Africa Re

▪ Established in 1976 ▪ 42 African Member States

ANNUAL REPORT & ACCOUNTS

2023

Africa Re

About Us

The African Reinsurance Corporation (Africa Re) was established by a multilateral Agreement as a **pan-African intergovernmental reinsurance group** on **24 February 1976** by 36 member States of the Organization of African Unity (now African Union) and the African Development Bank Group (AfDB).

Mission

- To **foster** the development of the insurance and reinsurance industry in Africa.
- To **promote** the growth of national, regional and sub-regional underwriting and retention capacities.
- To **support** African economic development.

Value Proposition

- We **deploy** our **strengths** and **leverage** our **proximities** for **endless possibilities** and **client protection**.
- We offer financial protection through reinsurance covers to life and non-life insurers in Africa and other selected markets in the Middle East, Asia and South America.

Diversified Shareholding

- 42 African States: **34.53%**
- 113 Insurance and Reinsurance Companies: **33.85%**
- African Development Bank: **8.36%**
- Fairfax Financial Holdings: **7.31%**
- AXA Africa Holdings: **7.31%**
- SanlamAllianz: **8.36%**
- Employee Shares Ownership Plan: **0.29%**

With a **gross written premium of US$ 1,106.487 million in 2023 that translates to a reinsurance revenue of 1,045.516 million**, Africa Re is the **leading and largest pan-African** reinsurer in Africa and the Middle East.

Africa Re is **ranked 38th by S&P in the Top 40 Global Reinsurance Groups by net reinsurance premiums written in 2022** and **ranked 47th by AM Best in the Top 50 World's Largest Reinsurance Groups** by **unaffiliated gross premium written in 2022**.

Our portfolio is about **90% Property & Casualty** with the remainder covering **Life & Health**. Our risk solutions are categorized into **Fire & Engineering**, **Accident & Motor**, **Oil & Energy**, **Marine & Aviation**, **Life & Health** and **Miscellaneous**.

The Corporation is led **and managed** by **Africans** and has **281 permanent employees** from **28 African nationalities** including the Executive Management.

Africa Re operates from **11 business locations** serving **Africa**, parts of the **Middle East**, **Asia** and **Latin America**. The **network of offices** comprises:

- **Subsidiaries (4):** Africa Re South Africa Limited (South Africa), Africa Retakaful Company (Egypt), Africa Re Underwriting Management Agency Limited (United Arab Emirates) and Sherborne Number Ten Parktown Investments Pty Limited (South Africa)
- **Regional Offices (6):** Nigeria, Morocco, Côte d'Ivoire, Egypt, Mauritius and Kenya
- **Contact Offices (1):** Ethiopia
- **Underwriting Representative Offices (2):** Uganda and Sudan

The Corporation is the best rated pan-African reinsurer.

- **A.M. Best Company:** A (Strong / Stable Outlook) since 2016 ("A-" since 2002)
- **Standard & Poor's:** A – (Strong / Stable Outlook) since 2009.

Africa Re manages the following **continental and national Insurance Pools**:

- **AAIP:** African Aviation Insurance Pool, which started in 1983 is promoted by the African Insurance Organization (AIO) for aviation business.
- **AOEIP:** African Oil & Energy Insurance Pool, which started in 1989 is promoted by the African Insurance Organization (AIO) for oil & energy business.
- **EAIPN:** Energy & Allied Insurance Pool of Nigeria, which started in 2014 is promoted by the Nigerian Insurers Association (NIA) for oil & energy business.

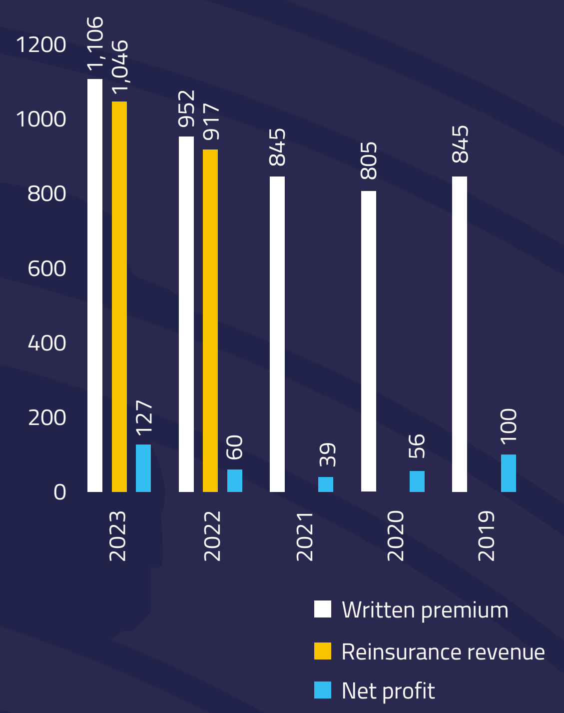
We also contribute to the wellbeing of our societies through the **Africa Re Foundation** registered in Mauritius which is the channel of our **Corporate Social Responsibility (CSR) activities**. The areas of focus of the Africa Re Foundation are Insurance Education, Industry Development, Disaster Relief, Technology Development, Community Development and Risk Prevention, Awareness & Research.

Financial highlights

In US$ '000	2023*	2022 R*	2021	2020	2019
Results					
Gross Written Premium	1,106,487	951,789	845,346	804,774	844,786
Reinsurance Revenue	1,045,516	917,112			
Reinsurance Service Expense	780,096	763,080			
Net Profit	126,955	59,873	38,823	55,709	99,904
Financial position					
Shareholders' Equity	1,065,691	989,912	1,000,714	1,017,106	975,198

NB: The 2023 are under IFRS 9 & 17 and the 2022 figures have been restated for comparability.

Results 2019 - 2023
(in million US$)



Financial position 2019 - 2023
(in million US$)

Ratings

A.M. Best A

A.M.Best
(Excellent/Stable Outlook)

Standard & Poor's A-

S&P
(Strong/Stable Outlook)

Proposed dividend per share for 2023

US$ 10.0

2022 Dividend: US$ 8.8

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31 DECEMBER 2023

African Reinsurance Corporation
General Assembly

46th Annual Ordinary Meeting
June 2024

Honourable Representatives at the General Assembly of the African Reinsurance Corporation,

In accordance with the provisions of Articles 14 and 37 of the Agreement Establishing the African Reinsurance Corporation and Article 8 of the General Regulations of the Corporation, I have the honour, on behalf of the Board of Directors, to submit to you the Annual Report and Audited Accounts of the Corporation for the period 1 January to 31 December 2023.

Please accept, Honourable Representatives, the assurance of my highest consideration.

Dr Mohamed Ahmed MAAIT

Chairman of the Board of Directors and General Assembly

BOARD OF DIRECTORS

Dr Mohamed Ahmed MAAIT

Director
Chairman
Chairman of the Nominations and Governance Committee

Nationality: Egyptian
Constituency: Egypt: state and companies
Current Term ends in: 2024

Dr. Mohamed MAAIT is the current Minister of Finance of the Arab Republic of Egypt. He has a first degree in Insurance and Mathematics, M.Phil in Insurance, MSc and PhD in Actuarial Science. He is the Chairman of the Board of Directors of the Egyptian General Authority for Universal Health Insurance. He is an Assistant Professor in the Department of Actuarial Science and Insurance in the Faculty of Commerce of the Cairo University. He has over 40 years of teaching and researching experience at many universities in Egypt, Sudan, England and Scotland. He is a member of several government committees and serves on the Board of several companies and banks in Egypt and abroad.

Mr Bakary KAMARA

Independent Director
Vice Chairman
Member of the Audit Committee
Member of the Nominations and Governance Committee

Nationality: Mauritanian
Current Term ends in: 2024

Mr KAMARA has served as Chairman of African Reinsurance Corporation South Africa Ltd and Chairman of Africa Retakaful Company. He joined Africa Re as Secretary General of the Group in September 1984 and was appointed Group Managing Director/Chief Executive Officer in July 1993.

Mr Kamara is an Administrateur Civil (the highest category in French-speaking civil service).

Mr Kamara began his career in the insurance industry as Legal Adviser for SMAR - Mauritania's State insurance company - from 1 May to 11 November 1978. He occupied the position of Deputy Managing Director from September 1979 to January 1984, while also serving as visiting professor in third-year Business Law at the National School of Public Administration (E.N.A.) during the 1978-1979 academic year. From 1980 to 1984 he occupied the position of Director at AFARCO, a Mauritanian real estate company. From January to August 1984 he served as Technical Adviser to the Minister of Finance & Trade in charge of insurance matters and International Trade Relations. He is currently the Executive Chairman of Rema Broking Mauritanie and an international consultant in management, governance and coaching.

Mr Kamara is an Independent Director in several insurance and reinsurance companies and banks, and has been a member of various boards, councils and professional bodies. He speaks French, English, Soninke, Pular, Wolof, Hassaniya and Spanish.

Mr Kamara holds a Bachelor's Degree in General Law, Faculty of Law (Dakar), a Master's Degree in Civil Law - Business Law (Dakar), a Diploma of the Insurance Institute of Tours (France) and D.E.S.S in Insurance Law (France).

Mrs Faouzia ZAABOUL

Director
Member of the Audit Committee
Member of the Finance and Investment Committee

Nationality: Moroccan
Constituency: Morocco: state and companies
Current Term ends in: 2024

Mrs ZAABOUL is Inspector of Finance of exceptional level. She is the current Director of Treasury and External Finance at the Ministry of the Economy, Finance and Administrative Reform of the Kingdom of Morocco. Previously, she held the following positions within the same Ministry: Deputy Director of Treasury and External Finance in charge of the "Macroeconomics and Domestic Debt" Unit (2007-2010); Head of the Capital Market Division (1995-2007); Head of the Development of Financial Instruments (1994 - 1995) and Head of service for Bilateral Funding (1992-1994).

Mrs ZAABOUL occupies various positions of representation, including the following: Member of the Commission for the Transfer of Public Enterprises to the Private Sector since April 2019; Board Member of the Insurance and Social Security Supervisory Authority (ACAPS) since April 2016; Board Member of the Moroccan Capital Market Authority (AMMC) since 2016; Member of the Commission for the Coordination and Supervision of Systemic Risks since June 2015.

Mrs ZAABOUL is holder of 2éme CES in Economics; 1st year MBA, ESC, Toulouse; and ISCAE Diploma (short duration, Strategic Management)

Mrs Delphine TRAORE

Director
Member of the Finance and Investment Committee
Member of the Nominations and Governance Committee

Nationality: Burkinabe
Constituency: SanlamAllianz
Current Term ends in: 2024

Mrs TRAORE is the current Chief Executive for SanlamAllianz General Insurance overseeing its subsidiaries across the continent.

She graduated Cum Laude Bachelor of Science in Business & Accounting from University of Pittsburgh, USA in 1996. After graduating, she joined Ohio Casualty Group of Insurance, initially as a Senior Commercial Multi-Lines Insurance Underwriter & Marketing Rep and latterly as Regional Underwriting Manager. Delphine is a Chartered Property & Casualty Underwriter from the American Institute for CPCU; in 2005 she completed her Masters of Science in Insurance Management from Boston University, Boston, MA, USA.

In 2005, she joined Allianz Global Corporate & Specialty Canada and held positions as a Liability Underwriter and Head of Market Management where she was responsible for identifying potential markets, client and broker target segments to support business development across Canada. Delphine moved to South Africa in 2012 to assume the role of CEO of Allianz Global Corporate & Specialty, Africa (the corporate industrial insurance carrier of Allianz Group). She was responsible for crafting and implementing the Company strategy across all of sub-Saharan Africa. She subsequently became CEO of Allianz Africa in 2021 leading the Allianz and Sanlam merger across Africa on behalf of Allianz. At the closing of the transaction, she took on her current role as Chief Executive of the General Insurance business for the joint venture SanlamAllianz.

Mr Kamel MARAMI

Director
Chairman of the Human Resources & Remuneration Committee
Member of the Nominations and Governance Committee

Nationality: Algerian
Constituency: Algeria: state and companies
Current Term ends in: 2024

Mr MARAMI is currently the Director of Insurance and member of the Insurance Supervisory Commission, Ministry of Finance, Algeria. He is also a member of the national insurance board of Algeria.

He is a professional insurer and holds degrees in Economics and Finance. Mr MARAMI equally has a Postgraduate degree (3ème cycle) in insurance.

Mr Jean CLOUTIER

Director
Chairman of the Underwriting, Risk Management and Information Technology Governance Committee

Nationality: Canadian
Constituency: FAIRFAX
Current Term ends in: 2024

Mr CLOUTIER is the current Chairman of Fairfax International, Executive Committee Member of Fairfax Financial Holdings Limited and Vice President of International Operations. Mr Cloutier holds a Bachelor's degree in Actuarial Science from Laval University, Quebec City. He is a fellow of the Canadian Institute of Actuaries (FCIA) and the Casualty Actuarial Society (FCAS). He represents Fairfax on numerous subsidiary and industry trade boards.

Mr Arthur Nathaniel YASKEY

Director
Member of the Audit Committee
Member of the Underwriting, Risk Management and Information Technology Governance Committee

Nationality: Sierra Leonean
Constituency: Anglophone West Africa (companies and 4 states) and East and Southern Africa (companies)
Current Term ends in: 2024

Mr YASKEY is currently the Commissioner of Insurance for Sierra Leone.

He has occupied many senior positions in the past, inter alia, Managing Director of the National Insurance Company and Executive Director/Chief Operating Officer of Activa International Insurance Co (SL) Ltd. He has been a member of several boards, amongst others, Sierra Leone Insurance Commission (SLICOM), WAICA Re, the Audit Committee of the University of Sierra Leone and Sierra Leone Chamber of Commerce.

Mr YASKEY has a Bachelor of Arts and an MBA from the University of Sierra Leone. He is a Fellow of the Chartered Insurance Institute of Great Britain (London) F.C.I.I.

In 2022, H.E the President of the Republic of Sierra Leone awarded Mr. YASKEY the highest honour for civilians - the Grand Commander of the Rokel (GCOR) for his contributions to insurance in Sierra Leone and Africa.

Mr Belay TULU

Director
Member of the Human Resources and Remuneration Committee
Member of the Underwriting, Risk Management and Information Technology Governance Committee

Nationality: Ethiopian
Constituency: East and Southern Africa and Sudan (12 states)
Current Term ends in: 2024

Mr TULU is the Director of Insurance Supervision Directorate at the National Bank of Ethiopia. Prior to his current position he has worked as the Director of the Ethiopian Institute of Financial Studies and the Acting Director for Corporate Planning and Finance Directorate at the National Bank of Ethiopia.

Mr Belay Tulu holds MBA degree in Business Administration from the St. Mary's University and BA degree in Accounting from the Addis Ababa University. He is a Chartered Insurer designated by the Chartered Insurance Institute of London, UK and a fellow of the Fletcher School Leadership Program for Financial Inclusion.

Mr Hafed Mohamed OMRAN

Director
Member of the Human Resources and Remuneration Committee

Nationality: Libyan
Constituency: Libya, Mauritania and Tunisia (states and companies)
Current Term ends in: 2024

Mr OMRAN has a BSc specialized in Data Analysis from the Faculty of Accounting, Gharyan, Libya.

He also obtained an MBA from Anglia Ruskin University, London, United Kingdom and a Master's degree in Computer Science from Coventry University, United kingdom.

Mr Omran is the current Chairman of the Board of Directors of the Libya Insurance Company (LIC). Prior to this, he held senior positions in the Libyan Capacity Building Centre in Malta and in the Libya Trade Network (LTNet) in Libya. Mr Omran has also served as Executive Manager of DAR AL-KIBRA construction group in Libya, as well as the head of the distribution and economic marketing department within the economy sector of Gharyan in Libya.

Mr Maurice MATANGA

Director
Member of the Finance and Investment Committee
Member of the Human Resources and Remuneration Committee

Nationality: Cameroonian
Constituency: Francophone West and Central Africa
Current Term ends in: 2024

Mr MATANGA is the current Chairman of the Board of Directors of CHANAS Assurance S.A. (Cameroon) since 15 November 2015. Since 12 July 2022, he is the Chairman of the Board of Directors of CHANAS Assurance Vie S.A. (Cameroon). He is also Director of Strategy and Development at the National Hydrocarbons Corporation (SNH) of Cameroon, in which he has held various positions since joining the institution in 1986. He was part-time lecturer at the University of Yaounde (Cameroon) from 1987 to 1990.

Mr Maurice MATANGA holds a Master's degree in Industrial Engineering (Technological Innovation) from Ecole Centrale de Paris (France) and a Postgraduate degree (Diplôme d'Etudes Approfondies) in Production Economics, with Energy Economics as elective from the National Institute for Nuclear Science and Technology (Atomic Energy Commission, France) and the University of Paris-Dauphine (France). He also holds an Advanced University Degree (3ème cycle) in Energy Economics from the University of Paris-Dauphine and the National Institute for Nuclear Science and Technology (France). Mr Maurice MATANGA is currently working on a PhD thesis on Energy Planning in Cameroon.

He is currently the board chairman of Chanas Assurances and Chanas Assurances Vie.

Mr Hassan El-SHABRAWISHI

Director
Chairman of the Finance and Investment Committee
Member of the Human Resources and Remuneration Committee

Nationality: Egyptian
Constituency: AXA
Current Term ends in: 2024

Mr. EL-SHABRAWISHI is the CEO of AXA International Markets, managing AXA's entities in Latin America, Africa, Turkey, South and East Asia. He is a member of AXA Group Management Committee.

Mr. Hassan EL-SHABRAWISHI, previously occupied the position of Chief Executive Officer of AXA Africa. He holds an honours degree in Finance and Econometrics from Richmond University in the United Kingdom and an international MBA from IE Business School in Spain. He is a certified director from the National Association of Corporate Directors in the United States of America. Before joining AXA, he held several positions in the insurance sector and at the International Finance Corporation (IFC), a member of the World Bank Group.

Annual Report & Accounts 2023
Board of Directors

Mr Joseph VINCENT

Director
Member of the Audit Committee
Member of the Underwriting, Risk Management and Information Technology Governance Committee

Nationality: Belgian
Constituency: African Development Bank (AfDB)
Current Term ends in: 2024

He trained in industrial psychology and worked in the non-profit sector for 5 years. Thereafter, Mr VINCENT worked for 14 years in human resources for Japanese, American and European multinationals. For the past 25 years he has worked in senior management positions in credit and political risk insurance as well as risk mitigation of renewable energy projects. Mr Joseph VINCENT has served as Chief Underwriting Officer at the African Trade & Investment Development Insurance (ATIDI, formerly ATI) and Senior Advisor Financial Products, International Agency for Renewable Energy (IRENA). He is currently working as an independent consultant, specialized in credit and political risk insurance projects and other risk mitigation initiatives, with a special interest in renewable energy finance.

Mr Olorundare Sunday THOMAS

Director
Member of the Underwriting, Risk Management and Information Technology Governance Committee
Member of the Nominations & Governance Committee

Nationality: Nigerian
Constituency: Nigeria: state and companies
Current Term ends in: 2024

Mr THOMAS became substantive Commissioner for Insurance and Chief Executive Officer of the National Insurance Commission (NAICOM), Nigeria with effect from 30 April 2020, after his appointment as acting Commissioner in August 2019.

Prior to this appointment, Mr THOMAS was the Deputy Commissioner in charge of technical matters at the Commission from April 2017 to August 2019.

Mr THOMAS is a thorough-bred insurance professional with vast knowledge and experience in underwriting, regulation and hands-on management of human and material resources spanning over four decades uninterrupted.

During these years, he traversed the entire insurance sector in Nigeria leaving indelible marks along the way. It is during his tenure as Director – General of the Nigerian Insurers Association (NIA) between May 2010 and April 2017 that the Association successfully developed and deployed the Nigeria Insurance Industry Database (NIID) platform.

He holds a BSc (Hons) in Actuarial Science and an MBA Finance both from the University of Lagos. He is also an Associate member of the Chartered Insurance Institute, London, Fellow of the Chartered Insurance Institute of Nigeria, Member Society of Fellows of the CII London, Member Nigeria Institute of Management among others. He is a lover of sports.

Mr Moustapha COULIBALY
Independent Director
Chairman of the Audit Committee
Member of the Finance and Investment Committee

Nationality: Ivorian
Current Term ends in: 2024

Mr COULIBALY is currently a senior partner with the firm BDO in Côte d'Ivoire. Previously, he was the managing partner of Grant Thornton Côte d'Ivoire (2012-2018) and COO of Deloitte & Touche Côte d'Ivoire (2000-2007).

He holds a USA CPA degree (Certified Public Accountant), an MBA degree in Finance & Management from ADELPHI University, Long Island, New York, USA; a bachelor's degree in Management and a Master's degree in Finance from the University of Abidjan, Côte d'Ivoire.

Mr COULIBALY was external auditor (Audit Partner) of the AFDB group for 25 years, external auditor of Africa Re for 8 years (as Engagement Partner) and of CICA RE for 9 years (as Engagement Partner).

Effective June 2023, Mr COULIBALY is the chairman elect of the Board of Allianz Côte d'Ivoire Assurance IARD and chairman of the Board of Allianz Côte d'Ivoire Assurance Life.

He also sits on the Board of "Banque Internationale pour le Commerce et l'Industrie" (BICICI Côte d'Ivoire) as an Independent Director, effective April 2023, where he chairs the Audit Committee, and serves in the Risk Committee.

He is the founder of Lycée Maurice DELAFOSSE in Abidjan, Côte d'Ivoire and served as Chairman of the Board from inception in 2004 to 2017.

Alternate Directors

Mr Pa ALIEU SILLAH
Alhaji Kaddunabbi Ibrahim LUBEGA
Mrs Safaa TALBI
Mr Oussama BENAMIROUCHE
Mrs Estelle T. TRAORE
Mr Omar GOUDA
Mr Mariano CABALLERO ESTECEZ
Mr Omar SEFIANI
Mr Amine BENABBOU

EXECUTIVE MANAGEMENT

Dr Corneille KAREKEZI
Group Managing Director / Chief Executive Officer
African Reinsurance Corporation (Africa Re)

He rose to the current position of Group MD/CEO of Africa Re in 2011 after occupying the position of Deputy MD/COO for 2 years (2009-2011), and of Group Board Director for 3 years (2003-2005).

Prior to joining Africa Re, his professional career started in the primary insurance industry where he served practically in all the financial, marketing and technical departments at senior management levels of the leading insurance companies in Burundi and Rwanda, up to the position of CEO of SONARWA, the then insurance leader of Rwanda.

Dr KAREKEZI holds a Bachelor's Degree in Economics (University of Burundi), a Master's Degree in Management (University of Burundi), Postgraduate Diplomas in Business Administration (Edinburgh Business School and University of Liverpool, both in UK), an Honorary Doctorate in Business Administration (Commonwealth University, UK) and a Doctorate in Business Administration (Paris School of Business, France & Galilee International Management Institute, Israel).

He speaks fluently English, French, Swahili and other African languages.

Since 1996, he has contributed significantly to the development of the insurance and reinsurance industries in Africa through his involvement and leadership in various national, regional and continental initiatives and organizations. He has equally participated actively, as speaker, in seminars, conferences, symposia and other fora across the world, particularly on issues of insurance development and reduction of protection gap, risk management for development, insurTech, and in general on issues of economic development and leadership.

Dr KAREKEZI has served as Chairman and member of governing bodies of various financial institutions and foundations in Africa. He is currently the Chairman of Africa Re (South Africa) Limited, Chairman of Africa Retakaful Company (Egypt), Member of the Executive Committee of the African Insurance Organization (AIO) where he chairs the Finance Committee, and a Member of the Executive Council of the International Insurance Society (IIS).

Mr Ken AGHOGHOVBIA
Deputy Managing Director / Chief Operating Officer

Since joining the Corporation in 1985, Mr Ken AGHOGHOVBIA worked in different capacities before rising to the position of Regional Director of the Anglophone West Africa Regional Office. He was the pioneer Regional Director of this Office when it was established in 2009 and played a pivotal role in the turnaround of the fortunes of the Regional Office, the African Oil and Energy Pool and the African Aviation Pool.

Mr AGHOGHOVBIA holds a Bachelor of Science in Insurance (Nigeria) and a Master's degree in Business Administration (Nigeria). He is an Associate (ACII) and a Fellow (FCII) of the Chartered Insurance Institute (UK).

He has been a member of various regional professional committees.

Mr AGHOGHOVBIA became Deputy Managing Director / Chief Operating Officer on 1 July 2011.

CENTRAL DIRECTORS

Mrs Silifat AKINWALE
Director, Internal Audit

Mrs AKINWALE is a highly experienced professional with over 30 years of diversified experience in audit, accounting, finance and administration. Her professional experience started with Deloitte, where she worked for 12 years providing assurance and advisory services to both private and public sector organisations.

She joined Africa Re in August 2003 as Senior Accountant. Within her first year, she developed the first accounting manual for the Corporation. She was promoted to the position of Assistant Director, Financial Reporting in January 2006. In that capacity, she led the Corporation's first-time adoption of International Financial Reporting Standards (IFRS) and played a key role in developing the Group's accounting policies and guidelines on financial reporting. She has served in this position at the Head Office and two of the regional offices in Nairobi, Kenya and Cairo Egypt. During her experience at the regional offices, Mrs. AKINWALE also had overall responsibility for the financial reporting, budgetary control and administrative functions.

Mrs. AKINWALE was appointed the Director of Internal Audit in September 2022.

Mrs. AKINWALE holds a Bachelor of Science (Hons.) degree in Sociology and Anthropology from Obafemi Awolowo University and a Postgraduate degree in International Business Management from the University of London. She is a Chartered Accountant, a fellow of the Institute of Chartered Accountants of Nigeria and a member of the Association of International Certified Professional Accountants.

Ms Yvonne PALM
Director, Risk Management and Compliance

Ms Yvonne PALM joined Africa Re as Director of Risk Management and Compliance on 27 November 2019.

Prior to joining Africa Re, she served as the Lead Corporate Actuary at Travelers Syndicate Management in London, overseeing reserving, technical provisions, business planning and reporting of results to regulators and management.

She started her career at Ernst & Young in the USA, serving as the lead actuarial analyst for multinational clients including (re)insurers, captives and entities that self-insure their exposure. She went on to hold senior actuarial positions at Markel International and ACE European Group in London (UK). Her experience spans the United States, Europe and Latin America, as well as exposure to African, Middle Eastern and Australasian business through the Lloyd's platform.

Yvonne is a Fellow of both the Casualty Actuarial Society (USA) and the Institute and Faculty of Actuaries (UK). She holds a Bachelor of Arts degree from Grinnell College in the USA, where she graduated Phi Beta Kappa with Honours in both Mathematics and Economics.

Mr Chris SAIGBE
Director, Life Operations

Mr Chris SAIGBE worked as a life insurance specialist in Nigeria for several years before moving to the African Reinsurance Corporation in January 2009. He has about thirty years' experience in life insurance and reinsurance management. He holds a Bachelor of Science in Economics from Obafemi Awolowo University and a Master's degree in Economics from the University of Lagos both in Nigeria. Mr SAIGBE obtained a Master of Business Administration from Moi University in Nairobi, Kenya. He is an Associate member of the Chartered Insurance Institute of Nigeria and a Certified Personal Financial Planner. His wealth of experience in direct life assurance operations and reinsurance comes in handy in leading the life team to fashion appropriate life reinsurance treaties and manage the reinsurance expectations of clients.

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Central Directors
Africa Re

Dr Phocas NYANDWI
Director, Central Operations and Special Risks

Dr Phocas Nyandwi has over 25 years of experience in the Insurance and Reinsurance Industry. He started his career in direct insurance in Burundi, where he worked for over 10 years in various managerial positions in non-life and life. In 2008, he joined Kenya Reinsurance Corporation (Kenya Re) as a non-life underwriter in charge of francophone markets. He joined Africa Re in 2010 in the Nairobi Regional Office where he worked for 9 years. Before being appointed to the current position, at the Head Office in Lagos, he was Assistant Director Underwriting and Marketing in the Nairobi Regional Office.

He holds a Doctorate in Business Administration (DBA) from the United States International University – Africa (USIU-A) and a Postgraduate Diploma in Insurance from the African Insurance Institute of Tunisia (IAA). He is a Certified Expert in Micro-insurance (Frankfurt School of Finance and Management) and was an active member of the technical committee of the Association of Kenyan Reinsurers (AKR) from 2011 to 2019.

Dr Phocas NYANDWI was appointed Director of Central Operations and Special Risks in the Head Office from 1 August 2019.

Mr Moussa BAKAYOKO
Director, Finance and Accounts

Mr Moussa BAKAYOKO was appointed Director of Finance and Accounts on 7 September 2022.

Prior to this position, he was Director of Internal Audit from October 2020 to September 2022; Assistant Director, Finance and Administration in the Regional Office of Africa Re in Mauritius from 2014 to 2020. Mr BAKAYOKO joined Africa Re in 2006 as financial controller. He later on held the positions of Group Acting Director, Finance & Accounts, and Assistant Director, Finance and Administration for the Lagos Regional office.

Mr BAKAYOKO started his career in Uniconseil (an audit firm) in 1988 and later moved to Protection Ivoirienne, an insurance company, where he was the Chief Accountant for five years, before joining Chronopost International Côte d'Ivoire in 1999 as Administrative and Financial Director.

He has acquired more than 30 years of experience in finance, audit and administration in the insurance and reinsurance sectors.

Mr BAKAYOKO holds a Bachelor's degree in economics and a Masters' degree in accounting and finance (MSTCF/DECF). He also has a postgraduate diploma (DEA) in finance. The three certificates were awarded by the University of Abidjan. He has attended various training courses in finance and accounting.

Mr. BAKAYOKO was the Best Employee of the African Reinsurance Corporation in 2014.

Mr Guy B. FOKOU

Director, Human Resources

Acting Director, Administration and General Services

Mr Guy B. FOKOU joined Africa Re in 2014 as Assistant Director, Human Resources & Administration and rose to the position of Deputy Director, Human Resources & Administration in 2018 before his appointment in June 2019 as Director of Human Resources.

Prior to joining Africa Re, Mr FOKOU was Director of Human Resources & Administration/Company Secretary at Total Energies, Cameroon where he was in charge of Human Resources, Legal & Insurance matters as well as General Services.

He started his career as HR Management Trainee at SAGA, Cameroon (now Bolloré Africa Logistics). He also worked as HR & Legal Manager at Multiprint Sérigraphie (a leading printing and communication Group of Companies in Cameroon) where he rose to the position of Group Director of Human Resources.

Mr FOKOU has also served as Assistant Director of Human Resources at Ecobank Cameroon; Regional Human Resource & Organizational Development Advisor in the Central and West Africa Regional Office of SOS Children's Villages (Yaounde-Cameroon) covering 13 countries in West and Central Africa and; Director of Human Resources at Activa Group (Insurance).

He holds a Master's degree in Business Law from the University of Douala, Cameroon; a Professional Master's Degree in Human Resource Management from ESSEC Business School of Douala and a Master's in Business Administration (MBA) from the African Leadership University (ALU) School of Business, Kigali, Rwanda.

