



Clientèle

2023

INTEGRATED
**ANNUAL
REPORT**

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Clientèle
LIFE



Clientèle
GENERAL



Clientèle
INVESTMENTS



Clientèle
MOBILE

The Integrated Annual Report was prepared under the supervision of Mr. MG Cownie (CA(SA)), the Group Financial Director. The Annual Financial Statements have been audited (refer to the Independent Auditors' Report to the Shareholders of Clientèle Limited on pages 83 to 87).

Our purpose, vision and values

Our purpose

Safeguarding Your World...
with Compassion

Our vision

To be South Africa's most
reliable and valued financial
services partner

Our values



Clientèle

● **Respect**

Treating colleagues, clients and other stakeholders with respect, courtesy and fairness.

● **Customer excellence**

Connecting with our clients in a professional, ethical and focused manner.

● **Passion**

Approaching every task with determination, energy and commitment.

● **Integrity**

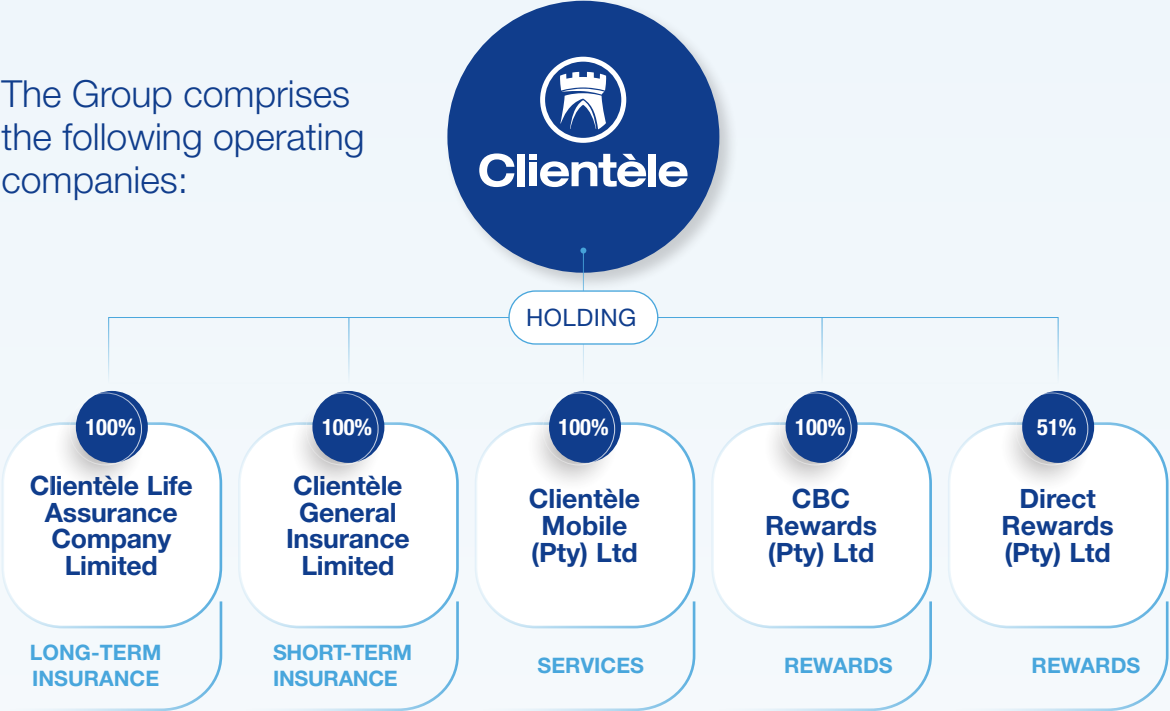
Adhering to high moral standards and being honest in all that we do.

● **Teamwork**

Working effectively with others and utilising individual and combined strengths to succeed.

Group Structure

The Group comprises the following operating companies:



Clientèle Life has the following investments in subsidiaries:

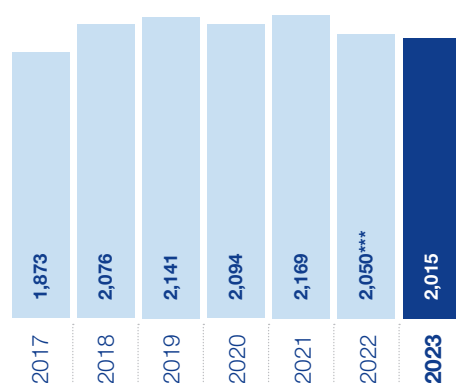


Clientèle General Insurance Limited, CBC Rewards (Pty) Ltd and Clientèle Mobile (Pty) Ltd do not have any subsidiaries.

Seven Year Statistics

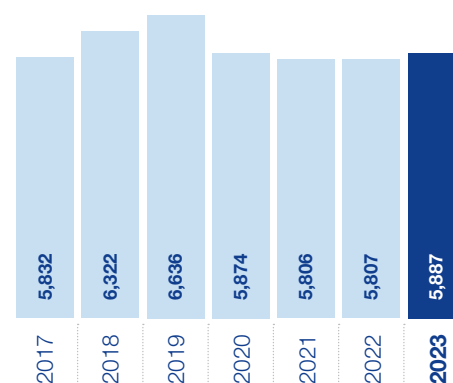
Net insurance premiums

R'million



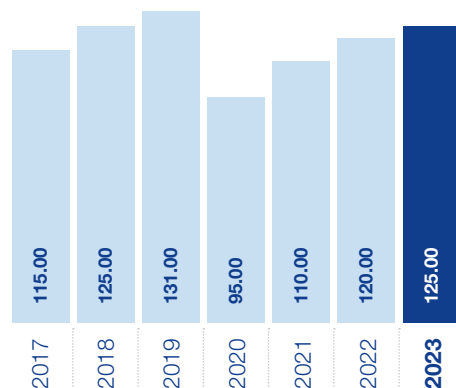
Embedded Value

R'million



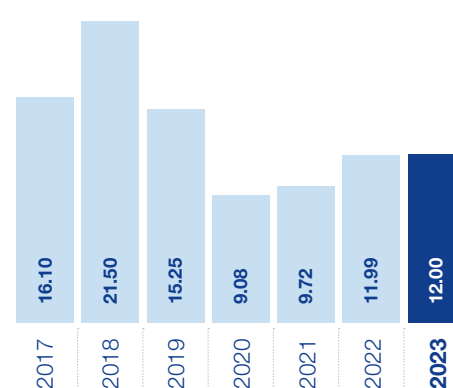
Dividend declared per share

Cents



Share price: 30 June

Rands



30 June	2017	2018	2019	2020	2021	2022	2023
Net profit for the year (R'000)	466,697	490,323	400,937	328,517	392,255	420,353***	490,059
Earnings per share (cents)	140.35	146.62	119.65	97.97	116.98	125.36***	145.44
Headline earnings per share (cents)	140.29	147.22	120.00	99.18	117.82	126.94***	145.44
EV per share (cents)	1,745.96	1,888.69	1,979.16	1,751.90	1,731.61	1,731.79	1,755.77
Return on average shareholders' interests (%)	53	48	38	31	37	39	43
Total distributions declared (R'million)	384	419	439	319	369	402	419
VNB (R'million)**	527	448	301	(91)	215	291	245
RRoEV (%)	19	18	8	*	12	13	12
REVE (R'million)	939	979	492	*	687	725	663

* Clientèle normally publishes an REVE figure. As a consequence of COVID-19 and the lockdown, the change in EV for the 2020 financial year was negative and any split between recurring and once-off items would have been spurious due to the inter-relationship of various factors following the shutdown of much of the new business operations for a few months.

** VNB for the 2020 financial year includes the once-off COVID-19 impact of negative R159.4 million (uncovered expenses in the last quarter of the year as a consequence of new business being minimal due to COVID-19 lockdown restrictions).

*** Restated, refer to restatement note on pages 176 to 177.

Chairman's Statement



Gavin Routledge

“Paradise Lost”

Perhaps an extreme way to begin a Chairmans Statement but I feel that is a fairly apt description of South Africa at present. The country has such great potential and so many good qualities which are being squandered by a lack of leadership at so many levels. The feeling one is left with is that leaders are no longer people of great wisdom, talent and compassion but are rather individuals who use their position of power for personal benefit without any consideration of the people whom they seek to lead.

Respect, which is the core foundation of any positive relationship, is almost entirely absent. In a healthy society and civilization, people are able to engage with each other and robustly debate different points of view with an open mind and a willingness to learn from others by listening actively to what one hears. In South Africa one feels that there is no such respect and willingness to listen; the rule is – I am right and if you don't agree with me I will despise you, insult you, slander you through social media and even seek to cause you bodily harm. We appear to have espoused the concept of “alternative truth” and we are all very much poorer for it.

To return to South Africa, there is much public discourse currently on whether South Africa is a “Failed State” or whether it is simply at risk of becoming a Failed State. Personally, I do not think the distinction is all that important – What's in a name? The reality is clear that regardless of the term applied, the government has failed the people of South Africa.

According to the Constitution and the Bill of Rights in South Africa all people are equal before the law, they have a right to life, human dignity, citizenship and security and they have a right of access to education, healthcare, food and water and social security.

I would venture that very few people in South Africa feel that they have these rights and very few would claim that the government cares about providing these rights to all South Africans.

South Africa proclaims itself as a democracy. As such it should be a country governed “by the people, of the people, for the people”.

This does not appear to be an accurate description of South Africa today. Government ministers seem to feel that they are not accountable to the people at all and dismiss angrily any questions raised about their performance or questions which raises an alternative point of view. It also seems that most live in an alternative reality where they have no knowledge of, and apparently no interest in, the conditions in which the poor citizens of South Africa live.

The economy remains in the doldrums, load shedding continues to cripple the economy and has caused the collapse of many small businesses. Unemployment is extremely high while over regulation and delays in governmental approvals and licenses create further obstacles to growth. Crime is rampant and it appears that there is no capacity to get to grips with crime or to bring criminals to account. A culture of non-accountability now prevails in our country.

Despite many meetings and talks of “social compacts” nothing seems to happen. Much talk but little walk.

This brings to mind the story of the four people named Everybody, Somebody, Anybody and Nobody.

There was an important job to be done and Everybody was sure that Somebody would do it. Anybody could have done it, but Nobody did it. Somebody got angry about that because it was Everybody's job. Everybody thought Anybody could do it, but Nobody realised that Everybody wouldn't do it. It ended up that Everybody blamed Somebody when Nobody did what Anybody could have done.

Does anyone recognise South Africa in this story?

You may ask “What has all of this to do with Clientèle?”

Chairman's Statement continued

The answer to that is that Clientèle seeks to service a target market of the lower to middle income earners who are amongst the most vulnerable people in South Africa. We seek to "Safeguard their World...with Compassion". In the South Africa that I have described; this is a difficult task.

Our target market is the most affected by load shedding, with the least ability to mitigate the hardships, their children have to study by candlelight, they often have to walk to school because there are no trains running, or buses, or taxis when the taxi drivers are on strike.

They are the most affected by a lack of decent schools within reach of where they live, of decent healthcare and often of even emergency services who refuse to go into the townships at night for fear of being hijacked, robbed, or even killed.

They suffer the most through unemployment as their income is interrupted and few have any savings to fall back on, this often means that they choose to not pay premiums on policies that they want and need, to buy food or pay for transport to get to work. This is not in their best interests as they may end up uncovered at a time when they most need cover.

These same factors also affect Clientèle's staff who suffer stress in getting to work through load shedding, who have to find a way to feed their families, give them facilities to study and then have to deal with additional stress at work because our policyholders are stressed and need compassionate service, sales channels do not operate efficiently as communication is interrupted and recent changes to the banking system have created a lack of stability in premium collection functionality. All of this puts strain on the mental health and wellbeing of our employees.

The key to building a successful business is to have a product or service that is in demand by a segment of the market, to make that business or service available to that market in a convenient and effective way and to do all of the small things right so that you build a reputation for reliability and integrity. That way one builds a happy contented customer base and happy, efficient and motivated employees. It is also important to limit the number of uncontrollable factors influencing your business.

Clientèle has focused, I believe very successfully, on all these factors but is currently facing a situation where a large number of the infrastructural components that were stable and reliable are no longer so. A stable and reliable electricity supply was one such component, as was a relatively safe environment, a stable and excellent banking and payment system, reliable communications, a reliable postal service and a reasonably stable and understandable political landscape – Clientèle can no longer rely on any of these.

Like so many companies in South Africa, Clientèle has had to invest in solar panels, batteries and generators to enable it to continue servicing clients effectively. It also relies on private security at the office complex and provides counselling to staff who are stressed or have experienced trauma.

We continue to strive to safeguard our policyholders world with compassion, to treat them well and to treat our employees well. This requires considerable time and effort over and above what is normal. The management team have gone above and beyond the call of duty in motivating and inspiring our employees to achieve sales and attain levels of service that have allowed Clientèle to continue to grow but the growth is not commensurate with the effort put in. The management team and the employees deserve greater reward for their efforts however we need to also balance fairly the reward to shareholders. I believe that in these results we have done well to balance the interests of all stakeholders.

The amount of energy and effort put in by the management team to achieve these results should, in better times, have generated results that we could have been very proud of but the environment in South Africa today has constrained what could have been.

Clientèle recognises that it is not helpful to our stakeholders to blame the government for all the ills described above and to use that as an excuse in any way. While we are unable to influence the direction of many of these uncontrollable factors we are committed to do the best we can for our policyholders, employees and shareholders in the current environment. We are passionate about service, quality, understanding, loyalty, compassion, caring, convenience and above all simplicity.

We choose to be a responsible corporate citizen and support the initiatives by Business Leadership South Africa, of which we are a member, to try to assist government in key areas in the interests, not of the government, but of the citizens of South Africa, for we cannot stand by and just criticise while South Africa fails.

We also try to focus on the areas which we can control and to do the best we can to better the lives of people in our communities. In these difficult times we still see opportunities and are determined to seize these to benefit our policyholders and all our stakeholders.

We are exploring ways to assist our target market to maintain the policies which they need through these times and have launched a program which we call "December is on Us" whereby we will pay the December premiums of our loyal policyholders who qualify for the program. We are also extending our Perks program which leverages our buying power to generate savings on a wide range of products and services several times larger than the cost to the policyholder. These programs have been well received and are a demonstration of our commitment to care for our clients.

I believe strongly in the strength and resilience of the people of South Africa and I look forward to more peaceful, fulfilling and profitable times. If we choose to live positively, proudly and deliberately we will become examples to all in South Africa and with hard work and luck the national culture will again become one of honesty, integrity and accountability and we will elect leaders who understand that their role is to lead and serve the citizens of our country with honour.

NOTABLE EVENTS

Clientèle was ranked 2nd in the Life Insurance category in the Ask Orange Index in November 2022.

Clientèle ranked Gold in the Funeral Insurance category and Silver in the Life Insurance category in the City Press awards in August 2022.

RESULTS

The results are fully dealt with in the Group Managing Director's Report and I am proud of the efforts of the management team in producing these results in the difficult environment described above.

FUTURE PROSPECTS

The demand for Clientèle products remains strong, we have an excellent dynamic and committed management team who have again demonstrated their ability to adapt to changing circumstances on the run.

Clientèle remains well capitalised with good solvency and liquidity ratios and strong positive cash flows.

We value our clients and are valued by them and we are committed to working towards our objective of A Clientèle Product in Every Home.

APPRECIATION

I would like to take this opportunity to thank Iain Hume, our previous Group Finance Director for his many years of hard work and value add to the Group. We wish him well in his future endeavours. His contribution to the Group was highly appreciated.

Donny Habana joined us as Head of IT during the year and has already demonstrated his worth to the Group. We look forward to a long and rewarding relationship with him.

After the end of the financial year Tiffany Boesch joined us in the role of Chief Operating Officer and I have no doubt that she will contribute significant value to the Group.

During the year we were very fortunate to obtain the services of Herschel Mayers as a non-executive director. Herschel was one of the founders and a CEO of Discovery Life and of Vitality Limited and we look forward to his contribution to the Group.

During the year Dumisa Hlatshwayo resigned as a non-executive and shortly after the year end Pheladi Gwangwa also resigned as a non-executive. We wish them both well and thank them for their contributions to the Group. We are in the process of recruiting additional non-executives with relevant experience to sit on the Boards and Committees of the Group.

I thank all of the management and staff of Clientèle for their effort and commitment, as mentioned above, the economic environment has meant that they have not been rewarded as well as they should this year given the level of effort and energy expended.

Thanks also to the non-executive directors on the Board of Clientèle who have once again demonstrated a level of commitment and passion beyond the normal for non-executives. I am proud to Chair a Board of such dedicated and valuable people.

Thank you all.



Mr. GQ Routledge
22 September 2023

Group Managing Director's Report



Basil Reekie

THE YEAR IN PERSPECTIVE

The Clientèle Group (“the Group”) has produced a reasonable set of results for the year against the backdrop of a continuing challenging trading environment, characterised by low economic growth, ongoing load-shedding and challenges in the premium collections environment.

The previously reported higher than expected policyholder withdrawals continued throughout the year. Instability in the collections environment and in the services provided by a third party service provider negatively impacted collection success, and consequently increased withdrawals.

The Group remains in a sound solvency and liquidity position.

The Group achieved an investment return of 10.5% (2022:4.2%) from its investment portfolio.

Take up of the stand-alone Clientèle Rewards product has been extremely encouraging.

Increased use of the Clientèle Application (“the Clientèle App”) which serves as a platform for sales capture by a number of the distribution channels, and is utilised by our clients for basic policy administration as well as to access Clientèle Rewards and Clientèle Mobile is positive.

HIGHLIGHTS

Financial

Net insurance premiums for the year of R2.02 billion decreased slightly (by 1.7%) in comparison to the prior year (2022 restated: R2.05 billion). Growth was impacted by the higher than expected withdrawals mentioned above.

Revenue from contracts with customers of R342.0 million was 59% higher than last year (2022 restated: R214.4 million), on the back of high production of co-branded single premium products, an increase in revenue from the stand-alone rewards product and the consolidation of revenue from Direct Rewards for the 2023 financial year.

The attrition rate on co-branded single premium business was reduced from 20% to 3% as there is now sufficient historical information in respect of the behaviour of this book of business to set an assumption based on experience. The net profit increase as a consequence of this change was R16.5 million.

Recurring premium savings policies sold through the Telesales channel that were previously accounted for under IFRS 4 have now been accounted for under IFRS 9, which delays the emergence of profits for this block of business, and the comparative numbers have been restated, reducing the 2022 profit after tax by R15.1 million.

Net insurance benefits and claims of R387.7 million were 2% higher than the R380.8 million in respect of the prior year.

The full explicit COVID-19 risk reserve, net of reinsurance, of R26.2 million was released during the year.

Operating expenses (including acquisition expenses) of R1.7 billion (restated 2022: R1.4 billion), were 20% higher than last year. The main reason for this was an increase in acquisition costs which includes a once-off upfront of commission (R100 million) in respect of a funeral parlour insurance transaction in the current year and an increase of R19 million in acquisition costs in respect of the increased production of single premium policies.

Due to high client affinity with certain funeral parlours, and corresponding lower withdrawal experience on this business, a portion of future funeral parlour profits has been recognised as a result of not eliminating negative reserves on this class of business. This resulted in an increase in profit after tax of R213.6 million (and a corresponding reduction in Value of In-force ("VIF") and a negligible impact on the Embedded Value ("EV")).

The above translates into headline earnings for the Group increasing by 15% to R487.7 million (2022 restated: R425.7 million) resulting in a return on average shareholders' interests of 43% (2022 restated: 40%). Diluted headline earnings per share of 145.32 cents (2022 restated: 126.8 cents) were 15% higher than last year.

The Group EV at 30 June 2023 increased by 1% from last year and was R5.9 billion (30 June 2022: R5.8 billion), after the payment of the annual dividend of R402.4 million in September 2022, despite the Risk Discount Rate ("RDR") of 14.1% p.a. having increased from 13.8% p.a. at 30 June 2022. Recurring Embedded Value Earnings ("REVE") of R663.1 million were negatively impacted by withdrawal losses of R245.4 million, resulting in a reduction of 9% in comparison to the prior year result of R724.9 million.

The Value of New Business ("VNB") for the year of R244.9 million (RDR of 14.1% p.a.) (2022: R290.6 million (RDR of 13.8% p.a.)) decreased by 16% over last year. In order to be in line with the rest of the industry, reinstatements have been removed from new business and reinstatements are treated as a "negative withdrawal" decrement when calculating the EV and VNB.

As a result, the value of reinstatements is no longer included in the VNB but the impact of reinstatements is included as a negative decrement in the VNB and VIF calculations. This methodology change also affected the withdrawal and expense assumptions for the in-force and new business calculations. Furthermore, a change was made (by one of the Reinsurers) to the shape of the reinsurance rates curve. These once-off changes had a negative EV impact of R158.3 million and a negative impact on VNB.

The EV and VNB sensitivities are illustrated in the Group EV results on page 65.

The Present Value of New Business premiums increased due to large volumes of Single Premium investment business written. The relatively low profit margin on this block of business has resulted in a marked decrease (to 4.8%) in the overall New Business profit margin.

Other than profit recognition on some of the funeral parlour business mentioned above, the Group follows a conservative accounting practice of eliminating negative reserves. As acquisition costs are expensed upfront, the recovery of these costs and the profits are deferred over the policy life. The present value of this discretionary margin amounts to R2.1 billion (2022: R2.5 billion).

NON-FINANCIAL

Vision and brand purpose

The foundation to all that we do remains Treating our Clients Well and Treating our Employees Well and we will continue to do this embracing our brand values of Customer Excellence, Respect, Integrity, Passion and Teamwork.

Being at the forefront of the industry, and adjusting our offering to include new and innovative products in the Rewards space has contributed significantly to reinforcing a positive brand perception with clients and the public at large. In particular, our stand alone rewards product (Clientèle Perks) which was launched in the last 18 months is opening up new markets for Clientèle.

A lot of reflection on the perception and needs of current, past and potential clients gathered by our Client Insights team has equipped us to do better and enhance the brand experience at key client touchpoints.

As a Group we are proud to Treat Employees Well in all circumstances. Our employees enjoy Clientèle Perks at no cost to themselves, creating a 'buyers-are-believers' culture and contributing to our employees' wellbeing. Through various employee forums we continue to interact with our employees and give them a voice as we seek to ensure that we are indeed treating them well and with compassion.

