

# Financial Results Announcement

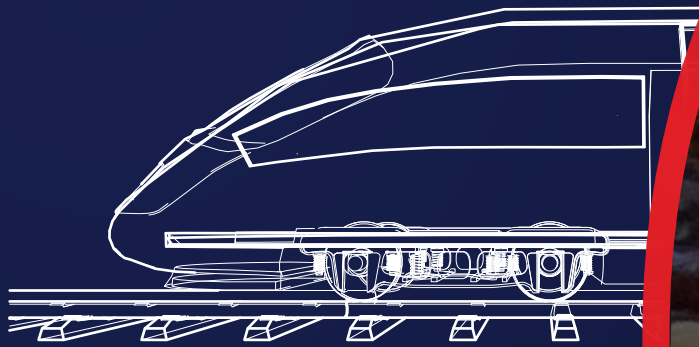
Operating update and summarised  
audited annual financial statements  
for the year ended 30 June 2022



# Operating Update

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For the year ended 30 June 2022



MOMENTUM METROPOLITAN HOLDINGS LIMITED  
 Incorporated in the Republic of South Africa  
 Registration number: 2000/031756/06  
 JSE share code: MTM  
 A2X share code: MTM  
 NSX share code: MMT  
 ISIN code: ZAE000269890  
 (Momentum Metropolitan or the Group)

MOMENTUM METROPOLITAN LIFE LIMITED  
 Incorporated in the Republic of South Africa  
 Registration number: 1904/002186/06  
 LEI: 378900E0A78B7549C212  
 Company code: MMIG  
 (Momentum Metropolitan Life)

## OPERATIONAL UPDATE FOR THE 12 MONTHS ENDED 30 JUNE 2022

### Summary of key metrics

Key metrics	F2022	F2021	Δ
Earnings per share (cents)	260.6	31.3	>100%
Headline earnings per share (cents)	297.3	30.9	>100%
Normalised headline earnings per share (cents) <sup>1</sup>	287.2	67.1	>100%
Normalised headline earnings (R million)	4 383	1 007	>100%
Operating profit (R million) <sup>2</sup>	3 363	73	>100%
Investment return (R million)	1 020	934	9%
New business (PVNBP, R million)	72 673	65 898	10%
Value of new business (VNB, R million)	626	725	(14)%
New business margin	0.9%	1.1%	
Diluted embedded value per share (Rand)	29.77	27.08	10%
Return on embedded value per share	11.7%	6.3%	
Return on embedded value	11.6%	7.3%	
Return on equity <sup>3</sup>	22.7%	4.9%	
Dividend per share (cents)	100	40	>100%

<sup>1</sup> Normalised headline earnings adjust the JSE definition of headline earnings for the dilutive impact of finance costs related to preference shares that can be converted into ordinary shares of the Group, the impact of treasury shares held by policyholder funds and the iSabelo Trust, the amortisation of intangible assets arising from business combinations, Broad-based black economic empowerment (B-BBEE) costs and the amortisation of the discount at which the iSabelo Trust acquired the Momentum Metropolitan treasury shares. The adjustment for the impact of treasury shares removes mismatches that are unique to financial institutions that invest in their own securities on behalf of clients.

<sup>2</sup> Operating profit represents the profits (net of tax) that are generated from the Group's operational activities and reflects normalised headline earnings excluding the investment return on shareholder funds.

<sup>3</sup> Return on equity expresses normalised headline earnings as a percentage of start-of-year net asset value, adjusted for the items outlined in footnote 1, and the adjusting items to determine headline earnings.

## MOMENTUM METROPOLITAN EARNINGS SOAR

### Declares strong dividend and solidifies competitive position

#### Introduction

We are pleased with Momentum Metropolitan's financial results for the past year, and we are also encouraged by the progress made with a wide range of strategic initiatives – the impact of which is not yet fully reflected in this set of results.

There was no single factor that caused the good outcome, but it is the result of almost all our businesses performing at, or close to potential. The results were positively impacted by improved mortality rates, releases of Covid-19 reserves and positive investment variances and returns.

#### Overview of financial results

The Group delivered normalised headline earnings of R4 383 million for the 12 months ended 30 June 2022, significantly higher than the prior year. It is noted that the prior year's results are not directly comparable to the current year as the prior year results were severely impacted by the Covid-19 pandemic and included a net mortality loss of R2 823 million. The Group's solid performance during F2022 follows the less severe impacts of Covid-19 on earnings, with mortality starting to improve over the third and fourth quarters. With the positive earnings impact from the partial release of opening Covid-19 provisions, mortality contributed positively to the normalised headline earnings of the Group, by R105 million.

The current year's results suggest that Momentum Metropolitan is on track to deliver the results targeted in our Reinvent and Grow strategic roadmap. The operating environment, however, continues to present multiple challenges. Having started to recover from the effects of the Covid-19 pandemic, South Africa has been hit by further shocks in the form of destructive protests and riots, severe flooding in KwaZulu-Natal, frequent electricity loadshedding, high fuel prices, and rising food inflation. As Momentum Metropolitan we will continue to make every effort to look after the financial needs of our policyholders and to generate value to shareholders despite this difficult backdrop.

Operating profit improved significantly to R3 363 million, from R73 million in the prior year. This improvement was supported by the improved mortality results, as well as a strong improvement in investment variances. All South African life insurance business units grew operating earnings. Momentum Insure and Momentum Metropolitan Africa reported significantly lower operating earnings. Momentum Insure was negatively affected by severe weather-related claims. Momentum Metropolitan Africa experienced large mortality losses in the first half of F2022.

The Group's investment return improved by 9% to R1 020 million, aided by the general recovery of investment markets, fair value gains from the revaluation of the Group's investment in venture capital funds, and foreign exchange gains on foreign currency-based assets.

Normalised headline earnings per share increased from 67.1 cents to 287.2 cents. Headline earnings per share increased from 30.9 cents to 297.3 cents and earnings per share improved from 31.3 cents to 260.6 cents.

The Group's PVNBP was R72.7 billion, representing a 10% improvement from the prior year. This upswing was driven by strong growth in Momentum Corporate's recurring premiums on group risk products and single premium investments from large corporate clients, specifically in the last quarter of the financial year. Metropolitan Life continued to achieve a strong increase in protection and annuity PVNBP, while Momentum Metropolitan Africa also saw good new business growth, mainly from corporate business. Although Momentum Investments new business volumes slowed in the fourth quarter, PVNBP for F2022 increased solidly by 2% on an already strong base in the prior year. Momentum Life PVNBP declined year-on-year but showed encouraging new business growth in the last quarter of the financial year compared to the first three quarters.

The Group's VNB declined by 14% from the prior year to R626 million. The decline is partly due to the negative impact of yield curve related economic assumption changes and a shift in new business towards lower margin products across many of the business units. These factors that drove VNB lower were partially offset by strong VNB growth in Momentum Corporate and good expense management across the Group. The new business margin of 0.9% is lower than the prior year's margin of 1.1%.

The regulatory solvency positions of all the Group's regulated entities remain within, or slightly above, their specified target solvency ranges. For Momentum Metropolitan Life, the Group's main life insurance entity, the Solvency Capital Requirement (SCR) cover improved from 1.73 times SCR at 30 June 2021 to 2.03 times SCR at 30 June 2022. This improvement is mainly attributable to higher earnings over the period, favourable movements in equity markets, rising yield curves, and the impact of valuation basis changes. Momentum Metropolitan Holdings had a group SCR cover of 1.6 times SCR at 30 June 2022, an improvement from 1.5 times SCR at 30 June 2021.

The Group declared a final dividend of 65 cents per ordinary share, resulting in a total dividend for F2022 of 100 cents per ordinary share. This represents an increase of 150% on the prior year. After having received regulatory approval, the Group commenced a share repurchase programme of ordinary shares in August 2022. The current approval is for repurchases of up to R750 million. As of 12 September 2022, the Group had repurchased 23 million shares at a cost of R382 million.

Return on equity (ROE) for the year was 22.7%, up from 4.9% in the prior year. This increase follows the Group's earnings improvement together with an ongoing focus on capital efficiency. Group embedded value per share was R29.77 on 30 June 2022. The return on embedded value per share was 11.7% in F2022, up from 6.3% in the prior year.

## VALUE CREATION THROUGH CAPITAL MANAGEMENT

The Group is focused on embedding its revised capital management framework, announced at the Investor Conference in May 2021, including the active management of the discretionary and surplus capital that remains. The revised capital management framework made it clear that surplus capital would be distributed through dividends, special dividends or share repurchases.

### Share repurchase programme

Momentum Metropolitan continually assesses its surplus capital position, taking into consideration expected dividends and other planned capital deployments across the corporate portfolio. Based on the assessment of the Group's capital position, the Board approved in late F2022 a repurchase programme of the Group's ordinary shares up to an amount of R750 million. The programme is in accordance with the general authority received by way of a shareholder resolution passed at the Annual General Meeting, held on 25 November 2021.

Following approval from the Prudential Authority, Momentum Metropolitan commenced with the programme on 10 August 2022. The Group remains committed to following a disciplined trading approach under the programme and will only repurchase shares to the extent that market conditions are favourable. Repurchased shares will be cancelled. Between 10 August 2022 and 12 September 2022, the Group had bought back 23 million shares, for a total consideration of R382 million. When these shares are cancelled, the gain on embedded value will be approximately 20 cents per share.

In line with Momentum Metropolitan's capital distribution philosophy, the share repurchase programme will not be in lieu of a dividend and the Group's dividend policy to declare dividends within a dividend cover range of 2.0 to 3.0 times normalised headline earnings, remains unchanged.

The Board believes that the repurchase programme demonstrates our dynamic approach to capital management in line with the Group's Reinvent and Grow strategy. Subject to the capital and liquidity requirements of the Group, and provided ordinary shares can be bought back at an attractive discount to embedded value per share, it is anticipated that the share repurchase programme of R750 million would be increased over the next two years.

## Dividends

Momentum Metropolitan declared a final dividend of 65 cents per ordinary share. Together with the interim dividend of 35 cents per ordinary share, the total dividend for the 12 months ended 30 June 2022 is 100 cents per ordinary share, an increase of 150% from the 40 cents per ordinary share declared in the prior year. The F2022 total dividend represents a dividend cover of 2.9 times normalised headline earnings. This payout is at the upper end of the target dividend cover range of 2.0 to 3.0 times normalised headline earnings.

## Capital deployment

Momentum Metropolitan allocates capital to support value creation within the businesses. This is underpinned by the appropriate return on capital targets linked to the Group hurdle rate framework and its strategic objectives.

The following strategic investments and disposals were made during the period:

Areas of capital deployment	R million
Momentum Investments	237
Momentum Corporate	13
Momentum Metropolitan Health	17
Momentum Metropolitan Africa	22
New Initiatives	642
Shareholders segment	132
<b>Total capital deployment</b>	<b>1 063</b>
<b>Business disposals</b>	
Momentum Investments	(176)
New Initiatives	(327)
<b>Total business disposals</b>	<b>(503)</b>
<b>Total net capital deployment*</b>	<b>560</b>

\* Total net capital deployment is the result of total capital deployment less total business disposals

Capital deployed to Momentum Investments was mainly to support an upgrade in Momentum Wealth's investment platform and a deferred payment made on a recent asset management acquisition in the UK. Within New Initiatives, R583 million was deployed to Aditya Birla Health Insurance (ABHI) (our health insurance joint venture in India). The deployment of R132 million in the Shareholders segment relates to the renovation of the Group's various owner-occupied properties in order to be better suited to flexible working arrangements, such as hot-desks.

Momentum Investments disposed of its stake in Aluwani Capital Partners and under New Initiatives, the Group disposed of its interest in the aYo business.

## Proposed transactions

In August 2022, Aditya Birla Capital Limited and Momentum Metropolitan jointly announced a transaction whereby an affiliate of the Abu Dhabi Investment Authority (ADIA) proposes to acquire a shareholding of 9.99% in ABHI. Aditya Birla Capital Limited and Momentum Metropolitan will dilute their respective interest to 45.91% and 44.1%. The capital infusion of R1.3 billion (Rs. 665 crore) will be used to fund ABHI's growth in the health insurance market in India.

Rand Merchant Investment Holdings Limited (RMI) is currently in advanced stage discussions with its co-shareholders, Momentum Metropolitan and Royal Bafokeng Investment Holding Company Proprietary Limited (RBIH), about Momentum Metropolitan's interest to acquire RMI's interest in RMI Investment Managers (excluding RMI Investment Managers Affiliates 1 (Pty) Limited, which will be retained within RMI's structures).

This proposed transaction would solidify the existing empowerment, distribution and financial ambitions of RMI Investment Managers whilst retaining the independence and unique boutique characteristics of the affiliate model. RBIH has given its in principle support to the proposed transaction and remains a committed and aligned partner. This proposed transaction is subject to requisite governance and regulatory approvals, agreement of the final terms, confirmation of the structure, and other conditions typical of a transaction of this nature.

## Subordinated debt

On 25 May 2022, Momentum Metropolitan Life Limited successfully auctioned two unsecured subordinated debt instruments, valued at R1 000 million in total. We are pleased that the issuance was nearly two times oversubscribed, evidence of liquidity in the market, and debt investors' positive view of Momentum Metropolitan's subordinated debt. The R1 000 million raised will be used to redeem an existing R980 million instrument, maturing on 12 August 2022.

## CONSOLIDATED GROUP FINANCIAL PERFORMANCE

### Group financial performance

The following table outlines the contribution from operating profit and investment return to normalised headline earnings per business unit:

R million	F2022			F2021			Δ%		
	Operating profit	Investment return	Normalised headline earnings	Operating profit	Investment return	Normalised headline earnings	Operating profit	Investment return	Normalised headline earnings
Momentum Life	976	134	1 110	(991)	132	(859)	>100%	2%	>100%
Momentum Investments	870	68	938	1 103	(8)	1 095	(21)%	>100%	(14)%
Metropolitan Life	606	66	672	367	68	435	65%	(3)%	54%
Momentum Corporate	1 049	125	1 174	(607)	55	(552)	>100%	>100%	>100%
Momentum Metropolitan Health	212	(3)	209	214	(1)	213	(1)%	<(100)%	(2)%
Non-life Insurance	399	62	461	508	36	544	(21)%	72%	(15)%
Momentum Metropolitan Africa	8	110	118	62	194	256	(87)%	(43)%	(54)%
<b>Normalised headline earnings from operating business units</b>	<b>4 120</b>	<b>562</b>	<b>4 682</b>	<b>656</b>	<b>476</b>	<b>1 132</b>	<b>&gt;100%</b>	<b>18%</b>	<b>&gt;100%</b>
New Initiatives	(468)	2	(466)	(360)	2	(358)	(30)%	0%	(30)%
Shareholders segment	(289)	456	167	(223)	456	233	(29)%	0%	(28)%
<b>Normalised headline earnings</b>	<b>3 363</b>	<b>1 020</b>	<b>4 383</b>	<b>73</b>	<b>934</b>	<b>1 007</b>	<b>&gt;100%</b>	<b>9%</b>	<b>&gt;100%</b>

### Operating profit

Operating profit increased significantly to R3 363 million from R73 million in the prior year. This is mainly attributable to the less severe impact of Covid-19 on earnings in F2022. During the first half of the year, Momentum Life and Momentum Metropolitan Africa still experienced significant net mortality losses due to the third Covid-19 wave. Mortality experience improved over the second half of the year, resulting in the mortality profit of R105 million for the full year after allowing for movements in Covid-19 provisions. This compares to net mortality losses of R2 823 million in the prior year.

Operating profit was further aided by an improvement of R163 million in investment variances. Momentum Life was particularly affected by this and saw a turnaround in investment variances from a negative variance of R517 million in the prior year to a positive variance of R53 million in F2022. This was partly offset by a decline in investment variances in all other business units, mainly from the impact of changes in the yield curves on annuities and structured products.

Momentum Corporate benefited materially from much improved underwriting results on both group life and disability products. Operating profit in Non-life Insurance was supported by good underlying operational growth in Guardrisk offset by the negative impact from weather-related claims and increased claims inflation in Momentum Insure.

### Investment return

Investment return improved by 9% to R1 020 million, boosted by the continued recovery in investment markets. In the Shareholders segment, investment return increased due to fair value gains from the revaluation of the Group's investment in venture capital funds and foreign exchange gains on the Group's foreign assets.

## IMPACT OF THE COVID-19 PANDEMIC ON THE GROUP

The earnings impact from Covid-19 on the Group during F2022 was significantly less than the preceding two years.

### Mortality experience

The mortality experience during the second half of F2022, affected by the fourth and fifth Covid-19 waves in South Africa, was significantly less severe than during the first half of F2022 when the third Covid-19 wave still caused significant mortality losses. During F2022, our South African life insurance businesses paid R10.8 billion in gross mortality claims, of which R4.6 billion was paid in the first quarter. Releases of the mortality component of Covid-19 provision in F2022 amounted to R1 639 million, of which R1 133 million was released in the first half of the year. After the release of the Covid-19 provisions, the Group recorded a R105 million mortality profit for F2022.

The table below shows the contribution from each of the Group's business units to the net mortality result for the 12-month period:

R million	Momentum Life	Momentum Investments	Metropolitan Life	Momentum Corporate	Momentum Metropolitan Africa	Total
Mortality experience	(983)	(23)	(148)	(389)	(190)	(1 733)
Annuity experience	–	169	84	36	17	306
Change in annuity reserves	–	(20)	–	–	–	(20)
Covid-19 additional provision	(64)	–	–	–	(23)	(87)
Covid-19 provision release	689	–	283	610	57	1 639
<b>Net mortality losses</b>	<b>(358)</b>	<b>126</b>	<b>219</b>	<b>257</b>	<b>(139)</b>	<b>105</b>

### Impact of provision release on normalised headline earnings

The change in existing Covid-19 provisions over the 12 months ended 30 June 2022 is shown in the table below:

R million	Mortality	Morbidity	Non-life insurance claims	Terminations	Total
Provision at 30 June 2021	1 854	71	54	50	2 029
Release of provisions	(1 619)	(62)	(36)	(26)	(1 743)
Additional provisions	87	–	–	–	87
<b>Provision at 30 June 2022</b>	<b>322</b>	<b>9</b>	<b>18</b>	<b>24</b>	<b>373</b>

The total provisions available at the start of F2022 amounted to R2 029 million (net of deferred tax). Covid-19 provision releases during the year amounted to R1 743, of which R1 619 million related to mortality. As at 30 June 2022 the sufficiency of the remaining provisions were assessed. The recent fifth Covid-19 wave did not result in as large an increase in mortality claims as seen in earlier waves – especially if we allow for seasonal mortality that is typically higher over the winter months.

Despite the improvement in mortality experience, claims remain above pre-pandemic levels. To withstand the impact of assumed sixth and seventh waves of Covid-19, consistent with the fourth and fifth waves, additional Covid-19 provisions of R87 million were raised by Momentum Life and Momentum Metropolitan Africa, while the remaining provisions in Metropolitan Life and Momentum Corporate were deemed sufficient against future Covid-19 claims. This brings the closing Covid-19 provision to R373 million as at 30 June 2022.

### Business interruption insurance

By 30 June 2022, Guardrisk had settled most of its business interruption claims, with only 64 claims with an estimated gross value of R110 million outstanding. Up to 30 June 2022, Momentum Insure had three business interruption claims with an estimated gross value of R18 million outstanding.

The remaining provision against business interruption claims is seen as sufficient to absorb the impact of the outstanding claims in Guardrisk and Momentum Insure.

### INVESTMENT VARIANCE

Investment variances are included in operating profit and are shown below net of tax. The table below sets out the investment variance by business and reflects the various offsetting impacts experienced over the period.

R million	1QF2022	2QF2022	3QF2022	4QF2022	F2022	F2021	Δ%
Momentum Life	40	(240)	(7)	260	53	(517)	>100%
Momentum Investments	10	9	16	(1)	34	327	(90)%
Metropolitan Life	(57)	(2)	35	67	43	66	(35)%
Momentum Corporate	(21)	56	57	56	148	206	(28)%
Momentum Metropolitan Africa	(11)	59	5	(53)	–	78	(100)%
Shareholders segment	16	24	8	27	75	31	>100%
<b>Total investment variance</b>	<b>(23)</b>	<b>(94)</b>	<b>138</b>	<b>374</b>	<b>353</b>	<b>190</b>	<b>85%</b>

Investment variances, particularly on long-term protection business, as well as annuity business, have been subject to significant volatility over the last two years, driven by large changes in the shape and level of the nominal and real yield curves (and by implication changes in the market implied inflation).

Over the 12 months to 30 June 2022, the nominal government bond yield curve increased at all durations. The real government bond yield curve, however, reduced. The expense inflation curve, which is the difference between the nominal and real market implied curves, increased, which resulted in an elevation in market implied inflation, particularly at longer durations. Both the nominal and the real yield curves flattened over the same period.

In total, the Group recorded positive investment variances of R353 million in F2022, compared to positive R190 million in the prior year. The F2022 positive variance was made up of negative variance in the first six months, followed by positive variance in the second half of the financial year. Investment variances thus explain much of the significant improvement in NHE in the second half of the year versus the first six months.

The volatility in the investment variances was most pronounced in Momentum Life, where the Myriad protection product is particularly sensitive to yield curve changes at long durations. The nominal yield curve increased at all durations during the final quarter, which led to a reversal of the substantial negative investment variances reported in the first half of F2022.

The decline in investment variances for Momentum Investments and Momentum Corporate followed lower earnings from mainly annuity business, caused by movements in both the real and nominal yield curves. The R23 million decline in Metropolitan Life's investment variance was largely due to an increase in market implied inflation. In Momentum Metropolitan Africa, investment variance declined R78 million, driven by the current year recovery in the equity markets being smaller than that in the prior year, particularly in Namibia and Botswana.

## CONSOLIDATED GROUP NEW BUSINESS PERFORMANCE

R million	F2022	F2021	Δ%
Recurring premiums (R million)	4 607	3 783	22%
Single premiums (R million)	51 885	47 497	9%
PVNB (R million)	72 673	65 898	10%
VNB (R million)	626	725	(14)%
New business margin	0.9%	1.1%	

The table below shows the PVNB by business unit for each quarter of F2022:

R million	1QF2022	2QF2022	3QF2022	4QF2022	F2022	F2021	Δ%
Momentum Life	1 736	1 759	1 833	1 963	7 291	7 479	(3)%
Momentum Investments	11 059	11 891	10 340	9 186	42 476	41 471	2%
Metropolitan Life	1 730	1 826	1 708	1 896	7 160	5 885	22%
Momentum Corporate	1 520	3 391	2 851	4 514	12 276	8 220	49%
Momentum Metropolitan Africa	1 202	881	786	604	3 470	2 843	22%
<b>Total PVNB</b>	<b>17 247</b>	<b>19 748</b>	<b>17 518</b>	<b>18 160</b>	<b>72 673</b>	<b>65 898</b>	<b>10%</b>

The Group increased PVNB to R72.7 billion, 10% higher than the prior year. Momentum Corporate delivered pleasing new business growth in both recurring premium group risk products, as well as single premium investment PVNB, which almost doubled. Metropolitan Life achieved strong growth in protection new business, as well as annuities and structured single premiums. Momentum Metropolitan Africa also saw pleasing new business volume growth, driven by corporate new business in Namibia, Lesotho and Botswana, together with strong retail savings and annuity new business in Namibia and Botswana. Momentum Investments delivered solid growth in guaranteed annuities and Momentum Wealth's local investment platform business while Momentum Life's new business declined mainly due to a decline in PVNB on protection products, partly offset by improved new business on long-term savings business.

The table below shows the VNB by business unit for each quarter of F2022:

R million	1QF2022	2QF2022	3QF2022	4QF2022	F2022	F2021	Δ%
Momentum Life	–	5	(28)	3	(20)	72	<(100)%
Momentum Investments	91	141	54	60	346	392	(12)%
Metropolitan Life	79	73	4	88	244	253	(4)%
Momentum Corporate	(12)	18	(4)	66	68	11	>100%
Momentum Metropolitan Africa	(1)	6	(3)	(14)	(12)	(3)	<(100)%
<b>Total VNB</b>	<b>157</b>	<b>243</b>	<b>23</b>	<b>203</b>	<b>626</b>	<b>725</b>	<b>(14)%</b>

The Group's VNB declined by 14% to R626 million, driven by the negative impact of yield-curve related economic assumption changes, which are effected at the point of sale in all business units, and a general change in new business mix to lower margin products.

VNB was lower than the prior year across all the business units, except Momentum Corporate, which delivered a strong contribution of R68 million due to higher sales volumes and contained expenses. Momentum Life's VNB of negative R20 million resulted from lower new business volumes on protection products and the change in new business mix from protection business towards lower margin long-term savings business. A negative R12 million VNB contribution from Momentum Metropolitan Africa was caused by a negative VNB in Namibia. VNB for Momentum Investments declined to R346 million, mainly due to a change in new business mix from higher margin offshore investments in Momentum Wealth, lower assumed credit spreads in the second half of F2022 and an increase in renewal expenses. Metropolitan Life's VNB of R244 million delivered a strong result in the fourth quarter, and largely recovered from the 18% decline reported for the first nine months of F2022. That decline was caused by the adverse impact of policies that lapsed before the first premium was paid, leading to irrecoverable distribution expenses. The new business margin declined to 0.9%, from 1.1% in the prior period.



