

CONDENSED PRELIMINARY GROUP RESULTS

FOR THE YEAR ENDED 30 JUNE 2021



Clientèle



Dividends
declared increased
by 16% to

110 cents
per share

Recurring
Embedded
Value Earnings of

**R687.5
million**

Net insurance
premiums increased
by 4% to

**R2.2
billion**

Recurring Return
on Embedded
Value of

12.4%

Diluted earnings
per share increased
by 19% to

**116.86
cents**

Value of
New Business
increased to

**R215.5
million**

Return on average
shareholders'
interest of

37%



Clientèle

Commentary

INTRODUCTION

Despite the ongoing impact of the COVID-19 pandemic, Clientèle Limited (“Clientèle”) has continued to build on the solid performance of the first half of the year and is pleased to report a strong set of results for the year. There has been an improvement in all of its key performance metrics when compared to last year, which has been achieved despite a struggling economy and has been driven by improved production and collection practices, better investment returns and tight expense control. An explicit COVID-19 risk reserve, as referred to below, has been established at 30 June 2021 to cover the expected additional claims to 30 June 2022 as a result of the pandemic.

Clientèle prides itself on treating clients well and has not increased premiums as a consequence of COVID-19. Furthermore, Clientèle is a market leader in terms of adding COVID-19 specific benefits to its policies.

We remain pleased to report that the distribution capabilities and demand for Clientèle’s products continues to be strong; however, pressure on our clients’ payment ability due to the lockdowns, reduced disposable income, increasing unemployment and the poor state of the economy are expected to endure for the foreseeable future.

Reassuringly, given the ongoing tough environment and factors referred to above, the Clientèle Group (“the Group”) is in a sound solvency and liquidity position and continues to produce positive cash flows.

The Group achieved an investment return for the year of 10.6% (2020: 3.3%) from its investment portfolios.

Clientèle’s loyalty program has been well received by clients and subscriptions are increasing steadily. Rewards contracts have to date been taken up by approximately 16% of Clientèle’s client base.

The Clientèle Application (“the Clientèle App”) which has been keenly adopted by our clients enables a more interactive relationship with them and serves as a platform for Clientèle Rewards and Clientèle Mobile, as well as many future opportunities.

OPERATING RESULTS

Group Statement of Comprehensive Income

Net insurance premiums for the year increased by 4% to R2.2 billion (2020: R2.1 billion). Lower production from our traditional Telesales and IFA channels over the year was offset by good production from the Agency and Broker Channels.

Net insurance benefits and claims of R424.5 million were 28% higher than the R330.5 million incurred last year as a result of the ongoing COVID-19 pandemic and were higher than expectation.

The COVID-19 risk reserve (gross of reinsurance) amounts to R144.1 million at year-end (2020: R55.7 million), while the net of reinsurance reserve amounts to R55.1 million (2020: R19.3 million) (refer to detailed commentary below).

Operating expenses (including acquisition expenses) of R1.5 billion (2020: R1.4 billion) were 5% higher than last year.

The above translates into headline earnings for the Group increasing by 19% to R395.1 million (2020: R331.9 million) resulting in a return on average shareholders’ interests of 37% (2020: 31%). Diluted headline earnings per share of 117.70 cents (2020: 98.88 cents) were 19% higher than last year.

Group Embedded Value and Value of New Business

The impact of COVID-19 and the national lockdowns has had a major impact on the economy which was already under pressure. This has had a knock-on impact on most businesses including Clientèle. Long-term assumptions (other than claims) were set based on experience over the year; however, withdrawal rates were modelled to decrease annually from July 2022 to July 2025 as the economic impact of COVID-19 is expected to subside. Long-term withdrawal rates have been assumed to be higher (now) than pre-COVID-19. Actual claims experience over the last year has been considerably impacted by the pandemic; however, this has been assumed to be short-term in nature and thus long-term claims assumptions have not been amended. An explicit COVID-19 risk reserve was set up as at 30 June 2020 to allow for expected additional COVID-19 related policyholder risk claims. This reserve has been utilised in the financial year and has been further increased to allow for the future expected excess claims to 30 June 2022 as a result of the pandemic. No other noteworthy modelling or assumption changes were made over the year apart from those described above.

The Banking environment has been subject to major instability following the introduction of DebiCheck which has negatively affected the Group, particularly in May 2021 and June 2021 following the closure of the NAEDO and AEDO debit order tracks for new business. In addition, a banking error resulted in a number of debit order mandates which had been suspended by clients over a two year period, all being suspended for collection in June 2021. The anticipated impact of the latter item has been allowed for in the Embedded Value ("EV") as referred to in note 4 to the EV Earnings analysis.

The Risk Discount Rate ("RDR") at 30 June 2020 was unusually low, resulting in a relatively high Group EV of R5.87 billion at 30 June 2020. The RDR has subsequently normalised to 12.1% resulting in a reduction, after the payment of the annual dividend of R318.6 million in September 2020, in the EV to R5.81 billion as at 30 June 2021. The EV for the current year was adversely impacted by the change in economic assumptions (mainly RDR) and thus the Recurring Embedded Value Earnings ("REVE") of R687.5 million, which translates into a Recurring Return on EV of 12.4% p.a., gives a more accurate reflection of the considerable improvement in the EV Growth over the year.

The Value of New Business ("VNB") of R215.5 million is a pleasing turnaround on last year's number and shows continuing interest from our target market in the Group's products. The new business profit margin of 10.1% has also improved on last year (June 2020: 4.2%) as a consequence of improved collection practices and tight expense control.

Improvements in premium collection practices contributed to the achievement of a withdrawal profit of R14.1 million (2020: withdrawal loss of R140.5 million).

The Group follows a conservative accounting practice of eliminating negative reserves. As acquisition costs are expensed upfront, the recovery of these costs and the profits are deferred over the policy life. The present value of this discretionary margin amounts to R2.7 billion (2020: R2.7 billion).

SEGMENT RESULTS

Clientèle Life – Long-term insurance

Clientèle Life's Long-term insurance segment remains the major contributor to the Group's performance and consequent on considerable COVID-19 claims, recorded a 4% decrease in net profit for the year to R282.7 million (2020: R294.5 million). Clientèle Life's VNB for the year was R126.9 million and it recorded REVE of R401.5 million and a Recurring Return on Embedded Value of 9.4%.

Clientèle General Insurance (Clientèle Legal) – Short-term insurance

Clientèle Legal's net profit for the year of R90.1 million (2020: R53.2 million) increased by 69% on last year. The increase in profit is predominantly the result of a R25.6 million increase in investment returns to R26.3 million (2020: R0.7 million) and an increase in net premium income of R33.5 million to R498.6 million (2020: R465.1 million) due to healthy production and a positive withdrawal experience during the year. Clientèle Legal's VNB was R87.3 million and it recorded REVE of R273.8 million and a Recurring Return on Embedded Value of 22.6%.