Our interaction with most other stakeholders during the year has been positive and we continue to have a constructive relationship with key stakeholders to the business.

We are passionate about our brand purpose, to "safeguard your [our clients and employees] world with compassion". Clientèle and the brand have remained strong, visible and dependable in an economy which has seen many brand casualties of late and our intention remains to grow the brand for many years to come.

GOVERNANCE AND KING IV

During the 2023 reporting period, the Group continued to practice corporate governance at a high level, aimed at adding value to the business as well as facilitating the Group's sustainability, generating long-term stakeholder value and benefiting other stakeholders.

Management has adopted sound corporate governance principles and appropriate governance structures and policies, and believes it has embedded a business-wide culture of good governance that is aligned to and embodies the Group's vision and values.

The Group's approach to corporate governance is to ensure it contributes to improved operational decision-making and corporate performance, thereby reducing the business risks. The Group's aim therefore is for the relevant governance policies, structures and processes, which initially may have been brought into existence to ensure compliance with applicable regulations and codes of conduct, to add value and ensure corporate sustainability.

Group Managing Director's Report continued

During the 2023 financial year the Group has, in all material respects, voluntarily applied King IV principles and complied with the mandatory corporate governance provisions contained in the JSE Listings Requirements. A narrative of how the Group has applied the King IV principles and complied with the JSE Listings Requirements is set out in the Corporate Governance section of this Integrated Annual Report.

RISK MANAGEMENT

The Board continues to acknowledge and monitor its responsibilities with regard to the management of risk in terms of King IV. The Group Risk Committee is an established Board Committee with a Terms of Reference approved by the Board.

The strategy for managing risk is aligned to the principles of the Insurance Act and related prudential standards. Business objectives, based on a three-year time horizon, are set by the various entities and divisions within the Group. Action plans to achieve these business objectives are then identified so as to support the longer term strategy. Risk events that could threaten the achievement of the business objectives are identified and rated against an impact and likelihood scale, which differs between entities and divisions given their individual materiality level.

Potential risk events are monitored and managed so as to minimise any negative impact on the Group. All risk events are measured against a pre-defined overall risk appetite. The current Group risk appetite comprises three metrics, namely, financial soundness (prudential minimum plus a buffer), free cash flow and REVE.

Specific key risks are also measured individually against pre-defined risk tolerance levels.

The risk management process contributes towards the early identification and on-going management of systemic and organisational exposure, in parallel with all Board and Non-Board Committees, which all contribute to a combined assurance model.

B-BBEE

We remain committed to fostering an environment that promotes the spirit of inclusivity and sustainable participation in the economy for all South Africans, building a workforce that is representative of our country at all levels of the organisation.

We continue to provide employment opportunities for unemployed youth through collaborative partnerships with the Insurance SETA and build competencies and growth opportunities through our skills development programmes such as learnerships, staff bursaries and management courses for our employees.

In the last quarter of the financial year we commenced participation in the Youth Employment Services ("YES") programme, a public-private collaboration programme aimed at providing employment opportunities to unemployed youth. By year end we had employed over one hundred unemployed youth.

The investment in, and support of our IFA network has played an important role in sustaining small black enterprises in an economic environment that remains challenging. In addition, we are cognisant of the importance of partnering with procurement suppliers that share our values of empowerment and transformation.

Our Funeral Guide, which aims to provide valuable financial and planning information to consumers during tough times, is part of our socio-economic offering of "safeguarding their world, with compassion".

The Group is continuously looking to improve its B-BBEE contribution status and remains committed to increasing the B-BBEE shareholding in Clientèle over time. The majority of our B-BBEE shares are held directly and indirectly by Yellowwoods Trust Investments (Proprietary) Limited ("YTI"), a wholly owned subsidiary of the Hollard Foundation Trust, a Broad-Based Black Economic Empowerment Trust. YTI's total shareholding, including the indirect holdings amounts to approximately 11.34%.

Clientèle has continued to provide financial assistance resulting in a net exposure, via guarantees, of R200 million for the purchase of approximately 9% of Clientèle's issued ordinary shares by YTI.

In addition to the provision of the guarantee, as part of YTI's funding arrangement to purchase the equity stake in Clientèle, the Clientèle Group acquired preference shares in YTI to the value of R50 million.

SHARED VALUE

The Group subscribes to the principle of Shared Value. In short this involves the Group sharing the value we create with the communities that support us as well as the broader South African society as well as employees and Shareholders. Shared value, in the Clientèle context, takes many forms, including:

- Providing loyalty benefits to our loyal clients (e.g. our December is on Us initiative, where we are excited to be paying December premiums on behalf of loyal clients who have met certain criteria. This should alleviate some of the festive period financial strain)
- Giving back to loyal clients through our other loyalty initiatives which we anticipate bundling into a fully-fledged loyalty program in the new financial year;
- Environmental initiatives (e.g. the installation of solar panels at our office park);
- Taking part in youth employment initiatives such as the YES program;
- Consumer education;
- Providing a regular income to thousands of South Africans via employment opportunities, field agents, broker intermediary agents, and many more;
- Investing in South Africa (e.g. Government Bonds); and,
- Various CSI initiatives (some of which are detailed below).

CORPORATE SOCIAL INVESTMENTS

The Clientèle Corporate Social Investment portfolio is committed to playing an active role in providing sustainable relief to our communities in South Africa.

For the 2023 year, our CSI initiatives focused on the following pillars:

1. Education

Now in its 14th year, the Clientèle bursary scheme has supported the children of our staff and IFA's with bursaries to enable them to complete tertiary studies. To date, this bursary scheme has sponsored around 150 graduates covering a wide range of disciplines including medicine, accounting science, law and admin management. The bursaries cover all costs relating to the beneficiaries' studies including tuition, books, meals and accommodation.

In addition to the financial support, we provide mentorship engagements for the students, with Clientèle's senior management, focusing on their overall well-being. Mentorship support includes academic guidance as well as emotional support.

2. Community Support and Donations

We recognise the socio-economic challenges that many consumers in South Africa face. We have maintained our support for childhood development and vulnerable youth care by sponsoring the following beneficiaries:

- Sithabile Child and Youth Centre in Benoni; and,
- Ditau Primary School in Soweto.

3. Employee Giving and Volunteering

Through the employee giving campaign Clientèle employees have been able to donate funds and give their time to those who are underprivileged.

The employees donated funds to the following worthy causes:

- Winter necessities which included blankets, winter clothes, non-perishables and books were donated to Leratong Place of Love Crisis Centre and Okwethu Multipurpose Centre.
- The donation of over 800 sanitary packs to assist in alleviating female hygiene challenges for school going girls in Johannesburg.

4. Consumer Education

In line with the Group's purpose of safeguarding your world with compassion, the consumer education initiative expanded its reach in 2023. In partnership with Avo Vision (Financial Literacy Partner) 2 314 participants across nine provinces received training on financial literacy topics such as:

- Budgeting;
- Understanding credit; and,
- Planning a funeral using the Clientèle Funeral guide.

The demographic reach of the project was as follows:

- 61% of the participants were from rural areas;
- 99% of the participants were Black South Africans (inclusive of Africans, Asians, Coloureds, and Indians);
- 60% of the participants were young, black females;
- 98% of the participants fall within the Living Standard;
- Measure: 1-8 (earning R250 000 or less per annum) with others preferring not to disclose their income bracket, most likely due to having no regular income.

The Clientèle Funeral Guide will continue to be our response to educating and supporting our communities in their time of need.

BUSINESS SEGMENTS

Long-term Insurance

Clientèle Life's Long-term insurance segment remains the major contributor to the Group's performance and aided by the good quality funeral parlour intermediated business recorded a 33% increase in net profit for the year to R413.7 million (2022: restated R310.9 million) despite the impact of the challenging operating environment and policy withdrawals, as previously referred to.

Clientèle Life's total VNB for the year of R157.5 million (2022: R233.2 million) has reduced by 32%. Clientèle Life recorded REVE of R466.9 million (2022: R531.7 million), a decrease of 12%. The Recurring Return on EV was 11.7% p.a. (2022: 13.2% p.a.).

Short-term Insurance

Clientèle Legal's net profit for the year of R85.4 million (2022: R94.9 million) decreased by 10% on last year, impacted by the challenging operating environment and policy withdrawals. Clientèle Legal's VNB was R67.9 million (2022: R49.5 million) and it recorded REVE of R171.0 million (2022: R182.2 million) and a Recurring Return on EV of 13.0% (2022: 13.9%). Management is focusing on returning the business to its growth path through increasing quality production.

Group Managing Director's Report continued

CBC Rewards, Clientèle Mobile and Direct Rewards

CBC Rewards, Clientèle Mobile and Direct Rewards' combined net loss for the year was R4.1 million (2022: R2.0 million net profit) on the back of large volumes of new business and associated acquisition costs. The segment produced VNB of R19.5 million (2022: R7.9 million). Direct Rewards is accounted for as a subsidiary effective from 1 July 2022.

DIVIDENDS

The Board has declared a dividend per ordinary share of 125 cents, an increase of 4.2% over last year's dividend per ordinary share of 120 cents.

OUTLOOK

In this challenging environment, the Group remains focused on Treating its Clients Well ("TCW") and providing products and services that meet their needs and will continue to improve on the delivery of them to the market conveniently and efficiently.

Management continues to be agile and responsive to challenges that arise and to take advantage of the opportunities that present themselves.

Investment of time and effort in the Clientèle Rewards, Clientèle App and Clientèle Mobile initiatives aligns with the Group's focus on "shared value".

With the ongoing challenges within the premium collections environment, management continue to implement initiatives to mitigate the impacts of high withdrawals. There are encouraging signs of better stability in the collections environment.

The Group will, as usual, continue to focus on increasing production of quality business across all of its distribution channels.

A tight control environment will continue to be maintained and improved upon, whilst every effort will be made to maintain and improve business efficiencies.

We remain optimistic that there are opportunities for growth and value creation over time in the Group's target market.

APPRECIATION AND BOARD COMPOSITION

The South African economic environment is incredibly tough at the moment and I am proud of how the team has responded to the external challenges in order to ensure that Clientèle continues to make steady progress.

Load shedding, a struggling economy and significant challenges within the collections environment have placed significant stress on the business. Nonetheless, the management team has responded to all of these challenges in an exemplary fashion and I applaud them for this.

We have had a number of exits from our board over the course of the year and I would like to thank each of these individuals for their participation and the value that they have added to Clientèle over their tenure. Dumisa Hlatshwayo resigned from the board in December 2022. Pheladi Gwangwa resigned from the board just after the year end in July 2022 having served on the board for almost 15 years. Another long serving Director is Iain Hume who relocated to Cape Town, as planned, and it is only appropriate to thank him for over 20 years of hard work as our Group Financial Director and recognise the significant contribution that he made to the success of Clientèle.

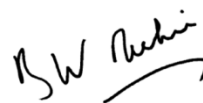
Michael Cownie worked with Mr. Hume over the last 10 years and, as planned, was appointed to replace Mr. Hume as Group Financial Director on 1 January 2023. I wish Mike everything of the best and a long successful future on the board of Clientèle.

There were no other exits from the Group Excom team; however, we were pleased to welcome Mr. Donny Habana as the Group Executive responsible for IT early on in the financial year. Donny is already adding significant value to the business and we look forward to him taking our IT Operations to new heights. Tiffany Boesch was appointed as Group Chief Operating Officer shortly after the year end and will also, no doubt, add significant value in the new financial year.

Finally, Clientèle would have been unable to fulfil its purpose of safeguarding our clients world with compassion if it was not for the support of the Chairman of the Board and the other non-executive Directors. I would like to extend my personal thanks to each and every one of them as well as to our Executive team and the greater management team as well as every single staff member at Clientèle. During these difficult economic times, it has been necessary for everyone to work even harder than usual in order for us to produce a result which we believe is more than reasonable given the current economic backdrop.

Our staff team have been supported by IFAs, Brokers, Agents and other partners. I salute each and every one of you who has played a part in building Clientèle during another tough year.

I look forward to working with the Clientèle team into the future and I am genuinely excited about the opportunities for Clientèle as I know that a tough environment creates opportunities for those who are bold enough to venture forth.



Mr. BW Reekie
22 September 2023

CORPORATE GOVERNANCE

1. INTRODUCTION

The King Code on Corporate Governance underpins the Group's corporate governance framework. The Group supports the voluntary principles and leading practices of King IV and applies its recommendations. There is continuous focus to integrate King IV into the Group's internal controls and policies, as well as the Board's corporate governance Terms of Reference.

The Board confirms that the Group complied with the King Code on Corporate Governance as set out in King IV for the 2023 financial year, unless otherwise stated. The Board is confident that the application of these principles will not only ensure that all statutory governance requirements are met but will also ensure a special focus towards the achievement of the following governance outcomes:

- Ethical culture;
- Good performance;
- Effective control; and,
- Legitimacy.

The Board recognises its responsibility to create value in a sustainable manner and conducts its affairs ethically with prudence, transparency, accountability, fairness and being socially responsible, thereby safeguarding the interests of all stakeholders including Government, Regulators, shareholders, policyholders, clients, IFAs, agents, brokers, banks, affiliated partners, employees, suppliers and industry associates.

The following report serves to provide information on the extent of compliance with the principles of sound governance, as provided by King IV, during the 2023 financial year:

Principle	Application
<p>1 The Board should lead ethically and effectively.</p>	<p>The Board is obligated to act in accordance with the Companies Act (as per the company MOI) and section 76(3) which states that a Director of a company must exercise the powers and perform the functions of a Director in good faith, for a proper purpose, in the best interests of the Group and with a degree of care, skill and diligence.</p> <p>The Board's biannual assessment of the performance of its Committees, Directors and Executives, incorporates a focus on ethical outcomes. The Board's Terms of Reference also outlines the policies and practices of the Board on matters such as Directors' dealings in the securities of the Company and declarations of conflicts of interest.</p> <p>The Directors have the necessary competence to discharge their responsibilities and provide strategic direction and control of the Group. Furthermore, the Directors are devoted to ensuring the sustainable success of the Group and therefore attend meetings as required and dedicate sufficient time and effort in preparation for such meetings.</p>
<p>2 The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p>	<p>The Board is mandated with the responsibility to review and approve the Group's policies on values and code of ethics. The Group Social and Ethics Committee assists and guides, as the conscience of the Group, on social and ethical matters and to ensure oversight over the implementation, reporting, training and awareness of the Group's code of ethics.</p> <p>In order to ensure that the Group's purpose is achieved it therefore becomes imperative that the Group's values and code of ethics form an integral part of the Group's strategy and the implementation thereof. Further details are available in the Group Social and Ethics Report, pages 53 to 57.</p>

Corporate Governance continued

Principle	Application
<p>3 The Board should ensure that the organisation is and is seen to be a responsible corporate citizen.</p>	<p>The Board oversees and monitors the consequences of the Group's activities and outputs and its status as a responsible citizen. Clientèle is diligent with regard to ensuring that compliance with legislation, regulations, standards and adherence to its own policies is monitored on an ongoing basis through various Board and management Committees.</p> <p>The Group Social and Ethics Committee has the responsibility to monitor the overall responsible corporate citizen performance of the Group and delivery of an ethical culture. The responsibilities of this Committee include the review of the workplace, workforce and the impact of Clientèle on the economy, society and the environment.</p>
<p>4 The Board should appreciate that the Group's core purpose, its risks, opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</p>	<p>The Group has a clearly defined strategy that gives due consideration to relevant risks. At the biannual strategy sessions, the Board challenges management on how executing the proposed strategy will create value, what dependencies the strategy has on available resources and relationships and what impacts the execution of the strategy will have.</p> <p>A report back on execution against strategy is part of the Excom agenda, with regular reports to the Board and appropriate Board Committees. Through these regular reports the Board ensures that the Group responds to any consequences of its activities and outputs.</p> <p>The Group Audit and Group Risk Committees assist with the governance of risks. They monitor the effects of the identified risks and the mitigating controls.</p> <p>The responsibility for risk management is detailed in the Group Audit and Group Risk Committees' Terms of Reference.</p> <p>The Group is aware of the general viability, reliance and effect of its activities on its solvency and liquidity and its going concern status.</p>
<p>5 The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the Group's performance, and its short, medium and long-term prospects.</p>	<p>The Board oversees the preparation of all reports that are publicly available, ensuring that they present material information in an integrated manner, providing users with a holistic, clear, concise and understandable view of the Group's performance in terms of sustainable value creation in the economic, social and environmental context within which it operates. Management has been delegated responsibility for the Group's reporting, following the direction set by the Board. Clientèle produces an Integrated Annual Report as well as supplementary information which, together, contain all the legitimate and reasonable information needs of material stakeholders. The preparation of the Integrated Annual Report and the Preliminary Report are overseen by the Group Audit Committee. The Integrated Annual Report and supporting documentation are published on Clientèle's website.</p>

Principle	Application
<p>6 The Board should serve as the focal point and custodian of corporate governance in the Group.</p>	<p>The Board has an approved Terms of Reference which it reviews annually. The Board's role and responsibilities are articulated in the Terms of Reference. The Board is the focal point and custodian of corporate governance, both in terms of how its role and responsibilities are documented and the way it executes its duties and responsibilities. The Board is supported by various Board Committees, which have delegated responsibility to assist it to fulfil certain specific functions, as well as by the Group Company Secretarial function.</p>
<p>7 The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities, objectively and effectively.</p>	<p>The Board is assisted by the Group Nominations Committee, who considers, annually or after any existing Director exits and before any new Director appointments, the composition, balance of skills, experience, independence, diversity and knowledge of the Board and whether this enables it to effectively discharge its role and responsibilities. The Group Managing Director is a member of this Committee.</p>
<p>8 The Board should ensure that its arrangements for delegation within its own structures promote independent judgment, and assist with balance of power and the effective discharge of its duties.</p>	<p>The Board currently has various standing Committees that assist it in discharging its duties and responsibilities. The Committees include: Group Audit Committee, Group Risk Committee, Group Investment Committee, Group Remuneration Committee, Group Nominations Committee, Group Actuarial Committee and Group Social and Ethics Committee.</p> <p>These Committees operate in accordance with written Terms of Reference approved by the Board, which are reviewed at least annually. The Committees are appropriately constituted and members are appointed by the Board, with the exception of the Group Audit Committee, whose members are nominated by the Board and elected by shareholders of the Group. The Group Nominations Committee reviews the composition of Board Committees and makes recommendations to the Board with regard to their composition, taking into account factors such as diversity, skills and the need to create a balanced distribution of power.</p> <p>External advisors, Executive Directors and members of Excom and Senior Management attend Committee meetings by invitation. The Committees play an important role in enhancing the high standards of governance and achieving increased effectiveness within the Group.</p> <p>The Board considers the allocation of roles and associated responsibilities and the composition of membership across Committees holistically.</p> <p>A delegation by the Board of its responsibilities to a Committee will not, by or of itself, constitute a discharge of the Board's accountability.</p> <p>The Board applies its collective mind to the information, opinions, recommendations, reports and statements presented by the Chairperson of a Committee in formal report backs at Board meetings.</p>

Corporate Governance continued

Principle	Application
<p>9 The Board should ensure that the evaluation of its own performance and that of its Committees, its Chair and its individual members, support continued improvement in its performance and effectiveness.</p>	<p>An assessment of the performance of the Chairman, Board, Board Committees and Directors is conducted biannually. Having regard to the results of the performance evaluations, no significant issues were raised and the contribution, value and participation of the Board and Board sub-committees was considered satisfactory and positive.</p>
<p>10 The Board should ensure that the appointment of, and delegation to management contributes to role clarity and the effective exercise of authority and responsibilities.</p>	<p>The Board formally confirms the appointment of the Managing Director on an annual basis and ensures that the role of the Managing Director is formalised and his performance evaluated against specified criteria. The Board has established Committees to which certain responsibilities and authorities are delegated.</p>
<p>11 The Board should govern risk in a way that supports the organisation in setting and achieving strategic objectives.</p>	<p>The Board understands and takes accountability for all risks that potentially affect the achievement of its strategic objectives and has delegated the responsibility for overseeing the adequacy and effectiveness of the risk management process to the Group Audit and Group Risk Committees.</p> <p>The Group Audit and Group Risk Committees delegate to management the responsibility to continuously identify, assess, mitigate and manage risks within the existing operating environment. Mitigating controls are in place to address these risks, which are monitored on a continuous basis.</p> <p>Three Independent Non-executive Directors are members of both the Group Audit and Group Risk Committees, thus ensuring that there is co-ordination in respect of the evaluation and reporting of risks.</p>
<p>12 The Board should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.</p>	<p>Excom has established a Group IT Steering Committee to assist in its IT Governance responsibilities. The IT governance framework and IT Policy framework support effective and efficient management and decision-making around the utilisation of IT resources to facilitate the achievement of the Group's objectives and the management of IT-related risk. The Group IT Steering Committee has a Terms of Reference, policies, decision-making structures, an accountability framework, IT reporting and an IT risk and controls framework, to guide their activities.</p>

Principle	Application
<p>13 The Board should govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the Group being ethical and a good corporate citizen.</p>	<p>The Board and its Committees and sub-committees ensure the adherence and monitoring of compliance with applicable laws, regulations, codes and standards. The Board makes use of external attorneys and external experts and advisors to review complex regulatory matters.</p> <p>A Group Compliance function is established within the Group and forms an integral part of the Group’s regulatory and operational risk management process. The Group Audit Committee and the Board receive reports on compliance with applicable laws, rules, codes and standards at quarterly meetings.</p> <p>A suitably qualified Group Compliance Officer is appointed as well as the establishment of a Group Compliance Department. Compliance is achieved through integration with business/organisational processes, ethics and culture.</p>
<p>14 The Board should ensure that the Group remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term.</p>	<p>The Board has established a Group Remuneration Committee, consisting of Non-executive Directors, the majority of whom are Independent, who assist the Board in setting and administering a fair, equitable and responsible remuneration policy.</p> <p>The Group Remuneration Committee has an independent role, operating as an overseer, maker of decisions on remuneration and maker of recommendations to the shareholders for their consideration and final approval. The Group Remuneration Committee works according to a Terms of Reference.</p> <p>The Group Remuneration Committee does not assume the functions of management, which remain the responsibility of the Executive Directors, officers and other members of senior management.</p> <p>The role of the Group Remuneration Committee is to assist the Board in ensuring that:</p> <ul style="list-style-type: none"> • The Group remunerates Directors, officers, members of senior management and staff fairly and responsibly; and, • The disclosure of remuneration is accurate, complete and transparent. <p>The detailed Group Remuneration Report setting out the Policy and implementation thereof, is set out on pages 37 to 52.</p>

Corporate Governance continued

Principle	Application
<p>15 The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.</p>	<p>Combined assurance</p> <p>The Board has delegated to the Group Audit Committee oversight of, amongst others, the effectiveness of the Company's assurance services, with particular focus on combined assurance, including External Audit, Internal Audit and the finance function as well as the integrity of the Integrated Annual Report and the Annual Financial Statements and, to the extent delegated by the Board, other external reports issued by the Group. The Group Audit Committee also considers annually, and satisfies itself of, the appropriateness of the expertise and experience of the Financial Director and the finance function.</p> <p>Assurance of external reports</p> <p>With the assistance of independent assurers, such as the External Auditor, GIA, the Head of the Actuarial Function and the External Actuaries, the Group Audit Committee reviews and evaluates the Integrated Annual Report and the Annual Financial Statements, prior to recommendation to the Board for approval. The Integrated Annual Report and complementary reports provide a consolidated review of the sustainability of the Group including the Group's financial, economic, social and environmental performance on matters material to the Group's strategy and the key stakeholders.</p> <p>Internal audit</p> <p>The Group Audit Committee has been delegated the responsibility for overseeing that assurance services are performed in terms of the GIA Terms of Reference. The Group has a GIA function and its role and responsibilities are set out in an Internal Audit Terms of Reference which requires, inter alia, the performance of risk-based internal audits in terms of an internal audit plan approved by the Group Audit Committee.</p> <p>GIA submits formal reports to the Group Audit Committee quarterly. The Integrated Annual Report includes the Group Audit Committees' confirmation of having received GIA's written assessment of the effectiveness of the Group's governance, risk management and control processes, including the effectiveness of the Group's systems of internal financial controls.</p>
<p>16 In the execution of its governance role and responsibilities, the Board should adopt a Stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</p>	<p>The Board appreciates that close relationships with stakeholders should be maintained and that Stakeholder perceptions affect the Group's reputation. The Board has identified relevant stakeholders and has formalised the Stakeholder relationships processes with management.</p> <p>The Board takes account of the legitimate interests and expectations of all of its Stakeholders in decision-making in the best interests of the Group.</p>

Corporate Governance continued

1.1 Corporate Governance Framework

The Board applies corporate governance practices as prescribed by, amongst others, the Companies Act, Regulators (including GOI standards), Listings Requirements as well as those contained in the Clientèle MOI.