Mr Adil ESSOUKKANI

Director, Information and Communication Technology

Mr Adil ESSOUKKANI has a Bachelor's degree in Computer Science and a Master's degree in Programme Management from ESC Lille, France. He has more than 15 years of experience in the insurance industry.

Prior to joining Africa Re, Mr ESSOUKKANI was Chief Information Officer of Saham Angola Seguros (2017-2019).

Mr Adil ESSOUKKANI has equally worked as Project Director at Saham Finances, Director of the software factory of SAHAM Finance Group, Head of IT in a leasing company (WAFABAIL), Project Manager and business analyst at AXA insurance Morocco.

He started his professional career in 1999 as an engineer in software development.

Mr ESSOUKKANI joined Africa Re in September 2019 as Director of Information and Communication Technology.

REGIONAL DIRECTORS, MANAGING DIRECTORS OF SUBSIDIARIES AND LOCAL REPRESENTATIVE

Mrs Temitope AKINOWA

Regional Director, Lagos Office

Mrs Temitope AKINOWA started her career in 2000 with Lasaco Assurance Company as a marketing executive. In May 2000, she moved to Cornerstone Insurance Plc where she worked in the Underwriting and Business Development Unit. She was employed as a graduate trainee and rose through the ranks to become the Head of the Oil & Gas unit in 2004 and held the position until 2008.

She joined Africa Re as Assistant Underwriter in 2008 and subsequently rose through the ranks to become Assistant Director, Underwriting and Marketing in 2018. In March 2020, she was appointed as the Acting Regional Director for the Lagos Office and in April 2021 she was confirmed as the Regional Director .

She is a graduate of Insurance from The Polytechnic, Ibadan and holds a Master's degree in Business Administration from Abubakar Tafawa Balewa University, Bauchi. She is a Fellow of the Chartered Insurance Institute of Nigeria. She has over 23 years of experience in Insurance and Reinsurance and has attended many foreign and local seminars as well as presented insurance papers locally and internationally.

Mr Mohamed Larbi NALI

Regional Director, Casablanca Office

Mr Mohamed Larbi NALI joined Africa Re in July 2016. He started his career in 1993 as Director of the Life Department in Société Centrale de Réassurance (SCR). Between 1997 and 2012, he successively held many positions namely, Director of the Actuarial Department, Deputy Director in charge of Marketing and Operations. In 2012, he was appointed Managing Director of Société Centrale de Réassurance (SCR).

He is the founder of the Moroccan Association of Actuaries and was its Chairman from 2010 to 2013. Mr NALI was also the Chairman of the African Centre for Catastrophe Risks (ACCR), Vice- Chairman of the African Insurance Organisation (AIO) and Vice-Chairman of the General Arab Insurance Federation (GAIF).

He holds a Postgraduate degree in Mathematics from the Catholic University of Louvain in Belgium and a Maîtrise in Actuarial Science from the Business School of the Catholic University of Louvain.

Mr Gamal Mohamed SAKR

Regional Director, Cairo Office

Mr Gamal Mohamed SAKR joined Africa Re in July 2020 as Deputy Regional Director of the Cairo Regional Office and was promoted to the position of Regional Director in January 2021.

He started his career in 1992 in banking. He moved to insurance in 1993 and worked as Reinsurance Officer in Pharaonic Insurance. In 1999, Mr SAKR became the Head of the Reinsurance Department. He joined GIG Egypt as Reinsurance Manager in 2000 and AIG Egypt in 2002 as Property Manager. In 2007, he was recruited by Allianz Egypt as head of general insurance.

In 2013 he moved to Saudi Arabia to Rajhi Takaful, the 3rd largest insurer of the country, as Head of General Takaful. Mr SAKR returned to Egypt in 2017 and joined Misr Insurance, the largest insurer in the country, as Executive Deputy Chairman (Board Member) for Insurance & Reinsurance.

Mr SAKR holds a Bachelor's degree in Accounting from the University of Ain Shams, Cairo. He is an Associate of the Chartered Insurance Institute of London (ACII).

Mr Olivier N'GUESSAN-AMON
Regional Director, Abidjan Office

After spending seven years as head of production in life and non-life insurance companies in Côte d'Ivoire, Mr Olivier N'GUESSAN became Director of SCOR Office for French-speaking West and Central Africa. He served as Managing Director of Compagnie Nationale d'Assurance for three years before joining Africa Re in 2005 as Senior Underwriter. He was Deputy Regional Director from January 2008 to March 2011 when he was promoted to the position of Regional Director of the Abidjan Office.

Mr N'GUESSAN holds a Master's in Business Economics from Université Nationale de Côte d'Ivoire- Abidjan Cocody and a Postgraduate diploma in Insurance from the International Insurance Institute of Yaounde, Cameroon.

Mr Ephraim Kiiza BICHETERO
Regional Director, Nairobi Office

Mr Ephraim Kiiza BICHETERO started his career in 1994 as Underwriter trainee in Pan World Insurance Uganda and rose to become head of the reinsurance department. In 1998, he joined Goldstar Insurance Uganda as head of underwriting, claims and reinsurance and eventually became Assistant General Manager. In 2002, he was recruited as Head of Technical Operations in charge of underwriting, reinsurance and claims in the then United Assurance Ltd (now UAP Old Mutual General Insurance Uganda Ltd).

Mr BICHETERO joined Africa Re as Underwriter in June 2004 at the Nairobi Regional Office. He subsequently rose through the ranks to become Assistant Director Technical Operations and Deputy Regional Director. In July 2017, he was appointed Interim Regional Director and in January 2018, he became the Regional Director of the Nairobi Regional Office.

Mr BICHETERO holds a Bachelor of Arts from Makerere University, Kampala, Uganda and an Executive MBA degree from the United States International University, Nairobi, Kenya. He is also a holder of an Associate Diploma from the Chartered Insurance Institute, London (ACII).

Mr BICHETERO has been on the Board of Directors and/or Board Committees of international organizations including the African Trade Insurance Agency, Shelter Afrique, Organisation of East and Southern Africa Insurers, and Insurance Training and Education Trust, Kenya. He has also served as a member of many insurance and reinsurance technical committees in the Ugandan and Kenyan insurance industry.

Mr Vincent MURIGANDE
Regional Director, Mauritius Office

Mr Vincent MURIGANDE joined Africa Re in January 2012 as Senior Manager Underwriting and Marketing in the Abidjan Regional Office. In September 2018, he was appointed Assistant Director Underwriting and Marketing and was promoted to the position of Regional Director, Mauritius Office in April 2020.

Before joining Africa Re, Mr MURIGANDE was Managing Director of Jubilee Insurance Burundi. He started his insurance career in 1996 in SONARWA, Rwanda, where he worked in different capacities up to the position of Technical Director from 2005 to 2010.

Mr MURIGANDE holds an Executive MBA from British Institute of Management and Technology, Abidjan Campus; a Bachelor's degree in Insurance from the National Insurance School of Paris (ENASS Paris) and a Postgraduate Diploma in Insurance from the African Insurance Institute of Tunisia (IAA).

He has served as a member of many insurance technical committees in Rwanda and in member countries of the Common Market for Eastern and Southern Africa (COMESA).

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Regional Directors, Managing Directors of Subsidiaries and Local Representative

Mr Andy TENNICK
Managing Director, African Reinsurance Corporation South Africa (ARCSA) subsidiary

After graduating from university in 1986, Mr TENNICK joined Swiss Re in Johannesburg as a graduate trainee. During a 14-year career, he worked in various capacities culminating in management of the underwriting and subsequently the client management functions.

He then joined the Imperial Holdings Group in Johannesburg and set up Imperial Reinsurance before moving to the Group's insurance business, Regent Insurance, as an executive director with various responsibilities including underwriting, reinsurance and risk management. He was joint CEO of the Regent Insurance Group at the time he left the Group.

Mr TENNICK holds a Bachelor of Commerce degree from the University of Cape Town.

He became Managing Director of African Reinsurance Corporation South Africa in April 2018.

Mr Yousif El Lazim GAMMA
Managing Director, Africa Retakaful

Mr Yousif El Lazim GAMMA was appointed Managing Director of Africa Retakaful, and Africa Re Local Representative in Sudan, in January 2021.

Prior to this appointment Mr GAMMA was the Acting Regional Director of the Cairo Regional Office (North East Africa and Middle East) since May 2020; he was also Assistant Director, Technical Operations, in the same office. Mr GAMMA joined Africa Re in July 2009 as Senior Underwriter in the Cairo Regional Office.

He started his career in 1991 as underwriter in the National Reinsurance Company (Sudan) where he worked for Seven years in the Non-Marine Department. In 1998, he joined Greater Nile Petroleum Operating Company (GNPOC) as Head of Risk and Insurance Unit. In 2005, he was recruited by Savanna Insurance Company as General Manager in charge of all executive operations.

Mr GAMMA holds a Bachelor's degree in Economics (Honours) from the University of Khartoum, an MBA from the School of Business Administration (University of Khartoum) and an MBA from the German University of Cairo (GUC).He is an Associate of the Chartered Insurance Institute of London (ACII).

Mr. GAMMA has attended many seminars, workshops and conferences.

Mr Debela HABTAMU
Local Representative, Addis Ababa Local Office

Mr Debela HABTAMU started his career with the Ethiopian Insurance Corporation in 1997. He worked in different capacities and rose to the position of Executive Officer for insurance operations in various insurance companies in Ethiopia. Mr Debela HABTAMU holds a Diploma in Accounting, BA in Business Administration and Executive MBA.

He became the Local Representative of the Addis Ababa Local Office in April 2018.

Mr Mohamed Saad ZAGHLOUL
Senior Executive Officer, Africa Re Underwriting Management Agency Ltd - DIFC (Dubai Office).

Mr. Mohamed Saad ZAGHLOUL was appointed as Senior Executive Officer of Africa Re Underwriting Management Agency Ltd (Dubai Office) in July 2020. He joined Africa Re in October 2018 as Assistant Director - Underwriting and Marketing in the Cairo Regional Office with the assignment of establishing Africa Re's first office outside Africa in Dubai International Financial Center – United Arab Emirates.

Mr ZAGHLOUL has more than 20 years of experience in both Conventional and Takaful professional reinsurance across the Middle East region. He is a Fellow (FCII) of the Chartered Insurance Institute of London and also holds a Bachelor's degree in commerce & business administration (Honours) from the Helwan University in Cairo – Egypt.

Mr ZAGHLOUL started his career in 2000 in the Egyptian Reinsurance Company (Egypt Re) as an underwriter responsible for the treaty and facultative business of the Gulf Region. In 2007, he moved to Tawuniya Cooperative Insurance Co. in the Kingdom of Saudi Arabia. Later on, Mr. Zaghloul occupied many senior positions and played a vital role in the setting up, formation and management of two key regional Retakaful reinsurers in the Gulf Region: Al Fajer Retakaful Co. (Kuwait), and Emirates Retakaful Co. (United Arab Emirates).

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Chairman's Statement
Africa Re

Dr Mohamed Ahmed MAAIT
Chairman

Letter to Shareholders

Dear Shareholders

I am pleased to present to you the 46th Annual Report of the Board of Directors of the African Reinsurance Corporation (herein referred as "Africa Re" or the "Corporation") including the 2023 financial statements.

This report also includes a brief review of the Corporation's operating environment, external auditor's report to shareholders, as well as reports on capital management, human resources, enterprise risk management, corporate governance, compliance and corporate social responsibility.

Operating Environment

2023 remained a challenging year on the macroeconomic front due to heightened inflationary pressures compounded by the continued geopolitical tensions around the world.

The International Monetary Fund (IMF) estimated that the growth of the global economy was lower at 3.2% in 2023 from the 3.5% achieved in 2022. Furthermore, the threat of a global economic recession in 2023 did not materialize as the projections of analysts appeared to be too pessimistic. The intervention of policymakers in these challenging times has averted these fears for the global economy.

According to the African Development Bank, the African continent continues to face multiple crises, including rising cost of living, weakening economic growth, a tightening of global financial conditions, shortage of concessional funding, increasing effects of climate change, lingering impacts of health pandemics, conflict, and geopolitical tensions. While these challenges are significant, the impact varied across the 54 African countries with some economies achieving appreciable economic growth. In 2023, the continent was estimated to have grown only by 3.2% compared with 4.1% recorded in 2022.

The reinsurance industry appeared insulated from these macroeconomic challenges as our core business of reinsurance underwriting recorded significant growth and returns in various parts of the world. Also, the investment portfolio recovered from the significantly low performance of 2022 across the major asset classes of equities, fixed income instruments and cash instruments. The strong profitability of the global reinsurance industry in 2023, supported by a positive market rates adjustment and a strong reinsurance demand, pushed Standard & Poor's, one of the main financial rating agencies, to revise its industry outlook to 'Stable' from a 'Negative' outlook which prevailed in recent years when the industry returns were consistently below the average cost of capital.

However, African reinsurers reporting in US dollars, like Africa Re, are still expected to be impacted by the depreciation of the African local currencies, coupled with delayed gains from the positive pricing momentum in international markets.

New Financial Reporting Standards

A major development in the insurance industry in 2023 was the adoption of two new International Financial Reporting Standards or IFRS, i.e., IFRS 9 on 'Financial Instruments' and IFRS 17 on 'Insurance Contracts' which replaced the out phased IFRS 4. The implementation of the two IFRS was done with the active involvement of the Board of Directors, through the Audit Committee, as well as various external consultants and technology tool vendors. With this adoption, Africa Re reaffirms its market leadership position not just in terms of business volumes or financial strength and credit ratings but in compliance with global practices.

With the deviation of the standards from key performance metrics, the Corporation will continue to report simultaneously under IFRS 4 and IFRS 17 metrics into the near future.

Corporate Financial Performance

The Corporation recorded strong revenue growth, stable claims experience, strong underwriting income and a record investment income translating into a historical record in net income.

For the very first time, Africa Re crossed the psychological milestone of US$ 1 billion in revenue, despite reporting in US dollars while operating in economies with predominantly weak currencies.

Under IFRS 4, Africa Re posted a Gross Written Premium of US$ 1.106 billion, from the US$ 951.789 million recorded in 2022, with a stronger Net Income of US$ 128.446 million compared to the paltry US$ 23.733 million of the previous year.

Under IFRS 17, we achieved a Reinsurance Revenue of US$ 1.046 billion for 2023 compared to US$ 917.112 million of 2022, with a significantly improved Net Income of US$ 126.954 million compared to the US$ 59.873 million of the previous year.

Also, the Corporation recorded a 6.68% growth in its shareholders' equity to close the year at US$ 1.065 billion from the restated US$ 998.986 million recorded in 2022.

Corporate Governance Matters

In 2023, the Board of Directors held four plenary meetings in April, mainly to review and approve the 2022 financial accounts, in June, with the focus of preparing for the 45th Annual Ordinary Meeting of the General Assembly held in Rabat, Morocco, in October to mainly review corporate policies and strategic projects, as well as to recruit the new Deputy Managing Director / Chief Operating Officer, and finally in December to mainly approve the 2023 revenue and expenditure budget.

There were also several scheduled meetings of the five standing committees which are: Nominations & Governance, Audit, Finance & Investments, Human Resources & Remuneration, and Risk Management, Underwriting & IT Governance.

In line with the succession policy of the Executive Management, the Board of Directors concluded the recruitment of a new Deputy Managing Director / Chief Operating Officer (DMD/COO) after a competitive process that was open to internal and external applicants from the 42 member States in the Corporation's shareholding following the planned retirement and contract expiration of the incumbent DMD/COO in June 2025. It is expected that the DMD/COO Elect will assume duty on 1st of July 2024 for a 12-month transition period with the incumbent DMD/COO.

In line with the statutory provisions, the current term of the majority of the Board Directors expires in June 2024. Consequently, the appointment of new Directors is ongoing and will be concluded during the forthcoming 46th Annual Ordinary Meeting of the General Assembly to be held in a few days in Kampala, Uganda.

I use this opportunity to appreciate the dedication and commitment of the Board of Directors under my humble leadership for the success we have achieved together, including recording the highest ever performance in revenue and in net income. I wish new and returning Directors a resounding success for the next renewable term.

Sustainability Strategy and Corporate Social Responsibility

With sustainability consciousness as a strategic priority, the Board recently approved the sustainability strategy, policies and baseline disclosures for the Corporation. These documents will define the strategic orientation on sustainability as they are gradually introduced into the underwriting, investment and operational activities of the business. While the Corporation is compliant with best practices on the social and governance pillars of sustainability, Africa Re will continue to align with the interest of its stakeholders on the environmental pillar.

The heightened incidence of natural catastrophes especially earthquakes, floods, droughts and cyclones has necessitated continued sensitization on the value of insurance in promoting resilience for African economies.

The Africa Re Foundation, supported by a Resolution of the General Assembly, continues to fund various initiatives on the African continent to build resilience in climate risk stock taking and development of accelerated, suitable and adapted risk financing strategy including the private sector.

A bigger emphasis continues to be put on skills and talent development, market efficiency and modernization. Hence, the Corporation continued to train the current and future generation of the insurance industry professionals, as well as to build, together with some insurance regulation authorities in Africa, technological platforms to build industry database and new ways of collaboration and regulation within insurance markets. We strongly believe that these initiatives will improve claims management, boost trust in the industry, create more opportunity to develop new products, and increase financial reporting across markets.

Finally, the Corporation has joined recently other similar African multilateral financial institutions to increase the collaboration with the African Union in its efforts regarding integration of markets, peace and sustainability.

Dividend Policy

In line with the dividend policy of the Corporation as adopted in 2019, a resolution will be presented to the General Assembly to approve the financial statements for the 2023 financial year proposing a dividend of US$ 10.00 per share at a total dividend of US$ 28.7 million. This represents an increase of US$ 1.20 per share from the US$ 8.80 declared and maintained since 2019. This is a testament to the Board and Management confidence in the future of the Corporation and the relentless effort to build resilience through a conservative dividend policy.

Outlook for 2024

The global economy is expected to rebound from the performance recorded in 2023 and this can be attributed to receding inflationary pressures, growth resilience in the United States and other large economies, recovery in global trade, as well as increased risk appetite and expected gradual easing of global financial conditions.

However, the policy conditions remain mixed on the African continent coupled with this year's various elections, in more than twenty countries, which may have significant impact on these economies and the continent at large.

There is an expected gradual easing of inflationary pressures and corresponding dovish monetary policy interventions that will support African economic growth. The impact of external shocks and increasing climate risks also breeds uncertainty that will be carefully monitored by the Board and Management.

The global reinsurance industry has shown positive momentum but the impact on the continent may be flat as the expected improvement in premium rates and policy terms and conditions has not matched those in the international markets.

The Corporation will continue to fulfil its commitment to clients and other stakeholders as well as drive commitment to best practices among industry players for a sustainable reinsurance market. Africa Re, in line with its strategic plan, will continue to develop innovative products and maintain excellent customer service to its clients within and outside the continent.

The Board expects the Corporation to perform better than industry averages in the international and African markets in the coming year in line with historical trends.

Tribute to Mr. Bakary Hadiyatou Kamara

On behalf of the Board of Directors, I mourn the demise of Mr. Bakary Hadiyatou KAMARA, the former Managing Director and CEO of Africa Re from 1993 to 2011, and immediate past Vice Chairman of the Board and Independent Director from 2021 to 2024.

He was a great asset to the Corporation in the current Board of Africa Re and provided the required leadership during his tenure at the helm when the industry was faced with numerous challenges, including limited underwriting capacity, shortage of talents, depreciation of transaction currencies, market dominance by international players and other macroeconomic issues.

His legacy will continue to be celebrated for the solid foundation he laid for the Corporation's current and future success.

May his gentle soul rest in peace.

Final Note

On behalf of the Board of Directors, I would like to say thank you to all the women and men who contributed to the performance achieved in 2023 in a challenging and volatile environment.

Africa Re staff in all its regional and international locations, led by Dr. Corneille KAREKEZI, the Group Managing Director and Chief Executive Officer, continued to successfully implement the corporate strategy and achieved excellent performance, though with significant foreign exchange and capital losses.

My gratitude goes to my fellow Board Directors. Their trust, dedication, hard work and commitment is commendable.

My thanks are also directed to the Corporation's Shareholders for their continued support.

This reassures me that I can count on the above synergies and strengths during the coming unprecedented and challenging times the world, and particularly Africa, will have to face as per many analysts.

More importantly, the Board and Management are grateful to all ceding insurance companies, brokers and business partners, without whom the Corporation cannot survive and thrive as it does.

We remain committed to the mission of Africa Re as strategic partners including promoting the growth of national, regional and sub-regional underwriting and retention capacities on the continent.

Thank you.

Dr Mohamed Ahmed MAAIT
Chairman

Dr Corneille KAREKEZI
Group Managing Director / Chief Executive Officer

MANAGEMENT REPORT

I. ECONOMIC & TRADE ENVIRONMENT IN 2023

Global Economy: Moderating Inflationary Pressure and Gradual Economic Recovery

The global economy has demonstrated resilience from the multiple shocks in recent years, especially the Covid-19 pandemic, geo-political tensions, and the cost-of-living crises, with the risk of a global economic recession averted through the deployment of aggressive rate hikes and withdrawal of fiscal support amid high debt. While these interventions are expected to give a short-term relief by taming inflation, they are expected to slow down economic activities in subsequent years. In advanced economies, these interventions have been largely effective. The emerging markets and developing economies with robust economic fundamentals have followed a similar trend while some economies may need to extend the policymakers intervention for an extended period.

African Economy: Cross-Regional Variations Amid Macroeconomic Uncertainty

The African economy has continued its recovery at a much slower pace as inflationary pressures are being tamed in most economies with the exception of a few countries experiencing a stubborn inflation. There was also tension in ECOWAS from military interventions in some countries (Burkina Faso, Mali and Niger) that led to the creation of the Alliance of Sahel States which has been largely contained. One year after the outbreak of war between the Sudan Armed Forces (SAF) and the Rapid Support Forces (RSF) in Sudan, the situation remains dire, marked by widespread displacement, violence, and humanitarian crises. Due to rising debt sustainability challenges, the fiscal space to spur growth remains constrained as evident in financing shortages, borrowing costs and difficult debt repayments. The continent remains vulnerable to global shocks, rising geopolitical tensions and increasing climate risks.

According to Africa's Macroeconomic and Performance Outlook published by the African Development Bank (AfDB), the projected economic growth declined in 2023 across the five regions and the continent compared with 2022. Central Africa grew by 3.82% (2022: 5.22%), East Africa grew by 3.51% (2022: 4.38%), North Africa grew by 3.93% (2022: 4.56%), Southern Africa grew by 1.61% (2022: 2.81%), West Africa grew by 3.20% (2022: 3.88%) and the continent at large grew by 3.24% (2022: 4.06%).

The continent is plagued by the continued devaluation of its currencies driven by exchange rate adjustments, mixed monetary policies, decreased capital inflows and slowdown in exports. The Nigerian Naira (NGN), South African Rand (ZAR), , Egyptian Pound (EGP), Ethiopian Birr (ETB), , Kenyan shiling (KES) and Sudanese pound (SDG) depreciated by -49.20%, -7.05%, -19.95%, -4.86%, -21.40% and -5.60% while West Africa CFA Franc (XOF) and Moroccan dirham (MAD) appreciated by +4.09% and +5.78% respectively compared with the closing exchange rates of 31 December 2022.

Financial Markets: High Interest Rate and Strong Equity Valuations

The aggressive rate hikes from central banks have been able to tame the raging inflation in most economies supporting a rally in equity markets, recovery in the fixed income segment and recalibration of returns for cash instruments. In the United States, there was a short-lived banking crisis from the collapse of the Silicon Valley Bank, Signature Bank and First Republic Bank that sparked fears of a bank run which was contained through the intervention of the monetary policy authorities that eased pressure and restored confidence in the bond and equity markets.

The performance of major investment indices were positive on the major global stock exchanges: S&P 500 (+26.29%), TOPIX (+19.56%), DJ Euro Stoxx 50 (+12.09%), MSCI Emerging Market (+7.04%) and MSCI World (+20.09%). The African exchanges in local currencies, namely Nigeria (NSE All Share Index), Kenya (NSE All Share Index) and South Africa (FTSE/JSE All Share Index) recorded a return of +45.90%, -27.74% and +5.26% respectively.

The current bond yield environment emerged after the US Federal Reserve Bank began raising its funds target rate in 2022. There were 11 hikes that pushed the rates from near 0.0% to an upper range of 5.5% in July 2023 in response to the inflationary pressures. Globally, the bond market posted positive returns due to the pause in rate hikes with the 2-year, 5-year, 10-year and 30-year US treasuries posting a return of +4.25%, +3.84%, +3.87% and +4.02% respectively. In 2023, most African economies were excluded from the international Eurobonds market due to the high interest rates demanded by investors with a few exceptions such as Gabon. As a result of the restricted international bond market, most governments have turned to concessional lenders like the World Bank and IMF, with countries like Côte d'Ivoire, Kenya, and Senegal obtaining high value credit facilities from the IMF.

Reinsurance Industry: Positive Pricing Momentum and Rising Natural Catastrophe

Based on published performance metrics, the global insurance industry recorded a strong growth in premium income supported by a stable revenue growth, capital growth, underwriting performance, investment income and overall net results thanks to an impressive rate hardening and recovery of the financial markets. All the major rating agencies (Fitch, Moody's, AM Best and Standard and Poor's) projected a stable outlook. The Standard and Poor's (S&P) outlook was hinged on reinsurers exceeding their cost of capital after maintaining a negative outlook for the past 5 years.

The tailwinds in the industry are largely driven by substantial rate improvements, restriction in terms and conditions as well as increasing demand for coverage due to heightened natural catastrophes exposure and economic uncertainty. The boost from rising investment income also improves the overall performance of reinsurers. On the other hand, the headwinds are driven by persistent and growing uncertainty about underlying risks as well as concerns about inflationary pressures calls for a cautious approach including the frequency and severity of weather-related events and evolving risk profiles. These headwinds are putting pressure on reinsurers in the retrocession market and this could impact the deployment of capital. This calls for a concerted effort among industry players to review exposures and actuarial models for risk-adequate pricing in these challenging times.

The industry has adopted International Financial Reporting Standards ("IFRS") IFRS 17 (Insurance Contracts) replacing IFRS 4 (Insurance Contracts) and IFRS 9 (Financial Instruments) replacing IAS 39 (Financial Instruments) collectively termed the "New Standards" from 1 January 2023. IFRS 17 is a comprehensive standard for the recognition, measurement, presentation and disclosure of insurance contracts. The primary goal is to establish transparency, comparability, and relevancy in the financial statements of insurance companies, ultimately benefiting stakeholders such as investors, regulators and policyholders. IFRS 9 addresses the accounting for financial instruments, including their classification and measurement. With an effective date of 1 January 2018, the adoption of IFRS 9 brings about significant advantages for entities, including simplified processes, enhanced risk management, improved transparency, and global consistency, ultimately leading to better-informed decision-making and financial stability. The adoption of IFRS 9 is a pre-requisite for the adoption of IFRS 17. Most entities have delayed the adoption of IFRS 9 till the adoption of IFRS 17.

Africa Re in 2023: New Records and Crossing Milestones

The Corporation has adopted IFRS 9 and IFRS 17 accounting standards for the 2023 financial year. In accordance with the relevant requirements of these standards, the Corporation has retrospectively restated the comparative data for the same period last year. The Corporation will continue to report IFRS 4 and IFRS 17 metrics together into the foreseeable future.

Africa Re achieved a record growth of 16.25% in gross written premium to achieve the milestone premium income of US$ 1.106 billion (2022: US$ 951.789 million). This growth in the reporting currency (US Dollar) was achieved despite writing business in predominantly local currencies that are exposed to depreciation and volatility. Given a hypothetical scenario of constant exchange rate using the year-end rate of 2022 against the US Dollar, the Corporation would have achieved a higher premium income of US$ 1.199 billion translating to a growth of 25.92% over 2022.

The net reinsurance revenue improved from US$ 770.546 million in 2022 to US$ 880.421 million in 2023 translating to a growth of 14.26%. The strong performance is a testament to Africa Re's strong underwriting discipline supported by adequate retrocession protection for natural catastrophe exposures and other large risks. In 2023 following the devastating earthquakes in Turkey of 7.8 magnitude (6 February 2023) and Morocco of 6.8 magnitude (8 September 2023),

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the Corporation has a combined gross exposure of US$ 40 million with over 75% as net exposure, based on the US$ 10 million retrocession protection for the international portfolio. The governments of Morocco and Turkey had recognized the dangers of disaster risk and had implemented a system of public-private partnerships to pre-finance their response to earthquakes.

In the period under review, the Corporation achieved an IFRS 17 net combined ratio of 85.75% (2022: 89.63%), an excellent performance compared to industry benchmarks compiled by leading global and regional reinsurance brokers. Under IFRS 17, the net combined ratios are lower due to the exclusion of the non-attributable component of the administrative expenses. According to Gallagher Re, their subset of companies posted a net combined ratio of 88.90% (2022: 94.60%). Aon also noted that their reinsurance aggregate posted 89.90% in 2023 under IFRS 17 showing the strong underwriting performance relating to global reinsurers.

Following the implementation of the new standards and restatement of prior year results for comparability, the investment and other income excluding interest on reinsurance deposits with ceding companies rose significantly from US$ 9.937 million in 2022 to US$ 71.289 million in 2023. This translates into an impressive 617.41% growth from the historical lows of 2022. There was significant capital appreciation for the equity portfolio as most markets posted positive returns from the poor performance recorded in 2022. The performance of the bond portfolio was driven by the high stable interest rate environment and reinvestment into long-dated bonds. The portfolio grew due to capital appreciation and the liquidated assets of the equity portfolio. Overall, the Corporation posted an average return on investment of 4.96% (2022: 0.66%). The average investment return across asset classes recorded 3.91% on cash instruments (2022: 2.73%), 4.34% on fixed income instruments (2022: 1.01%), 13.61% on equities (2022: -11.58%) and 9.01% on investment property (2022: 8.82%).

The Corporation achieved a historic net profit after tax of US$ 126.954 million in 2023 compared with the restated achievement of US$ 59.873 million of 2022. This represented a growth of 112.04%. The return on average equity of 12.30% was achieved in 2023 (2022: 5.99%). Under IFRS 4, the net profit was higher as the Corporation recorded US$ 128.45 million (2022: US$ 23.73 million) at a growth rate of 441.21%. This excellent performance was driven by prudent underwriting despite natural catastrophe exposures, strong investment returns, and a lower impact of currency depreciation.

The cumulative impact of currency depreciation across the statement of profit or loss and the statement of other comprehensive income in 2023 was a loss of US$ 33.675 million (2022: -US$ 40.421 million). Also, the shareholders' fund of the Corporation grew by 6.68% from US$ 998.986 million to US$ 1.066 billion. Finally, the strong capital buffers and excellent performance of 2023 has allowed the Board and Management to propose a dividend of US$ 10.00 per share for consideration by the General Assembly.

2024 Outlook: Continuing Macroeconomic Uncertainty and Stable Industry Outlook

The global economy is expecting a gradual return to normalcy with interest rate cuts expected in most economies. Based on its April 2024 report, the IMF has projected a global economic growth of 3.20% for 2024 (2023: 3.20%). The pace of economic growth is low by historical standards owing to both near-term factors such as: still-high borrowing costs and withdrawal of fiscal support, longer-term effects from the Covid-19 pandemic, Russia-Ukraine war, weak growth in productivity and increasing geo-economic tensions and potential fragmentation. The ongoing conflicts between Israel and Hamas, heightened tensions between Israel and Iran, the unending war between Russia and Ukraine as well as internal conflicts within Sudan could lead to spikes in prices that could reverse the ongoing fragile economic recovery.

