businesses.

ENTERPRISE AND SUPPLIER DEVELOPMENT

ESD Programme	Total Funding & Number of SMMEs Reached					*Black Male Owned	*Black Female Owned	Province
	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24			
Supplier Development	06	19	14	05	03			
SD Funding Impact	R3,482,727.50	R9,733,057.67	R8,594,925.53	R2,840,508.83	R1,118,376.45	1+9+5+2+2 (19)	5+10+9+3+1 (28)	
Provincial Data	06-GP	17-GP 02-WC	12-GP 02-WC	02 -WP 03 -GP	03-GP			GP & WC
Enterprise Development	15	10	12	5	0			-
ED Funding Impact	R5,513,554.15	R5,159,560.46	R6,632,443.66	R1,399,360.00	R0.00	5+3+5+3+0 (16)	10+7+7+2+0 (26)	
Provincial Data	14-GP 01-WP	09-GP 01-NW	09-GP 03-NW	04-GP 01-NW	N/A			GP & NW
Total SMMEs	21	29	26	10	03	35	54	03
Comments	A total of 89 Black Owned entities were impacted over a 5year period, within 3 provinces across South Africa. 54 of the 89 entities are female owned entities.							

ECIC GRADUATE PROGRAMME

GRADUATE TRAINEES



- The Corporation's Graduate Programme started in 2009 and one graduate was appointed on an annual basis.
- In 2014/15 the Programme was reviewed and 9 graduates were appointed on a 2 year programme.
- In 2017/18 some of the graduate trainees were appointed as permanent employees and new graduate trainees were not appointed to replace them hence the decline when compared to 2016/17.
- During the 2019/20FY the number of graduate trainees declined due to COVID-19.
- The number of graduate trainees has been increased to 12 graduates for the years 2023/24 and 2024/25.
- The number of graduate trainees is expected to increase in the medium term.

TRANSFORMATION OF FUND MANAGERS

		Mandate	BEE
Balondolozzi Investment Services	ESD Program	Government Bond	Level 1
Prowess Investment Managers		Government Bond	Level 1
Matrix Fund Managers		Global Absolute Return Fund	Level 1
Prescient Investment Management		Global Balanced Fund	Level 1
Ashburton Fund Managers		Global Multi-Asset	Level 1
Taquanta Asset Managers		Flexible Income	Level 1
Coronation Asset Management		Global Fixed Income	Level 1
Sanlam Investment Management		Flexible Income & Money Market	Level 1
Allianz Global Investors		Global Multi-Asset	Not applicable
T.Rowe Price International		Global Fixed Income	Not applicable

- All SA Fund managers are B-BBEE Level 1 contributors
- Also monitor fund manager's transformation strategies or action plan to drive transformation for black investment professionals, and black female shareholding.

ECIC REACH INTO OTHER PROVINCES

Challenges

- ECIC only has one office in Centurion, Tshwane
- Most important suppliers are investment fund managers generally based in Gauteng and Western Cape
- ECIC has historically insured medium- to long-term SA commercial bank loans for only capital goods and related services
- ECIC cover is mainly requested for the African continent. Historically, has not covered any transactions in USA, EU, China and India.
- Larger South African companies are not winning contracts on the African continent and other emerging markets resulting in South African companies in the export value chain not supplying these projects

Initiatives being implemented

- AfCFTA Awareness Sessions in several provinces during 2023/24 with **the dtic**
- ECIC short-term insurance is a new product offering which can reach more exporters
- Export Passport Programme targets potential and emerging exporters in collaboration with **the dtic**, IDC and NEF.
- ECIC Export Passport Insurance Facility of R9 billion available over 5 years
- Partnership with NEF who have branches throughout South Africa for the ECIC Enterprise Development Programme
- Partnership with CGIC to expand the short-term insurance business



OPPORTUNITIES FOR EXPORTERS THROUGH ECIC

- ECIC Export Passport Insurance Facility
 - To support the ECIC Short-Term Insurance product launched in November 2023, the R1,5 billion Export Passport Insurance Facility is available for 2024/25.
 - The Export Passport Insurance Facility will provide insurance support to any financing facility (i.e., Working Capital Facility, Bond products or Trade Credit Insurance) provided by any of the South African Commercial Banks, IDC, DBSA or NEF, or vendor financing from the exporter.
- ECIC insurance cover in Euros
 - This was approved by the Minister on 15 May 2024
 - New enquiries which are coming from Francophone countries can be supported to allow South African exporters to seize new opportunities in new markets.
 - By diversifying its insurance portfolio across different currencies, ECIC can spread its risk and reduce the potential impact of any single currency's volatility.
 - In addition, the repatriation of Euro currency in South Africa offers an advantage of diversifying the foreign currency reserves basket.