CBC Rewards and Clientèle Mobile

CBC Rewards and Clientèle Mobile is a new segment within the Group and reported a net profit for the year of R0.1 million and VNB of R1.5 million.

OUTLOOK

Clientèle is, more than ever, aware of the demand for its products and the need to continue to treat its clients well. Management continue to successfully navigate the business through the ongoing COVID-19 lockdown challenges and the recent disruptions due to the rioting and looting. The Group remains well positioned to service new and existing clients into the future.

The Group's recent initiatives, which include Clientèle Rewards, the Clientèle App and Clientèle Mobile coupled with the roll-out of DebiCheck are aimed at improving persistency, the quality of new business written and adding value to our clients. Clientèle will continue to focus on increasing production levels across all of its distribution channels, many of which have been successfully re-engineered for the new and ever changing operating environment.

Tight control will continue to be kept on expenses and every effort will be made to maintain and improve business efficiencies.

Clientèle Rewards, the Clientèle App and Clientèle Mobile are important ingredients in offering our clients improved value, convenience and service which we believe will further enhance and differentiate the Clientèle business model in future.

Clientèle remains committed to providing products and services that are relevant and meet our clients' needs and will continue to improve on the delivery of them to the market conveniently and efficiently.

The Board is pleased with the results for the year, particularly given the context of the difficult economic and operating environment and is comfortable that the ongoing challenges continue to be handled well. Despite the pressure on clients' disposable income which has been compounded by COVID-19 and the lockdown, the Board remains encouraged by the prospects for growth and value creation over time. Nonetheless, as mentioned in the December 2020 results, the Board still anticipates uncertainty and a poor economic climate in the short-term.

The Board again commends management and all employees for their effort and commitment in these extraordinary times.

DIVIDEND DECLARED

Notice is hereby given that the Directors have declared a final gross dividend of 110.00 cents (2020: 95.00 cents) per share on 31 August 2021 for the year ended 30 June 2021.

The Board of Clientèle Limited confirms that the Group will satisfy the solvency and liquidity tests immediately after completion of the dividend distribution. The dividend will be subject to dividends tax. In accordance with the JSE Listings Requirements, the following additional information is disclosed:

- The dividend has been declared out of income reserves;
- The local dividends tax rate is 20% (twenty percent) (2020: twenty percent);
- The gross local dividend amount is 110.00 cents (2020: 95.00 cents) per ordinary share for shareholders exempt from the dividends tax;
- The net local dividend amount is 88.00 cents (2020: 76.00 cents) per ordinary share for shareholders liable to pay the dividends tax;
- The local dividends tax amount is 22.00 cents (2020: 19.00 cents) per ordinary share for shareholders liable to pay the dividend withholding tax;
- Clientèle Limited currently has 335,321,768 (2020: 335,321,768) ordinary shares in issue; and,
- Clientèle Limited's income tax reference number is 9465071166.

In compliance with the requirements of STRATE Limited, the electronic settlement and custody system used by the JSE Limited, the following salient dates for the payment of the dividend are applicable:

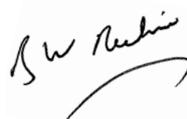
Declaration date	Tuesday, 31 August 2021
Finalisation date	Monday, 13 September 2021
Last day to trade	Monday, 20 September 2021
Shares commence trading "ex" dividend	Tuesday, 21 September 2021
Record date	Thursday, 23 September 2021
Payment date	Monday, 27 September 2021

Share certificates may not be dematerialised or rematerialised between Tuesday, 21 September 2021 and Thursday, 23 September 2021, both days inclusive.

By order of the Board



GQ Routledge
Chairman
Johannesburg
31 August 2021



BW Reekie
Managing Director



INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Clientèle Limited

We have reviewed the condensed consolidated financial statements of Clientèle Limited, set out on pages 5 to 17, which comprise the condensed group statement of financial position as at 30 June 2021 and the related condensed group statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listing requirements for preliminary reports, as set out in the Accounting Policies note to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Clientèle Limited for the year ended 30 June 2021 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listing requirements for preliminary reports, as set out in the Accounting Policies note to the financial statements and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: F.J. Kruger
Registered Auditor
31 August 2021

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Condensed Group Statement of Financial Position

(R'000's) Reviewed	Year ended 30 June	
	2021	Restated ⁵ 2020
Assets		
Owner-occupied properties ¹	417,783	427,283
Intangible assets	57,226	49,340
Property and equipment	42,257	43,149
Deferred tax ^{2,5}	147,009	189,854
Reinsurance assets	91,128	38,738
Financial assets held at fair value through profit or loss	8,447,025	8,270,830
Financial assets held at amortised cost		69,535
Inventories	7,988	3,892
Investment in associate	1,692	
Trade receivables including insurance receivables	59,954	47,448
Cash and cash equivalents	463,221	484,905
Total assets	9,735,283	9,624,974
Total equity and reserves	1,080,661	1,013,710
Liabilities		
Deferred tax ⁵	19,742	19,829
Financial liabilities held at amortised cost	201,973	170,215
Policyholder liabilities under insurance contracts ³	850,465	741,738
Financial liabilities held at fair value through profit or loss	7,123,464	7,222,354
Loans at amortised cost	110,034	112,781
Financial guarantee liability ⁴	2,000	20,000
Employee benefits	83,380	67,908
Accruals and payables including insurance payables	254,631	249,209
Current tax	8,933	7,230
Total liabilities	8,654,622	8,611,264
Total equity and liabilities	9,735,283	9,624,974

1. Owner-occupied properties are disclosed at level 3 in the fair value measurement hierarchy. A discounted future cashflow method was applied with a capitalisation rate between 8.75% and 9.50% (2020: 8.50% and 9.00%). The buildings which are good quality buildings are owner occupied by Clientèle Life and Clientèle General, both essential services companies, and are rented in terms of long-term leases.
2. Deferred tax includes R122.7 million (2020: R164.9 million) in respect of tax losses which are expected to be utilised in the foreseeable future related to Clientèle Life's individual policyholder's tax fund ("IPF") as a result of single premium business. (Refer to estimates and judgments note on page 12 and the tax note on page 13).
3. In light of COVID-19 and the current economic circumstances, additional disclosures have been included in respect of Policyholder liabilities under insurance contracts. (Refer to Policyholder liabilities under insurance contracts build up on page 14).
4. The estimated credit loss related to the financial guarantee liability in respect of guarantees issued, reduced as the financial covenants were renegotiated. (Refer to the Capital and Other Commitments note on page 17).
5. Deferred tax assets and deferred tax liabilities have previously been presented on a gross basis. An amount of R70.7 million has been reclassified in respect of the 2020 financial year end to reflect deferred tax assets and liabilities on a net basis, where there is legal right of set off. There was no impact on net assets or earnings of the Group.