Corporate governance is standardised across the Group to ensure that Clientèle's standards for corporate governance are implemented and monitored consistently across the Group's operations.

As a responsible corporate citizen, a holistic approach to the application of the governance principles contained in King IV has been adopted.

Clientèle's Non-executive Directors acknowledge the need for their independence, while recognising the importance of good communication and close co-operation with Excom.

1.2 Stakeholder Communication

The Group has defined its stakeholders as entities and individuals that are significantly affected by its activities and those which have the ability to significantly impact the Group's ability to implement strategies and achieve objectives. The Group has identified its stakeholders as Government and Regulators, shareholders, clients (including insurance policyholders, Rewards and Mobile clients), IFAs, brokers, banks, agents, affiliated partners, employees, suppliers and industry associates.

The Group interacts with some of the significant stakeholders as follows:

1.2.1 Government and Regulators

Clientèle and the insurance subsidiaries within the Group are subject to the oversight of the FSCA and the PA. Clientèle is licensed as a controlling company of an insurance Group in terms of section 23 of the Insurance Act.

Compliance with the relevant regulations regarding financial services is regarded as being of the utmost importance. The Group works closely with the Regulators to protect its stakeholders' interests, avoid reputational damage and prevent and mitigate the potential negative impact of either new or changes to existing regulations.

1.2.2 Shareholders

Clientèle distributes information to shareholders and investment analysts through SENS and the print media, as well as disclosures on its website. Disclosures are based on the principles of transparency and substance over form.

Shareholders are notified timeously of the AGM and its agenda where voting takes place by way of a ballot. Results of the voting are published immediately after the meeting through a SENS announcement.

1.2.3 Clients (including Policyholders)

Clientèle interacts with clients in various ways, always ensuring compliance with POPIA:

- A policy document and welcome letter is sent to every insurance policyholder who takes up a policy;
- Rewards and Mobile clients receive a welcome SMS and/or e-mail containing a link to their relevant terms and conditions;
- A well-established and well-trained call centre deals with client queries;
- Clients are also able to access important information and update certain details via the self-service portal and the Clientèle App;
- SMS, e-mail and in-App communication is widely used to keep clients up to date on their particular interactions with the Group;
- Walk-in centres assist clients who prefer face-to-face contact in dealing with their queries. Funeral Parlour intermediated clients are also able to visit the relevant Funeral Parlour branches, to attend to their queries; and,
- Agency kiosks are located in various shopping centres across South Africa where a prospective client can take out a policy or contract.

The Group subscribes to the principles of TCF to ensure that:

- Clients can be confident that they are dealing with a Group where the fair treatment of clients is central to the corporate culture;
- Products marketed and sold are designed to meet the needs of identified consumer groups and are targeted accordingly;
- Products are easy to understand. The wording of policies and contracts are continuously reviewed to ensure the wording is simple, clear and easy to follow;
- There is a focus on client-centricity to ensure that clients get the after-sales service that they expect;
- The Group always deals with clients with compassion; and,
- There is a continuous focus on the claims process and complaints management to ensure that clients receive empathetic professional and timely claims service.

The TCW initiative, which goes beyond TCF, combined with the Group's values, are integral in achieving the Clientèle purpose of "Safeguarding your world... with compassion."

Also refer to the Group Social and Ethics Report on pages 53 to 57.

Corporate Governance continued

2. BOARD OF DIRECTORS

Clientèle's Board is the focal point of the Group's corporate governance structure and has the ultimate responsibility of overseeing the performance of the Group.

2.1 Role

The Directors have a fiduciary duty to act in good faith, with due diligence and care, and in the best interests of the Group and its stakeholders. They are the guardians of the values and ethics of the Group.

In exercising control of the Group, the Directors are empowered to delegate responsibilities. This is in line with the Group's decentralised management philosophy and is done through the Boards of the subsidiaries and their respective Managing Directors, various Board Committees and Excom.

Directors have full and unrestricted access to management, Group information and property. They are entitled to seek independent professional advice in support of their duties at the Group's expense. Non-executive Directors may meet separately with management without the attendance of Executive Directors.

2.2 Function of the Board

The Board is committed to business integrity, transparency and professionalism in all its activities to ensure that all the entities within the Group are managed ethically and responsibly to enhance the value and sustainability of its businesses for the benefit of all stakeholders.

In order to enhance Board leadership and ensure a balance of power and authority, the Board adopts a strong oversight role that provides the necessary checks and balances between the Board and management.

The Board is responsible for ensuring that there is clear strategic direction and that appropriate management structures are in place. These structures, some of which are described in this corporate governance section, are designed to provide a reasonable level of assurance as to the proper control and conduct of the Group's affairs.

The Board meets at least four times a year under the Chairmanship of Mr. Routledge. Additional meetings are arranged when necessary.

2.3 Composition of the Board

The Board of Clientèle, with input from the Group Nominations Committee, continuously spends time reviewing the size and composition of the various Boards within the Group and is of the opinion that the value of executive knowledge and experience within the Boards is well balanced alongside the value of Non-executive Director knowledge and experience. The Group will continue to review the composition and effectiveness of the Boards to ensure that they remain effective and relevant to the Group. The Board of Clientèle consists of a majority of Non-executive Directors, of which the majority of Non-executive Directors are Independent.

The Board ensures that there is an appropriate balance of power and authority on the Board, so that no one individual or block of individuals can dominate the Board's decision-making.

The Board members have been assessed and found to be fit and proper as required by the PA Prudential Standard GO14.

In terms of the MOI of the Company, the Directors shall have the power to appoint any person as a Director, either to fill a vacancy or as an addition to the Board. Any such appointment will require ratification at the next AGM.

Each year, at least one-third of Clientèle's Directors retire and may be reappointed by the shareholders at the AGM. Subject to the provisions of the MOI, a majority of Directors may remove a Director at a Directors' meeting before the expiration of his period of office.

Service contracts are in place with all Executive and Non-executive Directors, setting out their responsibilities. These contracts are open-ended with no set expiry date.

The standard retirement age set for the Non-executive Directors is 75, unless otherwise resolved by the Group Nominations Committee and ratified by the Board.

Clientèle supports the principles and aims of race and gender diversity at Board level. The race and gender targets for the Board have been reviewed to ensure that future appointments are aligned with the Group's policy on gender and race diversity and the B-BBEE codes.

The Group believes in the strength of a diverse Board of Directors. The Board, through the Group Nominations Committee, is committed to harnessing the broad wealth of experience, knowledge and skill of the members. The Group Nominations Committee reviews and assesses the Board composition on behalf of the Board and recommends the appointment of new Directors.

The appointment of new Directors and overall Board composition takes into consideration aspects such as business and industry knowledge, gender, age, race and cultural background, among other things. The Group Nominations Committee also oversees the achievement of the long-term voluntary targets that have been set.

For the 30 June 2023 year, the Board had the following representation:

- 16.7% female representation. The female Directors also serve as Board members of the Subsidiaries of the Group.
- 25% black representation. The black Directors also serve as Board members of the Subsidiaries of the Group.

The Group Nominations Committee will review Board composition on an annual basis and make recommendations on the appointment of new Directors as and when required.

2.4 Subsidiary Boards

Clientèle has wholly-owned operating subsidiaries and holds a majority stake in Direct Rewards (refer to the Group Structure on page 2).

The Boards of Clientèle Life and Clientèle General are subject to the oversight of the FSCA and the PA.

2.5 Responsibilities Include:

- Establishing the strategy of the Group;
- Ensuring that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
 - Satisfying itself that the strategy does not give rise to risks that have not been thoroughly assessed by management;
 - Assisting in identifying key performance and risk areas;
 - Ensuring that the strategy will result in sustainable outcomes; and,
 - Considering sustainability as a business opportunity that guides strategy formulation;
- Guiding and supporting Excom in the execution of the strategy;
- Acting as the focal point for, and custodian of, corporate governance by managing its relationships with management, the shareholders and other stakeholders of the Group along sound corporate governance principles;
- Overseeing the ORSA process;
- Providing effective leadership on an ethical foundation;
- Ensuring that ethical behaviour is conducted throughout the Group;
- Ensuring that the Group is, and is seen to be, a responsible corporate citizen by having regard to not only the financial aspects of the business of the Group but also the impact that business operations have on the environment and the society within which it operates;
- Ensuring that the Group has an effective and independent Audit Committee;
- Being responsible for the governance of risk;
- Being responsible for IT governance;
- Being responsible for environmental impact assessments and measures;
- Ensuring that the Group complies with applicable laws and considers adherence to non-binding rules and standards;
- Ensuring that there is an effective risk-based GIA function;
- Appreciating that stakeholders' perceptions affect the Group's reputation;
- Ensuring the integrity of the Group's Integrated Annual Report;
- Acting in the best interests of the Group by ensuring that individual Directors:
 - Adhere to legal standards of conduct;
 - Are permitted to take independent advice in connection with their duties following an agreed procedure;
 - Disclose real or perceived conflicts to the Board and deal with them accordingly; and,
 - Deal in securities only in accordance with legislation and the policy adopted by the Board.
- Commencing business rescue proceedings as soon as the Group is financially distressed;
- Electing a Chairman of the Board on an annual basis who is an Independent Non-executive Director;
- Appointing and evaluating, on an annual basis, the performance of the Group Financial Director; and,
- Appointing and evaluating the performance of the Group Managing Director on an annual basis.

The Board is mandated to discharge its duties by ensuring that they have fulfilled their responsibilities as set out above.

2.6 Independence of the Board

By adhering to a number of key principles, the Board's independence from Excom is ensured:

- At 30 June 2023 the Board had twelve Directors (including one Alternate Director), eight of whom are Non-executive Directors of which five are Independent Non-executive Directors. Included in the twelve Directors is Mr. Chadwick, the Alternate Director to Dr. Enthoven;
- The Board has considered the independence of the Non-executive Directors and has held discussions with them and is of the opinion that they are Independent in their actions, judgment and conduct: They have also been found Independent in fact and in perception by the Board;
- Clientèle has an Independent Non-executive Chairman;
- The roles of Chairman and Managing Director are separate; and,
- Independent Non-executive Directors' remuneration is not tied to the Group's financial performance.

Corporate Governance continued

Dr. Enthoven and Mr. Nkadimeng, both Non-executive Directors, are not independent due to their involvement with Friedshelf 1577 Proprietary Limited, the Parent Company of the Group. Mr. Chadwick, the Alternate Director for Dr. Enthoven, is also not independent and will represent Dr. Enthoven at meetings which Dr. Enthoven cannot attend. Mr. Chadwick has the same responsibilities and duties as any other appointed Director of the Company.

The details of the Directors are provided on pages 72 to 77.

2.7 Criteria for Independence

A Non-executive Director is classified as Independent if the following criteria are met. The Director:

- Is NOT a significant provider of financial capital, or ongoing funding to the Company; nor is he/she an officer, employee or a representative of such provider of financial capital or funding;
- Does NOT participate in a share-based incentive scheme offered by the Company;
- Does NOT own securities in the Company, the value of which is material to the personal wealth of the Director;
- Has NOT been in the employ of the Company as an Executive Manager during the preceding three financial years, nor is he/she a related party to such Executive Manager;
- Has NOT been the designated External Auditor responsible for performing the statutory audit for the Company, or a key member of the audit team of the External Audit firm, during the preceding three financial years;
- Is NOT a significant or ongoing professional advisor to the Company, other than as a member of the Board;
- Is NOT a member of the Board or Excom of a significant customer of, or supplier to, the Company;
- Is NOT a member of the Board or Excom of another organisation which is a related party to the Company; and,
- Is NOT entitled to remuneration contingent on the performance of the Company.

It is further important to note that an Independent Non-executive Director should be Independent in fact and in the perception of a reasonably informed outsider.

2.8 Group Chairman

Mr. Gavin Quentin Routledge is the Chairman of the Board of Clientèle, Clientèle Life and Clientèle General.

Mr. Routledge has declared himself to be Independent and has also been found to be Independent by the Board when applying the criteria as supplied above. Clientèle believes that an Independent Chairman fosters the activities of a thoughtful and dynamic Board and, in turn, leads to a more proactive and effective Board of Directors.

The roles and responsibilities of the Chairman are, *inter alia*, as follows:

- Provides leadership and governance of the Board so as to create the conditions for the Board's and individual Director's effectiveness, and ensures that all key and appropriate issues are discussed by the Board in a timely manner;
- Promotes effective relationships and open communication, and creates an environment that allows constructive debates and challenges, both inside and outside the boardroom, between Non-executive Directors and management;
- Ensures that the Board, as a whole, plays a full and constructive part in the development and determination of the Group's strategies and policies, and that Board decisions taken are in the Group's best interests and fairly reflect the Board's consensus;
- Ensures that the strategies and policies agreed by the Board are effectively implemented by management;
- Sets, in consultation with the Group Managing Director and Group Company Secretary, the Board meeting schedule and agenda to take full account of the important issues facing the Group and the concerns of all Directors, and ensures that adequate time is available for thorough discussion of critical and strategic issues;
- Ensures that the Board is properly briefed on issues arising at Board meetings and receives, in a timely manner, adequate information which must be accurate, clear, complete and reliable, to fulfil its duties, such as reports on the Group's performance, the issues, challenges and opportunities facing the Group, and matters reserved for it to make decisions on;
- Ensures that there is effective communication with shareholders and other stakeholders, and that each Director develops and maintains an understanding of the stakeholders' views; and,
- Establishes good corporate governance practices and procedures and promotes the highest standards of integrity and corporate governance throughout the Group and particularly at Board level.

Mr. Routledge is a member of the Group Audit Committee and is also a member of the Group Risk, Group Investment, Group Remuneration and Group Nominations Committees. The Board is of the opinion that Mr. Routledge's contribution to the Group Audit Committee is invaluable to the Group.

Mr. Routledge was appointed as Chairman of the Board of Clientèle on 31 January 2008. Mr. Routledge's notice period is six months.

Mr. Routledge is allowed to hold outside professional positions and commitments and discloses these positions to the Group Nominations Committee on an annual basis and whenever there have been significant changes in outside appointments and commitments.

The Board is of the opinion that there is no need for a Lead Independent Director due to the size of the Company and the Group, as well as the size and structure of the Board Committees.

2.9 Group Managing Director

Mr. Basil William Reekie is the Managing Director of Clientèle. Mr. Reekie's notice period is six months.

Mr. Reekie is a Fellow of the Actuarial Society of South Africa and has no other professional commitments. A succession plan is in place for the position of Group Managing Director.

2.10 Executive Directors

There were no payments made relating to sign-on or termination of employment to any Executive Directors.

2.11 Group Company Secretary

Mr. Eben Johan Smit was appointed as Group Company Secretary in November 2022 and is a qualified and admitted attorney. The Group Company Secretary provides support and guidance to the Board on matters relating to governance across the Group. He assists the Board as a whole, and Directors individually, with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Group. He facilitates, where necessary, induction and training for Directors and assists the Managing Director in determining the annual meeting timetable.

The Board, on an annual basis, assesses the competence, qualifications and experience of the Group Company Secretary, as required in terms of the Listings Requirements and has agreed that he is sufficiently qualified, competent and experienced to hold his position as Group Company Secretary.

The Group Company Secretary is not a Director and the Board is therefore satisfied that the Group Company Secretary maintains an arm's length relationship with the Board and individual Directors in terms of the Listings Requirements.

The Group Company Secretary is also the secretary to the majority of the Board Committees.

2.12 Changes to the Board

The following changes were effected by the Board in 2023:

- Mr. IB Hume retired as Executive Director in December 2022;
- Mr. LED Hlatshwayo resigned as Independent Non-executive Director in December 2022;
- Mr. MG Cownie was appointed as Executive Director in January 2023; and,
- Mr. HP Mayers was appointed as Independent Non-executive Director in May 2023.

Furthermore, Mrs. W van Zyl resigned as Group Company Secretary in October 2022 and Mr. EJ Smit was appointed as Group Company Secretary in November 2022.

2.13 Directors' Interests

The shareholding of Directors appear on page 52 in the Group Remuneration Report.

2.14 Share Dealing by Directors and Senior Personnel

Clientèle has implemented a code relating to share dealing by Directors and all personnel who, by virtue of the key positions they hold, have comprehensive knowledge of the Group's affairs. The code imposes closed periods to prohibit dealing in Clientèle securities before the announcement of mid-year and year-end financial results or in any other period considered price sensitive, in compliance with the requirements of the Financial Markets Act, 2012, and the Listings Requirements in respect of dealings by Directors. The Group Company Secretary undertakes the administration required to ensure compliance with this code under the direction of the Chairman.

A pre-approval policy and process for all dealings in Clientèle shares by Directors and selected key employees is followed. This policy is reviewed annually.

2.15 Political Party Support

The Group does not support, financially or otherwise, any individual political party.

3. SHAREHOLDER AND BOARD COMMITTEES

The Board and Non-Board Committees (referred to in the Corporate Governance Report on pages 12 to 34):

- Have an independent role, operating as an overseer and maker of recommendations to the Board, Group Excom and Shareholders for consideration and approval;
- Have members who are deemed to have sufficient qualifications and experience to fulfil the duties required in terms of the responsibility of the Committees;
- Act in terms of the delegated authority of the Board, Group Excom and Shareholders as recorded in their respective Terms of Reference;
- May call upon the Chairpersons of other Board Committees, Excom Committees, any of the Executive Directors or applicable officers or the Group Company Secretary to provide information to them;
- Have reasonable access to the Group's records, facilities and any other resources necessary to discharge their duties and responsibilities;
- Have the right to obtain independent outside professional advice to assist with the execution of its duties, at the Group's cost, subject to a Board approved process; and,
- Take responsibility for risk management. The Chairperson of each Committee is responsible to ensure that risk management is conducted in line with the scope and objectives of the Committee and ensure that a risk register is maintained, that internal controls are implemented, actions are taken to mitigate risks and that the register is kept and updated on a regular basis. In addition, all risk incidents are reported to the Group Risk Function in a timely matter.

Corporate Governance *continued***3.1 Group Audit Committee**

Refer to the Group Audit Committee Report on pages 58 to 61.

