CONDENSED UNAUDITED GROUP RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

Diluted headline earnings per share increased by 15% to

67.56 cents

Annualised return on average shareholders' interest of

39%

Recurring Embedded Value Earnings increased by 5% to

R437.3 million

Annualised Recurring Return on Embedded Value of

16.1%

Value of New Business increased by 22% to

R152.3 million

Embedded Value per share of

R17.30

Clientèle

Commentary

INTRODUCTION

The Clientèle Group ("the Group"), operating in a tough trading environment, particularly given the context of the difficult economic and operating environment characterised by lockdowns, civil unrest, COVID-19 and load-shedding has continued to build on the strong set of results reported last year and is pleased to report improvements in several of its key performance metrics when compared to the same period last year. This has been largely driven by tight cost control, good investment returns and the underwriting of a large number of funeral policies for certain funeral parlour intermediaries towards the end of the period.

Additional reserves for IBNR claims of R13.7 million and COVID-19 claims of R9.8 million were provided for the funeral parlour business mentioned above. These policies are expected to add meaningful value to the business over the long-term.

In addition to the impact of the once-off suspension of debit order mandates referred to in the previous financial year's final results, Clientèle experienced a further related withdrawal loss in the first quarter of the financial year of R30.5 million. This was offset to some extent by withdrawal profits in the second quarter of the financial year. The suspension of mandates resulted in a loss in VIF of R85.8 million as at 30 June 2021 and a corresponding reduction in premium income of R30.4 million in the current period to 31 December 2021.

The challenges in the banking collections environment, particularly when it comes to stability, have persisted into the current financial year. Clientèle was impacted by these and, furthermore, by the final closure of the AEDO and NAEDO debit order collection channels towards the end of the period. This is expected to continue to impact debit order users in the short term. Nonetheless, Clientèle is pleased with the progress that has been made within the banking environment and anticipates more stability in future now that the "old" debit order channels have been closed and all parties are focused on the new debit order channels.

The explicit COVID-19 risk reserve at 31 December 2021 amounts to R45.0 million (2020: R19.3 million) net of expected reinsurance recoveries. This was set up to cover the expected additional claims as a result of the pandemic.

Despite the challenges referred to above the Group remains in a sound solvency and liquidity position.

The Group achieved an annualised investment return for the period of 20.5% (2020: 10.7%) from its investment portfolios.

Use of the Clientèle Application ("the Clientèle App") continues to expand following its early adoption by clients and agents alike. The Clientèle App serves as a platform for sales capture and policy administration as well as an access point for Clientèle Rewards and Clientèle Mobile.

OPERATING RESULTS

Group Statement of Comprehensive Income

Net insurance premiums for the period remained constant at R1.09 billion (2020: R1.09 billion), impacted by production which was negatively affected by the civil unrest, lockdowns, load shedding and the suspension of mandates as referred to above.

Net insurance benefits and claims of R222.7 million were 6% higher than the R210.6 million in respect of the comparative period.

The explicit COVID-19 risk reserve allows for expected additional COVID-19 related policyholder risk claims. This reserve has been utilised in the period and has been topped up to allow for the future expected excess claims from in-force business. The reserve amounted to R135.5 million gross of reinsurance recoveries (2020: R55.7 million) and R45.0 million (2020: R19.3 million) net of reinsurance recoveries at 31 December 2021.

Operating expenses, which were well controlled, of R711.7 million (2020: R714.1 million), remained constant when compared to the comparative period.

The above translates into headline earnings for the Group increasing by 15% to R226.8 million (2020: R196.6 million) which results in an annualised return on average shareholders' interests of 39% (2020: 41%). Diluted headline earnings per share of 67.56 cents (2020: 58.57 cents) were 15% higher than the comparative period.

Group Embedded Value and Value of New Business

The Group Embedded Value ("EV") at 31 December 2021 remained constant at R5.8 billion (30 June 2021: R5.8 billion), after the payment of the annual dividend of R368.9 million in September 2021, even though the Risk Discount Rate ("RDR") of 12.4% p.a. increased from 12.1% p.a. at 30 June 2021 and 10,7% at 31 December 2020. Recurring Embedded Value Earnings ("REVE") of R437.3 million were earned for the period (2020: R414.6 million), an increase of 5%.

The Value of New Business ("VNB") for the period on a RDR of 12.4% p.a. amounted to R152.3 million (2020: R124.9 million (RDR of 10.7% p.a.)) an increase of 22.0% over the comparative period despite the increase in the RDR.

The EV and VNB sensitivities are illustrated in the Group Embedded Value results on page 17.

The new business profit margin of 10.8% (June 2021: 10.1% and December 2020: 10.6%) remained at a similar level to the comparative period.

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: R2.8 billion).

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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: R2.8 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 recorded a 3% increase in net profit for the period to R155.3 million (2020: R151.5 million) despite the impact of the difficult conditions and the suspension of mandates referred to above. Clientèle Life's total VNB for the period of R119.8 million (2020: R76.8 million), which benefitted from the underwriting of the business from funeral parlours referred to above, increased by 56% over the comparative period. Clientèle Life recorded REVE of R312.7 million (2020: R267.2 million), an increase of 17%.