KEY ECIC CHALLENGES

- Legal proceedings
 - ECIC received summons from an insured client challenging the ECIC rejection of an insurance claim. ECIC intends defending any legal proceedings that may be initiated.
- Ghana
 - With Ghana defaulting on external debt, discussions around the restructuring of the debt has been taking place with an MOU finalised with its bilateral creditors (including ECIC);
 - ECIC has already paid insurance claims on Ghana projects to the value of \$167 million
 - Under the above MOU, ECIC will only begin obtaining salvages in 2039;
 - This puts a huge cashflow and tax burden on the Corporation.
- International competition
 - ECIC and SA Inc are competing with international ECAs and suppliers for projects;
 - China is the biggest funder of projects in Africa.



KEY ECIC CHALLENGES

- ECIC challenges regarding IFRS 17
 - IFRS 17 requires that we account for future salvages which are receivable for the entire duration of the policy.
 - In the case of Ghana, we can only salvage the \$167 million claims paid from 2041 onwards per the decision of the Paris Club Official Creditors Committee
 - This puts a strain on the ECIC's ability to increase its capital base, which would increase the underwriting capacity, thereby enhancing the ability to fulfil the mandate.



GLOBAL CHALLENGES / OPPORTUNITIES

Challenges:

- Climate Change;
- Geo-political tensions ;
- Slow global economic recovery;
- Trump effect/ AGOA renewal; and
- Moderate monetary policy.

Opportunities:

- Rebounding commodity prices and falling oil prices;
- Inflation rate showing signs of falling;
- Expanded BRICS and new markets; and
- De-Dollarisation and Alternative Currency Settlement system to rival SWIFT.



AFRICAN CONTINENT CHALLENGES/ OPPORTUNITIES

Challenges :

- Political instability and conflicts (Sudan, Mozambique (Cabo Del Gado), DRC)
- Austerity measures and IMF economic structural adjustment measures leading to deadly protests(Kenya and Nigeria);
- Sovereign debt /default and restructuring (Ghana , Zambia, Egypt, Zimbabwe);
- Lack of momentum on the implementation of the AFCFTA;
- Chinese “Halo Effect” and competition from other ECAs ;and
- High cost of borrowing.

Opportunities:

- Infrastructure deficit (Rail (Lobito and Liberty Corridors), Road and Ports);
- Agro-processing ;
- Fintech and Technologies;
- Resurgence of Mining Activities, especially Green minerals;
- Renewable Energy /Green Economy; and
- LNG Projects.



SOUTH AFRICA'S CHALLENGES

Challenges :

- High interest rate and Cost of borrowing (albeit lower inflation rate).
- High unemployment rate.
- GNU and policy certainty, GNU priorities.
- ZAR exchange rate volatility against major currencies (US\$).
- Loss of competitiveness in the construction sector
- Logistics challenges(rail and ports) and sustained energy availability

Opportunities :

- SA remains the most industrialised economy on the African continent;
- Potential to supply renewables, solar PVs and Lithium batteries;
- Resurgence of mining activities provide opportunities for SA Exports;
- Expanded BRICS provide new markets and opportunities;
- SA championing of the AFCTA to promote Africa intra-trade;
- MOZ LNG/Area 4 transactions and potential resumption;
- Collaboration with multinational construction companies willing to utilize SA Supply value chains; and Agro –processing





PART 2: STRATEGIC OBJECTIVES



STRATEGIC OBJECTIVES 2024/25

ECIC has 9 key strategic objectives with 15 targets to achieve these objectives.