Condensed Group Statement of Comprehensive Income

(R'000's) Reviewed	Year ended 30 June		% Change
	2021	2020	
Revenue			
Insurance premium revenue	2,297,436	2,222,815	3
Reinsurance premiums	(127,960)	(128,564)	
Net insurance premiums	2,169,476	2,094,251	4
Revenue from contracts with clients	137,570	123,587	
Cost of Sales	(14,881)		
Other income	43,762	47,976	
Interest income	8,027	9,637	
Interest income on financial assets at amortised cost	1,701	7,859	
Fair value adjustment to financial assets at fair value through profit or loss	507,096	858,445	
Net Income	2,852,751	3,141,755	
Net insurance benefits and claims	(424,515)	(330,499)	28
Gross insurance benefits and claims	(594,755)	(444,333)	
Insurance claims recovered from reinsurers	170,240	113,834	
Increase in policyholder liabilities under insurance contracts	(108,727)	(114,176)	
Increase in reinsurance assets	52,390	35,870	
Fair value adjustment to financial liabilities at fair value through profit or loss ¹	(319,600)	(832,393)	
Movement in expected credit loss	18,000	(19,000)	
Finance cost on financial liabilities at amortised cost	(13,898)	(18,841)	
Interest expense	(6,371)	(9,180)	
Operating expenses	(1,471,621)	(1,398,122)	5
Net Profit before tax	578,409	455,414	
Tax	(186,154)	(126,897)	
Net Profit for the year	392,255	328,517	19
Attributable to:			
– Equity holders of the Group – voting shareholders	392,255	328,517	
Net Profit for the year	392,255	328,517	19
Other comprehensive expense:			
Loss on property revaluation ²	(11,280)	(5,783)	
Income tax relating to loss on property revaluation ²	2,954	1,502	
Other comprehensive expense for the year – net of tax	(8,326)	(4,281)	
Total comprehensive income for the year	383,929	324,236	
Attributable to:			
– Equity holders of the Group – voting shareholders	383,929	324,236	18
Earnings per share (cents)	116.98	97.97	
Diluted Earnings per share (cents)	116.86	97.87	

1. Includes R34.7 million (2020: R10.4 million) related to the IPF policyholder liability of R112.0 million (2020: R146.7 million).

2. Items that cannot be recycled to profit or loss.

3. Cost of sales of R14.9 million (2020: R10.8 million – disclosed in "revenue from contracts with clients") is disclosed separately as at June 2021.

Condensed Group Statement of Changes in Equity

(R'000's) Reviewed	Share capital	Share premium	Common control deficit	Sub-total
Balance as at 1 July 2019	6,706	388,959	(220,273)	175,392
Ordinary dividends				-
Total comprehensive income	-	-	-	-
- Net profit for the year				-
- Other comprehensive expense				-
Shares issued ²		176		176
Bonus Rights Scheme allocated ²				-
Transfer from shares issued				-
Balance as at 30 June 2020	6,706	389,135	(220,273)	175,568
Balance as at 1 July 2020	6,706	389,135	(220,273)	175,568
Ordinary dividends				-
Total comprehensive income	-	-	-	-
- Net profit for the year				-
- Other comprehensive expense				-
Shares issued ²				-
Bonus Rights Scheme allocated ²				-
Balance as at 30 June 2021	6,706	389,135	(220,273)	175,568

Condensed Group Statement of Changes in Equity continued

(R'000's) Reviewed	Retained earnings	Bonus Rights Scheme reserve ¹	NDR: revaluation	Total
Balance as at 1 July 2019	855,432	20,292	74,783	1,125,899
Ordinary dividends	(439,259)			(439,259)
Total comprehensive income	328,517	–	(4,281)	324,236
– Net profit for the year	328,517			328,517
– Other comprehensive expense			(4,281)	(4,281)
Shares issued ²				176
Bonus Rights Scheme allocated ²		2,834		2,834
Transfer from shares issued	788	(964)		(176)
Balance as at 30 June 2020	745,478	22,162	70,502	1,013,710
Balance as at 1 July 2020	745,478	22,162	70,502	1,013,710
Ordinary dividends	(318,556)			(318,556)
Total comprehensive income	392,255	–	(8,326)	383,929
– Net profit for the year	392,255			392,255
– Other comprehensive expense			(8,326)	(8,326)
Shares issued ²				–
Bonus Rights Scheme allocated ²		1,578		1,578
Balance as at 30 June 2021	819,177	23,740	62,176	1,080,661

1. Bonus Rights Scheme – the Clientèle Limited Bonus Rights Scheme.

2. No shares (2020: 0.006 million) were issued during the year in terms of the Bonus Rights Scheme.

Condensed Group Statement of Cash Flows

(R'000's) Reviewed	Year ended 30 June	
	2021	2020
Cash flows from operating activities	38,348	309,543
Profit from operations adjusted for non-cash items	535,161	652,298
Working capital changes	(41,027)	(134,204)
Separately disclosable items ¹	(70,244)	(90,138)
Decrease in financial liabilities ^{2,5}	(400,595)	(323,793)
Net disposals of investments ^{3,5}	402,137	687,458
Interest received	52,325	68,981
Dividends received	17,919	21,156
Dividends paid	(318,590)	(439,527)
Tax paid	(138,738)	(132,688)
Cash flows from investing activities ⁴	(50,914)	(49,791)
Cash flows from financing activities	(9,118)	(9,442)
Net (decrease)/increase in cash and cash equivalents	(21,684)	250,310
Cash and cash equivalents at the beginning of the year	484,905	234,595
Cash and cash equivalents at the end of the year	463,221	484,905

1. Interest and dividends received.

2. Financial liabilities – investment contracts.

3. Investment in respect of insurance operations and investment contracts.

4. Mainly relates to the acquisition of intangible assets, property and equipment.

5. The decrease in financial liabilities and the disposal of investments in the 2021 and 2020 financial years includes the impact of co-branded single premium business written.

SEGMENT INFORMATION

The Group's results are analysed across the South African geographical segment.

The Group's main operating segments are Long-term insurance, Short-term insurance (legal insurance policies), CBC Rewards and Clientèle Mobile (loyalty benefits and app) and Other (Clientèle Limited). The vast majority of policies written are in respect of individuals.