3.2 Group Actuarial Committee

Members	Number of meetings held	Number attended
BW Reekie (Chairperson)	5	5
IB Hume (retired in December 2022)		2
MG Cownie (appointed in February 2023)		5 (3 as a member)
RD Williams		5
B Frodsham		4
JL Potgieter		4
H Louw		5
N Hoosen		5
HP Mayers (appointed in May 2023)		2
Appointed by: <ul style="list-style-type: none"> Group Audit Committee and the Board Authority: <ul style="list-style-type: none"> Group Audit Committee and the Board Other: <ul style="list-style-type: none"> External Auditors and the Chairman of the Group Audit Committee attend the interim and year-end Group Actuarial Committee meetings External Independent Actuaries have a standing invitation to attend all meetings 		Assessment: <ul style="list-style-type: none"> At least every second year Satisfactory rating in November 2022 Conclusion: <p>Satisfied that the Committee has fulfilled its responsibilities in accordance with the Terms of Reference for the reporting period.</p>
2023 KEY FOCUS AREAS <p>During the year, various issues were addressed, including:</p> <ul style="list-style-type: none"> Highlighting any policyholder reasonable benefit expectation issues, having specific regard to TCF and TCW; Reviewing and amending the format and content of actuarial reports; Reviewing the ALM position, cash flow management and capital requirements of the Group; Liaising with the External Actuaries and the External Auditor; Reviewing and approving the quarterly actuarial liability calculation; Considering and recommending to the Group Audit Committee and the Board the approval of bi-annual formal Actuarial Valuation and EV reports of the Head of the Actuarial Function; Annually reviewing the independence of the Head of the Actuarial Function; Reviewing and approving the monthly unit price calculation; Reviewing and discussing, annually, potential threats to External Actuaries' independence; Reviewing the appropriateness of the experience, expertise and adequacy of the resources of the Actuarial Department and the Actuarial function; Reviewing the impacts of regulatory and industry changes on the Actuarial Valuation and EV; Reviewing findings relating to data accuracy and data integrity; Advising as to the viability of any proposed client underwriting; Reviewing and monitoring relevant items from an internal capital management and planning process; and, Significant additional focus was placed on the challenging economic environment and the resultant effects on our clients and the economic, investment and business environment, as well as the appropriate actuarial assumptions. <p>The Committee is expected to make use of appointed experts who specifically include the External Actuaries, to assist it in carrying out its responsibilities.</p> <p>Refer to the Statement of Group EV on pages 62 to 67 and the Statement of Actuarial Values of Assets and Liabilities of Clientèle Life on pages 79 to 82.</p>		

3.3 Group Risk Committee

Members	Number of meetings held	Number attended
BA Stott (Chairperson)	4	3
BW Reekie		4
IB Hume (retired in December 2022)		2
GQ Routledge		4
RD Williams		4
MG Cownie (appointed in February 2023)		4 (2 as a member)
<p>Appointed by:</p> <ul style="list-style-type: none"> The Board <p>Authority:</p> <ul style="list-style-type: none"> The Board <p>Other:</p> <ul style="list-style-type: none"> The Chief Risk Officer, Mr. JL Potgieter, the risk officers, the External Auditors and the CAE attend all meetings as invitees Refer to pages 72 to 74 for members' qualifications and experience The composition and responsibilities of this Committee are aligned to the Prudential Standard GOI 2 – Governance of Insurers 		<p>Assessment:</p> <ul style="list-style-type: none"> At least every second year Satisfactory rating in November 2022 <p>Conclusion:</p> <p>Satisfied that the Committee has fulfilled its responsibilities in accordance with the Terms of Reference for the reporting period.</p>
<p>2023 KEY FOCUS AREAS</p> <p>During the year, various issues were addressed, including:</p> <ul style="list-style-type: none"> Assisting the Board in ensuring that there are processes in place enabling: <ul style="list-style-type: none"> complete; timely; relevant; accurate; and, accessible disclosure on risks to stakeholders. Disclosure of risks to stakeholders; Providing assurance relating to the effectiveness of the risk management process; Designing, implementing and monitoring the risk management plan; Performing continuous risk assessments, including consideration of new and emerging risks; Ensuring frameworks and methodologies are implemented to increase the probability of anticipating emerging risks; Ensuring that management considers and implements appropriate risk responses; Ensuring continuous risk monitoring by management; Annual review and approval of the Business Continuity Framework; Approving updated risk appetite and risk tolerance statements and risk rating scales; Receiving and considering feedback on compliance with SAM; Approval of “shock” scenarios for ORSA; Reviewing and approval of ORSA; Ensuring that all Operational Risk Incidents are reported and working with business on finding ways to mitigate the impact and reduce the probability of the recurrence of these incidents; Reviewing and approving of capital management policies; Reviewing and discussing the presentation on global and local economic conditions; and, Significant focus was placed on management actions in order to ensure the welfare of the staff, compliance with new regulations and mitigation of the effects of the challenging economic environment. <p>Refer to the Risk Management section on pages 88 to 98 for more detail.</p>		

Corporate Governance continued

3.4 Group Investment Committee

Members	Number of meetings held	Number attended
MG Cownie (Chairperson)	4	4
IB Hume (retired in December 2022)		2
BW Reekie		4
GQ Routledge		4
BA Stott		4
N Hoosen		4
H Louw		4
JL Potgieter		4
Appointed by: <ul style="list-style-type: none"> The Board Authority: <ul style="list-style-type: none"> The Board The Group Audit Committee on taxation matters Other: <ul style="list-style-type: none"> The Group Investment Committee reports to the Group Audit Committee on matters relating to taxation 		Assessment: <ul style="list-style-type: none"> At least every second year Satisfactory rating in November 2022 Conclusion: <p>Satisfied that the Committee has fulfilled its responsibilities in accordance with the Terms of Reference for the reporting period.</p>
2023 KEY FOCUS AREAS <p>During the year, various issues were addressed, including:</p> <ul style="list-style-type: none"> ALM, in conjunction with the investment manager and the Group Actuarial Committee; Overseeing that investment decisions are made in the best interests of policyholders (with regard to policyholder reasonable expectations); Overseeing the appropriate mix of shareholder investments on behalf of the Board; Ensuring that there are processes in place to: <ul style="list-style-type: none"> continuously monitor and review the performance of existing investments; report on the performance of existing investments, as and when necessary; Ensuring that there are processes in place to monitor the Group's tax matters by: <ul style="list-style-type: none"> Ensuring tax implications of new and existing insurance and investment products are identified and understood; Reviewing processes implemented to ensure the Group follows the most effective tax route; Ensuring that all tax returns are submitted timeously; Ensuring that all SARS queries have been dealt with by persons with appropriate responsibility and expertise; Ensuring that management keeps current with tax legislation; and, Reporting to Group Audit Committee and Board on any significant tax matters. Monitoring the performance of the investment manager; and, Reviewing credit risk related to the Group's investment assets to ensure an optimum mix of risk and return. 		

3.5 Group Remuneration Committee

Members	Number of meetings held	Number attended
BA Stott (Chairperson)	1	1
GQ Routledge		1
ADT Enthoven		1
<p>Appointed by:</p> <ul style="list-style-type: none"> The Board <p>Authority:</p> <ul style="list-style-type: none"> The Board Shareholders by a non-binding advisory endorsement of the remuneration policy <p>Other:</p> <ul style="list-style-type: none"> The Group Managing Director attends all meetings by invitation Refer to pages 72 to 74 for members' qualifications and experience The composition and responsibilities of this Committee are aligned to the Prudential Standard GOI 2 – Governance of Insurers 		<p>Assessment:</p> <ul style="list-style-type: none"> At least every second year Satisfactory rating in November 2022 <p>Conclusion:</p> <p>Satisfied that the Committee has fulfilled its responsibilities in accordance with the Terms of Reference for the reporting period.</p>
<p>2023 KEY FOCUS AREAS</p> <ul style="list-style-type: none"> The Group Remuneration Committee assists the Board in ensuring that: <ul style="list-style-type: none"> The Group remunerates Directors and Executives fairly and responsibly; The levels of increases given to staff and management are appropriately reviewed; and, The disclosure of remuneration is accurate, complete and transparent. Overseeing the remuneration policy and ensuring that it promotes the achievement of strategic objectives and Group targets; Reviewing the outcomes of implementation of the remuneration policy in terms of achievement of set objectives; Benchmarking Executive remuneration; Ensuring the mix of fixed and variable pay meets the Group's strategic objectives and needs; Satisfying itself as to the accuracy of performance measures that govern vesting and payment of incentives and bonuses; Ensuring that all benefits are justified and correctly valued; Considering and evaluating the performance of the Group Managing Director, other Executive Directors, heads of control functions and Executives when determining remuneration; Regularly reviewing Incentive Schemes to ensure continued contribution to shareholder value in addition to ensuring that these are administered in terms of the rules; Considering the appropriateness of early vesting of BRs at the end of employment and effecting relevant changes, at their discretion, in line with legislation, standards and requirements; Reviewing the performance of Non-executive Directors; Reviewing the performance of Executives; Advising on the remuneration of Non-executive Directors; and, Reviewing the Group's remuneration report for Executives in the Integrated Annual Report and providing recommendations to the Board. <p>More detail in Group Remuneration Report on pages 37 to 52.</p>		

Corporate Governance continued

3.6 Group Social and Ethics Committee

Members	Number of meetings held	Number attended
PR Gwangwa (Chairperson)	4	3
BW Reekie		4
RDT Tabane		4
LED Hlatshwayo (resigned in December 2022)		2
RD Williams		4
Appointed by: <ul style="list-style-type: none"> The Board Authority: <ul style="list-style-type: none"> The Board Report to shareholders through the Integrated Annual Report Refer to pages 72 to 74 for members' qualifications and experience 		Assessment: <ul style="list-style-type: none"> At least every second year Satisfactory rating in November 2022 Conclusion: Satisfied that the Committee has fulfilled its responsibilities in accordance with the Terms of Reference for the reporting period.
2023 KEY FOCUS AREAS <ul style="list-style-type: none"> Social and economic development, including the Group's standing in terms of goals and purpose relating to: <ul style="list-style-type: none"> The ten United Nations Global Compact Principles; The OECD recommendations regarding corruption; The B-BBEE Act; and, The Employment Equity Act. Good corporate citizenship, including the Group's: <ul style="list-style-type: none"> Promotion of equality, prevention of unfair discrimination and reduction of corruption; Contribution to development of the communities in which its activities are predominantly conducted or within which its products/services are predominantly marketed; Record of sponsorship, donations and charitable givings; and, Impact on the environment, health and public safety, including the impact of the Group's activities and its products/services. Consumer relationships, including the Group's advertising, public relations and compliance with consumer protection laws; Labour and employment, including: <ul style="list-style-type: none"> The Group's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and, The Group's employment relationships, and its contribution towards the educational development of its employees. Monitoring that the Group conducts its activities in an ethical manner; Drawing matters within its mandate to the attention of the Board, as the occasion requires; Attending the AGM to report, through a member, to the shareholders on the matters within its mandate, if required; and, Throughout the year, against the backdrop of the challenging economic environment, guiding Clientèle's continued adherence to the Group's Purpose and Values by Treating Clients Well and Treating Employees Well. <p>Refer to the Group Social and Ethics Report on pages 53 to 57.</p>		

3.7 Group Nominations Committee

Members	Number of meetings held	Number attended
BA Stott (Chairperson)	4	4
GQ Routledge		4
ADT Enthoven		4
BW Reekie		4
Appointed by: <ul style="list-style-type: none"> The Board Authority: <ul style="list-style-type: none"> The Board Report to shareholders through the Integrated Annual Report Refer to pages 72 to 74 for members' qualifications and experience 		Assessment: <ul style="list-style-type: none"> At least every second year Satisfactory rating in November 2022 Conclusion: <p>Satisfied that the Committee has fulfilled its responsibilities in accordance with the Terms of Reference for the reporting period.</p>
<p>2023 KEY FOCUS AREAS</p> <ul style="list-style-type: none"> Ensuring that the process of nomination, election and appointment of members of the Board is formal, appropriate and transparent; Ensuring that any candidate for election as a Non-executive Director has sufficient time available to fulfill the responsibilities as a member of the Board by requesting details of professional commitments and a statement to the effect that the candidate has sufficient time available to fulfill such responsibilities; Ensuring that a process is in place for receipt of a declaration in respect of all relevant financial, economic and other interests held by each Director and any related parties on an annual basis; Ensuring that formal succession plans for the Board, Group Managing Director and senior management are developed and implemented; Recommending to the Board the continuation (or not) in service of any Director who has reached the age of 75; Considering, annually, the eligibility for re-election of those Directors who retire by rotation and recommend or advise otherwise such retiring Directors' re-appointments by shareholders at the AGM taking into account the results of their performance evaluation; Considering, annually, as part of the Board evaluation process, the independence of the Non-executive Directors. A separate annual review is required for Independent Directors serving for longer than nine years, to ensure: <ul style="list-style-type: none"> the member exercises objective judgment; and, there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making. Overseeing the formal induction programme for new Directors including the development and implementation of continuing professional development programmes for Directors and mentorship of Directors where required; Ensuring that Directors receive regular briefings on changes in risks, laws and the environment in which the Company operates; Co-ordinating the annual performance evaluation of the Board and Committees, independence assessment of Directors, peer reviews and assessment of the qualifications and competence of the Group Company Secretary; Ensuring the implementation of action plans emanating from the annual evaluations where required; Considering and recommending to the Board, for approval, policies relating to the Committee's mandate as set out in the Terms of Reference; Agreeing with the Group Managing Director (who is a member of this Committee) whether any additional professional positions may be taken up by the Group Managing Director; On an annual basis, discussing the need for a Lead Independent Director; Ensuring that there are adequate policies and procedures relating to the appointment, dismissal and succession of senior management and Heads of Control Functions; and, Recommending the appointment of the Chairman of the Board to the Board. 		

Corporate Governance continued

4. NON-BOARD COMMITTEES

The following, *inter alia*, are non-board Committees in place as at 30 June 2023:

- Group Excom;
- Group IT Steering Committee;
- Group Product Committee;
- Group Internal Controls Committee;
- Group Internal Financial Controls Committee;
- Group Negative Production Committee;
- Group Client Services Committee;
- Group Marketing Committee;
- Group Employment Equity Committee;
- Group Provident Fund Committee;
- Group IFRS 17 Committee;
- Group Digital Committee;
- Group Communication Committee;
- Group Data Governance Committee;
- Group Internal Arbitration Committee;
- Group Script Committee; and,
- Group Hazardous Biological Agents Committee.

Board and Non-Board Committees have formal Terms of Reference, which are reviewed on an annual basis.

The Terms of Reference of the Committees are available on request from the Group Company Secretary on 011 320 3015 or esmit@clientele.co.za.

5. ATTENDANCE AND MEMBERSHIP OF SHAREHOLDER, BOARD AND BOARD COMMITTEE MEETINGS

5.1 Members of Clientèle Board and Committees as at 30 June 2023

Directors and members	Description	Note	Clientèle Board	Group Audit	Group Actuarial	Group Remuneration	Group Social & Ethics	Group Risk	Group Investment	Group Nominations
DIRECTORS										
GQ Routledge	Chairperson, Independent Non-executive Director		✓	✓		✓		✓	✓	✓
BW Reekie	Group Managing Director	1	✓	I	✓	I	✓	✓	✓	✓
ADT Enthoven	Non-executive Director		✓			✓				✓
IB Hume	Group Financial Director	2	✓	I	✓			✓	✓	
MG Cownie	Group Financial Director	3	✓	I	✓		I	✓	✓	
BA Stott	Independent Non-executive Director	4	✓	✓	I	✓		✓	✓	✓
PR Gwangwa	Independent Non-executive Director	5	✓				✓			
RD Williams	Independent Non-executive Director		✓	✓	✓		✓	✓		
PG Nkadameng	Non-executive Director		✓							
LED Hlatshwayo	Independent Non-executive Director	6	✓	✓			✓			
GK Chadwick	Alternate Non-executive Director		✓							
H Louw	Executive Director		✓	I	✓		I	I	✓	
RDT Tabane	Executive Director		✓	I			✓	I		
HP Mayers	Independent Non-executive Director	7	✓		✓					
GROUP EXCOM										
JL Potgieter	Head of the Actuarial Function and Chief Risk Officer		I	I	✓		I	I	✓	
B Frodsham	Group Strategic Operations Executive		I	I	✓		I	I		
LA Botha	Group Marketing and Advertising Executive		I		I		I			
JWF Pretorius	Group Telesales Executive		I	I	I		I	I		
N Hoosen	Group Executive		I	I	✓			I	✓	
DT Habana	Group IT Executive	8	I	I	I			I		

(✓ = member, I = invitee)

1 Chairperson of Group Actuarial Committee.

2 Retired as an Executive Director in December 2022.

3 Appointed as Group Financial Director in January 2023. Chairperson of Group Investment Committee.

4 Chairperson of Group Audit, Group Risk, Group Remuneration and Group Nominations Committees.

5 Chairperson of Group Social and Ethics Committee. Resigned after year end.

6 Resigned as Independent Non-executive Director in December 2022.

7 Appointed as Independent Non-executive Director in May 2023.

8 Appointed as Group Excom Member in October 2022.

Corporate Governance continued

5.2 Attendance at Clientèle Board and Committee Meetings

Directors and members	Clientèle Board	Group Audit	Group Actuarial	Group Remu- neration	Group Social & Ethics	Group Risk	Group Invest- ment	Group Nomi- nations
Meetings held	4	8	5	1	4	4	4	4
DIRECTORS								
GQ Routledge	3	7		1		4	4	4
BW Reekie	4	8	5		4	4	4	4
ADT Enthoven	2			1				4
IB Hume ¹	2	4	2			2	2	
BA Stott	4	8		1		3	4	4
PR Gwangwa	4				3			
RD Williams	3	8	5		4	4		
MG Cownie ³	4*	7	3		3	4	4	
PG Nkadimeng	4						1	
LED Hlatshwayo ²	2	4			2			
GK Chadwick	4							
H Louw	4	8	5		4	4	4	
RDT Tabane	4	6			4	4		
HP Mayers ⁴	1		2					
GROUP EXCOM								
JL Potgieter	4	7	4		4	3	4	
B Frodsham	3	6	4		4	3		
DT Habana ⁵	3	4	4			3		
LA Botha	4		1		4			
JWF Pretorius	4	6	4		4	4		
N Hoosen	3	8	5			4	4	

¹ Retired as an Executive Director in December 2022.

² Resigned as Independent Non-executive Director in December 2022.

³ Appointed as Group Financial Director in January 2023. Chairperson of Group Investment Committee.

⁴ Appointed as Independent Non-executive Director in May 2023.

⁵ Appointed as Group Excom Member in October 2022.

* Two meetings attended as a director.

6. INTERNAL FINANCIAL AND OPERATING CONTROLS

The Board acknowledges its responsibility for ensuring that the Group implements and monitors the effectiveness of systems of internal financial and operating controls. These systems are designed to guard against material misstatement and loss.

The identification of risks and the detailed design, implementation and monitoring of adequate systems of internal, financial and operating controls are delegated to Group Excom by the Board. The Group Audit Committee reviews these matters.

The Group ICC and Group IFCC assist the Board, the Group Audit Committee, Excom and management in this regard. The Group ICC and IFCC also work closely with the Group Managing Director and the Group Financial Director on attesting to an adequate internal financial control environment in compliance with section 3.84(k) of the Listings Requirements. Even effective systems of internal, financial and operating controls, no matter how well designed, have inherent limitations, including the possibility of circumventing or overriding such controls. Such systems can therefore not be expected to provide absolute assurance. Effective systems of internal, financial and operating controls, therefore, aim to provide reasonable assurance as to the reliability of financial information and, in particular, of the Annual Financial Statements.

Moreover, changes in the business and operating environment could have an impact on the effectiveness of such controls which, accordingly, are reviewed and reassessed regularly.

The Group maintains internal, financial and operating controls that are designed to provide reasonable assurance regarding:

- The safeguarding of assets against unauthorised use or dispossession;
- Compliance with applicable laws and regulations;
- The maintenance of proper accounting records and the integrity and reliability of financial information; and,
- Detection and minimisation of fraud, potential liability, loss and material misstatements.

GIA assists in providing the Board and Excom with monitoring mechanisms for identifying risks and assessing controls appropriate to managing such risks.

The Board has not been made aware of any issue that would constitute a material breakdown in the functioning of these controls up to the date of this report. The Board Report on the Effectiveness of Internal Controls is set out on page 35.

7. COMPLIANCE

The primary role of the Group Compliance function is to minimise regulatory risk by assisting management to comply with statutory, regulatory and supervisory requirements. The Compliance function facilitates the monitoring of and the management of compliance through the analysis of statutory and regulatory requirements and the implementation of the required systems, processes and procedures.

Corporate Governance continued

8. GROUP INTERNAL AUDIT

GIA performs reviews of the Group's operations and internal controls and operates with the full authority of the Board and has direct access to the Chairman of the Group Audit Committee. GIA is also the custodian of Combined Assurance.

GIA reports functionally to the Group Audit Committee and administratively to the Group Financial Director.

GIA assists in providing the Board and Excom with monitoring mechanisms for identifying risks and assessing controls appropriate to managing such risks.

GIA is charged with examining and evaluating the effectiveness of the Group's operational activities, the attendant business risks and the systems of internal financial and operating controls, with major weaknesses being brought to the attention of the Group Audit Committee, the External Auditors and members of senior management for their consideration and remedial action. The work of GIA is focused on the areas of greatest risk within the Group as determined by a risk assessment process. The output from the process is summarised in the Annual Audit Plan, which is approved by the Group Audit Committee.

9. ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

The Group subscribes to the highest levels of professionalism and integrity in conducting its business and dealings with stakeholders. The Company's employees and representatives are expected to act in a manner that inspires trust and confidence from the general public.

The Group places a high value on integrity, honesty and trust. Reference and criminal checks are carried out on certain job applicants and their qualifications are verified before offers of employment are made. The principle of 'zero tolerance' of fraud and corruption will continue to be applied to employees, IFAs, professional presenters, brokers and agents. All employees are required to report all incidents of suspected or actual fraudulent events or other financial irregularities for investigation. The induction training for new employees includes modules dealing with the code of ethics, compliance therewith and the Group's stance on internal fraud. Existing policies on the reporting of breaches of the code of ethics ensures confidentiality and protection to persons making reports, as required by the Protected Disclosure Act, Act 26 of 2000 and POPIA. Internal disciplinary procedures are fully compliant with the Labour Relations Act, Act 66 of 1995.

Mr. Reekie signed the BLSA Integrity Pledge on behalf of the Group in 2017. The Pledge holds the Group accountable to play a part in preventing and defeating corruption, to reaffirm honesty, respect for the rule of law, transparency and putting South Africa first. The Pledge is binding on the Group and its Directors and Officers.

10. GROUP ANNUAL FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated and separate Annual Financial Statements of the Group, which have been prepared in accordance with IFRS. The Group Annual Financial Statements have been prepared from the accounting records and the use of appropriate policies supported by reasonable and prudent judgments and estimates and fairly present the state of affairs of the Group. The External Auditors are responsible for auditing and reporting on these Group Annual Financial Statements. The Group Annual Financial Statements have been audited in accordance with International Standards on Auditing. Details of the External Auditor's remuneration for audit and other services are provided in Note 36 on page 169 to the Group Annual Financial Statements. The Group is satisfied with the Independence of the External Auditors.

The Directors are of the opinion that the Group is financially sound and operates as a going concern. The Group Annual Financial Statements have, accordingly, been prepared on this basis.

11. INTERNAL AND EXTERNAL ACTUARIES

Clientèle Life and Clientèle General

The Head of the Actuarial Function, Mr. Johan Lodewikus Potgieter is responsible for assisting the Board in actuarial matters and conducting the Actuarial Valuation of the Assets and Liabilities of Clientèle Life (refer to pages 79 to 82) and Clientèle General. Mr. Potgieter attends all Clientèle Life and Clientèle General Board meetings.

