

Representative of the Branch in South Africa

ABC Reinsurer Limited
PO Box XXX
0001

Dear Sir/Madam

INDEPENDENT [AUDITOR'S/AUDITORS]¹ REPORTS ON THE ANNUAL BRANCHES QUANTITATIVE REPORTING TEMPLATE OF [NAME OF BRANCH OF FOREIGN REINSURER] (THE "BRANCH") IN TERMS OF THE INSURANCE ACT, 2017 (ACT NO. 18 OF 2017) (THE "ACT"), THE FINANCIAL SOUNDNESS STANDARDS FOR BRANCHES (THE "FSBs"), THE LOG FILES FOR THE COMPLETION OF THE QRT, THE PRUDENTIAL STANDARD ARB - AUDITING REQUIREMENT FOR BRANCHES (THE "PRUDENTIAL STANDARD ARB") AND CHAPTER 5 OF GUIDANCE NOTICE 5 OF 2021² - AUDIT REQUIREMENTS (THE "GUIDANCE NOTICE") AS ISSUED BY THE PRUDENTIAL AUTHORITY (THE "PA") (THE "ACT AND PA REQUIREMENTS")

The respective Parts A and B reports attached to this report are made for the purpose of the Insurer's compliance with the reporting requirements of sections 47(3)(a) and 62(1) of the Act and PA Requirements in relation to the QRT submitted to the PA for the year ended *[insert year-end date]*.

Responsibility of the representative of the branch in South Africa for the QRT

The representative of the branch in South Africa is responsible for ensuring the Branch's compliance with the Act and PA Requirements, including the preparation and submission of the QRT to the PA, for the year ended *[insert year-end date]*; and for such internal control as the representative of the branch in South Africa determine is necessary to enable the preparation of the QRT that is free from material misstatement, whether due to fraud or error.

[Auditor's/Auditors', delete as appropriate] responsibility

Our responsibility is to issue our reports under sections 47(3)(a) and 62(1) of the Act in respect of the QRT submitted to the PA by the Branch which are set out in Parts A and B attached to this report that express our audit opinion and review conclusion based on our audit and review performed in accordance with International Standards on Auditing ("ISAs") and International Standards on Review Engagements ("ISREs"), as applicable.

In forming our audit opinion and review conclusion contained in the respective Parts A and B reports we have, where appropriate, drawn on evidence obtained in the course of our audit of the financial statements and performed such additional year-end procedures we considered necessary to complete our examination of the QRT of the Insurer submitted to the PA for the year ended *[insert year-end date]*.

Opinion and conclusion

Our respective audit opinion and review conclusion are expressed in the individual Parts A and B of our reports as attached.

¹ Use the plural form when more than one firm is appointed as auditor, for example in joint audit situations. Apply consistently throughout the report.

² The auditor should update this reference based on the PA's Guidance Notice in force and applicable to the reporting engagement.

Basis of preparation of the QRT and restriction on use and distribution

The QRT was prepared by the representative of the branch in South Africa on the basis indicated in the respective Parts A and B reports for the purpose of the Branch's compliance with the Act and PA Requirements, and reporting thereon to the PA. As a result, the QRT may not be suitable for another purpose.

Our report is intended solely for the purpose of the Branch's compliance with the Act and PA Requirements and for no other purpose. It should not be distributed to or used by any other parties other than the PA and the *[Representative of the Branch in South Africa, Board Sub-Committee Chairpersons, Management, Regulatory Reporting management, delete as appropriate]* of the Branch.

Should you wish to discuss the contents of the respective Parts A and B reports attached to this report, in any further detail, please contact *[Partner/s Name/s, telephone number/s and/or e-mail address]*.

Yours faithfully

[Auditor's Signature]
[Name of individual registered auditor]
[Capacity if not a sole practitioner: e.g. Director or Partner]
[Date of auditor's report]
[Auditor's address]

³ *[Auditor's Signature]*
[Name of individual registered auditor]
[Capacity if not a sole practitioner: e.g. Director or Partner]
[Date of auditor's report]
[Auditor's address]

³ Use the second auditor's signature when more than one firm is appointed as auditor, for example in joint audit situations. Apply consistently throughout the report.

PART A: INDEPENDENT [AUDITOR'S/AUDITORS', DELETE AS APPROPRIATE] REPORT ON THE ANNUAL BRANCHES QUANTITATIVE REPORTING TEMPLATE

Opinion

We have audited the sections of the QRT specified in paragraph 6.5 of the Prudential Standard ARB and chapter 5 of the Guidance Notice (the "Part A QRT statements") of the *[Name of branch] (the "Branch")* for the year ended *[insert year-end date]* submitted to the PA prepared in accordance with International Financial Reporting Standards, and additional historical actuarial and financial information extracted from the underlying accounting records of the Branch, for the purpose of the Branch's compliance with section 47(3)(a) of the Act and PA Requirements.