2024 is a year with mixed outlook as the industry expects an improvement in its terms and conditions, there is significant macroeconomic uncertainty hinging on monetary, fiscal and structural factors that could derail the positive momentum of the industry. 2024 is an election year for the world's largest economies and its outcome may have cascading effects around the world. In Africa, the political risks from planned elections could be heightened as opposition parties battle with incumbents on populist policies. The Corporation remains aware of these risks and continue to put measures in place to mitigate their impact on the overall performance.

In Africa, 2024 looks promising as there is a renewed global appetite for African debt as shown by the successful Eurobonds issuance of Côte d'Ivoire, Kenya and Benin although at significantly higher costs. There are also elevated risks from climate events across the continent, especially with the recent floods in Kenya. These domestic and external shocks will continue to pressure African currencies which may depreciate further with governments having to make the difficult monetary, fiscal and structural policy choices. Furthermore, analysts estimate that a further devaluation of African currencies may be necessary to drive stronger economic growth and recovery including financing requirements from development finance institutions.

There is positive sentiment around the reinsurance industry based on the continued pricing momentum. However, these favourable industry developments could be adversely impacted by the continued macroeconomic challenges, uncertainty in the financial markets and extreme weather events. To this end, Management continues to remain guided by profitability as a key strategic imperative with a projected growth of 5% on top-line while maintaining a conservative net combined ratio of 95.00% and 90.00% under IFRS 4 and IFRS 17 respectively. The Corporation continues to target a Return on Average Equity of 10.00% with the impact of currency depreciation on the net income a critical factor. Finally, in line with the approved dividend stability policy, a dividend of US$ 10.00 per share is expected to be maintained.

Other Updates: Strategy Implementation and Societal Development

Overall, the 7th strategic plan (2022-2025) of the Corporation is on track to deliver on the accelerated and profitable growth mandate with the winning aspiration to remain the leading risk transformer in Africa providing bespoke risk management solutions to clients and other stakeholders for African economic development using a blend of traditional, innovative and emerging product offerings that competes favourably with local, regional and international players.

The Corporation has recently signed a host agreement with the Democratic Republic of Congo. The agreement with Uganda is also expected to be formalized soon and discussions are underway with Angola. This is an opportunity to expand Africa Re's footprint into this growing market. We continue to turnaround poorly performing portfolios in selected markets through prudent underwriting interventions and remain protected with robust A-rated securities in retrocession. There is also an ongoing review of the investment strategy to position the Corporation to maximize returns whilst maintaining the focus on liquidity and preservation of capital. As a business that earns almost 75% in local currencies, we continue to ensure that we actively manage the Corporation's financial assets to minimize the effect of currency depreciation.

In the area of climate resilience, the Corporation continues to engage governments on the value proposition for economic resilience. There are ongoing discussions with different stakeholders to learn lessons from the model of Morocco, that was able to secure funding in the early days of the earthquake in 2023 under a parametric cover. To respond to the emergency needs of the affected population, Morocco was able to leverage its dual public-private financial protection program, including catastrophe risk insurance. The Solidarity Fund was able to mobilize the accumulated reserves from the parafiscal tax proceeds (US$50 million) and then activate a US$ 275 million insurance payout under its earthquake reinsurance policy.

To strengthen the footprint of the Corporation in some of its host countries, Africa Re has an ongoing construction project in the Federal Capital Territory of Nigeria (Abuja). The project is within budget, on schedule and expected to be completed with the desired quality. It is expected that this edifice will be completed in 2026 and its formal launch will be part of the activities to commemorate the 50th anniversary of the Corporation. This is an addition to the landed properties, residential buildings and office buildings owned by the Corporation across the continent and constitute its most profitable investment asset so far.

With respect to good corporate citizenship, the Corporation continues to disburse the pledged funds of the Covid-19 pandemic as beneficiaries meet the requirements. Also, another cohort of 1000 participants in the Young Insurance Professional Programme (YIPP) completed the programme with the top 10 learners invited to the 8th Edition of the African Insurance Awards held alongside the 49th African Insurance Organisation conference in Algiers (Algeria). Africa Re continues to support initiatives that promote awareness, affordability and availability of insurance as a risk management and resilience tool for individuals, businesses and governments.

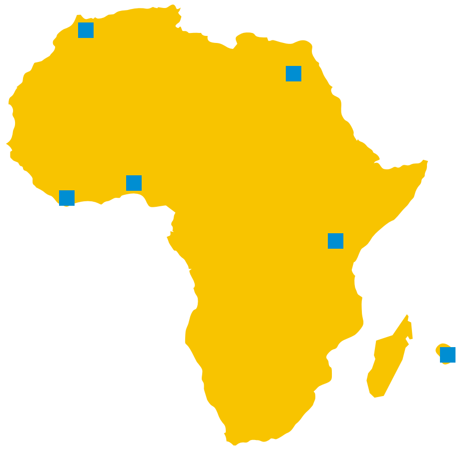
II. TECHNICAL OPERATIONS

The Corporation's operating results are examined in this section and compared to 2022 figures.

Africa Re operates through a network of eight offices strategically located in the continent. Activities in a number of African markets situated within a common geographical area are coordinated by an office in the region. Closeness to clients in each location gives Africa Re a unique leverage over its peers, to better understand clients' needs and hence provide credible and efficient services to insurance markets in the continent.

Africa Re adheres to best practices in every facet of its business. Cedants reciprocate its long-term commitment to the continent by granting the Corporation access to profitable and diversified business in Africa, and to a lesser extent, Asia, the Middle East and Brazil.

The Corporation operates from the following production centers:



Six regional offices:

- Lagos, Nigeria: Anglophone West Africa and African Pools;
- Abidjan, Côte d'Ivoire: Francophone West and Central Africa;
- Casablanca, Morocco: Maghreb;
- Cairo, Egypt: North East Africa and the Middle East;
- Nairobi, Kenya: East Africa and parts of Southern Africa; and
- Ebene, Mauritius: African Indian Ocean Islands, Portuguese-speaking African market, Asia and Brazil.

Three wholly owned subsidiaries

- Johannesburg, South Africa: South Africa and neighboring markets, handled by the subsidiary - African Reinsurance Corporation (South Africa) Limited;
- Cairo, Egypt: Africa, Asia and Middle East Retakaful markets handled by the subsidiary - African Retakaful Company;
- Dubai, United Arab Emirates: Middle East business written through a specialized underwriting vehicle – Africa Re Underwriting Agency Limited

Two Local Offices

- Addis Ababa, Ethiopia;
- Kharthoum, Sudan

One underwriting offices

- Kampala, Uganda.

The portfolio of insurance risks accepted by the Corporation can be broadly classified along the following business lines:

- Fire & Engineering
- Accident & Motor
- Oil & Energy
- Marine & Aviation; and
- Life

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The table below provides a summary of the Corporation's performance:

Description (US$ Million)	2023			2022		
	Gross	Retro	Net	Gross	Retro	Net
Income						
Gross Written Premium	1,106.49	(190.93)	915.56	951.79	(179.19)	772.60
Change in unearned premium Reserve	(60.97)	24.97		(34.68)	31.97	(2.71)
Reinsurance Revenue/ Allocation of retrocession Premium	1,045.52	(165.97)	879.55	917.11	(147.22)	769.89
Outgo						
Incurred Claims & expenses and changes to liability	523.50	(31.59)	491.91	540.00	(78.32)	461.68
Change in Loss (Recovery) Component	0.36	(0.29)	0.07	(4.14)	(0.03)	(4.18)
Incurred Acquisition costs	262.20	0.00	262.20	232.57		232.57
Service Expense/Retro Loss recovery	786.05	(31.88)	754.17	768.43	(78.36)	690.07

Revenue Income

In 2023, the Corporation crossed the psychological milestone of US$ 1 billion of premium income and generated a gross reinsurance revenue of US$1,045.52 million under IFRS 17 accounting standard, which was 14.00% more than the 2022 (restated) revenue of US$917.11 million, mainly due to continued economic recovery witnessed by most countries in Africa following the slowdown of business due to the Covid-19 pandemic in the previous year. This is against a gross written premium of US$1,106.49 million and US$951.79 million in 2023 and 2022 respectively under IFRS 4.

Fluctuations in exchange rates adversely impacted the Corporation's production by US$92.01 million following the significant depreciation of major operating currencies such as the Nigerian Naira, the Kenya shilling, the Egyptian pound, the South African rand, the Sudanese pound, the Ghana cedi and the Ethiopian birr weakened against the US dollar.

Tighter monetary policies and global inflation have increased borrowing costs in sub-Saharan Africa, leading to elevated macroeconomic imbalances. As a result, economic recovery has slowed, with the 2023 growth projected to decline to 3.4% from 4.0% in 2022, potentially impacting the continent's long-term growth, according to the International Monetary Fund.

South Africa is expected to see a minimal growth of 0.6% in 2023, down from a 2.0% increase in 2022. This deceleration is attributed to deepening challenges in the energy sector and broader economic hurdles.

Nigeria's real GDP is estimated to have decreased by 2.9% in 2023 from the 3.3% growth realized in 2022 amid ongoing challenges in the oil sector, high inflation-driven currency depreciation, and other economic difficulties relative to the prior year.

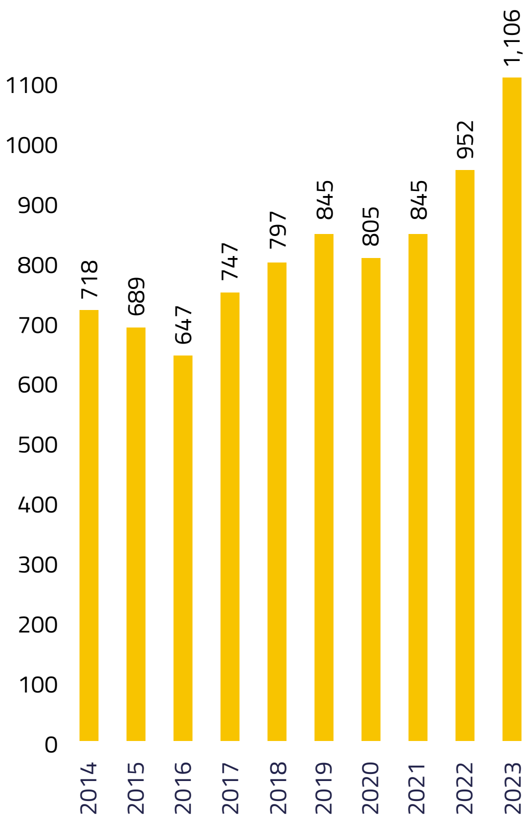
Egypt's GDP growth for the entire fiscal year decreased to 3.8% in 2023, following the impressive 6.7% increase in 2022, due to the negative impact of global shocks and domestic supply bottlenecks on the economy.

Kenya's economy is estimated to have grown by 5.5% in 2023 after an increase of 4.8% in 2022. This growth was attributed to a strong recovery in the agriculture sector, which had faced severe drought in the prior year.

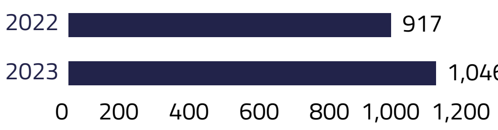
Morocco's GDP is estimated to have increased to 3.0% in 2023 after 1.3% in 2022, driven by a partial rebound in agricultural output, services, and net exports. Inflation has also decreased, but food inflation remains high. The country's external resilience is evident through solid demand for its goods and services, as well as strong foreign direct investment inflows.

Africa Re remains the leading African reinsurer and the only local security on the continent backed by A rating from AM Best and A- rating from S&P. Accordingly, the Corporation will continue to build its expertise in emerging and specialty lines with the view to providing African insurance markets with capacity and technical support in new products and special risks. Concurrently, in the coming years, the Corporation will continue to deploy its resources in order to maintain and increase its existing portfolio lines.

Development of gross written premium in US$million



Gross Reinsurance Revenue in US$ Million

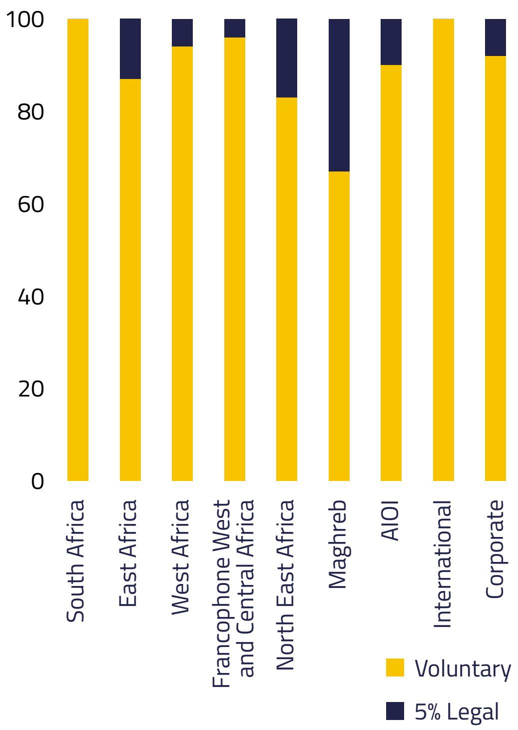


Legal (Compulsory) Cessions

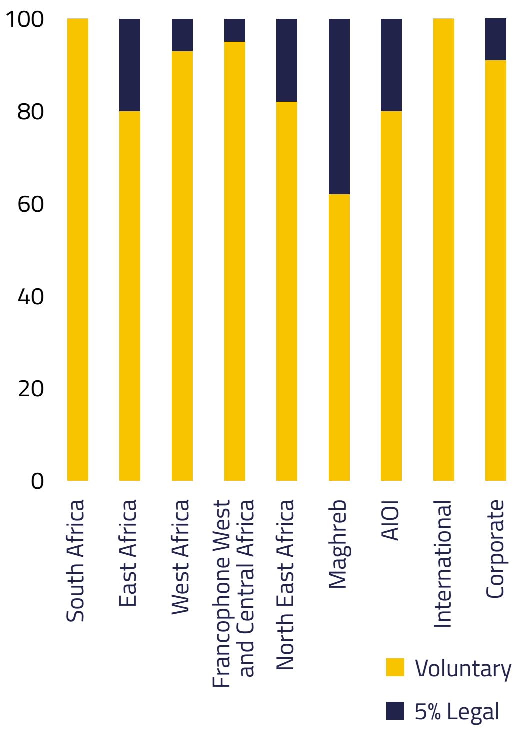
In 1976, when Africa Re was established by 36 African member States,, as an initiative of the African Development Bank, it had to compete with much larger foreign reinsurers with ties to former colonies. The rationale for setting up the Corporation, which is still paramount to date, is to reduce the outflow of premium income from the continent. To ensure its survival among these well-known larger brands, the Corporation was granted, at inception, 5% of every reinsurance treaty emanating from member states (the number of member states has risen to 42).

Compulsory cessions presently account for 8.0% of gross premium income.

Financial year 2023



Financial year 2022



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Geographical distribution

Africa Re operates from a network of six regional offices, three subsidiaries, two local offices, and one underwriting office. The Corporation accepts business from cedants across Africa, as well as selected markets in Asia, the Middle East, and Brazil.

Southern Africa
The African Reinsurance Corporation, South Africa Ltd (ARCSA) in Johannesburg, oversees operations in Botswana and the Rand zone. The subsidiary is Africa Re's third-highest revenue provider, with a contribution of 12.58% to the overall group turnover in 2023. In the year under review, ARCSA generated US$131.55 million of reinsurance revenue which is more or less at par with the previous year's income (2022: US$135.30 million). The slight decrease in revenue is partly due to the negative impact of the weakening of the Rand against the US Dollar during the year.

East Africa
Revenue from this region increased by 3.85% to US$213.30 million (2022: US$205.39 million). This figure accounts for 20.40% of the corporate income, making the office the highest revenue provider in 2023.

Anglophone West Africa
Reinsurance revenue from this region was US$129.08 million (2022: US$134.52 million), representing a 4.05% decrease over the previous year. This turnover accounts for 12.35% of the corporation's production. The negative impact of exchange rate fluctuation was US$30.06 million, driven by the shape depreciation of the Nigerian Naira.

Maghreb
Production from the Maghreb region increased by 2.44% to US$79.97 million (2022: US$78.06 million). The revenue from the region accounts for 7.65% of the corporation's production.

North East Africa
Domestic revenue from the Cairo Regional Office contracted from US$41.40 million in 2022 to US$39.35 million in 2023. The growth would have been higher if not of the depreciation of the Egyptian Pound. The impact of rates of exchange fluctuation negatively affected the production by US$4.46 million. Income from North-East Africa accounts for 3.76% of corporate production.

Francophone West and Central Africa
The Abidjan Office is responsible for the predominantly French-speaking region of West and Central Africa. Turnover increased by 13.47% from US$112.27 million in 2022 to US$127.39 million in 2023. This growth was achieved due to the continued expansion in the Energy sector. Revenue from this region accounts for 12.18% of corporate production.

African Indian Ocean Islands
Revenue from the African Indian Ocean Islands and Lusophone African markets, increased from US$29.99 million in 2022 to US$33.91 million in 2023. Business from this office accounts for 3.24% of the Corporation's turnover.

Africa Retakaful
Africa Retakaful's revenue increased from US$38.87 million in 2022 to US$49.44 million in 2023. This performance is mainly due to the expansion in the Fire and Engineering classes of business. Production was adversely impacted by the fluctuation of rates of exchange to the tune of US$3.17 million, largely arising from the depreciation of the Sudanese Pound.

International Business
Africa Re's revenue from international business increased from US$141.31 million in 2022 to US$241.54 million in 2023. Production from the Middle East was US$77.90 million in 2023 (2022: US$50.54 million). The revenue from Asia increased significantly from US$76.23 million in 2022 to US$138.63 million in 2023 growth in Fire and Whole Account business. Production from Brazil recorded notable growth as well from US$14.54 million in 2022 to US$25.01 million in 2023, mainly from Fire class of business. The growth of the international business portfolio is partly attributable to positive rates movements, while the increase in its proportion relative to the total premium income of the Corporation is also boosted by the relative stability – against the US dollar or the reporting currency - of the currencies in these markets compared to the African currencies.

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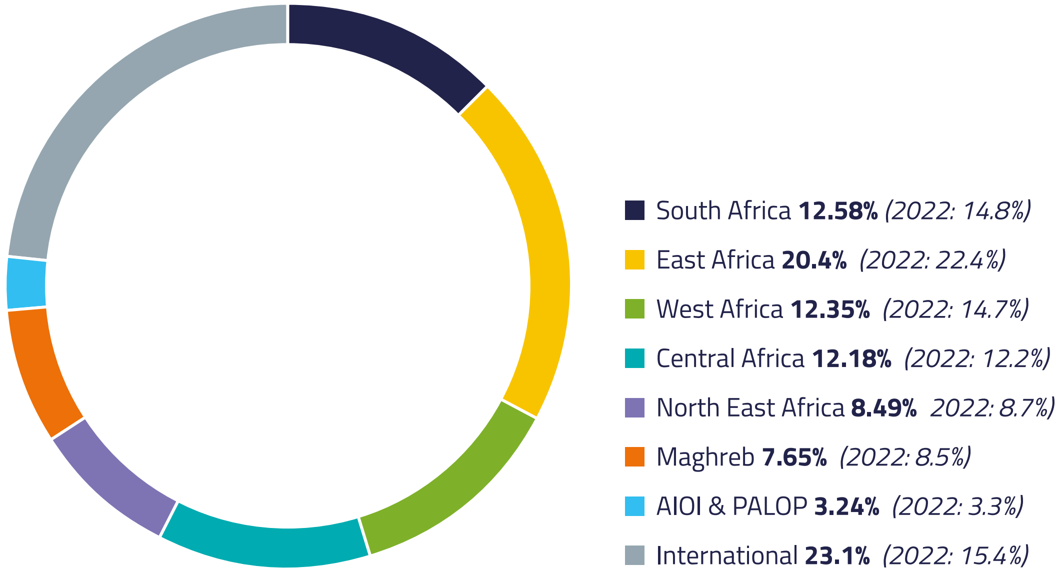
Geographical distribution of gross premium



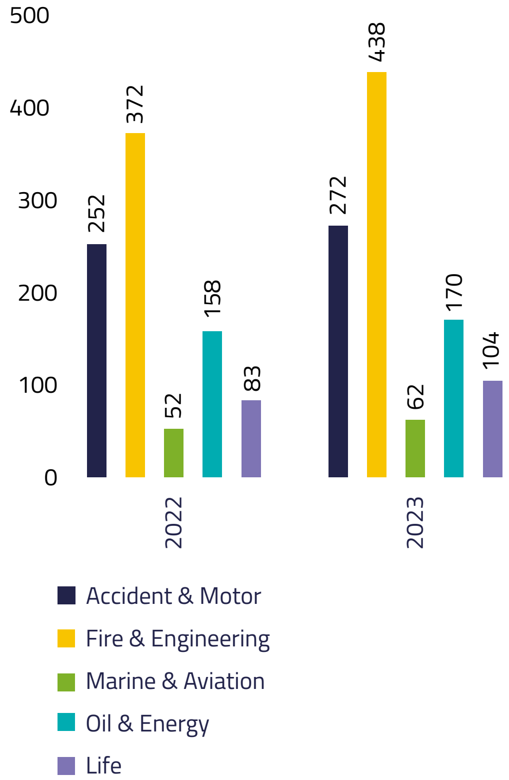
Sectoral distribution

Fire and Engineering class continued to produce the highest revenue with US$438.23 million representing 41.92% of corporate production as against US$371.78 million or 40.54% in 2022. This is followed by the Accident and Motor class, which stood at US$271.92 million or 26.01% of corporate revenue (2022: US$251.83 million representing 27.46%).

Oil & Energy class is third with a revenue of US$169.57 million or 16.22% of turnover (2022: US$158.01 million representing 17.23%).

The Life class is fourth with US$103.80 million or 9.93% of turnover (2022: US$83.25 million or 9.08%) while the Marine and Aviation class follows with US$61.99 million, which is 5.93% of corporate production (2022: US$52.25 million representing 5.70%).

Reinsurance Revenue by Class in US$ Million



Reinsurance Service Results

Results by Line of Business

Total gross reinsurance service expense stood at US$786.05 million in 2023 from US$768.43 million in 2022, translating to a decrease of the gross combined ratio from 83.79% in 2022 to 75.18% in 2023.

After accounting for the cost of reinsurance, the net combined ratio stood at 85.75%. Life recorded the lowest combined ratio at 69.60%, followed by Oil & Energy at 75.77%.

The table below provides insight into the previously stated indicators.

Gross Combined Ratio and Net Combined Ratio by Class - Financial Year 2023 (US$ Million)

Class of business	Reinsurance Service Expense	Reinsurance Revenue	Gross Combined Ratio	Net Combined Ratio
Accident & Motor	236.74	271.92	87.06%	89.25%
Fire & Engineering	371.29	438.23	84.72%	90.03%
Marine & Aviation	43.49	61.99	70.15%	77.17%
Oil & Energy	64.88	169.57	38.26%	75.77%
Life	69.66	103.80	67.11%	69.60%
Total	**786.05**	**1,045.52**	**75.18%**	**85.75%**

Results by Trading Area (US$ Million)

Region	Reinsurance Revenue	Reinsurance Service Expense	Gross Combined Ratio	Loss Ratio	Expense Ratio	Combined Ratio 2023	Combined Ratio 2022 (Restated)
ARCSA	131.55	118.71	90.24%	62.68%	35.78%	98.46%	97.96%
Anglophone West Africa	129.08	69.23	53.63%	34.99%	46.01%	81.00%	91.65%
East Africa	213.30	170.67	80.02%	49.01%	34.53%	83.54%	93.71%
North Africa Maghreb	79.97	46.86	58.60%	41.76%	27.22%	68.99%	74.45%
Northeast Africa	39.35	19.36	49.21%	29.14%	41.51%	70.65%	91.19%
Francophone West & Central Africa	127.39	53.10	41.68%	20.96%	34.78%	55.74%	71.62%
African Indian Ocean Islands	22.18	16.05	72.39%	40.33%	40.72%	81.05%	138.51%
Lusophone Africa (PALOP)	11.73	9.85	83.94%	64.55%	29.68%	94.24%	117.02%
Africa Retakaful	49.44	38.56	78.00%	46.01%	36.04%	82.05%	89.04%
International	241.54	243.66	100.88%	71.32%	26.70%	98.02%	87.19%
Corporation	**1,045.52**	**786.05**	**75.18%**	**52.20%**	**33.55%**	**85.75%**	**89.63%**

The combined ratio of 85.75% is lower than the previous year's figure of 89.63%. The improvement is mainly attributable to a better loss experience, with a loss ratio of 52.20% against 55.67% in 2022. There was also a slight improvement of the expense ratio which includes acquisition cost, to 33.55% from 33.96% in 2022. Most profit centers recorded an improved combined ratio compared to 2022, with the exception of international business, while South Africa's combined ratio remained more or less constant at 98%. The deterioration of the international business combined ratio is ascribed to losses from the Turkish earthquake in February 2023, increasing the loss ratio from 60.31% in 2022 to 71.32% in 2023. Overall, all profit centers recorded a positive result.

III. INVESTMENT INCOME

Portfolio Performance (Abundant Harvest for the Corporation)

The Corporation closed the financial year 2023 with a new record investment and other income supported by active management in a high and stable interest rate environment. The exposure to fixed income continues to provide attractive and stable income.

The Corporation's investment and other Income improved by 617.42% to reach US$ 71.29 million, the highest ever achieved, compared to US$ 9.94 million recorded in 2022. The performance was driven by exceptionally high-interest income and substantial capital gain from assets reported at fair value through profit or loss.

Dividend, interest, and rental income improved significantly by 55.86% to reach US$ 58.11 million from US$ 37.29 million achieved in the financial year 2022 due to higher interest income from bond instruments and bank deposits.

The expected credit loss amount reduced by US$ 1.70 million in 2023 due to an improvement in the credit quality of the financial assets.

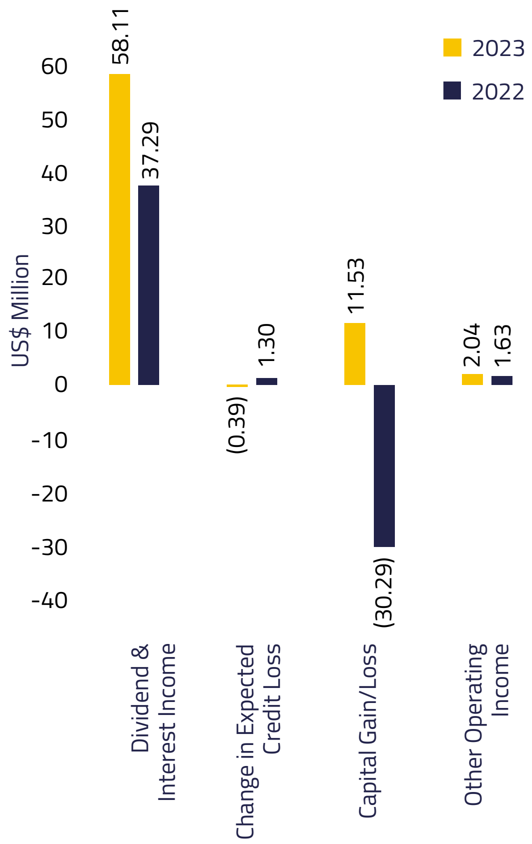
Due to the stabilization of the interest rate increase, the financial year 2023 recorded a capital gain of US$ 11.53 million, compared to a capital loss of US$30.29 million in the previous year.

The size of the investment portfolio improved by 8.94% from US$ 1.34 billion in December 2022 to US$ 1.46 billion in December 2023, supported by strong investment income and net positive technical results.

The risk level of the investment portfolio also improved significantly as reflected by a lower Value-at-Risk of 6.12% of the investment portfolio.

Consequently, the Corporation achieved a 4.96% average return on investment in the year 2023 compared to the 0.63% achieved in 2022. Out of the 4.96% performance, 4.14% was recorded on interest and dividend income while 0.82% was added from capital appreciation of the assets.

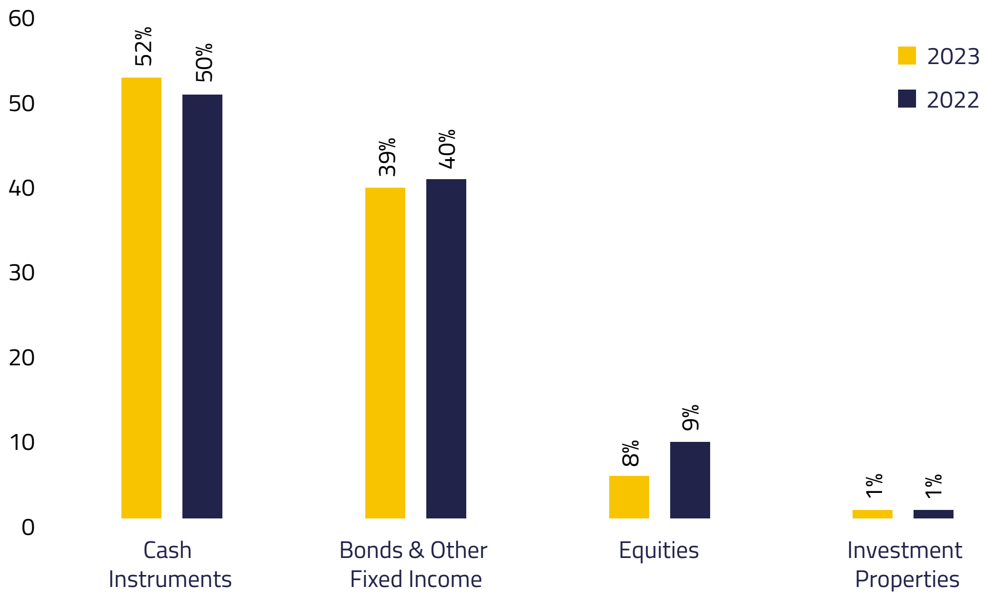
The graph below details the performance of the year under review compared to last year.



Asset composition

The allocation of the investment portfolio between asset classes remained stable compared to previous years (Cash instrument: 52%, Equity Securities: 8%, Fixed Income: 39%, and Investment Properties: 1%), reflecting the stability of the Corporation's investment strategy.

Asset Composition



Long term investments

The Corporation continues to support the socio-economic development of the African continent by, amongst others, allocating its long-term equity investments to African entities or those contributing directly or indirectly to the growth of economic activities on the continent. The Corporation's total commitment to private equity stood at US$ 61.753 million invested in a portfolio of 21 companies made of the following:

- Four (4) regional development finance institutions: Shelter Afrique, Trade Development Bank, Afreximbank and Africa Finance Corporation
- Three (3) insurance companies: Allianz Vie (Cameroon), African Trade Insurance Agency (Kenya) and Gepetrol Seguros SA (Equatorial Guinea)
- One (1) pension fund administration company (ARM PFA in Nigeria), and
- Twelve (12) private equity funds (CAPE II, CAPE III, CAPE IV, AFIG I, AFIG II ECP Africa Fund III, ECP IV, Adlevo Capital, PAHF, Carlyle Africa fund, AAF SME Fund and Partech Africa Fund II).