Clientèle Group

The annual EV is also reviewed and certified externally by QED Actuaries and Consultants. Mr. Potgieter assists the Board in reviewing the EV of the Group.

Mr. Potgieter attends the Group Audit Committee meetings, the Group Risk Committee meetings, the Group Actuarial Committee meetings, the Group Investment Committee meeting and the Clientèle Board meetings.

QED Actuaries and Consultants have a standing invitation to attend all Group Actuarial Committee meetings.

12. THE GOVERNANCE OF INFORMATION TECHNOLOGY

The Board is satisfied that the correct processes are in place to ensure complete, timely, relevant, accurate and accessible IT reporting.

The Group IT Steering Committee oversees the functions of IT and data governance.

A Group Executive, Mr. Donnerine Terrol Habana, is responsible for the management of IT. Mr. Habana has suitable qualifications and experience and interacts regularly with the Board and Excom.

The Board and Group Audit Committee have formally accepted the overall responsibility for IT and it was formally assigned to the Board. IT governance is an item on the Board agenda.

The Board is regularly informed about the Group's IT function, objectives, projects, financial information, risks and human capital management.

The Board provides appropriate leadership and direction to ensure that IT supports the achievement of the Group's strategic objectives.

13. ENVIRONMENTAL IMPACT

The Group is aware of the impact of its business on the environment and continues to find ways of reducing the Group's carbon footprint.

Significant progress has been made in the areas of water harvesting and solar power solutions. New initiatives will continue to be embarked upon to ensure that the Group remains an ethical corporate citizen in this regard.

Also Refer to the Group Social and Ethics Report on pages 53 to 57.

BOARD REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS

The Board is accountable for ensuring effective controls. Management is charged with the responsibility of establishing an effective internal control environment, which is developed and maintained on an ongoing basis to provide reasonable assurance to the Board regarding the:

- Integrity and reliability of the Group's Annual Financial Statements;
- Safeguarding of assets;
- Economic and efficient use of resources;
- Compliance with applicable legislation and regulations;
- Detection and minimisation of fraud, potential liability, loss and material misstatement; and,
- Implementing and maintaining controls and security over the Clientèle website.

Internal controls are established not only over financial matters but also operational, compliance and sustainability matters. Controls are the means by which management seeks to mitigate risks to an acceptable level of exposure.

The Board has mandated an initiative to design and embed an appropriate integrated framework that systematically evaluates and continuously improves controls across the Group.

GIA reviews the internal control systems and reports findings and recommendations for improvement to management and the Group Audit Committee. GIA provides a written assessment of the effectiveness of the Group's systems of internal control and risk management.

The Group Audit Committee monitors and evaluates the duties and responsibilities of management and Internal and External Audits to ensure that all major issues reported have been satisfactorily resolved.

Based on the processes mentioned above, nothing has come to the attention of the Board that caused it to believe that the Group's system of internal controls and risk management is not effective and that the internal controls do not form a sound basis for the preparation of Group Annual Financial Statements that are free from material misstatement.

The Board's opinion is supported by the Group Audit Committee.



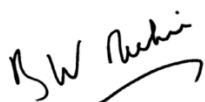
Mr. GQ Routledge
Chairman of the Board

22 September 2023

INTERNAL FINANCIAL CONTROLS SIGN-OFF BY MANAGING DIRECTOR AND FINANCIAL DIRECTOR

Each of the Directors, whose names are stated below, hereby confirm that:

1. The Group Annual Financial Statements, set out on pages 88 to 177, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
2. To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Group Annual Financial Statements false or misleading;
3. Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the Group Annual Financial Statements of the issuer;
4. The internal financial controls are adequate and effective and can be relied upon in compiling the Group Annual Financial Statements, having fulfilled our role and function as Executive Directors with primary responsibility for implementation and execution of controls;
5. Where we are not satisfied, we have disclosed to the Group Audit Committee and the Auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and,
6. We are not aware of any fraud involving Directors.



Mr. BW Reekie
Group Managing Director

22 September 2023



Mr. MG Cownie
Group Financial Director

GROUP AUDIT COMMITTEE REPORT ON THE EFFECTIVENESS OF INTERNAL FINANCIAL CONTROLS

The Group Audit Committee is pleased to present its report for the financial year ended 30 June 2023. Based on the review of the Group's system of internal financial controls and risk management, including a review of the:

- Design;
- Implementation; and,
- Effectiveness

of the controls conducted by GIA during the 2023 year, and considering:

- Information and explanations given by management;
- Discussions with the External Auditor on the results of their audit; and,
- Discussions at Group Risk Committee meetings, attended by the CAE,

nothing has come to the attention of the Group Audit Committee that caused it to believe that the Group's system of internal financial controls and risk management are not effective and that the internal financial controls do not form a sound basis for the preparation of reliable Group Annual Financial Statements.



Mr. BA Stott
Chairman of the Group Audit Committee

22 September 2023

GROUP REMUNERATION REPORT

The Board is pleased to present the Group's Remuneration Report for the year ended 30 June 2023. The Group Remuneration Report is a three-part report, as prescribed by King IV:

- **Part 1** is a summary of background information necessary to give perspective to parts 2 and 3;
- **Part 2** sets out the Group's remuneration policy, and,
- **Part 3** details the implementation of the policy in the 2023 financial year.

PART 1: BACKGROUND STATEMENT

The Group Remuneration Report is compiled in accordance with the recommendations on remuneration contained in King IV and complies with the requirements of the Companies Act and Prudential Standard GOI 2 – Governance of Insurers, issued by the PA.

At the AGM, shareholders are being requested to consider and approve, via non-binding advisory endorsements the Group's remuneration policy (Part 2 of this Group Remuneration Report) and the implementation of the policy in the 2023 year (Part 3 of this Group Remuneration Report).

The shareholder non-binding advisory endorsements and explanatory note are set out on page 181 in the Notice of the AGM. Shareholders are requested to offer their support by voting in favour of these non-binding advisory endorsements at the AGM.

The Group's business strategy, as set by the Board, informs the Group's Executive and employee remuneration policy. The end-goal is to achieve the Group's growth objectives by retaining skilled key talent and attracting new talent to deliver on these growth objectives.

The remuneration policy is based on the principle of both Group and Individual performance driven remuneration, which is fair and reasonable for all staff and aligned to shareholder value creation. The remuneration policy followed by the Group is in line with the policy applicable to prior years.

The Group strives constantly to attract new talent and to retain existing talent to deliver on the Group's growth objectives. This is a difficult task in the context of regulation and competition for scarce skilled and talented people which requires a careful balance between advancement opportunities, guaranteed remuneration and incentivisation. The Group Remuneration Committee seeks to do this through industry benchmarking, stakeholder engagement and innovative thinking.

The Group's remuneration policy strongly aligns to shareholders interests and intends to maintain its focus on balancing the Group's long-term growth objectives with generating a sustainable, healthy return on investment for shareholders.

The Group strives to achieve outstanding results by expecting the highest performance from employees and for having reward systems in place that recognise commitment and contribution in the highest possible way. The highly motivated environment in which the Group operates is built on this principle, which lies at the core of the Group's long-term success.

Our remuneration philosophy is founded on enduring principles, which we seek to apply consistently each year. Our policy aims to promote a culture that supports innovation, enterprise and the execution of Group strategy and that aligns the interests of the majority of staff whilst attaining profitable (and sustainable) long-term growth for the benefit of all stakeholders. Inherent to this philosophy is the linkage between pay and short-term and long-term performance (both at an individual and corporate level).

The Group does not differentiate in remuneration between gender and race and all employees are remunerated equally in accordance with their position and performance.

PART 2: REMUNERATION PHILOSOPHY AND POLICY

1. DEFINITION OF REMUNERATION

Remuneration includes:

- a) fees paid to Directors for services rendered by them to or on behalf of the Group, including any amount paid to a person in respect of the person's accepting the office of Director; and,
- b) salary, bonuses and performance-related payments;

In addition to the above, in terms of Section 30(6) of the Companies Act, the following needs to be disclosed for Directors:

- c) expense allowances, to the extent that the Director is not required to account for the allowance;
- d) contributions paid under any pension scheme;
- e) the value of any option or right given directly or indirectly to a Director, past Director or future Director, or person related to any of them, as contemplated in section 42;
- f) financial assistance to a Director, past Director or future Director, or person related to any of them, for the subscription of options or securities, or the purchase of securities, as contemplated in section 44; and,
- g) with respect to any loan or other financial assistance by the Group to a Director, past Director or future Director, or a person related to any of them, or any loan made by a third party to any such person, as contemplated in section 45, if any company in the Group is a guarantor of that loan, the value of:
 - i) any interest deferred, waived or forgiven; or,
 - ii) the difference in value between:
 - aa) the interest that would reasonably be charged in comparable circumstances at fair market rates in an arm's length transaction; and,
 - bb) the interest actually charged to the borrower, if less.

2. SCOPE OF THE REMUNERATION POLICY

The remuneration policy applies to all Clientèle staff, including Directors, Managing Executives and Heads of Control Functions.

The Group Remuneration Committee ensures that:

- Excessive or inappropriate risk-taking is not induced and aligns remuneration with the long-term interests of the Group and its stakeholders;
- Where remuneration includes both fixed and variable components, the mix of fixed and variable pay meets the Group needs and strategic objectives;
- The remuneration policy is consistent with the Clientèle business and risk management strategy and performance;
- Specific consideration is given to the Remuneration of Control Function Heads to ensure that the level and split between Guaranteed Earnings and Bonus earnings is appropriate;
- The policy provides for a clear, transparent and effective management structure around remuneration; and,
- In defining an individual's performance, financial and non-financial performance is considered.

3. GOVERNANCE AND THE GROUP REMUNERATION COMMITTEE

Role and Constitution of the Group Remuneration Committee

The Group Remuneration Committee has an independent role, operating as an overseer, maker of decisions on remuneration and maker of recommendations to the shareholders for their consideration. The Group Remuneration Committee Terms of Reference, which is approved by the Board, requires that the Group Remuneration Committee comprise of a minimum of three Non-executive Directors, the majority of whom must be Independent Non-executive Directors.

The Group Remuneration Committee does not assume the functions of management, which remain the responsibility of the Executive Directors, officers and other members of senior management.

The role of the Group Remuneration Committee is to assist the Board in ensuring that:

- The Group remunerates Directors, officers, members of senior management and staff fairly and responsibly;
- The disclosure of remuneration is accurate, complete and transparent; and,
- There is no discrimination in remuneration based on gender and race.

Group Remuneration Report continued

4. REMUNERATION MATRIX AS AT 30 JUNE 2023

The following matrix outlines the type of remuneration that employees can participate in:

Category	Number of employees	Basic Salary	Short-term Bonus Incentives	BR Scheme	EV Scheme	Goodwill Scheme
Group Excom	10	X	X		X	X
Balance of Excom	15	X	X	X	X	
Management and specialists ("management")	312	X	X	X	X	
Staff	3 326	X	X	X		
Total	3 663					

5. CORE PRINCIPLES OF REMUNERATION

5.1 Monthly Remuneration (Basic Salary)

Clientèle operates on a CTC basis as a contractual condition of employment.

CTC packages are determined by the specific job function, level of qualification and/or experience required, job responsibility, market need, and within set departmental parameters. Provident Fund and Medical Aid contributions (where relevant) are deducted from this CTC. All Clientèle employees become members of the Provident Fund within 3 months of joining the company and are then covered by the Company's Group life and capital disability policy. Employees have the option of joining the Company's medical aid.

Annual benchmarks of Clientèle's packages, against industry standards, are undertaken and every effort is made to ensure that market-related packages are offered to employees.

Clientèle does not make use of an external job-grading system, however job grading based on the Group's requirements and structure takes place based on an internally developed system. Clientèle's grading system is simple and relatively easily comparable to formal systems.

The grading system is based on the job level and job family classification method. The Group's employees are categorised according to employment levels from staff level up to senior manager level. Each employment level has a set of job requirements according to the defined job family (e.g. sales, finance, administration, legal), skill, knowledge and, in certain cases, qualifications, which all determine where employees are placed on the salary band.

Clientèle's salary system provides base income and the opportunity to earn additional remuneration through incentives (see 5.2).

Promotions are based on individual performance relative to the job requirements and expectations.

5.2 Short-term Bonus Incentives

Incentives are given, based on employee performance compared against pre-determined, and agreed upon, key measurement factors. Incentives are determined based on the specific function and requirement of each department.

Clientèle's incentive system is based on the key assumption that employees expect that incentives earned from Clientèle will correlate with their relative level of performance. This means that expectations are set in terms of reward and compensation if certain levels of performance are achieved. These expectations will determine goals and expected levels of performance for the future.

Staff rewards include merit increases (monthly CTC and incentive/bonus earnings), promotions and intrinsic rewards (including recognition amongst peers, awards and praise).

Due to Clientèle's incentive structure, employees do not receive a 13th cheque. The rationale behind this is that a 13th cheque rewards all employees equally (performers and non-performers) whilst incentive payments reward employees for their individual output and contribution.

5.3 Application of core principles (Basic Salary and Short-term Bonus Incentives)

5.3.1 Staff

The main purpose of staff incentivisation is to relate a portion of employees' pay to performance. Performance incentive payments increase directly in line with performance:

- The core principles underlying Clientèle's approach to staff incentivisation are based on the assumption that behaviour that is rewarded is more likely to be repeated and behaviour that is not rewarded is less likely to be repeated. Employees are likely to be more highly motivated if they perceive that there is a direct relationship between their level of performance and the financial reward received;
- It also links Group objectives with employee output;
- It is department specific and amounts are determined by pay-level, responsibility, work environment, job pressure, market trends, level of sophistication, Group targets and objectives and motivational impact;
- The minimum salary payable to staff who can earn a significant portion of their earnings via incentives is set at R4,250 per month. In all cases, we would expect such staff to be able to earn R6,500 per month or more by meeting the basic requirements of their job description;
- The minimum salary payable to staff who cannot earn significant extras via additional incentives paid is set at R6,500 per month;
- Incentives are not guaranteed;
- Incentives are awarded based on proper and consistent evaluation and measurements that are equitable and measurable; and,
- Incentives are intended to reward above-average performance and work-related achievements.

5.3.2 Management

- Annual (or semi-annual) performance bonuses for management (junior to senior) and technically or academically qualified staff are awarded;
- The core principle of Clientèle's policy on management remuneration is ensuring that Clientèle's key staff are rewarded in the top quartile for equivalent manager positions. Bonuses paid to management staff are highly attractive and lucrative. These are largely based on individual key performance criteria with a portion based on the achievement of Group Profit and REVE targets; and,
- Care is taken to ensure that added benefits are linked to the overall remuneration packages of management, these include participation in the BR Scheme, access to company vacation houses and generous leave allocations.

Core principles for management incentivisation include:

- Motivate, attract, reward, and retain key staff;
- Link Group objectives with managerial output;
- Provide the opportunity for key management to earn bonus pay-outs based on outputs within their control;
- Position-specific amounts are determined by pay level, responsibility, work environment, job pressure, market trends, level of sophistication, Group targets and objectives and motivational impact;
- 'Paying for the person' and not necessarily for the position can play a role especially where specific skills and experience are required;
- Blanket rules are not applied when setting bonus amount criteria but are determined by critical Group needs, skill sets required, market trends and job level. Clear guidelines are provided in this regard;
- It relies on proper and consistent evaluation and measurement which is equitable and measurable;
- Performance is assessed on both financial and non-financial criteria;
- It is intended to reward above average performance and work-related achievements. It is not intended for merely 'doing the job' or mediocrity; and,
- Individual members of management may participate in the EV Scheme Incentive pool, from time to time, based on outstanding performance.

Group Remuneration Report continued

5.4 BR Scheme

The BR Scheme exists for the purpose of retaining, motivating and rewarding all employees (excluding Group Excom, who participate in the Goodwill Scheme) who are able to influence the performance of Clientèle on a basis which aligns the interest of the participants with those of Clientèle and its shareholders (For additional detail on the Scheme refer to Note 15 on pages 153 to 155).

As at 30 June 2023, a total of 61,618,478 BRs have been issued to 6,237 participants. Up to date, 14,903,377 BRs have been exercised, resulting in the issue of 4,299,371 Clientèle shares to participants. As at 30 June 2023, a total of 29,695,167 BRs have been cancelled.

Salient features:

- The aggregate number of ordinary shares that may be allotted and issued to Bonus Participants under the BR Scheme will not exceed 32,350,000 ordinary shares less that number of ordinary shares issued to participants under the previous SAR Scheme. The allocation may be increased by ordinary resolution of the members of Clientèle;
- The maximum aggregate number of BRs which may be allocated to any one participant under the BR Scheme will be 647,000, namely 2% of the total number of BRs available under the BR Scheme and the SARs available under the SAR Scheme:
 - Notwithstanding that a Bonus Participant has been invited to participate in the BR Scheme, no rights will vest in the Bonus Participant until such time as BRs are exercised;
 - No amount will be payable by a Bonus Participant in order to participate in the BR Scheme.
- At any time after:
 - 3 years from the Invitation Date, up to 20% of the BRs may be exercised by a Bonus Participant;
 - 4 years from the Invitation Date, up to 50% of the BRs may be exercised by a Bonus Participant; and,
 - 5 years from the Invitation Date, up to 100% of the BRs may be exercised by a Bonus Participant, or on such earlier date or dates as may be agreed to or determined by the Directors in their discretion, provided that BRs may not be exercised during a closed period or any other period during which dealings in securities of the Company are prohibited;
- BRs not exercised within 7 years from the Invitation Date will be forfeited, except for any BRs allocated during the period 1 November 2013 to 31 December 2015, where the period was extended to 10 years from the Invitation Date;
- A BR Participant will be entitled to sell shares which he has acquired pursuant to the Exercise of a BR only after the vesting date, which is after the implementation in full of the transaction arising from the Exercise of the BR. The Bonus Participant will first be obliged to offer his shares in terms of the pre-emptive rights provisions of the BR Scheme and failing acceptance thereof, will be entitled to sell the relevant shares to a third party;
- The Board may amend the BRs Scheme, provided that no amendments affecting any of the following matters shall operate unless sanctioned by the shareholders in a general meeting:
 - the eligibility of Bonus Participants under the BR Scheme;
 - the maximum number of BRs which may be acquired by a single participant under the BR Scheme;
 - the total number of BRs which may be granted in terms of the BR Scheme;
 - the total number of shares which may be allotted and issued by the Company in terms of the BR Scheme;
 - the basis for determining the Initial Price;
 - the basis for determining the Terminal Price; and,
 - any other matter as may be prescribed by the Listings Requirements;
- The Company ensures compliance with all applicable laws including, but without limitation, the Listings Requirements;
- When BRs are due to be settled, the value of each BR is the difference between the volume weighted average price that the ordinary shares in Clientèle traded on the JSE during the thirty trading days immediately preceding the invitation date and the volume weighted average price that the ordinary shares in Clientèle traded on the JSE during the thirty trading days immediately preceding the exercise date less one and a half cents (“the Terminal Price”), as determined by the rules of the Scheme;
- The Board, in its discretion, may settle BRs either:
 - By means of the allotment and issue of new shares to the participant;
 - By way of a cash payment; or,
 - By way of a combination of the foregoing methods;
- It is not the intention that cash payments will be made. Only in exceptional circumstances, as considered by the Board in its discretion, will a cash payment be made to a BR participant; and,
- In determining the allocation of BRs, the following performance measures are used:

– Underperformers	= No allocation
– Low performers	= No allocation
– Average performers	= A minimal allocation per category
– Good performers	= An average allocation per category
– Excellent performers	= The maximum allocation per category

5.5 EV and Goodwill Schemes

The remuneration packages for Group Excom and Excom members comprise both a guaranteed portion in the form of salary (unconditional entitlement) and a non-guaranteed portion in the form of bonuses and incentives (conditional entitlement).

At the core of Clientèle's policy for Group Excom remuneration is that the major portion of an individual's potential package (non-guaranteed portion) is based on individual performance linked to, and dependent upon growth in Clientèle's EV and the creation of Scheme Goodwill over time. These are referred to as the EV Scheme and the Goodwill Scheme respectively. This is structured on a basis that aligns Group Excom's interests to that of shareholders. It is the intention that, should Group Excom and Excom perform in line with, or better than, expectation, the total remuneration paid to them will be in the top quartile.

This Incentive Scheme is a formally documented Scheme. The Incentive Scheme was adopted as it was felt that a typical share or option scheme may not achieve the desired result given the tightly held nature of Clientèle's shareholding and also given the Board's conviction that the most important element of success of Clientèle in the long-term is growth in EV and VNB. The Goodwill Scheme is for members of Group Excom whereas the EV Scheme also includes members of Life and General Excom and is based on individual performance linked to, and dependent upon growth in Clientèle's EV and the creation of Scheme Goodwill over time.

The Incentive Schemes are formulated and managed to encourage behaviour that fosters long-term sustainable growth for Clientèle and to discourage short-term behaviour and unnecessary risk-taking. Inappropriate risk taking results in the Executive involved receiving a reduced (or nil) incentive payment.

The core principles of the Incentive Schemes are to:

- Align Executives' interests with those of shareholders;
- Link remuneration directly to growth in EV, Group profitability and growth in the overall value of Clientèle;
- Provide a tool whereby remuneration is determined to encourage long-term employment with Clientèle;
- Include a "clawback" on a portion of historic incentive bonus allocations – this applies in instances where the growth in EV is negative; and,
- Includes an adjustment which is made, positive or negative, if actual experience differs by a pre-determined percentage compared to the assumptions used in calculating Scheme Goodwill.

In summary Group Excom and Excom receive the following remuneration package:

- A monthly salary;
- A short-term bonus based on an individual's key measurement factors;
- A medium-term incentive (EV Scheme); and,
- A long-term incentive (Goodwill Scheme) – Group Excom only.

Life Excom and General Excom participate in the EV Scheme as well as the BR Scheme. The BR Scheme benefits participants for the more general long-term performance of the Group and this is deemed to be more appropriate for Life and General Excoms. They do not participate in the Goodwill Scheme. Group Excom participates in the EV Scheme as well as the Goodwill Scheme but do not participate in the BR Scheme.