## EMBEDDED VALUE

Embedded value earnings (R million)	F2022	F2021	Δ%
Embedded value at the start of the period	41 328	38 524	
Change in embedded value before capital flows	4 787	2 819	70%
Embedded value earnings from operations (covered business)	3 826	(545)	>100%
Embedded value earnings attributable to investment markets	(152)	1 698	<(100)%
Embedded value profit from non-covered businesses	1 113	1 666	(33)%
Capital flows	(687)	(15)	<(100)%
<b>Embedded value at the end of the period</b>	<b>45 428</b>	<b>41 328</b>	<b>10%</b>
Return on embedded value (ROEV)	11.6%	7.3%	
ROEV on covered business	12.3%	3.8%	
ROEV on non-covered business	9.7%	20.8%	
<b>ROEV per share</b>	<b>11.7%</b>	<b>6.3%</b>	

The Group's embedded value results for the year ended 30 June 2022, reflect a return more closely aligned with our long-term expectations, compared to the results observed over the last two years.

In the covered business, the release of Covid-19 provisions into embedded value earnings accounted for the largest change from the prior year's embedded value earnings (prior year included a large negative impact and this year's release included a large positive impact). A methodology change, where profits not previously valued on ancillary protection benefits in Momentum Life, made a positive contribution when analysing this year's embedded value earnings. Experience variances reflected the benefits of a diversified portfolio in the covered operations, where both mortality and morbidity as well termination experience results varied by lines of business, but were muted in aggregate.

In the non-covered business, a lower growth trajectory than anticipated resulted in a significant write-down of the valuation of Momentum Insure in the first half of F2022. Despite this, non-covered operations contributed positively to embedded value earnings, with positive contributions across a range of business units. The largest contribution was from Guardrisk where earnings growth is progressing as planned. Fair value gains on the Group's venture capital investments also made a noteworthy positive contribution.

## SEGMENTAL PERFORMANCE

### Momentum Life

R million	F2022	F2021	Δ%
Operating profit	976	(991)	>100%
Investment return	134	132	2%
<b>Normalised headline earnings</b>	<b>1 110</b>	<b>(859)</b>	<b>&gt;100%</b>
Recurring premium new business	1 053	1 059	(1)%
Single premium new business	2 202	2 090	5%
PVNBP	7 291	7 479	(3)%
VNB	(20)	72	<(100)%
New business margin	(0.3)%	1.0%	

### Normalised headline earnings

Momentum Life recorded a strong normalised headline earnings of R1 110 million in F2022, compared to a loss of R859 million in the prior year. Operating profit of R976 million recovered from an operating loss of R991 million in the prior year. The key contributors include year-on-year improvements of R730 million in net mortality losses, R570 million in investment variances mainly driven by yield curve changes, and a net impact of R577 million from operating assumption and modelling changes.

Net mortality losses improved from R1 088 million in the prior year to R358 million in F2022. The current year includes negative mortality experience variances of R983 million, partly offset by the net movement in Covid-19 provisions of R625 million. The mortality claims experience during the fourth and fifth waves that occurred in the second half of F2022, had a significantly lower impact on earnings. Although still higher than pre-pandemic experience, mortality experience in F2022 improved compared to the prior year.

During June 2022, the nominal yield curve increased at all durations, benefitting the protection business in particular. Momentum Life's total investment variance improved from a loss of R517 million in the prior year to a profit of R53 million in F2022. It must be noted that investment variances are volatile by nature.

The change in operating assumption and modelling changes include positive expense assumption changes and modelling refinements in which prospective valuation models were adopted for some benefits. This was partly offset by the strengthening of persistency assumptions in the protection and traditional products.

## New business

Momentum Life's PVNBP declined by 3% year-on-year to R7.3 billion, mainly attributable to a 10% decline in new business on protection business, offset by the 4% improvement in new business on long-term savings business.

VNB declined from a profit of R72 million to a loss of R20 million. The long-term savings products contributed positively to VNB but was offset by the negative impact from lower protection new business. Unfavourable yield curve movements, effected at the point of sale in economic assumption changes, further exacerbated the negative impact on VNB. This translated to a new business margin of -0.3%.

## Momentum Investments

R million	F2022	F2021	Δ%
Operating profit	870	1 103	(21)%
Investment return	68	(8)	>100%
<b>Normalised headline earnings</b>	<b>938</b>	<b>1 095</b>	<b>(14)%</b>
Recurring premium new business	205	207	(1)%
Single premium new business	41 649	40 666	2%
PVNBP	42 476	41 471	2%
VNB	346	392	(12)%
New business margin	0.8%	0.9%	

## Normalised headline earnings

Normalised headline earnings from Momentum Investments declined by 14% to R938 million. This includes a 21% decline in operating profit to R870 million, offset to some extent by strong growth in investment return resulting mainly from fair value and currency gains on offshore assets.

The decline in operating profit was mainly attributable to implementation expenses of more than R100 million for replacing Momentum Wealth's legacy investment platform, and a R293 million deterioration in investment variances related to yield-curve movements in the annuities and structured business. This was partly offset by the positive impact in Momentum Wealth as well as the investment management businesses in South Africa and the UK from continued good new business and favourable local and offshore market impacts. The inclusion of the results of Seneca Investment Managers for a full 12 months (compared to seven months in the prior year) also contributed positively.

## New business

PVNBP for Momentum Investments improved 2% to R42.5 billion, driven by good growth on guaranteed annuities and on the local Momentum Wealth investment platform. This was slightly offset by lower new business on the offshore Momentum Wealth investment platform, which remained strong in absolute terms.

The VNB declined by 12% to R346 million, mainly attributable to a change in new business mix from higher margin offshore investments in Momentum Wealth, lower assumed credit spreads in the second half of F2022, an increase in renewal expenses and a change in the capital allocation methodology. The new business margin reduced slightly to 0.8%.

## Assets under management and administration

Assets under management on the Momentum Wealth investment platform increased by 4% to R205 billion, mainly attributable to new business inflows partly offset by outflows and flat year-on-year market movements. On non-covered Investment Management business, assets under management increased by 5% due to the recovery of investment markets and good inflows on retail assets. The acquisition of Seneca Investment Managers in the UK also contributed R12.6 billion to the growth in institutional assets under management.

R million	F2022	F2021 <sup>4</sup>	Δ%
On-balance sheet Momentum Wealth	135	129	5%
Off-balance sheet Momentum Wealth	72	69	4%
Non-covered business (Investment Management)	502	477	5%
<b>Assets under management and administration</b>	<b>709</b>	<b>675</b>	<b>5%</b>

<sup>4</sup> On-balance sheet Momentum Wealth restated due to R11 billion on-balance sheet assets that were better suited to be disclosed as Momentum Wealth linked assets rather than managed internally or by other managers within the Group. R7 billion in on-balance sheet assets were incorrectly calculated in Momentum Wealth linked assets.

## Metropolitan Life

R million	F2022	F2021	Δ%
Operating profit	606	367	65%
Investment return	66	68	(3)%
<b>Normalised headline earnings</b>	<b>672</b>	<b>435</b>	<b>54%</b>
Recurring premium new business	1 710	1 409	21%
Single premium new business	1 845	1 483	24%
PVNB	7 160	5 885	22%
VNB	244	253	(4)%
New business margin	3.4%	4.3%	

### Normalised headline earnings

Metropolitan Life's normalised headline earnings improved by 54% to R672 million. Operating profit growth of 65% to R606 million was mainly attributed to a net mortality profit of R219 million, which improved from a net mortality loss of R468 million in the prior year. The current year's operating profit includes a positive net movement in opening Covid-19 provisions of R283 million, partly offset by negative mortality and longevity experience variance of R64 million. This compares to a net mortality loss of R467 million for the prior year.

Operating profit growth was partly offset by negative persistency variance of R200 million, which was primarily due to the correction of operational and system issues related to the migration of the administration system. The system issues were noted in the first half of the financial year, but the rectification continued to negatively impact the results during the second half of F2022. Some persistency experience deterioration in funeral products was also noted and as a result the persistency assumptions were strengthened. The persistency experience deterioration in the life cover business will be addressed by management actions.

Investment variances remained positive but deteriorated by R23 million year-on-year, due to an increase in implied inflation caused by an increase in the nominal yield while the real yield reduced.

### New business

Metropolitan Life's PVNB increased by 22% to R7.2 billion compared to the prior year. This includes continued improvement in protection new business and annuities and structured single premiums, which delivered pleasing year-on-year growth of 19% and 41% respectively. The average adviser productivity has remained strong throughout the year.

VNB declined 4% to R244 million. This represents a strong recovery from the decline of 18% that was reported for the first nine months of F2022. The decline can be attributed to a change in product mix towards lower margin savings products and the adverse impact on VNB when policies lapsed before the first premium was paid, part of which related to fraudulent activities by (now dismissed) advisers, which resulted in distribution expenses that cannot be recovered. Consequently, the new business margin declined from 4.3% to 3.4%.

## Momentum Corporate

R million	F2022	F2021	Δ%
Operating profit/(loss)	1 049	(607)	>100%
Investment return	125	55	>100%
<b>Total normalised headline earnings</b>	<b>1 174</b>	<b>(552)</b>	<b>&gt;100%</b>
Recurring premium new business	1 239	694	79%
Single premium new business	4 550	2 314	97%
PVNB	12 276	8 220	49%
VNB	68	11	>100%
New business margin	0.6%	0.1%	

### Normalised headline earnings

Momentum Corporate's normalised headline earnings improved from a loss of R552 million to a profit of R1 174 million. The strong turnaround from an operating loss of R607 million in the prior year to an operating profit of R1 049 million in F2022 follows the turnaround of a net mortality loss of R1 344 million in the prior year into a net mortality profit of R257 million in F2022. This profit includes the partial release of R610 million of the opening Covid-19 reserves, offset by net negative mortality and longevity experience variance of R353 million.

The improvement in operating profit was further bolstered by strong income disability results aided by the re-pricing programme that has taken place over the last three years, favourable mortality experience variance on income disability claims in payment and better than expected return-to-work experience.

Investment variance of R148 million, although positive, declined from R207 million in the prior year mainly due to a lower earnings impact on annuities and investment guarantee reserves caused by movements in the real and nominal yield curves.

## New business

Momentum Corporate's PVNBP of R12.3 billion increased by 49% compared to the prior year, boosted by strong growth in recurring and single premium flows. Recurring premium new business increased by 79%, mainly on group risk products, including the onboarding of three large clients. New business from single premiums increased by 97%, driven by improved investment flows into FundsAtWork and from large corporate investment and annuity sales.

VNB improved to R68 million from R11 million in the prior year, bolstered by higher PVNBP and contained expenses. The strong growth in VNB was dampened by the new business mix that was more weighted toward lower margin products. The new business margin was 0.6% for the year.

## Momentum Metropolitan Health

R million	F2022	F2021	Δ%
Operating profit	212	214	(1)%
Investment return	(3)	(1)	<(100)%
<b>Normalised headline earnings</b>	<b>209</b>	<b>213</b>	<b>(2)%</b>
Minorities	102	85	20%
<b>Normalised headline earnings gross of minorities</b>	<b>311</b>	<b>298</b>	<b>4%</b>

### Normalised headline earnings

Momentum Metropolitan Health's normalised headline earnings declined by 2% against the prior year to R209 million. Before the deduction of the share of minorities, normalised headline earnings increased by 4%. The increase in the share of minorities resulted from the B-BBEE transaction with strategic partners in December 2021. The growth in the gross normalised headline earnings was driven by fee income generated from membership growth in Health4Me (the low cost health insurance product) and public sector membership, good Health4Me claims experience and prudent expense management.

### Membership

Good membership growth of 3%, amidst a tough economic environment, was mainly attributable to the continued growth of the public sector, Health4Me and Momentum Medical Scheme membership. Membership growth remained subdued in the corporate market segment, reflective of economic conditions placing pressure on employment numbers.

## Non-life Insurance

R million	F2022	F2021	Δ%
Guardrisk	449	377	19%
Momentum Insure	12	167	(93)%
<b>Normalised headline earnings</b>	<b>461</b>	<b>544</b>	<b>(15)%</b>
Operating profit	399	508	(21)%
Investment return	62	36	72%

### Normalised headline earnings

The normalised headline earnings for Non-life Insurance declined by 15% to R461 million. Operating profit declined by 21% against the prior year, mainly attributable to lower underwriting profits in Momentum Insure, which were negatively impacted by a higher claims experience, but was partly offset by favourable earnings growth in Guardrisk. Investment return increased by 72% to R62 million and benefited from improved market returns and a one-off recognition of the value of a cell acquired by Guardrisk.

During April 2022 and then again in May 2022, days of heavy rainfall in KwaZulu-Natal resulted in severe flooding and landslides. The Non-Life Insurance business has assessed the impact of floods, taking into account reinsurance cover in place, and as at 30 June 2022, a net loss (after tax and reinsurance) of R53 million was reported.

### Guardrisk

Guardrisk's normalised headline earnings increased 19% to R449 million. Operating profit was aided by strong growth of 30% in underwriting profits of Guardrisk General Insurance (GGI) and pleasing growth in management fee income in the mining rehabilitation and life divisions. Investment return benefited from the recognition of the value of a cell that was taken over at a discount to its net asset value, resulting in a net increase in normalised headline earnings of R40 million, after concluding all phases of the transaction.

Guardrisk's industry and product diversification across the cells continues to offset the negative impact that Covid-19 had in some of its activities.

R million	F2022	F2021 <sup>6</sup>	Δ%
Gross written premium	2 813	2 327	21%
Net earned premium	1 729	1 521	14%
Claims incurred	(890)	(770)	16%
Acquisition cost	(472)	(468)	1%
<b>GGI underwriting profit<sup>5</sup></b>	<b>367</b>	<b>283</b>	<b>30%</b>

<sup>5</sup> The underwriting profit in this table is the total for GGI, a division of Guardrisk Insurance Company Limited.

<sup>6</sup> The prior year numbers have been restated to exclude the impact of 100% reinsurance transactions to align to current year reporting.

### Momentum Insure

Normalised headline earnings in Momentum Insure declined from R167 million to R12 million, mainly impacted by a high claims experience following prolonged wet weather over the summer months, a large commercial fire claim, the KwaZulu-Natal floods and increased inflationary pressures on the back of supply-chain challenges and increases in the oil price.

New business premiums increased by 12% to R628 million amidst a very challenging operating environment. The last quarter of the financial year showed very pleasing performance compared to each of the quarters in the current and prior year. The highest quarterly sales were achieved since the acquisition of Alexander Forbes Insurance and was a pleasing result after subdued sales were experienced in the months immediately after the implementation of a single line of business system in July 2021. Persistency experience remained good and well within appetite.

R million	F2022	F2021	Δ%
Gross written premium	2 879	2 793	3%
Net earned premium (R million)	2 739	1 479	85%
Claims ratio	70.0%	62.6%	

### MOMENTUM METROPOLITAN AFRICA

R million	F2022	F2021	Δ%
Namibia	89	125	(29)%
Botswana	(11)	49	<(100)%
Lesotho	187	172	9%
Ghana	43	68	(37)%
Other countries	(51)	9	<(100)%
Centre costs	(139)	(167)	17%
<b>Normalised headline earnings</b>	<b>118</b>	<b>256</b>	<b>(54)%</b>
Operating (loss)/profit	8	62	(87)%
Investment return	110	194	(43)%
Recurring premium new business	400	414	(3)%
Single premium new business	1 639	944	74%
PVNB <sup>6</sup>	3 470	2 843	22%
VNB	(12)	(3)	<(100)%
New business margin	(0.3)%	(0.1)%	

### Normalised headline earnings

Normalised headline earnings declined by 54% to R118 million. This was largely driven by a net mortality loss of R139 million, which include negative mortality and longevity experience variance of R173 million, partly offset by the release of R34 million Covid-19 provisions. A significant loss on mortality experience variance was incurred in both Namibia and Botswana in the first quarter of F2022. Although still higher than pre-pandemic levels, the loss on mortality experience variance tapered off during the second half of the financial year. Operating profit was further negatively impacted by higher claims experience in the health business, driven by increased utilisation in all countries. The decline in investment return was partially because of a lower asset base, following remittances of R1 billion to the Group.

The decline in normalised headline earnings in Namibia was mainly driven by a net mortality loss, as well as an increase in expenses. This was partly offset by a favourable impact on earnings from the short-term insurance business. Investment return declined as a result of lower interest rates and a reduced asset base.

Botswana's decline was largely due to mortality losses in the corporate business, a lower contribution from the credit life business because of the continued run-off of the book and impact of economic assumption changes. Investment return decreased due to a lower asset base in the current year.

Lesotho's normalised headline earnings improved as a result of positive persistency experience in the life business and was partly offset by the non-repeat of a positive one-off operating assumption change in the prior year. Investment return declined from the prior year attributable to a reduced asset base.

In Ghana, the decline was mainly due to the negative impact of an expense assumption change and higher expenses.

The decline in other countries was because of a R10 million loss in Mozambique and continued losses in Kenya due to increased mortality losses, partly driven by Covid-19. After the reporting date, the Group has successfully completed its exit from Kenya, effective 22 July 2022. Momentum Metropolitan has sold its 66.29% equity stake in Metropolitan Cannon General Insurance Limited and Metropolitan Cannon Life Assurance Limited, to a consortium of local shareholders. This decision forms part of the Group's ongoing strategic review of its Africa portfolio of businesses.

The decline in central costs is driven by lower withholding tax on remittances from the country entities to the Group, as well as a lower profit-based charges to other Group entities.

### New business

PVNB for Momentum Metropolitan Africa improved by 22% to R3.5 billion from the prior year. This is attributable to strong corporate new business growth in Namibia, Lesotho and Botswana and good growth in the retail savings and annuity new business in Namibia and Botswana.

The VNB declined to negative R12 million, largely driven by a shift in the new business mix towards lower margin savings products in Lesotho and Namibia. VNB from Namibia was negative due to lower business in the second half of F2022 against a largely fixed cost base. This more than offset positive VNB contributions from Lesotho and Botswana. The new business margin was -0.3% for the year.

### NEW INITIATIVES

New Initiatives includes Aditya Birla Health Insurance (a health insurance joint venture with Aditya Birla Capital in India), Multiply Money (a bundled transactional banking and savings solution), the operating expenses of Exponential Ventures, as well as other local start-up operations. The minority holding in aYo, a mobile insurance business in selected African countries, was sold during the first quarter of F2022.

R million	F2022	F2021	Δ%
Aditya Birla Health Insurance (ABHI) <sup>7</sup>	(338)	(230)	(47)%
aYo	(1)	(17)	94%
Other <sup>8</sup>	(127)	(111)	(14)%
<b>Normalised headline earnings</b>	<b>(466)</b>	<b>(358)</b>	<b>(30)%</b>

<sup>7</sup> Results for the India investment are reported with a three-month lag. Results include support costs incurred by Momentum Metropolitan outside of the joint venture.

<sup>8</sup> "Other" includes Exponential Ventures, Multiply Money and Momentum Consult.

### Aditya Birla Health Insurance

ABHI has shown continued growth and is performing broadly in line with the business case – if the impact of Covid-19 specific claims experience is excluded. The operational performance was negatively impacted by the sharp increase in the number and average size of Covid-19 related claims observed during the second wave of infections in India. Although Covid-19-related claims have reduced steadily since the first quarter, non-Covid-19 claims have increased over the year as elective procedures and the average cost per claim started to increase.

Gross written premiums (GWP) increased by 30% to R3.5 billion, with strong growth in both retail and group business.

ABHI continues to build scale while providing a highly differentiated product offering. ABHI further sustained its focus on offering extensive end-to-end digital service, supporting channel growth as well as scaling and diversifying its distribution. The capital infusion of R1.3 billion that will be received from the introduction of ADIA as a shareholder will be deployed towards distribution growth initiatives.

### aYo

The sale of our remaining stake in aYo in September 2021, resulted in a decline in our share of losses.

### Other

The largest other new initiative is Multiply Money, which recorded a slightly larger loss compared to the prior year. This initiative bundles a low-cost transactional facility with a savings account that offers competitive interest rates, and no monthly fees, without restrictive requirements such as lock-in periods. The rewards, cash-back payments and shopping discounts from Momentum Multiply and voluntary deposits made by clients can be deposited into the savings account.

## SHAREHOLDERS SEGMENT

R million	F2022	F2021	Δ%
Operating loss	(289)	(223)	(29)%
Investment return	456	456	0%
Investment income	13	14	(7)%
Fair value gains/(losses)	443	442	1%
<b>Normalised headline earnings</b>	<b>167</b>	<b>233</b>	<b>(28)%</b>

The Shareholders segment's normalised headline earnings of R167 million declined from the prior year.

Operating losses widened by 29% to a loss of R289 million, mainly due to a fair value loss on preference shares issued by the iSabelo Trust to Momentum Metropolitan Holdings, partly offset by the impact of the restructuring of group lease arrangements on owner-occupied properties.

Investment return remained stable at R456 million in line with the prior year. Fair value gains on the Group's investment in venture capital gains contributed significantly in both years.

## SOLVENCY

### Regulatory solo solvency position of the Group's insurance entities

The solo SCR for the Group's regulated insurance entities were as follows:

#### Regulatory solvency position as at 30 June 2022

R million	Momentum Metropolitan Life	Guardrisk Insurance	Guardrisk Life	Momentum Insure
Eligible own funds (pre dividend)	30 362	3 006	3 473	977
SCR	14 939	2 545	2 970	695
SCR cover (times)	2.03	1.18	1.17	1.41

#### Regulatory solvency position as at 30 June 2021

R million	Momentum Metropolitan Life	Guardrisk Insurance	Guardrisk Life	MSTI <sup>9</sup>	Momentum Insurance <sup>9</sup>
Eligible own funds (pre dividend)	28 030	2 781	3 789	538	470
SCR	16 169	2 460	3 333	309	279
SCR cover (times)	1.73	1.13	1.14	1.74	1.69

<sup>9</sup> On 1 July 2021, Momentum Short-term Insurance (MSTI) was renamed to Momentum Insure and Momentum Insurance was integrated into this entity. Comparatives were not restated.

Momentum Metropolitan Life has adopted a target range for regulatory solvency cover of 1.6 to 2.0 times the SCR. The regulatory solvency position of Momentum Metropolitan Life improved from 1.73 times SCR at 30 June 2021 to 2.03 times SCR at 30 June 2022. This is slightly above the target range. This improvement was predominantly due to a decrease in the SCR (required capital). Movements in local and global markets resulted in a reduction in the equity stresses prescribed by the regulator, which reduced the capital requirements associated with equity risk exposures. The increase in the nominal yield curve, as well as positive impacts of methodology and operating assumption changes also served to reduce the SCR. The increase in own funds (available capital) reflects good investment experience, strong new business performance, positive methodology changes, and the review and partial release of Covid-19 provisions at 30 June 2022. The impact of Covid-19 claims during the year was largely offset by Covid-19 provision releases and positive longevity impacts.

The SCR cover for Guardrisk Insurance increased from 1.13 times SCR to 1.18 times SCR, supported by the implementation of revised reinsurance cover (most notably reinsurance reinstatement protection) for the underwritten business, as well as improved modelling of reinsurance impacts under the SCR stresses. The SCR cover for Guardrisk Life increased from 1.14 times SCR to 1.17 times SCR due to strengthening cell solvency, improved claims experience, the increase in yield curves, as well as the strengthening of lapse assumptions. Guardrisk Insurance and Guardrisk Life reviewed their target ranges for regulatory solvency cover during the year. At 30 June 2022, Guardrisk Insurance was within their revised target range of 1.14 to 1.21 times the SCR, while Guardrisk Life was above their revised target range of 1.04 to 1.07 times the SCR.

The SCR cover for Momentum Insure was 1.41 times SCR at 30 June 2022. The SCR cover reduced over the year mainly due to weaker claims experience due to severe weather-related claims, but remains within the target range of 1.4 to 1.6 times SCR.

#### **Regulatory group solvency position for Momentum Metropolitan Holdings**

The Prudential Authority has designated Momentum Metropolitan Holdings as an insurance group and approval for the licensing of Momentum Metropolitan Holdings Limited as the controlling entity of the insurance group was received in August 2021.

The Group's solvency position is determined by aggregating the results of all the underlying entities under the regulatory framework, after elimination of intra-group arrangements. The Group has received approval to calculate its group solvency position using the Accounting Consolidation method for certain entities, most notably Momentum Metropolitan Life and Momentum Insure. For entities in the Accounting Consolidation group, the own funds and SCR are calculated using a consolidated balance sheet approach.

Momentum Metropolitan Holdings has adopted a target range for group regulatory solvency cover of 1.4 to 1.7 times the SCR. As at 30 June 2022, Momentum Metropolitan Holdings Group SCR cover increased to 1.6 times SCR from 1.5 times SCR at 30 June 2021. The Group SCR cover is impacted by the restrictions applied to the own funds of cell captive insurers, and if Guardrisk were excluded, the SCR cover for the Group would increase to 1.8 times SCR at 30 June 2022.

#### **OUTLOOK**

We are encouraged by these good results achieved by the Group during a period of challenging economic and social conditions. The normalised headline earnings of R4 383 million for the year suggests that we have largely recovered from the impact of Covid-19 on earnings. During the year, the Group achieved solid growth in new business, apart from Momentum Life protection business, which has started to show improvement in recent months. The Group's strong results in the first year of the three-year Reinvent and Grow strategy is encouraging and confirms our solid competitive position

Looking ahead, we remain cautious about the pace of economic recovery across our operations, as disposable income remains under pressure because of depressed economic activity. The timing and magnitude of future Covid-19 waves remain uncertain and could still impact our earnings in future, however, it appears that the disease has now become endemic.