The Corporation's objectives are developed based on the alignment of the ECIC mandate with Government priorities as represented by the Reimagined Industrial Policy and Strategy Review, Industrial Sector Master Plans, the National Development Plan (NDP), and South Africa's Economic Recovery and Reconstruction Plan.

Through the current ECIC insurance activities, the Corporation directly contributes to the implementation of the AfCFTA.

The Corporation's expanded mandate will enhance the ECIC contribution to **the dtic** AfCFTA Export Plan and to the direct and indirect creation of jobs, value addition and competitiveness in export markets.

STRATEGIC OBJECTIVES 2024/25

ECIC Tier One Strategy Map

**Customer /
Stakeholder**

**Stakeholder and
customer engagement**

Finance

**Enhance financial
sustainability**

**Contribute to trade
facilitation that results
in job creation**

Internal Processes

**Improve business
processes and systems**

**Improve staff
efficiency**

**Embed risk
management practices**

**Organisational
Capacity**

**Improve Employee
Value Proposition**

**Enhance
transformation**

**Enhance corporate
governance**



STRATEGIC OBJECTIVES 2024/25

INDUSTRIALISATION AND GROWING THE ECONOMY

1. Contribute to trade facilitation that results in job creation
 1. Value of approved transactions - \$570 million
 2. Number of approved transactions – Four
 3. Value of approved transactions within expanded sectoral coverage - \$80 million
 4. Export Passport Programme – Seven beneficiaries

TRANSFORMATION

2. Enhance transformation
 5. B-BBEE Level 1



STRATEGIC OBJECTIVES 2024/25

BUILDING A CAPABLE STATE

3. Improve employee value proposition
 6. Retention of at least 85% of staff
4. Improve business processes and systems
 7. Implement 90% of multi-year Business Process Automation Plan
5. Improve staff efficiency
 8. Employee cost to average revenue below 31%
6. Embed risk management practices
 9. Zero breaches of ECIC risk appetite limits
 10. Risk Maturity Survey – Level 3 across at least 75% of metrics
7. Enhance financial sustainability
 11. At least 5% increase in equity
 12. Operating cost from underwriting activities below R164 million



STRATEGIC OBJECTIVES 2024/25

8. Stakeholder and customer engagement

13. Click-Through Rate on the AfCFTA media campaign of 0.20

14. Employee Engagement Survey – Score of at least 70%

9. Enhance corporate governance

15. Clean audit

1. with no repeat findings
2. and no more than 3 new findings on Audit Committee Report
3. (judgmental differences not considered)



Strategic Approach - Desired Impacts



▪ End of Term Impact: 3.5% to 4.4%  GDP and Gini Co-efficient  0.60

Jobs & Work Opportunities created 6,8 million	Investment R3 trillion	MSMEs Supported 1 055 000 - 1 million small enterprises supported financially and non-financially, - 5,000 small enterprises' products and services linked to domestic and export markets, - 50 000 start-up and new MSMEs supported financially and non-financially)	Domestic tourism trips 45,1 million
Work Experience 2.9 million	Subsistence and Smallholder Farmers 441,000	Township Economy 45 Industrial Parks + township incentive	New Mines 5% Share of Global Exploration Spend
Exports R55 billion	Red-tape Reduction Introduce E registration system to 100 municipalities	Induced Demand 30 Products or Technologies Designated	Transformation - 800,000 workers benefiting through ESOPs - R100 billion fund

ECIC CONTRIBUTION

The ECIC mandate contributes directly to the Economic Cluster target of R55 billion in exports.

The ECIC is targeting \$670 million in approved transactions per year which would result in approximately R6 billion in exports over the period of the approved transactions (average of 5-7 years).

The approved transactions over the strategic period (\$3,35 billion) are expected to result in R30 billion in exports over the next 5 years.

As an outcome of the \$670 million in approved transactions per year, the ECIC Economic Impact Assessment Model anticipates an average of 14 000 job opportunities to be created over the period of the approved transactions (average of 5-7 years).

The approved transactions over the strategic period (\$3,35 billion) are expected to result in 70 000 job opportunities over the next 5 years.