5.5.1 Current Components of Group Excom Remuneration

Fixed/ variable	Element	Definition
Fixed	Salary, Medical Aid, Provident Fund	CTC refers to the fixed element of remuneration and includes a basic salary, contributions to the medical aid scheme and contributions to the provident fund. Capital disability cover is provided over and above the CTC.
Variable	Annual short-term incentive	The short-term bonus is an annual cash payment aimed at delivering the Group's goals and strategic priorities.
Variable	Medium-term incentive (EV Scheme)	The medium-term incentive is calculated annually and paid over four years via an annual cash payment. The aim is to maximise growth in the Group's EV.
Variable	Long-term incentive (Goodwill Scheme)	The long-term incentive is calculated in five-year cycles and is paid via five annual incentive payments. This Scheme is aimed at the creation of Value of Future New Business (i.e. value in excess of EV). The rationale for this is that the Goodwill Scheme is designed to incentivise behaviour and performance over the long-term and the drivers of this performance are largely under the control of Group Excom.

Group Remuneration Report continued

5.5.2 Annual Short-term Incentive

Purpose	To encourage and reward delivery of the Group's strategic priorities and short-term goals.	
Participants	Group Excom, Excom and members of management.	
Operation	The short-term bonus potential is determined at the beginning of the year and the actual pay-out is based on Clientèle's performance in terms of profit, EV earnings and the individual key measurement factors tailored for the individual concerned which may include financial and non-financial elements. The Group Remuneration Committee looks at recommendations provided by the Managing Director and can change the payment upwards or downwards for individuals or all participants at its discretion.	
Performance measures	<p>The award for all participants is determined on the basis of Clientèle's performance as well as individual performance assessments measured against key measurement factors determined at the beginning of the year. Key measurement factors considered for Group Excom include the following:</p> <ul style="list-style-type: none"> • Group profits; • Managing Withdrawals; • Production and Quality of New Business; • Developing new distribution channels; • Lead creation; • Focus on Authenticated Collections; • Building brand and other marketing activities; • Innovation; • Smooth functioning of relevant business areas; • Improving culture and level of client service; • Staff Management and Treating Employees Well; • Staff recruitment, development and stability; • Succession planning; • Expense management; • Strategic input and Executive contribution; • Fintech, automation, digital strategy and cyber security; • System stability; • IT Governance; • Hardware development and planning; • Attainment of appropriate B-BBEE certification; • TCW; • Maintaining appropriate service levels and standards; • Transformation; • Compliance; • Living the values; • Key staff retention; and, • Diversification, transformation and future proofing the business. <p>The key measurement factors are different in weight depending on the role of the participant and do not all apply to each and every participant. The key measurement factors also contribute to the final awards for the EV incentive.</p>	
Key measurement scores of Group Excom for 2023	Ranged from 85% to 97%.	
Maximum potential value of annual incentive for 2023	6 Months (2022: 6 months)	Group Excom
	4 Months (2022: 4 months)	Excom
	3 Months (2022: 2 months)	Members of Management
	The amounts are expressed as multiples of the monthly salaries.	
Changes for 2023	No changes this year.	

5.5.3 EV Scheme – Medium-term Incentive

Purpose	The medium-term incentive is calculated annually and paid over four years via an annual cash payment. The aim is to maximise growth in the Group's EV.
Participants	Life Excom, General Excom, and Group Excom. A small portion of the pool is also allocated to members of management based on their strategic importance and performance during the year. This is done at the discretion of the Managing Director and subject to Group Remuneration Committee approval.
Operation	The EV incentive element incentivises participants over the medium term for performance over and above that for which they are remunerated and incentivised for under Clientèle's standard remuneration and short-term bonus policy. The EV Scheme is based on growth in EV, as certified by Clientèle's External Actuaries and approved by the Group Remuneration Committee, and vests and is payable over a four-year period. The EV Scheme is split into two pools. Pool 1 is calculated as a percentage (5%) of adjusted REVE. Pool 2 is based on out-performance of adjusted REVE over a defined hurdle rate at a participation level of 5.6%. Each participant's share in the pool is set at an initial level at the beginning of the year and then adjusted up or down based on individual performance during the year. The Group Remuneration Committee is entitled to allocate 100% of the pool to the participants; however, this has not been done to date with such a lesser amount allocated based on circumstances. Each participant's share in the pool is determined annually, it is then paid out in four equal annual payments with the first annual payment being at the time the amount of the pool is determined. There is a "clawback" if the pre-determined assumptions are not met, which is deducted from non-vested amounts earned but not yet paid.
Performance measures	Each participant's allocation within the pool is determined (on a provisional basis) at the beginning of the year. The ultimate allocation will be similar to the initial allocation; however, it may be adjusted upwards or downwards based on the individual's performance during the year. Performance is assessed both on financial and non-financial elements.
Maximum value of annual incentive for 2023	There is no specific cap, however, the quantum of the bonus pool and the amounts per individual are approved by the Group Remuneration Committee.
Changes for 2023	No changes this year.

Group Remuneration Report continued

5.5.4 Goodwill Scheme – Long-term Incentive

Purpose	The long-term incentive is calculated in five-year cycles and is paid via five annual incentive payments. This Scheme is aimed at the creation of Value of Future New Business (i.e. value in excess of EV).
Participants	Group Excom
Operation	<p>The Scheme Goodwill element of the Scheme is intended to take account of long-term capital growth in Clientèle that is not adequately dealt with under the EV element of the Scheme. The Goodwill Scheme component recognises the creation of value in excess of EV. This is measured in five-year cycles.</p> <p>Amounts are payable over a five-year period and are subject to criteria included in the Incentive Scheme.</p> <p>The cycle where payments are currently being made commenced on 1 July 2017, and ended on 30 June 2022 with the first (of five) payment made in August 2022.</p> <p>The current cycle commenced on 1 July 2022 and will end on 30 June 2027.</p> <p>The Goodwill Scheme results in a pool being created as a consequence of the growth in the Value of Future New Business. Participants in this Scheme currently receive a percentage of this pool based on their average percentage allocation to the EV Scheme pool over the five-year cycle.</p> <p>From the cycle that commenced on 1 July 2022 the Goodwill Scheme is based on a weighted average of the VNB created during the five-year Cycle in determining the pool, which is calculated as follows:</p> <p>Weighted average VNB =</p> $[\text{VNB year 1} + (2 \times \text{VNB year 2}) + (3 \times \text{VNB year 3}) + (4 \times \text{VNB year 4}) + (5 \times \text{VNB year 5})] / 15$ <p>There is an adjustment made to future payments under this Scheme, positive or negative, if actual experience differs by more than 10% from the non-economic assumptions used in calculating the Scheme Goodwill value. The adjustment is made to non-vested amounts earned but not yet paid.</p> <p>The Group Remuneration Committee is entitled to allocate 100% of the pool to the participants; however, this has not been done to date with such lesser amount allocated based on circumstances.</p>
Performance measures	The Goodwill allocation vests every fifth-year, and the ultimate allocation is only calculated at the time of vesting. The allocation, per participant, is calculated as the average EV Scheme allocation over the five years (or part thereof if the participant joined the Group Excom team during the five-year period). The EV Scheme performance is assessed on financial and non-financial factors.
Maximum value of annual incentive	<p>There is no specific cap, however, the quantum of the bonus pool is approved by the Group Remuneration Committee.</p> <p>78.9% of the pool was allocated when the previous cycle came to an end on 30 June 2022.</p>
Changes for 2023	No changes this year.

5.6 Excom Contracts of Service

All Excom members have employment contracts with notice periods ranging from 3 to 6 months.

The contracts do not provide for restraint of trade payments but this may be negotiated by the Group Remuneration Committee when necessary.

Upon resignation of an Excom member, all vested amounts relating to the EV and Goodwill Scheme incentives will be paid in accordance with the rules of the Incentive Schemes. Except where determined otherwise by the Group Remuneration Committee or in exceptional circumstances, all unvested bonus benefits will be forfeited.

6. NON-EXECUTIVE DIRECTORS

6.1 Appointment of Non-executive Directors

The appointment of Non-executive Directors for the reporting period is a matter for the Board as a whole. The Group Nominations Committee is tasked with this function, in conjunction with the Board.

Non-executive Directors are subject to election by shareholders at the first AGM following their appointment according to the Board rotation plan.

Service contracts are in place with all Non-executive Directors, setting out their responsibilities.

6.2 Non-executive Director Fees

The Group Managing Director and the Chairman of the Board recommend the Non-executive Director fees to the Group Remuneration Committee for approval subsequent to periodic input by external independent advisers regarding benchmark studies based on the same competitive group used for Executive Directors' remuneration.

The remuneration packages of the Non-executive Directors comprise a Director's fee. Non-executive Directors do not qualify to participate in any Bonus or Incentive Scheme (including the BR Scheme).

The performance of Non-executive Directors is assessed by Group Excom. The Non-executive Directors' fees are approved at the AGM.

7. NON-BINDING ADVISORY VOTE

Shareholders are requested to cast a non-binding advisory vote on part 2 of this Remuneration Report.

Group Remuneration Report continued

PART 3: IMPLEMENTATION OF POLICIES FOR THE FINANCIAL YEAR – IMPLEMENTATION REPORT

1. GUARANTEED SALARY ANNUAL INCREASES

As a rule, Clientèle's annual increase system is based on the principle of rewarding good performance and discouraging poor performance. As such, the determining factor for increases, relative to inflation, is based on merit and on rewarding commitment and dedication in employee performance.

The average increase across all levels of employees (excluding Excom) amounted to 5.6%.

2. BRs

The Clientèle BR Scheme was approved by Shareholders and launched in October 2012 as part of a staff reward and retention initiative.

The value through this Scheme is derived from the increase in the share price between date of allocation (strike price) and date of exercise (exercise price). The prices used are the closing 30 day volume weighted average price.

The strike price of the BRs available to exercise ranged from R7.69 to R20.01.

The depressed economy had a negative impact on the share price, limiting the ability of staff to exercise BRs.

BRs are allocated to staff who have been employed by the Group for at least 9 months.

BRs	2023	2022
Total issued to date	61,618,478	55,961,954
Total exercised to date	14,903,377	14,903,377
Total terminated to date	29,695,167	26,494,712
Available to exercise*	17,019,934	14,563,865
Shares issued under the BR Scheme	4,299,371	4,299,371
Value created to date (Rand)	72,829,453	72,829,453

The BRs issued for the year can be split between the various categories as follows:

Category	2023	2022
Exceptional performers	1,703,991	573,268
Good performers	1,896,737	1,467,528
Average performers	1,968,796	1,041,590
Low performers and Underperformers	–	–
Total	5,569,524	3,082,386

* Also see Note 15 on pages 153 to 155 to the Annual Financial Statements.

3. EV SCHEME

The principal actuarial assumptions used for estimating the obligation that relates to the EV Scheme are based on the EV assumptions and calculations as outlined in the Statement of Group EV (refer to pages 62 to 67).

Details of the pool (2023 number confirmed by the External Actuaries (QED Actuaries and Consultants)), are as follows:

EV Scheme pool	2023	2022
Total pool (R'000)	25,133	47,112
Pool 1	25,133	39,469
Pool 2	–	7,643
Payment terms (years)	4	4
Hurdle rate (%) (only applicable to Pool 2)	13.80	12.10
Pool utilisation (%)*	84.30	83.00

* Including 5% (2022: 6.62%) allocated to select members of management.

4. GOODWILL SCHEME

(Refer to Note 24 on pages 162 to 163).

The principal details relating to the Goodwill Scheme cycle 5 are as follows:

Cycle 5 ending 30 June 2027	2023	2022
Expected weighted VNB during the cycle (R'000)	540,000	N/A
Total estimated pool (R'000)	114,000	N/A
Expected pool utilisation (%)	83.00	N/A
VNB multiple	5	N/A
Payment term (years)	5	N/A

The principal details relating to the Goodwill Scheme cycle 4 have been confirmed by the External Actuaries (QED Actuaries and Consultants) and are as follows:

Cycle 4 ended 30 June 2022	2023	2022
Experience adjustment to in-force business (%)*	(10)	N/A
VNB at the end of the cycle (R'000)	290,575	290,575
Total Pool (R'000)	33,256	33,256
Pool Utilisation %	78.90	78.90
VNB multiple	5	5
Payment term (years)	5	5

* Based on current demographic assumptions with economic assumptions as at 30 June 2022.

The variables used in calculating and estimating the liability in respect of the Goodwill Scheme are subject to approval by the Group Remuneration Committee. Those variables, which are subjective in nature, have been set at levels which the Group Remuneration Committee deem to be fair and equitable to both shareholders and the participants. The variables used for Cycle 5 are changed over time as circumstances, Group performance and the economic environment change.

Group Remuneration Report continued

5. REMUNERATION OF EXECUTIVE DIRECTORS, GROUP EXCOM AND EXCOM

The table below summarises the remuneration packages of Executives applicable for the 2023 financial year.

EARNED 2023

(R'000) Category	Number of individuals	Base salary ²	Short-term Incentive	EV Scheme	Goodwill Scheme ³	Total
Group Managing Director – BW Reekie ¹	1	8,365	3,806	3,073	–	15,245
Managing Director – Clientèle Life – H Louw ¹	1	5,019	2,259	1,846	–	9,124
Financial Director – IB Hume ⁷	1	2,649	1,285	968	–	4,902
Financial Director – MG Cownie ⁸	1	2,842	1,208	1,053	–	5,102
Director – RDT Tabane ¹	1	2,632	1,158	914	–	4,704
Balance of Group Excom ⁵	6	16,259	7,526	6,817	–	30,602
Balance of Excom ⁶	15	26,344	7,218	5,262	–	38,824
Total	26	64,110	24,460	19,933	–	108,503

“Earned” amounts for the EV Scheme and the Goodwill Scheme will only be payable assuming the Group achieves certain performance metrics and contingent on further service of the relevant executives. Thus, this will only be fully earned over their respective vesting periods (3 years for the EV Scheme and 4 years for the Goodwill Scheme), which commenced as at 1 July 2023 and 1 July 2022 respectively.

(R'000)	Base salary ²	Short-term Incentive	EV Scheme	Goodwill Scheme ³	Total
Average for the Balance of Group Excom	2,710	1,254	1,136	–	5,100
Average for the Balance of Excom	1,756	481	351	–	2,588

PAID 2023

(R'000) Category	Number of individuals	Base salary ²	Short-term Incentive	EV Scheme ⁴	Goodwill Scheme ³	Total
Group Managing Director – BW Reekie ¹	1	8,365	3,806	3,633	1,404	17,209
Managing Director – Clientèle Life – H Louw ¹	1	5,019	2,259	2,338	760	10,376
Financial Director – IB Hume ⁷	1	2,649	1,285	2,061	979	6,973
Financial Director – MG Cownie ⁸	1	2,842	1,208	875	–	4,924
Director – RDT Tabane ¹	1	2,632	1,158	1,087	364	5,240
Balance of Group Excom ⁵	6	16,259	7,526	6,939	1,739	32,463
Balance of Excom ⁶	15	26,344	7,218	5,092	–	38,654
Total	26	64,110	24,460	22,024	5,246	115,840

(R'000)	Base salary ²	Short-term Incentive	EV Scheme ⁴	Goodwill Scheme ³	Total
Average Balance of Group Excom	2,710	1,254	1,156	290	5,411
Average Balance of Excom	1,756	481	339	–	2,577

1 Months in office = 12.

2 Including retirement, medical and other benefits.

3 The Goodwill Scheme has a five-year cycle, 2023 was the first year of cycle 5.

4 Includes Control Function Head bonuses.

5 One member joined during the year and one member left during the year, with 6 active members as at 30 June 2023.

6 Two members joined during the year and no members left during the year, with 15 active members as at 30 June 2023.

7 Months in office = 6 (retirement).

8 Months in office (as Financial Director) = 6. Earnings and payment relate to the full year.

Group Remuneration Report continued

EARNED 2022

(R'000) Category	Number of individuals	Base salary ²	Short-term Incentive	EV Scheme ⁴	Goodwill Scheme ³	Total
Group Managing Director – BW Reekie ¹	1	7,855	3,574	5,757	7,022	24,208
Managing Director Clientèle Life – H Louw ¹	1	4,713	2,097	3,775	3,801	14,386
Financial Director – IB Hume ¹	1	4,975	2,189	3,657	4,893	15,714
Director – RDT Tabane ¹	1	2,471	1,100	1,705	1,820	7,095
Balance of Group Excom ⁵	7	14,112	5,878	11,246	8,694	39,930
Balance of Excom ⁶	17	27,801	6,610	9,846	–	44,257
Total	28	61,928	21,447	35,986	26,230	145,591

(R'000)	Base salary ²	Short-term Incentive	EV Scheme ⁴	Goodwill Scheme ³	Total
Average for the Balance of Group Excom	2,016	840	1,607	1,242	5,704
Average for the Balance of Excom	1,635	389	579	–	2,603

PAID 2022

(R'000) Category	Number of individuals	Base salary ²	Short-term Incentive	EV Scheme ⁴	Goodwill Scheme ³	Total
Group Managing Director – BW Reekie ¹	1	7,855	3,574	4,070	1,404	16,904
Managing Director Clientèle Life – H Louw ¹	1	4,713	2,097	2,480	760	10,051
Financial Director – IB Hume ¹	1	4,975	2,189	2,686	979	10,828
Director – RDT Tabane ¹	1	2,471	1,100	1,197	364	5,132
Balance of Group Excom ⁵	7	14,112	5,878	7,153	1,739	28,882
Balance of Excom ⁶	17	27,801	6,610	5,431	–	39,843
Total	28	61,928	21,447	23,017	5,246	111,638

(R'000)	Base salary ²	Short-term Incentive	EV Scheme ⁴	Goodwill Scheme ³	Total
Average Balance of Group Excom	2,016	840	1,022	248	4,126
Average Balance of Excom	1,635	389	319	–	2,344

1 Months in office = 12.

2 Including retirement, medical and other benefits.

3 The Goodwill Scheme has a five-year cycle, 2022 was the fifth year of the cycle that commenced on 1 July 2017.

4 Includes Control Function Head bonuses.

5 Two members of Group Excom left on 31 December 2021 and one member of Group Excom joined on 1 February 2022.

6 One member joined during the year and three members left during the year, with 14 active members as at 30 June 2022.

Group Remuneration Report continued

6. REMUNERATION OF NON-EXECUTIVE DIRECTORS

EARNED AND PAID 2023 – EXCLUSIVE OF VAT

Name	Months in office	Directors' fees R'000	Total emoluments R'000
PR Gwangwa	12	872	872
GQ Routledge	12	3,576	3,576
BA Stott	12	2,092	2,092
RD Williams	12	1,246	1,246
PG Nkadimeng	12	–	–
ADT Enthoven	12	–	–
GK Chadwick	12	–	–
LED Hlatshwayo	6	292	292
HP Mayers	2	171	171
Total		8,249	8,249

EARNED AND PAID 2022 – EXCLUSIVE OF VAT

Name	Months in office	Directors' fees R'000	Total emoluments R'000
PR Gwangwa	12	819	819
GQ Routledge	12	3,357	3,357
BA Stott	12	1,964	1,964
RD Williams	12	1,160	1,160
PG Nkadimeng	12	–	–
ADT Enthoven	12	–	–
GK Chadwick	12	–	–
LED Hlatshwayo	12	538	538
Total		7,838	7,838

7. INCREASE IN NON-EXECUTIVE DIRECTOR FEES

Refer to Special Resolution 1 in the Notice of AGM, detailing the increase in Non-executive Directors' fees (pages 181 to 182).

8. INTERESTS OF DIRECTORS, INCLUDING THEIR FAMILIES, IN THE SHARE CAPITAL OF CLIENTÈLE

2023

Name	Beneficial direct	Indirect	Associates	Total
GQ Routledge	300,000	2,611,020	61,404	2,972,424
BA Stott	20,000	45,000	32,000	97,000
IB Hume**	192,000	–	777,000	969,000
H Louw	105,049	–	–	105,049
RDT Tabane	4,994	–	–	4,994
BW Reekie#	179,052	1,293,906	–	1,472,958
MG Cownie	13,334	–	5,203	18,537
Total	814,429	3,949,926	875,607	5,639,962

2022

Name	Beneficial direct	Indirect	Associates	Total
GQ Routledge	300,000	2,565,794	79,013	2,944,807
BA Stott	20,000	45,000	32,000	97,000
IB Hume#	192,000	915,762	777,000	1,884,762
H Louw	105,049	–	–	105,049
RDT Tabane	4,994	–	–	4,994
BW Reekie#	179,052	1,293,126	–	1,472,177
Total	801,095	4,819,682	888,013	6,508,790

* Apart from Mr. IB Hume's retirement as executive director in December 2022, there were no other changes in the interests of Directors between the end of the financial year and the date of the approval of the Integrated Annual Report.

A portion of the Indirect shareholding is represented by the Directors' shareholding in River Lily Investments Proprietary Limited, which in turn owns shares in Clientèle.

Name	2023	2022
IB Hume	–	634,762
BW Reekie	1,293,906	1,293,126

9. VOTING ON REMUNERATION

In the event that either the Remuneration Policy or the Implementation Report, or both, are voted against by 25% or more of the voting rights exercised at the AGM, the Board will:

- disclose in the voting results announcement, an invitation for dissenting shareholders to engage with the Board;
- detail the manner and timing of such engagement;
- engage with dissenting voters to ascertain the reasons for the dissenting votes;
- appropriately address legitimate and reasonable objections and concerns raised;
- amend the Group Remuneration Policy and/or Implementation Report, if necessary; and,
- record in next year's Group Remuneration Report, the details and results of such engagements, and the steps taken to address legitimate and reasonable objections and concerns.



Mr. BA Stott

Chairman of the Group Remuneration Committee

22 September 2023

GROUP SOCIAL AND ETHICS REPORT

for the year ended 30 June 2023

1. INTRODUCTION

The Social and Ethics Committee provides oversight and guidance on social, governance and ethical matters to ensure that the Clientèle Group is an active corporate participant in bringing positive and transformative change to the societies it operates in. This is underpinned by the Group's commitment to supporting the United Nations Sustainable Development Goals ("UNSDGs"), particularly focusing on ending poverty, quality education, climate action and decent work and economic opportunities.