We are encouraged by the recovery in normalised headline earnings. Although some of the positive contributions to the current year's earnings are not expected to repeat in F2023, our underlying operating earnings are solid and we will continue to focus on achieving the Reinvent and Grow financial targets for F2024, namely normalised headline earnings of R4.6 billion to R5.0 billion and ROE of 18% to 20%.

14 September 2022

CENTURION

***The information in this commentary, including the financial information on which the outlook is based, has not been reviewed and reported on by Momentum Metropolitan's external auditors.***

#### **Equity sponsor:**

Merrill Lynch South Africa (Pty) Limited t/a BofA Securities

#### **Sponsor in Namibia**

Simonis Storm Securities (Pty) Limited

#### **Debt Sponsor**

Rand Merchant Bank (a division of FirstRand Bank Limited)



# Summarised audited annual financial statements

Audited results for the year ended June 2022



# MOMENTUM METROPOLITAN

## Summarised Audited Annual Financial Statements for the year ended 30 June 2022

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# Directors' statement

The Board is pleased to present the summarised audited results of Momentum Metropolitan Holdings Ltd (MMH or the Company) and its subsidiaries (collectively Momentum Metropolitan or the Group) for the year ended 30 June 2022. The preparation of the Group's results was supervised by the Group Finance Director, Risto Ketola (FIA, FASSA, CFA Charterholder).

## CORPORATE EVENTS

### Acquisitions

On 9 December 2020, the Group, through its 70% owned subsidiary, Momentum Short-term Insurance (Namibia) Ltd, acquired 100% in Alexander Forbes Insurance Company Namibia Ltd (AFIN). AFIN has since been renamed to Momentum Insurance (Namibia). The initial accounting for the AFIN acquisition was provisionally determined and was presented as preliminary at 30 June 2021. The acquisition accounting has been finalised and has resulted in a revision of the purchase consideration from N\$40 million in cash and N\$10 million contingent consideration to a purchase consideration of N\$32 million which comprises a cash component of N\$32 million and a contingent consideration of nil. The excess cash of N\$8 million represents a receivable at the acquisition date.

On 1 June 2022, the Group, through its wholly owned subsidiary, Workers Health Investments (Pty) Ltd, acquired 30% in Homeville Holdings (Pty) Ltd (the holding company of a group of pharmacies) for R16.5 million in cash. The Group has significant influence over this entity and has therefore classified it as an investment in associate.

### Disposals

Sales agreements were entered into for the sale of three properties during the prior financial year and were thus classified as held for sale. These properties have been sold during the current year.

On 1 September 2021, the Group disposed of its 25% shareholding in aYo Holdings Ltd, as well as the related intellectual property, for a consideration of \$20 million (R287 million).

On 30 April 2022, the Group disposed of its 40% shareholding in Aluwani Capital Partners (Pty) Ltd (Aluwani) for a consideration of R146.8 million.

### Listed debt

On 25 May 2022, Momentum Metropolitan Life Ltd (MML) listed two new subordinated debt instruments to the combined value of R1 billion on the JSE Ltd. The proceeds of the issuance was used to refinance the subordinated debt instrument, MMIG05, which became callable on 12 August 2022.

### Other

The Group entered into a Broad-based black economic empowerment (B-BBEE) transaction with strategic partners during the current year in order to establish and enhance relationships that will encourage business and health value penetration in the government, public and private sector. The Group provided preference share funding to facilitate the transaction. The strategic restructuring resulted in a change of the Group's holdings in respect of two subsidiaries Metropolitan Health Corporate (Pty) Ltd (51% to 70.5%) and Momentum Health Solutions (Pty) Ltd (100% to 73%). No IFRS 2 – Share-based payment expense has been recognised in respect of this transaction as all terms of the transaction are considered to be market related.

## BASIS OF PREPARATION OF FINANCIAL INFORMATION

These summarised audited results have been prepared in accordance with the following:

- International Accounting Standard (IAS) 34 – Interim financial reporting;
- South African Institute of Chartered Accountants Financial Reporting Guides (as issued by the Accounting Practices Committee);
- Financial Pronouncements (as issued by the Financial Reporting Standards Council);
- JSE Listings Requirements; and
- South African Companies Act, 71 of 2008, as amended.

The accounting policies applied in the preparation of these summarised audited results are in terms of International Financial Reporting Standards (IFRS) and are consistent with those adopted in the previous year except as described below and for specific restatements being listed in note 12. Critical judgements and accounting estimates are disclosed in detail in the Group's Annual Financial Statements (AFS) for the year ended 30 June 2022, including changes in estimates that are an integral part of the insurance business. The Group is exposed to financial and insurance risks, details of which are also provided in the Group's Integrated Report and AFS.

## NEW AND REVISED STANDARDS EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2022 AND RELEVANT TO THE GROUP

The following new and amended standards became effective for the first time in the current year and had no impact on the Group's earnings or net asset value (NAV):

- Interest rate benchmark reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16; and
- Covid-19-related rent concessions beyond 30 June 2021: Amendment to IFRS 16.

# Directors' statement continued

## SOLVENCY ASSESSMENT AND GOING CONCERN

The Group's solid performance during the current year follows the less severe impacts of Covid-19 on earnings as mortality experience in the current year improved over the second half of the year. This resulted in a small full-year net mortality profit, after a partial release of opening Covid-19 provisions, for the first time since the start of the pandemic. The mortality experience during the second half of the current year, affected by the fourth and fifth Covid-19 waves in South Africa, was less severe than during the first half when the third Covid-19 wave still caused significant mortality losses. The second half showed an improvement in mortality experience with a net mortality profit of R483 million being recognised after release of Covid-19 provisions, offsetting the net mortality loss of R378 million reported in the first half of the year. This brought the net mortality profit for the full year to R105 million. Releases of the mortality component of the Covid-19 provision in the current year amounted to R1 639 million, of which R1 133 million was released in the first half of the year. The timing and magnitude of future Covid-19 waves remain uncertain, and the Group's remaining provision for future claims assumes a sixth and seventh wave in line with the experience during the fourth and fifth waves. The Group remains profitable, with robust levels of capital and liquidity and a strong regulatory solvency position. The Board, through the Audit Committee and Actuarial Committee, has received reports and updates on the operational and financial performance. The Board is satisfied of the Group's solvency, taking into account its ability to withstand impacts from the continuously evolving environment, and its ability to continue as a going concern.

## CORPORATE GOVERNANCE

The Board has satisfied itself that the Group has applied the principles of corporate governance as detailed in the King Report on Corporate Governance™ for South Africa, 2016 (King IV™)\* throughout the year under review. Refer to the Integrated Report and the King IV™ Application Summary available on the Group's website for details of the governance framework and assessment of its application throughout the year.

## CHANGES TO THE DIRECTORATE, SECRETARY AND DIRECTORS' SHAREHOLDING

On 25 November 2021, Sello Moloko resigned as Board member and Chair and on the same date Peter Cooper was appointed as Interim Board Chair. Fatima Daniels (Jakoet) and Frans Truter retired from the Board on the same date. On 8 April 2022, Paul Baloyi was appointed to the Board and was subsequently appointed as Chair on 1 July 2022.

All transactions in listed shares of the Company involving directors and prescribed officers were disclosed on the Stock Exchange News Service (SENS).

## CHANGES TO THE GROUP EXECUTIVE COMMITTEE

Appointments	Role	Date
Dhesen Ramsamy	Group Chief Digital and Information Officer	1 April 2022
Resignations	Role	Date
Zureida Ebrahim	CEO: Client engagement solutions	31 October 2021

## PROVISIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group is party to legal proceedings and appropriate provisions are made when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and that amount is measured reliably. The Group is not aware of capital commitments at 30 June 2022 that were not in the ordinary course of business other than what is disclosed in the AFS.

## EVENTS AFTER THE REPORTING PERIOD

During July 2022, the Group, through its wholly owned subsidiary, Metropolitan International Holdings (Pty) Ltd, disposed of its entire shareholding in Metropolitan Cannon Life Assurance Ltd and Metropolitan Cannon General Insurance Ltd. At 30 June 2022, this disposal did not meet all the recognition criteria to be classified as held for sale in terms of IFRS 5 - Non-current assets held for sale and discontinued operations.

During August 2022, Aditya Birla Capital Ltd and MMH announced a transaction whereby the Abu Dhabi Investment Authority will own 9.99% in Aditya Birla Health Insurance Company Ltd, by way of a fresh issuance of ordinary shares. This will result in a dilution of the Group's shareholding from 49% to 44.1%. Completion of the transaction is still subject to statutory and regulatory approvals, including the approval of the Insurance Regulatory and Development Authority of India. The capital infusion of R1.3 billion (Rs. 665 crore) will be used to drive Aditya Birla Health Insurance Company Ltd's growth in the health insurance market in India.

MMH has commenced a R750 million share buy-back programme in August 2022 after receiving approval from the Prudential Authority. Share buy-backs deliver considerable value accretion to shareholders while the share price continues to trade at a deep discount to embedded value. They also represent an effective form of capital distribution in line with the Group's capital management framework. Future share buy-backs will continue to be considered based on affordability.

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On 25 August 2022, the Competition Commission released a media statement that it was conducting search and seizure operations at the premises of eight insurance companies in South Africa, including Momentum, a division of MMH. In the statement, the Commission indicated that it has reasonable grounds to suspect that the insurers under investigation have contravened the Competition Act by engaging in collusive practices to fix prices and/or trading conditions in respect of fees for investment products (citing retirement annuities as an example) and premiums for risk-related life products (citing dread disease cover/chronic medical condition cover, disability cover, life cover and funeral assistance benefits as examples).

At the time of the approval of these financial statements, the directors have assessed that the scope of the Commission's investigation does not extend beyond the kinds of investment and risk-related life products reported in the Commission's media statement. In addition, the directors have concluded that the impact to MMH group entities would be unclear until such time as the Commission concludes its investigation and decides formally to refer a case to the Competition Tribunal for adjudication. Accordingly, given the preliminary stage of the Commission's investigation, these financial statements do not make provision for the Commission's allegations relating to contraventions of the Competition Act to the extent that they remain subject to further investigation, assessment and determination.

No other material events occurred between the reporting date and the date of approval of these results.

## FINAL DIVIDEND DECLARATION

### Ordinary shares

- On 12 September 2022, a gross final ordinary dividend of 65 cents per ordinary share was declared by the Board.
- The dividend is payable out of income reserves to all holders of ordinary shares recorded in the register of the Company at the close of business on Friday, 7 October 2022, and will be paid on Monday, 10 October 2022.
- The dividend will be subject to local dividend withholding tax at a rate of 20% unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate.
- This will result in a net final dividend of 52 cents per ordinary share for those shareholders who are not exempt from paying dividend tax.
- The last day to trade cum dividend will be Tuesday, 4 October 2022.
- The shares will trade ex dividend from the start of business on Wednesday, 5 October 2022.
- Share certificates may not be dematerialised or rematerialised between Wednesday, 5 October 2022 and Friday, 7 October 2022, both days inclusive.
- The number of ordinary shares at the declaration date was 1 497 475 356.
- MMH's income tax number is 975 2050 147.

### Preference shares

- Dividends of R18.5 million (30.06.2021: R18.5 million) (132 cents per share p.a.) were declared on the unlisted A3 MMH preference shares as determined by the Company's Memorandum of Incorporation.

## THE BOARD OF DIRECTORS' RESPONSIBILITY

The preparation of these results, and the correct extraction thereof from the Group's audited AFS for the year ended 30 June 2022, are the responsibility of the Board of directors. A printed version of the full AFS and the SENS announcement may be requested from the office of the Group Company Secretary, Gcobisa Tyusha, tel: +27 12 673 1931 or [gcobisa.tyusha@mmltd.co.za](mailto:gcobisa.tyusha@mmltd.co.za).

## EXTERNAL AUDIT

These summarised results have not been audited, but have been extracted from the Group's AFS for the year ended 30 June 2022, which have been audited by Ernst & Young Inc. and their unqualified audit report, together with the Group's audited AFS for the year ended 30 June 2022, are available for inspection at the Company's registered office and on Momentum Metropolitan's website. In addition, the summarised Group embedded value information has been extracted from the Group's Embedded Value Report for the year ended 30 June 2022, which has been reviewed by Ernst & Young Inc. in accordance with the embedded value basis of the Group, and the review report is available for inspection at the Company's registered office. Appointments must be made for inspections at the Company's registered office.

Signed on behalf of the Board



**Paul Baloyi**  
Chair

Centurion  
12 September 2022



**Hillie Meyer**  
Group Chief Executive

# Condensed consolidated statement of financial position

	Notes	30.06.2022 Rm	Restated 30.06.2021 <sup>1</sup> Rm	Restated 01.07.2020 <sup>1</sup> Rm
<b>Assets</b>				
Intangible assets		8 747	9 939	10 339
Owner-occupied properties		3 016	3 033	3 598
Fixed assets		478	404	391
Investment properties		9 051	8 938	9 042
Properties under development		162	163	118
Investments in associates and joint ventures		1 491	1 156	905
Employee benefit assets		460	697	652
Financial assets at fair value through profit and loss (FVPL)	11	489 511	471 362	433 186
Financial assets at amortised cost	11	8 739	7 968	6 063
Reinsurance contract assets		14 976	6 849	6 142
Deferred income tax		880	756	862
Insurance and other receivables		7 739	6 240	5 380
Current income tax assets		81	456	371
Assets relating to disposal groups held for sale		14	171	154
Cash and cash equivalents	11	28 720	36 822	30 414
<b>Total assets</b>		<b>574 065</b>	<b>554 954</b>	<b>507 617</b>
<b>Equity</b>				
Equity attributable to owners of the parent		24 621	21 575	22 593
Non-controlling interests		365	348	410
<b>Total equity</b>		<b>24 986</b>	<b>21 923</b>	<b>23 003</b>
<b>Liabilities</b>				
Insurance contract liabilities				
Long-term insurance contracts	2	126 233	128 925	114 396
Non-life insurance contracts	2	22 152	13 563	11 445
Investment contracts	2	321 789	311 722	279 956
– with discretionary participation features (DPF)	11	3 031	19 222	18 320
– designated at FVPL	11	318 758	292 500	261 636
Financial liabilities at FVPL	11	48 141	51 013	52 307
Financial liabilities at amortised cost	11	4 336	4 164	4 610
Reinsurance contract liabilities		2 299	2 347	2 277
Deferred income tax		2 601	2 729	2 926
Employee benefit obligations		1 438	1 148	1 228
Other payables		19 567	16 967	14 789
Provisions		307	283	321
Current income tax liabilities		216	170	238
Liabilities relating to disposal groups held for sale		–	–	121
<b>Total liabilities</b>		<b>549 079</b>	<b>533 031</b>	<b>484 614</b>
<b>Total equity and liabilities</b>		<b>574 065</b>	<b>554 954</b>	<b>507 617</b>

<sup>1</sup> Refer to note 12 for more information on the restatements.

# Condensed consolidated income statement

	Notes	12 mths to 30.06.2022 Rm	Restated 12 mths to 30.06.2021 <sup>1</sup> Rm
Net insurance premiums	2	38 893	37 036
Fee income	2, 2.3	9 267	9 022
Investment income		26 167	22 040
Net realised and unrealised fair value (losses)/gains		(4 170)	40 262
<b>Net income</b>		<b>70 157</b>	108 360
Net insurance benefits and claims	2	30 376	31 138
Change in actuarial liabilities and related reinsurance		(6 605)	12 961
Change in long-term insurance contract liabilities		(3 280)	13 002
Change in non-life insurance contract liabilities		(126)	(78)
Change in investment contracts with DPF liabilities		(1 644)	763
Change in reinsurance assets		(897)	(142)
Change in reinsurance liabilities		(658)	(584)
Fair value adjustments on investment contract liabilities		10 884	34 192
Fair value adjustments on collective investment scheme (CIS) liabilities		894	3 091
Depreciation, amortisation and impairment expenses	2	1 680	1 273
Employee benefit expenses	2	7 157	6 511
Sales remuneration	2	7 674	7 193
Other expenses	2	8 256	7 306
<b>Expenses</b>		<b>60 316</b>	103 665
<b>Results of operations</b>		<b>9 841</b>	4 695
Share of equity accounted loss on associates and joint ventures		(243)	(237)
Profit on sale of associates and joint ventures		246	–
Finance costs	6	(2 327)	(1 616)
<b>Profit before tax</b>		<b>7 517</b>	2 842
Income tax expense		(3 709)	(2 298)
<b>Earnings for the year</b>		<b>3 808</b>	544
<b>Attributable to:</b>			
Owners of the parent		3 711	451
Non-controlling interests		97	93
		<b>3 808</b>	544
Basic earnings per ordinary share (cents)	1	260.6	31.3
Diluted earnings per ordinary share (cents)	1	256.9	31.3

<sup>1</sup> Refer to note 12 for more information on the restatements.

# Consolidated statement of comprehensive income

	12 mths to 30.06.2022 Rm	12 mths to 30.06.2021 Rm
Earnings for the year	3 808	544
Other comprehensive loss, net of tax	(36)	(738)
Items that may subsequently be reclassified to income	89	(469)
Exchange differences on translating foreign operations <sup>1</sup>	37	(381)
Share of other comprehensive income/(loss) of associates	52	(88)
Items that will not be reclassified to income	(125)	(269)
Own credit losses on financial liabilities designated at FVPL	(26)	(90)
Land and building revaluation	(138)	22
Remeasurements of post-employee benefit funds	(8)	(179)
Income tax relating to items that will not be reclassified	47	(22)
<b>Total comprehensive income/(loss) for the year</b>	<b>3 772</b>	<b>(194)</b>
<b>Total comprehensive income/(loss) attributable to:</b>		
Owners of the parent	3 675	(275)
Non-controlling interests	97	81
	<b>3 772</b>	<b>(194)</b>

<sup>1</sup> The movement in the current year is primarily caused by the strengthening of the ZAR against the GBP, BWP, GHS, KES and USD. In the prior year, the ZAR weakened against these currencies.



# Consolidated statement of changes in equity

	Notes	12 mths to 30.06.2022 Rm	12 mths to 30.06.2021 Rm
<b>Changes in share capital</b>			
Balance at beginning and end		9	9
<b>Changes in share premium</b>			
Balance at beginning		12 728	13 161
Net movement in treasury shares held on behalf of contract holders		32	(142)
Increase in treasury shares held by subsidiary for employees		–	(291)
Balance at end		12 760	12 728
<b>Changes in other reserves</b>			
Balance at beginning		1 469	2 315
Total comprehensive loss		(10)	(636)
Equity-settled share-based payments		52	46
Transfer to retained earnings		(58)	(256)
Balance at end	9	1 453	1 469
<b>Changes in retained earnings</b>			
Balance at beginning		7 369	7 108
Total comprehensive income		3 685	361
Dividend declared		(735)	(365)
Increase relating to transactions with non-controlling interests		151	9
Decrease relating to transactions with non-controlling interests		(129)	–
Transfer from other reserves		58	256
Balance at end		10 399	7 369
<b>Equity attributable to owners of the parent</b>			
		24 621	21 575
<b>Changes in non-controlling interests</b>			
Balance at beginning		348	410
Total comprehensive income		97	81
Dividend paid		(58)	(109)
Increase relating to transactions with owners <sup>1</sup>		38	17
Decrease relating to transactions with owners <sup>1</sup>		(60)	(10)
Sale of subsidiary		–	(41)
Balance at end		365	348
<b>Total equity</b>			
		24 986	21 923

<sup>1</sup> Information previously presented on an aggregated basis has now been disaggregated for comparability.

# Condensed consolidated statement of cash flows

	12 mths to 30.06.2022 Rm	Restated 12 mths to 30.06.2021 <sup>1</sup> Rm
<b>Cash flow from operating activities</b>		
Cash utilised in operations	(19 619)	(7 350)
Interest and dividends received	22 487	20 625
Income tax paid	(3 484)	(2 588)
Interest paid	(1 986)	(1 604)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(2 602)</b>	9 083
<b>Cash flow from investing activities</b>		
Net investments in subsidiaries	–	(293)
Contingent consideration related to business combinations	(64)	–
Proceeds on sale of associate	147	–
Proceeds on sale of associate and intangibles included in non-current assets held for sale	291	–
Investments in associates and joint ventures <sup>2</sup>	(647)	(457)
Capital injection on associate held in non-current assets held for sale	(69)	–
Net loan advances by related parties	150	(29)
Net purchases of owner-occupied properties	(256)	(222)
Net purchases of fixed assets	(279)	(222)
Net purchases of computer software	(58)	(72)
Dividends from associates	37	16
<b>Net cash outflow from investing activities</b>	<b>(748)</b>	(1 279)
<b>Cash flow from financing activities</b>		
Proceeds from borrowings	6 704	8 716
Repayment of borrowings	(10 916)	(8 140)
Dividends paid to equity holders	(735)	(365)
Dividends paid to non-controlling interest shareholders	(58)	(109)
Net purchases of treasury shares held on behalf of contract holders	32	(142)
Net purchases of treasury shares held by subsidiary for employees	–	(291)
Transactions with non-controlling interest shareholders	–	21
Net issue of subordinated call notes	913	–
<b>Net cash outflow from financing activities</b>	<b>(4 060)</b>	(310)
<b>Net cash flow</b>	<b>(7 410)</b>	7 494
Cash resources and funds on deposit at beginning	36 822	30 439
Foreign currency translation	(692)	(1 111)
<b>Cash resources and funds on deposit at end</b>	<b>28 720</b>	36 822
<b>Made up as follows:</b>		
Cash and cash equivalents	28 720	36 822

<sup>1</sup> Refer to note 12 for more information on the restatements.

<sup>2</sup> Net investments in associates and joint ventures consist of capital contributions of negative R647 million and sales of Rnil.

# Notes to the summarised audited annual financial statements

## NOTE 1

### EARNINGS

Normalised headline earnings adjust the JSE definition of headline earnings for the dilutive impact of finance costs related to preference shares that can be converted into ordinary shares of the Group, the impact of treasury shares held by policyholder funds and the iSabelo Trust, the amortisation of intangible assets arising from business combinations and B-BBEE costs. Additionally, the iSabelo special purpose vehicle, which houses preference shares issued as part of the employee share ownership scheme's funding arrangement is deemed to be external from the Group and the discount at which the iSabelo Trust acquired the MMH treasury shares is amortised over a period of 10 years and recognised as a reduction to normalised headline earnings.

	Basic earnings		Diluted earnings	
	12 mths to 30.06.2022 Rm	12 mths to 30.06.2021 Rm	12 mths to 30.06.2022 Rm	12 mths to 30.06.2021 Rm
<b>EARNINGS</b>				
<b>attributable to owners of the parent</b>				
<b>Earnings – equity holders of the Group</b>	<b>3 711</b>	451	<b>3 711</b>	451
Finance costs – convertible preference shares <sup>1</sup>			37	–
<b>Diluted earnings</b>			<b>3 748</b>	451
Adjustments within equity-accounted earnings	16	28	16	28
Loss on dilution of joint venture	–	5	–	5
Intangible asset impairments <sup>2</sup>	709	117	709	117
Tax on intangible asset impairments	4	(40)	4	(40)
Gain on sale of associate and joint venture <sup>3</sup>	(246)	–	(246)	–
Gain on sale of subsidiary <sup>4</sup>	–	(150)	–	(150)
FCTR reversal on sale of foreign subsidiary	–	(17)	–	(17)
Investment in associates impairments <sup>5</sup>	–	38	–	38
Net impairment of owner-occupied property below cost <sup>6</sup>	35	116	35	116
Tax on net impairment of owner-occupied property below cost	4	(103)	4	(103)
<b>Headline earnings<sup>7</sup></b>	<b>4 233</b>	445	<b>4 270</b>	445
B-BBEE costs			11	25
Adjustments for iSabelo <sup>8</sup>			(54)	40
Adjustments for MMH shares held by policyholder funds			(134)	54
Amortisation of intangible assets relating to business combinations			290	406
Finance costs – convertible preference shares <sup>1</sup>			–	37
<b>Normalised headline earnings<sup>9, 10</sup></b>			<b>4 383</b>	1 007

<sup>1</sup> The finance costs relating to the KTH preference shares were anti-dilutive in the prior year and it accordingly was only taken into account in the calculation of normalised headline earnings for that year.

<sup>2</sup> The current year impairments relate mainly to:

– Goodwill recognised as part of the acquisition of the Alexander Forbes Short-term Insurance business (Non-life Insurance segment). The recoverable amount (R2 002 million) of the cash-generating unit (Momentum Insure) is determined based on value-in-use calculations with reference to directors' valuations (DVs). The impairment is due to a revision of the 5-year forecast that reflects a more subdued medium-term growth outlook. The remaining goodwill balance after the impairment is R478 million.

The prior year impairments related mainly to:

– Value of in-force business acquired in Shareholders segment due to a decrease in the asset values that back these liabilities.  
– The reversal of impairments relating to computer software in Momentum Metropolitan Africa segment due to a higher recoverable amount.

<sup>3</sup> Relates to the sale of aYo Holdings Ltd, the related intellectual property sold as part of the disposal, as well as the sale of Aluwani.

<sup>4</sup> The prior year related mainly to the sale of the controlling interest in Methealth Namibia Administrators (Pty) Ltd (MHNA) as well as the sale of Metropolitan Life Zambia Ltd, Metropolitan Health Zambia Ltd, Metropolitan Tanzania Life Assurance Company Ltd and Metropolitan Tanzania Insurance Company Ltd in the Momentum Metropolitan Africa segment.