Listed Equity Portfolio

The equity portfolio recovered from its losses in 2022 and posted a gain of US$15.99 million compared to last year's loss of US$15.99 million.

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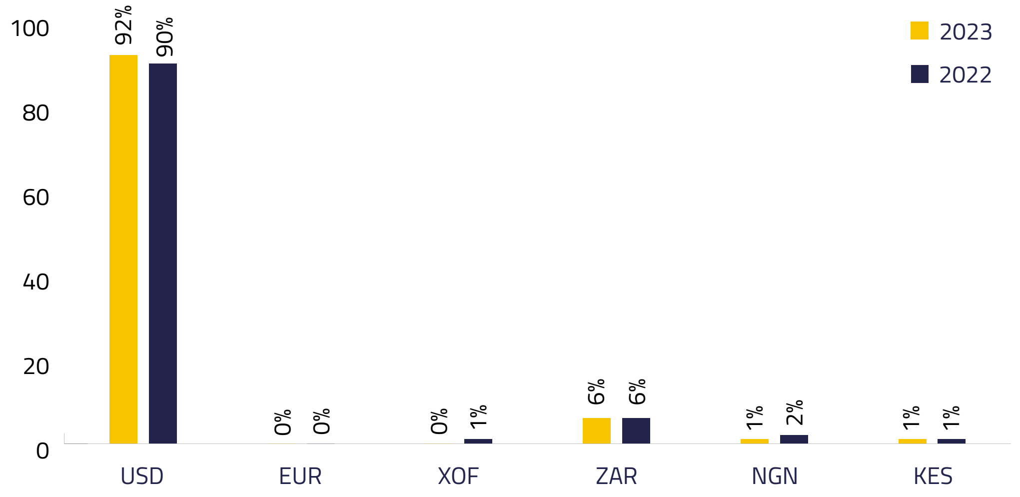
Currency Exposure of the Equity Portfolio



Looking at the equity portfolio's currency exposure, the US dollar remains the dominant investment currency, with 90% of equity instruments invested in US$.

Bonds and other fixed income

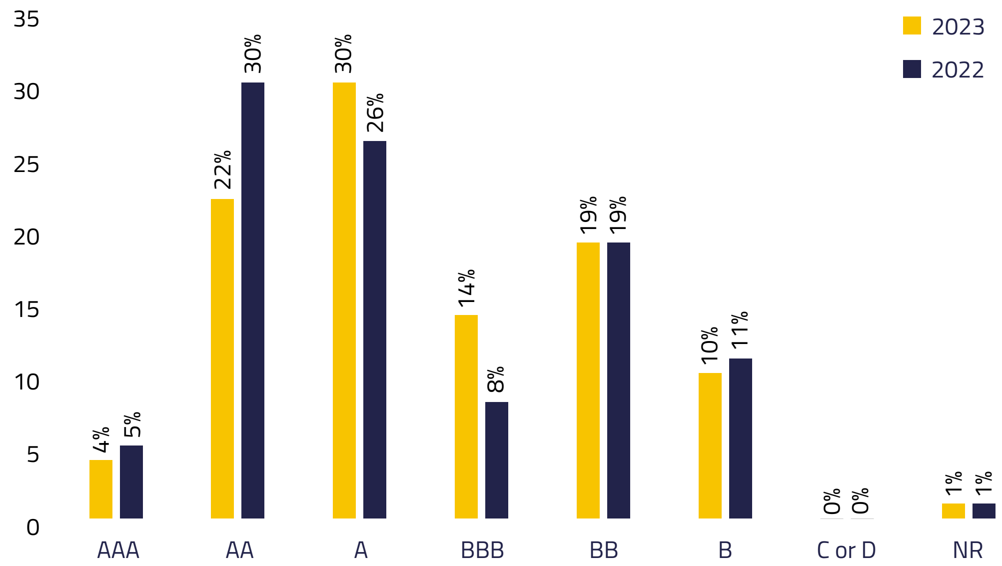
The size of the bond portfolio increased by 8.62% from US$528.06 million on 31 December 2022 to US$573.57 million on 31 December 2023 due to reinvestment of coupons and the addition of new capital.

The bond portfolio's performance improved significantly by 355.78% from US$5.248 million in 2022 to US$24.361 million in 2023. Several factors played in favor of the Corporation, including high and stable interest rates combined with reinvestment in high-yielding bonds. Overall, the bond portfolio posted a return of 4.17% against 1.01% in 2022.

Interest rates went up by 75 basis points during the year, which was much in line with market expectations. The stabilization of the yield curve allowed the Corporation to record capital gains of US$0.37 million in 2023 (realized and unrealized capital gains or losses) as opposed to the US$11.60 million loss achieved in 2022.

The portfolio's quality and interest rate sensitivity remain at investment grade and below the five years as required by the investment policy and guidelines. The graph below shows the allocation per rating category for 2023 and 2022.

Bond Portfolio Credit Profile



Cash Instruments

The cash instruments portfolio increased by 13.65% from US$663.35 million in December 2022 to US$754.34 million in December 2023 and is attributable to both interest income and net positive technical cashflows.

Interest income on the cash instrument portfolio increased by 47.65%, from US$18.50 million in 2022 to US$27.31 million in 2023.

Other Operating Income

Other operating income (management fees received from Aviation, Oil & Energy, EAIPN pools, and sundry income) totalled US$2.03 million compared to US$1.631 million posted in 2022, indicating a positive performance of 24.75% year on year.

Outlook

The prospect of a global economy is better, with the World Gross Domestic Product (GDP) expected to improve to 3.1% and 3.2% in 2024 and 2025, respectively. Developed and emerging economies exhibited much more resilience against inflationary pressures.

The improvement in inflation appears to be better than expected. The consensus sees inflation stabilizing around 3.5% by the end of the year, which is still higher than the 2% target of the Fed. Therefore, central banks are careful to cut rates too fast. Expectations of interest rate cuts in the US reduced from 4 times to 2 times leaving markets in ambiguous situations.

We expect the performance of the Corporation's investment portfolio in 2024 to moderate compared to 2023 but remain strong and consistent with expectations.

IV. RESULTS OF THE 2023 FINANCIAL YEAR

Gross Written Premium income in 2023 of US$ 1.11 Billion (2022: US$ 951.79 million) reflected a growth of 16.2% when compared to 2022. The significant increase was fueled by successful marketing efforts and positive price movements. **Reinsurance Revenue** (comparable to gross earned premium under IFRS 4) for the year ended 2023 amounted to US$ 1.05 billion representing a 14% increase from the 2022 figure of US$ 917.11 million. Reinsurance Service Expenses comprising gross acquisition costs, gross claims incurred and attributable expense for the same period was US$ 786.05 million (2022: US$ 768.43 million) representing an increase of 2.29%.

Net Expenses for Retrocession Contracts held surged by 94.7%, rising from US$ 68.86 million to US$ 134.09 million. Meanwhile Net Reinsurance Finance Expense shifted from an income of US$ 19.44 Million in 2022 to a loss of US$ 59.52 million in 2023. This was mainly due to the substantial increase in reinsurance finance expense, which went from an income of US$ 24.16 million in 2022 to a loss of US$ 59.52 million.

Investment Income earned by the corporation from investment and other sources stood at US$ 59.76 million (2022: US$ 40.22 million), an important growth of 48.57% year on year due to significant interest income on fixed income instruments. The Corporation was able to capitalize on the high-interest rate environment and secured a comfortable income. The stabilization of interest rate increase, double with slower growth of inflation allowed risky assets to post positive change in valuation. As a matter of fact, the investment portfolio recorded a capital gain of US$11.53 million in 2023 as opposed to a loss of US$30.29 million in 2022

Foreign Currency Exchange Differences arising from revaluation of monetary assets and liabilities against the various functional currencies was a net gain of US$ 1.36 million (2022: US$ -29.85 million)

Income Tax Charge for the year amounted to US$ 0.89 million (2022: US$ 0.54 million) incurred in South Africa where the corporation is liable to pay tax. Consequently, Profit After Tax in 2023 amounted to US$ 126.95 million (US$ 60.41 million) being an increase of 110.15% year on year.

Total Comprehensive Income the year stood at US$ 90.69 million (2022: US$ 52.26 million) after adjusting the profit after tax for further negative movements in exchange losses on the translation of foreign operations whose amount was US$ 35.03 million (2022: US$ 10.57 million). There were also revaluation losses on assets held for sale amounting to US$ 1.23 million (2022: revaluation gain of US$ 2.96 million)

V. APPROPRIATION OF RESULTS

In furtherance of the Corporation's commitment to consolidate its financial position while providing remuneration on the capital invested in its equity, and in accordance with Resolution No. 3 on the new dividend distribution policy and appropriation of net profit adopted by the General Assembly of 17 June 2019 held in Tunis, Tunisia, the Board of Directors recommends that the 2023 Net Profit of US$ 126,954,811 be distributed as follows:

1. **US$ 63,477,406** to the general reserves in accordance with resolution no. 4/1992 which stipulates that **50% of the net profit after tax** of each year is set aside as General Reserves;
2. **US$ 1,000,000.00** to be transferred to the Reserve for Loss Fluctuation in accordance with the decision taken by the Board during its 57th Board Meeting of 17 November 1992 held in Lagos (Nigeria) to set aside an amount over and above the outstanding claims provision to moderate the effects of possible fluctuation in losses in future;
3. **US$ 1,269,548** to be transferred to the Africa Re Foundation as 1% of the Net Profit for the Year;
4. **US$ 28,718,150** to be paid as a Dividend at the rate of US$ 10.0 (2022: US$ 8.8) per subscribed and paid-up share of US$ 100 par value to be funded as follows:
    a. **Regular Dividend** of US$ 28,718,150 to be paid from the **Net Profit** for the year 2023;
    b. No special Dividend is distributed in the financial year
5. The balance of US$ 32,489,707 is to be added to Retained Earnings.

VI. CAPITAL MANAGEMENT

Africa Re ensures that its solvency and cash flow are sufficient to meet existing liabilities, future growth aspirations and to maximize reported profits. This is achieved by efficiently managing capital through a risk-based capital modelling regime under which the Corporation's capital reflects all the main risks to which it is exposed.

It is worth mentioning that the successful fourth capital increase improved the Corporation's solvency position in 2013. Since then, the Corporation has improved its solvency position by combining considerable retained earnings and risk-informed strategic decisions.

The capital needs of the Corporation are assessed using an internal risk-based capital model and external proprietary models developed by rating agencies. The objective is to ensure that, at all times, the Corporation has available more capital than required.

Financial strength ratings and capital adequacy

Due to its supranational nature, Africa Re Group is not legally subject to any national regulatory regime.

However, it should be noted that its subsidiary company, African Reinsurance Corporation South Africa Ltd (ARCSA), is supervised by the Prudential Authority and Financial Services Conduct Authority of South Africa. ARCSA was involved, alongside other industry participants, in the development of the regulatory framework called Solvency Assessment and Management (SAM), which is similar to the European Solvency II and is based on economic principles in the measurement of assets and liabilities. SAM sets out requirements for governance, risk management, supervision, disclosure and transparency. South Africa commenced the implementation of SAM in June 2018. Africa Re continues to follow the development of SAM in order to comply with the requirements in South Africa and adopt best practices for its Group operations.

Financial strength ratings, counterparty and issuer credit ratings have been assigned to Africa Re by S&P Global Ratings and AM Best since 1998 and 2003 respectively.

The evaluations of the rating agencies are based on a set of criteria, which include the assessment of the Corporation's capital adequacy. S&P Global Ratings and AM Best require an annual solvency probability of at least 99.6%, which entails a high level of capital that should enable the company to endure exceptional losses that would be expected to occur once in every 250 years.

The Corporation has a strong capitalization under the capital adequacy requirements of the two rating agencies. The Corporation's financial strength is assessed in accordance with the capital models of the two rating agencies in the table below.

Financial strength ratings

Rating Agency	Financial strength rating	Counterparty/ issuer credit Rating	Outlook	Last press release/ report date
A.M. Best	A	a	Stable	November 30, 2023
Standard & Poor's	A-	A-	Stable	July 27, 2023

AM Best affirmed on 30 November 2023 the financial strength rating of Africa Re at A (Excellent) and the issuer credit rating at "a" with both outlooks remaining Stable.
According to AM Best,
"the ratings reflect [Africa Re's] balance sheet strength, which AM Best assesses as strongest, as well as its strong operating performance, favourable business profile and appropriate enterprise risk management."

"[Africa Re's] balance sheet strength is underpinned by risk-adjusted capitalisation at the strongest level, as measured by Best's Capital Adequacy Ratio (BCAR)."

S&P Global Ratings affirmed the financial strength and the counterparty credit rating of Africa Re on 27 July, 2023. According to S&P, they "[expect] that African Reinsurance Corp. (Africa Re) will maintain capital adequacy in excess of the 'AAA' range, which is a key rating strength. A significant amount of excess capital relative to its liabilities supports the group's favorable capital position. Therefore, the group benefits from a material buffer above requirements to maintain 'AAA' level capitalization."

They believe "Africa Re benefits from well-diversified exposure across Africa, with a strong franchise and overall market position."

VII. ENTERPRISE RISK MANAGEMENT (ERM)

Africa Re ensures an enterprise approach to its risk management process to enable efficient identification and management of known and emerging threats to its business operations.

The Enterprise Risk Management (ERM) function supports value creation by enabling Management to deal effectively with future events that create uncertainty and to respond in a manner that reduces the likelihood of downside outcomes while leveraging opportunities. Consequently, the Corporation has processes in place to be anticipatory and effective at evaluating and managing uncertainties faced as it works towards creating sustainable value for stakeholders.

Risk Governance

The Risk Management and Compliance Department was created in 2010. The Department is headed by a Central Director who is the Chief Risk Officer (CRO). The Chief Risk Officer assumes responsibility for the overall leadership, vision and direction of the risk management function across the Corporation.

A Risk Management Committee (RMC) exists, consisting of the Central Directors and headed by the Deputy Managing Director/Chief Operating Officer. The Committee meets quarterly.

Through the current risk governance structure, the Corporation recognizes the importance of an integrated approach by assigning the corporation-wide risk management responsibility to senior management with access to the Underwriting, Risk Management and Information Technology Governance Committee of the Board.

Key Risk Management Bodies and Functions

Board of Directors			
Underwriting, Risk Management and Information Technology Governance Committee of the Board			
Executive Management			
Risk Management Committee	Investment Committee	ICT Steering Committee	Central Operations & Special Risks
Chief Risk Officer			
Risk Management function			

The African Reinsurance Corporation has also adopted the "three lines of defence" operational framework which operates as follows:

- 1st line: The day-to-day risk management and management control line, where staff and Management have direct responsibility for the management and control of risk;
- 2nd line: The risk oversight, policy and methodologies line, where the concerned staff co-ordinate, facilitate and oversee the effectiveness and integrity of Africa Re's risk management framework; and
- 3rd line: The independent assurance line, where control departments in charge of internal audit, technical inspection and external auditors provide independent assurance across all business functions in respect of the integrity and effectiveness of the risk management framework.

The roles and responsibilities of each of these functions and parties involved in the risk management process are described in detail in the Group ERM Framework.

Risk Landscape

The risk landscape of the Corporation comprises core business risks as well as other risks, and are categorised and defined as follows:

Group 1 - Insurance risk: risk of loss arising from the Corporation's core business as a result of inadequate underwriting or reserving. .

Group 2 - Credit risk: risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Group 3 - Market risk: risk that arises from fluctuations in values of, or income from assets, interest or exchange rates.

Group 4 - Currency fluctuation risk: risk of loss arising from changes in the different operational currencies of the Corporation.

Group 5- Liquidity risk: risk that sufficient financial resources are not maintained to meet liabilities when due.

Group 6 - Strategic risk: risk that the strategy the company sets for itself is unsuccessful or does not adequately recognise opportunities.

Group 7 - Reputational risk: risk of loss arising from damage to the Corporation's brand, leading to loss of business and competitive advantage.

Group 8 - Regulatory/Compliance risk: risk of loss from non-adherence to regulatory or shareholding agreement and international standards/policies leading to fines, sanctions, interventions and ultimately revocation of operating licence.

Group 9 - Operational risk: risk of loss resulting from inadequate or failed internal processes, people, systems and external events.

Across these categories, the Corporation identifies and evaluates all threats and opportunities to its strategic objectives through a systematic framework that is applied consistently across the Group.

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Risk Management Processes

The implementation of risk management at the operational level embraces various steps, including identification, measurement, analysis, assessment, reporting and monitoring, which enable the Corporation to closely follow significant risks in each group.

Financial Risks

Insurance, credit, market, currency fluctuation and liquidity risks have been classified as financial risks. The management of these risks is covered under "Management of Insurance and Financial Risks" (Pages 104 - 114).

Operational Risk

As indicated above, operational risk includes potential losses or reputational damage arising from inadequate or failed internal processes, people, systems and external events.

Within this framework, Africa Re includes legal and fraud related risks within operational risks. Other non-financial risk categories such as reputational, strategic and regulatory/ compliance have been identified separately. The detailed risk categorization is set out in the Corporation's Risk Taxonomy and Risk Register.

Africa Re is committed to properly mitigating and managing its exposure to operational and other non-financial risks. The operational risk management model involves the following cyclical process: identification, assessment, response & control, reporting and monitoring of risks. Dedicated officers (Risk Champions) from production centres and central departments are responsible for overseeing the management of operational risks which arise in their areas of control. The Corporation applies a centrally coordinated methodology to identify and assess risks through the use of an effective Operational Risk Solution, an IT platform called OneSumX.

The Operational Risk Solution facilitates the implementation of the tools and techniques provided in the Group ERM Framework which include the risk and control self-assessment (RCSA), internal loss data capturing, key risk indicators (KRIs), stress and scenario testing, etc. The solution is used in the Corporation's head office and production centres.

Appropriate controls and contingency plans such as Business Continuity Plans (BCPs) and Disaster Recovery Plans (DRPs) are in place to manage the Corporation's operational risk exposures to an acceptable level.

Emerging risks

These are developing risks, or already known risks which are subject to uncertainty and ambiguity and are therefore difficult to quantify using traditional risk assessment techniques.

An emerging risk can represent either a change in the nature of an existing or known risk or the development of a new risk. Generally, such risks are characterised by a high level of uncertainty.

Appropriate processes are implemented to quickly identify emerging risks as they have indirect bearing on strategy implementation, stability of the Corporation and can also present opportunities.

Africa Re uses horizon scanning and stress-testing indicators and parameters to identify emerging risks. The Corporation's approach to managing emerging risks, builds on the structures and tools for managing its known/ traditional risks. It ensures that the provisions of its risk management framework are robust in response to changing exposure to known risks and other emerging risks.

Risk Modelling

Financial Modelling

In response to the demands of the changing environment by regulators and rating agencies, the global insurance industry developed Dynamic Financial Analysis (DFA) models. Africa Re pioneered the use of internal models for capital assessment and risk management purposes in Africa.

ReMetrica, a tool for building financial models of an insurance or reinsurance company developed by Aon, was acquired by Africa Re under a license agreement. ReMetrica is used for the modelling of insurance, market and credit risks.

ReMetrica is used by Africa Re in different areas of decision-making including assessment of required capital, optimization of retrocession programme and support for strategic business decisions.

Africa Re acquired ReMetrica primarily to assess the sufficiency of shareholders' funds compared to its risk exposure, consistent with requirements from the Prudential Authority in South Africa and rating agencies (AM Best and S&P).

ReMetrica enables the Corporation to choose an optimum retrocession structure from various scenarios depending on their financial impact on the Corporation. Furthermore, it allows the Corporation to build different models for each business strategy. By comparing the results of different business strategies, the business portfolio can be improved. In that regard, ReMetrica has been for Africa Re, a useful tool for building a well-balanced business portfolio.

Catastrophe Modelling

Catastrophe modelling provides expected annual aggregate loss from catastrophe events which could help in developing strategies in the following areas:

- Monitoring of accumulations and pricing of original risk;
- Retrocession purchase including setting of limits and retentions depending on the risk appetite;
- Meeting the requirements of the Prudential Authority and rating agencies.

Africa Re has been monitoring its catastrophe exposures annually, particularly in African countries prone to natural perils such as South Africa, Mauritius and Kenya. Willis and Aon Benfield have traditionally offered a catastrophe modelling service, using either licensed or own models.

VIII. CORPORATE GOVERNANCE

Overview

Africa Re is regulated by the Agreement Establishing the Corporation and other statutory documents detailed below.

There are various corporate governance policy documents in force, which are based on international best practices. The Corporation's subsidiary in South Africa is locally incorporated and in addition, complies with the applicable local corporate governance codes such as the King III Report.

The Board and Management are responsible for ensuring that the Corporation applies the best practices in corporate governance that match the required minimum in modern international and peer companies.

Corporate Governance Framework

Corporate governance principles and procedures of Africa Re are defined in a series of documents governing the organization and its management. They include:

- Agreement Establishing the African Reinsurance Corporation, defining the ownership, administration and governance structure;
- Procedure for Proposing and Introducing Amendments to the Agreement;
- General Bye-Laws defining the General Regulations and the Rules of Procedure of the General Assembly;
- Rules of Procedure of the Board of Directors;
- Rules for the Election of Directors;
- The Board Charter and Board Committee Terms of Reference, setting out the duties and responsibilities of the Board and its Committees; and
- Code of Ethics, which lays down rules, behaviour and attitude to be observed by staff and Management when accomplishing their duties or acting on behalf of the Corporation.

The corporate governance framework of the Corporation undergoes appropriate reviews triggered by changes in the operations of the Corporation, international best practices in relevant areas, as well as strategy and risk profile amongst others.

Since June 2019, the Board comprises 5 Committees. The Committees of the Board of Directors of the African Reinsurance Corporation are today as follows:

1. Human Resources and Remuneration Committee;
2. Audit Committee;
3. Underwriting, Risk Management and Information Technology Governance Committee;
4. Nominations and Governance Committee;
5. Finance and Investment Committee.

The General Assembly, at its 41st Annual Ordinary Meeting held in Tunis, Republic of Tunisia, on 17 June 2019, decided to increase the number of Directors from 12 to 14 to cater for two (2) Non-Executive Independent Director board seats, in line with best international governance standards.

The Board had its first Independent Directors (Mr Moustapha COULIBALY and Mr Bakary KAMARA) in 2020 and 2021 respectively.

Shareholding

Shareholding Structure as at 31 December 2023

Shareholder	Number of Shares	In %
42 Member States	991,627	34.53
African Development Bank (AfDB)	240,000	8.36
113 African insurance and reinsurance companies	971,984	33.85
3 Non-African Investors (FAIRFAX, AXA, and SanlamAllianz)	660,000	22.98
Employee Shares Ownership Plan	8,204	0.29

Authorized / Paid-Up Capital and Recent Changes in Shareholding

The Corporation's policy consists in steadily growing capital with retained profit and additional equity from existing shareholders and selected potential investors. Therefore, from an initial paid-up capital of US$ 100 million in 2010, a call of the first portion of the capital of US$ 200 million was made in 2010 by issuing 1,000,000 new shares and distributing 1,000,000 bonus shares to existing shareholders.

The authorized capital stands at US$ 500 million as at 31 December 2023 with US$ 287,181,500 fully paid up. The capital is divided into 2,871,815 shares, each with a nominal value of US$100.

General Assembly

General Assembly Meeting

The General Assembly meets at least once a year in one of the member states, usually in June.

Voting Right & Representation

In line with the Agreement Establishing the Corporation, each shareholder has one vote for any one fully paid-up share. Each representative at the General Assembly is entitled to cast the votes of the shareholder or shareholders he represents. All significant decisions and matters before the Ordinary General Assembly are taken by a majority of the voting power represented at the meeting

Statutory quorums

A quorum for any meeting of the General Assembly shall be sixty (60) per cent of the total voting power of shareholders. If a quorum is not reached, a second meeting shall be held at least twenty-one (21) days or at most forty-five (45) days after the first meeting in the case of the ordinary general meetings and at least seven (7) days or at most thirty (30) days after the first meeting in the case of extraordinary meetings. The notice for the second meeting shall be sent within seven (7) days after the first meeting. The shareholders present at the second meeting shall have the right to pass valid resolutions whatever the number of shares they represent.

Notice & Agenda of the General Assembly

Notices for convening ordinary meetings of the General Assembly shall be sent to all shareholders by registered airmail not less than six (6) weeks before the date fixed for the meeting. The notice shall contain the agenda of the meeting.

Extraordinary meetings shall be convened in writing by appropriate means of communication not less than seven (7) days before the date of the meeting. An extraordinary meeting of the General Assembly may be called by the Board of Directors, or by shareholders representing at least twenty-five per cent (25%) of the total voting power of the Corporation.

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Board of Directors

Board of Directors – Composition

The Board of Directors is currently chaired by Dr Mohamed Ahmed MAAIT and comprises 14 substantive members. Directors are elected by the General Assembly for a period of three years and may be re-elected at the expiration of the term. They shall continue in office until their successors are elected.

The table below contains the current members of the Board of Directors of the Corporation as at 31 December 2023 as well as the constituencies/group of shareholders they represent.

Name & Nationality	Constituency
Dr Mohamed Ahmed MAAIT Egyptian	Egypt: state and companies
Mr Bakary KAMARA Mauritanian	Independent Director
Mrs Faouzia ZAABOUL Moroccan	Morocco: state and companies
Mr Belay TULU Ethiopian	East and Southern Africa and Sudan (12 states)
Mr Maurice MATANGA Cameroonian	Francophone West and Central Africa (states and companies)
Mr Kamel MARAMI Algerian	Algeria: state and 4 companies
Mr Arthur Nathaniel YASKEY Sierra Leonean	Anglophone West Africa (companies and 4 states) and East and Southern Africa (companies)
Mr Hafed Mohamed OMRAN Libyan	Libya, Mauritania and Tunisia (states and companies)
Mr Sunday Olorundare THOMAS Nigerian	Nigeria: state and companies
Mr Joseph VINCENT Belgian	African Development Bank (AfDB)
Mr Hassan EL SHABRAWISHI Egyptian	AXA
Mr Jean CLOUTIER Canadian	FAIRFAX
Mrs Delphine TRAORE Burkinabe	SANLAM ALLIANZ PROPRIETARY LIMITED
Mr Moustapha COULIBALY Ivorian	Independent Director

Board seats are distributed among shareholders or group of shareholders based on their voting power. The composition of the current Board is as follows:

- Nine (9) for Class "A" Shareholders (42 African member states, AfDB and 113 African insurance and reinsurance companies), with the AfDB entitled to a permanent seat.
- Three (3) for Class "B" Shareholders (3 non-African investors).
- Two (2) Independent Directors.

The Board of Directors currently has five standing committees: Audit Committee; Finance and Investment Committee; Human Resources and Remuneration Committee; Nominations and Governance Committee and the Underwriting, Risk Management and Information Technology Governance Committee;

Board of Directors – Committees

Audit Committee

The role of the Audit Committee includes but is not limited to the following:

a) Providing oversight on the Corporation's statutory financial reporting obligations together with fulfilling the legal, operational and professional requirements relating thereto.

b) Acting to ensure that the Corporation's records and reports of its business and other activities are adequate, appropriate, accurate and compliant with best practices.

c) Supplementing, supporting, advising, providing guidance and reports on the adequacy, integrity, effectiveness or otherwise of the Corporation's system of accounting, financial reporting and internal controls as well as Management's effectiveness in fulfilling its responsibility and mandate as custodian of the Corporation's assets and the financial records evidencing its business activities.

Members
- Mr. Moustapha COULIBALY (Committee Chairman)
- Mrs Faouzia ZAABOUL
- Mr Bakary KAMARA
- Mr Joseph VINCENT
- Mr Arthur YASKEY

Human Resources & Remuneration Committee

The role of the Committee includes but is not limited to the following:

a) Governing the staff remuneration process and making recommendations to the Board.

b) Providing oversight responsibilities on the Corporation's human resource management policies, practices and procedures.

c) Acting as the forum for supporting Executive Management to ensure that the Corporation has access to appropriate human resources through a transparent, balanced and sustainable framework for dealing with performance recognition and reward.

Members
- Mr Kamel MARAMI (Committee Chairman)
- Mr Belay TULU
- Mr Hassan El SHABRAWISHI
- Mr Maurice MATANGA
- Mr Hafed Mohamed OMRAN

Underwriting, Risk Management & Information Technology Governance Committee

The role of the Committee includes but is not limited to the following:

a) Providing guidance and oversight on the Corporation's underwriting and other risk-taking activities.

b) Acting as the forum for setting and updating the framework, models and policies for managing risk across the Corporation and for overseeing the underwriting activities of the Corporation as well as ICT resourcing activities.

Members
- Mr Jean CLOUTIER (Committee Chairman)
- Mr Joseph VINCENT
- Mr Sunday Olorundare THOMAS
- Mr Arthur YASKEY
- Mr Belay TULU

Finance & Investment Committee

The role of the Committee includes but is not limited to the following:

a) Reviewing and confirming that the medium term financial plans, annual operating budget and annual capital budget prepared by Management, are consistent with the strategic plan and the Corporation's financial policies.

b) Providing guidance and oversight on the Corporation's financial and investment affairs and activities.

c) Acting as the forum for setting and updating the framework, models and policies for managing investment risk across the Corporation and for overseeing the financing, investing, planning, capital and operational budgeting of the Corporation.

Members
- Mr Hassan El SHABRAWISHI (Committee Chairman)
- Mrs Faouzia ZAABOUL
- Mrs Delphine TRAORE
- Mr Moustapha COULIBALY
- Mr Maurice MATANGA

Nominations and Governance Committee

The role of the Committee includes but is not limited to the following:

a) Providing guidance and oversight on the Corporation's corporate governance activities and Board affairs.

b) Acting as the forum for setting and updating the framework, models and policies for providing leadership and direction for the Board, for ensuring Board performance and effectiveness, and for overseeing the continuous flow of quality personnel and other resources into the Corporation's leadership.

c) Governing the non-executive directors' remuneration process and making recommendations to the Board for preliminary approval and the General Assembly for final adoption.

Members
- Dr Mohamed MAAIT (Committee Chairman)
- Mr Kamel MARAMI
- Mr Bakary KAMARA
- Mrs Delphine TRAORE
- Mr Sunday Olorundare THOMAS

Board Evaluation and Training

As regards training, new Board members are provided with induction packs on the functions of the Board and the Committees. In addition, training is also provided to Directors in specific areas as need be. Accordingly, a training session on Retakaful business was organized for all board members on 22 March 2023.

Board of Directors – Activities in 2023

The Board of Directors met four times in 2023 in Abidjan, Rabat, Addis Ababa and Abuja. The four meetings were held in a hybrid format with some board members participating remotely (on the Zoom platform). The average attendance rate was 95%.

Executive Management

The Executive Management comprises the following members as at 31 December 2023.