SEGMENT ASSETS AND LIABILITIES

(R'000's) Reviewed	Year ended 30 June	
	2021	Restated* 2020
Long-term insurance	9,318,292	9,299,935
Short-term insurance	320,504	270,547
CBC Rewards and Clientèle Mobile*	31,480	24,661
Other	113,990	111,757
Inter segment	(48,983)	(81,926)
Total Group Assets	9,735,283	9,624,974
Long-term insurance	8,594,590	8,579,814
Short-term insurance	52,358	42,619
CBC Rewards and Clientèle Mobile*	55,367	48,694
Other	1,290	22,063
Inter segment	(48,983)	(81,926)
Total Group Liabilities	8,654,622	8,611,264

* CBC Rewards and Clientèle Mobile are now disclosed as a separate segment from June 2021, due to the growth of this segment during the year.

Segment Statements of Comprehensive Income

(R'000's) Reviewed	Long-term Insurance	Short-term Insurance	CBC Rewards & Mobile*	Other [#]	Inter segment	Total
June 2021						
Insurance premium revenue	1,798,809	498,627				2,297,436
Reinsurance premiums	(127,960)					(127,960)
Net insurance premiums	1,670,849	498,627	–	–	–	2,169,476
Revenue from contracts with clients ¹	104,352		41,895		(8,677)	137,570
Cost of sales			(14,881)			(14,881)
Other income	49,475	58	586	318,676	(325,033)	43,762
Interest income	6,252	1,435	6	334		8,027
Interest income on financial assets at amortised cost	1,701					1,701
Fair value adjustment to financial assets at fair value through profit and loss	475,516	24,817		6,763		507,096
Segment revenue	2,308,145	524,937	27,606	325,773	(333,710)	2,852,751
Segment expenses and claims	(1,872,079)	(404,656)	(27,406)	3,368	26,431	(2,274,342)
Net insurance benefits and claims (Increase)/decrease in policyholder liabilities under insurance contracts	(379,129)	(45,386)				(424,515)
Increase in reinsurance assets	(108,859)	132				(108,727)
Fair value adjustment to financial liabilities at fair value through profit and loss	52,390					52,390
Movement in expected credit loss	(319,600)					(319,600)
Finance cost on financial liabilities at amortised cost				18,000		18,000
Interest expense	(13,898)					(13,898)
Operating Expenses	(6,371)					(6,371)
	(1,096,612)	(359,402)	(27,406)	(14,632)	26,431	(1,471,621)
Profit before tax for the year	436,066	120,281	200	329,141	(307,279)	578,409
Tax	(153,407)	(30,181)	(56)	(2,510)		(186,154)
Net profit for the year	282,659	90,100	144	326,631	(307,279)	392,255
Attributable to:						
Equity holders of the Group – voting shareholders	282,659	90,100	144	326,631	(307,279)	392,255

* CBC Rewards and Clientèle Mobile are now a separate segment and are now accordingly disclosed as a separate segment from June 2021.

The "other" segment comprises of Clientèle Limited's dividend income, investment income, estimated credit loss and operating expenses.

1. Long-term segment revenue from contracts with clients consists of IFA business fees, and CBC Rewards and Mobile revenue from contracts with clients consists of rewards fees.

(R'000's) Reviewed	Long-term Insurance	Short-term Insurance	Restated CBC Rewards & Mobile*	Restated Other [#]	Inter segment	Total
30 June 2020						
Insurance premium revenue	1,757,666	465,149				2,222,815
Reinsurance premiums	(128,564)					(128,564)
Net insurance premiums	1,629,102	465,149	-	-	-	2,094,251
Revenue from contracts with clients ¹	115,909		7,678			123,587
Cost of sales						-
Other income	57,320	219	7,122	420,117	(436,802)	47,976
Profit/(loss) in Associate:Direct Rewards						-
Interest income	9,233	1,434	3	(1,033)		9,637
Interest income on financial assets at amortised cost	7,859					7,859
Fair value adjustment to financial assets at fair value through profit and loss	855,880	(740)		1,549	1,756	858,445
Segment revenue	2,675,302	466,062	14,804	420,633	(435,046)	3,141,755
Segment expenses and claims	(2,264,986)	(392,573)	(32,014)	(23,908)	27,141	(2,686,341)
Net insurance benefits and claims (Increase)/decrease in policyholder liabilities under insurance contracts	(283,893)	(46,606)				(330,499)
Increase in reinsurance assets	(114,982)	806				(114,176)
Fair value adjustment to financial liabilities at fair value through profit and loss	35,870					35,870
Movement in expected credit loss	(832,393)					(832,393)
Finance cost on financial liabilities at amortised cost				(19,000)		(19,000)
Interest expense	(18,841)					(18,841)
Operating Expenses	(9,180)					(9,180)
	(1,041,567)	(346,773)	(32,014)	(4,908)	27,141	(1,398,122)
Profit before tax for the year	410,315	73,489	(17,210)	396,724	(407,905)	455,414
Tax	(115,844)	(20,261)	4,819	4,389		(126,897)
Net profit for the year	294,472	53,227	(12,391)	401,114	(407,905)	328,517
Attributable to:						
Equity holders of the Group – voting shareholders	294,472	53,227	(12,391)	401,114	(407,905)	328,517

* CBC Rewards and Clientèle Mobile are now a separate segment and are now accordingly disclosed as a separate segment from June 2021.

[#] The "other" segment comprises of Clientèle Limited's dividend income, investment income, estimated credit loss and operating expenses.

1. Long-term segment revenue from contracts with clients consists of IFA business fees, and CBC Rewards and Mobile revenue from contracts with clients consists of rewards fees.

Notes to the Condensed Consolidated Financial Statements

NOTES TO THE RESULTS

These condensed consolidated financial statements for the year ended 30 June 2021 have been reviewed, in terms of International Standards on Review Engagements, (ISRE 2410), by PricewaterhouseCoopers Incorporated, who expressed an unmodified review conclusion.

The condensed consolidated financial statements were prepared under the supervision of Mr I B Hume (CA(SA), ACMA), the Group Financial Director.

CHANGES TO THE BOARD

Mrs. Brenda-Lee Du Toit resigned as a director on 1 March 2021.

Mr. Hugo Louw was appointed as a director on 1 March 2021.

Mrs. Ramaesela Dorcas Tshepisho Tabane was appointed as a director on 1 March 2021.

Mrs. Bonge Yandiswa Mkhondo resigned as a director on 1 April 2021.

ACCOUNTING POLICIES

Statement of compliance

The condensed consolidated financial statements are prepared in accordance with the JSE Listings Requirements for preliminary reports and the requirements of the Companies Act, Act 71 of 2008, of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and must also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous condensed consolidated annual financial statements.