<sup>5</sup> Related to the impairment of RMI Investment Managers Affiliates 2 (Pty) Ltd due to a decline in value of this associate.

<sup>6</sup> The impairment in the current and prior year mainly relate to the impairment of the Marc, Tower 2. The impairment can largely be attributed to the decline in market rental rates for office property in Sandton in recent years, as well as considering the weak property market outlook as a result of the Covid-19 pandemic.

<sup>7</sup> Headline earnings consist of operating profit, investment return, investment variances and basis and other changes. The long-term insurance industry exemption which allows that net realised and unrealised fair value gains on investment properties not being excluded from headline earnings has been applied.

<sup>8</sup> This mainly includes the add back of the IFRS 2 expense incurred as a result of the employee share ownership scheme, as well as the investment income earned on the preference shares issued to the iSabelo special purpose vehicle. In the current year, it also includes the fair value loss on these preference shares.

<sup>9</sup> As announced in February 2022, the South African corporate tax rate will be reduced from 28% to 27%, effective for years of assessment ending on or after 31 March 2023. As a result, the closing deferred tax balance at 30 June 2022 has been adjusted to take into account the change in rate. In accordance with the Headline Earnings Circular 1/2021, the items impacting headline earnings have been adjusted to take this change into account.

<sup>10</sup> Refer to note 2 for an analysis of normalised headline earnings per segment.

# Notes to the summarised audited annual financial statements continued

## NOTE 1 CONTINUED

### EARNINGS PER SHARE (cents) attributable to owners of the parent

	12 mths to 30.06.2022	12 mths to 30.06.2021
<b>Basic</b>		
Earnings	260.6	31.3
Headline earnings	297.3	30.9
Weighted average number of shares (million) <sup>1</sup>	1 424	1 439
Basic number of shares in issue (million)	1 424	1 423
<b>Diluted<sup>2</sup></b>		
Normalised headline earnings	287.2	67.1
Weighted average number of shares (million) <sup>3</sup>	1 526	1 500
Diluted number of shares in issue (million)	1 526	1 526
Earnings	256.9	31.3
Headline earnings	292.7	30.9
Weighted average number of shares (million) <sup>1</sup>	1 459	1 439

<sup>1</sup> For basic and diluted earnings and headline earnings per share, treasury shares held on behalf of contract holders as well as those held by a subsidiary on behalf of employees are deemed to be cancelled.

<sup>2</sup> On a diluted basis, the KTH preference shares were anti-dilutive in the prior year. For diluted earnings and headline earnings, these preference shares were therefore ignored in accordance with IAS 33 for that year. Normalised headline earnings treats the preference shares as if they were ordinary equity. This treatment is consistent with how the preference shares are treated when dilutive.

<sup>3</sup> For normalised headline earnings per share, treasury shares held on behalf of contract holders as well as those held by a subsidiary on behalf of employees are deemed to be issued.

## NOTE 2

### SEGMENTAL REPORT

The Group's reporting view reflects the following segments:

- **Momentum Life:** Momentum Life includes protection and savings products focused on the middle and affluent client segments, as well as Multiply, a wellness focused client engagement platform.
- **Momentum Investments:** Momentum Investments consists of the Momentum Wealth platform business, local and offshore asset management operations, retail annuities and guaranteed investments, as well as Eris Properties.
- **Metropolitan Life:** Metropolitan Life focuses on the lower and middle income retail market segment, with a range of protection, savings and annuity products.
- **Momentum Corporate:** Momentum Corporate offers group risk, annuities, pension savings and umbrella fund (FundsAtWork) products.
- **Momentum Metropolitan Health:** Provides healthcare solutions to individuals, corporates and the public sector within a range of structures and products.
- **Non-life Insurance:** Non-life Insurance comprises the retail general insurance offering, Momentum Insure (previously Momentum Short-term Insurance and Momentum Insurance); and the cell captive insurer, Guardrisk.
- **Momentum Metropolitan Africa:** This segment includes the Group's operations within other African countries. This includes life insurance, non-life insurance, health insurance and administration and asset management. Botswana, Lesotho and Namibia contributes most materially to the results of this segment.
- **New Initiatives:** This includes India, aYo, Multiply Money, Exponential Ventures and Momentum Consult.
- **Shareholders:** The Shareholders segment represents the investment return on venture capital fund investments, a proportion of the investment returns from MML, less the head office costs not allocated to operating segments (eg certain holding company expenses).

The Executive Committee of the Group assesses the performance of the operating segments based on normalised headline earnings.

A reconciliation of earnings to normalised headline earnings is provided in note 1.

Refer to the embedded value report for in depth detail on covered business.

NOTE 2 CONTINUED

SEGMENTAL REPORT CONTINUED

	Notes	Momentum Life Rm	Momentum Investments Rm	Momentum Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Non-life Insurance Rm	Momentum Metropolitan Africa Rm	New Initiatives Rm	Shareholders Rm	Segmental total Rm	Reconciling items <sup>1</sup> Rm	Total Rm
<b>12 mths to 30.06.2022</b>													
<b>Revenue</b>													
Net insurance premiums	2.4	9 889	30 732	8 239	17 509	1 186	14 035	5 620	-	-	87 210	(48 317)	38 893
Recurring premiums		9 392	869	6 450	12 798	1 186	10 907	4 015	-	-	45 617	(14 328)	31 289
Single premiums		497	29 863	1 789	4 711	-	3 128	1 605	-	-	41 593	(33 989)	7 604
Fee income		1 274	3 689	70	1 237	2 315	1 685	189	123	546	11 128	(1 861)	9 267
Fee income	2.3, 2.4	1 233	2 976	70	1 234	2 261	1 685	189	83	-	9 731	(464)	9 267
Intergroup fee income		41	713	-	3	54	-	-	40	546	1 397	(1 397)	-
<b>Expenses</b>													
Net payments to contract holders													
External payments		11 250	27 035	6 485	19 917	724	6 373	3 418	-	-	75 202	(44 826)	30 376
Other expenses <sup>2</sup>		3 350	3 579	3 072	1 611	2 320	5 445	1 747	215	775	22 114	2 653	24 767
Sales remuneration		1 324	998	1 402	85	83	3 070	675	37	-	7 674	-	7 674
Administration expenses		1 783	1 927	1 506	1 222	1 826	2 099	830	105	1 381	12 679	2 888	15 567
Asset management, direct property and other fee expenses		53	286	-	-	7	-	2	1	15	364	1 162	1 526
Intergroup expenses		190	368	164	304	404	276	240	72	(621)	1 397	(1 397)	-
<b>Normalised headline earnings</b>													
Operating profit/(loss) <sup>3</sup>	2.1	1 110	938	672	1 174	209	461	118	(466)	167	4 383	-	4 383
Tax on operating profit/(loss)		1 395	1 145	845	1 475	295	450	22	(467)	(285)	4 875	-	4 875
Investment return		(419)	(275)	(239)	(426)	(83)	(51)	(14)	(1)	(4)	(1 512)	-	(1 512)
Tax on investment return		143	83	71	134	(4)	70	137	2	535	1 171	-	1 171
		(9)	(15)	(5)	(9)	1	(8)	(27)	-	(79)	(151)	-	(151)
Covered	2.2	1 164	680	670	1 172	-	-	202	-	(17)	3 871	-	3 871
Non-covered	2.2	(54)	258	2	2	209	461	(84)	(466)	184	512	-	512
		1 110	938	672	1 174	209	461	118	(466)	167	4 383	-	4 383
<b>Basis changes and investment variances<sup>4</sup></b>													
		307	136	95	399	-	-	39	-	75	1 051	-	1 051
<b>Actuarial liabilities</b>		74 637	190 001	36 265	107 064	108	45 052	16 899	-	148	470 174	-	470 174

<sup>1</sup> Reconciling items include investment contract business premiums and claims; intergroup fee income and expenses; direct property (R460 million) and asset management fees for all entities (R702 million), except non-life entities, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; asset management fees from cell captive business (R2 395 million); the amortisation of intangible assets relating to business combinations (R475 million); expenses relating to consolidated CISs and other minor adjustments to expenses and fee income.

<sup>2</sup> Other expenses consists of the following line items on the income statement: depreciation, amortisation and impairment expenses; employee benefit expenses; sales remuneration and other expenses.

<sup>3</sup> Operating profit/(loss) is normalised headline earnings gross of tax less investment return.

<sup>4</sup> Basis changes and investment variances are included in normalised headline earnings and are net of tax. The reported numbers represent basis changes on in-force business and investment variances that are aligned with embedded value reporting.

# Notes to the summarised audited annual financial statements continued

## NOTE 2 CONTINUED SEGMENTAL REPORT CONTINUED

	Notes	Momentum Life Rm	Momentum Investments Rm	Momentum Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Non-life Insurance Rm	Momentum Metropolitan Africa Rm	New Initiatives Rm	Shareholders Rm	Segmental total Rm	Reconciling items <sup>1</sup> Rm	Total Rm
<b>Restated 12 mths to 30.06.2021<sup>2</sup></b>													
<b>Revenue</b>													
Net insurance premiums	2.4	9 516	32 361	7 657	14 864	932	11 146	4 839	–	–	81 315	(44 279)	37 036
Recurring premiums		8 976	766	6 233	12 346	931	9 291	3 867	–	–	42 410	(12 674)	29 736
Single premiums		540	31 595	1 424	2 518	1	1 855	972	–	–	38 905	(31 605)	7 300
Fee income		1 226	3 427	106	1 011	2 123	1 995	224	90	112	10 314	(1 292)	9 022
Fee income	2.3, 2.4	1 182	2 785	106	1 010	2 120	1 997	224	69	–	9 493	(471)	9 022
Intergroup fee income		44	642	–	1	3	(2)	–	21	112	821	(821)	–
<b>Expenses</b>													
Net payments to contract holders		10 718	29 551	6 564	18 102	633	6 265	2 701	–	–	74 534	(43 396)	31 138
External payments		3 451	3 072	2 808	1 497	2 014	4 452	1 536	239	316	19 385	2 898	22 283
Other expenses <sup>3</sup>		1 357	858	1 265	88	45	2 890	658	32	–	7 193	–	7 193
Sales remuneration		1 917	1 704	1 489	1 184	1 625	1 362	656	174	910	11 021	2 650	13 671
Administration expenses		67	258	–	–	6	–	2	4	14	351	1 068	1 419
Asset management, direct property and other fee expenses		110	252	54	225	338	200	220	29	(608)	820	(820)	–
Intergroup expenses		(859)	1 095	435	(552)	213	544	256	(358)	233	1 007	–	1 007
<b>Normalised headline earnings</b>	2.1	(1 346)	1 490	513	(827)	282	699	122	(360)	(219)	354	–	354
Operating (loss)/profit <sup>4</sup>		355	(387)	(146)	220	(68)	(191)	(60)	–	(4)	(281)	–	(281)
Tax on operating (loss)/profit		151	(14)	79	64	(1)	50	248	2	597	1 176	–	1 176
Investment return		(19)	6	(11)	(9)	–	(14)	(54)	–	(141)	(242)	–	(242)
Tax on investment return		(822)	885	433	(547)	–	–	225	–	90	264	–	264
Covered	2.2	(37)	210	2	(5)	213	544	31	(358)	143	743	–	743
Non-covered	2.2	(859)	1 095	435	(552)	213	544	256	(358)	233	1 007	–	1 007
<b>Basis changes and investment variances<sup>5</sup></b>		(1 486)	327	(278)	(774)	–	–	(26)	–	31	(2 206)	–	(2 206)
<b>Actuarial liabilities</b>		76 910	185 275	36 608	106 351	35	32 952	15 889	–	190	454 210	–	454 210

<sup>1</sup> Reconciling items include investment contract business premiums and claims; intergroup fee income and expenses; direct property (R468 million) and asset management fees for all entities (Restated R600 million), except non-life entities, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; asset management fees from cell captive business (R2 044 million); the amortisation of intangible assets relating to business combinations (R558 million); expenses relating to consolidated CISA and other minor adjustments to expenses and fee income.

<sup>2</sup> Refer to note 12 for more information on the restatements.

<sup>3</sup> Other expenses consists of the following line items on the income statement: depreciation, amortisation and impairment expenses; employee benefit expenses; sales remuneration and other expenses.

<sup>4</sup> Operating (loss)/profit is normalised headline earnings gross of tax less investment return.

<sup>5</sup> Basis changes and investment variances are included in normalised headline earnings and are net of tax. The reported numbers represent basis changes on in-force business and investment variances that are aligned with embedded value reporting.

**NOTE 2.1****CHANGE IN NORMALISED HEADLINE EARNINGS**

	Notes	Change %	12 mths to 30.06.2022 Rm	12 mths to 30.06.2021 Rm
Momentum Life		>100	1 110	(859)
Momentum Investments		(14)	938	1 095
Metropolitan Life		54	672	435
Momentum Corporate		>100	1 174	(552)
Momentum Metropolitan Health		(2)	209	213
Non-life Insurance		(15)	461	544
Momentum Metropolitan Africa		(54)	118	256
<b>Normalised headline earnings from operating segments</b>		<b>&gt;100</b>	<b>4 682</b>	<b>1 132</b>
New Initiatives		(30)	(466)	(358)
Shareholders		(28)	167	233
<b>Total normalised headline earnings</b>	2	<b>&gt;100</b>	<b>4 383</b>	<b>1 007</b>

# Notes to the summarised audited annual financial statements

## continued

### NOTE 2.2 SEGMENTAL ANALYSIS

	Notes	Momentum Life Rm	Momentum Investments Rm	Momentum Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Non-life Insurance Rm	Momentum Metropolitan Africa Rm	New Initiatives Rm	Shareholders Rm	Total Rm
<b>12 mths to 30.06.2022</b>											
<b>Covered</b>											
Protection		749	-	214	759	-	-	5	-	-	1 727
Long-term savings		159	(17)	201	314	-	-	157	-	-	814
Annuities and structured products		-	641	166	34	-	-	55	-	-	896
Traditional		126	-	38	-	-	-	(6)	-	-	158
Other <sup>1</sup>		1	(4)	(15)	(60)	-	-	(43)	-	53	(68)
Investment return		129	60	66	125	-	-	34	-	(70)	344
<b>Total</b>	2	1 164	680	670	1 172	-	-	202	-	(17)	3 871
<b>Non-covered</b>											
Investment and savings	2.2.1	-	249	-	-	-	-	-	-	-	249
Life insurance		-	-	-	-	-	-	(23)	-	-	(23)
Health	2.2.2	-	-	-	-	212	-	20	-	-	232
Momentum Multiply		(50)	-	-	-	-	-	-	-	-	(50)
Non-life insurance	2.2.3	-	-	-	-	-	(9)	(32)	-	-	(41)
Cell captives	2.2.3	-	-	-	-	-	408	-	-	-	408
Holding company expenses		-	-	-	-	-	-	(125)	-	(206)	(331)
New Initiatives India	2.2.4	-	-	-	-	-	-	-	(338)	-	(338)
New Initiatives aYo		-	-	-	-	-	-	-	(1)	-	(1)
Other <sup>2</sup>		(9)	1	2	2	-	-	-	(129)	(136)	(269)
Investment return		5	8	-	-	(3)	62	76	2	526	676
<b>Total</b>	2	(54)	258	2	2	209	461	(84)	(466)	184	512
<b>Normalised headline earnings</b>		1 110	938	672	1 174	209	461	118	(466)	167	4 383

<sup>1</sup> Included in Other are once-off items that are not linked to a specific product as well as earnings that are not policyholder related.

<sup>2</sup> Included in Other is mainly Multiply Money as well as earnings that are not policyholder related.



**NOTE 2.2 CONTINUED**

**SEGMENTAL ANALYSIS CONTINUED**

	Notes	Momentum Life Rm	Momentum Investments Rm	Metropolitan Life <sup>1</sup> Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Non-life Insurance Rm	Momentum Metropolitan Africa Rm	New Initiatives Rm	Shareholders Rm	Total Rm
<b>Restated</b>											
<b>12 mths to 30.06.2021</b>											
<b>Covered</b>											
Protection		(1 110)	-	78	(997)	-	-	(2)	-	-	(2 031)
Long-term savings		236	107	28	257	-	-	114	-	-	742
Annuities and structured products		-	779	216	175	-	-	26	-	-	1 196
Traditional		(216)	-	81	-	-	-	6	-	-	(129)
Other <sup>2</sup>		146	18	(38)	(36)	-	-	3	-	58	151
Investment return		122	(19)	68	54	-	-	78	-	32	335
<b>Total</b>	2	(822)	885	433	(547)	-	-	225	-	90	264
<b>Non-covered</b>											
Investment and savings	2.2.1	-	199	-	-	-	-	-	-	-	199
Life insurance		-	-	-	-	-	-	(4)	-	-	(4)
Health	2.2.2	-	-	-	-	214	-	82	-	-	296
Momentum Multiply		(40)	-	-	-	-	-	-	-	-	(40)
Non-life insurance	2.2.3	-	-	-	-	-	133	(27)	-	-	106
Cell captives	2.2.3	-	-	-	-	-	375	-	-	-	375
Holding company expenses		-	-	-	-	-	-	(108)	-	(193)	(301)
New initiatives India	2.2.4	-	-	-	-	-	-	-	(230)	-	(230)
New initiatives aYo		-	-	-	-	-	-	-	(17)	-	(17)
Other <sup>3</sup>		(7)	-	2	(6)	-	-	(28)	(113)	(88)	(240)
Investment return		10	11	-	1	(1)	36	116	2	424	599
<b>Total</b>	2	(37)	210	2	(5)	213	544	31	(358)	143	743
<b>Normalised headline earnings</b>											
		(859)	1 095	435	(552)	213	544	256	(358)	233	1 007

<sup>1</sup> There has been a revision to the reporting disclosure within covered Metropolitan Life mainly relating to GetUp development expenses as well as the treatment of the expected profit on the income stabilisation reserve. June 2021 has been restated accordingly.

<sup>2</sup> Included in Other are once-off items that are not linked to a specific product as well as earnings that are not policyholder related.

<sup>3</sup> Included in Other is mainly Multiply Money as well as earnings that are not policyholder related.

# Notes to the summarised audited annual financial statements continued

## NOTE 2.2.1

### MOMENTUM INVESTMENTS – NON-COVERED BUSINESS

	Notes	12 mths to 30.06.2022 Rm	Restated 12 mths to 30.06.2021 <sup>1</sup> Rm
<b>Revenue</b>		<b>1 714</b>	1 576
Fee income		1 645	1 522
Investment income		53	32
Fair value gains		16	22
<b>Expenses and finance costs</b>		<b>(1 428)</b>	(1 306)
Other expenses		(1 391)	(1 276)
Finance costs		(37)	(30)
Share of profit of associates		37	17
<b>Profit before tax</b>		<b>323</b>	287
Income tax expense		(60)	(73)
Non-controlling interest		(5)	(4)
<b>Normalised headline earnings</b>		<b>258</b>	210
Operating profit before tax	2.2	309	271
Tax on operating profit	2.2	(60)	(72)
Investment return		10	12
Tax on investment return		(1)	(1)
<b>Normalised headline earnings</b>		<b>258</b>	210
<b>Assets under management<sup>2</sup></b>		<b>518 727</b>	492 656

<sup>1</sup> The Fee income and Other expenses line items were erroneously grossed up for intercompany transactions within the Momentum Investments segment. June 2021 has been restated accordingly.

<sup>2</sup> Refer to the Analysis of assets managed and/or administered note for more information on the restatements other than footnote 1.

**NOTE 2.2.2**

**HEALTH – NON-COVERED BUSINESS**

	Notes	Momentum Metropolitan Health Rm	Momentum Metropolitan Africa Rm	Total Rm
<b>12 mths to 30.06.2022</b>				
<b>Revenue</b>		3 482	596	4 078
Net insurance premiums		1 186	571	1 757
Fee income		2 263	2	2 265
Investment income		18	23	41
Intergroup fees		15	–	15
<b>Expenses and finance costs</b>		(3 067)	(583)	(3 650)
Net payments to contract holders		(724)	(434)	(1 158)
Change in actuarial liabilities		1	–	1
Other expenses		(2 341)	(149)	(2 490)
Finance costs		(3)	–	(3)
Share of profit of associates		12	26	38
<b>Profit before tax</b>		427	39	466
Income tax expense		(116)	(4)	(120)
Non-controlling interest		(102)	1	(101)
<b>Normalised headline earnings</b>		209	36	245
Operating profit before tax	2.2	295	20	315
Tax on operating profit	2.2	(83)	–	(83)
Investment return		(4)	21	17
Tax on investment return		1	(5)	(4)
<b>Normalised headline earnings</b>		209	36	245
<b>Closed schemes</b>		24	36	60
<b>Open scheme</b>		104	–	104
<b>Other</b>		81	–	81
		209	36	245

	Principal members	Lives
Momentum Metropolitan Health principal members	1 184 094	
Momentum Metropolitan Africa lives		404 890

# Notes to the summarised audited annual financial statements continued

## NOTE 2.2.2 CONTINUED

### HEALTH – NON-COVERED BUSINESS CONTINUED

	Notes	Momentum Metropolitan Health Rm	Momentum Metropolitan Africa Rm	Total Rm
<b>12 mths to 30.06.2021</b>				
<b>Revenue</b>		3 087	634	3 721
Net insurance premiums		932	518	1 450
Fee income		2 121	82	2 203
Investment income		12	34	46
Intergroup fees		22	–	22
<b>Expenses and finance costs</b>		(2 698)	(477)	(3 175)
Net payments to contract holders		(633)	(314)	(947)
Change in actuarial liabilities		(7)	(2)	(9)
Other expenses		(2 055)	(160)	(2 215)
Finance costs		(3)	(1)	(4)
Share of profit of associates		13	15	28
<b>Profit before tax</b>		402	172	574
Income tax expense		(104)	(44)	(148)
Non-controlling interest		(85)	(22)	(107)
<b>Normalised headline earnings</b>		213	106	319
Operating profit before tax	2.2	282	117	399
Tax on operating profit	2.2	(68)	(35)	(103)
Investment return		(1)	24	23
<b>Normalised headline earnings</b>		213	106	319
<b>Closed schemes</b>		49	106	155
<b>Open scheme</b>		75	–	75
<b>Other</b>		89	–	89
		213	106	319

	Principal members	Lives
Momentum Metropolitan Health principal members	1 164 241	
Momentum Metropolitan Africa lives		432 663

### NOTE 2.2.3

#### NON-LIFE INSURANCE

	Notes	Non-life business Rm	Cell captive business Rm	Momentum Metropolitan Africa Rm	Total Rm
<b>12 mths to 30.06.2022</b>					
Gross written premiums		2 878	–	432	3 310
Net insurance premiums		2 753	–	344	3 097
Fee income		3	1 119	89	1 211
Management fees		–	635	–	635
Investment fees		–	79	–	79
Underwriting fees		–	399	–	399
Other fee income		3	6	89	98
Investment income		76	166	33	275
<b>Total income</b>		<b>2 832</b>	<b>1 285</b>	<b>466</b>	<b>4 583</b>
<b>Expenses and finance costs</b>		<b>(2 913)</b>	<b>(688)</b>	<b>(462)</b>	<b>(4 063)</b>
Net payments to contract holders		(1 916)	–	(185)	(2 101)
Change in actuarial liabilities		–	–	19	19
Acquisition costs <sup>1</sup>		(206)	–	(73)	(279)
Other expenses		(791)	(673)	(223)	(1 687)
Finance costs		–	(15)	–	(15)
<b>(Loss)/Profit before tax</b>		<b>(81)</b>	<b>597</b>	<b>4</b>	<b>520</b>
Income tax expense		94	(149)	(4)	(59)
Non-controlling interest		–	–	(5)	(5)
<b>Normalised headline earnings</b>		<b>13</b>	<b>448</b>	<b>(5)</b>	<b>456</b>
Operating (loss)/profit before tax	2.2	(111)	558	(29)	418
Tax on operating (loss)/profit	2.2	102	(150)	(3)	(51)
Investment return		31	39	27	97
Tax on investment return		(9)	1	–	(8)
<b>Normalised headline earnings</b>		<b>13</b>	<b>448</b>	<b>(5)</b>	<b>456</b>
Momentum Insurance (including Admin)		13	–	–	13
Guardrisk Group		–	448	–	448
Momentum Insurance (Namibia)		–	–	8	8
Momentum Short-term Insurance (Namibia)		–	–	5	5
Cannon Short-term		–	–	(18)	(18)
		<b>13</b>	<b>448</b>	<b>(5)</b>	<b>456</b>

<sup>1</sup> The acquisition costs relating to the cell captive business are included in underwriting fees.