Name	Nationality	Function
Dr Corneille KAREKEZI	Rwandese	Group Managing Director / Chief Executive Officer
Mr Ken AGHOGHOVBIA	Nigerian	Deputy Managing Director / Chief Operating Officer

IX. COMPLIANCE

As part of an effective system of risk management and internal controls in the Corporation, control functions were established including risk management, actuarial services, internal audit and compliance. The compliance function was formally developed in 2014 in order to complete the essential pillars of a strong risk management system.

The compliance function enhances governance, checks and balances and provides support to the Board in the fulfilment of its oversight duties.

Though the parent company is not subject to any regulatory compliance requirements, its subsidiaries, Africa Re South Africa Limited in Johannesburg (South Africa) and Africa Re Underwriting Agency Limited in Dubai (The United Arab Emirates), are mandated to comply with all applicable regulatory requirements in South Africa and the UAE respectively. Each of these subsidiaries have their own local compliance functions. The Group compliance function reviews requirements and best practices of relevant and applicable rules and regulations in order to assess the Corporation's compliance levels, and issues reports to Executive Management and the Board.

Consequently, through this function, the Corporation ensures there are appropriate policies and procedures in place to monitor and ensure compliance with the contractual agreements of Africa Re.

The compliance function operates as a second line of defence. It also ensures as much as possible that there is no conflict of interest with other control functions, hence meeting the minimum requirement of good governance and control practice.

The following are some examples of policies and procedures within the compliance function of the Corporation:

- FATCA: The Foreign Accounts Tax Compliance Act (FATCA), an act of the United States Internal Revenue Service (IRS), has been considered and implemented.
- Policy Formulation and Review: The Anti-Money Laundering (AML)/Combating Terrorist Financing (CTF) and Combating Proliferation Financing (CPF) policy is approved by the Board and reviewed periodically to incorporate latest best practices and conform to recent standards.

  The Corporation has in place Data Protection policies, procedures and contract clauses to adhere to best practice and applicable data protection laws across its operating environment.
- Gap Assessment & Management: The compliance function also identifies gaps in the compliance processes and develops a strategic response to manage them. A risk-based assessment is used for the Know Your Customer (KYC) process.
- Screening Tools: A compliance screening tool is used to screen all clients during the on boarding stage and on a continuous basis.

The Corporation's fight against money laundering, terrorist financing and proliferation financing is critical in maintaining a stable and corrupt-free society; hence the adoption of the recommendations of the Financial Action Task Force (FATF) and the guidance paper of the International Association of Insurance Supervisors (IAIS) on this subject.

The AML/CTF/CPF process forms part of the Risk Management Programme of the African Reinsurance Corporation and formalises the approach to combat money laundering, terrorist financing and proliferation financing.

Although at the Group level, the Corporation is not subject to any specific local regulation on AML/CTF/CPF, it has adopted the FATF recommendations as best practice in combating money laundering, terrorist financing and proliferation financing.

These recommendations shall be used to:

- define and communicate principles and minimum requirements for conducting money laundering, terrorist financing and proliferation financing assessments;
- provide further controls on the operational, reputational and legal risks of the Corporation;
- ensure compliance with international best practices in fighting money laundering, terrorist financing and proliferation financing;
- provide guidance to eliminate the possibility of the Corporation's participation in any money laundering, terrorist financing or proliferation financing activities;
- formalise the Know Your Customer (KYC) and Customer Due Diligence (CDD) procedures of the Corporation; and
- advise the board on the compliance risk exposures faced in the different operating markets.

X. CORPORATE SOCIAL RESPONSIBILITY

A sustainable business, whose main goal is to maximize shareholder value, must pay attention to the interests of its shareholders and also the environment in which it operates. Following the Board decision of November 2013 and the General Assembly Resolution of June 2014, Africa Re Trust Fund was established to execute the corporate social responsibility (CSR) initiatives of the Corporation. To carry out corporate social responsibility in line with global best practices and to achieve the goal of the CSR Trust Fund, Africa Re Foundation was established in January 2018 to serve as an independent vehicle to implement various strategic initiatives aimed at achieving Africa Re's vision. The Foundation is funded primarily by a maximum of 2% of the Corporation's yearly net profit after tax. In 2023, the Foundation implemented the following recurrent and non-recurrent initiatives to achieve its strategic goals.

Covid-19 Pandemic in Africa

The Africa Re Foundation committed a total of US$3,320,000 to support the fight against Covid-19 pandemic in Africa. The Covid-19 pandemic intervention was designed to be executed in collaboration or in partnership with international organizations (African Union, World Health Organisation), 8 host countries of Africa Re and 42 African insurers' associations. The Africa CDC of the African Union, WHO (Mauritius), 5 host countries, and 23 insurance associations received funds from the Foundation and implemented Covid-19 initiatives or projects across the continent.

Education and Training

- The Foundation continues to support training and capacity building for African Insurance Regulators. The project is aimed at enhancing the knowledge and capacity of the insurance industry regulators and promoting efficient regulation and service delivery.
- Five hundred and seventy-seven (577) insurance professionals were trained on insurance, reinsurance and related courses through the Young Insurance Professionals Programme (YIPP). They were equipped with the required knowledge and skills of the industry that will facilitate higher job performance and improve productivity.
- The Foundation supported the All-Inclusive Mass Media Training on Insurance Awareness for 100 Journalists in Nigeria. The training programme organised by the Insurance Publication Limited helped to bridge the gap in insurance communication and promote a community of content creators for insurance in the country.

Insurance Industry Development

- The Africa Re Foundation supported the 8th African Insurance Awards (AIA). The award ceremony is an initiative aimed at celebrating insurance industry performers with a view to motivating excellent performance and the development of the insurance industry in Africa. The award categories celebrated are the African Insurance Company of the Year; African Insurance CEO of the Year; Insurance Innovation of the Year; and Insurtech of the Year.
- The Foundation continues to support the development of an insurance regulatory software for the National Insurance Commission (NAICOM) of Nigeria to enhance regulatory functions and ensure efficient service delivery.

Research and Development

- The Foundation continues to support the Financial Regulatory Authority (FRA) of Egypt in the building of the first actuarial tables for the life insurance industry in the country.
- The Foundation supported the Association des Assureurs du Burundi (ASSUR) on the actuarial study on motor insurance in Burundi. The project helped to survey the insurance market and proffer solutions to improve it.

Community Development

The Foundation supported the literacy campaign initiative of the Child2Child Book Foundation in Togo. The campaign helped the children in underprivileged and remote places to have access to books and school supplies.

XI. HUMAN RESOURCES AND COMPENSATION

1. Human Resources

As an employer of choice in the African reinsurance market, Africa Re places great emphasis on Employee Value Proposition (EVP). The Corporation recognizes its greatest asset to be its employees and consistently seeks ways and means to attract and retain top talents.

To this end, the Corporation runs a centralized HR environment that supports the key business initiative. The Corporation is dedicated to sourcing and developing talented professionals, building their performance capabilities and promoting, best practices that support high levels of employee engagement and organizational development to meet strategic business goals.

The remuneration and benefits offered by Africa Re are consistently assessed to ensure that they remain competitive. This approach enhances the Corporation's ability to recruit and retain highly qualified employees to carry out the strategic plans and goals of the Corporation.

Overall, Africa Re's strong EVP and commitment to support employee development and career growth plays a significant role in the Corporation's ongoing success in the African reinsurance market.

1.1 Staff Categories

There are six staff categories in Africa Re.

Table A: Staff Categories

Executive Management (MGT)	▪ Group Managing Director/Chief Executive Officer ▪ Deputy Managing Director/Chief Operating Officer
Executive Staff (ES1, ES2, ES3, ES4)	▪ Central Directors ▪ Regional Directors ▪ Managing Directors of Subsidiaries
Professional Staff (PS1, PS2 PS3, PS4, and PSS)	▪ Deputy Directors ▪ Assistant Directors ▪ Senior Managers ▪ Managers ▪ Assistant Managers
Local Professional Staff (LP1, LP2, LP3)	▪ Principal Officers
Support Staff (SS1, SS2, SS3, SS4, SSS A, SSS B)	▪ Assistant Officers /Officers/ Senior Officers
Manual Staff (MS1, MS2, MS3, MS4, MSS)	▪ Attendants /Operatives

Executive Management, Executive Staff and Professional Staff are considered "international" staff. Local Professional, Support Staff and Manual Staff are locally recruited staff of the respective locations in which the Corporation operates.

The table below shows the distribution of staff according to categories and duty posts across the African continent.

Table B: Staff Establishment Figures as at 31 December 2023

Locations	Establishment							
	MGT	ES	PS	LP	SS	MS	Total	Temp/ Consultants
Head Office	**2**	**7**	**32**	**5**	**24**	**11**	**81**	**14**
Abidjan Regional Office		1	6	1	12	2	**22**	
Addis Ababa Regional Office			1	1		1	**3**	
Cairo Regional Office		1	4	2	18	1	**26**	3
Casablanca Regional Office		1	4	1	13	3	**22**	2
Lagos Regional Office		1	6	5	9	2	**23**	5
Mauritius Regional Office		1	4	2	9	3	**19**	1
Nairobi Regional Office		2	12	3	21	1	**39**	4
Africa Re DIFC		1	1		1		**3**	5
Sudan Local Office			1		1		**2**	6
South African Subsidiary (ARCSA)	**2**	2	13		23	3	**41**	5
Total (Business Locations)		**10**	**52**	**15**	**107**	**16**	**200**	**31**
Total (with Head Office)	**2**	**17**	**84**	**20**	**131**	**27**	**281**	**45**
Percentage %	0.71	6.05	29.89	7.12	46.62	9.61	100.00	

1.2 Diversity

Africa Re is proud to be an equal opportunity employer that is committed to diversity and inclusion. The staff of the Corporation cuts across twenty-eight (28) nationalities in Africa. The Corporation also promotes gender equality amongst its workforce.

Table C: Gender Distribution of Staff

Location	Female	Male	Total
Head Office	21	60	81
Abidjan Regional Office	6	16	22
Addis Ababa Local Office	1	2	3
Africa Re DIFC	2	1	3
Cairo Regional Office	13	13	26
Casablanca Regional Office	7	15	22
Lagos Regional Office	6	17	23
Mauritius Regional Office	10	9	19
Nairobi Regional Office	16	23	39
Sudan Local Office	1	1	2
South African Subsidiary (ARCSA)	21	20	41
Grand Total	**104**	**177**	**281**
Percentage %	**37.01**	**62.99**	**100**

2. Compensation

The guiding principle for Africa Re's compensation and incentives is to be within at least the 75th percentile of peer benchmark compensation accepted in the reinsurance and financial industry. Our comprehensive compensation is benchmarked against relevant peers in the African labour market to identify trends, gaps and opportunities in our compensation practices leading to informed decision-making and effective implementation of our compensation philosophy. This enables our employees to focus on achieving exceptional results without taking avoidable risks.

Africa Re's compensation practices are based on participation in remuneration surveys and peer reviews, complemented by effective employee and team performance management policies.

Africa Re employs the Balanced Scorecard (BSC) as a strategic performance management tool to set measurable performance goals for teams and individuals. Performance targets are tied to the company's strategic business plan. Each employee's BSC is a combination of goals and initiatives measured against several Key Performance Areas (KPAs), Perspective or Key Performance Indicators (KPIs). The performance management system is now automated with Corporater software.

Compensation and Rewards were reviewed with effect from 1st January 2023 to alleviate the impact of erosion in real income of staff caused by local currency devaluation/currency fluctuation and hyper-inflation in some of Africa Re's operating locations.

The Corporation continues to promote and practice equal pay for similar roles amongst the male and female staff. All allowances and benefits are applicable to male and female staff occupying the same role with the same grade level without any form of discrimination or disparity.

Africa Re's pay practice comprises fixed pay, variable pay (short and long term incentives), allowances and other benefits (children education grant, Provident Fund, end-of-service gratuity, medical insurance, other insurance covers, etc.).

Table D: Components of compensation

Type	Composition	Beneficiaries	Comments
Fixed Compensation	Base salary	- Executive Management - Executive Staff - Professional Staff - Local Professional - Support Staff - Manual Staff	Base pay and allowances are paid monthly in US dollars for Executive Management, Executive Staff and Professional Staff, and in local currencies for Local Professional, Support and Manual Staff
	Duty Post Differential	- Executive Management - Executive Staff - Professional Staff	Paid monthly only to international staff
Annual Variable Compensation	Individual Performance Bonus	- Executive Management - Executive Staff - Professional Staff - Local Professional - Support Staff - Manual Staff	Paid annually to all categories of staff
	Special Location Performance Bonus	- Executive Staff - Professional Staff - Local Professional - Support Staff - Manual Staff	Designed to reward all the employees of a production centre upon attainment of a specified performance level.
	Employee Share Ownership Plan (ESOP)	- Executive Management - Executive Staff - Professional Staff - Local Professional - Support Staff - Manual Staff	A scheme to provide both Management members and employees with a financial share in the business and increase the alignment of their future interests with those of shareholders.
Allowances	- Housing - Transport - Inflation Adjustment - Dependency (Spouse & Child) - Domestic Staff - Vehicle	- Executive Staff - Professional Staff - Local Professional - Support Staff - Manual Staff	Allowances are paid monthly in US dollars for Executive Staff and Professional Staff, and in local currencies for Local Professional, Support and Manual Staff.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR EXTERNAL FINANCIAL REPORTING

Management responsibility regarding Effectiveness of Internal Controls over Financial Reporting

The Management of the African Reinsurance Corporation (Africa Re) is responsible for the preparation, integrity and fair presentation of its financial statements and other information presented in the annual report. The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of Article 37 of the Agreement Establishing the African Reinsurance Corporation and as such, include amounts based on informed judgments and estimates made by Management.

The financial statements have been audited by an independent accounting firm, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and Committees of the Board. Management believes that all representations made to the independent auditors during the audit were valid and appropriate. The independent auditors' report accompanies the audited financial statements.

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Agreement Establishing the African Reinsurance Corporation, and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management believes that internal controls for external reporting, which are subject to scrutiny by Management and the internal auditors, and are revised as considered necessary, support the integrity and reliability of the external financial statements.

Key procedures that Management has established, which are designed to provide effective internal financial control within the Group, include the preparation, review and Board approval of the annual financial plans that align with strategic plans. Results are monitored regularly and progress reports on performance are prepared quarterly. The system of internal controls includes written policies and procedures, proper delegation of authority, accountability through establishing responsibility and segregation of duties.

In addition, Management has developed a risk management framework that ensures an effective coordination and monitoring, within the Group, of all the risk management policies approved by the Board of Directors and/or by Executive Management such as underwriting and reserving policies, staff rules and regulations, investment policy guidelines and accounting and financial procedures.

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can only provide reasonable assurance with respect to the preparation of financial statements. The effectiveness of internal controls may vary over time because of changes in circumstances.

The Board of Directors of Africa Re has set up an Audit Committee and an Underwriting, Risk Management & IT Governance Committee to monitor the internal controls and risk management practices within the Group. The Committees are made up of non-executive Directors who are independent of Management. They meet periodically with Management, external auditors, internal auditors, chief risk officer and technical inspectors to review their reports and ensure that they are effectively carrying out their respective responsibilities. The external auditors, internal auditors and chief risk officer have free access to the Committees with or without the presence of Management to discuss the adequacy of internal control over financial reporting and any other matters which they believe should be brought to the attention of the Committees..

Dr Mohamed Ahmed MAAIT
Chairman

Dr Corneille KAREKEZI
Group Managing Director / CEO

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Independent auditor's report

To the Members of African Reinsurance Corporation

Report on the audit of the consolidated financial statement

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of African Reinsurance Corporation ("the corporation") and its subsidiaries (together "the group") as at 31 December 2023, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

African Reinsurance Corporation's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statements of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statement, which include a summary of material accounting policies.

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 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), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria pwc

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Measurement of reinsurance contract liabilities— $548.8 million (refer to notes 3C and 6) IFRS 17 provides the option of using – primarily for short-term contracts – a simplified measurement model known as the premium allocation approach (PAA). This approximates the General Measurement Model (GMM) and is similar to the Unearned premium reserve approach used in many jurisdictions under IFRS 4. All Africa Re portfolios are deemed fully eligible for PAA following PAA Eligibility testing based on respective liability for remaining overage (LRC) differences between PAA and GMM falling below the materiality threshold. The Corporation's reinsurance contract liabilities comprise the following elements: liability for incurred claims and liability for remaining coverage. The measurement of reinsurance contract liabilities involves subjective judgements about estimation of fulfilment cash flows, risk adjustment, and discounting by management. There is no requirement to calculate risk adjustment for liabilities for remaining coverage for PAA. Below, we comment on the most judgmental aspects of the valuation: The liability for remaining coverage is measured by estimating the fulfilment cash flow which is the present value of expected cash inflow and cash outflow considering an adjustment of this estimate to reflect the time value of money (discounting). The measurement of the liability for incurred claims includes an estimate of future cash flows, a risk adjustment for non-financial risk and the adjustment of this estimate to reflect the time value of money (discounting).	We understood and evaluated the adequacy of the measurement approach adopted by Africa Re, by performing a PAA eligibility testing that focused on qualitative and quantitative assessment of Africa Re's contracts on a unit of account basis. We validated all Africa Re's portfolio for eligibility to be measured under the Premium Allocation Approach. We obtained and tested samples of data inputs such as unit of accounts, projected benefits, expense allocation results, discount rate and risk adjustment. With the support of our actuarial experts, we: - assessed the reasonableness of the valuation methodologies used, - assessed the reasonableness of the runoff triangles used in estimating the fulfilment cashflows and checked the methodology used against generally accepted actuarial techniques. - assessed the reasonableness of the risk adjustment methodology adopted and checked against generally accepted actuarial techniques. - we reviewed the basis for the discount rate used against generally accepted actuarial techniques. - we reviewed the expense allocation results and assessed the split of directly and not directly attributable expenses as required by the standard. We checked the adequacy of the presentation and disclosure on insurance contract liabilities on the financial statements as well as the required disclosures in line with IFRS 17.

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The estimation of the fulfilment cash flow includes the use of assumptions such as premiums and projected benefit payments based on run-off triangles and discount rates. For liability for incurred claims, business assumptions such as expense per policy. This is considered a key audit matter in the consolidated financial statements.	
Impairment allowance on financial assets measured at amortised cost - $2.1 million (refer to notes 3Gc and 4) The estimation of expected credit losses on financial assets at amortised cost is considered to be a key audit matter because it is significant to the consolidated financial statements and requires a high level of judgement. The measurement of the impairment allowance is highly subjective and entails exercise of significant judgement and the use of complex models and assumptions. The areas of significant judgement in the calculation include: • determination of default and significant increase in credit risk (SICR). • methodology and assumptions used by management in estimating Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), which are the key variables in the ECL Model; and • incorporation of macro-economic inputs into the ECL model and the probability weightings applied to them. This is considered a key audit matter in the consolidated financial statement.	We adopted a substantive approach to the audit of expected credit loss allowance. Specifically, we: • checked the reasonableness of management's definition of default and significant increase in credit risk; • inspected contracts, deal slips and evidence of repayment (where applicable) to assess management's conclusion relating to whether or not there has been a default or SICR; • reviewed IFRS 9 impairment model and calculation tool for reasonableness and compliance with the requirement of the reporting standards; • reviewed the methodology in estimating the probability of default and checked the computations for reasonableness and accuracy; • assessed the validity of the assumptions used in estimation of the LGD based on available information for compliance with the requirements of IFRS 9; • reviewed the EAD computations for accuracy and consistency with the provisions of the standard; and • checked the reasonableness of forward-looking information and multiple economic scenario considered. We assessed the adequacy of the disclosure in the consolidated and separate financial statements in accordance with IFRS 9.

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Other information

The directors are responsible for the other information. The other information comprises About Us, Financial Highlights, General Assembly, Board of Directors, Executive Management, Central Directors, Regional Directors, Managing Directors of Subsidiaries and Local Representative, Chairman's Statement, Management Report, Statement of Management's Responsibility for External Financial Reporting and Consolidated statement of profit or loss by class of business., but does not include the consolidated financial statements and our auditor's report thereon

Our opinion on the consolidated 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 and those charged with governance for the consolidated financial statement

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standard (IFRS), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statement

Our objectives are to obtain reasonable assurance about whether the consolidated financial statement 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 financial statement, 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.

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- 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 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 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 financial statement 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statement, including the disclosures, and whether the consolidated financial statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statement. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statement 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.

Obioma Ubah

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0388971

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

19 June 2024

Engagement Partner: Obioma Ubah
FRC/2013/PRO/ICAN/004/00000002002

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

As at 31 December 2023

Assets	Notes	31st December 2023 US$'000	31st December 2022 Restated US$'000	1st January 2022 Restated US$'000
Cash and cash equivalents	25	437,033	378,950	328,765
Investments	4	1,000,609	937,744	945,825
Retrocession Contract Assets	5	107,650	71,280	66,589
Sundry receivables		44,470	49,665	6,714
Tax recoverable	19	1,370	1,233	-
Investment properties	8	17,896	18,378	18,343
Property and equipment	9	35,339	35,155	35,959
Intangible assets	10	5,175	6,490	8,240
Total assets		**1,649,543**	**1,498,895**	**1,410,435**
Liabilities				
Sundry payables	22	20,845	19,141	18,892
Dividend payable	20	13,828	15,506	11,639
Deferred tax	12	412	650	694
Reinsurance Contract Liabilities	6	548,767	464,612	406,713
Total liabilities		**583,852**	**499,909**	**437,937**
Shareholders' funds				
Retained earnings		237,965	201,162	198,001
Other reserves	14	322,507	294,293	270,965
Share premium		218,037	217,170	217,170
Share capital	15	287,181	286,361	286,361
Total shareholders' funds		**1,065,691**	**998,986**	**972,497**
Total liabilities and shareholders' equity		**1,649,543**	**1,498,895**	**1,410,435**

The financial statements on pages 56 to 122 were approved and authorised for issue by the Board of Directors of the Corporation on 6 May 2024 and were signed on its behalf by:

M.A. Maait

DR. MOHAMED MAAIT
Chairman

DR. CORNEILLE KAREKEZI
Managing Director

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2023

	Notes	2023 US$'000	2022 US$'000 Restated
Reinsurance Revenue	6	1,045,516	917,112
Less: Reinsurance Service Expense	7	(786,053)	(768,428)
Reinsurance Service Result Before Retrocession Contracts Held		**259,463**	**148,684**
Allocation of Retrocession Premiums	5	(165,965)	(147,219)
Amounts Recoverable from Retrocession for Incurred Claims	5	31,880	78,359
Net Expenses from Retrocession Contracts Held		(134,086)	(68,860)
Reinsurance Service Result		**125,378**	**79,824**
Reinsurance Finance (expense)/Income from reinsurance contracts issued	11	(59,523)	24,155
Retrocession Finance (expense)/income for retrocession contracts Held	11	9,399	(4,719)
Net Reinsurance finance (expense)/income		(50,124)	19,435
Interest on deposits retained by ceding companies	17	2,277	2,125
Investment and Other Income	17	71,289	9,937
Net Foreign Exchange Gain/(Loss)	18	1,358	(29,851)
Other Expenses	16	(22,332)	(21,060)
Profit Before Tax		127,846	60,412
Income Tax Change	19	(892)	(539)
Profit for the year		**126,955**	**59,873**
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Exchange differences on translating foreign operations		(35,033)	(10,570)
Net fair value gain on revaluation of available-for-sale financial assets		(1,230)	2,961
Total other comprehensive (Loss)/Gain		(36,262)	(7,609)
Total comprehensive income for the year		**90,694**	**52,264**

The accompanying notes at the end of this document form an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2023

	Retained earnings	Translation reserve	General reserve	Reserve for Market Value Adjustment	Reserve for exchange fluctuation	Reserve for loss fluctuation	Other total reserves	Share premium	Share capital	Total
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
At 1 January 2023	**201,162**	**(193,198)**	**413,762**	**7,835**	**6,294**	**59,600**	**294,293**	**217,170**	**286,361**	**998,986**
Profit for the period	126,955									126,955
Other comprehensive income	-	(35,033)	-	(1,230)	-	-	(36,263)	-	-	(36,263)
	126,955	**(35,033)**	**-**	**(1,230)**	**-**	**-**	**(36,263)**	**-**	**-**	**90,692**
Issue of ordinary shares	-	-	-	-	-	-	-	867	820	1,687
Dividend declared for 2023 (Note 20)	(25,200)	-	-	-	-	-	-	-	-	(25,200)
Corporate social responsibility fund	(475)	-	-	-	-	-	-	-	-	(475)
Transfer to reserves	(64,477)	-	63,477	-	-	1,000	64,477	-	-	-
	(90,152)	**-**	**63,477**	**-**	**-**	**1,000**	**64,477**	**-**	**-**	**(25,675)**
At 31 December 2023	**237,965**	**(228,231)**	**477,239**	**6,605**	**6,294**	**60,600**	**322,507**	**218,037**	**287,181**	**1,065,691**
Restated Balance at 1 January 2022	**198,001**	**(182,628)**	**383,825**	**4,874**	**6,294**	**58,600**	**270,965**	**217,170**	**286,361**	**972,497**
Profit for the period	59,873	-	-	-	-	-	-	-	-	59,873
Other comprehensive income	-	(10,570)	-	2,961	-	-	(7,609)	-	-	(7,609)
	59,873	**(10,570)**	**-**	**2,961**	**-**	**-**	**(7,609)**	**-**	**-**	**52,264**
Dividend declared for 2022 (Note 20)	(25,200)	-	-	-	-	-	-	-	-	(25,200)
Corporate social responsibility fund	(576)	-	-	-	-	-	-	-	-	(576)
Transfer to reserves	(30,936)	-	29,936	-	-	1,000	30,936	-	-	-
	(56,712)	**-**	**29,936**	**-**	**-**	**1,000**	**30,936**	**-**	**-**	**(25,776)**
Restated balance at 31 December 2022	**201,162**	**(193,198)**	**413,762**	**7,835**	**6,294**	**59,600**	**294,293**	**217,170**	**286,361**	**998,986**
At 31 December 2021 as previously reported	**226,218**	**(182,628)**	**383,825**	**4,874**	**6,294**	**58,600**	**270,965**	**217,170**	**286,361**	**1,000,714**
Impact of initial application of IFRS 17	(26,990)	-	-	-	-	-	-	-	-	(26,990)
Impact of initial application of IFRS 9	(1,227)	-	-	-	-	-	-	-	-	(1,227)
Restated balance at 1 January 2022	**198,001**	**(182,628)**	**383,825**	**4,874**	**6,294**	**58,600**	**270,965**	**217,170**	**286,361**	**972,497**

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows for the Year ended 31 December 2023

	Notes	2023 US$'000	2022 US$'000 Restated
Cash flows from operating activities			
Cash generated from operations	21	151,210	95,376
Income tax paid	19	(2,262)	(1,772)
Net cash from operating activities		148,948	93,604
Cash flows from investing activities			
Purchase of property and equipment	9	(2,396)	(1,640)
Purchase of intangible assets	10	-	(172)
Purchase of investments		(98,935)	(10,087)
Interest received net of management fees		47,389	33,945
Dividend received		4,658	2,691
Proceeds of disposal of property and equipment		35	50
Net cash (used) in/generated from investing activities		(49,249)	24,787
Cash flows from financing activities			
Proceeds from share subscription		1,688	-
Dividends & Corporate Social Responsibility Fund paid	20	(26,877)	(21,333)
Net cash used in financing activities		(25,189)	(21,333)
Net increase in cash and cash equivalents		**74,509**	**97,058**
Movement in cash and cash equivalents:			
At start of year		378,950	329,444
Net increase in cash and cash equivalents		74,509	97,058
Net exchange losses on cash and cash equivalents		(15,871)	(47,553)
At end of year	21(b)	**437,033**	**378,950**

The accompanying notes at the end of this document form an integral part of these financial statements.

Notes to the financial statements

1. General information

The African Reinsurance Corporation was established in 1976 by member States of the African Union (formerly Organisation of African Unity) and the African Development Bank as an inter-governmental institution to:

a) mobilise financial resources from insurance and reinsurance operations.

b) invest such funds in Africa to help accelerate economic development; and

c) foster the development of the insurance and reinsurance industry in Africa by promoting the growth of national, regional and sub-regional underwriting and retention capabilities.

The Corporation is domiciled in Lagos, Nigeria at the following address:

Plot 1679, Karimu Kotun Street
Victoria Island
PMB 12765
Lagos, Nigeria

The Corporation carries out reinsurance business through its constituent offices in Abidjan, Cairo, Casablanca, Lagos, Nairobi and Ebene. The Corporation is also licensed as a local reinsurer in South Africa through its wholly owned subsidiary, African Reinsurance Corporation (South Africa) Limited, a company incorporated in the Republic of South Africa. The Corporation also writes Islamic Takaful business through its wholly owned subsidiary, Africa Retakaful Company in Egypt.

2. Accounting policies

Adoption of new and revised International Financial Reporting Standards (IFRS)

i) New standards and amendments to published standards effective for the year ended 31 December 2023

The following amendments to IFRSs were effective in the current year and their material impact on the amounts reported in these financial statements are discussed below.

Standards/ Amendments	Effective date	Changes or Amendments
IFRS 17 Insurance Contracts	1 January 2023	IFRS 17 supersedes IFRS 4 Insurance contracts and introduces significant changes to the accounting for insurance contracts. The main objective of this new standard is to improve the comparability and transparency about profitability. It introduces three main models for recognition and measurement of assets and liabilities arising from insurance contracts. These are the building block approach (BBA), the premium allocation approach (PAA) and the variable fee approach (VFA) The implementation of IFRS 17, along with IFRS 9 – Financial Instruments has had significant impacts of the financial statement. This includes changes to the measurement of insurance contracts issued and the presentation and disclosures in the financial statement.
IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (Amendment)	1 January 2023	The amendment to IAS 8 revises the definition of an accounting estimate that it is: “An approximation of a monetary amount in the absence of a precise means of measurement.” It also specifies that that a change in accounting estimates resulting from the advent of a new technology or availability of new information is not considered as a correction of error. This amendment does not have any impact on the financial position of the corporation. Instead, it provides guidance on how changes in accounting estimates should be treated and distinguished from correction of errors in financial reporting.

ii) Impact of new and amended standards and interpretations on the financial statements for the year commencing 1st January 2024 and future annual periods

New standards and Amendments to standards	Effective for annual periods beginning on or after
Amendment to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Lease liability in a sale and leaseback – Amendment to IFRS 16	1 January 2024
Amendment to IAS 21: Lack of Exchangeability	1 January 2025

Amendment to IAS 1 – Classification of Liabilities as Current and Non-Current

The amendment clarifies the classification of liabilities as current and non-current. This amendment stipulates that an entity can only classify a liability as non-current if it has the right to defer payments for at least one year after the reporting date. If the entity intends to settle the liability within twelve months after the reporting date, then it will be classified as a current liability.

The aim of the amendment is to provide users of the financial information more insight into the financial and liquidity position of the entity.

The amendment is not expected to have any material impact on the financial position of the Corporation.