Current approved projects that are drawing/likely to draw:

- | | | |
|-------------------------------|--------|-------------------|
| 1. Moz LNG, Mozambique - | \$800m | \$400m SA exports |
| 2. Yellow Equipment, DRC - | \$308 | \$154m SA exports |
| 3. NMSI Hospitals, Zimbabwe - | \$193m | \$96m SA exports |



EXPOSURE FORECAST RANGE



- Pipeline base case @40% plus projects approved at 60% [Moz LNG, Yellow Equipment, DRC, NMSI, Zimbabwe]



PART 3: CORPORATE PLAN BUDGET



BUDGET

R'000	2025	2026	2027	2028	2029	2030
STATEMENT OF FINANCIAL PERFORMANCE						
Insurance revenue	308 716	297 289	391 436	520 872	662 312	775 290
Insurance service expenses	51 242	-134 262	-138 797	-176 008	-238 947	-273 822
Net expenses from reinsurance contracts held	-5 058	-14 254	-48 442	-110 538	-169 344	-219 252
Insurance service result	354 900	148 773	204 198	234 326	254 020	282 216
Finance expenses from insurance contracts issued	107 576	25 576	-14 735	-93 558	-149 924	-142 451
Finance income from reinsurance contracts held	-1 312	5 404	19 783	50 225	60 411	57 364
Net insurance result	461 164	179 753	209 245	190 993	164 508	197 130
Other Operating expenses (Excl. Investments and SED & ESD Contributions)	-49 657	-52 094	-51 328	-57 559	-55 970	-57 819
Bonus services	-28 245	-30 416	-30 782	-29 552	-32 956	-34 116
Investment Income	852 123	620 377	711 534	810 280	924 513	964 391
Investment management expense (Incl. Opex)	-33 750	-38 635	-45 232	-51 796	-58 940	-61 828
IMU income	162 488	167 881	173 600	181 450	190 523	200 049
IMU expenses	-39 779	-17 997	-11 409	-6 154	-2 389	-330
Other income	4 198	-	-	-	-	-
Interest expense	-1 565	-1 131	-642	-958	-2 547	-1 820
Profit Before Tax (before SED & ESD Contributions)	1 326 978	827 739	954 987	1 036 704	1 126 741	1 205 656
SED & ESD Contributions (4%) (Incl. Operating expenses)	-11 366	-34 824	-35 383	-36 113	-38 991	-41 065
Foreign Exchange gain/(Loss)	475 599	656	-	-	-	-
Profit Before Tax	1 791 211	793 570	919 604	1 000 590	1 087 750	1 164 591
Taxation	-235 530	-205 327	-204 502	-222 830	-242 896	-260 516
Profit/(Loss) After Tax	1 555 681	588 243	715 103	777 761	844 854	904 076
Dividends paid	-	-	-	-	-	-
Retained profits for the current period	1 555 681	588 243	715 103	777 761	844 854	904 076

Net insurance results

The increase is due to underwriting new business coupled with the reversal of a claims provision in 2023 for two of the projects which are in dispute

Net investment income

Medium to long term rates are used for the budget. On an annual basis, the returns differ significantly due to market movements. The high returns in 2024 were due to the high allocation to global equities.