# Notes to the summarised audited annual financial statements continued

## NOTE 2.2.3 CONTINUED

### NON-LIFE INSURANCE CONTINUED

	Notes	Non-life business Rm	Cell captive business Rm	Momentum Metropolitan Africa Rm	Total Rm
<b>Restated 12 mths to 30.06.2021<sup>1</sup></b>					
Gross written premiums		2 793	–	472	3 265
Net insurance premiums		1 495	–	271	1 766
Fee income		537	952	67	1 556
Management fees		–	590	–	590
Investment fees		–	79	–	79
Underwriting fees		–	276	–	276
Other fee income		537	7	67	611
Investment income		69	145	59	273
<b>Total income</b>		2 101	1 097	397	3 595
<b>Expenses and finance costs</b>		(1 861)	(587)	(369)	(2 817)
Net payments to contract holders		(926)	–	(139)	(1 065)
Change in actuarial liabilities		–	–	(26)	(26)
Acquisition costs <sup>2</sup>		(270)	–	(52)	(322)
Other expenses		(665)	(572)	(152)	(1 389)
Finance costs		–	(15)	–	(15)
<b>Profit before tax</b>		240	510	28	778
Income tax expense		(74)	(132)	(1)	(207)
Non-controlling interest		–	–	(2)	(2)
<b>Normalised headline earnings</b>		166	378	25	569
Operating profit/(loss) before tax	2.2	193	506	(26)	673
Tax on operating profit/(loss)	2.2	(60)	(131)	(1)	(192)
Investment return		46	3	52	101
Tax on investment return		(13)	–	–	(13)
<b>Normalised headline earnings</b>		166	378	25	569
Momentum Short-term Insurance (including Admin)		2	–	–	2
Momentum Insurance		164	–	–	164
Guardrisk Group		–	378	–	378
Momentum Insurance (Namibia)		–	–	1	1
Tanzania		–	–	–	–
Momentum Short-term Insurance (Namibia)		–	–	1	1
Cannon Short-term		–	–	23	23
		166	378	25	569

<sup>1</sup> Momentum Insurance acquisition costs were incorrectly shown as Other expenses. June 2021 has been restated accordingly.

<sup>2</sup> The acquisition costs relating to the cell captive business are included in underwriting fees.

## NOTE 2.2.4

### INDIA – NON-COVERED BUSINESS<sup>1</sup>

	Notes	12 mths to 30.06.2022 Rm	12 mths to 30.06.2021 Rm
<b>Gross written premiums</b>		3 522	2 710
Net earned premiums		2 426	1 765
Fee income		21	26
Net incurred claims		(1 688)	(883)
Total management expenses		(1 545)	(1 393)
Net commission expenses		(39)	(103)
<b>Underwriting loss</b>		(825)	(588)
Investment income		145	130
<b>Operating loss</b>		(680)	(458)
Investment income on excess		48	46
<b>Loss before and after tax</b>		(632)	(412)
MMH share of results (49%)		(310)	(202)
Group support costs		(32)	(28)
Group IT and IT services		4	–
<b>Normalised headline earnings</b>	2.2	(338)	(230)
Number of lives		18 789 363	13 414 469

<sup>1</sup> The India results have been reported with a three month lag.

## NOTE 2.3

### SEGMENT IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

	Notes	Total revenue in scope of IFRS 15					
		Contract admini- stration Rm	Trust and fiduciary services Rm	Health admini- stration Rm	Cell captive commission Rm	Other fee income Rm	Total fee income Rm
<b>12 mths to 30.06.2022</b>							
Momentum Life		1 043	20	–	–	170	1 233
Momentum Investments		1 561	1 243	–	–	172	2 976
Metropolitan Life		–	–	–	–	70	70
Momentum Corporate		759	431	–	–	44	1 234
Momentum Metropolitan Health		–	–	2 246	–	15	2 261
Non-life Insurance		121	–	–	1 496	68	1 685
Momentum Metropolitan Africa		49	26	–	–	114	189
New Initiatives		–	–	–	–	83	83
<b>Segmental total</b>		<b>3 533</b>	<b>1 720</b>	<b>2 246</b>	<b>1 496</b>	<b>736</b>	<b>9 731</b>
Reconciling items		–	(468)	–	–	4	(464)
<b>Total</b>	2	<b>3 533</b>	<b>1 252</b>	<b>2 246</b>	<b>1 496</b>	<b>740</b>	<b>9 267</b>
<b>Restated</b>							
<b>12 mths to 30.06.2021<sup>1</sup></b>							
Momentum Life		963	19	–	–	200	1 182
Momentum Investments		1 459	1 162	–	–	164	2 785
Metropolitan Life		36	–	–	–	70	106
Momentum Corporate		537	421	–	–	52	1 010
Momentum Metropolitan Health		1	–	2 102	–	17	2 120
Non-life Insurance		99	–	–	1 319	579	1 997
Momentum Metropolitan Africa		24	22	5	3	170	224
New Initiatives		–	–	–	–	69	69
<b>Segmental total</b>		<b>3 119</b>	<b>1 624</b>	<b>2 107</b>	<b>1 322</b>	<b>1 321</b>	<b>9 493</b>
Reconciling items		–	(474)	–	–	3	(471)
<b>Total</b>	2	<b>3 119</b>	<b>1 150</b>	<b>2 107</b>	<b>1 322</b>	<b>1 324</b>	<b>9 022</b>

<sup>1</sup> Refer to note 12 for more information on the restatements.

# Notes to the summarised audited annual financial statements continued

## NOTE 2.4

### SEGMENT REVENUE PER GEOGRAPHICAL BASIS

	Notes	SA Rm	Non-SA Rm	Total revenue Rm
<b>12 mths to 30.06.2022</b>				
Momentum Life		11 122	–	11 122
Momentum Investments		33 020	688	33 708
Metropolitan Life		8 309	–	8 309
Momentum Corporate		18 743	–	18 743
Momentum Metropolitan Health		3 447	–	3 447
Non-life Insurance		14 840	880	15 720
Momentum Metropolitan Africa		–	5 809	5 809
New Initiatives		83	–	83
<b>Segmental total</b>		<b>89 564</b>	<b>7 377</b>	<b>96 941</b>
Reconciling items		(47 105)	(1 676)	(48 781)
<b>Total</b>	2	<b>42 459</b>	<b>5 701</b>	<b>48 160</b>
<b>Restated</b>				
<b>12 mths to 30.06.2021<sup>1</sup></b>				
Momentum Life		10 698	–	10 698
Momentum Investments		34 426	720	35 146
Metropolitan Life		7 763	–	7 763
Momentum Corporate		15 874	–	15 874
Momentum Metropolitan Health		3 052	–	3 052
Non-life Insurance		11 875	1 268	13 143
Momentum Metropolitan Africa		–	5 063	5 063
New Initiatives		62	7	69
<b>Segmental total</b>		<b>83 750</b>	<b>7 058</b>	<b>90 808</b>
Reconciling items		(42 962)	(1 788)	(44 750)
<b>Total</b>	2	<b>40 788</b>	<b>5 270</b>	<b>46 058</b>

<sup>1</sup> Refer to note 12 for more information on the restatements.



### NOTE 3

#### NON-CONTROLLING INTERESTS (legal percentages)

	30.06.2022	30.06.2021
	%	%
Cannon General Insurance	33.7	33.7
Eris Property Group	23.1	23.1
Metropolitan Health Ghana	15.0	15.0
Cannon Life Assurance	33.7	33.7
Momentum Metropolitan Namibia	0.8	0.8
Momentum Mozambique	33.0	33.0
Metropolitan Health Corporate <sup>1</sup>	29.5	49.0
Momentum Short-term Insurance (Namibia)	30.0	30.0
Momentum Insurance (Namibia)	30.0	30.0
Momentum Health Solutions <sup>1</sup>	27.0	–

<sup>1</sup> A strategic restructuring resulted in a change of the non-controlling interest of these subsidiaries.

### NOTE 4

#### BUSINESS COMBINATIONS

##### JUNE 2022

There were no significant business combinations for the 12 months ended June 2022.

##### JUNE 2021

###### Seneca Investment Managers Ltd (Seneca)

On 30 November 2020, the Group, through its wholly owned subsidiary, Momentum Global Investment Management Ltd (MGIM), acquired 100% of the shares in Seneca for £8.22 million in cash and £5 million contingent consideration. The contingent consideration is dependant on certain targets being met. If no targets are met, the payment will be nil and if the targets are met, a maximum payment of £5 million will be made.

###### Alexander Forbes Insurance Company Namibia Ltd (AFIN)

On 9 December 2020, the Group, through its 70% owned subsidiary, Momentum Short-term Insurance (Namibia) Ltd, acquired 100% in AFIN. AFIN has since been renamed to Momentum Insurance (Namibia). The initial accounting for the AFIN acquisition was provisionally determined and was presented as preliminary at 30 June 2021. The acquisition accounting has been finalised and has resulted in a revision of the purchase consideration from N\$40 million in cash and N\$10 million contingent consideration to a purchase consideration of N\$32 million which comprises a cash component of N\$32 million and a contingent consideration of nil. The excess cash of N\$8 million represents a receivable at the acquisition date. June 2021 has been restated accordingly.

###### Inniu Underwriting Services (Pty) Ltd (Inniu)

On 1 June 2021, the Group, through its wholly owned subsidiary, Guardrisk Group (Pty) Ltd, acquired 100% of the shares in Inniu for R41 million in cash and R19 million contingent consideration.

There were no other significant business combinations for the 12 months ended June 2021.

# Notes to the summarised audited annual financial statements continued

## NOTE 4 CONTINUED

### BUSINESS COMBINATIONS CONTINUED

The purchase price consideration, the net assets acquired and any relevant goodwill relating to the above transactions are as follows:

	30.06.2021 Seneca Rm	Restated 30.06.2021 <sup>1</sup> Other Rm	Restated 30.06.2021 <sup>1</sup> Total Rm
<b>Purchase consideration in total</b>	283	92	375
<b>Fair value of net assets</b>			
Intangible assets	138	48	186
Tangible assets	1	18	19
Financial instrument assets	10	582	592
Reinsurance contract assets	–	125	125
Insurance and other receivables	–	22	22
Cash and cash equivalents <sup>2</sup>	26	17	43
Insurance contract liabilities	–	(721)	(721)
Other liabilities	(31)	(61)	(92)
<b>Net identifiable assets acquired</b>	144	30	174
Goodwill recognised	139	62	201
Contingent liability payments	(107)	(19)	(126)
Refund receivable	–	8	8
<b>Purchase consideration in cash<sup>2</sup></b>	176	81	257
Revenue since acquisition	26	36	104
Earnings since acquisition	4	2	6

<sup>1</sup> Refer to note 12 for more information on the restatements.

<sup>2</sup> In the prior year, the acquisition of subsidiaries resulted in a cash outflow of R257 million relating to the purchase consideration in cash and an inflow of R43 million relating to cash and cash equivalents recognised as part of the net assets acquired. This resulted in a net cash outflow of R214 million relating to the purchase of subsidiaries.

In the current year the first contingent payment of £3 million (R64 million) was paid in relation to the acquisition of Seneca. Subsequently, the change in the United Kingdom macro-economic conditions has meant that the full criteria for the remaining contingent consideration to Seneca is not expected to be met. As such the estimated contingent consideration payable has been revised downward by R18 million.

In the prior year, the above acquisitions resulted in a total of R201 million goodwill being recognised, attributable to certain anticipated operating synergies. The goodwill is not deductible for tax purposes. In the prior year, if the acquisitions were made on 1 July 2020, additional revenue of R26 million and loss after tax of R5 million would have been recognised.

## NOTE 5

### GOODWILL

	30.06.2022 Rm	Restated 30.06.2021 <sup>1</sup> Rm
Cost	2 968	2 965
Accumulated impairment	(1 194)	(476)
<b>Balance at end</b>	1 774	2 489
Balance at beginning	2 489	2 288
Business combinations <sup>2</sup>	1	201
Impairment charges <sup>3</sup>	(718)	–
Exchange differences	2	–
<b>Balance at end</b>	1 774	2 489

<sup>1</sup> Refer to note 12 for more information on the restatements.

<sup>2</sup> June 2021 mainly related to the acquisition of Seneca.

<sup>3</sup> Goodwill recognised as part of the acquisition of the Alexander Forbes Short-term Insurance business (Non-life Insurance segment), which was subsequently renamed to Momentum Insurance and thereafter integrated into Momentum Insure from 1 July 2021, was impaired in the current year due to a revision of the 5-year forecast that reflects a more subdued medium-term growth outlook. Should the medium-term outlook not be achieved, the remaining goodwill balance may be impaired by a further R478 million.

## NOTE 6

### FINANCE COSTS

	30.06.2022 Rm	Restated 30.06.2021 <sup>1</sup> Rm
Cost of trading positions	1 286	748
Subordinated debt	345	353
Cost of carry positions	347	198
Other finance costs	204	184
Redeemable preference shares	145	133
<b>Total</b>	2 327	1 616

<sup>1</sup> Refer to note 12 for more information on the restatements.

## NOTE 7

### SIGNIFICANT RELATED PARTY TRANSACTIONS

R60 million of the ordinary dividends declared by MMH in September 2021 and R140 million of the ordinary dividends declared in March 2022 (R100 million of the ordinary dividends declared in March 2021) were attributable to RMI. As a result of RMI unbundling its shareholding in MMH on 25 April 2022, RMI is no longer a related party as of that date.

## NOTE 8

### DISPOSAL OF SUBSIDIARY

	<b>30.06.2021</b>
	<b>Rm</b>
<b>Assets/(liabilities) disposed of:</b>	
Financial assets at FVPL	10
Financial assets at amortised cost	98
Investment properties	178
Cash and cash equivalents	84
Other assets	75
Long-term insurance contracts	(30)
Financial liabilities at amortised cost	(175)
Other liabilities	(122)
<b>Net assets sold</b>	<b>118</b>
Non-controlling interests disposed of	(41)
Investment in associate recognised	(184)
Loan to associate	(38)
Profit on sale of subsidiary	150
<b>Cash flow from sale of subsidiary</b>	<b>5</b>

In the prior year, the Group disposed of its entire holding in Metropolitan Life Zambia Ltd, Metropolitan Health Zambia Ltd, Metropolitan Tanzania Life Assurance Company Ltd, Metropolitan Tanzania Insurance Company Ltd and a portion of its holding in MHNA and South African Student Accommodation Impact Investments (Pty) Ltd (SASAI). MHNA and SASAI are now classified as investments in associates as the Group has significant influence over these investments.

## NOTE 9

### OTHER RESERVES

	<b>30.06.2022</b>	<b>30.06.2021</b>
	<b>Rm</b>	<b>Rm</b>
Land and building revaluation reserve	311	409
FCTR	(16)	(106)
Non-distributable reserve	73	66
Employee benefit revaluation reserve	23	84
Fair value adjustment for preference shares issued by MMH	940	940
Equity-settled share-based payment arrangements	122	76
<b>Total</b>	<b>1 453</b>	<b>1 469</b>

# Notes to the summarised audited annual financial statements continued

## NOTE 10

### DIVIDENDS

	2022	2021
<b>Ordinary listed MMH shares (cents per share)</b>		
Interim – March	35	25
Final – September	65	15
<b>Total</b>	<b>100</b>	<b>40</b>

### MMH convertible redeemable preference shares (issued to KTH)

The A3 MMH preference shares were redeemable on 30 June 2022 at a redemption value of R9.18 per share unless converted into MMH ordinary shares on a one-for-one basis prior to that date. The preference shares were not redeemed on 30 June 2022 and an extension was entered into in the current year for a further 5 months. The ordinary shares were originally issued at a price of R10.18 per share. Dividends are payable on the remaining preference shares at 132 cents per annum (payable March and September). MMH subscribed for a cumulative, redeemable preference share in Off The Shelf Investments 108 (Pty) Ltd (a subsidiary of KTH) which is linked to the A3 preference shares acquired in 2011. The dividends on the Off The Shelf Investments preference share aligns the A3 preference share dividend to the ordinary dividends.

	2022 Rm	2021 Rm
<b>A3 MMH preference share dividends – KTH</b>		
Interim – March	19	19
Final – September	19	19
<b>Total</b>	<b>38</b>	<b>38</b>

## NOTE 11

### FINANCIAL INSTRUMENTS SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IFRS 9

	FVPL				Not in scope of IFRS 9 Rm	Total Rm
	Mandatorily Rm	Designated <sup>1</sup> Rm	Total fair value Rm	Amortised cost Rm		
<b>30.06.2022</b>						
Unit-linked investments	184 886	–	184 886	–	–	184 886
Debt securities	45 386	129 395	174 781	481	–	175 262
Equity securities <sup>2</sup>	96 646	–	96 646	–	–	96 646
Carry positions	–	1 124	1 124	–	–	1 124
Funds on deposit and other money market instruments	13 442	16 718	30 160	263	–	30 423
Derivative financial assets	1 914	–	1 914	–	–	1 914
Financial assets at amortised cost	–	–	–	7 995	–	7 995
Insurance and other receivables (excluding accelerated rental and prepayments)	–	–	–	–	6 861	6 861
Cash and cash equivalents	–	–	–	28 720	–	28 720
<b>Total financial assets</b>	<b>342 274</b>	<b>147 237</b>	<b>489 511</b>	<b>37 459</b>	<b>6 861</b>	<b>533 831</b>
Investment contracts with DPF <sup>3</sup>	–	–	–	–	3 031	3 031
Investment contracts designated at FVPL	–	318 758	318 758	–	–	318 758
CIS liabilities	–	30 782	30 782	–	–	30 782
Subordinated call notes	–	5 327	5 327	–	–	5 327
Carry positions	–	7 723	7 723	–	–	7 723
Preference shares	–	337	337	–	–	337
Derivative financial liabilities	3 039	–	3 039	–	–	3 039
Other borrowings	878	55	933	–	–	933
Financial liabilities at amortised cost	–	–	–	4 148	188	4 336
Other payables (excluding premiums in advance and deferred revenue liability)	–	–	–	10 981	6 647	17 628
<b>Total financial liabilities</b>	<b>3 917</b>	<b>362 982</b>	<b>366 899</b>	<b>15 129</b>	<b>9 866</b>	<b>391 894</b>

<sup>1</sup> Assets designated at fair value mainly consists of policyholder assets which back policyholder liabilities which are carried at FVPL. The amount of change, during the period and cumulatively, in the fair value of financial assets designated at FVPL that is attributable to changes in the credit risk of the financial asset is determined as the change triggered by factors other than changes in the benchmark rate. The impact of the changes in credit risk for both the current and prior year is immaterial.

<sup>2</sup> Equity securities are classified as FVPL at inception.

<sup>3</sup> As a result of an update to legislation, namely Financial Sector Conduct Authority (FSCA) Standard 5 of 2020, certain investment contracts that were previously classified as investment contracts with DPF were reclassified to investment contracts designated at FVPL. The update in the legislation resulted in a modification to the contract which resulted in the derecognition of investment contracts with DPF and recognition of investment contracts designated at FVPL.

NOTE 11 CONTINUED

FINANCIAL INSTRUMENTS SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IFRS 9 CONTINUED

	FVPL				Not in scope of IFRS 9 Rm	Total Rm
	Mandatorily Rm	Designated <sup>1</sup> Rm	Total fair value Rm	Amortised cost Rm		
<b>Restated 30.06.2021<sup>2</sup></b>						
Unit-linked investments <sup>3</sup>	178 981	–	178 981	–	–	178 981
Debt securities <sup>3,4</sup>	40 922	116 425	157 347	512	–	157 859
Equity securities <sup>5</sup>	105 163	–	105 163	–	–	105 163
Carry positions	–	4 461	4 461	–	–	4 461
Funds on deposit and other money market instruments <sup>3,4</sup>	10 023	12 626	22 649	311	–	22 960
Derivative financial assets	2 761	–	2 761	–	–	2 761
Financial assets at amortised cost	–	–	–	7 145	–	7 145
Insurance and other receivables (excluding accelerated rental and prepayments)	–	–	–	–	5 613	5 613
Cash and cash equivalents	–	–	–	36 822	–	36 822
<b>Total financial assets</b>	<b>337 850</b>	<b>133 512</b>	<b>471 362</b>	<b>44 790</b>	<b>5 613</b>	<b>521 765</b>
Investment contracts with DPF	–	–	–	–	19 222	19 222
Investment contracts designated at FVPL	–	292 500	292 500	–	–	292 500
CIS liabilities	–	29 372	29 372	–	–	29 372
Subordinated call notes	–	4 429	4 429	–	–	4 429
Carry positions	–	11 692	11 692	–	–	11 692
Preference shares	–	357	357	–	–	357
Derivative financial liabilities	3 993	–	3 993	–	–	3 993
Other borrowings	1 170	–	1 170	–	–	1 170
Financial liabilities at amortised cost	–	–	–	3 944	220	4 164
Other payables (excluding premiums in advance and deferred revenue liability)	–	–	–	8 367	6 872	15 239
<b>Total financial liabilities</b>	<b>5 163</b>	<b>338 350</b>	<b>343 513</b>	<b>12 311</b>	<b>26 314</b>	<b>382 138</b>

<sup>1</sup> Assets designated at fair value mainly consists of policyholder assets which back policyholder liabilities which are carried at FVPL. The amount of change, during the period and cumulatively, in the fair value of financial assets designated at FVPL that is attributable to changes in the credit risk of the financial asset is determined as the change triggered by factors other than changes in the benchmark rate.

<sup>2</sup> Refer to note 12 for more information on the restatements.

<sup>3</sup> Upon further investigation it was concluded that funds on deposit classified as designated at FVPL of R643 million should have been classified as debt securities classified as designated at FVPL (R256 million) and unit-linked investments classified as mandatorily at FVPL (R386 million). June 2021 has been restated accordingly.

<sup>4</sup> Upon further investigation it was concluded that funds on deposit and other money market instruments classified as mandatorily at FVPL (R569 million) and debt securities classified as mandatorily at FVPL (R3 billion) should have been classified as designated at FVPL. June 2021 has been restated accordingly.

<sup>5</sup> Equity securities are classified as FVPL at inception.

# Notes to the summarised audited annual financial statements continued

## NOTE 11.1

### FINANCIAL INSTRUMENTS FAIR VALUE HIERARCHY

The different valuation method levels have been defined as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** Input other than quoted prices included within level 1 that is observable for the asset or liability, either directly (ie, prices) or indirectly (ie, derived from prices)
- **Level 3:** Input for the asset or liability that is not based on observable market data (unobservable input)

### FINANCIAL ASSETS

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
<b>30.06.2022</b>				
Securities at FVPL	339 107	144 216	6 188	489 511
Unit-linked investments				
CISs <sup>1</sup>				
Local unlisted or listed quoted	113 859	1 214	–	115 073
Local unlisted unquoted	–	16	–	16
Foreign unlisted or listed quoted	53 645	270	55	53 970
Foreign unlisted unquoted	–	1 529	58	1 587
Other unit-linked investments				
Local unlisted or listed quoted	3 364	1	–	3 365
Local unlisted unquoted	–	6 620	3 132	9 752
Foreign unlisted or listed quoted	463	–	–	463
Foreign unlisted unquoted	–	96	564	660
Debt securities				
Stock and loans to government and other public bodies				
Local listed	70 362	10 789	1	81 152
Foreign listed	1 590	3 652	2	5 244
Unlisted	–	3 650	1 371	5 021
Other debt instruments				
Local listed	1	43 832	3	43 836
Foreign listed	10	3 281	64	3 355
Unlisted	–	35 717	456	36 173
Equity securities				
Local listed	60 522	3	1	60 526
Foreign listed	35 221	567	146	35 934
Unlisted	–	27	159	186
Funds on deposit and other money market instruments	–	30 155	5	30 160
Carry positions	–	1 124	–	1 124
Derivative financial assets – held for trading	70	1 673	171	1 914
	<b>339 107</b>	<b>144 216</b>	<b>6 188</b>	<b>489 511</b>

<sup>1</sup> CISs are classified as level 1 when there is an active market of transactions between investors and CISs based on a published price.

There were no significant transfers between level 1 and 2 assets for both the current and prior year.

**NOTE 11.1 CONTINUED**

**FINANCIAL INSTRUMENTS FAIR VALUE HIERARCHY CONTINUED**

**FINANCIAL ASSETS**

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
<b>Restated</b>				
<b>30.06.2021<sup>1</sup></b>				
Securities at FVPL	333 827	132 153	5 382	471 362
Unit-linked investments				
CISs <sup>2</sup>				
Local unlisted or listed quoted <sup>3, 4, 5, 6</sup>	112 026	1 182	–	113 208
Local unlisted unquoted	–	17	–	17
Foreign unlisted or listed quoted <sup>7</sup>	49 432	51	58	49 541
Foreign unlisted unquoted <sup>8</sup>	–	1 161	263	1 424
Other unit-linked investments				
Local unlisted or listed quoted <sup>4</sup>	3 330	2	–	3 332
Local unlisted unquoted <sup>5</sup>	–	7 542	2 427	9 969
Foreign unlisted or listed quoted <sup>7</sup>	187	108	54	349
Foreign unlisted unquoted <sup>8</sup>	3	948	190	1 141
Debt securities				
Stock and loans to government and other public bodies				
Local listed	62 641	11 111	820	74 572
Foreign listed	1 775	3 220	2	4 997
Unlisted <sup>9</sup>	–	3 578	672	4 250
Other debt instruments				
Local listed <sup>6, 10</sup>	–	39 868	103	39 971
Foreign listed	–	2 506	64	2 570
Unlisted <sup>9</sup>	–	30 675	312	30 987
Equity securities				
Local listed	68 291	3	1	68 295
Foreign listed	36 101	517	128	36 746
Unlisted	–	17	105	122
Funds on deposit and other money market instruments <sup>6</sup>	–	22 644	5	22 649
Carry positions	–	4 461	–	4 461
Derivative financial assets – held for trading	41	2 542	178	2 761
	333 827	132 153	5 382	471 362

<sup>1</sup> Refer to note 12 for more information on the restatements other than footnotes 3, 4, 5, 6, 7, 8, 9 and 10.

<sup>2</sup> CISs are classified as level 1 when there is an active market of transactions between investors and CISs based on a published price.