In our opinion, the Part A QRT statements of the Branch for the year ended *[insert year-end date]* are prepared, in all material respects, in accordance with the Act and PA Requirements.

IF A QUALIFIED OPINION IS EXPRESSED, REPLACE THE ABOVE PARAGRAPHS WITH THE FOLLOWING⁴:

Qualified Opinion

We have audited sections of the QRT specified in paragraph 6.5 of the Prudential Standard ARB and chapter 5 of the Guidance Notice (the "Part A QRT statements") of the *[Name of branch] (the "Branch")* for the year ended *[insert year-end date]* submitted to the PA prepared in accordance with International Financial Reporting Standards, and additional historical actuarial and financial information extracted from the underlying accounting records of the Branch, for the purpose of the Branch's compliance with section 47(3)(a) of the Act and PA Requirements.

In our opinion, except for the effects of the matter(s) described in the Basis for Qualified Opinion section of our report, the Part A QRT statements of the Branch for the year ended *[insert year-end date]* are prepared, in all material respects, in accordance with the Act and PA Requirements.

IF A QUALIFIED OPINION IS EXPRESSED, ALSO ADD THE FOLLOWING:

Basis for Qualified Opinion

Our basis for qualification has been noted in Appendix A⁵ attached to this report, as item XX relating to *[state the relevant QRT statement]*.

Then continue with "We conducted our audit..." as noted below.

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/Auditors'] Responsibilities for the Audit of the Part A QRT statements* section of our report. We are independent of the Branch in accordance with the Independent Regulatory Board for Auditors'

⁴ In the case of a disclaimer of opinion, or an adverse opinion, the auditor would have to amend the wording of the report in accordance with the requirements of ISA 705 (Revised) - *Modifications to the Opinion in the Independent Auditor's Report*.

⁵ "Appendix A" is usually attached to the reports to include qualification matters. Refer to the requirements of ISA 705 (Revised) - *Modifications to the opinion in the independent auditor's report* to ensure that the documentation of the qualification matters complies with that standard.

Code of Professional Conduct for Registered Auditors (the “IRBA Code”) and other independence requirements applicable to performing audits of the QRT in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our [qualified]⁶ opinion.

Emphasis of Matter⁷ - Basis of preparation of the Part A QRT statements and restriction on use and distribution

The Part A QRT statements of the Branch were prepared for the purpose of the Branch’s compliance with the Act and PA Requirements, and reporting thereon to the PA. As a result, the Part A QRT statements may not be suitable for another purpose. Our opinion is not [further]⁸ modified in respect of this matter.

Our report is intended solely for the purpose of the Branch’s compliance with the Act and PA Requirements and for no other purpose. It should not be distributed to or used by any other parties other than the PA and the [*Foreign Reinsurer, Representative of the Branch in South Africa, Sub-Committee Chairpersons, Management, Regulatory Reporting management delete as appropriate*] of the Branch.

Other information

Insert the following paragraph when the Qualitative Regulatory Return is submitted to the PA at the same time as, or before the QRT and is available to the auditor at the time of signing the Part A report.

The representative of the branch in South Africa is responsible for the other information. The other information comprises all the information in the QRT not referred to in paragraph 6.5 of the Prudential Standard ARB as well as the Qualitative Regulatory Return of the Branch submitted to the PA for the year ended [*insert year-end date*] and does not include the Part A QRT statements and our [*auditor’s/auditors’, delete as appropriate*] report thereon.

Our opinion on the Part A QRT 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 Part A QRT statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Part A QRT 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. OR where there are inconsistencies that are reported in Part B, a cross reference should be made if applicable to where reported, amend as appropriate*]

Insert the following paragraph when the Qualitative Regulatory Return is not submitted to

⁶ To be included in the case of a qualified opinion.

⁷ The basis of preparation also includes any branch specific PA pronouncements.

⁸ To be included in the case of a qualified opinion.

the PA at the same time as the QRT and is not available to the auditor at the time of signing the Part A report.⁹

The directors are responsible for the other information. The other information comprises all the information in the QRT not referred to in paragraph 6.5 of the Prudential Standard ARM, which we obtained prior to the date of this *[auditor's/auditors', delete as appropriate]* report, and the Qualitative Regulatory Return of the Branch submitted to the PA for the year ended *[insert year-end date]*, which is expected to be made available to us after that date. The other information does not include the Part A QRT statements and our *[auditor's/auditors', delete as appropriate]* report thereon.

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

In connection with our audit of the Part A QRT statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Part A QRT statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this *[auditor's/auditors', delete as appropriate]* report, we conclude that there is a material misstatement of this other information, we are required to report that fact. *[We have nothing to report in this regard. OR where there are inconsistencies that are reported in Part B, a cross reference should be made if applicable to where reported, amend as appropriate]*

Responsibilities of the representative of the branch in South Africa for the Part A QRT statements

The representative of the branch in South Africa is responsible for ensuring the Branch's compliance with the Act and PA Requirements, which includes the preparation and submission of the QRT to the PA for *[insert year-end date]* and for such internal control as the representative of the branch in South Africa determines is necessary to enable the preparation of the Part A QRT statements that are free from material misstatement, whether due to fraud or error.