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

Clientèle Legal's net profit for the period of R61.0 million (2020: R53.4 million) increased by 14% over the comparative period. Clientèle Legal's VNB of R29.7 million (2020: R45.0 million) decreased by 34% as a result of lower production which was impacted by the difficult conditions and the suspension of mandates referred to above. Clientèle Legal recorded REVE of R114.2 million (2020: R131.3 million), a decrease of 13%. The once-off mandate suspension coupled with the looting and rioting referred to above will continue to impact the performance of Clientèle Legal for the remainder of the financial year. Management are focusing on returning the business to its growth path with attention being paid to increasing quality production in its key sales channels.

CBC Rewards and Clientèle Mobile

CBC Rewards and Clientèle Mobile reported a net profit of R0.4 million for the period (2020: loss of R1.5 million) and VNB of R1.0 million (2020: R2.8 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 continues to successfully navigate the business through the prevailing challenges and the Group remains well positioned to service new and existing clients into the future.

Value adding initiatives for our clients which include Clientèle Rewards, the Clientèle App, Clientèle Mobile and the roll-out of Debi-Check are contributing to improvements in persistency and the quality of new business written. Clientèle will continue to focus on increasing production of quality business across all of its new (including funeral parlours) and existing distribution channels.

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

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.

Clientèle is pleased with the results for the period and is comfortable that the ongoing challenges continue to be handled well. Despite the pressure on clients' disposable income the Board remains encouraged by the prospects for growth and value creation over time.

By order of the Board

GQ Routledge
Chairman

BW Reekie
Managing Director

Johannesburg

28 February 2022

Condensed Group Statement of Financial Position

(R'000's)	31 December 2021	31 December 2020	Audited 30 June 2021
Assets			
Owner-occupied properties[1]	**419,688**	428,002	417,783
Intangible assets	**42,765**	57,627	57,226
Property and equipment	**42,871**	38,344	42,257
Deferred tax[2]	**110,761**	170,924	147,009
Reinsurance assets	**120,031**	52,135	91,128
Financial assets at fair value through profit or loss	**8,439,798**	8,481,725	8,447,025
Inventories	**7,424**	4,894	7,988
Investment in associate	**4,087**	4,437	1,692
Trade receivables including insurance receivables	**59,891**	49,419	59,954
Current tax	**614**		
Cash and cash equivalents	**311,322**	347,761	463,221
Total assets	**9,559,252**	9,635,268	9,735,283
Total equity and reserves	**933,679**	893,832	1,080,661
Liabilities			
Deferred tax	**22,224**	19,519	19,742
Financial liabilities held at amortised cost	**220,168**	171,917	201,973
Policyholder liabilities under insurance contracts[3]	**928,176**	792,109	850,465
Financial liabilities held at fair value through profit or loss	**7,038,646**	7,287,443	7,123,464
Loans at amortised cost	**100,000**	114,083	110,034
Financial Guarantee Liability[4]	**2,000**	32,000	2,000
Employee benefits	**53,622**	51,574	83,380
Accruals and payables including insurance payables	**244,116**	262,930	254,631
Current tax	**16,621**	9,861	8,933
Total liabilities	**8,625,573**	8,741,436	8,654,622
Total equity and liabilities	**9,559,252**	9,635,268	9,735,283

1. *Owner-occupied properties are disclosed at level 3 in the fair value measurement hierarchy.*
2. *Deferred tax includes R96.3 million (2020: R146.4 million) in respect of tax losses which are now expected to be utilised in the foreseeable future related to Clientele Life's individual policyholder's tax fund ("IPF") as a result of single premium business. (Refer to estimates and judgments note on page 10 and the tax note on page 11).*
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 12).*
4. *The financial guarantee liability is in respect of guarantees issued. (Refer to the Capital and Other Commitments note on page 14).*

Condensed Group Statement of Comprehensive Income

(R'000's)	Six months ended 31 December 2021 Actual	2020 Actual	% Change	Audited Year ended 30 June 2021
Revenue				
Insurance premium revenue	**1,159,808**	1,154,654		2,297,436
Reinsurance premiums	**(69,751)**	(63,035)		(127,960)
Net insurance premiums	**1,090,057**	1,091,619		2,169,476
Revenue from contracts with customers	**62,396**	69,667		137,570
Cost of Sales	**(6,301)**	(7,948)		(14,881)
Other income	**21,834**	23,148		43,762
Share of associate's profit	**159**			
Interest income	**3,208**	3,629		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 or loss	**339,874**	357,845		507,096
Net income	**1,511,227**	1,539,661		2,852,751
Net insurance benefits and claims	**(222,742)**	(210,597)		(424,515)
Gross insurance benefits and claims	**(303,364)**	(291,879)		(594,755)
Insurance claims recovered from reinsurers	**80,622**	81,282		170,240
Increase in policyholder liabilities under insurance contracts	**(77,712)**	(50,371)		(108,727)
Increase in reinsurance assets	**28,904**	13,397		52,390
Fair value adjustment to financial liabilities at fair value through profit or loss[1]	**(180,486)**	(271,784)		(319,600)
Movement in expected credit loss	**(2,880)**	(12,000)		18,000
Finance cost on financial liabilities at amortised cost	**(8,193)**	(6,702)		(13,898)
Interest expense	**(3,226)**	(3,094)		(6,371)
Operating expenses	**(711,734)**	(714,150)		(1,471,621)
Net Profit before tax	**333,158**	284,360	17	578,409
Tax[2]	**(112,143)**	(87,682)		(186,154)
Net Profit for the period	**221,015**	196,678	12	392,255
Attributable to:				
Equity holders of the Group – ordinary shareholders	**221,015**	196,678		392,255
Net Profit for the period	**221,015**	196,678	12	392,255
Other comprehensive income:				
Loss on property revaluation[3]				(11,280)
Income tax relating to loss on property revaluation[3]				2,954
Other comprehensive income for the period – net of tax				(8,326)
Total comprehensive income for the period	**221,015**	196,678		383,929
Attributable to:				
Equity holders of the Group – ordinary shareholders	**221,015**	196,678	12	383,929
Earnings per share (cents)	**65.91**	58.65	12	116.98
Diluted Earnings per share (cents)	**65.84**	58.58	12	116.86