Lease liability in a sale and leaseback – Amendment to IFRS 16

This amendment clarifies how a seller-lessee should measure the lease liabilities in a transaction that involves sale and leaseback. It requires the seller-lessee to subsequent measure the liabilities in such transactions in a way that it does not recognise any amount of the gain or loss relating to right of use it has retained although it does not prevent the seller-lessee to recognise a gain or a loss resulting from early termination of the lease or a modification of the lease terms.

The amendments are not expected to have any material impact on the financial position of the Corporation.

Amendment to IAS 21: Lack of Exchangeability

This amendment clarifies how an entity should assess if a currency is exchangeable and how it should determine a spot exchange rate in such a scenario. A currency is exchangeable if the entity is able to obtain the other currency within a certain time period that takes into account administrative, holidays and market delays.

Where a currency is unexchangeable to other currencies whether it is due to legal or other exchange restrictions, an entity is required to estimate the spot rate at the measurement date. The amendment does not specify how an entity should estimate the spot rate, however, it notes that an entity can use observable exchange rates without adjustments or other techniques.

The amendments are not expected to have any material impact on the financial position of the Corporation.

iii) Early adoption of standards

The Corporation did not early-adopt any new or amended standards in 2023.

3. Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below:

A. Basis of preparation

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standard (IFRS) and its interpretations issued by the International Accounting Standard Board (IASB).

The financial statements are presented in United States dollars (US$'000). They have been prepared under the historical cost convention, as modified by the carrying of certain investments at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Corporation's accounting policies. Although estimates are determined on the basis of historical information, actuarial analyses and the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis to take account of new and available information. Revisions to accounting estimates are recognised in the year in which the estimate is revised.

B. Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The corporation applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of

the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries African Reinsurance Corporation (South Africa) Limited, Africa Retakaful (Egypt) and Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset.

In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Investments in subsidiary companies in the corporation's books are carried at cost less provision for impairment.

C. Use of estimates and judgements in the preparation of financial statements

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Africa Re based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of Africa Re. Such changes are reflected in the assumptions when they occur. Africa Re disaggregates information to disclose major product lines and liability retrocession issued. This disaggregation has been determined based on how Africa Re is managed.

Africa Re has made a number of key accounting policy choices which have been applied in the implementation of the IFRS 17 standard and below is a summary of these accounting policy choices.

Transition approach

Africa Re has applied IFRS 17 effective 1 January 2023 and based on contract review and PAA eligibility assessments, the Company has concluded that the fully retrospective approach would be appropriate for all its portfolio. Comparative figures for 2022 have been restated as required by the transitional provisions of IFRS 17 and any adjustments to the carrying amounts of insurance and reinsurance assets and liabilities at the date of transition (being 1 January 2022), recognised in the opening balance of retained earnings.

Impact of adopting IFRS 17 and IFRS 9

The Company assessed the impact that the initial application of IFRS 17 together with IFRS 9 will have on its financial statements. The result of this exercise shows a decrease of US$28.22 million in the Company's equity at the transition date being 1 January 2022 as detailed below:

IFRS 17 impact: US$ (26.99) million

IFRS 9 impact: US$(1.23) million

Classification

IFRS 17 establishes specific principles for the recognition and measurement of reinsurance contracts issued and retrocession contracts held. The adoption of IFRS 17 did not change the classification of Africa Re's reinsurance contracts.

The Company issues reinsurance contracts under which it accepts significant insurance risks from ceding companies. All reinsurance contracts written by Africa Re are protection contracts with coverage only provided in cases where an insured event exists, hence the insurance risk is significant.

The reinsurance contracts held transfer also significant insurance risks.

The reinsurance contracts issued and reinsurance contracts held include fire, engineering, motor, accident, energy, aviation, marine, agriculture, life, medical, liability, miscellaneous, bonds & guarantees and political violence & terrorism.

The Company does not issue any contract with direct participation features.

Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of reinsurance contracts issued that are assets, portfolios of reinsurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company has chosen to present separately the amounts recovered from reinsurance contracts held and an allocation of the premiums paid, as required by IFRS 17. 86.

The company has chosen not to disaggregate part of the movement in LIC and LFRC resulting from changes in discount rates from profit or loss and present this in OCI. Africa Re include insurance finance income or expenses for the period in profit or loss only.

Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts allocated to the period. The Company recognises insurance revenue based on the passage of time over the expected period of service.

Separation of non-insurance components

The Company assessed its reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. Currently, the Company's products do not include any distinct components that require separation.

Level of aggregation

The process of defining the level of aggregation under IFRS17 can be split into three phases:

- **Portfolios:** Contracts which have similar risks and are managed together need to be allocated to the same IFRS 17 portfolio. IFRS 17 portfolios are created by splitting each line of business into three portfolios, i.e., proportional treaties, non-proportional treaties and facultative.
- **Groups:** Portfolios of insurance contracts should be segmented, based on the level of profitability at initial recognition, into a minimum of three groups of contracts: (1) onerous contracts, (2) contracts which do not have a significant possibility of becoming onerous ("resilient" contracts) and (3) "other" profitable contracts. For contracts measured using the PAA, it is assumed that no groups of contracts in a portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise. Considering that PAA apply to all reinsurance contracts issued and retrocession contracts held, portfolios would not be classified into onerous group. Only the portfolios adjudged to be of financial reinsurance type (with no significant risk of becoming onerous), if any, would be grouped into the resilient group, all other portfolios measured under the PAA would be grouped into others. If changes in facts and circumstances indicate that a profitable group at initial recognition has become onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group measured under GMM and over the carrying amount of the liability for remaining coverage measured under PAA
- **Cohorts**: contracts which were issued more than a year apart cannot be grouped together. Annual cohorts are constituted, based on the underwriting years of the underlying contracts.

The aggregation of retrocession contracts follows the same considerations applied to reinsurance contracts issued for setting up portfolios, groups and cohorts.

Under IFRS 4, the Company uses specific segmentations for management reporting to reflect the internal methods used to administer and manage the business. These segments comprise of reinsurance lines of business such as Engineering, Fire, Marine, Life, Agriculture, Motor, Medical, Bonds & Guarantees, Aviation, Miscellaneous, Energy, Oil & Gas, Liability, Accident, etc. Each line of business is further split into portfolios based on the type of reinsurance contract namely Proportional treaty, non-Proportional treaty and Facultative.

Under IFRS 17, The Company has decided to create IFRS 17 portfolios in line with the existing segmentation explained above.

In line with paragraph 95 and 96 of IFRS 17, the Company disaggregates information presented about reinsurance contracts issued by grouping the reinsurance lines of business into two main categories: life and non-life.

For reinsurance contracts held, disaggregation is presented into above two categories

Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services.

An assessment was done to determine the contract boundary for the different types of contracts written.

- Africa Re contracts typically have a period of cover of 12 months, without an option to cancel the contracts during the cover period for both the reinsurer and the cedant.
- About 65% of treaty reinsurance contracts are written on a loss-occurring basis, meaning a coverage period of 1 year or less.

- The rest of treaty reinsurance contracts (35%) are written on a twelve-month risk-attaching basis, hence will have a coverage period of up to 2 years.
- Facultative reinsurance contracts have for the greater part a coverage period of 1 year or less. The few remaining, mainly engineering contracts, have period of cover of more than one year.

Measurement
IFRS 17 includes a simplified measurement approach for the valuation of insurance contracts, the Premium Allocation Approach (PAA), which is similar to the unearned premium reserve approach used under IFRS 4.

An entity has the option to apply the PAA for a group of reinsurance contracts, if at the inception of the group:

- The coverage period at initial recognition is 1 year or less
- For contracts which have a coverage period greater than 1 year, the PAA is expected to produce a measurement of the liability for remaining coverage that would not differ materially from that produced using the GMM (default approach). A PAA eligibility test is therefore required to determine whether the PAA produces a reasonable approximation to the GMM.

The PAA eligibility testing was performed on reinsurance contracts and retrocession contracts which have a coverage period greater than 1 year and there was no material difference in the measurement of the liability for remaining coverage between the PAA and the GMM, hence these qualify for PAA.

Approach to best estimate cashflows
Best estimate cashflows represent the current estimates of the future cash flows within the contract boundary of a group of contracts that Africa Re expects to collect from premiums and pay out for claims, benefits, and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows are based on a probability weighted mean of the full range of possible outcomes and are determined from the perspective of the Africa Re, provided the estimates are consistent with observable market prices for the market variables and reflect conditions existing at the measurement date.

- **Liability for remaining coverage (LRC) – Measurement at initial recognition**

  On initial recognition, the carrying amount of the LRC is:
  - The premium received
  - Minus acquisition cash flows paid at that date, unless the insurer chooses to recognize the payments as an expense
  - Plus or minus any amount arising from the derecognition of prepaid acquisition cash flow asset (unless expensed)
  - Plus or minus any amount arising from the derecognition other asset or liability previously recognized for cash flows related to the group of contracts

- **Liability for remaining coverage (LRC) – Measurement subsequent reporting period**

  The LRC at subsequent measurement is:
  - LRC at the beginning of the period
  - Plus premiums received in the period
  - Minus acquisition cash flows paid in the period, unless recognized as an expense
  - Plus amortization of any acquisition cash flows, unless expensed
  - Plus any adjustment to a financing component
  - Minus the amount recognized as insurance revenue for services provided in that period
  - Minus any investment component paid or transferred to the liability for incurred claims

- **Liability for incurred claims (LIC)**

  The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

  The main assumption underlying these techniques is that Africa Re's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

- **Direct attributable expenses and acquisition costs**

  The measurement of fulfilment cash flows includes a systematic and rational allocation of directly attributable costs of fulfilling contracts, including especially insurance acquisition cash flows.

  Insurance acquisition cash flows are allocated as a portion of premium to profit or loss (through insurance revenue) over the period of the contract on a straight-line basis.

  Similar methods are consistently applied to allocate direct attributable expenses to groups of contracts based on the proportionate share of each contract to the total premium of the group of contracts.

  Claims related expenses are allocated based on the number of claims expected for all groups.

- **Risk of non-performance of retrocessionaires**

  The Corporation enters into retrocession arrangements with reputable retrocessionaires, rated A- at least.

  Since the start of operations in 1978, Africa Re has never experienced a default of any of its retrocessionaires.

  While Africa Re recognize that IFRS 17 standard requires an adjustment for non-performance risk, our experience of more than 45 years without any default of retrocessionaires gives confidence that the risk is very remote, hence it was not considered.

Discounting
IFRS 17 is principle-based and does not explicitly describe a methodology for calculation of appropriate discount rates. However, it does outline several conceptual principles to which the discount rates used should align.

Africa Re have chosen to use a bottom-up approach, where the discount rate has been determined as the risk-free yield curve with similar characteristics (e.g., duration, currency). Africa Re writes business in multi-regions and multi-currencies, some of which do not have available risk-free yield curves. However, the bulk of liabilities are denominated in USD. USD curves are readily available but there are likely challenges with deriving risk-free rates for a large number of the other currencies in which Africa Re's liabilities are denominated. Given these limitations, country/currency specific risk-free rates could be derived from base USD risk-free curves and an allowance for country risk premiums.

The illiquidity premium is assumed to be the relative equity market volatility. It is after that added to the country's Credit Default Spread to have the adjusted country risk premium".

The discounting was applied to the Liability for Incurred Claims (LIC) using current discount rates. The liability for remaining coverage (LRC) was not discounted.

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Discount rates applied for discounting of future cash flows are listed below:

	1 year		3 year		5 year		10 year		20 year	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Retrocession Contracts Held	9.43%	10.38%	9.04%	10.10%	8.86%	9.93%	8.72%	9.72%	8.73%	9.66%
Reinsurance Contracts Issued	9.43%	10.38%	9.04%	10.10%	8.86%	9.93%	8.72%	9.72%	8.73%	9.66%

Insurance finance income and expenses
Africa Re has chosen not to disaggregate part of the movement in LIC and LFRC resulting from changes in discount rates from profit or loss and present this in OCI. Africa Re will include insurance finance income or expenses for the period in profit or loss only.

Risk adjustment for non-financial risk
Africa Re has considered a number of different techniques for calculating the risk adjustment for non-financial risk. The Company currently employs a stochastic reserving technique, bootstrapping and Mack method, in the calculation of IFRS4 risk margin which is determined at entity level.

Africa Re has elected to adopt a value-at-risk (e.g., bootstrapping) / confidence level approach as the calculations underlying this approach will always be needed due to the fact that IFRS 17 requires companies to disclose the confidence level at which the risk adjustment is calibrated.

The confidence level approach used involves the Bootstrapping/Mack Model being applied to paid and/or incurred triangles containing claim data emanating from direct contracts (i.e., gross basis). This approach will determine the risk adjustment at the required confidence level, similar to the current reserving exercise. The LIC constitutes expected future claim payments and directly attributable claims handling costs.

The confidence level of the risk adjustment was set at 60%.

For groups of proportional retrocession contracts held, Africa Re use the same risk adjustment factor as derived for the underlying reinsurance contracts issued. This is justified since the risk transferred to retrocessionaires is simply a proportion of the compensation required by Africa Re for bearing the uncertainty about the amount and timing of the cash flows relating to insurance issued.

For groups of non-proportional retrocession contracts held, it may be expected that the risk transferred to retrocessionaires would be a greater proportion of the best estimate recoveries relative to the proportion of the risk adjustment to best estimate claims for the underlying policies. This is due to the structure of these contracts which provide greater protection in the event of large losses. However, for operational simplicity reasons, it is proposed that the same risk adjustment factors used for the underlying reinsurance contracts be used for the retrocession risk adjustment.

Africa Re does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

D. Property and equipment

Property and equipment are stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenses are treated as other repairs and maintenance costs and charged to the income statement during the financial period in which they are incurred.

Assets under construction are stated at costs. They represent costs incurred to date on on-going building projects.

Freehold land is not depreciated. Depreciation is calculated on other property and equipment from the date an asset is available for use on the straight-line basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

- **Buildings:** 2% or over the lease period if less than 50 years
- **Furniture, fittings and equipment:** between 6.67% and 33.33%
- **Motor vehicles:** 25%

Asset residual values and their estimated useful lives are reviewed at each reporting date and adjusted if appropriate.

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

Property and equipment are derecognised when damaged, obsolete, disposed or when no future economic benefits are expected from its use.

Gains and losses on disposal of property and equipment are determined by comparing proceeds with their carrying amounts.

E. Intangible assets

(i) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life (4 years) of the software.

Computer software development costs that are directly associated with the production of identifiable software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Computer software development costs recognized as assets are amortised from the date, they are available for use on a straight-line method over their estimated useful lives, not exceeding a period of four years.

After initial recognition, software acquired is carried at its cost less any accumulated amortization and any accumulated impairment losses. Maintenance costs are expensed when incurred.

(ii) Deferred acquisition costs and deferred retrocession commission

Acquisition costs comprise insurance commissions, brokerage and other related expenses arising from the conclusion of insurance contracts. The proportion of acquisition costs and commission income that correspond to the unearned premiums are deferred and amortised on a pro rata basis over the contract term.

F. Investment property

Property held for long-term rental yields that is not occupied by any component of the Group is classified as investment property.

Investment property comprises freehold land and buildings.

Investment property is initially measured at cost and subsequently at historical cost less depreciation and any accumulated impairment losses.

The carrying amount of investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Gains or losses on disposal of investment property (calculated as the difference between the net

proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Most of the Corporation's office buildings were built partly for its own use and for generating income. Allocation between Property and Investment is solely based on use.

Transfers to and from Investment Property take place only when there is a change in use.

Change in use occurs when there is commencement of or end of owner-occupation and inception of an operating lease to another party.

Rental income from investment property is recognised as other revenue on a straight-line basis over the term of the lease.

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G. Financial assets and liabilities

a. Initial recognition

Financial assets and financial liabilities are recognised when the corporation becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on settlement date basis.

At initial recognition, Africa Re measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

b. Classification and measurement

i. financial assets

Classification and measurement of financial instruments are based on the Africa Re's business model for managing the asset and the cash flow characteristics of the asset.

Business model: The business model reflects how the corporation manages the assets in order to generate cash flows. That is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Solely Payments of Principal and Interest: Where the business model is to collect contractual cash flows, Africa Re assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, Africa Re considers whether the contractual cashflows are consistent with a basic lending arrangement i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks, and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Based on these factors, Africa Re classifies its debt instruments into one of the following measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in investment income using the effective interest rate method. These financial assets include cash and bank balances, investments at amortised cost, trade and other receivables.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

ii. financial liabilities

Financial liabilities of Africa Re are classified and subsequently measured at amortised cost net of directly attributable transaction costs.

Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Africa Re's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. Africa Re's financial liabilities include trade and other payables.

c. Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost under IFRS 9: Financial instruments, cash and bank and balances and investments and amortised cost. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions. The ECL model is dependent on the availability of relevant and accurate data to determine whether a significant increase in credit risk occurred since initial recognition, the probability of default (PD), the loss given default (LGD) and the possible exposure at default (EAD)

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

Africa Re measures the loss allowance at an amount equal to the lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, then the loss allowance for that financial asset is measured at 12 month expected credit losses (12-month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that are possible within 12 months after the reporting date. In order to assess whether to apply lifetime ECL or 12-month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, Africa Re considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than the evidence of a financial asset being credit impaired at the reporting date or of an actual default occurring.

The measurement of ECL is a function of the PD, LGD (i.e. the magnitude of the loss if there is a default) and the EAD. The assessment of the PD and LGD is based on historical data adjusted by forward-looking information as described below. The EAD is the gross carrying amount of the financial asset at the reporting date. An impairment gain or loss is recognised for all financial assets in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account.

d. Significant increase in credit risk and definition of default

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, Africa Re compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring as at the date of initial recognition.

Africa Re considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a financial asset is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless Africa Re has reasonable and supportable information that demonstrates otherwise. By contrast, if a financial asset is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the financial asset has not increased significantly since initial recognition. Africa Re monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

For purposes of internal credit risk management purposes, Africa Re consider that a default event has occurred if there is internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account). Furthermore, financial assets are defined as being in default when contractual payments are more than 90 days past due or when there are clear indications that the imposition of financial or legal penalties and/or sanctions will make the full recovery of amounts due highly improbable. These assets are regarded as non-performing and grouped under stage 3 financial assets.

Africa Re writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

e. Derecognition

i. financial assets

Africa Re derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised as finance income/cost.

ii. financial liabilities

Africa Re derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

f. Modification

When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial instrument, Africa Re recalculates the gross carrying amount of the financial instrument and recognises a modification gain or loss immediately within finance income/(cost)-net at the date of the modification. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate.

g. Offsetting of financial assets and financial liabilities

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

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of Africa Re or the counterparty.

H. Reinsurance receivables

All amounts receivable are initially recognised at fair value.

Amounts recoverable under the retrocession contracts are recognised in the same year as the related claims and are disclosed in the income statement and statement of financial position on a gross basis.

Amounts recoverable under reinsurance and retrocession contracts are assessed for impairment losses at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition that the Group may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the company will receive from the debtors.

The carrying amounts of the assets are reduced by the expected credit loss recognised in the profit or loss account for the period.

I. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents, comprise short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value..

J. Impairment of non-financial assets

Impairment exists when there is objective evidence that the carrying amount of an asset exceeds the higher of its fair value or its value in use. The Corporation carries out an assessment of its non-financial assets periodically.

Land and buildings are valued by external Consultants triennially.

To maintain their expected levels of performance and estimated useful life, significant pieces of plant and equipment are subject to service and maintenance contracts with the Original Equipment Manufacturers or their authorized agents. Other non-financial assets are assessed internally on annual basis for continuous performance and usefulness. A financial assessment of impaired assets is carried out to determine whether they should be refurbished or replaced. Costs of refurbishment are capitalised if there is objective evidence that such refurbishment will result in an increase in the useful life of the asset, otherwise, it will be treated as expense in the statement of profit or loss. Others are derecognised through disposal and replaced.

Impairment assessment on computer software is carried out through a review of the cost incurred to date and outstanding cost to completion for those under development or maintenance costs for those in use. These costs are compared with the original budget.

K. Other receivables and prepayments

Other receivables are measured at amortised cost and stated after deductions of amount considered impaired. When a debt is deemed not collectible, it is written-off against the related provision or directly to the profit and loss account to the extent not previously provided for. Any subsequent recovery of written-off debts is credited to the profit and loss account. Other receivables are primarily loans to staff, sundry debtors and accrued income

Prepayments are carried at cost less accumulated impairment losses and are amortised on a straight-line basis to the profit and loss account.

L. Foreign currency translation

(i) Functional and presentation currencies

The Group's constituent offices are geographically dispersed within Africa, and it conducts its operations in several currencies.

The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. An entity considers the following factors in determining its functional currency:

a. the currency:

- that mainly influences sales prices for goods and services; and
- of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.

b. the currency that mainly influences labour, material and other costs of providing goods or services.

The functional currencies of the group's constituent offices have been determined as currencies of countries in which they are established.

In line with IAS 21 revised, the group has selected, United States dollars, as its presentation currency.

(ii) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

At the end of each reporting period:

a. foreign currency monetary items shall be translated using the closing rate,

b. non monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction, and

c. non monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was measured.

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) are translated into the presentation currency as follows:

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a. assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

b. income and expenses for each profit and loss account are translated at average exchange rates prevailing over the reporting period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);

c. all resulting exchange differences are recognised in the translation reserve in equity.

In line with IAS 21 revised, the group's constituent offices are considered as foreign operations and are consolidated as such.

M. Leases

The Corporation assesses every contract at inception to determine whether it contains a lease. Contracts in which the right to control the use of an identified assets for a period in exchange for consideration by an entity within the group are classified as leases.

The Corporation as a lessee applies a single recognition and measurement approach for all leases.

Payments made under short-term leases and low-value leases are charged to profit or loss on the straight-line basis over the period of the lease.

Right-of-use assets are recognised at cost at the commencement date of the lease. They are subsequently measured at cost less accumulated depreciation. Right-of-use assets are depreciated over the shorter of lease term and the average useful lives of the underlying assets (building).

N. Employee benefits

Short-term employee benefits

Employee entitlements to service pay and annual leave are recognised when they accrue to employees. The cost of short-term employee benefits are recognised in the period in which the service is rendered and are not discounted.

Retirement benefit obligations

The Corporation operates a defined contribution retirement benefit scheme and an unfunded defined benefit service gratuity scheme for its employees. Under the defined contribution scheme, the Corporation pays fixed contributions into a separate entity.

Once the contributions have been paid, the Group retains no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to finance benefits accruing under the retirement benefit plan.

The employee's entitlements to retirement benefits under the gratuity scheme depend on the individual's years of service and terminal salary.

The Group's contributions to the defined contribution schemes are charged to the statement of profit or loss in the year to which they relate.

The liability recognised in the statement of financial position in respect of the unfunded defined service gratuity scheme is the present value of the defined benefit obligation at the reporting date. The liability is computed internally using the guidelines on qualification. Qualifying staff are those that have been in service of the Corporation for 6 to 24 years. Annual incremental costs are charged to the statement of profit or loss.

In 2023 the corporation introduced an employee share option program in which interested staff are granted shares through the provident fund. The liability at the end of the year has been accounted for under sundry payables

Other employee benefits

The estimated monetary liability for employees accrued annual leave entitlement at the reporting date is recognised as an expense and classified under staff costs. The related liabilities are included in current liabilities in the statement of financial position.

Other employee benefits are recognised when they accrue to employees.

O. Income tax

In accordance with Article 51 of the Agreement Establishing the African Reinsurance Corporation, the Corporation is not subject to tax in member States. Tax expense/(income) therefore comprises current and deferred taxes arising only in South Africa in respect of the South Africa subsidiary and is computed in accordance with South African tax laws.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences are utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Current and deferred tax for the year

Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognised in other comprehensive income.

P. Dividends

Dividends payables are recognised as a liability in the period in which they are approved by the shareholders.

Q. Share Capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Shares are issued at par value; any amount received over and above the par value is classified as share premium in equity.

R. Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

S. Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

4 Investments

i) Investments by category

	2023 US$'000	2022 US$'000
Amortized Cost		
Bank deposits	317,848	284,934
Fixed rate securities	351,957	339,290
Floating rate securities	60,470	51,211
	730,275	**675,435**
Fair value through profit or loss		
Fixed rate securities	118,602	97,609
Floating rate securities	42,001	39,414
Quoted equity investments	47,978	63,377
	208,581	**200,400**
Fair Value Through OCI		
Unquoted equity investments	61,753	61,909
	1,000,609	**937,744**
Comprising:		
Current portion	404,292	399,571
Non-current portion	596,317	538,173
	1,000,609	**937,744**

Fixed rate securities at amortized cost are presented in the group's statement of financial position at their amortized costs as at 31 December 2023 of US$ 351,957,071 (2022: US$ 339,049,000).

The fair value of the Held To Maturity assets at 31 December 2023 was US$ 329,069,310 (2022: US$ 344,522,643)

ii) Impairment (Reversal) / Charge

	Group 2023 US$'000	Group 2022 US$'000
Cash & cash Equivalents		
Stage 1 - 12 Months ECL	585	555
Stage 2 - Lifetime ECL Not Credit Impaired		
Stage 3 - Lifetime ECL Credit Impaired		
Bank deposits		
Stage 1 - 12 Months ECL	773	1,204
Stage 2 - Lifetime ECL Not Credit Impaired		
Stage 3 - Lifetime ECL Credit Impaired		
Bonds Held at Amortized Cost		
Stage 1 - 12 Months ECL	215	187
Stage 2 - Lifetime ECL Not Credit Impaired	5	10
Stage 3 - Lifetime ECL Credit Impaired	561	575
Total	**2,139**	**2,531**

iii) Weighted average effective interest rates

Fair value through profit or loss	2023 %	2022 %
Interest-bearing investments denominated in:		
US Dollars	4.70	(1.00)
Euro	1.53	1.93
South African Rand	6.11	6.80

iv) Fair value measurements recognised in the statement of financial position

The tables that follow below provide an analysis of the Corporation's financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31/12/2023			
	Level 1	Level 2	Level 3	Total
	US$'000	US$'000	US$'000	**US$'000**
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for trading	208,581	-	-	**208,581**
Financial assets at FVOCI				
Unquoted shares	-	-	61,753	**61,753**
Total	**208,581**	**-**	**61,753**	**270,334**

This represents fixed rate securities at fair value through profit or loss and quoted equity investments at fair value through profit or loss.

	31/12/2022			
	Level 1	Level 2	Level 3	Total
	US$'000	US$'000	US$'000	**US$'000**
Financial assets at fair value through profit or loss				
Non-derivative financial assets held for trading	200,400	-	-	**200,400**
Financial assets at FVOCI				
Unquoted shares	-	-	61,909	**61,909**
Total	**200,400**	**-**	**61,909**	**262,309**

	2023 US$'000	**2022 US$'000**
5 Retrocession Contract Assets		
Retrocession Contract Assets	107,650	71,280
Total	**107,650**	**71,280**
Comprising:		
Current	62,611	33,082
Non-Current	45,039	38,198

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5.1. Rollforward of net assets for retrocession contracts held (Total)

2023

In US$'000	**Assets for Remaining Coverage**		**Amounts recoverable on Incurred Claims**		
	Excluding LRC	**Loss recovery component**	**Estimates of present value of future cashflows**	**Risk Adjustment**	**Total**
Net retrocession contract assets at start	**(7,418)**	**38**	**74,760**	**3,900**	**71,280**
Allocation of Retrocession premiums	**(165,965)**	-	-	-	**(165,965)**
Amounts recoverable for incurred claims and other expenses	-	-	36,202	1,930	38,132
Loss-recovery on onerous underlying contracts and adjustments	-	287	-	-	287
Changes to amounts recoverable for incurred claims	-	-	(3,059)	(3,480)	(6,539)
Amounts recoverable from retrocessionaires for incurred claims	**-**	**287**	**33,143**	**(1,550)**	**31,880**
Net income or expense from Retrocession contracts held	**(165,965)**	**287**	**33,143**	**(1,550)**	**(134,085)**
Retrocession finance income	-	-	9,399	-	9,399
Effect of movements in exchange rates	(40)	-	(848)	-	(888)
Total changes in the statement of profit and loss and other comprehensive income	**(166,005)**	**287**	**41,694**	**(1,550)**	**(125,574)**
Cash flows					
Premium paid	187,473	-	-	-	187,473
Amounts received	-	-	(25,529)	-	(25,529)
Total cash flows	187,473	-	(25,529)	-	161,945
Net Retrocession contract assets at the End	**14,050**	**325**	**90,925**	**2,350**	**107,650**

5.2. Rollforward of net assets for retrocession contracts held (Total)

In US$'000	2022 Assets for Remaining Coverage Excluding LRC	Loss recovery component	Amounts recoverable on Incurred Claims Estimates of present value of future cashflows	Risk Adjustment	Total
Net retrocession contract assets at start	(9,470)	3	73,645	2,411	66,589
Allocation of Retrocession premiums	**(147,219)**	-	-	-	**(147,219)**
Amounts recoverable for incurred claims and other expenses	-	-	22,254	2,929	25,184
Loss-recovery on onerous underlying contracts and adjustments	-	34	-	-	34
Changes to amounts recoverable for incurred claims	-	-	54,581	(1,440)	53,141
Amounts recoverable from retrocessionaires for incurred claims	**-**	**34**	**76,836**	**1,489**	**78,359**
Net income or expense from Retrocession contracts held	**(147,219)**	**34**	**76,836**	**1,489**	**(68,860)**
Retrocession finance income	-	-	(4,719)	-	(4,719)
Effect of movements in exchange rates	(26)	-	(422)	-	(448)
Total changes in the statement of profit and loss and other comprehensive income	**(147,246)**	**34**	**71,695**	**1,489**	**(74,027)**
Cash flows					
Premium paid	149,299				149,299
Amounts received			(70,581)		(70,581)
Total cash flows	149,299		(70,581)		78,718
Net Retrocession contract assets at the End	**(7,417)**	**38**	**74,760**	**3,900**	**71,280**

5.3. Rollforward of net assets for retrocession contracts held (Life)

In US$'000	2023 Assets for Remaining Coverage Excluding LRC	Loss recovery component	Amounts recoverable on Incurred Claims Estimates of present value of future cashflows	Risk Adjustment	Total
Net retrocession contract assets at start	**9,467**	**0**	**1,150**	**56**	**10,673**
Allocation of Retrocession premiums	**(8,016)**	-	-	-	**(8,016)**
Loss-recovery on onerous underlying contracts and adjustments	-	-	1,541	33	1,574
Changes to amounts recoverable for incurred claims	-	-	1,457	(41)	1,416
Amounts recoverable from retrocessionaires for incurred claims	**-**	**-**	**2,998**	**(8)**	**2,990**
Net income or expense from Retrocession contracts held	**(8,016)**	**-**	**2,998**	**(8)**	**(5,026)**
Retrocession finance income	-	-	95	-	95
Total changes in the statement of profit and loss and other comprehensive income	**(8,016)**	**-**	**3,093**	**(8)**	**(4,931)**
Cash flows					
Premium paid	6,835	-	-	-	6,835
Amounts received	-	-	(3,039)	-	(3,039)
Total cash flows	6,835	-	(3,039)	-	3,796
Net Retrocession contract assets at the End	**8,286**	**-**	**1,204**	**48**	**9,538**