<sup>3</sup> Upon further interrogation it was noted that R280 million local unlisted or listed quoted CISs were inappropriately classified as level 1 and should have been classified as level 2. June 2021 has been restated accordingly.

<sup>4</sup> Upon further interrogation it was noted that R17 million local unlisted or listed quoted other unit-linked investments included in level 2 was inappropriately classified as such and should have been classified as local unlisted or listed quoted CISs included in level 1. June 2021 has been restated accordingly.

<sup>5</sup> Upon further interrogation it was noted that R33 million local unlisted unquoted other unit-linked investments included in level 3 was inappropriately classified as such and should have been classified as local unlisted or listed quoted CISs included in level 1. June 2021 has been restated accordingly.

<sup>6</sup> Upon further interrogation it was concluded that funds of deposit of R643 million included in level 2 should have been classified as debt securities (R256 million) included in level 2 and CIS (R386 million) included in level 1. June 2021 has been restated accordingly.

<sup>7</sup> Upon further interrogation it was noted that R108 million foreign unlisted or listed quoted CISs included in level 2 was inappropriately classified as such and should have been classified as foreign unlisted or listed quoted other unit-linked investments included in level 2. June 2021 has been restated accordingly.

<sup>8</sup> Upon further interrogation it was noted that R932 million foreign unlisted unquoted CISs included in level 2 was inappropriately classified as such and should have been classified as foreign unlisted unquoted other unit-linked investments included in level 2. June 2021 has been restated accordingly.

<sup>9</sup> Upon further interrogation it was noted that R153 million unlisted other debt instruments included in level 2 was inappropriately classified as such and should have been classified as unlisted stock and loans to government and other public bodies included in level 3. June 2021 has been restated accordingly.

<sup>10</sup> Upon further interrogation it was noted that R94 million local listed other debt instruments was inappropriately included in level 2 and should have been included in level 3. June 2021 has been restated accordingly.

There were no significant transfers in and out of level 1 and 2 respectively in the prior year.

# Notes to the summarised audited annual financial statements continued

## NOTE 11.1 CONTINUED

### FINANCIAL INSTRUMENTS FAIR VALUE HIERARCHY CONTINUED

#### FINANCIAL LIABILITIES

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
<b>30.06.2022</b>				
Investment contracts designated at FVPL	–	318 748	10	318 758
Financial liabilities at FVPL	31 577	16 142	422	48 141
CIS liabilities	30 768	–	14	30 782
Subordinated call notes	–	5 327	–	5 327
Carry positions	–	7 723	–	7 723
Preference shares	–	43	294	337
Derivative financial liabilities – held for trading	3	3 036	–	3 039
Other borrowings	806	13	114	933
	<b>31 577</b>	<b>334 890</b>	<b>432</b>	<b>366 899</b>
<b>Restated</b>				
<b>30.06.2021<sup>1</sup></b>				
Investment contracts designated at FVPL	–	292 477	23	292 500
Financial liabilities at FVPL	30 304	20 177	532	51 013
CIS liabilities	29 354	–	18	29 372
Subordinated call notes	–	4 429	–	4 429
Carry positions	–	11 692	–	11 692
Preference shares	–	44	313	357
Derivative financial liabilities – held for trading	1	3 992	–	3 993
Other borrowings	949	20	201	1 170
	30 304	312 654	555	343 513

<sup>1</sup> Refer to note 12 for more information on the restatements.

There were no significant transfers between level 1 and level 2 liabilities for both the current and prior year.



**NOTE 11.2**
**FAIR VALUE OF LEVEL 3 FINANCIAL ASSETS**

	At FVPL					Total Rm
	Unit-linked investments Rm	Debt securities Rm	Equity securities Rm	Funds on deposit and other money market instruments Rm	Derivative financial assets Rm	
<b>12 mths to 30.06.2022</b>						
Opening balance	2 992	1 973	234	5	178	5 382
Total gains/(losses) in net realised and unrealised fair value gains in the income statement						
Realised gains/(losses)	107	17	(49)	–	–	75
Unrealised gains/(losses)	998	(40)	39	–	3	1 000
Foreign exchange adjustments	(3)	–	1	–	2	–
Accrued interest in investment income in the income statement	–	56	–	–	–	56
Other	(4)	(3)	–	–	–	(7)
Purchases	459	865	176	–	–	1 500
Sales	(284)	(916)	(133)	–	–	(1 333)
Settlements	(464)	(68)	–	–	(12)	(544)
Transfers into level 3 from level 2 <sup>1</sup>	8	13	69	–	–	90
Transfers out to level 2 <sup>2</sup>	–	–	(31)	–	–	(31)
Closing balance	3 809	1 897	306	5	171	6 188
<b>Restated</b>						
<b>12 mths to 30.06.2021<sup>3</sup></b>						
Opening balance	2 667	1 166	296	5	–	4 134
Transfer to assets relating to disposal groups held for sale	(10)	–	–	–	–	(10)
Transfer to other asset classes	–	–	–	–	4	4
Total gains/(losses) in net realised and unrealised fair value gains in the income statement						
Realised (losses)/gains	(35)	6	(6)	–	–	(35)
Unrealised gains/(losses)	109	(211)	(74)	–	181	5
Foreign exchange adjustments	(4)	–	(19)	–	(7)	(30)
Accrued interest in investment income in the income statement	–	47	–	–	–	47
Purchases	626	1 281	42	–	–	1 949
Sales	(343)	(862)	(1)	–	–	(1 206)
Settlements	(10)	(279)	–	–	–	(289)
Transfers into level 3 from level 1 <sup>4</sup>	–	–	1	–	–	1
Transfers into level 3 from level 2 <sup>4</sup>	25	825	33	–	–	883
Transfers out to level 2 <sup>2</sup>	–	–	(38)	–	–	(38)
Transfers out to level 1 <sup>5</sup>	(33)	–	–	–	–	(33)
Closing balance	2 992	1 973	234	5	178	5 382

<sup>1</sup> Level 2 equity securities (R52 million) were transferred to level 3 as the instrument's price was stale for more than 30 days.

<sup>2</sup> Transfers out to level 2 relates mainly to assets with inputs to valuation techniques that are no longer stale.

<sup>3</sup> Refer to note 12 for more information on the restatements.

<sup>4</sup> Transfers into level 3 equity securities and unit-linked investments relates mainly to assets with stale prices. Debt securities of R759 million were transferred from level 2 to level 3 in June 2021 as a result of fair value adjustments processed due to recoverability and credit risk. The remaining debt securities which were transferred in June 2021 related to instruments with stale prices.

<sup>5</sup> Upon further investigation it was noted that R33 million other unit-linked investments included in level 3 was inappropriately classified as such and should have been classified as local unlisted or listed quoted CIS included in level 1. June 2021 has been restated accordingly.

Transfers in and out of level 3 are deemed to have occurred at inception of reporting period at fair value.

# Notes to the summarised audited annual financial statements continued

## NOTE 11.2 CONTINUED

### SENSITIVITY OF SIGNIFICANT LEVEL 3 FINANCIAL ASSETS MEASURED AT FAIR VALUE TO CHANGES IN KEY ASSUMPTIONS:

	At FVPL	
	Unit-linked investments Rm	Debt securities Rm
<b>30.06.2022</b>		
Carrying amount	3 809	1 897
Assumption change	10% increase/ (decrease) in unit price	1% increase/ (decrease) in discount rates
Effect of increase in assumption	381	1
Effect of decrease in assumption	(381)	3
<b>Restated</b>		
<b>30.06.2021<sup>1,2</sup></b>		
Carrying amount	2 992	1 973
Assumption change	10% increase/ (decrease) in unit price	1% increase/ (decrease) in discount rates
Effect of increase in assumption	299	3
Effect of decrease in assumption	(299)	(13)

<sup>1</sup> Level 2 debt securities were reclassified to level 3 debt securities as through further interrogation it was deemed more appropriate.

<sup>2</sup> The carrying amount on which the assumptions are applied has been corrected. June 2021 sensitivities have been restated accordingly.

## NOTE 11.3

### FAIR VALUE OF LEVEL 3 FINANCIAL LIABILITIES

	At FVPL				
	Investment contracts designated at FVPL Rm	CIS liabilities Rm	Preference shares Rm	Other borrowings Rm	Total Rm
<b>12 mths to 30.06.2022</b>					
Opening balance	23	18	313	201	555
Total gains in net realised and unrealised fair value gains in the income statement					
Unrealised gains	(2)	(1)	(13)	(61)	(77)
Issues	–	4	–	35	39
Sales	–	(4)	–	–	(4)
Settlements	–	(3)	(6)	(64)	(73)
Contract holder movements					
Benefits paid	(11)	–	–	–	(11)
Exchange differences	–	–	–	3	3
Closing balance	10	14	294	114	432
<b>12 mths to 30.06.2021</b>					
Opening balance	26	22	–	110	158
Total (gains)/losses in net realised and unrealised fair value gains in the income statement					
Unrealised (gains)/losses	(3)	(7)	6	(8)	(12)
Issues	–	3	323	104	430
Settlements	–	–	(16)	–	(16)
Exchange differences	–	–	–	(5)	(5)
Closing balance	23	18	313	201	555

Sensitivity: Increasing/decreasing the net asset value of the underlying entity by 10% would decrease/increase the carrying amount of level 3 other borrowings by nil and nil (30.06.2021: nil and nil), respectively. Increasing/decreasing the assets under management growth rate by 10% would decrease/increase the carrying amount of the contingent consideration, included in other borrowings, in level 3 by R1.1 million and R1.1 million (30.06.2021: R1 million and nil) respectively.

## NOTE 11.4

### VALUATION TECHNIQUES

#### Group's valuation processes

The Group's in-house valuation experts perform the valuations of financial assets required for financial reporting purposes. Discussions of valuation processes and results are held at least bi-annually, in line with the Group's bi-annual reporting dates.

#### Critical accounting estimates and judgements

For venture capital fund investments that are classified as unit-linked investments, the Group applies the International Private Equity and Venture Capital (IPEV) valuation guidelines, which have been prepared with the goal that the derived fair value measurements are compliant with IFRS. The IPEV guidelines allow for adjustments post the valuation date for uncertainty related to time elapsing between the measurement dates of the fund manager and the investor, changes in market dynamics or other economic conditions, and facts or circumstances that may impact the valuation of start-up businesses. Management applies judgement if an adjustment is needed for any of these reasons.

The following are the methods and assumptions for determining the fair value when a valuation technique is used in respect of instruments classified as level 2.

Instrument	Valuation basis	Main assumptions
<b>Equities and similar securities</b>		
– Listed, local and foreign	Discounted cash flow (DCF), earnings multiple, published prices	Cost of capital, earnings multiple, consumer price index, budgets, cash flow forecasts
<b>Stock and loans to other public bodies</b>		
– Listed, local	Published yield of benchmark bond	Nominal bond curve, swap curve, credit spread, real bond curve, inflation curve
	Published price quotation	Nominal bond curve, swap curve, credit spread, real bond curve, inflation curve
– Listed, foreign	Published price quotation	Nominal bond curve, credit spread, currency rates
– Unlisted	DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread
<b>Other debt securities</b>		
– Listed, local	Published prices, DCF	Nominal bond curve, real bond curve, swap curve, consumer price index, credit spread
– Listed, foreign	Published prices, DCF	Nominal bond curve, credit spread and currency rates
– Unlisted	DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread, currency rates
	DCF, Black-scholes model	Yield curves, discount rates, volatilities
<b>Funds on deposit and other money market instruments</b>		
– Listed	DCF	Money market curve
	Published prices	Money market curve, credit spread
	Published yield of benchmark bond	Money market curve, credit spread
– Unlisted	DCF	Money market curve, nominal bond curve, swap curve, credit spread, inflation curve
<b>Unit-linked investments</b>	Adjusted NAV or NAV	Underlying asset and liability values
<b>Derivative assets and liabilities</b>	Black-scholes model (European options), binomial tree (American/Bermudan options), DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread, volatility, forward equity, currency rates
<b>Subordinated call notes (Liability)</b>	Published yield quotations	Nominal bond curve, real bond curve
<b>Carry position assets and liabilities</b>	DCF	Nominal bond curve, repo rates
<b>Investment contracts designated at FVPL</b>	Asset and liability matching method	Asset value

There were no significant changes in the valuation methods applied since the prior year.

# Notes to the summarised audited annual financial statements

## continued

### NOTE 11.4 CONTINUED

#### VALUATION TECHNIQUES CONTINUED

Information about fair value measurements using significant unobservable inputs for instruments classified as level 3

Financial assets	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
<b>Securities at FVPL</b>				
Equity securities				
– Foreign listed	Published prices	Adjustments for low liquidity or inactivity	Liquidity discount: 0% to 30% (30.06.2021: 0% to 30%)	Adjustments would result in lower fair value
– Unlisted	NAV	Underlying property valuations impacted by capitalisation rates, vacancy rates and potential capitalisation of project costs	Could vary significantly based on the value of the underlying properties <sup>1</sup>	The higher the capitalisation rate the lower the value of the property and the fair value. The higher the vacancy rate the lower the value of the property and the fair value <sup>1</sup>
	Adjusted NAV or NAV	Price per unit	Could vary significantly based on the assets and liabilities held by the investee <sup>1</sup>	The higher the NAV, the greater the fair value <sup>1</sup>
	DCF	Discount rate	Multiple unobservable inputs <sup>1</sup>	The higher the discount rate, the lower the fair value of the assets
<b>Debt securities</b>				
Stock and loans to government and other public bodies				
– Unlisted	DCF	Discount rate	8% to 13% (30.06.2021: 8.00% to 11.00%)	The higher the discount rate, the lower the fair value of the assets
	Published prices	Adjustments for recoverability and credit risk determined by collection rates of performing and non-performing loans.	Multiple unobservable inputs <sup>1</sup>	Adjustments would result in lower fair value
<b>Other debt instruments</b>				
– Unlisted	DCF, Black-scholes model	Discount rate, volatilities, yield curve	Multiple unobservable inputs <sup>1</sup>	Could vary significantly based on multiple inputs <sup>1</sup>
	DCF	Discount rate	6.41% to 17.92% (2021: 5% to 15.03%)	The higher the discount rate, the lower the fair value of the assets
	Last quoted price multiplied by number of units held	Price per unit	78c (30.06.2021: 78c)	The higher the price per unit, the higher the fair value
<b>Unit-linked investments</b>				
GIS				
– Foreign unlisted unquoted	Unit price of underlying assets/liabilities multiplied by number of units held	Price per unit	Could vary significantly based on the assets and liabilities held by the investee <sup>1</sup>	The higher the NAV, the greater the fair value <sup>1</sup>

<sup>1</sup> Quantitative information is not readily available as quantitative unobservable inputs are not developed by the Group.

**NOTE 11.4 CONTINUED****VALUATION TECHNIQUES CONTINUED**

Information about fair value measurements using significant unobservable inputs for instruments classified as level 3 continued

Financial assets	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
<b>Securities at FVPL</b> continued				
Other unit-linked investments				
– Local unlisted unquoted	Adjusted NAV or NAV	Price per unit	Could vary significantly due to range of holdings <sup>1</sup>	The higher the price per unit, the higher the fair value <sup>1</sup>
	Adjusted NAV or NAV	Underlying investment valuations impacted by funding rounds, market dynamics, economic conditions and internal business metrics.	Could vary significantly due to range of holdings <sup>1</sup>	The fair value varies based on any changes to the underlying investment valuations and judgemental adjustments applied by management
		Management applies judgement if an adjustment is required due to changes in market dynamics, economic conditions and internal business metrics.		
– Foreign unlisted unquoted	Adjusted NAV or NAV	Price per unit	Could vary significantly due to range of holdings <sup>1</sup>	The higher the price per unit, the higher the fair value <sup>1</sup>
	Adjusted NAV or NAV	Underlying investment valuations impacted by funding rounds, market dynamics, economic conditions and internal business metrics.	Could vary significantly due to range of holdings <sup>1</sup>	The fair value varies based on any changes to the underlying investment valuations and judgemental adjustments applied by management
		Management applies judgement if an adjustment is required due to changes in market dynamics, economic conditions and internal business metrics.		
Derivative financial assets	Adjusted NAV or NAV	Underlying investment valuations impacted by funding rounds, market dynamics, economic conditions and internal business metrics.	Could vary significantly due to range of inputs <sup>1</sup>	The fair value varies based on any changes to the underlying investment valuations and judgemental adjustments applied by management
		Management applies judgement if an adjustment is required due to changes in market dynamics, economic conditions and internal business metrics.		
<b>Financial liabilities</b>				
<b>Financial liabilities at FVPL</b>				
Other borrowings	DCF	AUM growth rate	3.25% (30.06.2021: 2.75% to 3.25%)	The higher the rate, the higher the fair value
Preference shares	DCF	Discount rate	3% (30.06.2021: 12.22%)	The higher the discount rate, the lower the fair value of the liability

<sup>1</sup> Quantitative information is not readily available as quantitative unobservable inputs are not developed by the Group.

There were no significant changes in the valuation methods applied since the prior year.

# Notes to the summarised audited annual financial statements continued

## NOTE 12

### RESTATEMENTS

The following restatements were made to the consolidated statement of financial position, income statement and statement of cash flows for the following periods:

Statement of financial position as at 30.06.2021	Before restatement Rm	Finance costs correction <sup>1</sup> Rm	Share portfolios reclassification <sup>2</sup> Rm	Hedge fund consolidation <sup>3</sup> Rm	Re-intermediation <sup>4</sup> Rm	CIS consolidation <sup>5</sup> Rm	AFIN <sup>6</sup> Rm	Contin-gency cells <sup>7</sup> Rm	Guardrisk cell reclassification <sup>8</sup> Rm	CGT variance <sup>9</sup> Rm	After restatement Rm
Intangible assets	9 888	—	—	—	—	—	51	—	—	—	9 939
Financial assets at FVPL	466 280	—	1 726	3 356	—	—	—	—	—	—	471 362
Financial assets at amortised cost	9 598	—	—	(1 630)	—	—	—	—	—	—	7 968
Reinsurance contract assets	6 717	—	—	—	—	—	132	—	—	—	6 849
Insurance and other receivables	6 406	—	—	—	—	—	(71)	—	(95)	—	6 240
Cash and cash equivalents	38 121	—	(1 726)	427	—	—	—	—	—	—	36 822
Insurance contract liabilities	(128 889)	—	—	—	—	—	—	154	—	(190)	(128 925)
Long-term insurance contracts	(13 349)	—	—	—	—	—	(92)	—	(122)	—	(13 563)
Non-life insurance contracts	—	—	—	—	—	—	—	—	—	—	—
Investment contracts	(292 563)	—	—	—	—	—	—	(154)	217	—	(292 500)
– designated at FVPL	(47 420)	—	—	(3 603)	—	—	10	—	—	—	(51 013)
Financial liabilities at FVPL	(2 722)	—	—	—	—	—	(7)	—	—	—	(2 729)
Deferred income tax	(18 829)	—	—	1 450	245	—	(23)	—	—	190	(16 967)
Other payables	(38)	—	—	—	(245)	—	—	—	—	—	(283)
Provisions	—	—	—	—	—	—	—	—	—	—	—
<b>as at 01.07.2020</b>											
Financial assets at FVPL	427 917	—	1 292	3 977	—	—	—	—	—	—	433 186
Financial assets at amortised cost	8 244	—	—	(2 181)	—	—	—	—	—	—	6 063
Insurance and other receivables	5 371	—	—	—	—	—	—	—	9	—	5 380
Cash and cash equivalents	31 596	—	(1 292)	110	—	—	—	—	—	—	30 414
Insurance contract liabilities	(114 554)	—	—	—	—	—	—	158	—	—	(114 396)
Long-term insurance contracts	(11 287)	—	—	—	—	—	—	—	(158)	—	(11 445)
Non-life insurance contracts	—	—	—	—	—	—	—	—	—	—	—
Investment contracts	(261 627)	—	—	—	—	—	—	(158)	149	—	(261 636)
– designated at FVPL	(47 645)	—	—	(4 662)	—	—	—	—	—	—	(52 307)
Financial liabilities at FVPL	(17 790)	—	—	2 756	245	—	—	—	—	—	(14 789)
Other payables	(76)	—	—	—	(245)	—	—	—	—	—	(321)
Provisions	—	—	—	—	—	—	—	—	—	—	—

<sup>1</sup> Finance costs correction relating to the elimination of an intercompany transaction. 30 June 2021 has been restated accordingly.

<sup>2</sup> Investments held in share portfolios were previously incorrectly classified as cash and cash equivalents. These share portfolios have now been correctly split into the underlying assets. June 2021 and June 2020 has been restated accordingly. Additionally, realised fair value gains on certain share portfolios incorrectly included dividends received. June 2021 has been restated accordingly.

<sup>3</sup> The Group invests into Qualified Investor Hedge funds that, as a result of the requirements in IFRS 10 - Consolidated financial statements, are consolidated. As a result of a further detailed review of the financial instruments held by these hedge funds, a number of refining correcting adjustments were required to the MMH statement of financial position and income statement. These adjustments do not impact the net asset value of the hedge fund nor that of MMH. The adjustments made in respect of the statement of financial position relate to the following:

- 1) the offset and classification of interest rate derivatives and carry positions.
- 2) the offset and recording of financed trade positions carried out in the funds.

The statement of financial position for June 2021 and June 2020 have been restated accordingly.

The adjustments made in respect of the income statement relate to the following:

- 1) inappropriate application of the offsetting criteria applied in respect of interest income and finance costs.
- 2) consolidation of the full income statement disclosures of the hedge funds, which resulted in a reclassification between the relevant lines of the income statement and fair value adjustments on CIS liabilities.

<sup>4</sup> In accordance with the Financial Advisory and Intermediary Services Act 37 of 2002, as well as the Policyholder Protection Rules, there is an obligation to reintermittate clients that are not linked to a financial advisor. Accumulated balances that were due to the financial advisors originally linked to policyholders, were previously reported as other payables. However, when these financial advisors went out of force, the balance was no longer contractually payable and therefore the payable should have been changed to a provision for the expected cost of reintermittation that is required in order to settle the obligation towards policyholders. In previous reporting periods this balance was however reported as a payable and has therefore been retrospectively corrected from a payable to a provision for the cost that is required to reintermittate these clients with in-force policies, but no financial advisors. 30 June 2021 and 1 July 2020 have been restated accordingly.

<sup>5</sup> Fee income correction relating to the over-elimination of asset management fees received on the CISs being consolidated into the Group. 30 June 2021 has been restated accordingly.

<sup>6</sup> The initial accounting for the AFIN acquisition was provisionally determined and was presented as preliminary at 30 June 2021. The accounting has been finalised and 30 June 2021 has been restated accordingly.

<sup>7</sup> Contingency policies were previously classified as insurance contracts in accordance with IFRS 4 – Insurance contracts. After reassessing the policy wording it was identified that there is no risk transfer as the policy benefits are limited to the funds available in the policy comprising of premiums plus investment growth with less claims and policy fees. These policies should therefore have been classified as investment contract liabilities in terms of IFRS 9 - Financial instruments. 30 June 2021 and 1 July 2020 have been restated accordingly.

<sup>8</sup> A cell previously classified as 1st party in terms of IFRS 9 – Financial instruments, has been reassessed based on the type of business underwritten in the cell to instead be classified in terms of IFRS 4 – Insurance contracts. 30 June 2021 and 1 July 2020 have been restated accordingly.

<sup>9</sup> Long-term insurance companies are required to pay tax on behalf of policyholders according to the five-funds tax approach as required by section 29A of the South African Income Tax Act of 1962. The approach requires the insurer to collect taxation in respect of policies held, determined by reference to different rates of tax (including effective capital gains tax rates) to be applied to different categories of policyholders. In practice, the collection of tax from policyholders and specifically capital gains tax, follows a more simplistic approach than the calculation that is used for the income tax calculation when submitting a tax return to the South African tax authorities. This difference in methodology, resulted in over-recoveries from policyholders. The over-recovery was accounted for as an other payable. Management has re-assessed the recognition of this balance and has created an actuarial data reserve. As such, the balance has subsequently been re-classified from other payables to insurance liabilities. 30 June 2021 has been restated accordingly.