1. Includes R22.6 million (2020: R14.7 million) related to the IPF deferred tax liability of R96.3 million (2020: R146.4 million).
2. Includes R26.3 million (2020: R18.6 million) related to the release of the deferred tax asset in respect of the IPF.
3. Items that cannot be recycled to profit or loss.

Condensed Group Statement of Changes in Equity

(R'000's)	Share capital	Share premium	Common control deficit	Sub-total
Balance as at 1 July 2020	6,706	389,135	(220,273)	175,568
Ordinary dividends				–
Total comprehensive income	–	–	–	–
– Net profit for the period				–
– Other comprehensive income/(expense)				–
Shares issued				–
Bonus Rights Scheme allocated				–
Bonus Rights Scheme repaid by issue of share capital				–
Balance as at 31 December 2020	6,706	389,135	(220,273)	175,568
Balance as at 1 January 2021	6,706	389,135	(220,273)	175,568
Ordinary dividends				–
Total comprehensive income	–	–	–	–
– Net profit for the period				–
– Other comprehensive income/(expense)				–
Bonus Rights Scheme allocated				–
Bonus Rights Scheme repaid by issue of share capital				–
Balance as at 30 June 2021	6,706	389,135	(220,273)	175,568
Balance as at 1 July 2021	**6,706**	**389,135**	**(220,273)**	**175,568**
Ordinary dividends				**–**
Total comprehensive income	**–**	**–**	**–**	**–**
– Net profit for the period				**–**
– Other comprehensive income/(expense)				**–**
Shares issued				**–**
Bonus Rights Scheme allocated				**–**
Balance as at 31 December 2021	**6,706**	**389,135**	**(220,273)**	**175,568**

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

Condensed Group Statement of Changes in Equity *continued*

(R'000's)	Retained earnings	Bonus Rights Scheme Reserve[1]	Non-distributable reserves: Revaluation	Total
Balance as at 1 July 2020	745,478	22,162	70,502	1,013,710
Ordinary dividends	(318,556)			(318,556)
Total comprehensive income	196,678	–	–	196,678
– Net profit for the period	196,678			196,678
– Other comprehensive income/(expense)				–
Shares issued				–
Bonus Rights Scheme allocated		2,000		2,000
Bonus Rights Scheme repaid by issue of share capital				–
Balance as at 31 December 2020	623,600	24,162	70,502	893,832
Balance as at 1 January 2021	623,600	24,162	70,502	893,832
Ordinary dividends				–
Total comprehensive income	195,577	–	(8,326)	187,251
– Net profit for the period	195,577			195,577
– Other comprehensive income/(expense)			(8,326)	(8,326)
Bonus Rights Scheme allocated				–
Bonus Rights Scheme repaid by issue of share capital		(422)		(422)
Balance as at 30 June 2021	819,177	23,740	62,176	1,080,661
Balance as at 1 July 2021	**819,177**	**23,740**	**62,176**	**1,080,661**
Ordinary dividends	**(368,854)**			**(368,854)**
Total comprehensive income	**221,015**	**–**	**–**	**221,015**
– Net profit for the period	**221,015**			**221,015**
– Other comprehensive income/(expense)				**–**
Shares issued				**–**
Bonus Rights Scheme allocated		**856**		**856**
Balance as at 31 December 2021	**671,338**	**24,596**	**62,176**	**933,679**

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

Condensed Group Statement of Cash Flows

(R'000's)	Six months ended 31 December 2021	Six months ended 31 December 2020	Audited Year ended 30 June 2021
Cash flows from operating activities	**(122,233)**	(105,852)	38,348
Profit from operations adjusted for non-cash items	**244,439**	294,089	535,161
Working capital changes	**(14,903)**	(28,398)	(41,027)
Separately disclosable items[1]	**(43,314)**	(34,631)	(70,244)
Decrease in financial liabilities[2,4]	**(255,301)**	(205,118)	(400,595)
Net disposal of investments[3,4]	**338,643**	218,462	402,137
Interest received	**22,775**	28,123	52,325
Dividends received	**20,539**	6,508	17,919
Dividends paid	**(368,771)**	(318,456)	(318,590)
Tax paid	**(66,340)**	(66,431)	(138,738)
Cash flows from investing activities	**(16,406)**	(29,624)	(50,914)
Cash flows from financing activities	**(13,260)**	(1,668)	(9,118)
Net decrease in cash and cash equivalents	**(151,899)**	(137,144)	(21,684)
Cash and cash equivalents at beginning of the period	**463,221**	484,905	484,905
Cash and cash equivalents at end of the period	**311,322**	347,761	463,221

1. *Interest and dividends received.*
2. *Financial liabilities – investment contracts.*
3. *Investments in respect of insurance operations and investment contracts.*
4. *The decrease in financial liabilities and the disposal of investments in the 2021 and 2020 financial years includes 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 Clientèle App) and Other (Clientèle Limited). The vast majority of policies written are in respect of individuals.