The Committee monitors activities with respect to legislation and codes of best practice and draws relevant matters to the attention of the Board. The Committee's scope includes social and economic development, good corporate citizenship, environment, health and public safety, consumer relationships, labour and employment. The Group's purpose of "Safeguarding Your World...with Compassion" is lived through, amongst other things, the application of the "Treating Customers Fairly" regulatory framework. Clientèle is driving this implementation via its philosophies of "Treating Clients Well" and "Treating Employees Well".

2. TRANSFORMATION

The Clientèle Group believes that transformation should transcend simple compliance and embrace the spirit of creating shared value and growth in South Africa. The annual B-BBEE verification was concluded in January 2023, and the Group maintained the status of a Level Four Contributor. The Group has implemented various initiatives including commencing participation in the Youth Employment Services ("YES") programme and supporting programmes for small and medium black enterprises, which are expected to have a positive effect on the B-BBEE scorecard. Beyond the scorecard, the Group extends its support for sustainable social development by co-sponsoring initiatives of its partners such as the B3 Funeral Parlours and Direct Rewards in the communities that they serve.

3. EMPLOYEES

The ethos of Treating Employees Well ("TEW") acts as a guiding principle for the Group's "people agenda". This is in keeping with our Employee Value Proposition ("EVP") which encompasses:

- A working environment that employees want to work in;
- Equal employment opportunities;
- Employee growth; and,
- Employee wellness.

In addition to the salary increases and performance related incentives, Clientèle's non-management employees received discretionary bonuses in December 2022, which helped with festive season and January expenses like school fees and clothes. The benefits offered to employees (at the Group's cost) through the Clientèle Perks programme have continued to be popular among staff. The annual staff awards allowed exceptional performers to be recognised in front of their peers and management. This platform is also used to align business strategies to employee performance. For the 2023 year, the DebiCheck strategic initiative which focuses on ensuring that as far as possible all debit orders are completed with a valid DebiCheck mandate, has been included as part of the employee awards.

The Group continued to offer its employees wellness support in five areas: Physical, Mental/Emotional, Social, Financial and Intellectual wellbeing.



Group Social and Ethics Report continued

The Group's staff compliment as at 30 June 2023 can be summarised as follows:

Total number of employees, defined by Occupational Categories

Occupational Categories	Clientèle Group								June 2023		Total
	AM	AF	CM	CF	IM	IF	WM	WF	Foreign National		
									Male	Female	
Top Management	–	4	1	1	4	1	8	5	–	1	25
Senior Management	16	17	3	4	14	12	16	20	1	1	104
Professionally Qualified	16	16	4	7	4	5	10	4	1	–	67
Skilled	110	95	6	11	12	17	19	13	2	–	285
Semi-Skilled	1,061	2,019	15	23	5	6	2	10	–	3	3,144
Unskilled	13	12	–	–	–	–	–	–	–	–	25
Intern	3	9	–	1	–	–	–	–	–	–	13
Temporary	–	–	–	–	–	–	–	–	–	–	–
Total	1,219	2,172	29	47	39	41	55	52	4	5	3,663
Actual (%)	33.28	59.30	0.79	1.28	1.06	1.12	1.50	1.42	0.11	0.14	100
National EAP Targets (%)	43.40	36.70	5.00	4.30	1.70	0.90	4.30	3.60	–	–	100
Variance (%)	(10.12)	22.60	(4.21)	(3.02)	(0.64)	0.22	(2.80)	(2.18)	0.11	0.14	

The Group has focused on aligning our employee demographic to the national Economically Active Population at all the levels of the organisation. One of the main strategies adopted to close these gaps remains the attraction of skilled candidates from race and gender groups that are under-represented when opportunities arise as a result of attrition. In addition, the Group has made use of promotion opportunities to reward and recognise the growth of internal candidates into managerial positions. For the 2023 financial year, 47 employees were promoted into various managerial positions (from supervisor up to executive), a testament to succession planning and career development initiatives bearing fruit. The Group also offers training initiatives to most staff as part of the Skills Development strategy.

As part of the retention strategy for employees, an amount 5,569,524 bonus rights were allocated to 909 employees during the 2023 financial year, including allocations to 254 employees who are agents out in the field and who sell Clientèle products through our Agency channel.

Employees are given the opportunity to give feedback to the executive and management teams through the eNPS (Employer Net Promoter Score) survey. With the survey in its second year since implementation, there has been an overall improvement of scores where management teams have enhanced the working environment resulting in an improvement of staff morale in the Office Park.

The overall implementation of the EVP continues to result in a workplace where employees feel valued, are motivated to treat clients well and see future career growth at Clientèle. The Group will continue to maintain and grow this "people focus".

Group Social and Ethics Report continued

4. TREATING CLIENTS WELL

A primary focus of the Committee is on ensuring that the Group lives up to its stated aim of Treating Clients Well and that it becomes even more client centric. As such, the Committee reviewed and assessed client touch-points, which included monitoring of the product offering, claims payments and service levels. This also included ensuring that there is consistent, efficient and relevant communication with clients across the client life cycle. The key initiatives that were reviewed and monitored included:

- Customer research and segmentation – to inform product design, process design and communication strategies;
- Debicheck and cashflow focus through the “December is on Us” campaign to assist clients with their festive period cash constraints and improve client retention;
- TCW Product Matrix ratings (TCF – Treating Customer Fairly) – to measure products against the 6 TCF outcomes;
- NPS (Net Promoter Score) measurements;
- Clientèle Rewards and loyalty initiatives; and,
- Self-service enhancements, for both the Mobile App and Clientèle’s new WhatsApp BOT service which contribute towards ensuring that Clientèle moves closer to its goal of one contact resolution.

The Group’s Net Promoter Score has remained above the industry average, with the Group working to get it even higher. Client Services maintained their overall service levels above the benchmark of 80% with the contact centre achieving a record of 447 consecutive days of service levels being met and exceeded, and the Legal Claims department recording an unbroken record of more than 700 consecutive days of service levels being met or exceeded. The Customer Satisfaction Score (“CSAT”) has also improved and is expected to reach the target of 80%.

Clientèle obtained recognition in the Ask Afrika Orange Index, ranking 2nd in the Long-term Insurance category, and ranked Gold in the Funeral Insurance category and silver in the Life Insurance category in the City Press awards.

5. STAKEHOLDERS & REPUTATION MANAGEMENT

Stakeholder engagement is considered regularly by Excom who feed back to the Social and Ethics Committee. This high-level consideration ensures that each stakeholder’s impact, value and influence gets assessed and that relevant engagement strategies are devised and implemented. These strategies are designed to ensure timely, accurate, transparent and appropriate information is provided to and received from these stakeholders. They are also designed to ensure that we continually deliver on Clientèle’s contractual and brand promises to its clients. The Group’s attitude towards all of its stakeholders is to take a pro-active approach in terms of building relationships. These strategies and levels of engagement have developed the relevant stakeholders’ trust and confidence in Clientèle. The Committee’s oversight of stakeholder and reputation management includes making sure that the Clientèle representatives are senior, diverse and inclusive, and that they uphold the Clientèle values in all such engagements.

6. ESG – ENVIRONMENT, SOCIAL, GOVERNANCE ENVIRONMENT

The Committee has borne witness to Clientèle’s ongoing commitment to shared value and contributing positively to the Environmental, Social and Governance (“ESG”) initiatives which are also an important strategic focus for its majority shareholder. Significant progress has been made in respect of carbon emissions, base lining and measurement and the further installation of solar panels within the Clientèle Office Park. The Committee will continue to monitor this, but is encouraged by the progress made, and is confident that Clientèle will continue to accelerate and improve its ESG practices and reporting into the future.

The annual carbon emissions assessment was conducted with assistance of Carbon Calculated.

Clientèle used the Greenhouse Gas Inventory report, setting out the carbon emissions for the 2023 financial year and including scope 1 (direct emissions) and scope 2 (indirect emissions) using the 2019 financial year as the baseline. Scope 3 emissions were partially included in the FY2021 report and were included in the 2022 and 2023 reports. This process will be repeated at each year-end to measure the reduction in the carbon footprint for the Clientèle Group. All reports were prepared using the GHG (Green House Gas) Protocol Corporate Accounting and Reporting Standard methodology.

Group Social and Ethics Report continued

The Greenhouse Gas Protocol Corporate Accounting and Reporting standard sets out a methodology of measuring emissions, and categorises emissions into various “scopes” as follows:

- Scope 1 Emissions are those resulting from equipment owned or controlled by the reporting company e.g. fuel, R410a gas and mobile fuel;
- Scope 2 Emissions are those resulting from consumption of electricity, steam or heat purchased by the company;
- Scope 3 Emissions are those resulting from indirect activities such as business travel, paper consumption and commuting travel; and,
- Outside of Scopes Emissions are those accounted for by the direct CO₂ impact of burning biomass and biofuels. This also includes fugitive emissions outside of the GHG Protocol which Clientèle is using, called R22.

Under the Greenhouse Gas Protocol, reporting of scope 1 and scope 2 is compulsory, whereas the reporting of scope 3 and “Outside of Scopes” is reported at the discretion of the reporting company.

Clientèle’s emissions are set out below:

Description	metric tonnes of CO ₂ e				
	Baseline Year	FY2020	FY2021	FY2022	FY2023
Scope 1	78	87	63	56	690
Scope 2	4,260	3,777	2,863	3,004	2,518
Scope 1 and 2 as a % of the baseline		89%	67%	71%	74%
Scope 3	Not reported	Not reported	372	1,073	1,194
Outside of scopes	25	25	25	136	283

The increase in emissions under Scope 1 in FY2023 is as a result of increased frequency and length of periods of loadshedding and thus reliance on diesel for generators.

This has been partially mitigated through the availability of 806,287 kilowatt hours of onsite renewable energy generated, which is the equivalent of 839 metric tonnes of carbon dioxide emissions (measured in scope 2).

Scope 3 increased marginally as a result of increased travel.

In addition to making use of solar energy within the Office Park, Clientèle has continued harvesting rain and ground water. As of 30 June 2023, harvested water amounted to approximately 780,000 litres.

With respect to electricity usage and measures to reduce consumption, the Group is replacing air-conditioners where possible with inverter units and have refrained from using any other air-conditioning type. The Group follows the Independent Electrotechnical Commission standards. The principles of reduce, re-use and recycle also permeate through the Office Park, with different bins to sort different types of waste placed throughout the park. Destruction and disposal of equipment is also done in an environmentally friendly way, through companies registered with EWASA (E-Waste Association of South Africa).

SOCIAL

The Clientèle Group provides opportunities for the youth to access job opportunities, through its partnerships and collaboration with organisations such as Harambee, with some of its employees being first-time entrants in the job market.

Youth Employment Services (“YES”)

Clientèle is committed to supporting the efforts of providing unemployed youth with the opportunity to gain work experience through the YES programme. Clientèle’s first YES programme commenced in May 2023 with 104 new, previously unemployed candidates, which increased to 118 candidates by 30 June 2023. The initiative is a 12-month work experience programme that is designed to introduce unemployed matriculants or degreed young people into the work environment. These candidates are hosted in Clientèle’s Telesales Division and are being provided with training and support from a dedicated management team and coaches who have been appointed to oversee the training and development of the YES youth.

Group Social and Ethics Report continued

IFA Bursary Programme

The Group's CSI initiatives also support Small Black Businesses and vendors to assist them in the building of long-term sustainable businesses. For the 2023 financial year, the Group's Bursaries programme supported 18 recipients, with many of these students exceeding academic expectations.

Consumer Education

An impact assessment was conducted on the progress that has been made over the first two implementation years (2021-2022) of the Consumer Education programme. In partnership with Avo Vision, a recognised social partner in the consumer education space, a total of 3,653 consumers were trained between the years of 2021 and 2022 and it is pleasing to see the impact that this initiative has made to the community. Clientèle, through Avo Vision, will continue to empower and educate communities, and focus more on the processes and financial planning involved when a life event such as the death of a loved one occurs, through the facilitation of the Funeral Guide information.

GOVERNANCE

The Clientèle Group strives to maintain the highest standards of ethics and governance protocols in all its operations. All stakeholders are aware of their duty to report and/or take appropriate action (either openly or anonymously through a whistleblowing line) against actions and individuals that compromise or violate our values, business principles or Code of Conduct. When necessary, investigations are carried out and findings reported, and disciplinary, civil or criminal action taken.

For those reports on which investigations have been completed, no critical matters were identified. In the main, issues related to perceived conflicts of interest, unfair treatment, and favouritism and these have been dealt with accordingly. Employee awareness of the whistleblowing line through various initiatives have continued during the course of the year.

7. REGULATORY COMPLIANCE

On 24th of February 2023, the Financial Action Task Force ("FATF") placed South Africa on its grey list. This means that South Africa will be subject to increased monitoring by the FATF and is required to actively work to address identified deficiencies in its national legislation and regulations to counter money laundering, terrorist financing and proliferation financing (AML/CTF).

While the FATF acknowledged that South Africa had made significant progress in addressing the shortcomings identified in the FATF Mutual Evaluation Report published in October 2021, eight areas of strategic deficiencies were identified in relation to the effective implementation of the country's AML/CTF laws. South Africa is expected to take practical steps to address these areas of deficiency by no later than the end January 2025.

The Group has been involved in commenting on the legislative amendments, to ensure improvements and compliance with the strategic deficiencies identified by FATF. This is achieved by reviewing and continuously improving the Group FICA Risk Management and Compliance Programme.

Regular engagement with the Prudential and Financial Sector Conduct Authority on products, distribution channels, strategic imperatives and regulatory changes or proposals remains a priority to ensure fair customer outcomes.

The Committee is satisfied that the Group has complied with the Board approved regulatory compliance annual coverage plan and that no material non-compliance with applicable laws and regulations was noted. The Group is also in compliance with the Policyholder Protections Rules and relevant Insurance Acts to ensure fair outcomes to policyholders.

8. CONCLUSION

The Group Social and Ethics Committee is satisfied that, within the Clientèle Group, ethics are being managed effectively. An ethical culture is driven across the organisation, and not just at management level. The Committee will continue to focus on the promotion of a fit and proper organisation.

The Committee will also look to reshape the conversation and focus will be on monitoring the Group's initiatives to create Shared Value for all stakeholders to ultimately build a transformative and inclusive society.

The Committee is satisfied that it has discharged its mandate in accordance with its terms of reference.



Mr. RD Williams

Interim Chairman of the Group Social and Ethics Committee

22 September 2023

GROUP AUDIT COMMITTEE REPORT

for the year ended 30 June 2023

The Group Audit Committee has pleasure in submitting this report on its activities as required by section 94(7)(f) of the Companies Act.

The Group Audit Committee is a shareholder Committee. The members of the Group Audit Committee were appointed at the AGM held on 27 October 2022. Further duties are delegated to the Group Audit Committee by the Boards of the Companies in the Group. This report covers these sets of duties and responsibilities.

The composition and responsibilities of this Committee are aligned to Prudential Standard GOI 2 – Governance of Insurers.

For the year under review, the PA approved an exemption to appoint separate Audit Committees for Clientèle Life and Clientèle General. The Group Audit Committee acts on behalf of all the entities within the Group.

1. GROUP AUDIT COMMITTEE TERMS OF REFERENCE

The Group Audit Committee has adopted its formal Terms of Reference that has been approved by the Board and are reviewed annually. The Group Audit Committee has conducted its affairs in compliance with its Terms of Reference and has discharged the responsibilities contained therein.

2. GROUP AUDIT COMMITTEE MEMBERS, MEETINGS AND ASSESSMENT

The Group Audit Committee is Independent and currently consists of three Independent Non-executive Directors. It meets at least four times a year as required by its Terms of Reference.

The Group Managing Director, Group Financial Director, Chief Risk Officer, CAE, External Auditors and other assurance providers attend meetings by invitation only.

During the year eight meetings were held. The additional meetings over the normal four, as required by the Terms of Reference, were to monitor and review positioning papers for the implementation of International Financial Reporting Standard IFRS 17 "Insurance Contracts" and overview and approve the change in auditors from PwC to Deloitte & Touche (South Africa).

Members	Number of meetings held	Number attended
BA Stott (Chairperson)	8	8
RD Williams		8
GQ Routledge		7
LED Hlatshwayo (resigned in December 2022)		4
Appointed by:	Assessment:	
<ul style="list-style-type: none"> Shareholders at the AGM 	<ul style="list-style-type: none"> At least every second year Satisfactory rating in November 2022 	
Authority:		
<ul style="list-style-type: none"> Shareholders Report to shareholders through the Integrated Annual Report and at the AGM 		

The experience and qualifications of the members of the Group Audit Committee are set out on pages 72 to 74.

The Chairman of the Group Audit Committee attended the AGMs held during this reporting period. The effectiveness of the Group Audit Committee and its members is assessed on a biannual basis. The most recent assessment carried out did not highlight any significant matters of concern.

3. ROLE, RESPONSIBILITIES AND FULFILMENT THEREOF

3.1 Statutory Duties

The Group Audit Committee's role and responsibilities include statutory duties in terms of the Companies Act, Long-term Insurance Act, Short-term Insurance Act, Insurance Act, Listings Requirements, Prudential Standards and further responsibilities assigned to it by the Board.

The Group Audit Committee executed its duties in terms of the requirements of King IV.

Group Audit Committee Report *continued*

External Auditor

The Group Audit Committee has satisfied itself that the External Auditor is independent of the Group, as set out in section 94(8) of the Companies Act, which includes consideration of previous appointments of the External Auditor, the extent of other work undertaken by the External Auditor for the Group and compliance with criteria relating to independence or conflicts of interest as prescribed by IRBA. Requisite assurance was sought and provided by the External Auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

As required by paragraph 22.15(h) of the Listings Requirements, the Group Audit Committee has received from the external audit firm, Deloitte & Touche (South Africa), the latest inspection reports and accompanying correspondence on inspections performed by IRBA on Deloitte & Touche (South Africa), and the individual designated auditor, Mr. John Leon Preston Kruger. The Group Audit Committee has reviewed such reports and was satisfied that there were no findings which would impair the quality of the audits.

The Group Audit Committee ensured that the appointment of the External Auditor complied with the Companies Act and any other legislation relating to the appointment of External Auditors.

The Group Audit Committee approved the Group engagement letter, the budgeted fees for the 2023 financial year and actual audit fees for the 2022 financial year.

There is a formal procedure that governs the process whereby the External Auditor is considered for non-audit services and the Group has approved a policy relating to non-audit services performed by the External Auditor, which is reviewed on an annual basis.

The Group Audit Committee has nominated, for election at the next AGM, Deloitte & Touche (South Africa) as the External Audit firm and Mr. John Leon Preston Kruger as the designated External Auditor responsible for performing the functions of External Auditor for the 2024 financial year. In terms of section 92 of the Companies Act, the designated auditor is required to rotate every five years. The Group Audit Committee has satisfied itself that the External Audit firm and designated Auditor are accredited as such on the JSE list of Auditors and their advisors.

The External Auditor has confirmed that no reportable irregularities have been reported up to the date of this report.

Group Annual Financial Statements, Group Preliminary Results and Accounting Practices

The Group Audit Committee has reviewed the accounting policies, the condensed Group results for the six months to 31 December 2022, the preliminary Group results for the year ended 30 June 2023 and the Group Annual Financial Statements for the year ended 30 June 2023 and is satisfied that they are appropriate and comply with IFRS. A formal written report to the Committee on estimates and judgments used in the preparation of the Group Annual Financial Statements was reviewed and approved.

The Group Audit Committee was satisfied that issues identified in the report on pro-active monitoring of Group Annual Financial Statements, issued by the JSE during the year, were complied with where relevant.

The Group Audit Committee was satisfied that appropriate financial reporting procedures exist and are working, including consideration of all entities included in the consolidated Group IFRS financial statements and had access to the relevant financial information of the Group.

The dividend for the year was considered by the Group Audit Committee and recommended to the Board for approval.

The Group Annual Financial Statements have been recommended to the Board for approval.

The Group Audit Committee did not receive any complaints from within or outside the Group relating to accounting practices, GIA or the content or audit of the Group Annual Financial Statements, or to any related matter.

Internal Controls and Internal Financial Controls

The Group Audit Committee has overseen a process by which GIA was requested to provide a written assessment of the effectiveness of the Group's system of internal control and risk management, including internal financial controls. This written assessment by GIA formed the basis for the Group Audit Committee's recommendation in this regard to the Board, in order for the Board to report thereon. The Group Audit Committee Report on the Effectiveness of Internal Financial Controls is included on page 36. The Board Report on the Effectiveness of Internal Controls is included on page 35.

The Group Audit Committee oversees the processes implemented for the sign-off on the internal financial controls by the Group Managing Director and the Group Financial Director, included on page 36.

3.2 Duties Assigned by the Board

In addition to the statutory duties of the Group Audit Committee, in accordance with the provisions of the Companies Act, as reported above, the Board has determined further functions for the Group Audit Committee to perform, as set out in the Group Audit Committee's Terms of Reference. These functions include the following:

Integrated Reporting

The Group Audit Committee fulfils an oversight role regarding the Group's Integrated Annual Report. The Group's Integrated Annual Report for the year ended 30 June 2023 was reviewed and approved by a sub-committee appointed by the Group Audit Committee and recommended to the Board for approval.

Going Concern

The Group Audit Committee has reviewed a documented assessment, including key assumptions, prepared by management on the going concern status of the companies within the Group and has made recommendations to the Board to enable the Board to report on the going concern status as set out on page 33.

Governance of Risk

The Board has assigned oversight of the Group's risk management function to the Group Risk Committee. The Group Audit Committee has received and considered Reports from the Group Risk Committee and satisfied itself that risks relating to financial reporting have been adequately considered.

The Group Audit Committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and IT risk as it relates to financial reporting.

Governance of Compliance

The Group Audit Committee receives and considers reports by GIA on the effectiveness of the Group's compliance policies and effectiveness of the compliance function.

The Group Compliance Officer formally reports to the Group Audit Committee at each Group Audit Committee meeting on laws and regulations impacting the business of the Group, as well as the risk identification, assessment and monitoring process followed on compliance risk.

The Group Audit Committee was satisfied with the governance of compliance.

All legal matters which could impact the Group Annual Financial Statements and the Integrated Annual Report are considered by the Group Audit Committee at each of its meetings.

The Group Audit Committee ensures compliance with the Listings Requirements relating to the timing of the issue of financial reports and related issues.