5.4. Rollforward of net assets for retrocession contracts held (Non-Life)

	2023				
	Assets for Remaining Coverage		Amounts recoverable on Incurred Claims		
In US$'000	Excluding LRC	Loss recovery component	Estimates of present value of future cashflows	Risk Adjustment	Total
Net retrocession contract assets at start	(16,884)	38	73,610	3,844	60,608
Allocation of Retrocession premiums	**(157,950)**	-	-	-	**(157,950)**
Amounts recoverable for incurred claims and other expenses	-	-	34,662	1,897	36,559
Loss-recovery on onerous underlying contracts and adjustments	-	287	-	-	287
Changes to amounts recoverable for incurred claims	-	-	(4,516)	(3,439)	(7,955)
Amounts recoverable from retrocessionaires for incurred claims	**-**	**287**	**30,145**	**(1,542)**	**28,891**
Net income or expense from Retrocession contracts held	**(157,950)**	**287**	**30,145**	**(1,542)**	**(129,060)**
Retrocession finance income	-	-	9,304	-	9,304
Effect of movements in exchange rates	(40)	-	(849)	-	(888)
Total changes in the statement of profit and loss and other comprehensive income	**(157,990)**	**287**	**38,600**	**(1,542)**	**(120,644)**
Cash flows					
Premium paid	180,638	-	-	-	180,638
Amounts received	-	-	(22,490)	-	(22,490)
Total cash flows	180,638	-	(22,490)	-	158,148
Net Retrocession contract assets at the End	**5,764**	**325**	**89,721**	**2,302**	**98,112**

5.5. Rollforward of net assets for retrocession contracts held (Life)

	2022				
	Assets for Remaining Coverage		Amounts recoverable on Incurred Claims		
In US$'000	Excluding LRC	Loss recovery component	Estimates of present value of future cashflows	Risk Adjustment	Total
Net retrocession contract assets at start	8,141		425	37	8,604
Allocation of Retrocession premiums	**(8,412)**				**(8,412)**
Amounts recoverable for incurred claims and other expenses			2,022	32	2,054
Changes to amounts recoverable for incurred claims			3,185	(13)	3,172
Amounts recoverable from retrocessionaires for incurred claims			**5,207**	**19**	**5,226**
Net income or expense from Retrocession contracts held	**(8,412)**		**5,207**	**19**	**(3,186)**
Retrocession finance income			(43)		(43)
Total changes in the statement of profit and loss and other comprehensive income	**(8,412)**		**5,164**	**19**	**(3,229)**
Cash flows					
Premium paid	9,738				9,738
Amounts received			(4,440)		(4,440)
Total cash flows	9,738		(4,440)		5,298
Net Retrocession contract assets at the End	**9,467**		**1,150**	**56**	**10,672**

5.6. Rollforward of net assets for retrocession contracts held (Non-Life)

In US$'000	2022 Assets for Remaining Coverage		Amounts recoverable on Incurred Claims		
	Excluding LRC	Loss recovery component	Estimates of present value of future cashflows	Risk Adjustment	Total
Net retrocession contract assets at start	(17,612)	3	73,220	2,374	57,986
Allocation of Retrocession premiums	**(138,807)**				**(138,807)**
Amounts recoverable for incurred claims and other expenses			20,232	2,897	23,130
Loss-recovery on onerous underlying contracts and adjustments		34			34
Changes to amounts recoverable for incurred claims			51,396	(1,427)	49,969
Amounts recoverable from retrocessionaires for incurred claims		**34**	**71,628**	**1,470**	**73,133**
Net income or expense from Retrocession contracts held	**(138,807)**	**34**	**71,628**	**1,470**	**(65,674)**
Retrocession finance income			(4,677)		(4,677)
Effect of movements in exchange rates	(26)		(421)		(448)
Total changes in the statement of profit and loss and other comprehensive income	**(138,833)**	**34**	**66,531**	**1,470**	**(70,798)**
Cash flows					
Premium paid	139,561				139,561
Amounts received			(66,141)		(66,141)
Total cash flows	139,561		(66,141)		73,420
Net Retrocession contract assets at the End	**(16,884)**	**38**	**73,610**	**3,844**	**60,608**

6 Reinsurance Contract Liabilities

	2023 US$'000	2022 US$'000
Reinsurance Contract Liabilities	548,767	464,612
Comprising:		
Current	206,951	180,459
Non-Current	341,816	284,153

6.1. Rollforward of net liabilities for reinsurance contracts liabilities (Total)

	2023				
	Liabilities for Remaining Coverage		Liabilities for Incurred Claims		
In US$'000	**Excluding LRC**	**Loss recovery component**	**Estimates of present value of future cashflows**	**Risk Adjustment**	**Total**
Reinsurance contract liabilities at the beginning	**82,176**	**6,169**	**358,996**	**17,271**	**464,612**
Reinsurance Revenue	**(1,045,516)**	-	-	-	**(1,045,516)**
Incurred claims and other expenses	-	-	347,934	14,379	362,314
Amortisation of Reinsurance acquisition cash flows	262,420	-	-	-	262,420
Losses on onerous contracts and reversals of those losses	-	357	-	-	357
Changes to liabilities for incurred claims	-	-	174,169	(13,207)	160,963
Reinsurance service expenses	**262,420**	**357**	**522,103**	**1,172**	**786,053**
Reinsurance service result	**(783,096)**	**357**	**522,103**	**1,172**	**(259,463)**
Reinsurance finance expenses	-	-	59,523	-	59,523
Effect of movements in exchange rates	(910)	-	(5,957)	-	(6,867)
Total changes in the statement of profit and loss and other comprehensive income	**(784,006)**	**357**	**575,669**	**1,172**	**(206,808)**
Cash flows					
Premiums received	1,068,488	-	-	-	1,068,488
Claims and other expenses paid	-	-	(504,780)	-	(504,780)
Reinsurance acquisition cash flows	(272,745)	-	-	-	(272,745)
Total cash flows	795,742	-	(504,780)	-	290,963
Net Reinsurance contract liabilities as at End	**93,912**	**6,526**	**429,886**	**18,443**	**548,767**

6.2. Rollforward of net liabilities for reinsurance contracts liabilities (Total)

	2022				
	Assets for Remaining Coverage		Liabilities for Incurred Claims		
In US$'000	**Excluding LRC**	**Loss recovery component**	**Estimates of present value of future cashflows**	**Risk Adjustment**	**Total**
Reinsurance contract liabilities at the beginning	56,126	10,313	324,226	16,048	406,713
Reinsurance Revenue	**(917,112)**	-	-	-	**(917,112)**
Incurred claims and other expenses	-	-	283,357	13,705	297,062
Amortisation of Reinsurance acquisition cash flows	232,568	-	-	-	232,568
Losses on onerous contracts and reversals of those losses	-	(4,144)	-	-	(4,144)
Changes to liabilities for incurred claims	-	-	255,425	(12,483)	242,942
Reinsurance service expenses	**232,568**	**(4,144)**	**538,782**	**1,223**	**768,428**
Reinsurance service result	**(684,544)**	**(4,144)**	**538,782**	**1,223**	**(148,684)**
Reinsurance finance expenses	-	-	(24,155)	-	(24,155)
Effect of movements in exchange rates	(680)	-	(5,348)	-	(6,028)
Total changes in the statement of profit and loss and other comprehensive income	(685,224)	(4,144)	509,278	1,223	(178,867)
Cash flows					
Premiums received	946,930	-	-	-	946,930
Claims and other expenses paid	-	-	(474,508)	-	(474,508)
Reinsurance acquisition cash flows	(235,657)	-	-	-	(235,657)
Total cash flows	711,274	-	(474,508)	-	236,766
Net Reinsurance contract liabilities as at End	**82,176**	**6,169**	**358,996**	**17,271**	**464,612**

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6.3. Rollforward of net liabilities for reinsurance contracts liabilities (Life)

In US$'000	2023 Assets for Remaining Coverage		Liabilities for Incurred Claims		
	Excluding LRC	Loss recovery component	Estimates of present value of future cashflows	Risk Adjustment	Total
Reinsurance contract liabilities at the beginning	23,595	268	31,031	670	55,564
Reinsurance Revenue	**(103,803)**	-	-	-	**(103,803)**
Incurred claims and other expenses	-	-	24,155	395	24,550
Amortisation of Reinsurance acquisition cash flows	24,763	-	-	-	24,763
Losses on onerous contracts and reversals of those losses	-	(55)	-	-	(55)
Changes to liabilities for incurred claims	-	-	20,846	(445)	20,401
Reinsurance service expenses	**24,763**	**(55)**	**45,001**	**(50)**	**69,658**
Reinsurance service result	**(79,040)**	**(55)**	**45,001**	**(50)**	**(34,145)**
Reinsurance finance expenses	-	-	2,839	-	2,839
Total changes in the statement of profit and loss and other comprehensive income	(79,040)	(55)	47,840	(50)	(31,307)
Cash flows					
Premiums received	100,320	-	-	-	100,320
Claims and other expenses paid	-	-	(50,028)	-	(50,028)
Reinsurance acquisition cash flows	(24,550)	-	-	-	(24,550)
Total cash flows	75,770	-	(50,028)	-	25,742
Net Reinsurance contract liabilities as at End	**20,325**	**212**	**28,843**	**620**	**50,000**

6.4. Rollforward of net liabilities for reinsurance contracts liabilities (Non-Life)

In US$'000	2023 Assets for Remaining Coverage		Liabilities for Incurred Claims		
	Excluding LRC	Loss recovery component	Estimates of present value of future cashflows	Risk Adjustment	Total
Reinsurance contract liabilities at the beginning	58,581	5,902	327,965	16,600	409,048
Reinsurance Revenue	**(941,713)**	-	-	-	**(941,713)**
Incurred claims and other expenses	-	-	323,779	13,984	337,764
Amortisation of Reinsurance acquisition cash flows	237,658	-	-	-	237,658
Losses on onerous contracts and reversals of those losses	-	412	-	-	412
Changes to liabilities for incurred claims	-	-	153,323	(12,761)	140,562
Reinsurance service expenses	**237,658**	**412**	**477,102**	**1,223**	**716,395**
Reinsurance service result	**(704,056)**	**412**	**477,102**	**1,223**	**(225,318)**
Reinsurance finance expenses			56,684		56,684
Effect of movements in exchange rates	(910)	-	(5,957)	-	(6,867)
Total changes in the statement of profit and loss and other comprehensive income	**(704,966)**	**412**	**527,830**	**1,223**	**(175,501)**
Cash flows					
Premiums received	968,167	-	-	-	968,167
Claims and other expenses paid	-	-	(454,752)	-	(454,752)
Reinsurance acquisition cash flows	(248,196)	-	-	-	(248,196)
Total cash flows	719,972	-	(454,752)	-	265,220
Net Reinsurance contract liabilities as at End	**73,587**	**6,314**	**401,043**	**17,823**	**498,767**

6.5. Rollforward of net liabilities for reinsurance contracts liabilities (Life)

In US$'000	2022 Assets for Remaining Coverage		Liabilities for Incurred Claims		
	Excluding LRC	Loss recovery component	Estimates of present value of future cashflows	Risk Adjustment	Total
Reinsurance contract liabilities at the beginning	16,420	753	20,610	940	38,723
Reinsurance Revenue	**(83,251)**	-	-	-	**(83,251)**
Incurred claims and other expenses	-	-	21,066	413	21,479
Amortisation of Reinsurance acquisition cash flows	19,231	-	-	-	19,231
Losses on onerous contracts and reversals of those losses	-	(486)	-	-	(486)
Changes to liabilities for incurred claims	-	-	35,890	(682)	35,207
Reinsurance service expenses	**19,231**	**(486)**	**56,956**	**(269)**	**75,432**
Reinsurance service result	**(64,020)**	**(486)**	**56,956**	**(269)**	**(7,820)**
Reinsurance finance expenses	-	-	(1,046)	-	(1,046)
Total changes in the statement of profit and loss and other comprehensive income	(64,020)	(486)	(55,910)	(269)	(8,866)
Cash flows					
Premiums received	91,053	-	-	-	91,053
Claims and other expenses paid	-	-	(45,488)	-	(45,488)
Reinsurance acquisition cash flows	(19,858)	-	-	-	(19,858)
Total cash flows	71,195	-	(45,488)	-	25,707
Net Reinsurance contract liabilities as at End	**23,595**	**268**	**31,031**	**670**	**55,564**

6.6. Rollforward of net liabilities for reinsurance contracts liabilities (Non-Life)

In US$'000	2022 Assets for Remaining Coverage		Liabilities for Incurred Claims		
	Excluding LRC	Loss recovery component	Estimates of present value of future cashflows	Risk Adjustment	Total
Reinsurance contract liabilities at the beginning	39,706	9,560	303,616	15,109	367,991
Reinsurance Revenue	**(833,861)**	-	-	-	**(833,861)**
Incurred claims and other expenses	-	-	262,290	13,292	275,583
Amortisation of Reinsurance acquisition cash flows	213,337	-	-	-	213,337
Losses on onerous contracts and reversals of those losses	-	(3,658)	-	-	(3,658)
Changes to liabilities for incurred claims	-	-	219,536	(11,801)	207,735
Reinsurance service expenses	**213,337**	**(3,658)**	**481,826**	**1,492**	**692,997**
Reinsurance service result	**(620,524)**	**(3,658)**	**481,826**	**1,492**	**(140,864)**
Reinsurance finance expenses	-	-	(23,110)	-	(23,110)
Effect of movements in exchange rates	(680)	-	(5,348)	-	(6,028)
Total changes in the statement of profit and loss and other comprehensive income	(621,203)	(3,658)	453,368	1,492	(170,002)
Cash flows					
Premiums received	855,876	-	-	-	855,876
Claims and other expenses paid	-	-	(429,019)	-	(429,019)
Reinsurance acquisition cash flows	(215,798)	-	-	-	(215,798)
Total cash flows	640,078	-	(429,019)	-	211,059
Net Reinsurance contract liabilities as at End	**58,581**	**5,901**	**327,965**	**16,600**	**409,048**

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7 Reinsurance Service Expense

	2023 US$'000	2022 US$'000
Incurred Claims and Other Expenses	362,313	297,062
Ammortisation of Insurance Acquisition	262,420	232,568
Losses on Onerous Contracts	357	(4,144)
Changes to Liabilities for Incurred Claims	160,963	242,942
Total	**786,053**	**768,428**

8 Investment properties

	2023 US$'000	2022 US$'000
Cost		
At 1 January	22,395	21,916
Transfer from buildings (Note 9)	-	478
At 31 December	22,395	22,395
Depreciation		
At 1 January	4,017	3,573
Charge for the year	482	444
At 31 December	4,499	4,017
Net book value	**17,896**	**18,378**

The following amounts have been recognised in statement of profit or loss and other comprehensive income in respect of investment properties:

	2023	2022
Net rental income (Note 17)	**1,635**	**1,617**

Investment properties represent the lettable portion of the Corporation's headquarters building, two Residential buildings in Lagos, as well as regional office buildings in Nairobi, Casablanca, and Mauritius.

At 20 March 2020, the market value of the headquarters building was estimated at US$ 38.25 million (net book value at Dec. 2023: US$ 5.38 million) based on a valuation by Knight Frank (FRC/2013/0000000000584), a firm of Estate Surveyors.

At 7 August 2020, the market value of the two residential buildings in Lagos was estimated at US$14.23 million (net book value at 31 Dec. 2023: US$ 7.83 million) based on a valuation by Knight Frank, a firm of Estate Surveyors.

At 31 December 2019, the market value of the Casablanca regional office building was estimated at US$ 10.36 million (net book value at 31 Dec. 2023: US$ 3.24 million) based on a valuation by Ceinture Immo, a firm of Estate Surveyors.

At 31 December 2019, the market value of the Nairobi regional office building was estimated at US$ 8.48 million (net book value at 31 Dec. 2023: US$ 2.04 million) based on a valuation by Knight Frank, a firm of Estate Surveyors.

Mauritius office building was completed in October 2020. The total cost of the Corporation's share was US$5.51 million.

Details of the group's investment properties and information about the fair value hierarchy as at 31 December 2023 as follows:

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Fair value as at 31/12/2023 US$'000
Headquarters building	-	38,249	-	38,249
Residential Buildings in Lagos	-	14,232	-	14,232
Casablanca regional office building	-	10,362	-	10,362
Nairobi regional office building	-	8,481	-	8,481
Mauritius regional office building	-	6,166	-	6,166

There were no transfers between levels 1 and 2 during the year.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Fair value as at 31/12/2022 US$'000
Headquarters building	-	38,249	-	38,249
Residential Buildings in Lagos	-	14,232	-	14,232
Casablanca regional office building	-	10,362	-	10,362
Nairobi regional office building	-	8,481	-	8,481
Mauritius regional office building	-	6,166	-	6,166

There were no transfers between levels 1 and 2 during the year.

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9 Property and equipment

	Assets under construction US$'000	Buildings & freehold Land US$'000	Fittings & Equipment US$'000	Motor vehicles US$'000	Total US$'000
Year ended 31 December 2023:					
Cost					
At 1 January	**5,243**	**33,559**	**17,358**	**1,678**	**57,838**
Additions	-	585	1,210	600	**2,396**
Disposals			(6)	-	**(6)**
Reclassifications/Transfer	-		33		**33**
At 31 December	**5,243**	**34,144**	**18,596**	**2,278**	**60,261**
Depreciation					
At 1 January	**-**	**5,506**	**15,920**	**1,254**	**22,682**
Depreciation charge	-	318	1,651	249	**2,218**
Reclassifications/Transfer	-		13	14	**28**
Disposals	-	-	(3)		**(3)**
At 31 December	**-**	**5,824**	**17,581**	**1,518**	**24,923**
Net Book Value	**5,243**	**28,320**	**1,015**	**761**	**35,339**
Year ended 31 December 2022:					
Cost					
At 1 January	**5,409**	**32,705**	**17,324**	**1,973**	**57,411**
Additions	313	854	318	155	**1,640**
Disposals	-	-	(285)	(450)	**(735)**
Reclassifications/Transfer	(478)			-	**(478)**
At 31 December	**5,243**	**33,559**	**17,358**	**1,678**	**57,838**
Depreciation					
At 1 January	**-**	**5,126**	**14,881**	**1,445**	**21,452**
Depreciation charge	-	380	1,131	260	**1,772**
Reclassifications/Transfer	-	-	-	-	**-**
Disposals	-	-	(92)	(450)	**(542)**
At 31 December	**-**	**5,506**	**15,920**	**1,254**	**22,682**
Net Book Value	**5,243**	**28,053**	**1,436**	**423**	**35,155**

Included in buildings and freehold land is a total amount of US$6,038,210.17 (2022: US$6,136,046.87) representing the carrying amount of the owner-occupied proportion of the Corporation's headquarters building in Lagos and regional office buildings in Nairobi, Casablanca and Mauritius. The assets under construction represent fixed assets in progress.

10 Intangible Assets

	Computer Software US$'000	Computer Software in progress US$'000	Total US$'000
Year ended 31 December 2023:			
Cost			
At 1 January	**11,898**	**1,964**	**13,862**
Additions	-	-	**-**
At 31 December	**11,898**	**1,964**	**13,862**
Amortisation			
At 1 January	**7,371**		**7,371**
Charge for the year	1,315		**1,315**
At 31 December	**8,687**		**8,687**
Net book value	**3,211**	**1,964**	**5,175**
Year ended 31 December 2022:			
Cost			
At 1 January	**11,726**	**1,964**	**13,690**
Additions	172	-	**172**
At 31 December	**11,898**	**1,964**	**13,862**
Amortisation			
At 1 January	**5,450**	**-**	**5,450**
Charge for the year	1,921	-	**1,921**
At 31 December	**7,371**	**-**	**7,371**
Net book value	**4,527**	**1,964**	**6,490**

Included above are assets with a total cost of US$6,145,111.69 (2022: US$6,101,997.49) which were fully amortised as at 31 December 2023.

11 Reinsurance finance income/(expense)

	2023 US$'000	2022 US$'000
Interest accreted to reinsurance contracts using current financial assumptions	(53,334)	(18,002)
Due to changes in interest rates and other financial assumptions	(6,189)	42,158
Total reinsurance finance (expense)/income	**(59,523)**	**24,155**
Retrocession Finance Income and Expense		
Interest accreted to retrocession contracts using current financial assumptions	8,517	2,431
Due to changes in interest rates and other financial assumptions	882	(7,150)
Total reinsurance finance income/(expense)	**9,399**	**(4,719)**
Net reinsurance finance (expense)/income	**(50,124)**	**19,435**

12 Deferred tax

Deferred tax relates only to a subsidiary company, African Reinsurance Corporation South Africa (ARCSA) and is calculated in full using the liability method and applying a principal tax rate of 28%. The movement on the deferred tax account is as follows:

	2023 US$'000	2022 US$'000
At 1 January	650	694
Exchange rate impact on opening balance	(31)	(44)
Charge to profit or loss (Note 19)	(207)	-
At 31 December	**412**	**650**

Deferred tax assets, liabilities and deferred tax charge/(credit) in the financial statements are attributable to the following items:

	01/01/2023 US$'000	Charged to P/L US$'000	31/12/2023 US$'000	31/12/2022 US$'000
Excess depreciation over capital allowances	(75)	-	(75)	(75)
Unrealised gain on revaluation of investments	863	(220)	643	863
Accumulated losses	(94)	-	(94)	(94)
Exchange rate impact on opening balance	(44)	13	(31)	(44)
Net deferred tax liability	**650**	**(207)**	**412**	**650**

13. Reinsurance Assets and Liabilities Position

2023	Assets US$'000	Liabilities US$'000	Net US$'000
Reinsurance contracts issued		(547,809)	(547,809)
Retrocession contracts held	107,650		107,650

2022	Assets US$'000	Liabilities US$'000	Net US$'000
Reinsurance contracts issued		(464,612)	(464,612)
Retrocession contracts held	71,280		71,280

Maturity Analysis for Liabilities by Contracts (LIC component is discounted)

2023

US$ '000	Up to 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Reinsurance contract liabilities	206,951	151,349	72,219	26,214	89,586	2,448	548,767
Total	**206,951**	**151,349**	**72,219**	**26,214**	**89,586**	**2,448**	**548,767**

2022

US$ '000	Up to 1 year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Reinsurance contract liabilities	180,459	94,298	59,293	92,895	19,008	18,659	464,612
Total	**180,459**	**94,298**	**59,293**	**92,895**	**19,008**	**18,659**	**464,612**

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14 Other reserves

	2023 US$'000	2022 US$'000
General reserve	477,239	413,762
Reserve for exchange fluctuation	6,294	6,294
Reserve for loss fluctuation	60,600	59,600
Reserve for market value adjustment	6,605	7,835
Translation reserve	(228,231)	(193,198)
	322,507	**294,293**

(i) General reserve
An amount equivalent to 50% of the net profit for each year is set aside as a general reserve in accordance with General Assembly resolution number 4/1992.

(ii) Reserve for exchange fluctuation
The reserve for exchange fluctuation represents an amount set aside by the Directors from the profits for each year to cushion the effects of adverse movements in exchange rates in the countries of operation.

(iii) Reserve for loss fluctuation
The reserve for loss fluctuation represents an amount over and above the outstanding claims provision set aside by the directors from the profits of each year to moderate the effects of possible fluctuation in losses in future years.

(iv) Translation reserve
The translation reserve represents the unrealised exchange gains or losses arising from translation of the corporation's assets and liabilities from the various functional currencies to the corporation's presentation currency at each reporting date.

(v) Reserve for market value adjustment
The reserve for market value adjustment represents the unrealised gain or loss arising from the changes in the fair value of the financial assets classified as available for sale.

Movements in the other reserves are shown in the statement of changes in equity on page 58.

15 Share capital

	2023 Number	2022 Number
Authorised share capital	**5,000,000**	**5,000,000**
Issued and fully paid	**2,871,815**	**2,863,611**

	US$'000	US$'000
Issued and fully paid at 31 December	287,181	286,361
Par value per share	**$100**	**$100**

The movement in issued and fully paid share capital is as below:

	US$'000	US$'000
At 1 January	286,361	286,361
Issue of ordinary shares	820	-
At 31 December	**287,181**	**286,361**

16 Other expenses

	2023 US$'000	2022 US$'000
Staff costs	28,602	27,746
Auditors' remuneration	485	396
Depreciation on property and equipment	2,022	2,098
Depreciation on investment property	482	507
Amortisation of intangible assets	1,510	1,532
Impairment charge on reinsurance receivables	6,885	5,897
Short term lease rentals	308	242
Repairs and maintenance expenditure	924	992
Consultancy fees	3,187	3,043
Travel costs and allowances	1,151	763
General Assembly and Board of Directors' meetings	2,286	1,743
Electricity and water	396	445
Insurance	695	670
Communication expenses	216	284
Advertisement and entertainment	920	374
Training and subscriptions	333	420
Technical assistance	232	296
Medical expenses	475	469
Computer and word processing	3,028	2,529
Transport and maintenance	139	98
Bank charges and other fees	599	439
Office expenses	73	767
Legal expenses	138	262
Donations	97	60
	55,185	**52,072**
Comprising		
Attributable other expenses	32,853	31,012
Non-attributable other expenses	22,332	21,060

Staff costs include retirement benefit costs amounting to US$740,116.47 (2022: US$1,162,349)

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17 Investment income

Amortized Cost	2023 US$'000	2022 US$'000
Interest income from bank deposits	27,604	16,645
Interest income from fixed rate securities HTM	9,793	8,946
interest income from Floating rate Notes	4,895	2,979
	42,292	**29,357**
Fair value through profit or loss		
Interest income from fixed rate securities at fair value through profit or loss	9,455	5,709
Dividend from quoted equity investments at fair value through profit or loss	1,203	1,434
Fair value gains from quoted equity investments	7,818	(18,880)
Fair value gains from listed bonds	3,138	(7,972)
	21,614	**(19,979)**
Fair Value Through OCI		
Dividend from unquoted equity investments at cost less impairment losses	4,040	1,899
Rental Income	1,635	1,617
Realized gains on equity portfolios	3,341	195
Realized losses on bond portfolios	(2,765)	(3,627)
Management fees from equity portfolio	(387)	(642)
Management fees from bond portfolios	(516)	(786)
	1,308	**(3,241)**
Total	**69,254**	**8,306**

b. Other operating income	2023 US$'000	2022 US$'000
Fee income	1,744	1,526
Gain on disposal of property and equipment	19	34
Sundry income	272	71
	2,035	**1,631**
Total investment and Other Income	**71,289**	**9,937**

c. Interest on deposits retained by ceding companies	2023 US$'000	2022 US$'000
Interest on deposits retained by ceding companies	**2,277**	**2,125**

Fee income relates to fees received from management of the Aviation and Oil & Energy Pools. The pools are special purpose vehicles established by a consortium of insurance and reinsurance companies in Africa.

18 Net foreign exchange gain/(loss)

These comprise of currency translation losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies.

	2023 US$'000	2022 US$'000
Net foreign exchange gain/(loss)	1,358	(29,851)

19 Tax recoverable

In accordance with Article 51 of the Agreement Establishing the African Reinsurance Corporation, the Corporation is not subject to tax in member States. The tax charged in the financial statements relates to a subsidiary company's profit, which is computed in accordance with the income tax rules applicable in the subsidiary company's jurisdiction, the Republic of South Africa.

Tax charged in the financial statements is made up of:

	2023 US$'000	2022 US$'000
Current income tax charge	685	539
Deferred income tax charge (Note 12)	207	-
	892	**539**

The movement in the tax recoverable account is as follows:

At 1 January		
Current tax charge for the year	(892)	(539)
Tax paid	2,262	1,772
At December	**1,370**	**1,233**

Tax rate reconciliation	**%**	**%**
Effective tax rate	22	23
Exempt income	1.9	1.9
Disallowed expenses	(1)	(1)
Capital gains tax	3	3
Overprovision prior years	-	-
Other	-	-
South African standard corporate tax rate	**27**	**28**

20 Dividend payable

At the Annual General Meeting (AGM) to be held on 28 June 2024, a final dividend in respect of the year ended 31 December 2023 of US$ 10.00 per share on 2,871,815 (2022: 2,863,611) existing shares amounting to a total of US$ 28,718,150 (2022: US$ 25,199,777) is to be proposed. The dividend declared at the AGM held on 23rd June 2023 was charged to shareholders' equity in these financial statements. The liability for the dividend payable on the 2023 results shall be treated as an appropriation of profit in the financial statements for the year ending 31 December 2023.

The movement in the dividends payable account is as follows:

	2023 US$'000	2022 US$'000
At 1 January	15,506	11,639
Final dividends declared	25,200	25,200
Dividends paid	(26,877)	(21,333)
At 31 December	**13,828**	**15,506**

21 Notes to the statement of cash flows

a. Reconciliation of profit before tax to cash generated from operations:

	Notes	2023 US$'000	2022 US$'000
Profit before income tax		24,272	40,916
Adjustments for:			
Investment income net of management fees		(71,269)	(13,090)
Depreciation on investment property	8	482	444
Depreciation on property and equipment	9	2,218	1,772
Amortisation of intangible assets	10	1,315	1,921
Gain on disposal of property and equipment	17	(19)	(34)
Movement in ECL		392	(555)
Working capital changes;			
Retro Contract Assets		(36,370)	(4,691)
Sundry receivables		5,195	(42,951)
Sundry payables		1,227	313
Exchange difference on deferred tax opening balance	12	(31)	(44)
Reinsurance Contract Liabilities		120,225	120,764
Cash generated from operations		**151,210**	**95,376**

b) Cash and cash equivalents

	2023 US$'000	2022 US$'000
Cash and bank balances	255,213	222,949
Bank deposits with financial institutions maturing within 90 days	181,820	156,001
Cash and cash equivalents	**437,033**	**378,950**

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22 Sundry Payable

	Notes	2023 US$'000	2022 US$'000
Short term employee benefits		3,620	3,574
Accrued Expenses		6,357	5,992
Deferred rental income		185	323
Other payable		2,552	520
Long term employee benefits		8,131	8,732
		20,845	**19,141**
Comprising:			
- current portion		6,429	5,896
- non-current portion		14,416	13,245
		20,845	**19,141**

23 Related party transactions and balances

Transactions between African Reinsurance Corporation and subsidiaries that are to be deemed related parties have been eliminated in consolidation and are not disclosed in the notes.

African Reinsurance Corporation has established a Staff Provident Fund to provide a long-term savings plan for its employees. The Staff provident fund is considered a related party in accordance with IAS 24. Contributions to the Fund are recognized as expenses.

African Reinsurance Corporation established a Corporate Social Responsibility Foundation to engage in corporate social responsibility projects and initiatives aimed at fostering the development of the insurance and reinsurance industry in Africa.

The Foundation is considered a related party in accordance with IAS 24. Each year, the Corporation allocates an amount up to a maximum of 2% from its yearly net profit after tax to this special fund.

i) Transactions with related parties - Shareholders

No individual shareholder has a controlling interest in the Corporation.

ii) Administration of Staff Provident fund	2023 US$ '000	2022 US$ '000
	1,954	1,680

iii) Remuneration for key management personnel

Key management personnel are defined as members of the board of directors of the Corporation, including their close members of family and any entity over which they exercise control. Close members of the family are those who may be expected to influence or be influenced by that individual in dealings with African Reinsurance Corporation.