SEGMENT ASSETS AND LIABILITIES

(R'000's)	Six months ended 31 December 2021	Six months ended 31 December 2020	Audited Year ended 30 June 2021
Long-term Insurance	**9,148,835**	9,244,023	9,318,292
Short-term Insurance	**309,041**	280,510	320,504
CBC Rewards and Clientèle Mobile	**31,360**	34,445	31,480
Other	**123,149**	78,096	113,990
Inter segment	**(53,133)**	(1,806)	(48,983)
Total Group Assets	**9,559,252**	9,635,268	9,735,283
Long-term Insurance	**8,570,821**	8,656,073	8,594,590
Short-term Insurance	**51,282**	50,466	52,358
CBC Rewards and Clientèle Mobile	**54,888**	3,949	55,367
Other	**1,715**	32,754	1,290
Inter segment	**(53,133)**	(1,806)	(48,983)
Total Group Liabilities	**8,625,573**	8,741,436	8,654,622

Segment Statements of Comprehensive Income

(R'000's) Reviewed	Long-term insurance	Short-term insurance	CBC Rewards and Mobile	Other	Inter segment	Total
31 December 2021						
Revenue						
Insurance premium revenue	910,188	249,620				1,159,808
Reinsurance premiums	(69,751)					(69,751)
Net insurance premiums	840,437	249,620	–	–	–	1,090,057
Revenue from contracts with customers	45,594		22,168		(5,366)	62,396
Cost of sales			(6,301)			(6,301)
Other income	34,736	49	969	368,921	(382,841)	21,834
Share of associate's profit				159		159
Interest income	2,558	559		91		3,208
Fair value adjustment to financial assets at fair value through profit or loss	308,332	23,434		8,108		339,874
Segment income	1,231,657	273,662	16,836	377,279	(388,207)	1,511,227
Net insurance benefits and claims	(199,504)	(23,238)				(222,742)
(Increase)/decrease in policyholder liabilities under insurance contracts	(77,917)	205				(77,712)
Increase in reinsurance assets	28,904					28,904
Fair value adjustment to financial liabilities at fair value through profit or loss	(180,486)					(180,486)
Movement in expected credit loss	(2,880)					(2,880)
Finance cost on financial liabilities at amortised cost	(8,193)					(8,193)
Interest expense	(3,226)					(3,226)
Operating Expenses	(544,204)	(168,360)	(16,295)	(2,222)	19,347	(711,734)
Segment expenses and claims	(987,506)	(191,393)	(16,295)	(2,222)	19,347	(1,178,069)
Profit before tax for the period	244,151	82,269	541	375,057	(368,860)	333,158
Tax	(88,885)	(21,270)	(150)	(1,838)		(112,143)
Net profit for the period	155,266	60,999	391	373,219	(368,860)	221,015
Net profit for the period attributable to:						
Equity holders of the Group – ordinary shareholders	155,266	60,999	391	373,219	(368,860)	221,015

(R'000's)	Long-term insurance	Short-term insurance	CBC Rewards and Mobile	Other	Inter segment	Total
31 December 2020						
Revenue						
Insurance premium revenue	905,548	249,106				1,154,654
Reinsurance premiums	(63,035)					(63,035)
Net insurance premiums	842,513	249,106	–	–	–	1,091,619
Revenue from contracts with customers	53,157		16,510			69,667
Cost of sales			(7,948)			(7,948)
Other income	31,373	30	3,645	318,833	(330,733)	23,148
Interest income on financial assets at amortised cost	1,701					1,701
Interest income	2,797	743	5	85		3,629
Fair value adjustment to financial assets at fair value through profit or loss	342,717	11,537		3,591		357,845
Segment income	1,274,257	261,416	12,213	322,509	(330,733)	1,539,661
Net insurance benefits and claims	(188,983)	(21,614)				(210,597)
(Increase)/decrease in policyholder liabilities under insurance contracts	(50,793)	422				(50,371)
Increase in reinsurance assets	13,397					13,397
Fair value adjustment to financial liabilities at fair value through profit or loss	(271,784)					(271,784)
Movement in expected credit loss				(12,000)		(12,000)
Finance cost on financial liabilities at amortised cost	(6,702)					(6,702)
Interest expense	(3,094)					(3,094)
Operating Expenses	(539,974)	(170,377)	(14,291)	(1,682)	12,174	(714,150)
Segment expenses and claims	(1,047,933)	(191,569)	(14,291)	(13,682)	12,174	(1,255,301)
Net Profit before tax for the period	226,324	69,847	(2,079)	308,827	(318,559)	284,360
Tax	(74,865)	(16,438)	582	4,223	(1,185)	(87,682)
Net profit for the period	151,460	53,409	(1,496)	313,050	(319,744)	196,678
Net profit for the period attributable to:						
Equity holders of the Group – ordinary shareholders	151,460	53,409	(1,496)	313,050	(319,744)	196,678

Notes to the results

The results have not been reviewed or audited by the Group's auditors, PricewaterhouseCoopers Incorporated.

The change in policyholder liabilities has been based on best estimates after providing for compulsory and discretionary margins and has been reviewed by the Group's head of the actuarial function.