Estimates and judgments

The preparation of the condensed consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments. The reported amounts in respect of the Group's insurance and other contracts, policyholder liabilities, employee benefits, intangible assets, deferred tax assets and related liabilities and unquoted financial instruments, guarantees and related estimated credit losses, are affected by accounting estimates and judgments.

Owner-occupied properties are disclosed at fair value, determined from market-based evidence by appraisals undertaken by professional valuers. The main inputs to the valuation include gross market rentals of between R125 and R160 (2020: between R135 and R170) per square meter per month, which have been capitalised into perpetuity at a yield of between 8.75% and 9.50%. (2020: between 8.50% and 9.00%).

The calculation of the deferred tax asset in respect of the IPF of R122.7 million (2020: R164.9 million) and future utilisation of the assessed loss together with the related policyholder liability amounting to R112.0 million (2020: R146.7 million) is subject to estimates and judgements. The input with the most effect on the calculation is the attrition of business. Management has used an attrition rate of 20% in respect of the co-branded single premium business as the behaviour of this book of business, which has been written in large tranches, is similar to group business. Management will monitor this assumption annually as currently there is insufficient statistical data or experience to inform another view. If the attrition rate decreased to 17.5%, the deferred tax asset will increase to R131.6 million (2020: R181 million), with an additional positive impact of R1.1 million (2020: R1.2 million) on net profit after tax. If the attrition rate increased to 22.5%, the deferred tax asset would decrease to R113.9 million (2020: R149 million), with an additional negative impact of R1.0 million (2020: R4.6 million) on net profit after tax. At the reporting date the IPF has an estimated tax loss of R1.9 billion (2020: R2.2 billion).

Changes to the COVID-19 related assumptions include explicit allowances on the net Insurance benefits and claims, policyholder liabilities under insurance contracts, withdrawals and premium collections assumptions.

Besides the assumptions in respect of the deferred tax asset mentioned above, the COVID-19 related assumptions, and allowing for changes in withdrawal experience, there were no other major impacts due to changes in previous assumptions and estimates used in deriving amounts referred to above.

Adoption of new and amended standards

New or amended standards effective for the year have no impact on the results for the year.

Tax

(R'000's) Reviewed	Year ended 30 June	
	2021	2020
Current and deferred tax	(143,584)	(112,047)
Policyholder deferred tax recognised in terms of IAS 12*	(42,278)	(14,481)
Capital gains tax	(292)	(369)
Tax	(186,154)	(126,897)

* The Individual Policyholder Fund has an estimated tax loss of R1.9 billion (2020: R2.2 billion).

Reconciliation of Net Profit to Headline Earnings

(R'000's) Reviewed	Year ended 30 June		% Change
	2021	2020	
Net profit for the year attributable to equity holders of the Group	392,255	328,517	19
(Profit)/loss on disposal of PPE	(123)	100	
Impairment of intangible assets & PPE	873	3,297	
Impairment of investment	2,082		
Headline earnings for the year	395,087	331,914	19

Ratios per Share

(Cents) Reviewed	Year ended 30 June		% Change
	2021	2020	
Headline earnings per share	117.82	98.99	19
Diluted headline earnings per share	117.70	98.88	19
Earnings per share	116.98	97.97	19
Diluted earnings per share	116.86	97.87	19
Net asset value per share	322.28	302.31	7
Diluted net asset value per share	321.94	302.00	7
Dividends per share – paid	95.00	131.00	(28)
Dividends per share – declared	110.00	95.00	16
Ordinary shares in issue ('000)	335,322	335,322	
Weighted average ordinary shares ('000)	335,322	335,316	
Diluted weighted average ordinary shares ('000)	335,676	335,670	

Policyholder Liabilities under insurance contracts

(R'000's) Reviewed	2021		2020	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
Discounted insurance liabilities as at the beginning of the year	671,524	671,484	611,146	611,092
Discretionary margins	(2,886,118)	(2,885,962)	(3,295,905)	(3,295,617)
Discounted insurance liabilities as at the beginning of the year prior to allowance for discretionary margins	(2,214,594)	(2,214,478)	(2,684,759)	(2,684,525)
Expected interest on insurance liabilities (and cashflows)	(132,699)	(132,699)	(239,486)	(239,486)
Expected premiums on insurance liabilities	1,402,573	1,272,870	1,445,666	1,314,138
Expected change in margins (existing business)	(2,695)	(2,694)	7,237	7,238
Expected claims, expiries and lapses	(450,996)	(351,216)	(430,747)	(329,476)
Expected expenses, commission and charges	(158,364)	(158,364)	(124,218)	(124,218)
Experience variations	(53,642)	(23,797)	(99,019)	(68,896)
Changes in valuation basis (renewal business only)	153,694	153,688	422,467	422,455
New business added during the year	(738,235)	(738,217)	(511,735)	(511,708)
Insurance liabilities as at closing prior to allowance for discretionary margins	(2,194,958)	(2,194,907)	(2,214,594)	(2,214,478)
Discretionary margins	2,887,421	2,887,351	2,886,118	2,885,962
A: Discounted liabilities as at the end of the year	692,463	692,444	671,524	671,484
COVID-19 risk reserve as at the beginning of the year	55,680	19,315	–	–
Change in COVID-19 risk reserve during the year	88,371	35,821	55,680	19,315
B: COVID-19 risk reserve as at the end of the year	144,051	55,136	55,680	19,315
Undiscounted insurance liabilities as at the beginning of the year	5,899	3,565	6,973	4,159
Withdrawals and change in reinsurance during the year	(1,809)	(1,048)	(2,592)	(1,419)
New business added during the year	1,357	736	1,518	825
C: Undiscounted insurance liabilities as at the end of the year	5,447	3,253	5,899	3,565
Total insurance liabilities as at the end of the year (A+B+C)	841,961	750,833	733,103	694,364
Reinsurance assets	–	91,128	–	38,739
Gross long-term insurance liabilities as at the end of the year	841,961	841,961	733,103	733,103
Short-term insurance	8,504	8,504	8,635	8,635
IBNR	286	286	240	240
Cash Back Bonus	2,523	2,523	2,633	2,633
Outstanding Claims	5,695	5,695	5,762	5,762
	850,465	850,465	741,738	741,738

SENSITIVITIES – LONG-TERM INSURANCE

(R'000's) Reviewed Financial risk variables	% change	2021		2020	
		Impact on liabilities	Impact on profit after tax	Impact on liabilities	Impact on profit after tax
Equity price*	10	34,902	30,036	21,056	9,928
Equity price*	(10)	(36,031)	(29,223)	(21,242)	(9,794)
Interest rate	1	(17,184)	12,372	(18,201)	13,104
Interest rate	(1)	19,509	(14,047)	22,588	(16,263)
Property equity value*	10	–	22,815	–	15,138
Property equity value*	(10)	–	(22,815)	–	(15,138)
Long-term insurance risk variables					
Assurance mortality and morbidity	10	10,438	(7,516)	9,656	(6,952)
Assurance mortality and morbidity	(10)	(8,730)	6,286	(7,720)	5,558
Renewal expenses	10	9,823	(7,072)	9,636	(6,938)
Renewal expenses	(10)	(9,673)	6,965	(9,505)	6,843
Withdrawals	10	7,382	(5,315)	4,861	(3,500)
Withdrawals	(10)	(7,869)	5,665	(4,899)	3,527
Inflation	1	2,238	(1,611)	2,301	(1,656)
Inflation	(1)	(2,185)	1,573	(2,232)	1,607
Financial instruments risk variable					
Default (non-linked financial assets)	5	(54,609)	(39,318)	(56,877)	(40,952)

* The impact on profit after tax includes the impact of the movement in the Policyholder liabilities and the related movement in financial assets.