The Group's key management personnel and persons connected with them are also considered to be related parties for disclosure purposes.

	2023 US$'000	2022 US$'000
Directors' fees (non-executive directors)	1,029	1,044
Other remuneration (elected members of management)		
- Salaries and other short-term benefits	1,797	1,420
- Terminal benefits	33	200

iv) Administration of Foundation

Funds allocated to the Foundation	475	576

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24 Management of Insurance Risks

Insurance risk

The Corporation reinsures all classes of insurance business including Accident and Health, Engineering, Guarantee, Liability, Motor, Fire, Marine, Energy, Aviation, Disability and Life. The bulk of the business written is short tail in nature.

The risk under any one insurance contract is two-fold: underwriting – the possibility that the insured event occurs and reserving – the uncertainty of the amount of the resulting claim.

The Corporation has developed a detailed underwriting manual covering risk acceptance criteria, pricing, accumulation control, authority levels, and reinsurance protection, among others. It guides the underwriters in their acceptances, on the principles of prudence and professionalism within the overall objective of diversifying 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. The priority is to ensure adherence to criteria for risk selection by maintaining high levels of experience and expertise among the underwriting staff. In addition, the Corporation has put in place a business review structure that ensures control of risk quality and conservative use of policy limits, terms and conditions. An independent department, Technical Inspection, ensures adherence to these guidelines through periodic review of each production centre's operations. The reports of the review are submitted to Management and the Audit & Risks Committee of the Board. If the attritional claims incurred were 5% higher, the comprehensive income for the year would be lower by US$ 19.87 million (2022: US$ 15.90 million).

The Corporation enters into retrocession arrangements with reputable retrocessionnaires to diversify its risks and reduce the risk of catastrophic loss on reinsurance assumed. The retrocession does not relieve the Corporation of its obligations to the ceding companies. As part of its annual renewals, the financial condition of retrocessionnaires is reviewed. As a result, retrocession is placed with a select group of financially secure and experienced companies in the industry. The retrocession arrangements existing are as follows:

31 December 2023

Class of business	Gross exposure US$' 000	Net exposure US$' 000
Property risk excess of loss	100,000	10,000
Property catastrophe excess of loss	175,000	17,500
Marine & energy excess of loss	60,000	10,000
Aviation excess of loss	12,000	3,000
Middle East and Asia catastrophe excess of loss	35,000	10,000
Political Violence and Terrorism excess of loss	40,000	10,000
	Annual Aggregate Deductible	**Annual aggregate Limit**
Non-Marine Aggregate	17,500	25,000
Marine & Energy Aggregate	5,000	10,000

31 December 2022

Class of business	Gross exposure US$' 000	Net exposure US$' 000
Property risk excess of loss	100,000	10,000
Property catastrophe excess of loss	175,000	17,500
Marine & Energy excess of loss	60,000	10,000
Aviation excess of loss	12,000	3,000
	Annual Aggregate Deductible	**Annual aggregate Limit**
Non-Marine Aggregate	17,500	25,000
Marine & Energy Aggregate	5,000	10,000

Analysis of outstanding claims reserves development per underwriting year

UW YR	2013 US$'000	2014 US$'000	2015 US$'000	2016 US$'000	2017 US$'000	2018 US$'000	2019 US$'000	2020 US$'000	2021 US$'000	2022 US$'000	2023 US$'000
Gross technical provision	**320,708**	**377,451**	**316,840**	**308,777**	**362,044**	**361,175**	**378,240**	**332,706**	**332,337**	**374,176**	**470,083**
Gross paid (Cumulative):											
1 year later	141,640	137,782	119,797	139,091	180,724	160,703	139,180	121,206	170,115	153,156	120,201
2 years later	193,990	185,366	192,806	246,051	258,467	232,975	195,761	187,604	249,477		
3 years later	211,660	202,682	222,112	284,952	301,437	267,770	225,153	215,265			
4 years later	217,154	214,525	255,789	327,833	313,342	278,711	243,135				
5 years later	228,459	222,364	263,542	338,850	324,210	290,902					
6 years later	233,006	226,689	274,627	343,020	329,083						
7 years later	239,483	233,309	281,926	349,320							
8 years later	241,404	235,729	284,581								
9 years later	243,315	236,517									
10 years later	245,675										
Re-estimated as of: UW YEAR	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Closed year	**320,708**	**377,451**	**316,840**	**308,777**	**362,044**	**361,175**	**378,240**	**332,706**	**332,337**	**374,176**	**470,083**
1 year later	211,533	217,345	205,796	210,040	218,945	352,974	307,021	306,650	273,274	302,487	
2 years later	211,983	218,897	204,066	228,995	284,336	363,798	320,081	311,523	329,556		
3 years later	212,662	221,573	203,567	223,315	360,119	364,508	327,591	281,567			
4 years later	213,708	203,403	229,479	287,911	364,793	361,937	312,551				
5 years later	221,659	231,458	239,858	296,975	366,652	327,958					
6 years later	203,517	250,798	245,420	298,557	359,923						
7 years later	276,190	253,953	245,560	364,493							
8 years later	274,803	251,791	299,371								
9 years later	274,390	244,235									
10 years later	251,623										
	69,085	**133,216**	**17,469**	**(55,716)**	**2,121**	**33,217**	**65,688**	**51,139**	**2,781**	**71,689**	**-**

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25 Financial risk management

In the normal course of business, the Corporation uses primary financial instruments such as cash and cash equivalents, bonds, equities and receivables and as a result is exposed to potential losses due to various market risks including changes in interest rates, equity prices and foreign currency exchange rates. The Corporation's financial management activities are guided by the financial regulations as well as the investment policy document. Detailed guidelines are provided in the accounting and administrative procedures manuals. They provide the framework for the investing activities and set specific limits and benchmarks for the acceptable levels of counter party exposure, concentration, credit risk, currency risk, liquidity risk and interest rate risk, among others.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is exposed to credit risk through its financial assets, which include short-term bank deposits, fixed income securities and receivables.

Short-term bank deposits are placed with financial institutions of very high credit rating and are spread over several of them to avoid undue concentration. The Corporation's financial regulations prescribe minimum acceptable credit rating and maximum allowable exposure to any single counterparty.

The Corporation's fixed income portfolio is managed through use of prudent standards of diversification and rating quality of issues and issuers. Specific provisions limit the allowable holdings of a single issue and issuer and industry or sector. This is to minimise significant concentration risk associated with the fixed income portfolio.

Credit risk relating to receivables is mitigated by the large number of cedants and their dispersion across the continent. A significant number of the companies from whom receivables are due are equally shareholders of the Group. In addition, the liability for outstanding claims is in respect of insurance contracts with the same counter parties. Receivables are presented at present value net of impairment provision. A periodic evaluation of cedants and retrocessionaires is carried out to minimise exposure to significant losses from insolvencies. Transaction terms are also strictly monitored to keep balances as current as possible.

Maximum exposure to credit risk before collateral held or other credit enhancements:

	Maximum exposure	
	2023 US$'000	2022 US$'000
Cash and cash equivalents	437,033	378,950
Investments	1,000,609	937,744
Sundry receivables	44,470	49,664
Retrocession Contract Assets	107,650	71,280
Total assets bearing credit risk	**1,589,762**	**1,437,638**

25 Financial risk management (Continued)

At 31 December 2023:

	Cash & Cash equivalents US$'000	Investments US$'000	Reinsurance receivables US$'000	Sundry receivables US$'000
Neither past due nor impaired	437,618	1,001,357	107,650	44,470
Past due but not impaired				
Past due and impaired		806		
Gross	**437,618**	**1,002,163**	**107,650**	**44,470**
Impairment allowance - collective	585	1,554		
Net	**437,033**	**1,000,609**	**107,650**	**44,470**

At 31 December 2022:

	Cash & Cash equivalents US$'000	Investments US$'000	Reinsurance receivables US$'000	Sundry receivables US$'000
Neither past due nor impaired	379,505	938,914	71,280	49,664
Past due but not impaired				
Past due and impaired		806		
Gross	**379,505**	**939,720**	**71,280**	**49,664**
Impairment allowance - collective	555	1,976		
Net	**378,950**	**937,744**	**71,280**	**49,664**

The credit quality of the portfolio of insurance receivables, investments and other financial asset exposed to credit risk that were neither past due nor impaired can be assessed by reference to the capacity of the business to pay on written businesses.

25 Financial risk management (Continued)

The assets above are analysed in the table below using Standard & Poor's (S&P) rating (or equivalent when not available from S&P)

At 31 December 2023:

	AAA	AA	A	BBB	Below BBB	Not rated
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash & cash equivalents	-	-	201,213	30,128	148,691	57,001
Investments	21,319	134,032	299,861	136,978	336,980	71,438
Sundry Receivables	-	-	-	-	-	44,470
Retrocession Contracts Held	-	-	107,650	-	-	-
Net	**21,319**	**134,032**	**608,724**	**167,106**	**485,671**	**172,909**

At 31 December 2022:

	AAA	AA	A	BBB	Below BBB	Not rated
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cash & cash equivalents	-	-	172,224	42,130	132,951	31,645
Investments	22,487	113,859	188,090	121,906	465,193	26,209
Sundry Receivables	-	-	-	-	-	49,664
Retrocession Contracts Held	-	-	71,280	-	-	-
Net	**22,487**	**113,859**	**431,594**	**164,036**	**598,144**	**107,519**

b) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in raising funds to meet commitments associated with reinsurance contracts and other obligations as and when due. The Corporation's investment guidelines prescribe minimum levels of financial assets to be held in cash and cash instruments. Cash instruments include bank deposits with maturities of less than 90 days. In addition, the actively managed portfolios are traded on highly liquid markets and as such can easily supplement the Corporation's liquidity requirement in the event of any shortfall.

The table below analyses the Corporation's key financial assets and liabilities into relevant maturity groupings based on the remaining period at 31 December 2023 to the earlier of the repricing or contractual maturity date.

25 Financial risk management (Continued)

At 31 December 2023 (IN US$'000)	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
FINANCIAL ASSETS							
Cash and cash equivalents	437,033	-	-	-	-	-	**437,033**
Retrocession Contract Assets	62,611	17,669	(14,662)	42,033	-	-	**107,650**
	499,643	**17,669**	**(14,662)**	**42,033**	**-**	**-**	**544,683**
Investments							
Bank deposits	317,848	-	-	-	-	-	**317,848**
Fixed rate securities at FVPL	18,121	11,271	12,230	6,378	11,120	59,482	**118,602**
Floating rate securities at FVPL	7,724	12,886	13,072	4,875	1,965	1,478	**42,000**
Fixed rate securities at amortized cost	12,620	24,369	54,207	51,233	24,517	185,011	**351,957**
Floating rate securities at amortized cost	-	-	11,370	2,460	5,900	40,740	**60,470**
Equity investments at FVPL	47,978	-	-	-	-	-	**47,978**
Unquoted equity investments at FVOCI	-	-	-	-	-	61,753	**61,753**
Total investments	**404,291**	**48,526**	**90,879**	**64,946**	**43,502**	**348,464**	**1,000,609**
Total assets	**903,934**	**66,195**	**76,217**	**106,979**	**43,502**	**348,464**	**1,545,291**
FINANCIAL LIABILITIES							
Sundry payables	6,430	6,118	6,566	1,731	-	-	**20,845**
Dividend payable	5,118	1,929	2,543	1,298	456	2,484	**13,828**
Reinsurance Contract Liabilities	206,951	151,349	72,219	26,214	89,586	2,448	**548,767**
Total liabilities	**218,499**	**159,396**	**81,328**	**29,243**	**90,042**	**4,932**	**583,440**

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25 Financial risk management (Continued)

At 31 December 2022 (IN US$'000)	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
FINANCIAL ASSETS							
Cash and cash equivalents	378,950	-	-	-	-	-	**378,950**
Retrocession Contract Assets	33,082	(5,232)	43,430	-	-	-	**71,280**
	412,032	**(5,232)**	**43,430**	**-**	**-**	**-**	**450,230**
Investments							
Bank deposits	284,933	-	-	-	-	-	**284,933**
Fixed rate securities at FVPL	12,519	12,296	12,069	11,777	4,059	44,889	**97,609**
Floating rate securities at FVPL	3,875	11,177	10,171	8,793	4,020	1,378	**39,414**
Fixed rate securities at amortized cost	34,867	24,739	31,921	42,220	56,997	148,546	**339,290**
Floating rate securities at amortized cost	-	-	-	4,600	5,521	41,090	**51,211**
Equity investments at FVPL	63,377	-	-	-	-	-	**63,377**
Unquoted equity investments at FVOCI	-	-	-	-	-	61,909	**61,909**
Total investments	**399,571**	**48,212**	**54,161**	**67,390**	**70,597**	**297,812**	**937,744**
Total assets	**811,603**	**42,980**	**97,591**	**67,390**	**70,597**	**298,574**	**1,387,973**
FINANCIAL LIABILITIES							
Sundry payables	5,896	5,637	6,021	1,587	-	-	**19,141**
Dividend payable	8,782	1,935	2,906	411	175	1,297	**15,506**
Reinsurance Contract Liabilities	180,459	94,298	59,293	92,895	19,008	18,659	**464,612**
Total liabilities	**195,137**	**101,870**	**68,220**	**94,893**	**19,183**	**19,956**	**499,259**

25 Financial risk management (Continued)

c) Market risk

i) Interest rate risk

The Corporation's exposure to interest rate changes is primarily concentrated in the actively managed fixed income portfolio, which is reported at fair value. Changes in interest rate will have an immediate impact on the Corporation's reported net income and consequently the shareholders' funds. The main objective of the fixed income portfolio is current income and price appreciation and therefore to mitigate the effect of price volatility, the portfolio has been positioned with an average duration of less than 5 years.

Note 4 discloses the weighted average interest rate on principal interest-bearing investments:

Interest rate sensitivity	**US$000** 100 bps parallel increase	**US$000** 100 bps parallel decrease
2023	(6,264)	6,264
2022	(5,673)	5,673

The sensitivity table above is presented to show the impact of changes in interest rates on profit or loss.

ii) Equity price risk

Equity price risk refers to the potential loss in fair value resulting from adverse changes in the fair value of stocks that the Corporation has invested in. The Corporation maintains an actively managed equity portfolio and as such is exposed to stock market price fluctuations. The Corporation does not use any derivatives to manage this risk but rather uses the mechanism of diversification in all forms, including limits on single stock, industry and sector allocation and geographical distribution among others. The investment guidelines provide a cap on the total financial assets to be held in equities.

Sensitivity analysis of level 3 equity instruments is provided below:

Equity sensitivity analysis	**US$000** 10% market drop against the US$	**US$000** 10% market appreciation against the US$
2023	(6,175)	6,175
2022	(6,191)	6,191

iii) Currency risk

The Corporation maintains assets and liabilities in several currencies and thus is exposed to the risk of exchange rate movements associated with assets and liabilities matching. The Corporation does not apply hedging techniques to mitigate its currency risk but ensures the net exposure to this risk is within acceptable levels by constantly reviewing the level of mismatch. The Corporation has offices in seven locations whose currencies, in addition to its unit of account, represent approximately 95% of its business volumes. The assets and liabilities in these currencies are matched to the level desired by the group.

The Corporation transacts business with counterparties in a number of countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, Central Africa Republic CFA, South African rand, Kenyan shilling and Nigerian naira. The Corporation's primary exposure are to the South African rand, Central Africa Republic CFA and the euro. Foreign exchange risk arises from reinsurance transactions recorded in local currencies, investments in non-reporting currencies and recognised assets and liabilities in foreign operations.

The tables on pages 113 and 114 show the various currencies in which the group's assets and liabilities were denominated as at 31 December 2023 and 2022. The non-US dollar balances reflect the significant foreign currency exposures.

Impact on Equity	**US$000**	**US$000**
2023	(4,114)	4,114
2022	(8,193)	8,193

29 Financial risk management (Continued)

Currency risk (continued)

At 31 December 2023: (in US$'000)	USD	ZAR	GBP	CFA/EUR	MAD	EGP	NGN	KES	MUR	OTHERS	TOTAL
ASSETS											
Cash and cash equivalents	224,830	24,369	7,779	33,773	15,333	7,839	11,214	46,277	2,412	63,207	**437,033**
Retrocession Contract Assets	158,343	2,650	4,234	(15,906)	5,705	(143)	(3,828)	(2,438)	29	(40,996)	**107,650**
	383,173	**27,019**	**12,013**	**17,867**	**21,038**	**7,696**	**7,386**	**43,839**	**2,441**	**22,211**	**544,683**
Investments:											
Bank deposits	213,362	51,690	-	36,337	4,570	4,239	432	3,772	1,289	2,157	**317,848**
Fixed rate securities at FVPL	76,827	37,695	-	-	-	-	-	4,080	-	-	**118,602**
Floating rate securities at FVPL	42,000	-	-	-	-	-	-	-	-	-	**42,000**
Fixed rate securities at amortised cost	258,941	33,828	7,705	51,483	-	-	-	-	-	-	**351,957**
Floating rate securities at amortized cost	60,470	-	-	-	-	-	-	-	-	-	**60,470**
Equity investments at FVPL	40,334	6,650	-	-	-	-	2	992	-	-	**47,978**
Unquoted Equity investments at FVOCI	60,453	-	-	530	-	-	770	-	-	-	**61,753**
Total Investments	**752,387**	**129,863**	**7,705**	**88,350**	**4,570**	**4,239**	**1,204**	**8,844**	**1,289**	**2,157**	**1,000,609**
Total Assets	**1,135,560**	**156,882**	**19,718**	**106,217**	**25,608**	**11,935**	**8,590**	**52,683**	**3,730**	**24,368**	**1,545,292**
LIABILITIES											
Sundry payables	36,760	(3,304)	304	(8,176)	(4,971)	189	235	(1,170)	213	766	**20,846**
Dividend payable	13,828										**13,828**
Insurance Contract Liabilities	164,266	88,913	11,088	(35,156)	(9,829)	8,517	20,622	45,792	11,309	243,246	**548,767**
Total liabilities	**214,854**	**85,609**	**11,392**	**(43,332)**	**(14,800)**	**8,706**	**20,857**	**44,622**	**11,522**	**244,012**	**583,441**
NET POSITION	**920,706**	**71,273**	**8,326**	**149,550**	**40,408**	**3,229**	**(12,267)**	**8,062**	**(7,792)**	**(219,644)**	**961,851**

Key to currency abbreviations;
USD - United States Dollar; ZAR - South African Rand; UK Pounds - United Kingdom Pound; CFA - CFA Franc; EUR – Euro; MAD - Moroccan Dirham; EGP - Egyptian Pound; NGN - Nigerian Naira; KES - Kenyan Shilling; MUR - Mauritius Rupee

At 31 December 2022: (in US$'000)	USD	ZAR	GBP	CFA/EUR	MAD	EGP	NGN	KES	MUR	OTHERS	TOTAL
ASSETS											
Cash and cash equivalents	163,824	21,878	10,530	42,314	20,606	2,049	9,762	39,566	4,403	64,018	**378,950**
Retrocession Contract Assets	102,633	19,599	1,471	(13,247)	5,970	65	(6,052)	(1,478)	25	(37,705)	**71,280**
	266,457	**41,477**	**12,001**	**29,067**	**26,576**	**2,114**	**3,710**	**38,088**	**4,428**	**26,313**	**450,230**
Investments:											
Bank deposits	195,393	47,053	2,614	31,052	-	1,149	1,320	1,364	4,456	532	**284,933**
Fixed rate securities at FVPL	53,741	37,534	-	-	-	-	-	6,334	-	-	**97,609**
Floating rate securities at FVPL	39,414	-	-	-	-	-	-	-	-	-	**39,414**
Fixed rate securities at amortised cost	257,221	33,518	7,188	35,335	-	6,028	-	-	-	-	**339,290**
Floating rate securities at amortized cost	51,211	-	-	-	-	-	-	-	-	-	**51,211**
Equity investments at FVPL	54,893	6,865	-	-	-	-	1	1,617	-	-	**63,376**
Unquoted Equity investments at FVOCI	60,058	-	-	459	-	-	1,392	-	-		**61,909**
Total Investments	**711,931**	**124,970**	**9,802**	**66,846**		**7,177**	**2,713**	**9,315**	**4,456**	**532**	**937,744**
Total Assets	**978,388**	**166,447**	**21,803**	**95,913**	**26,576**	**9,291**	**6,423**	**47,403**	**8,884**	**26,845**	**1,387,974**
LIABILITIES											
Sundry payables	15,177	(898)	-	240	276	334	1,294	(403)	159	2,962	**19,141**
Dividend payable	15,506	-	-	-	-	-	-	-	-	-	**15,506**
Insurance Contract Liabilities	140,918	86,597	2,956	(20,899)	2,387	8,979	22,517	46,880	9,037	165,241	**464,612**
Total liabilities	**171,601**	**85,699**	**2,956**	**(20,659)**	**2,663**	**9,313**	**23,811**	**46,477**	**9,196**	**168,203**	**499,259**
NET POSITION	**806,787**	**80,748**	**18,847**	**116,573**	**23,913**	**(22)**	**(17,387)**	**926**	**(313)**	**(141,358)**	**888,714**

Key to currency abbreviations;
USD - United States Dollar; ZAR - South African Rand; UK Pounds - United Kingdom Pound; CFA - CFA Franc; EUR – Euro;
MAD - Moroccan Dirham; EGP - Egyptian Pound; NGN - Nigerian Naira; KES - Kenyan Shilling; MUR - Mauritius Rupee

26 Investments in subsidiary companies

Details of the Group's material subsidiaries at the end of the reporting period are as follows.

	Principal Activity	Share capital US$ '000	Holding	2023 US$ '000	2022 US$ '000
African Reinsurance Corporation (South Africa) Limited	Reinsurance services	*	100%	*	*
African Takaful Company	Reinsurance services	30,000	100%	30,000	30,000
Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited	Property holding	*	100%	*	*
Africa Re Underwriting Agency Dubai (United Arab Emirates) Limited	Reinsurance services	500	100%	500	500

** Less than US$ 1,000 (African Reinsurance Corporation (South Africa) limited – 7 ordinary shares of 0.01 rand; Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited – 40,000 ordinary shares of 0.10 Rand)*

African Reinsurance Corporation (South Africa) Limited has its financial year end on 31 December, African Retakaful Company on 30 June and Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited on 31 August.

African Reinsurance Corporation (South Africa) Limited

African Reinsurance Corporation (South Africa) Limited was incorporated on 9 January 2004. The principal activity of the company is provision of reinsurance services to the countries of the rand zone as well as Botswana. It made a profit of US$ 4,647,741 during the year ended 31 December 2023 (2022: US$ 2,843,521). The relevant activities of African Reinsurance Corporation (South Africa) Limited are determined by its board of directors based on simple majority votes where each share carries one vote.

Therefore, the conclusion of the directors of the Group is that the Group has control over African Reinsurance Corporation (South Africa) Limited and the financial information of African Reinsurance Corporation (South Africa) Limited is consolidated in these financial statements

Set out below is the summarised financial information of the subsidiary

Summarised statement of financial position	2023 US$'000	2022 US$'000
Total assets	280,583	279,121
Total liabilities	(218,834)	(217,730)
Net assets	**61,749**	**61,391**
Summarised statement of profit or loss and other comprehensive income		
Gross Insurance Service Result	30,071	35,564
Profit before income tax	6,160	3,846
Income tax expense	(1,513)	(1,003)
Profit for the year	**4,647**	**2,844**
Summarised statement of cash flows		
Net cash flow from / (used in) operating activities	(6,563)	1,989
Net cash (used in)/generated from investing activities	12,645	(3,892)
Net increase / (decrease) in cash and cash equivalents	6,083	(1,904)
Cash and cash equivalents at beginning of year	834	2,800
Cash and cash equivalents at end of year	**6,917**	**896**

African Retakaful Company

African Retakaful Company was incorporated on 1 September 2010. The principal activity of the company is provision of reinsurance products which are fully sharia compliant. The company made a loss of US$5.263 million during the year ended 31 December 2023 (December 2022: US$ 4.877 million loss). The relevant activities of African Retakaful Company are determined by its board of directors based on simple majority votes where each share carries one vote.

Therefore, the conclusion of directors of the Group is that the Group has control over African Retakaful Company and the financial information of African Retakaful Company is consolidated in these financial statements.

Set out below is the summarised financial information of the subsidiary.

African Retakaful Company Limited

Summarised statement of financial position	2023 US$'000	2022 US$'000
Total assets	151,586	137,860
Total liabilities	(62,558)	(54,569)
Net liabilities	**(89,028)**	**(83,291)**
Summarised statement of profit or loss and other comprehensive income		
Net earned premium	13,960	6,157
(Loss)/Profit before income tax	(5,263)	(4,877)
Other comprehensive income	-	-
Total comprehensive income	**(4,851)**	**(16,195)**
Summarised statement of cash flows		
Net cash generated from/(used in) operating activities	7,043	4,377
Net cash from investing activities	(4,782)	(3,545)
Net increase in cash and cash equivalents	2,261	832
Cash and cash equivalents at beginning of year	8,517	7,685
Cash and cash equivalents at end of year	**10,778**	**8,517**

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Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited

Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited was purchased by African Reinsurance Corporation in October 2012. The principal activity of the company is property holding. The company reported a profit of US$ 61,000 during the year ended 31 December 2023 (2022: US$ 91,000). The relevant activities of Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited are determined by its board of directors based on simple majority votes where each share carries one vote.

Therefore, the conclusion of the directors of the Group is that the Group has control over Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited and therefore, the financial information of Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited is consolidated in these financial statements.

Set out below is the summarised financial information of the subsidiary.

Sherborne Number Ten Parktown Investments Proprietary (South Africa) Limited

Summarised statement of financial position	**2023 US$'000**	**2022 US$'000**
Total assets	1,575	1,691
Total liabilities	(571)	(51)
Net assets	**1,004**	**1,640**

Summarised statement of profit or loss and other comprehensive income		
Net Income	112	91
Profit before income tax	91	120
Income tax expense	(30)	(29)
Other comprehensive income	-	-
Total comprehensive income/(loss)	**61**	**91**

Summarised statement of cash flows		
Net cash generated from operating activities	-	-
Net cash used in from investing activities	-	-
Net cash generated from financing activities	-	-
Net increase in cash and cash equivalents	-	-
Net (loss)/gain on liquid assets	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	**-**	**-**

Africa Re Underwriting Agency Dubai (United Arab Emirates) Limited

Summarised statement of financial position	**2023 US$'000**	**2022 US$'000**
Total assets	1,196	756
Total liabilities	(696)	(256)
Net assets	**500**	**500**

Summarised statement of profit or loss and other comprehensive income		
Net Income	852	715
Profit before income tax	-	-
Income tax expense	-	-
Other comprehensive income	-	-
Total comprehensive income	**-**	**-**

Summarised statement of cash flows		
Net cash generated from operating activities	304	68
Net cash used in from investing activities	(91)	(2)
Net cash generated from financing activities	(79)	(79)
Net increase in cash and cash equivalents	134	(14)
Cash and cash equivalents at beginning of year	137	151
Cash and cash equivalents at end of year	**271**	**137**

27 Contingent liabilities

There are no material contingent liabilities in respect of pending litigations involving the Corporation for which no provisions have been made in these financial statements.

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28 Leases

The Corporation as a lessee

The Corporation has right-of-use assets in respect of some of the land used in constructing office and residential buildings. These right-of-use assets are classified together with the other similar assets owned by the Corporation under Property and Equipment in Note 9.

The Corporation also hold leases of offices for its Sudan, Uganda, Ethiopia and United Arab Emirates Offices. The future minimum lease payments leases are as follows:

	2023 US$'000	2022 US$'000
Not later than 1 year	82	122
Later than 1 year and not later than 3 years	361	53
Net assets	**443**	**175**

The Corporation as a lessor

At the end of the reporting period, the lettable portion of the Corporation's headquarters building in Lagos as well as regional office buildings in Nairobi, Ebene, Cairo, Abidjan and Casablanca had been contracted with tenants for the following future lease receivables:

	2023 US$'000	2022 US$'000
Not later than 1 year	804	1,303
Later than 1 year and not later than 3 years	1,720	1,777
Later than 3 year and not later than 7 years	202	235
Net assets	**2,726**	**3,316**

29 Capital management

The Corporation is not subject to any externally imposed capital requirements. However, the Corporation will continue to actively grow its available capital to meet rating agencies' requirements for its target rating as well as achieve a comfortable internally determined capital adequacy ratio (available capital divided by required risk adjusted capital).

The Corporation's objectives in managing its capital are:

- To match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- To maintain financial strength to support new business growth;
- To satisfy the requirements of its reinsured and rating agencies;
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- To safeguard the corporation's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The Corporation has several of sources of capital available to it and seeks to optimise its retention capacity to ensure that it can consistently maximise returns to shareholders. The Corporation considers not only the traditional sources of capital funding but the alternative sources of capital including retrocession, as appropriate, when assessing its deployment and usage of capital. The Corporation manages as capital all items that are eligible to be treated as capital.

The constitution of capital managed by the corporation is as shown below:

	2023 US$'000	2022 US$'000
Share capital	287,182	286,361
Share premium	218,038	217,170
Other reserves	322,507	294,292
Retained earnings	237,966	201,162
Total capital – equity	**1,065,691**	**998,986**

30 Events after the reporting date

There was no event subsequent to the date of the financial statements which require adjustment or disclosure in these financial statements.

Appendix

Consolidated Statement of Profit or Loss by Class of Business

US$'000	Accident & Motor	Marine and aviation	Energy	Fire & Engineering	Life	Total
Reinsurance Service revenue	**271,918**	**61,989**	**169,573**	**438,233**	**103,803**	**1,045,516**
Reinsurance service expense	(236,744)	(43,487)	(64,877)	(371,287)	(69,658)	(786,053)
Reinsurance service result before retrocession contracts held	35,174	18,502	104,696	66,946	34,145	259,463
Allocation of retrocession premiums	(8,478)	(6,383)	(107,157)	(35,932)	(8,016)	(165,965)
Reinsurance Service Result Before Retrocession Contracts Held	1,628	578	17,587	9,097	2,990	31,880
Net expense from retrocession contracts held	(6,850)	(5,805)	(89,570)	(26,835)	(5,026)	(134,085)
Reinsurance service result	**28,324**	**12,697**	**15,126**	**40,111**	**29,119**	**125,378**
Reinsurance finance expenses for reinsurance contracts issued	(15,195)	(3,257)	(13,067)	(25,165)	(2,839)	(59,523)
Retrocession finance income for retrocession contracts held	191	224	7,306	1,583	95	9,399
Net reinsurance financial result	**(15,004)**	**(3,033)**	**(5,761)**	**(23,582)**	**(2,743)**	**(50,124)**
Insurance Service Result	**13,320**	**9,664**	**9,365**	**16,529**	**26,376**	**75,254**
Interest on Reinsurance Deposits						**2,277**
Non-Attributable Expense						**(22,332)**
Net Insurance Result						**55,199**
Investment and Other Income						**71,289**
Exchange Gain / (Loss)						**1,358**
Profit Before Tax						**127,846**
Income Tax						**(892)**
Profit for the year						**126,955**

Notes

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