The Condensed Group Results were prepared under the supervision of Mr IB Hume (CA(SA), ACMA), the Group Financial Director.

Changes to the board

There were no changes to the Board subsequent to the previous reporting period.

Mr Iain Bruce Hume, the Group Financial Director, has advised of his intention to retire on 31 December 2022. The Group has put in place effective succession arrangements at executive level and will arrange a suitable handover of his functions.

Accounting policies

STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements are prepared in accordance with the JSE Listings Requirements for interim reports and the requirements of the Companies Act, Act 71 of 2008, of South Africa. The Listings Requirements require interim 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 JUDGEMENTS

The preparation of the condensed consolidated interim 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 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 valuators. 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 R96.3 million (2020: R146 million) and future utilisation of the assessed loss together with the related policyholder liability amounting to R89.4 million (2020: R132 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 R102.6 million (2020: R159 million), with an additional negative impact of R0.3 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 R90.2 million (2020: R134 million), with an additional positive impact of R0.3 million (2020: R1.1 million) on net profit after tax. At the reporting date the IPF has an estimated tax loss of R1.7 billion (2020: R2.1 billion).

Changes to the COVID-19 related assumptions include explicit allowances in respect of 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, 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 period have no impact on the results for the period.

Tax

(R'000's)	Six months ended 31 December 2021	2020	Audited Year ended 30 June 2021
Current and deferred tax	**(84,540)**	(68,675)	(143,584)
Policyholder deferred tax recognised in terms of IAS12*	**(26,349)**	(18,553)	(42,278)
Capital gains tax	**(1,254)**	(454)	(292)
Tax	**(112,143)**	(87,682)	(186,154)

* *The Individual Policyholder Fund has an estimated tax loss of R1.7 billion (2020: R2.1 billion).*

Reconciliation of Net Profit to Headline Earnings

(R'000's)	Six months ended 31 December 2021	2020	% Change	Audited Year ended 30 June 2021
Net profit for the period attributable to equity holders of the Group	**221,015**	196,678	12	392,255
Impairment of intangible assets	**7,913**			873
Profit on disposal of property and equipment	**(522)**	(61)		(123)
(Reversal)/raising of impairment in associate	**(1,610)**			2,082
Headline earnings for the period	**226,796**	196,617	15	395,087

Ratios per Share

(Cents)	Six months ended 31 December 2021	2020	% Change	Audited Year ended 30 June 2021
Headline earnings per share	**67.64**	58.64	15	117.82
Diluted headline earnings per share	**67.56**	58.57	15	117.70
Earnings per share	**65.91**	58.65	12	116.98
Diluted earnings per share	**65.84**	58.58	12	116.86
Net asset value per share	**278.44**	266.56	4	322.28
Diluted net asset value per share	**278.12**	266.24	4	321.94
Dividends per share – paid	**110.00**	95.00	16	95.00
Dividends per share – declared	**–**	–		110.00
Ordinary shares in issue ('000)	**335,322**	335,322		335,322
Weighted average ordinary shares ('000)	**335,322**	335,316		335,322
Diluted average ordinary shares ('000)	**335,707**	335,718		335,676

Policyholder Liabilities under insurance contracts

(R'000's)	December 2021 Gross of reinsurance	December 2021 Net of reinsurance	June 2021 Gross of reinsurance	June 2021 Net of reinsurance
Discounted insurance liabilities as at the beginning of the year	**692,463**	**692,444**	671,524	671,484
Discretionary margins	**(2,887,421)**	**(2,887,351)**	(2,886,118)	(2,885,962)
Discounted insurance liabilities as at the beginning of the year prior to allowance for discretionary margins	**(2,194,958)**	**(2,194,907)**	(2,214,594)	(2,214,478)
Expected interest on insurance liabilities (and cash flows)	**(61,414)**	**(61,414)**	(132,699)	(132,699)
Expected premiums on insurance liabilities	**836,457**	**761,568**	1,402,573	1,272,870
Expected change in margins (existing business)	**1,681**	**1,681**	(2,695)	(2,694)
Expected claims, expiries and lapses	**(298,250)**	**(240,597)**	(450,996)	(351,216)
Expected expenses, commission and charges	**(73,494)**	**(73,494)**	(158,364)	(158,364)
Experience variations	**93,551**	**110,760**	(53,642)	(23,797)
Changes in valuation basis (renewal business only)	**22,962**	**22,962**	153,694	153,688
New business added during the year	**(487,211)**	**(487,203)**	(738,235)	(738,217)
Insurance liabilities as at closing prior to allowance for discretionary margins	**(2,157,711)**	**(2,157,264)**	(2,194,958)	(2,194,907)
Discretionary margins	**2,895,349**	**2,895,305**	2,887,421	2,887,351
A: Discounted liabilities as at the end of the year	**737,638**	**738,041**	692,463	692,444
COVID-19 risk reserve as at the beginning of the year	**144,051**	**55,136**	55,680	19,315
Change in COVID-19 risk reserve during the year	**(8,593)**	**(10,141)**	88,371	35,821
B: COVID-19 risk reserve as at the end of the year	**135,458**	**44,995**	144,051	55,136
Undiscounted insurance liabilities as at the beginning of the year	**5,447**	**3,253**	5,899	3,565
Withdrawals and change in reinsurance during the year	**(637)**	**(616)**	(1,809)	(1,048)
New business added during the year	**41,972**	**14,174**	1,357	736
C: Undiscounted insurance liabilities as at the end of the year	**46,782**	**16,811**	5,447	3,253
Total insurance liabilities as at the end of the year (A+B+C)	**919,878**	**799,847**	841,961	750,833
Reinsurance assets	**–**	**120,031**	–	91,128
Gross long-term insurance liabilities as at the end of the year	**919,878**	**919,878**	841,961	841,961
Short-term insurance	**8,298**	**8,298**	8,504	8,504
IBNR	**275**	**275**	286	286
Cash Back Bonus	**2,273**	**2,273**	2,523	2,523
Outstanding Claims	**5,750**	**5,750**	5,695	5,695
	928,176	**928,176**	850,465	850,465