**NOTE 12 CONTINUED**

**RESTATEMENTS CONTINUED**

<b>Income statement for the 12 mths to 30.06.2021</b>	<b>Before restatement Rm</b>	<b>Finance costs correction<sup>1</sup> Rm</b>	<b>Share portfolios reclassification<sup>2</sup> Rm</b>	<b>Hedge fund consolidation<sup>3</sup> Rm</b>	<b>Re-intermediation<sup>4</sup> Rm</b>	<b>CIS consolidation<sup>5</sup> Rm</b>	<b>AFIN<sup>6</sup> Rm</b>	<b>Contin-gency cells<sup>7</sup> Rm</b>	<b>Guardrisk cell reclassification<sup>8</sup> Rm</b>	<b>CGT variance<sup>9</sup> Rm</b>	<b>After restatement Rm</b>
Net insurance premiums	36 832	—	—	—	—	—	—	(1)	205	—	37 036
Fee income	8 911	—	—	—	—	—	—	3	(1)	—	9 022
Investment income	21 102	—	208	730	—	109	—	—	—	—	22 040
Net realised and unrealised fair value gains/(losses)	40 233 (31 141)	(41)	(208)	278	—	—	—	—	—	—	40 262 (31 138)
Net insurance benefits and claims	—	—	—	—	—	—	—	3	—	—	—
Change in actuarial liabilities and related reinsurance	—	—	—	—	—	—	—	—	—	—	—
Change in long-term insurance contract liabilities	(12 808)	—	—	—	—	—	—	(4)	—	(190)	(13 002)
Change in non-life insurance contract liabilities	77	—	—	—	—	—	—	—	1	—	78
Change in reinsurance assets	140	—	—	—	—	—	—	2	—	—	142
Fair value adjustments on investment contract liabilities	(34 188)	—	—	—	—	—	—	(3)	(1)	—	(34 192)
Fair value adjustments on CIS liabilities	(2 816)	—	—	(275)	—	—	—	—	—	—	(3 091)
Sales remuneration	(6 989)	—	—	—	—	—	—	—	(204)	—	(7 193)
Other expenses	(7 402)	—	—	15	—	(109)	—	—	—	190	(7 306)
Finance costs	(909)	41	—	(748)	—	—	—	—	—	—	(1 616)
<b>Earnings for the year</b>	<b>544</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>544</b>
<b>Statement of cash flows for the 12 mths to 30.06.2021</b>	<b>(6 998)</b>	<b>(41)</b>	<b>(642)</b>	<b>331</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(7 350)</b>
Cash utilised in operations	(897)	41	—	(748)	—	—	—	—	—	—	(1 604)
Interest paid	19 683	—	208	734	—	—	—	—	—	—	20 625
Interest and dividends received	—	—	—	—	—	—	—	—	—	—	—
Cash resources and funds on deposit at beginning	31 621	—	(1 292)	110	—	—	—	—	—	—	30 439
Cash resources and funds on deposit at end	38 121	—	(1 726)	427	—	—	—	—	—	—	36 822

<sup>1</sup> Finance costs correction relating to the elimination of an intercompany transaction. 30 June 2021 has been restated accordingly.

<sup>2</sup> Investments held in share portfolios were previously incorrectly classified as cash and cash equivalents. These share portfolios have now been correctly split into the underlying assets. June 2021 and June 2020 has been restated accordingly. Additionally, realised fair value gains on certain share portfolios incorrectly included dividends received. June 2021 has been restated accordingly.

<sup>3</sup> The Group invests into Qualified Investor Hedge funds that, as a result of the requirements in IFRS 10 - Consolidated financial statements, are consolidated. As a result of a further detailed review of the financial instruments held by these hedge funds, a number of refining correcting adjustments were required to the MMH statement of financial position and income statement. These adjustments do not impact the net asset value of the hedge fund nor that of MMH. The adjustments made in respect of the statement of financial position relate to the following:

1) the offset and classification of interest rate derivatives and carry positions.

2) the offset and recording of financed trade positions carried out in the funds.

The statement of financial position for June 2021 and June 2020 have been restated accordingly.

The adjustments made in respect of the income statement relate to the following:

1) inappropriate application of the offsetting criteria applied in respect of interest income and finance costs.

2) consolidation of the full income statement disclosures of the hedge funds, which resulted in a reclassification between the relevant lines of the income statement and fair value adjustments on CIS liabilities.

June 2021 has been restated accordingly.

<sup>4</sup> In accordance with the Financial Advisory and Intermediary Services Act 37 of 2002, as well as the Policyholder Protection Rules, there is an obligation to reintroduce clients that are not linked to a financial advisor. Accumulated balances that were due to the financial advisors originally linked to policyholders, were previously reported as other payables. However, when these financial advisors went out of force, the balance was no longer contractually payable and therefore the payable should have been changed to a provision for the expected cost of reintermediation that is required in order to settle the obligation towards policyholders. In previous reporting periods this balance was however reported as a payable and has therefore been retrospectively corrected from a payable to a provision to provide for the cost that is required to reintroduce these clients with in-force policies, but no financial advisors. 30 June 2021 and 1 July 2020 have been restated accordingly.

<sup>5</sup> Fee income correction relating to the over-elimination of asset management fees received on the CISs being consolidated into the Group. 30 June 2021 has been restated accordingly.

<sup>6</sup> The initial accounting for the AFIN acquisition was provisionally determined and was presented as preliminary at 30 June 2021. The accounting has been finalised and 30 June 2021 has been restated accordingly.

<sup>7</sup> Contingency policies were previously classified as insurance contracts in accordance with IFRS 4 – Insurance contracts. After reassessing the policy wording it was identified that there is no risk transfer as the policy benefits are limited to the funds available in the policy comprising of premiums plus investment growth with less claims and policy fees. These policies should therefore have been classified as investment contract liabilities in terms of IFRS 9 - Financial instruments. 30 June 2021 and 1 July 2020 have been restated accordingly.

<sup>8</sup> A cell previously classified as 1st party in terms of IFRS 9 – Financial instruments, has been reassessed based on the type of business underwritten in the cell to instead be classified in terms of IFRS 4 – Insurance contracts. 30 June 2021 and 1 July 2020 have been restated accordingly.

<sup>9</sup> Long-term insurance companies are required to pay tax on behalf of policyholders according to the five-funds tax approach as required by section 29A of the South African Income Tax Act of 1962. The approach requires the insurer to collect tax in respect of policies held, determined by reference to different rates of tax (including effective capital gains tax rates) to be applied to different categories of policyholders. In practice, the collection of tax from policyholders and specifically capital gains tax, follows a more simplistic approach than the calculation that is used for the income tax calculation when submitting a tax return to the South African tax authorities. This difference in methodology, resulted in over-recoveries from policyholders. The over-recovery was accounted for as an other payable. Management has re-assessed the recognition of this balance and has created an actuarial data reserve. As such, the balance has subsequently been re-classified from other payables to insurance liabilities. 30 June 2021 has been restated accordingly.

# Embedded value information

	30.06.2022 Rm	30.06.2021 Rm
<b>Embedded value results</b>		
<b>Covered business</b>		
Equity attributable to owners of the parent	24 620	21 575
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments	(2 015)	(2 014)
Net assets – non-covered business within life insurance companies	(3 394)	(3 982)
Net assets – non-covered business outside life insurance companies	(6 631)	(6 387)
<b>Diluted adjusted net worth – covered business</b>	<b>12 580</b>	9 192
<b>Net value of in-force business</b>	<b>20 650</b>	20 706
<b>Diluted embedded value – covered business</b>	<b>33 230</b>	29 898
<b>Non-covered business</b>		
Net assets – non-covered business within life insurance companies	3 394	3 982
Net assets – non-covered business outside life insurance companies	6 631	6 387
Consolidation adjustments <sup>1</sup>	(1 548)	(2 550)
Adjustments for dilution <sup>2</sup>	1 422	1 510
<b>Diluted adjusted net worth – non-covered business</b>	<b>9 899</b>	9 329
<b>Write-up to directors' value</b>	<b>2 299</b>	2 101
Non-covered business	5 247	5 475
Holding company expenses <sup>3</sup>	(1 839)	(2 204)
International holding company expenses <sup>3</sup>	(1 109)	(1 170)
<b>Diluted embedded value – non-covered business</b>	<b>12 198</b>	11 430
Diluted adjusted net worth	22 479	18 521
Net value of in-force business	20 650	20 706
Write-up to directors' value	2 299	2 101
<b>Diluted embedded value</b>	<b>45 428</b>	41 328
Required capital – covered business (adjusted for qualifying debt) <sup>4</sup>	6 633	6 451
Free surplus – covered business	5 947	2 741
Diluted embedded value per share (cents)	2 977	2 708
Diluted adjusted net worth per share (cents)	1 473	1 214
Diluted number of shares in issue (million) <sup>5</sup>	1 526	1 526

<sup>1</sup> Consolidation adjustments include mainly goodwill and intangibles in subsidiaries that are eliminated.

<sup>2</sup> Adjustments for dilution are made up as follows:

- Treasury shares held on behalf of contract holders: R407 million (30.06.2021: R587 million)
- Liabilities related to iSabelo transaction: R763 million (30.06.2021: R678 million); and
- Liability – MMH convertible preference shares issued to KTH: R252 million (30.06.2021: R245 million).

<sup>3</sup> The holding company expenses reflect the present value of projected recurring head office expenses. The international holding company expenses reflect the allowance for support services to the international businesses.

<sup>4</sup> The required capital for in-force covered business amounts to R10 936 million (30.06.2021: R10 881 million) and is adjusted for qualifying debt of R4 303 million (the total qualifying debt amounts to R5 327 million when including R1 024 million of subordinated debt to be redeemed in August 2022 (including accrued interest); 30.06.2021: R4 430 million).

<sup>5</sup> The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders as well as those held by a subsidiary related to the iSabelo transaction.



	30.06.2022 Rm	30.06.2021 Rm
<b>Analysis of net value of in-force business</b>		
<b>Momentum Life</b>	<b>9 832</b>	9 501
Gross value of in-force business	<b>10 585</b>	10 330
Less cost of required capital	<b>(753)</b>	(829)
<b>Momentum Investments<sup>1</sup></b>	<b>1 410</b>	1 389
Gross value of in-force business	<b>1 794</b>	1 707
Less cost of required capital	<b>(384)</b>	(318)
<b>Metropolitan Life</b>	<b>3 950</b>	4 190
Gross value of in-force business	<b>4 425</b>	4 593
Less cost of required capital	<b>(475)</b>	(403)
<b>Momentum Corporate</b>	<b>2 948</b>	3 136
Gross value of in-force business	<b>4 080</b>	4 092
Less cost of required capital	<b>(1 132)</b>	(956)
<b>Momentum Metropolitan Africa</b>	<b>2 510</b>	2 490
Gross value of in-force business	<b>2 885</b>	2 856
Less cost of required capital	<b>(375)</b>	(366)
<b>Net value of in-force business</b>	<b>20 650</b>	20 706

<sup>1</sup> Included in covered business is Wealth business not deemed to be long-term insurance business with a value of in-force of R160 million (30.06.2021: R51 million).

	Adjusted net worth <sup>2,3</sup> Rm	Net value of in-force Rm	30.06.2022 Rm	Restated 30.06.2021 <sup>2</sup> Rm
<b>Embedded value detail</b>				
<b>Covered business</b>				
Momentum Life	2 600	9 832	<b>12 432</b>	13 001
Momentum Investments <sup>1</sup>	1 707	1 410	<b>3 117</b>	2 405
Metropolitan Life	1 800	3 950	<b>5 750</b>	5 990
Momentum Corporate	3 600	2 948	<b>6 548</b>	6 536
Momentum Metropolitan Africa	1 229	2 510	<b>3 739</b>	3 655
<b>Operating segments<sup>2</sup></b>	10 936	20 650	<b>31 586</b>	31 587
Qualifying Debt	(4 303)	–	<b>(4 303)</b>	(4 430)
Free Surplus	5 947	–	<b>5 947</b>	2 741
<b>Total covered business</b>	12 580	20 650	<b>33 230</b>	29 898

<sup>1</sup> Included in covered business is Wealth business not deemed to be long-term insurance business with a value of in-force of R160 million (30.06.2021: R51 million).

<sup>2</sup> The embedded value of the covered operating segments have been restated to more clearly disclose the required capital referenced in the valuation (cost of required capital). The embedded value consist of the following components:

	30.06.2022 Rm	Restated 30.06.2021 Rm
Required capital	<b>10 936</b>	10 881
Net value of in-force	<b>20 650</b>	20 706
<b>Operating segments embedded value</b>	<b>31 586</b>	31 587

<sup>3</sup> Intercompany loans are carried by the units that utilise the funding, aligned with capital management practices.

# Embedded value information continued

Embedded value detail continued	Adjusted net worth <sup>2</sup> Rm	Write-up to directors' value Rm	30.06.2022 Rm	30.06.2021 Rm
<b>Non-covered business</b>				
Momentum Life	156	(620)	(464)	(563)
Momentum Multiply	144	(620)	(476)	(566)
Other	12	–	12	3
Momentum Investments	1 159	1 423	2 582	2 559
Investment and savings	1 050	1 429	2 479	2 334
Other	109	(6)	103	225
Metropolitan Life	9	–	9	7
Other	9	–	9	7
Momentum Corporate	109	–	109	80
Other	109	–	109	80
Momentum Metropolitan Health	467	599	1 066	1 234
Health	467	599	1 066	1 234
Non-life Insurance	3 859	2 763	6 622	6 776
Non-life insurance	1 403	599	2 002	2 666
Cell captives	2 456	2 164	4 620	4 110
Momentum Metropolitan Africa	572	(1 140)	(568)	(349)
Life insurance	223	(205)	18	47
Health	300	83	383	541
Non-life insurance	62	25	87	73
Other	(13)	66	53	160
International holding company expenses <sup>1</sup>	–	(1 109)	(1 109)	(1 170)
New Initiatives	1 129	1 113	2 242	1 876
New initiatives India	1 030	1 113	2 143	1 547
New initiatives aYo	–	–	–	220
Other	99	–	99	109
Shareholders	2 439	(1 839)	600	(190)
Other	2 439	–	2 439	2 014
Holding company expenses <sup>1</sup>	–	(1 839)	(1 839)	(2 204)
<b>Total non-covered business</b>	9 899	2 299	12 198	11 430
<b>Total embedded value</b>	22 479	22 949	45 428	41 328

<sup>1</sup> The international holding company expenses reflect the allowance for support services to the international businesses. The holding company expenses reflect the present value of projected recurring head office expenses.

<sup>2</sup> Intercompany loans are carried by the units that utilise the funding, aligned with capital management practices.

Analysis of changes in Group embedded value	Notes	Covered business			12 mths to	12 mths to
		Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of required capital Rm	30.06.2022 Total EV Rm	30.06.2021 Total EV Rm
Profit from new business		(824)	1 790	(277)	689	783
Embedded value from new business	A	(824)	1 727	(277)	626	725
Expected return to end of period	B	–	63	–	63	58
Profit from existing business		3 951	(1 108)	294	3 137	(1 328)
Expected return – unwinding of RDR	B	–	1 907	(268)	1 639	1 495
Release from the cost of required capital	C	–	–	488	488	570
Expected (or actual) net of tax profit transfer to net worth	D	3 223	(3 223)	–	–	–
Operating experience variances	E	82	(109)	–	(27)	(528)
Development expenses	F	(52)	–	–	(52)	(37)
Operating assumption changes	G	698	317	74	1 089	(2 828)
<b>Embedded value profit/(loss) from operations</b>		3 127	682	17	3 826	(545)
Investment return on adjusted net worth	H	246	–	–	246	124
Investment variances	I	388	(650)	(355)	(617)	1 130
Economic assumption changes	J	(35)	157	92	214	535
Exchange rate movements	K	3	3	(1)	5	(91)
<b>Embedded value profit/(loss) – covered business</b>		3 729	192	(247)	3 674	1 153
Transfer of business to non-covered business	L	–	–	–	–	(10)
Other capital transfers	M	519	(1)	–	518	118
Dividend paid		(860)	–	–	(860)	(1 892)
<b>Change in embedded value – covered business</b>		3 388	191	(247)	3 332	(631)
<b>Non-covered business</b>						
Change in directors' valuation and other items					687	2 519
Change in holding company expenses					426	(853)
<b>Embedded value profit – non-covered business</b>					1 113	1 666
Transfer of business from covered business	L				–	10
Other capital transfers	M				(518)	(118)
Dividend received					125	1 527
Allowance for shareholder flows related to iSabelo transaction					85	387
Finance costs – preference shares					(37)	(37)
<b>Change in embedded value – non-covered business</b>					768	3 435
<b>Total change in Group embedded value</b>					4 100	2 804
<b>Total embedded value profit</b>					4 787	2 819
Return on embedded value (%) – annualised internal rate of return					11.6%	7.3%

# Embedded value information continued

## A. VALUE OF NEW BUSINESS

	Momentum Life Rm	Momentum Investments <sup>4</sup> Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Africa Rm	Total Rm
<b>Value of new business<sup>1, 2, 3</sup></b>						
<b>12 mths to 30.06.2022</b>						
Value of new business	(20)	346	244	68	(12)	626
Gross	35	404	317	133	14	903
Less cost of required capital	(55)	(58)	(73)	(65)	(26)	(277)
New business premiums	3 255	41 854	3 555	5 789	2 039	56 492
Recurring premiums	1 053	205	1 710	1 239	400	4 607
Protection	459	–	1 219	784	148	2 610
Long-term savings	594	189	483	453	252	1 971
Annuities and structured products	–	16	8	2	–	26
Single premiums	2 202	41 649	1 845	4 550	1 639	51 885
Protection	–	–	–	1	105	106
Long-term savings	2 202	36 129	474	4 521	886	44 212
Annuities and structured products	–	5 520	1 371	28	648	7 567
New business premiums (APE)	1 273	4 370	1 894	1 694	565	9 796
Protection	459	–	1 219	784	159	2 621
Long-term savings	814	3 802	530	905	341	6 392
Annuities and structured products	–	568	145	5	65	783
Present value of new business premiums (PVNBP)	7 291	42 476	7 160	12 276	3 470	72 673
Profitability of new business as a percentage of APE	(1.6)	7.9	12.9	4.0	(2.1)	6.4
Profitability of new business as a percentage of PVNBP	(0.3)	0.8	3.4	0.6	(0.3)	0.9
<b>12 mths to 30.06.2021</b>						
Value of new business	72	392	253	11	(3)	725
Gross	146	414	320	34	21	935
Less cost of required capital	(74)	(22)	(67)	(23)	(24)	(210)
New business premiums	3 149	40 873	2 892	3 008	1 358	51 280
Recurring premiums	1 059	207	1 409	694	414	3 783
Protection	503	–	1 015	170	153	1 841
Long-term savings	556	190	388	522	261	1 917
Annuities and structured products	–	17	6	2	–	25
Single premiums	2 090	40 666	1 483	2 314	944	47 497
Protection	–	–	–	35	108	143
Long-term savings	2 090	35 647	509	2 242	261	40 749
Annuities and structured products	–	5 019	974	37	575	6 605
New business premiums (APE)	1 268	4 274	1 557	926	509	8 534
Protection	503	–	1 015	174	164	1 856
Long-term savings	765	3 755	439	746	287	5 992
Annuities and structured products	–	519	103	6	58	686
Present value of new business premiums (PVNBP)	7 479	41 471	5 885	8 220	2 843	65 898
Profitability of new business as a percentage of APE	5.7	9.2	16.2	1.2	(0.6)	8.5
Profitability of new business as a percentage of PVNBP	1.0	0.9	4.3	0.1	(0.1)	1.1

<sup>1</sup> Value of new business and new business premiums are net of non-controlling interests.

<sup>2</sup> The value of new business has been calculated using opening demographic and point of sale economic assumptions. Investment yields at the point of sale have been used for fixed annuity and guaranteed endowment business; for other business the investment yields at the reporting date have been assumed to be representative of the economic assumptions at point of sale. The Group does not allow for marginal diversification benefits to be allocated to the value of new business for purposes of deriving the cost of required capital.

<sup>3</sup> No allowance has been made for Covid-19 in the assumptions used to calculate value of new business.

<sup>4</sup> Included in covered business is Wealth business not deemed to be long-term insurance business with value of new business of R68 million (30.06.2021: R75 million).

## A. VALUE OF NEW BUSINESS CONTINUED

	12 mths to 30.06.2022 Rm	12 mths to 30.06.2021 Rm
<b>Reconciliation of lump sum inflows</b>		
<b>Total lump sum inflows</b>	<b>41 593</b>	38 905
Inflows not included in value of new business	(6 723)	(6 618)
Wealth off-balance sheet business	15 270	13 637
Term extensions on maturing policies	242	321
Automatically Continued Policies	1 510	1 255
Non-controlling interests and other adjustments	(7)	(3)
<b>Single premiums included in value of new business</b>	<b>51 885</b>	47 497

	30.06.2022 %	30.06.2021 %
<b>Principal assumptions (South Africa)<sup>1,2</sup></b>		
Pre-tax investment return		
Equities	15.5	13.9
Properties	13.0	11.4
Government stock	12.0	10.4
Other fixed-interest stocks	12.5	10.9
Cash	11.0	9.4
Risk-free return <sup>3</sup>	12.0	10.4
Risk discount rate (RDR) <sup>4</sup>	14.4	12.8
Investment return (before tax) – balanced portfolio <sup>3</sup>	14.2	12.6
Renewal expense inflation rate <sup>5</sup>	7.7	6.5

<sup>1</sup> The principal assumptions relate only to the South African life insurance business. Assumptions relating to international life insurance businesses are based on local requirements and can differ from the South African assumptions.

<sup>2</sup> The assumptions quoted in the table are representative rates derived at the 10-year point of the yield curves.

<sup>3</sup> Risk-free returns are taken from an appropriate market-related, risk-free yield curve as at the valuation date. Appropriate risk premia are added to the risk-free yields in order to derive yields on other asset classes. Expected cash flows at each duration are discounted using yields appropriate to that duration. The investment return on balanced portfolio business was calculated by applying the above returns to an expected long-term asset distribution.

<sup>4</sup> The risk discount rate applied for covered business in South Africa is derived based on a weighted average cost of capital approach. The assumptions with regards the beta used to derive the cost of equity, the equity risk premium and the relative weighting between debt and equity funding are reviewed annually and has remained unchanged from that assumed at 30 June 2021 (the parameters used to derive the cost of debt have been updated to reflect the current market inputs and expectations).

<sup>5</sup> For the retail businesses an inflation rate of 5.0% p.a. is used over the planning horizon (three years) where after the inflation rate is derived from market inputs as the difference between nominal and real yields across the term structure of these curves. An addition to the expense inflation is allowed for in some divisions to reflect the impact of closed books that are in run-off. The 7.7% above represents the 10-year point of the yield curves.

## B. EXPECTED RETURN

The expected return is determined by applying the risk discount rate applicable at the beginning of the reporting year to the present value of in-force covered business at the beginning of the reporting year. The expected return on new business is determined by applying the current risk discount rate to the value of new business from the point of sale to the end of the year.

## C. RELEASE FROM THE COST OF REQUIRED CAPITAL

The release from the cost of required capital represents the difference between the risk discount rate and the expected after tax investment return on the assets backing the required capital over the year.

## D. EXPECTED (OR ACTUAL) NET OF TAX PROFIT TRANSFER TO NET WORTH

The expected profit transfer for covered business from the present value of in-force to the adjusted net worth is calculated on the IFRS basis.

# Embedded value information continued

## E. OPERATING EXPERIENCE VARIANCES

		12 mths to 30.06.2022				12 mths to 30.06.2021
		ANW Rm	Gross VIF Rm	Cost of required capital Rm	EV Rm	EV Rm
<b>Operating experience variances</b>	Notes					
<b>Momentum Life</b>		(147)	22	–	(125)	(159)
Mortality and morbidity	1	(261)	(11)	–	(272)	(316)
Terminations, premium cessations and policy alterations	2	76	142	–	218	228
Expense variance		27	–	–	27	82
Other	3	11	(109)	–	(98)	(153)
<b>Momentum Investments</b>		212	(38)	–	174	178
Mortality and morbidity	4	125	(8)	–	117	81
Terminations, premium cessations and policy alterations	5	(7)	(32)	–	(39)	(68)
Expense variance		39	–	–	39	84
Credit risk variance		47	–	–	47	29
Other		8	2	–	10	52
<b>Metropolitan Life</b>		(113)	(75)	–	(188)	3
Mortality and morbidity	6	25	(9)	–	16	(107)
Terminations, premium cessations and policy alterations	7	(200)	(72)	–	(272)	40
Expense variance		(2)	–	–	(2)	18
Credit risk variance		25	–	–	25	34
Other		39	6	–	45	18
<b>Momentum Corporate</b>		304	21	–	325	(552)
Mortality and morbidity	8	320	(3)	–	317	(266)
Terminations, premium cessations and policy alterations	9	5	22	–	27	(298)
Expense variance		(78)	–	–	(78)	64
Credit risk variance		11	–	–	11	(6)
Other	10	46	2	–	48	(46)
<b>Momentum Metropolitan Africa</b>		(120)	(39)	–	(159)	(39)
Mortality and morbidity	11	(126)	9	–	(117)	61
Terminations, premium cessations and policy alterations	12	(7)	(57)	–	(64)	(100)
Expense variance		(4)	–	–	(4)	(11)
Other		17	9	–	26	11
<b>Shareholders</b>		(54)	–	–	(54)	41
<b>Total operating experience variances</b>		82	(109)	–	(27)	(528)

### Notes

- The mortality and morbidity variance has been impacted by additional deaths during the Covid-19 pandemic. This was offset to some extent by reinsurance recoveries and a release from the Covid-19 provisions.
- Largely driven by better than expected lapse experience on the Protection business and net positive contribution from alterations experience, in particular with regards voluntary premium growth.
- In line with premium changes for new business (and voluntary premium growth), the mortality basis for in-force business has also been adjusted. The positive impact on the VIF relating to voluntary premium pricing partly offset the negative impact of mortality basis change on in-force business.
- The annuity book of business experienced higher than expected mortality due to the Covid-19 pandemic.
- Reprice of contracts, fee changes and drawdowns on living annuities.
- The mortality and morbidity variance has been impacted by additional deaths during the Covid-19 pandemic. This was offset by a release from the Covid-19 provisions.
- The deterioration in persistency and alteration experience includes once-off operational impacts and deterioration observed in the lapse experience.
- The ANW was positively impacted by morbidity experience on the PHI book as well as positive mortality experience on the CPI annuity and Group Risk book.
- The VIF benefited mainly from better-than-expected termination experience on the Investments book.
- Mainly relates to admin fees exceeding expectations.
- The mortality and morbidity variance has been impacted by additional deaths during the Covid-19 pandemic. This was offset to some extent by a release from the Covid-19 provisions.
- ANW impact is mainly due to a lapse rule change in Lesotho (to lapse policies in arrears due to Covid-19) and lower lapse experience in Botswana. The reduction in VIF is as a result of schemes being terminated in Lesotho as well as moving from higher to lower margin products.