In preparing the Part A QRT statements, the representative of the branch in South Africa is responsible for assessing the Branch'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 representative of the branch in South Africa either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

***[Auditor's/Auditors' delete as appropriate]* responsibilities for the audit of the Part A QRT statements**

Our objectives, in accordance with the Prudential Standard ARB are to obtain reasonable assurance about whether the Part A QRT statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an *[auditor's/auditors', delete as appropriate]* 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 Part A QRT 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 Part A QRT statements, whether due to fraud or error, design and perform audit procedures responsive to those

⁹ In accordance with ISA 720 paragraph A52, this section of the report shall also be applied in the case of an unlisted branch.

risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Insurer's internal control.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the representative of the branch in South Africa and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our *[auditor's/auditors' delete as appropriate]* report to the related disclosures in the Part A QRT statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our *[auditor's/auditors' delete as appropriate]* report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the representative of the branch in South Africa.
- [Obtain sufficient appropriate audit evidence regarding the actuarial and financial information of the entities or business activities within the Branch to express an opinion on the Part A QRT statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.]¹⁰

We communicate with the representative of the branch in South Africa 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.

¹⁰ Required for group audits (where branches are treated as groups).

PART B: INDEPENDENT [AUDITOR'S/AUDITORS' DELETE AS APPROPRIATE] REVIEW REPORT ON THE ANNUAL BRANCHES QUANTITATIVE REPORTING TEMPLATE

We have reviewed the sections of the QRT specified in paragraph 6.6 of the Prudential Standard ARB and chapter 5 of the Guidance Notice (the "Part B QRT statements") of the Branch for the year ended [insert year-end date] submitted to the PA for the purpose of the Branch's compliance with section 62(1) of the Act and PA Requirements.

The responsibility of the representative of the branch in South Africa for the Part B QRT statements

The representative of the branch in South Africa is responsible for ensuring the Branch's compliance with the Act and PA Requirements, which includes the preparation and submission of the Part B QRT statements to the PA for the year ended [insert year-end date]; and for such internal control as the representative of the branch in South Africa determines is necessary to enable the preparation of the Part B QRT statements that are free from material misstatement, whether due to fraud or error.

[Auditor's/Auditors' delete as appropriate] responsibility

Our responsibility is to report on the Part B QRT statements in accordance with the Prudential Standard ARB and to express a conclusion on those QRT statements based on our review. We conducted our review in accordance with International Standard on Review Engagements ("ISRE") 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, which applies to a review of historical financial information performed by the independent [auditor/auditors, delete as appropriate] of the entity.

ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Part B QRT statements are not prepared, in all material respects, in accordance with the Act and PA Requirements. This standard also requires us to comply with relevant ethical requirements.

A review of the Part B QRT statements in accordance with ISRE 2410 is a limited assurance engagement. A review includes performing procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these Part B QRT statements.

IF A QUALIFIED CONCLUSION IS EXPRESSED ADD THE FOLLOWING¹¹:

Basis for Qualified Conclusion

Our basis for qualification has been noted in Appendix B¹² attached to this report, as item(s) XX relating to [state the relevant QRT statement], for the purpose of the Branch's compliance with the Act and PA Requirements.

¹¹ In the case of a disclaimer of conclusion, or an adverse conclusion, the auditor would have to amend the wording of the report in accordance with the requirements of International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

¹² "Appendix B" is usually attached to the reports to include qualification matters. Refer to the requirements of ISRE 2410 - *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* to ensure that the documentation of the qualification matters complies with that standard.

Qualified Conclusion

Based on our review, except for the effect(s) of the matter(s) described in the preceding paragraph, nothing has come to our attention that causes us to believe that the Part B QRT statements of the Branch for the year ended *[insert year-end date]* are not prepared, in all material respects, in accordance with the Act and PA Requirements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Part B QRT statements of the Branch *for the year ended [insert year-end date]* are not prepared, in all material respects, in accordance with the Act and PA Requirements.

Basis of preparation of the QRT and restriction on use and distribution¹³

Without *[further]*¹⁴ modifying our conclusion, we emphasise that the Part B QRT statements of the Branch were prepared for the purpose of reporting to the PA. As a result, the Part B QRT statements may not be suitable for another purpose.

Our report is intended solely for the purpose of the Branch's compliance with the Act and PA Requirements and for no other purpose. It should not be distributed to or used by any other parties other than the PA and the *[Foreign Reinsurer, Representative of the Branch in South Africa, Sub-Committee Chairpersons, Management, Regulatory Reporting management delete as appropriate]* of the Branch.

¹³ Note: There is no requirement to include "Emphasis of matter" before the title of this paragraph.

¹⁴ To be included in the case of a qualified conclusion.