SENSITIVITIES – LONG-TERM INSURANCE

(R'000's) Financial risk variables	% change	December 2021 Impact on liabilities	December 2021 Impact on profit after tax	June 2021 Impact on liabilities	June 2021 Impact on profit after tax
Equity price*	10	**37,598**	**28,876**	34,902	30,036
Equity price*	(10)	**(38,879)**	**(27,953)**	(36,031)	(29,223)
Interest rate	1	**(17,908)**	**12,894**	(17,184)	12,372
Interest rate	(1)	**20,213**	**(14,553)**	19,509	(14,047)
Property equity value*	10	**–**	**21,245**	–	22,815
Property equity value*	(10)	**–**	**(21,245)**	–	(22,815)
Long-term insurance risk variables					
Assurance mortality and morbidity	10	**10,727**	**(7,723)**	10,438	(7,516)
Assurance mortality and morbidity	(10)	**(8,970)**	**6,458**	(8,730)	6,286
Renewal expenses	10	**10,176**	**(7,327)**	9,823	(7,072)
Renewal expenses	(10)	**(9,992)**	**7,195**	(9,673)	6,965
Withdrawals	10	**8,731**	**(6,286)**	7,382	(5,315)
Withdrawals	(10)	**(9,128)**	**6,572**	(7,869)	5,665
Inflation	1	**2,925**	**(2,106)**	2,238	(1,611)
Inflation	(1)	**(2,729)**	**1,965**	(2,185)	1,573
Financial instruments risk variable					
Default (non-linked financial assets)	5	**(52,059)**	**(37,482)**	(54,609)	(39,318)

* *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 31 December 2021:

(R'000's)	Level 1	Level 2	Level 3	Total
Assets				
Listed equity securities	751,919			751,919
Foreign Listed equity securities	220,977			220,977
Unlisted equity securities		3,850	24,414	28,264
Promissory notes and fixed deposits		7,002,178		7,002,178
Funds on deposit		124,892		124,892
Fixed interest securities		1,343	30,772	32,115
Government and public authority bonds		279,453		279,453
Total assets	972,896	7,411,716	55,186	8,439,798
Liabilities				
Financial liabilities at fair value through profit or loss		7,028,290	10,356	7,038,646
Total Liabilities	–	7,028,290	10,356	7,038,646

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

The following table presents the Group's financial assets and liabilities that are measured at fair value through profit or loss at 31 December 2020:

(R'000's)	Level 1	Level 2	Level 3	Total
Assets				
Listed equity securities	555,884			555,884
Foreign Listed equity securities	113,614			113,614
Unlisted equity securities		3,851		3,851
Promissory notes and fixed deposits		7,244,135		7,244,135
Funds on deposit		197,489		197,489
Fixed interest securities		5,026	36,517	41,543
Government and public authority bonds		284,207		284,207
Foreign listed bonds		41,002		41,002
Total assets	669,498	7,775,710	36,517	8,481,725
Liabilities				
Financial liabilities at fair value through profit or loss		7,275,151	12,292	7,287,443
Total Liabilities	–	7,275,151	12,292	7,287,443

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 R30.8 million as at 31 December 2021 (2020: R36.5 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 of R24.4 million as at 31 December 2021 (June 2021: R21.2 million) 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 six months ended 31 December 2021:

	31 December 2021			Audited 30 June 2021		
(R'000)	**Financial Assets at fair value through profit or loss fixed interest securities**	**Financial Assets at fair value through profit or loss unlisted equity securities**	**Financial Liability at fair value through Profit or loss**	Financial Assets at fair value through profit or loss fixed interest securities	Financial Assets at fair value through profit or loss unlisted equity securities	Financial Liability at fair value through Profit or loss
Opening balances	**33,417**	**21,164**	**11,245**	39,483	–	13,288
Interest raised during the year	**1,071**	**1,389**	**360**	2,826		943
Additions[1]					20,000	
Fair value adjustments recognised in profit or (loss)	**(16)**	**3,500**	**(4)**	(422)	1,164	(134)
Repayments	**(3,700)**	**(1,639)**	**(1,245)**	(8,470)		(2,852)
Closing balance	**30,772**	**24,414**	**10,356**	33,417	21,164	11,245

1. *The group purchased preference shares in the 2021 financial year 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 preference share funding arrangement was entered into in the 2021 financial year 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 additional 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 period.

Group Embedded Value results

GROUP EMBEDDED VALUE

The Embedded Value (EV) calculation has been reviewed by the Group's Head of Actuarial Function. 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 31 December 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, Clientèle Mobile, Direct Rewards and App fees) where EV Methodology has been used to determine future shareholder entitlements.