F. DEVELOPMENT EXPENSES

Business development expenses within segments.

G. OPERATING ASSUMPTION CHANGES

		12 mths to 30.06.2022				12 mths to 30.06.2021
		ANW Rm	Gross VIF Rm	Cost of required capital Rm	EV Rm	EV Rm
<b>Operating assumption changes</b>	Notes					
<b>Momentum Life</b>		<b>254</b>	<b>299</b>	<b>293</b>	<b>846</b>	(916)
Mortality and morbidity assumptions	1	(64)	-	-	(64)	(876)
Termination assumptions	2	(679)	558	-	(121)	(245)
Renewal expense assumptions		296	(114)	-	182	188
Modelling, methodology and other changes	3, 4	701	(145)	293	849	17
<b>Momentum Investments</b>		<b>103</b>	<b>244</b>	<b>(157)</b>	<b>190</b>	(248)
Mortality and morbidity assumptions		-	-	-	-	20
Termination assumptions		-	(10)	-	(10)	39
Renewal expense assumptions		29	271	-	300	(338)
Modelling, methodology and other changes	4, 5	74	(17)	(157)	(100)	31
<b>Metropolitan Life</b>		<b>52</b>	<b>-</b>	<b>-</b>	<b>52</b>	(453)
Mortality and morbidity assumptions	1	196	-	-	196	(387)
Termination assumptions	6	(34)	(65)	-	(99)	-
Renewal expense assumptions		(41)	(7)	-	(48)	39
Modelling, methodology and other changes	7	(69)	72	-	3	(105)
<b>Momentum Corporate</b>		<b>251</b>	<b>(229)</b>	<b>(62)</b>	<b>(40)</b>	(1 185)
Mortality and morbidity assumptions	1, 8	206	40	-	246	(1 176)
Termination assumptions		-	-	-	-	(130)
Renewal expense assumptions		(34)	(298)	-	(332)	178
Modelling, methodology and other changes	4, 5	79	29	(62)	46	(57)
<b>Momentum Metropolitan Africa</b>		<b>38</b>	<b>3</b>	<b>-</b>	<b>41</b>	(26)
Mortality and morbidity assumptions	9	(8)	(28)	-	(36)	(78)
Termination assumptions	10	(50)	6	-	(44)	(12)
Renewal expense assumptions		11	33	-	44	(50)
Modelling, methodology and other changes	11	85	(8)	-	77	114
<b>Total operating assumption changes</b>		<b>698</b>	<b>317</b>	<b>74</b>	<b>1 089</b>	(2 828)

Notes

- No mortality basis changes were implemented other than changes to the Covid-19 provisions (releases in Momentum Corporate and Metropolitan Life; increase in Momentum Life).
- The impact noted relates to an increase in the long-term persistency for Protection business (mostly impacting ANW). This has been offset (in VIF) by an adjustment in the allowance for take-up of voluntary premium growth.
- Changes to the modelling of ancillary benefits (and other features of the Protection models) resulted in a net release of reserves. In addition some provisions have been assessed and formally aligned with internal projects resulting in some movements in these (overall a net release of these provisions are recognised).
- Cost of capital impact mainly due to an adjustment in the capital allocation basis between segments.
- Release of data reserves.
- Funeral lapse basis assumptions updated in line with experience excluding the once-off operational losses.
- The impact consists of a number of changes, including margin direction and asset allocation assumption updates.
- Assumption changes on the PHI book which impacted the claims margins.
- The impact is due to the revision of EB profit margins across all countries.
- Mainly due to the update of lapse rates in Namibia on the Myriad business.
- Mainly due to asset fee corrections, margin direction updates and reserve releases in Namibia.

# Embedded value information continued

## H. INVESTMENT RETURN ON ADJUSTED NET WORTH

	12 mths to 30.06.2022 Rm	12 mths to 30.06.2021 Rm
<b>Investment return on adjusted net worth</b>		
Investment income	491	420
Capital appreciation and other <sup>1</sup>	(245)	(296)
Preference share dividends paid	–	–
<b>Investment return on adjusted net worth</b>	<b>246</b>	<b>124</b>

<sup>1</sup> This includes the revaluation of owner-occupied properties.

## I. INVESTMENT VARIANCES

Investment variances represent the impact of higher/lower than assumed investment returns on current and expected future after tax profits from in-force business.

## J. ECONOMIC ASSUMPTION CHANGES

The economic assumption changes include the effect of the change in assumed rate of investment return, expense inflation rate and risk discount rate in respect of local and offshore business.

## K. EXCHANGE RATE MOVEMENTS

The impact of foreign currency movements on international covered businesses.

## L. TRANSFER OF BUSINESS FROM/TO NON-COVERED BUSINESS

Transfer of business between covered and non-covered business.

## M. OTHER CAPITAL TRANSFERS

Capital transfers include the alignment of the net asset value of subsidiaries between covered and non-covered business and the recapitalisation of some International subsidiaries. In addition, the change in the treatment of intercompany loans to align with capital management practices has been analysed as capital transfers (this represents the bulk of the number).



Covered business: sensitivities – 30.06.2022	Adjusted net worth Rm	In-force business			New business written		
		Net value Rm	Gross value Rm	Cost of required capital <sup>3</sup> Rm	Net value Rm	Gross value Rm	Cost of required capital <sup>3</sup> Rm
<b>Base value</b>	<b>12 580</b>	<b>20 650</b>	<b>23 769</b>	<b>(3 119)</b>	<b>626</b>	<b>903</b>	<b>(277)</b>
1% increase in risk discount rate % change		18 998 (8)	22 447 (6)	(3 449) 11	497 (21)	803 (11)	(306) 10
1% reduction in risk discount rate % change		22 500 9	25 247 6	(2 747) (12)	785 25	1 030 14	(245) (12)
10% decrease in future expenses % change <sup>1</sup>		22 462 9	25 581 8	(3 119) –	819 31	1 096 21	(277) –
10% decrease in lapse, paid-up and surrender rates % change		21 211 3	24 330 2	(3 119) –	818 31	1 095 21	(277) –
5% decrease in mortality and morbidity for assurance business % change		23 596 14	26 715 12	(3 119) –	813 30	1 090 21	(277) –
5% decrease in mortality for annuity business % change		20 255 (2)	23 374 (2)	(3 119) –	597 (5)	874 (3)	(277) –
1% reduction in gross investment return, inflation rate and risk discount rate % change <sup>2</sup>	12 580 –	20 711 –	23 830 –	(3 119) –	655 5	932 3	(277) –
1% reduction in inflation rate % change		21 606 5	24 725 4	(3 119) –	735 17	1 012 12	(277) –
10% fall in market value of equities and properties % change <sup>2</sup>	12 488 (1)	19 700 (5)	22 819 (4)	(3 119) –			
10% reduction in premium indexation take-up rate % change		19 939 (3)	23 058 (3)	(3 119) –	584 (7)	861 (5)	(277) –
10% decrease in non-commission- related acquisition expenses % change					768 23	1 045 16	(277) –
1% increase in equity/property risk premium % change		21 138 2	24 257 2	(3 119) –	663 6	940 4	(277) –

<sup>1</sup> No corresponding changes in variable policy charges are assumed, although in practice it is likely that these will be modified according to circumstances.

<sup>2</sup> Bonus rates are assumed to change commensurately.

<sup>3</sup> The change in the value of cost of required capital is disclosed as nil where the sensitivity test results in an insignificant change in the value.

## Embedded value information continued

<b>ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE</b>	<b>Adjusted net worth (ANW) Rm</b>	<b>Gross value of in-force (VIF) Rm</b>	<b>Cost of required capital Rm</b>	<b>12 mths to 30.06.2022 Rm</b>	<b>12 mths to 30.06.2021 Rm</b>
<b>Momentum Life</b>					
Embedded value from new business	(342)	377	(55)	(20)	72
Expected return – unwinding of RDR	–	690	(57)	633	523
Release from the cost of required capital	–	–	173	173	271
Expected (or actual) net of tax profit transfer to net worth	1 250	(1 250)	–	–	–
Operating experience variances	(147)	22	–	(125)	(159)
Development expenses	(30)	–	–	(30)	(9)
Operating assumption changes	254	299	293	846	(916)
<b>Embedded value profit/(loss) from operations</b>	<b>985</b>	<b>138</b>	<b>354</b>	<b>1 477</b>	<b>(218)</b>
Investment return on adjusted net worth	61	–	–	61	106
Investment variances	53	39	(300)	(208)	(292)
Economic assumption changes	–	78	22	100	656
<b>Embedded value profit – covered business</b>	<b>1 099</b>	<b>255</b>	<b>76</b>	<b>1 430</b>	<b>252</b>
<b>Momentum Investments</b>					
Embedded value from new business	(8)	412	(58)	346	392
Expected return – unwinding of RDR	–	116	(25)	91	98
Release from the cost of required capital	–	–	60	60	54
Expected (or actual) net of tax profit transfer to net worth	286	(286)	–	–	–
Operating experience variances	212	(38)	–	174	178
Development expenses	(1)	–	–	(1)	(6)
Operating assumption changes	103	244	(157)	190	(248)
<b>Embedded value profit/(loss) from operations</b>	<b>592</b>	<b>448</b>	<b>(180)</b>	<b>860</b>	<b>468</b>
Investment return on adjusted net worth	58	–	–	58	(49)
Investment variances	33	(372)	112	(227)	487
Economic assumption changes	–	9	2	11	(239)
<b>Embedded value profit/(loss) – covered business</b>	<b>683</b>	<b>85</b>	<b>(66)</b>	<b>702</b>	<b>667</b>
<b>Metropolitan Life</b>					
Embedded value from new business	(160)	477	(73)	244	253
Expected return – unwinding of RDR	–	330	(20)	310	273
Release from the cost of required capital	–	–	88	88	77
Expected (or actual) net of tax profit transfer to net worth	809	(809)	–	–	–
Operating experience variances	(113)	(75)	–	(188)	3
Development expenses	(20)	–	–	(20)	(9)
Operating assumption changes	52	–	–	52	(453)
<b>Embedded value profit/(loss) from operations</b>	<b>568</b>	<b>(77)</b>	<b>(5)</b>	<b>486</b>	<b>144</b>
Investment return on adjusted net worth	32	–	–	32	59
Investment variances	43	(88)	(68)	(113)	325
Economic assumption changes	–	(2)	–	(2)	(15)
<b>Embedded value profit/(loss) – covered business</b>	<b>643</b>	<b>(167)</b>	<b>(73)</b>	<b>403</b>	<b>513</b>

<b>ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE CONTINUED</b>	<b>Adjusted net worth (ANW) Rm</b>	<b>Gross value of in-force (VIF) Rm</b>	<b>Cost of required capital Rm</b>	<b>12 mths to 30.06.2022 Rm</b>	<b>12 mths to 30.06.2021 Rm</b>
<b>Momentum Corporate</b>					
Embedded value from new business	(140)	273	(65)	68	11
Expected return – unwinding of RDR	–	566	(117)	449	420
Release from the cost of required capital	–	–	167	167	168
Expected (or actual) net of tax profit transfer to net worth	485	(485)	–	–	–
Operating experience variances	304	21	–	325	(552)
Development expenses	(1)	–	–	(1)	(13)
Operating assumption changes	251	(229)	(62)	(40)	(1 185)
<b>Embedded value profit/(loss) from operations</b>	<b>899</b>	<b>146</b>	<b>(77)</b>	<b>968</b>	<b>(1 151)</b>
Investment return on adjusted net worth	60	–	–	60	48
Investment variances	150	(212)	(99)	(161)	420
Economic assumption changes	(2)	55	–	53	117
<b>Embedded value profit/(loss) - covered business</b>	<b>1 107</b>	<b>(11)</b>	<b>(176)</b>	<b>920</b>	<b>(566)</b>
<b>Momentum Metropolitan Africa</b>					
Embedded value from new business	(174)	188	(26)	(12)	(3)
Expected return – unwinding of RDR	–	268	(49)	219	239
Expected (or actual) net of tax profit transfer to net worth	393	(393)	–	–	–
Operating experience variances	(120)	(39)	–	(159)	(39)
Operating assumption changes	38	3	–	41	(26)
<b>Embedded value profit/(loss) from operations</b>	<b>137</b>	<b>27</b>	<b>(75)</b>	<b>89</b>	<b>171</b>
Investment return on adjusted net worth	131	–	–	131	118
Investment variances	34	(17)	–	17	159
Economic assumption changes	(33)	17	68	52	16
Exchange rate movements	3	3	(1)	5	(91)
<b>Embedded value profit/(loss) – covered business</b>	<b>272</b>	<b>30</b>	<b>(8)</b>	<b>294</b>	<b>373</b>
<b>Shareholders</b>					
Operating experience variances	(54)	–	–	(54)	41
<b>Embedded value (loss)/profit from operations</b>	<b>(54)</b>	<b>–</b>	<b>–</b>	<b>(54)</b>	<b>41</b>
Investment return on adjusted net worth	(96)	–	–	(96)	(158)
Investment variances	75	–	–	75	31
<b>Embedded value loss – covered business</b>	<b>(75)</b>	<b>–</b>	<b>–</b>	<b>(75)</b>	<b>(86)</b>

# Additional information

	30.06.2022 Rm	Restated 30.06.2021 <sup>2</sup> Rm
<b>ANALYSIS OF ASSETS MANAGED AND/OR ADMINISTERED<sup>1</sup></b>		
Managed and/or administered by Investments		
Financial assets	<b>502 218</b>	477 068
Momentum Manager of Managers	<b>150 285</b>	90 087
Equilibrium Investment Management ( <i>previously Momentum Investment Consultants</i> )	<b>13 607</b>	10 922
Momentum Collective Investments	<b>96 744</b>	92 454
Momentum Asset Management	<b>137 071</b>	165 627
Momentum Global Investments	<b>70 000</b>	77 071
Momentum Alternative Investments	<b>8 763</b>	7 682
Momentum Securities <sup>3</sup>	<b>25 748</b>	33 225
Properties – Eris Property Group	<b>16 509</b>	15 588
On-balance sheet <sup>4</sup>	<b>9 302</b>	9 410
Off-balance sheet <sup>4</sup>	<b>7 207</b>	6 178
Momentum Wealth linked product assets under administration	<b>206 630</b>	198 829
On-balance sheet <sup>5,6</sup>	<b>135 121</b>	129 387
Off-balance sheet	<b>71 509</b>	69 442
Managed internally or by other managers within the Group (on-balance sheet) <sup>5</sup>	<b>86 440</b>	85 787
Managed by external managers (on-balance sheet)	<b>14 397</b>	16 993
Properties managed internally or by other managers within the Group or externally <sup>4</sup>	<b>2 761</b>	2 528
Non-life Insurance – cell captives on-balance sheet <sup>7</sup>	<b>30 377</b>	25 541
<b>Total assets managed and/or administered</b>	<b>859 332</b>	822 334
<b>Managed and/or administered by Investments</b>		
On-balance sheet	<b>258 141</b>	231 703
Off-balance sheet	<b>244 077</b>	245 365
	<b>502 218</b>	477 068
Admin and brokerage assets	<b>119 350</b>	135 882
Other assets	<b>382 868</b>	341 186
	<b>502 218</b>	477 068

<sup>1</sup> Assets managed and/or administered, other than CIS assets, are included where an entity earns a fee on the assets. The total CIS assets are included in Momentum Collective Investments only as this is where the funds are housed. Non-financial assets (except properties) have been excluded.

<sup>2</sup> Refer to note 12 for more information on the restatements other than footnotes 3, 4, 5, 6 and 7.

<sup>3</sup> R346 million restatement relates to a market value movement that was not included in the June 2021 closing balance for Momentum Securities.

<sup>4</sup> R1.5 billion was misallocated between on- and off-balance sheet assets. June 2021 has been restated accordingly.

<sup>5</sup> Upon further investigation it was noted that R11 billion on-balance sheet assets were better suited to be disclosed as Momentum Wealth linked assets rather than Managed internally or by other managers within the Group. 30 June 2021 has been restated accordingly.

<sup>6</sup> R7 billion in on-balance sheet assets were incorrectly calculated in Momentum Wealth linked assets. 30 June 2021 has been restated accordingly.

<sup>7</sup> R5 billion restatement relates to a calculation error in the closing balance of cell captives on-balance sheet assets.

	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	Net inflow/ (outflow) Rm
<b>NET FUNDS RECEIVED FROM CLIENTS<sup>1</sup></b>					
<b>12 mths to 30.06.2022</b>					
Momentum Life	497	9 392	9 889	(11 250)	(1 361)
Momentum Investments	29 863	869	30 732	(27 035)	3 697
Metropolitan Life	1 789	6 450	8 239	(6 485)	1 754
Momentum Corporate	4 711	12 798	17 509	(19 917)	(2 408)
Momentum Metropolitan Health	-	1 186	1 186	(724)	462
Non-life Insurance	3 128	10 907	14 035	(6 373)	7 662
Momentum Metropolitan Africa	1 605	4 015	5 620	(3 418)	2 202
<b>Long-term insurance business fund flows</b>	<b>41 593</b>	<b>45 617</b>	<b>87 210</b>	<b>(75 202)</b>	<b>12 008</b>
<b>Off-balance sheet fund flows</b>					
Managed and/or administered by Investments			97 003	(99 080)	(2 077)
Properties – Eris Property Group			1 119	(90)	1 029
Momentum Wealth linked product assets under administration			13 289	(10 702)	2 587
<b>Total net funds received from clients</b>			<b>198 621</b>	<b>(185 074)</b>	<b>13 547</b>
<b>Restated</b>					
<b>12 mths to 30.06.2021<sup>2</sup></b>					
Momentum Life	540	8 976	9 516	(10 718)	(1 202)
Momentum Investments	31 595	766	32 361	(29 551)	2 810
Metropolitan Life	1 424	6 233	7 657	(6 564)	1 093
Momentum Corporate	2 518	12 346	14 864	(18 102)	(3 238)
Momentum Metropolitan Health	1	931	932	(633)	299
Non-life Insurance	1 855	9 291	11 146	(6 840)	4 306
Momentum Metropolitan Africa	972	3 867	4 839	(2 701)	2 138
<b>Long-term insurance business fund flows</b>	<b>38 905</b>	<b>42 410</b>	<b>81 315</b>	<b>(75 109)</b>	<b>6 206</b>
<b>Off-balance sheet fund flows</b>					
Managed and/or administered by Investments			90 706	(85 073)	5 633
Properties – Eris Property Group			763	(2 917)	(2 154)
Momentum Wealth linked product assets under administration			12 853	(9 823)	3 030
<b>Total net funds received from clients</b>			<b>185 637</b>	<b>(172 922)</b>	<b>12 715</b>

<sup>1</sup> Assets managed and/or administered, other than CIS assets, are included where an entity earns a fee on the assets. The total CIS assets are included in Momentum Collective Investments only as this is where the funds are housed. Non-financial assets (except properties) have been excluded.

<sup>2</sup> Refer to note 12 for more information on the restatements.

## Additional information continued

ANALYSIS OF ASSETS BACKING SHAREHOLDER EXCESS	30.06.2022		30.06.2021	
	Rm	%	Rm	%
Equity securities	1 161	4.7	1 659	7.7
Preference shares	356	1.4	859	4.0
CISs	966	3.9	1 059	4.9
Debt securities	7 208	29.3	7 030	32.6
Properties	3 850	15.7	3 761	17.4
Owner-occupied properties	2 477	10.1	2 454	11.4
Investment properties	1 373	5.6	1 307	6.1
Cash and cash equivalents and funds on deposit	10 400	42.2	5 172	24.0
Intangible assets	4 617	18.8	5 168	24.0
Other net assets	2 690	10.9	3 004	13.9
	<b>31 248</b>	<b>126.9</b>	27 712	128.4
Redeemable preference shares	(252)	(1.0)	(245)	(1.1)
Subordinated redeemable debt	(5 327)	(21.6)	(4 429)	(20.5)
Treasury shares held on behalf of employees	(641)	(2.6)	(876)	(4.1)
Treasury shares held on behalf of contract holders	(407)	(1.7)	(587)	(2.7)
<b>Shareholder excess per reporting basis</b>	<b>24 621</b>	<b>100.0</b>	21 575	100.0

NUMBER OF EMPLOYEES	30.06.2022	30.06.2021
Indoor staff	9 940	9 882
SA	8 867	8 841
International	1 073	1 041
Field staff	6 618	6 601
Momentum Life & Investments	1 430	1 105
Metropolitan Life	4 002	4 208
International	1 186	1 288
<b>Total</b>	<b>16 558</b>	16 483

# Stock exchange performance

	30.06.2022	30.06.2021
<b>12 months</b>		
Value of listed shares traded (rand million)	15 944	18 628
Volume of listed shares traded (million)	885	1 156
Shares traded (% of average listed shares in issue)	62	81
<b>Trade prices</b>		
Highest (cents per share)	2 270	2 098
Lowest (cents per share)	1 405	1 282
Last sale of period (cents per share)	1 426	1 950
Percentage (%) change during year	(27)	11
Percentage (%) change – life insurance sector (J857)	(8)	9
Percentage (%) change – top 40 index (J200)	–	20
<b>30 June</b>		
Price/normalised headline earnings (segmental) ratio	5.0	29.1
Dividend yield % (dividend on listed shares)	7.0	2.1
Dividend yield % – top 40 index (J200)	3.8	2.4
<b>Total shares issued (million)</b>		
Ordinary shares listed on JSE	1 498	1 498
Treasury shares held on behalf of employees	(45)	(45)
Treasury shares held on behalf of contract holders	(29)	(30)
<b>Basic number of shares in issue</b>	1 424	1 423
Adjustment to employee share scheme <sup>1</sup>	7	–
Convertible redeemable preference shares <sup>2</sup>	28	–
<b>Diluted number of shares in issue</b>	1 459	1 423
Adjustment to employee share scheme <sup>1</sup>	(7)	–
Convertible redeemable preference shares <sup>2</sup>	–	28
Treasury shares held on behalf of contract holders	29	30
Treasury shares held on behalf of employees	45	45
<b>Diluted number of shares in issue for normalised headline earnings purposes<sup>3</sup></b>	1 526	1 526
Market capitalisation at end (Rbn) <sup>4</sup>	22	30

<sup>1</sup> The diluted number of shares in issue includes the dilutive potential ordinary shares from the iSabelo employee scheme. The diluted number of shares in issue for normalised headline earnings does not include this adjustment as these shares are deemed to be issued.

<sup>2</sup> On a diluted basis, the KTH preference shares were anti-dilutive in the prior year. For diluted earnings and headline earnings, these preference shares were therefore ignored in accordance with IAS 33 for that year. Normalised headline earnings treats the preference shares as if they were ordinary equity. This treatment is consistent with how the preference shares are treated when dilutive.

<sup>3</sup> The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders as well as the treasury shares held on behalf of employees.

<sup>4</sup> The market capitalisation is calculated on the fully diluted number of shares in issue.

# Administration

## DIRECTORS

PC Baloyi (Chair), HP Meyer (Group Chief Executive),  
JC Cilliers (Marais) (Deputy Chief Executive), RS Ketola  
(Group Finance Director), LM Chiume, P Cooper, L de Beer,  
NJ Dunkley, T Gobalsamy, Prof SC Jurisich, P Makosholo,  
Dr SL McPherson, V Nkonyeni, DJ Park

## GROUP COMPANY SECRETARY

Gcobisa Tyusha

## WEBSITE

[www.momentummetropolitan.co.za](http://www.momentummetropolitan.co.za)

## TRANSFER SECRETARIES – SOUTH AFRICA

JSE Investor Services (Pty) Ltd  
(registration number 2000/007239/07)  
13th Floor, 19 Ameshoff Street, Braamfontein 2001.  
PO Box 4844, Johannesburg 2000  
Telephone: +27 11 713 0800  
Email: [info@jseinvestorservices.co.za](mailto:info@jseinvestorservices.co.za)

## TRANSFER SECRETARIES – NAMIBIA

Transfer Secretaries (Pty) Ltd  
(registration number 93/713)  
4 Robert Mugabe Avenue, Windhoek.  
PO Box 2301, Windhoek  
Telephone: +264 61 22 7647  
Email: [info@nsx.com.na](mailto:info@nsx.com.na)

## SPONSOR – SOUTH AFRICA:

Merrill Lynch South Africa (Pty) Ltd t/a BofA Securities

## SENS ISSUE

14 September 2022

## SPONSOR – NAMIBIA

Simonis Storm Securities (Pty) Ltd

## AUDITORS

Ernst & Young Inc.

## REGISTERED OFFICE

268 West Avenue, Centurion 0157

## REGISTRATION NUMBER

2000/031756/06

## JSE CODE

MTM

## A2X CODE

MTM

## NSX CODE

MMT

## ISIN CODE

ZAE000269890

## MOMENTUM METROPOLITAN LIFE LTD

(Incorporated in the Republic of South Africa)

## REGISTRATION NUMBER

1904/002186/06

## LEI

378900E0A78B7549C212

## COMPANY CODE

MMIG



[www.momentummetropolitan.co.za](http://www.momentummetropolitan.co.za)

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GUARDRISK 

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