Financial Assets and Liabilities held at Fair Value through Profit or Loss – Fair Value Hierarchy Disclosure

The following table presents the Group's financial assets and liabilities that are measured at fair value through profit or loss at 30 June 2021:

(R'000's) Reviewed	Level 1	Level 2	Level 3	Total
Assets				
Listed equity securities	714,473			714,473
Foreign Listed equity securities	163,466			163,466
Unlisted equity securities		3,850	21,164	25,014
Promissory notes and fixed deposits		7,056,466		7,056,466
Funds on deposit		171,216		171,216
Fixed interest securities		904	33,417	34,321
Government and public authority bonds		282,069		282,069
Total assets	877,939	7,514,505	54,581	8,447,025
Liabilities				
Financial liabilities at fair value through profit or loss		7,112,219	11,245	7,123,464
Total Liabilities	–	7,112,219	11,245	7,123,464

The following table presents the Group's financial assets and liabilities that are measured at fair value through profit or loss as at 30 June 2020:

(R'000's) Reviewed	Level 1	Level 2	Level 3	Total
Assets				
Listed equity securities	469,618			469,618
Foreign Listed equity securities	43,636			43,636
Unlisted equity securities		3,850		3,850
Promissory notes and fixed deposits		7,104,485		7,104,485
Funds on deposit		372,055		372,055
Fixed interest securities		4,949	39,483	44,432
Government and public authority bonds		232,754		232,754
Total assets	513,254	7,718,093	39,483	8,270,830
Liabilities				
Financial liabilities at fair value through profit or loss		7,209,066	13,288	7,222,354
Total Liabilities		7,209,066	13,288	7,222,354

Recurring Level 2 instruments are measured by using a zero coupon risk-free rate curve over the remaining life time of the instruments.

Policyholders linked exposure to Residual Debt Services Limited through investments in Stub paper of R33.4 million as at 30 June 2021 (2020: R39.5 million) is disclosed at level 3 on the fair value hierarchy as the value of the stub paper is estimated indirectly using valuation techniques and models. Key assumptions used in the valuation include a discounted future cash flow, applying a discount rate of 14%.

Level 3 unlisted equity securities consist of preference shares, valued using a Monte Carlo simulation with primary inputs consisting of the Clientèle Limited share price, the dividend yield and 77% of the prime interest rate.

RECONCILIATION OF LEVEL 3 FINANCIAL INSTRUMENTS

The following table presents the changes in level 3 financial instruments for the year ending at 30 June 2021:

(R'000's) Reviewed	30 June 2021		30 June 2020	
	Financial assets at fair value through profit or loss	Financial liabilities at fair value through profit or loss	Financial assets at fair value through profit or loss	Financial liabilities at fair value through profit or loss
Opening balances	39,483	13,288	52,700	52,700
Transfer to level 3 ¹			26,195	
Interest raised during the year	2,826	943	3,651	3,651
Additions ²	20,000			
Fair value adjustments	742	(134)	(1,581)	(1,581)
Repayments	(8,470)	(2,852)	(41,482)	(41,482)
Closing balance	54,581	11,245	39,483	13,288

1. These financial assets have been transferred to level 3 on the fair value measurement hierarchy as the market observable inputs available to determine the value of these instruments are not being freely traded in the market. This transfer was deemed to occur at financial year-end.
2. The group purchased preference shares as part of a B-BBEE transaction, which are deemed to be level 3 as they are not listed on the JSE and the determination of the fair value makes use of inputs that are not observable by the market.

CAPITAL AND OTHER COMMITMENTS

Clientèle Limited has in prior years provided financial assistance resulting in a net exposure via guarantees of R200 million for the purchase of approximately 9.0% of Clientèle's issued shares ("ordinary Shares") by Yellowwoods Trust Investments (Pty) Ltd ("YTI") a wholly owned subsidiary of the Hollard Foundation Trust, a B-BBEE Trust.

A new preference share funding arrangement was entered into and the guarantee covenant was formally renegotiated with Depfin Investment (Pty) Ltd (a subsidiary of Nedbank Limited) to include an Embedded Value per share covenant in addition to the Market Value per share covenant.

EVENTS AFTER THE REPORTING DATE

There are no material items to report after the reporting date.

RELATED PARTY TRANSACTIONS

Transactions between Clientèle Limited and its subsidiaries have been eliminated on consolidation. There were no material changes to the related party transactions during the year.

Group Embedded Value Results

GROUP EMBEDDED VALUE

The Embedded Value ("EV") calculation has been reviewed by the Group's independent actuaries, QED Actuaries & Consultants (Pty) Ltd. PricewaterhouseCoopers Inc has not reviewed the Group Embedded Value Results.

The EV represents an estimate of the value of the Group, exclusive of goodwill attributable to future new business. The EV comprises:

- the Free Surplus; plus,
- the Required Capital identified to support the in-force business; plus,
- the Present Value of In-force ("PVIF") business; less,
- the Cost of Required Capital ("CoC").

The PVIF business is the present value of future after-tax profits arising from covered business in force as at 30 June 2021.

All material business written by the Group has been covered by EV Methodology as outlined in Advisory Practice Notice, APN 107 of the Actuarial Society of South Africa, including:

- Life insurance policies regulated in terms of the Long-term Insurance Act, 1998 and the Insurance Act 18, 2017;
- Legal insurance business where EV Methodology has been used to determine future shareholder entitlements; and,
- Annuity income arising from non-insurance contracts (including IFA business fees, Clientèle Rewards and Clientèle Mobile) where EV Methodology has been used to determine future shareholder entitlements.