BUDGET

R'000	2025	2026	2027	2028	2029	2030
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Equipment	17 956	11 248	5 676	30 836	22 865	16 034
Investments	8 785 272	10 434 386	12 222 412	14 060 230	14 576 835	14 995 225
Loans and receivables	12 022	10 510	11 241	10 447	9 527	4 451
Insurance contract assets	1 471 774	1 686 351	1 610 526	1 439 297	1 490 951	1 563 019
Insurance acquisition cost	77 248	80 257	62 224	41 862	38 009	35 349
Reinsurance contract assets	-49 409	420 855	1 087 888	1 360 949	1 271 846	1 144 301
Cash and Cash Equivalent	33 370	33 933	33 933	33 933	32 433	32 433
Deferred tax	22 496	19 647	19 647	19 647	19 647	19 647
Taxation receivable	-	-	-	-	-	-
Total Assets	10 370 728	12 697 188	15 053 547	16 997 201	17 462 113	17 810 460
EQUITY AND LIABILITIES						
Equity						
Share Capital and Premium	316 051	316 051	316 051	316 051	316 051	316 051
Foreign Currency Translation Reserve	3 874 347	3 981 223	3 981 223	3 981 223	3 981 223	3 981 223
Other OCI Reserves	-739 130	-731 795	-731 795	-731 795	-731 795	-731 795
Retained Income - Previous Years	4 162 664	5 718 345	6 306 940	7 021 662	7 798 935	8 643 908
- Current Year	1 555 681	588 243	715 103	777 761	844 854	904 076
Total Equity	9 169 613	9 872 067	10 587 521	11 364 901	12 209 267	13 113 462
Liabilities						
Provision for Outstanding Claims	-	-	-	-	-	-
Provision for Unearned Premiums Reserve	-	-	-	-	-	-
Provision for Unexpired Risk Reserve	-	-	-	-	-	-
Reinsurance deferred acquisition cost	-	-	-	-	-	-
Insurance contract liabilities	756 578	2 368 040	3 972 864	5 222 303	5 086 477	4 594 112
Taxation payable	-	-	-	-	-	-
IMU liability	308 746	214 852	130 931	65 925	20 480	0
Reinsurance liabilities	-	-	-	-	-	-
Trade and other payables	87 996	193 459	316 502	272 364	75 390	37 274
Lease Liabilities	15 301	10 127	4 691	30 927	25 940	19 867
Employee benefit liability	32 494	38 643	41 036	40 781	44 558	45 744
Total Liabilities	1 201 115	2 825 121	4 466 026	5 632 300	5 252 846	4 696 998
Total Equity and Liabilities	10 370 728	12 697 188	15 053 547	16 997 201	17 462 113	17 810 460

Total assets and liabilities

As we underwrite profitable business, it results in an increase in:

- deferred profits (liability) on initial recognition
- Investment assets on receipt of premiums

Equity
The increase is due to income earned by underwriting business and investments.



BUDGET

	2025	2026	2027	2028	2029	2030
<u>Cash flows from operating activities</u>						
Cash generated by underwriting activities	- 130 598	1 091 831	534 062	379 613	- 300 180	- 455 654
Interest received	424 993	620 377	711 534	810 280	924 513	964 391
Dividends received	17 803	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
IMU Grant received	162 488	167 881	173 600	181 450	190 523	200 049
IMU Claims Paid	- 149 000	- 116 324	- 95 330	- 71 160	- 47 834	- 20 810
Interest paid	- 1 565	- 1 131	- 642	- 958	- 2 547	- 1 820
Taxation paid	154 917	- 205 327	- 204 502	- 222 830	- 242 896	- 260 516
Net cash inflow from operating activities	479 037	1 557 307	1 118 723	1 076 395	521 578	425 640
<u>Cash flows from investing activities</u>						
Net acquisition of fixed and intangible assets	- 131	- 1 559	- 1 125	- 2 093	- 1 487	- 1 532
Net (acquisition)/disposal of investments	- 1 516 633	- 1 551 045	- 1 111 548	- 1 068 735	- 516 604	- 418 035
Net proceeds on sale of fixed assets	165	-	-	-	-	-
Net cash (outflow)/inflow from investing activities	- 1 516 599	- 1 552 604	- 1 112 673	- 1 070 828	- 518 092	- 419 567
Lease payments	- 3 923	- 4 703	- 6 050	- 5 567	- 4 987	- 6 073
Net cash (outflow)/inflow from financing activities	- 3 923	- 4 703	- 6 050	- 5 567	- 4 987	- 6 073
Net increase in cash and cash equivalents	- 1 041 485	- 0	- 0	- 0	- 1 500	- 0
Cash and cash equivalents at beginning of year	1 077 020	33 370	33 933	33 933	33 933	32 433
Unrealised foreign exchange gain/(loss) on cash and cash equivalents	- 2 166	563	-	-	-	-
Cash and cash equivalents at end of year	33 370	33 933	33 933	33 933	32 433	32 433

The Corporation will be generating cash inflows from its operations and investing those to generate additional returns.

The additional cash inflows will be flowing from both the existing and new business.



THANK YOU