The impact of COVID-19, national lockdowns as well as the riots and civil unrest has had a major impact on the economy. This has had a knock-on impact on most businesses including Clientèle. Actual claims experience was severely impacted by the pandemic.

The explicit COVID-19 risk reserve allows for expected additional COVID-19 related policyholder risk claims. This reserve has been utilised in the period and has been recalculated to allow for the future expected excess claims as a result of the pandemic. The reserve amounted to R135.5 million gross of reinsurance recoveries (June 2021: R144.1 million) and R45.0 million (June 2021: R55.1 million) net of reinsurance recoveries at 31 December 2021.

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

Clientèle Life commenced underwriting a large number of funeral policies for some funeral parlours in November and December 2021, following the cancellation of these policies by the previous underwriter. Reserves (including COVID-19 reserves) were set up for this business during the period.

The EV can be summarised as follows:

	31 December		30 June
(R'000's)	**2021**	2020	2021
Required economic capital	**556,738**	474,511	514,588
Free surplus	**438,282**	494,951	636,327
Adjusted Net Worth ("ANW") of covered business	**995,020**	969,462	1,150,915
CoC	**(92,112)**	(71,466)	(87,958)
PVIF	**4,896,647**	4,998,380	4,743,499
EV of covered business	**5,799,555**	5,896,376	5,806,456
Risk Discount Rate ("RDR") % p.a.	**12.4**	10.7	12.1

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 is the present value of future after-tax profits arising from covered business in force as at 31 December 2021 on the Published Reporting Basis. The Published Reporting Basis is based on IFRS.

RECONCILIATION OF TOTAL EQUITY TO ANW

	31 December		30 June
(R'000's)	**2021**	2020	2021
Total equity and reserves per the Statement of Financial Position	**933,679**	893,832	1,080,661
Adjusted for deferred profits and impact of compulsory margins on investment business	**41,358**	64,668	52,804
Adjusting subsidiaries to Net Asset Value	**33,808**	35,170	33,808
Reversal of Investment in Direct Rewards	**(1,340)**	(3,750)	(1,142)
Bonus Rights Scheme adjustment	**(7,904)**	(7,208)	(7,553)
Net of tax impact of adjusting Single Premium business to market value	**(4,581)**	(13,250)	(7,663)
ANW	**995,020**	969,462	1,150,915

The CoC is the opportunity cost of having to hold the Required Capital of R556.7 million as at 31 December 2021 (31 December 2020: R474.5 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 (R376.8 million) and for the General Company (R179.9 million) as at 31 December 2021.

VALUE OF NEW BUSINESS ("VNB")

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
31 December 2021			
Recurring premium business	**150,818**	**1,331,902**	**11.3%**
Single premium business	**1,484**	**82,893**	**1.8%**
Total	**152,302**	**1,414,795**	**10.8%**
31 December 2020			
Recurring premium business	123,518	1,103,331	11.2%
Single premium business	1,363	72,950	1.9%
Total	**124,881**	**1,176,281**	**10.6%**
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%**

LONG-TERM ECONOMIC ASSUMPTIONS

	31 December		30 June
(%)	**2021**	2020	2021
Risk Discount Rate	**12.4**	10.7	12.1
Non-unit investment return	**8.9**	7.2	8.6
Unit Investment return	**10.4**	8.3	10.0
Expense inflation	**5.9**	3.7	5.6
Corporate tax*	**28.0**	28.0	28.0
Gross of tax Equity return	**11.4**	9.7	11.1
Gross of tax Cash return	**6.9**	5.2	6.6
Gross of tax Bond return	**8.9**	7.2	8.6
Gross of tax risk free return	**8.9**	7.2	8.6

* *The corporate tax rate enacted at 31 December 2021 of 28% has been used in arriving at the Group Embedded Value Results.*

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% (31 December 2020: 3.5%). The beta pertaining to the Clientèle share price is normally relatively low, which is partially 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 negative 0.13, 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 31 December 2021 was 12.4% p.a. (31 December 2020: 10.7% p.a. ; 30 June 2021: 12.1% p.a.).

RDR SENSITIVITIES

(R'000's)	EV	VNB
RDR 10.4%	6,522,924	206,768
RDR 10.7% (as at December 2020)	6,403,605	196,831
RDR 11.4%	6,145,076	176,688
RDR 12.1% (as at June 2021)	5,912,174	158,880
RDR 12.4% (as at December 2021)	**5,799,555**	**152,302**
RDR 13.4%	5,534,671	129,348
RDR 14.4%	5,284,144	109,818

EV PER SHARE

	31 December		30 June
(Cents)	**2021**	2020	2021
EV per share	**1,729.55**	1,758.42	1,731.61
Diluted EV per share	**1,727.58**	1,756.32	1,729.78

SEGMENT INFORMATION

The EV can be split between segments as follows:

(R'000's)	ANW	PVIF	CoC	EV
31 December 2021				
Long-term insurance	680,796	3,662,206	(61,468)	**4,281,534**
Short-term insurance	250,589	1,187,774	(30,644)	**1,407,719**
CBC Rewards and Clientèle Mobile	(40,297)	43,038		**2,741**
Clientèle Limited	103,932	3,629		**107,561**
Total	995,020	4 896 647	(92,112)	**5,799,555**
31 December 2020				
Long-term insurance	688,011	3,826,110	(52,769)	**4,461,352**
Short-term insurance	216,841	1,130,667	(18,697)	**1,328,811**
CBC Rewards and Clientèle Mobile	(31,564)	41,082		**9,518**
Clientèle Limited	96,174	521		**96,695**
Total	969,462	4,998,380	(71,466)	**5,896,376**
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**
Clientèle Limited	91,047	615		**91,662**
Total	1,150,915	4,743,499	(87,958)	**5,806,456**