The impact of COVID-19 and the national lockdowns has had a major impact on the economy. This has had a knock-on impact on most businesses including Clientèle. Long-term assumptions (other than claims) were set based on experience over the year; however, withdrawal rates were modelled to decrease annually from July 2022 to July 2025 as the economic impact of COVID-19 is expected to subside. Actual claims experience over the last year has been severely impacted by the pandemic; however, this has been assumed to be short-term in nature and thus long-term claims assumptions have not been amended.

An explicit COVID-19 risk reserve was set up as at 30 June 2020 to allow for expected additional COVID-19 related policyholder risk claims. This reserve has been utilised in the financial year and has been increased to allow for the future expected excess claims as a result of the pandemic. The reserve amounted to R144.1 million gross of reinsurance recoveries (2020: R55.7 million) and R55.1 million (2020: R19.3 million) net of reinsurance recoveries at 30 June 2021.

No other significant modelling or assumption changes were made over the reporting period apart from those described above.

The EV can be summarised as follows:

(R'000's)	Year ended 30 June	
	2021	2020
Required economic capital	514,588	447,945
Free surplus	636,327	658,512
Adjusted Net Worth ("ANW") of covered business	1,150,915	1,106,457
CoC	(87,958)	(70,586)
VIF	4,743,499	4,838,615
EV of covered business	5,806,456	5,874,486
Risk Discount Rate ("RDR") % p.a.	12.1	10.6

The ANW of covered business is defined as the excess value of all assets attributed to the covered business, but not required to back the liabilities of covered business. Free Surplus is the ANW less the Required Capital attributed to covered business.

The PVIF business is the present value of future after-tax profits arising from covered business in force as at 30 June 2021 on the Published Reporting Basis. The Published Reporting Basis is based on IFRS.

RECONCILIATION OF TOTAL EQUITY TO ANW

(R'000's)	Year ended 30 June	
	2021	2020
Total equity and reserves per the Statement of Financial Position	1,080,661	1,013,710
Adjusted for deferred profits and impact of compulsory margins on investment business	52,804	76,982
Adjusting subsidiaries to Net Asset Value	33,808	35,170
Reversal of investment in Direct Rewards	(1,142)	
Bonus Rights Scheme adjustment	(7,553)	(6,282)
Net of tax impact of adjusting Single Premium business to market value	(7,663)	(13,123)
ANW	1,150,915	1,106,457

The CoC is the opportunity cost of having to hold the Required Capital of R514.6 million as at 30 June 2021 (30 June 2020: R447.9 million).

The Bonus Rights Scheme adjustment recognises the future dilution in EV, on a mark to market basis, as a result of the Bonus Rights Scheme.

The Required Economic Capital is based on the Published Reporting Basis and has been set as one times the Economic Capital Requirement for the Life Company (R350.8 million) and for the General Company (R163.8 million) as at 30 June 2021.

VALUE OF NEW BUSINESS

The New Business profit margin is the VNB expressed as a percentage of the present value of future premiums (and other annuity fee income) pertaining to the same business.

(R'000's)	VNB	Present Value of New Business Premiums	New Business profit margin
30 June 2021			
Recurring premium business	213,027	1,997,860	10,7%
Single premium business	2,441	126,519	1,9%
Total	215,468	2,124,379	10,1%
30 June 2020			
Recurring premium business	65,579	1,437,819	4.6%
Single premium business	3,289	188,044	1.7%
VNB excluding uncovered expenses in the last quarter of the 2020 financial year	68,868	1,625,863	4.2%
COVID-19 impact: once-off impact on new business*	(159,417)		
VNB including COVID-19 impact in the last quarter of the 2020 financial year	(90,549)		

* Uncovered expenses in the last quarter of the 2020 financial year as a consequence of new business being minimal due to COVID-19 lockdown restrictions.

LONG-TERM ECONOMIC ASSUMPTIONS

(%)	Year ended 30 June	
	2021	2020
Risk Discount Rate	12.1	10.6
Non-unit investment return	8.6	7.1
Unit Investment return	10.0	7.8
Expense inflation	5.6	3.1
Corporate tax	28.0	28.0
Gross of tax Equity return	11.1	9.6
Gross of tax Cash return	6.6	5.1
Gross of tax Bond return	8.6	7.1
Gross of tax Risk Free return	8.6	7.1

The Risk Discount Rate (RDR) has been determined using a top-down weighted average cost of capital approach, with the equity return calculated using the Capital Asset Pricing Model ("CAPM") theory. In terms of current actuarial guidance, the RDR has been set as the risk free rate plus a beta multiplied by the assumed equity risk premium. It has been assumed that the equity risk premium is 3.5% (30 June 2020: 3.5%). The beta pertaining to the Clientèle share price is relatively low, which is largely a consequence of the relatively small free-float of shares. After careful consideration, the Board has decided to continue to use a more conservative beta of 1, as opposed to Clientèle's actual beta of 0.32, in the calculation of the RDR. The Board draws the reader's attention to the RDR sensitivity analysis in the next table, which allows for sensitivity comparisons using various alternative RDRs.

The resulting RDR utilised as at 30 June 2021 was 12.1% p.a. (30 June 2020: 10.6% p.a.).

RDR SENSITIVITIES

(R'000's)	EV	VNB
RDR 10.1%	6,499,399	315,973
RDR 10.6% (as at June 2020)	6,305,506	288,951
RDR 11.1%	6,126,027	263,909
RDR 12.1% (as at June 2021)	5,806,456	215,468
RDR 13.1%	5,525,742	179,212
RDR 14.1%	5,280,632	144,679

EV PER SHARE

(Cents)	Year ended 30 June	
	2021	2020
EV per share	1,731.61	1,751.90
Diluted EV per share	1,729.78	1,750.05

SEGMENT INFORMATION

The EV can be split between segments as follows:

(R'000's)	ANW	PVIF	CoC	EV
30 June 2021				
Long-term insurance	836,550	3,548,158	(61,162)	4,323,546
Short-term insurance	259,704	1,149,638	(26,796)	1,382,546
CBC Rewards and Clientèle Mobile	(36,386)	45,088		8,702
Other*	91,047	615		91,662
Total	1,150,915	4,743,499	(87,958)	5,806,456
30 June 2020 Restated				
Long-term insurance	824,187	3,748,951	(53,150)	4,519,988
Short-term insurance	222,940	1,058,493	(17,436)	1,263,997
CBC Rewards and Clientèle Mobile	(24,371)	31,171		6,800
Other*	83,701			83,701
Total	1,106,457	4,838,615	(70,586)	5,874,486

* Clientèle Limited.