The VNB can be split between segments as follows:

	Six months ended 31 December		Year ended 30 June
(R'000's)	**2021**	2020	2021
Long-term insurance	**119,773**	76,753	126,897
Short-term insurance	**29,667**	44,969	87,281
CBC Rewards and Clientèle Mobile	**990**	2,772	757
Clientèle Limited	**1,872**	387	533
Total	**152,302**	124,881	215,468

EMBEDDED VALUE EARNINGS ANALYSIS

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

(R'000's)	Note	December 2021 ANW	December 2021 VIF	December 2021 CoC	December 2021 EV	31 December 2020 EV	30 June 2021 EV
Closing EV		995,020	4,896,647	(92,112)	**5,799,555**	5,896,376	5,806,456
Opening EV		1,150,915	4,743,499	(87,958)	**5,806,456**	5,874,486	5,874,486
Dividends		(368,854)			**(368,854)**	(318,556)	(318,556)
Adjusted EV at the beginning of the year		**782,061**	**4,743,499**	**(87,958)**	**5,437,602**	**5,555,930**	**5,555,930**
EV earnings		**212,959**	**153,148**	**(4,154)**	**361,953**	340,446	250,526
Reversal of impact of economic assumption changes		(3,714)	80,847	(1,775)	**75,358**	48,211	411,006
Reversal of impact of banking system and data issues pertaining to DebiCheck					**–**	25,924	25,924
Recurring EV Earnings		209,245	233,995	(5,929)	**437,311**	414,581	687,456
Annualised Recurring Return on EV					**16.1%**	**14.9%**	**12.4%**
Annualised Return on EV					**13.3%**	12.3%	4.5%
Components of EV earnings							
VNB		(313,765)	470,780	(4,713)	**152,302**	124,881	215,468
Expected return on covered business			277,057	11,450	**288,507**	266,978	516,314
Expected profit transfer		506,088	(506,088)		**–**	–	–
Expected return on ANW		25,494			**25,494**	19,892	42,084
Withdrawal and unpaid premium experience variance		(11,242)	(8,403)	(8,141)	**(27,786)**	27,958	14,081
Impact of instability and errors within the banking environment	1				**–**	–	(85,807)
Changes in non-economic assumptions and modelling		(183)	15,250	(41)	**15,026**	(10,129)	29,890
Claims and reinsurance experience variance (including COVID-19)		(2,594)			**(2,594)**	336	(49,425)
COVID-19 impact: once-off impact on existing business					**–**	(20,855)	–
YTI guarantee cost in respect of B-BBEE share financing		(689)			**(689)**	(2,374)	(2,053)
Change in property fair value					**–**	–	(9,689)
B-BBEE Expense	2				**–**	–	(23,280)
Release of expected credit loss					**–**	–	12,960
Purchase and impairment of Direct Rewards					**–**	–	(3,224)
Bonus Rights Scheme		505			**505**	1,074	307
Goodwill and Medium-term Incentive scheme		(6,650)	(14,653)		**(21,303)**	(27,962)	(35,747)
Intangible assets write-off		(7,920)			**(7,920)**	–	–
Sundry experience variance		(6,825)	52		**(6,773)**	5,044	349
EV operating return		**182,219**	**233,995**	**(1,445)**	**414,769**	**384,843**	**622,228**
Investment return variances on ANW		27,026		(4,484)	**22,542**	3,814	39,304
Impact of economic assumption changes		3,714	(80,847)	1,775	**(75,358)**	(48,211)	(411,006)
EV earnings		**212,959**	**153,148**	**(4,154)**	**361,953**	**340,446**	**250,526**

NOTES

Note 1

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, June, November and December 2021 following the closure of the NAEDO and AEDO debit order tracks to new business in May 2021 and for all business in November 2021. 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.

During this period we managed to contact numerous policyholders that suspended their mandates and obtain new mandates as policyholders wanted to continue their policy. This resulted in a reversal of around 10% of the 30 June 2021 impact during the six month period.

Note 2

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

Sponsor:

PricewaterhouseCoopers
Corporate Finance Proprietary Limited

Clientèle Limited

(Registration number 2007/023806/06)
Share code: CLI ISIN: ZAE000117438

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Directors: GQ Routledge BA LLB (Chairman); BW Reekie BSc (Hons), FASSA* (Managing Director); ADT Enthoven BA, PhD (Political Science); GK Chadwick MAgric, MBA#; PR Gwangwa BProc LLB, LLM; LED Hlatshwayo CA(SA), MBA; IB Hume CA(SA), ACMA*; H Louw BSc (Hons), FASSA*; PG Nkadimeng BSc Statistics and Economics; BA Stott CA(SA); RDT Tabane BA, MPhil, MBA*; RD Williams BBusSc (Hons), FASSA (*Executive Director) (#Alternate Director)

Company secretary: W van Zyl CA(SA)

Clientèle LIFE

Clientèle GENERAL

Clientèle INVESTMENTS

IFA Est. 1998 A division of Clientele Life

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STUDIO 5

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