The VNB can be split between segments as follows:

(R'000's)	Year ended 30 June	
	2021	Restated 2020
Long-term insurance	126,897	35,329
Short-term insurance	87,281	27,678
CBC Rewards and Clientèle Mobile	757	5,860
Other*	533	–
VNB excluding uncovered expense	215,468	68,868
COVID-19 impact**		(159,417)
VNB including COVID-19 impact in the last quarter		(90,549)

* Clientèle Limited.

** Uncovered expenses in the last quarter of the 2020 financial year as a consequence of new business being minimal due to COVID-19 lockdown restrictions.

EMBEDDED VALUE EARNINGS ANALYSIS

EV earnings (per APN 107) comprises the change in EV for the year after adjusting for capital movements and dividends paid.

(R'000's)	Note	Year ended 30 June 2021				30 June 2020
		ANW	VIF	CoC	EV	EV
Closing EV		1,150,915	4,743,499	(87,958)	5,806,456	5,874,486
Opening EV		1,106,457	4,838,615	(70,586)	5,874,486	6,636,329
Dividends		(318,556)			(318,556)	(439,259)
Adjusted EV at the beginning of the year		787,901	4,838,615	(70,586)	5,555,930	6,197,070
EV earnings		363,014	(95,116)	(17,372)	250,526	(322,584)
Reversal of impact of economic assumption changes		(20,579)	420,098	11,487	411,006	
Reversal of impact of banking system and data issues pertaining to DebiCheck			25,924		25,924	
Recurring EV Earnings	1	342,435	350,906	(5,885)	687,456	
Recurring Return on EV					12.4%	
Return on EV	1				4.5%	(5.2%)
Components of EV earnings						
VNB excluding uncovered expenses in the last quarter		(532,134)	761,707	(14,105)	215,468	68,868
COVID-19 impact: once-off impact on new business	2				–	(159,417)
VNB including COVID-19 impact		(532,134)	761,707	(14,105)	215,468	(90,549)
Expected return on covered business			512,400	3,914	516,314	624,896
Expected profit transfer		872,484	(872,484)		–	–
Expected return on ANW		42,084			42,084	80,676
Withdrawal and unpaid premium experience variance		13,494	(932)	1,519	14,081	(140,518)
Impact of instability and errors within the banking environment	4	(8,717)	(77,090)		(85,807)	
Changes in non-economic assumptions and modelling		181	26,923	2,786	29,890	(152,956)
Claims and reinsurance experience variance		(49,425)			(49,425)	5,655
<i>Experience before utilisation of COVID-19 risk reserve</i>		(24,317)			(24,317)	
<i>Utilisation of COVID-19 risk reserve</i>		13,907			13,907	
<i>Establishment of additional COVID-19 risk reserve</i>		(39,698)			(39,698)	
<i>Legal expense experience</i>		684			684	
COVID-19 impact: once-off impact on existing business	3				–	(892,243)
Set-up costs for new and discontinued ventures					–	(20,926)
YTI guarantee cost in respect of B-BBEE share financing		(2,053)			(2,053)	(4,514)
Change in property fair value		(9,689)			(9,689)	
B-BBEE Expense	5	(23,280)			(23,280)	
Release of expected credit loss		12,960			12,960	
Purchase and impairment of Direct Rewards		(3,224)			(3,224)	
Bonus Rights Scheme		307			307	4,129
Goodwill and Medium-term Incentive scheme		(10,267)	(25,480)		(35,747)	13,205
Sundry experience variance		411	(62)		349	(2,637)
EV operating return		303,131	324,982	(5,885)	622,228	(575,782)
Investment return variances on ANW		39,304			39,304	(68,418)
Impact of economic assumption changes		20,579	(420,098)	(11,487)	(411,006)	321,616
EV earnings		363,014	(95,116)	(17,372)	250,526	(322,584)

NOTES

Note 1

As a consequence of COVID-19 and the national lockdown, the change in EV was negative for the financial year ending 30 June 2020 and any split between recurring and once-off items would be spurious due to the inter-relationship of various factors following the shutdown of much of the new business operations for a few months.

Note 2

Uncovered expenses in the last quarter of the financial year ending 30 June 2020 as a consequence of new business being minimal due to COVID-19 lockdown restrictions.

Note 3

The initial COVID-19 impact for the financial year ending 30 June 2020 includes the expected short-term worsening in mortality and morbidity, allowance for an expected worsening of premium collections and a worsening in future lapse experience, as well as higher per policy expenses into the future. This can be split as follows:

(R'000's)	Year ended 30 June	
	2021	2020
Expense assumption changes (primarily as a consequence of the smaller insurance book following 3 months of minimal new business during COVID-19 Lockdown)	N/A	(157,210)
COVID-19 risk reserve (net of tax and net of reinsurance recoveries)	N/A	(13,907)
Withdrawal assumption change due to COVID-19 and lockdown impact on the economy	N/A	(721,126)
COVID-19 impact: Existing business	N/A	(892,243)

Note 4

Clientèle was an early adopter of the new banking debit order channel (DebiCheck) and participated in the test phase as well as being one of the more active users of DebiCheck after it went live on 1 November 2020.

Clientèle has experienced considerable instability in the banking environment following the introduction of DebiCheck and particularly in May and June 2021 following the closure of the NAEDO and AEDO debit order tracks to new business. The DebiCheck environment appears to have stabilised in July 2021.

Whilst Clientèle was an early adopter of DebiCheck, a major portion of the industry only started to use DebiCheck fully from 1 May 2021 and there was noticeable strain and instability on the banking system. There were also a number of changes and improvements made to the application of various DebiCheck banking rules. This resulted in a number of debit order mandates being suspended for collection in June 2021. Contacting a sample of clients resulted in the realisation that many of these clients still wanted the debit order to be in place. Clientèle contacted the relevant banks and the Payments Association of South Africa ("PASA") with the aim of continuing to process these debit orders. However, this was not allowed in terms of the PASA rules and as a consequence, Clientèle was forced to lapse a number of policies. The negative impact of this has been allowed for in full in this line item of the results. Clientèle will continue to engage with PASA, the banks and the relevant clients with the aim of reviving these debit orders, and thus the underlying policies, where possible.

Note 5

A preference share investment of R50 million in YTI during the year was valued using non-observable market inputs at R20 million. As the investment is intrinsically linked with the Group's contribution to B-BBEE in South Africa, the difference between the proceeds and the valuation has accordingly been classified as a B-BBEE expense.

Sponsor:



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PricewaterhouseCoopers
Corporate Finance Proprietary Limited

Clientèle Limited

(Registration number 2007/023806/06)
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Long-term insurance policies are underwritten and administered by Clientèle Life Assurance Company Limited, an authorised financial services provider and licensed insurer: FSP 15268.

Short-term insurance policies are underwritten and administered by Clientèle General Insurance Limited, an authorised financial services provider and licensed insurer: FSP 34655.