GIA

The Group Audit Committee is responsible for ensuring that GIA is independent and has the necessary resources, standing and authority within the Group to enable it to discharge its duties. Furthermore, the Group Audit Committee oversees co-operation between GIA and the External Auditors, and serves as a link between the Board and these functions.

The Group Audit Committee confirms that the Group has processes in place to deal appropriately with any concerns or complaints relating to internal audit of the Group.

The Group Audit Committee considered and recommended the GIA Terms of Reference for approval by the Board. GIA's annual audit plan was approved by the Group Audit Committee. The results of the work carried out by GIA in terms of the audit plan were reviewed and the effect of any action plans to mitigate risks of any matters reported were considered and approved by the Group Audit Committee.

GIA reports centrally with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the Group's operations. The CAE is responsible for reporting the findings of the internal audit work, against the agreed GIA plan to the Group Audit Committee on a regular basis.

Ms. Juqu resigned as the CAE in October 2022 and Ms. Bipath was appointed CAE in November 2022.

The CAE has direct access to the Group Audit Committee, primarily through its Chairman.

The Group Audit Committee has assessed, and is satisfied with the performance of the CAE and the GIA function.

During the year, the Group Audit Committee met with the CAE without management being present.

Group Audit Committee Report *continued*

External Auditor

A primary function of the Group Audit Committee is overseeing the relationship and performance of the External Auditors.

The External Audit plan was reviewed and approved and the results of the External Audit in accordance with the plan, were discussed with the External Auditor. In particular, the key audit matters as set out in the External Auditor's Report on the Group Annual Financial Statements were agreed and the results of the audit on these matters were reviewed. The External Auditor's Report is set out on pages 83 to 87.

The quality of the External Auditor's work was assessed by continuous engagement with the Designated Auditor throughout the year and considering the results of formal surveys completed by members of the Group Audit Committee and management on the performance of the External Auditor. As reported above, the Group Audit Committee also received and considered a written report on the quality control procedures implemented by the firm. The results of external quality reviews on the firm and the Designated Auditor were received and considered. The Group Audit Committee was satisfied with the quality of the firm and the quality of the audit for the year.

The Group Audit Committee reviewed the Group Management Representation letter and authorised the Group Financial Director to sign the letter.

The Group Audit Committee met with the External Auditor without management being present. The Chairman of the Group Audit Committee also met with the designated External Auditor informally throughout the year.

Combined Assurance

GIA is the custodian of Combined Assurance. GIA, in conjunction with management, has compiled a matrix of risks in the Group's business and mitigating action to manage the impact of the risks on the business. The model reflects the level of assurance provided by the five lines of defence. The risks are those identified through the Group's risk management processes.

The model has been reviewed by the Group Audit Committee and the Committee is satisfied with the level of assurance provided by the five lines of defence and the overall adequacy of assurance.

Evaluation of the expertise and experience of the Group Financial Director and the finance function

The Group Audit Committee has satisfied itself that the Group Financial Director has appropriate expertise and experience.

The Group Audit Committee has considered, and has satisfied itself, of the experience of the senior members of management responsible for the finance function.

The Group Audit Committee is satisfied that it complied with its legal, regulatory or other responsibilities.

General

During the current year, the Group Audit Committee re-evaluated their key focus areas for improvement in internal controls due to the maturity of the control environment in these focus areas and included new relevant key areas to take account of changes in the business environment and new strategic initiatives.

The Group Audit Committee reviewed, approved and monitors periodically the implementation of IFRS 17 relating to the accounting for Insurance Contracts.

The Group Audit Committee has made submissions to the Board on any matter concerning the Group's accounting policies, financials controls and records and reporting.

The Group Audit Committee has reviewed the adequacy and effectiveness of the IT control framework and governance structure.



Mr. BA Stott

Chairman of the Group Audit Committee

22 September 2023

STATEMENT OF GROUP EMBEDDED VALUE

for the year ended 30 June 2023

1. GROUP EMBEDDED VALUE

The EV calculation has been reviewed by the Group's Independent Actuaries, QED Actuaries Consultants (Pty) Ltd. Deloitte & Touche (South Africa) has not reviewed the Group EV Results.

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

The EV comprises:

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

The PVIF business is the present value of future after-tax profits arising from covered business in force as at 30 June 2023.

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

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

The Risk Discount Rate ("RDR") increased over the year to 14.1% (30 June 2022: 13.8%).

During the second quarter of the financial year, Clientèle entered into a transaction where a portion of funeral parlour business on-going commission was paid as an upfront payment. The balance of the on-going commission (paid as a percentage of premiums received) was consequently reduced. The net impact increased the EV by R54 million and is included in the Value of New Business.

Due to the better persistency on the funeral parlour business, the judgement to maintain a discretionary margin (on reserves) was reviewed, and subsequently released resulting in a negative reserve being held for the funeral parlour business. This increased the Economic Capital held for this business (set equal to 40% of the negative reserve held), which in turn also increased the Cost of Capital. The change in the reserving basis used moved numbers between Adjusted Net Worth ("ANW") and Value of In-force ("VIF") and CoC with a net impact on the EV of less than R1 million.

In order to be in line with the rest of the industry, reinstatements have been removed from new business and treated as "negative withdrawals". As a result, the value of reinstatements is no longer included in the VNB but the impact of reinstatements is included as a negative decrement in the VIF. This methodology change also affected the withdrawal and expense assumptions for the in-force and new business books. Furthermore, a correction was made (by one of the Reinsurers) to the shape of the reinsurance rates curve. The impact of these once-off changes on existing business was excluded from the Recurring EV earnings.

The COVID-19 risk reserve of R26.2 million (net of re-insurance) was released over the financial year. Clientèle no longer holds an explicit COVID-19 risk reserve.

No other major modelling or assumption changes were made over the year apart from those described above.

Statement of Group Embedded Value continued

The EV can be summarised as follows:

(R'000)	Year ended 30 June 2023	Year ended 30 June 2022 Restated
Required economic capital	499,245	429,722
Free Surplus	835,938	781,350
ANW of covered business	1,335,183	1,211,072
CoC	(121,410)	(89,138)
PVIF	4,673,703	4,685,133
EV of covered business	5,887,476	5,807,067
Risk Discount Rate (RDR) % p.a.	14.1	13.8

The Required Economic Capital is based on the Published Reporting Basis and has been set at one times the Economic Capital Requirement for the Life Company (R324.7 million) and for the General Company (R174.5 million) as at 30 June 2023.

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

The CoC is the opportunity cost of having to hold the Required Capital of R499.2 million as at 30 June 2023 (30 June 2022 (restated): R429.7 million).

The PVIF business is the present value of future after-tax profits arising from covered business in force as at 30 June 2023 on the Published Reporting Basis. The Published Reporting Basis is based on IFRS.

The Group EV increased from R5.807 billion at 30 June 2022 (RDR: 13.8%) to R5.887 billion as at 30 June 2023 (RDR: 14.1%), after the payment of the annual dividend of R402.4 million in September 2022.

The EV was adversely impacted by the change in economic assumptions (mainly RDR), the change in withdrawal assumptions in conjunction with the methodology change for the treatment of reinstatements and the correction (by one of the Reinsurers) to the shape of the reinsurance rates curve; however, the REVE of R663.1 million, which translates into a RRoEV of 12.3% p.a, gives a more accurate reflection of the EV growth over the year (ignoring the change in the RDR and once-off changes).

2. RECONCILIATION OF TOTAL EQUITY TO ANW

(R'000)	Year ended 30 June 2023	Year ended 30 June 2022 Restated
Total equity and reserves per the Statement of Financial Position	1,172,962	1,077,464
Adjusted for deferred profits on investment business	75,639	53,965
Adjusting non-financial assets to fair value	42,564	31,383
Reversal of investment in Direct Rewards	(11,331)	(4,543)
Bonus Rights Scheme adjustment	(11,310)	(9,152)
Net of tax impact of adjusting Single Premium business to market value	(18,602)	(2,725)
Adjusting IFRS 9 recurring premium savings policies' liability to allow for negative rand reserves (refer to pages 176 to 177 for restatement note)	85,261	64,680
ANW	1,335,183	1,211,072

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

3. VALUE OF NEW BUSINESS

The VNB (excluding any allowance for the Management Incentive Schemes, which is shown as a separate component of EV Earnings), represents the present value of projected after-tax profits at the point of sale on new covered business commencing during the year ended 30 June 2023 on the Published Reporting Basis, less the CoC pertaining to the specific business lines. The assumptions used in the VNB calculations were consistent with the VIF assumptions as at 30 June 2023, and the actual cash flows in the year are from the Published Reporting Basis.

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

(R'000's)	VNB	Present Value of New Business Premiums	New Business profit margin
30 June 2023			
Recurring premium business	159,473	1,705,807	9.3%
Single premium business	85,400	3,379,850	2.5%
Total	244,873	5,085,657	4.8%
30 June 2022			
Recurring premium business	260,633	2,562,828	10.2%
Single premium business	29,942	1,343,481	2.2%
Total	290,575	3,906,309	7.4%

The Present Value of New Business premiums increased due to large volumes of Single Premium investment business written over the year. The relatively low profit margin on this block of business has resulted in a marked decrease (to 4.8%) in the overall New Business profit margin.

The VNB for the current year is not directly comparable to the VNB for the prior year as a consequence of reinstatements having been removed from the VNB calculation.

4. LONG-TERM ECONOMIC ASSUMPTIONS

%	Year ended 30 June 2023	Year ended 30 June 2022
RDR	14.1	13.8
Non-unit investment return	10.6	10.3
Unit investment return	12.1	11.7
Expense inflation	6.1	7.3
Corporate tax	27.0	27.0
Gross of tax equity return	13.1	12.8
Gross of tax cash return	8.6	8.3
Gross of tax bond return	10.6	10.3
Gross of tax risk free return	10.6	10.3

The RDR has been determined using a top-down weighted average cost of capital approach, with the equity return calculated using the CAPM theory. In terms of current actuarial guidance, the RDR has been set as the risk free rate plus a beta multiplied by the assumed equity risk premium. It has been assumed that the equity risk premium is 3.5% (June 2022: 3.5%). The beta pertaining to the Clientèle share price is relatively low, which is partially a consequence of the relatively small free-float of shares. After careful consideration, the Board has decided to continue to use a more conservative beta of 1, as opposed to its actual beta of 0.40, in the calculation of the RDR. The Board draws the reader's attention to the RDR sensitivity analysis in the next table, which allows for sensitivity comparisons using various alternative RDRs.

The resulting RDR utilised as at 30 June 2023 was 14.1% p.a. (30 June 2022: 13.8% p.a.).

Statement of Group Embedded Value continued

5. SENSITIVITIES – EV

The table below illustrates the effect of the different assumptions on the EV (net of company tax) at a RDR of 14.1% p.a. (unless otherwise specified):

(R'000)	ANW	Value of in-force Business	Cost of Capital	EV	% of Main Basis
Main Basis (RDR of 14.1%)	1,335,183	4,673,703	(121,410)	5,887,476	
RDR of 12.1%	1,335,183	5,278,173	(63,521)	6,549,835	111.3
RDR of 13.1%	1,335,183	4,952,494	(94,367)	6,193,310	105.2
RDR of 13.8% (June 2022 RDR)	1,335,183	4,752,634	(113,750)	5,974,067	101.5
RDR of 15.1%	1,335,183	4,425,176	(145,734)	5,614,625	95.4
RDR of 16.1%	1,335,183	4,207,786	(167,353)	5,375,616	91.3
Assuming a 10% decrease in the following:					
- Future expenses	1,335,183	4,764,992	(121,411)	5,978,734	101.6
- Policy discontinuance rate	1,335,183	5,132,081	(130,856)	6,336,408	107.6
Claims (and reinsurance rates) less 5%	1,335,183	4,766,911	(123,640)	5,978,455	101.5
Investment return less 1%	1,335,183	4,656,375	(121,385)	5,870,173	99.7
Inflation plus 1%	1,335,183	4,627,194	(120,977)	5,841,400	99.2
Assuming a once-off 10% reduction in the value of equity holdings	1,303,984	4,676,398	(120,242)	5,860,139	99.5

The sensitivity analyses have assumed that the reserving basis will remain static, despite changes in experience, except in the following case (where APN107 (Version 8) requires the change in reserving basis to be considered in conjunction with the change in assumptions):

- Assuming a once-off 10% reduction in the value of equity holdings.

6. SENSITIVITIES – VNB

The table below illustrates the effect of the different assumptions on the VNB at a RDR of 14.1% p.a. (unless otherwise specified):

(R'000)	VNB	% of Main Basis
Main Basis (RDR of 14.1%)	244,873	
Initial expenses less 10%	300,162	122.6
Renewal expenses less 10%	251,670	102.8
Inflation plus 1%	244,416	99.8
Investment return less 1%	244,640	99.9
Claims (and reinsurance rates) less 5%	251,147	102.6
Withdrawals less 10%	336,345	137.4
RDR of 12.1%	317,749	129.8
RDR of 13.1%	279,276	114.0
RDR of 13.8% (June 2022 RDR)	255,272	104.2
RDR of 15.1%	215,767	88.1
RDR of 16.1%	191,876	78.4

7. EV PER SHARE

(Cents)	Year ended 30 June 2023	Year ended 30 June 2022
EV per share	1,755.77	1,731.79
Diluted EV per share	1,754.34	1,729.80

8. SEGMENT INFORMATION

The table below shows the EV split between segments for the year ended:

(R'000)	ANW	PVIF	CoC	EV
30 June 2023				
Long-term insurance	1,020,729	3,374,698	(92,021)	4,303,406
Short-term insurance	271,346	1,208,970	(29,389)	1,450,927
CBC Rewards, Clientèle Mobile and Direct Rewards	(64,500)	90,035		25,535
Other	107,608			107,608
Total	1,335,183	4,673,703	(121,410)	5,887,476
30 June 2022 restated				
Long-term insurance	869,792	3,480,447	(62,416)	4,287,823
Short-term insurance	281,891	1,154,087	(26,722)	1,409,256
CBC Rewards, Clientèle Mobile and Direct Rewards	(50,424)	50,599		175
Other	109,813			109,813
Total	1,211,072	4,685,133	(89,138)	5,807,067

The VNB can be split between segments as follows:

(R'000)	Year ended 30 June 2023	Year ended 30 June 2022
Long-term insurance	157,485	233,171
Short-term insurance	67,854	49,503
CBC Rewards, Clientèle Mobile and Direct Rewards	19,534	7,901
Total	244,873	290,575

9. EV EARNINGS ANALYSIS

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

(R'000)	Note	Year ended 30 June 2023				30 June 2022 EV
		ANW	VIF	CoC	EV	
Closing EV		1,335,183	4,673,703	(121,410)	5,887,476	5,807,067
Opening EV		1,211,072	4,685,133	(89,138)	5,807,067	5,806,456
Dividends		(402,386)			(402,386)	(368,854)
Adjusted EV at the beginning of the year		808,686	4,685,133	(89,138)	5,404,681	5,437,602
EV earnings		526,497	(11,430)	(32,272)	482,795	369,465
Reversal of impact of economic assumption changes		(14,946)	32,858	4,037	21,949	355,448
Reversal of change in treatment of reinstatements and other once off impacts	2	18,393	139,954		158,347	–
REVE		529,944	161,382	(28,235)	663,091	724,913
RRoEV					12.3%	13.3%
RoEV					8.9%	6.8%

Statement of Group Embedded Value continued

9. EV EARNINGS ANALYSIS (continued)

(R'000)	Notes	Year ended 30 June 2023				30 June 2022
		ANW	VIF	CoC	EV	EV
Components of EV earnings						
VNB		(348,083)	636,979	(44,022)	244,873	290,575
Expected return on covered business			605,574	(4,765)	600,809	595,907
Expected profit transfer		937,001	(937,001)		–	–
Expected return on ANW		58,818			58,818	52,063
Withdrawal and unpaid premium experience variance		(72,763)	(190,467)	17,861	(245,369)	(217,331)
Impact of instability and errors within the collections environment	1	(8,577)	(49,166)		(57,743)	–
Changes in non-economic assumptions and modelling (mainly mortality and funeral parlour withdrawal assumptions)		21,315	69,715	4,975	96,005	63,259
Impact of change in treatment of reinstatements and other once-off impacts	2	(18,393)	(139,954)		(158,347)	–
Claims and reinsurance experience variance		2,854			2,854	126
Once-off project costs		(12,410)			(12,410)	–
YTI guarantee cost in respect of B-BBEE share financing		(1,149)			(1,149)	(1,330)
Fair value adjustment on non-financial assets		11,180			11,180	(9,179)
Bonus Rights Scheme		(226)			(226)	23
Goodwill and Medium-term Incentive schemes		(39,545)	26,063		(13,482)	(14,957)
Sundry experience variance		(21,474)	(315)		(21,789)	(3,917)
EV operating return		508,548	21,428	(25,951)	504,025	755,239
Investment return variances on ANW		8,505		(2,284)	6,221	(21,024)
Impact of economic assumption changes		14,946	(32,858)	(4,037)	(21,949)	(355,449)
Intangible assets and inventory write-off		(5,502)			(5,502)	(9,301)
EV earnings		526,497	(11,430)	(32,272)	482,795	369,465

Notes

Note 1

The challenges in the collections environment, particularly when it comes to stability have persisted over the course of the financial year, albeit the banking environment stability has improved, stability issues worsened at one particular third party service provider. Furthermore, Clientèle is now experiencing major volumes of (multiple) disputes on RMS. It is expected that these challenges will be resolved in the short to medium term and thus long-term expected premium collection and withdrawal assumptions were not changed in this regard.

Note 2

In line with the rest of the industry, reinstatements have been moved from new business and treated as “negative withdrawals”. As a result, the value of reinstatements is no longer included in the VNB but the impact of reinstatements is included as a negative decrement in the VIF and VNB calculations. This methodology change also affected the withdrawal and expense assumptions for the in-force and new business books. Furthermore, a correction was made (by one of the Reinsurers) to the shape of the reinsurance rates curve. The impact of these once-off changes on existing business were excluded from the Recurring EV earnings.

10. CONCLUSION

Based on the review of the methodology and assumptions used and the calculations performed and described, we hereby confirm the above EV results.



Mr. AA Fauré, FASSA
Consulting Actuary
Fellow of the Actuarial Society of South Africa

22 September 2023

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

In accordance with the requirements of the Companies Act, the Directors are responsible for the preparation of the Annual Financial Statements, which conform with IFRS, and in accordance with IFRS fairly present the state of affairs of the Company and the Group as at the end of the financial year, and the net profit and cash flows for that period.

It is the responsibility of the External Auditor to report on the fair presentation of the Company and the Group Annual Financial Statements.

Clientèle and the Group operated in compliance with the provisions of the Companies Act and their respective MOIs.

The Directors are ultimately responsible for the internal controls. Management enables the Directors to meet these responsibilities. Standards and systems of internal control are designed and implemented by management to provide reasonable assurance as to the integrity and reliability of the Annual Financial Statements in terms of IFRS and to adequately safeguard, verify and maintain accountability for Group assets. Accounting policies supported by judgments, estimates, and assumptions which comply with IFRS are applied on a consistent and going concern basis. Systems and controls include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.

Systems and controls are monitored throughout the Group. More detail, including the operation of GIA, is provided in the Corporate Governance section of the Integrated Annual Report on pages 12 to 34.

Based on the information and explanations given by management and GIA, the Directors are of the opinion that the internal financial controls and the financial records may be relied upon for preparing Annual Financial Statements in accordance with IFRS and maintaining accountability for the Group's assets and liabilities. Nothing has come to the attention of the Directors to indicate that any breakdown in the functioning of these controls, resulting in material loss to the Group, has occurred during the year and up to the date of this report.

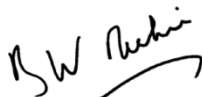
The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Annual Financial Statements.

The Integrated Annual Report, including the Annual Financial Statements for the year ended 30 June 2023, prepared in accordance with IFRS, were approved by the Board on 22 September 2023 and signed on its behalf by:



Mr. GQ Routledge
Chairman of the Board

22 September 2023



Mr. BW Reekie
Group Managing Director

CERTIFICATE BY THE COMPANY SECRETARY

I, Eben Johan Smit, being the Company Secretary of Clientèle, certify that the Company has, for the year under review, lodged all returns required of a Public Company with the Companies and Intellectual Property Commission and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.



Mr. EJ Smit
Company Secretary

22 September 2023

REPORT OF THE DIRECTORS

for the year ended 30 June 2023

The Directors have pleasure in submitting their Directors' Report, which forms part of the Integrated Annual Report for the year ended 30 June 2023.

1. NATURE OF BUSINESS

Clientèle, the holding Company of the Group, is incorporated in South Africa and is listed under the Insurance sector index on the JSE. Its Long-term insurance subsidiary, Clientèle Life, markets, distributes and underwrites insurance and investment products and invests funds derived therefrom and accounts for the majority of the Group's earnings and assets. The Group also provides personal and business lines legal insurance policies underwritten by Clientèle General, its short-term insurance subsidiary.

Clientèle, through CBC Rewards and in partnership with Direct Rewards, also offers rewards benefits to its clients from a number of retailers and service providers.

Clientèle Mobile offers airtime and data to the CBC Rewards clients at discounted rates.

Refer to page 2 for the Group Structure and the companies that form part of the Group.

2. FINANCIAL RESULTS AND DIVIDEND

Full details of the Company's and the Group's financial position and results are set out in the attached Group Annual Financial Statements and Notes thereto on pages 88 to 177. An ordinary dividend of 125.00 cents per share (2022: 120.00 cents per share) was declared on 31 August 2023. The dividend will be paid on Tuesday, 26 September 2023.

To comply with the procedures of Strate Limited, the last day to trade in the shares for purposes of entitlement to the dividend is Tuesday, 19 September 2023. The shares commence trading ex-dividend on Wednesday, 20 September 2023 and the record date will be Friday, 22 September 2023.

Share certificates can not be dematerialised or rematerialised between Wednesday, 20 September 2023 and Friday, 22 September 2023, both days inclusive.

Key statistics relating to the financial position and profit of the Group for the year are set out in the table below:

	30 June 2023	Restated 30 June 2022	% change
Financial position			
Total assets (R'm)	12,158	10,612	15
Net asset value per share (cents)	349.80	321.32	9
Return on shareholders interest (%)	43	40	8
Operating results			
Insurance premium revenue (R'm)	2,220	2,218	
Profit before tax (R'm)	571	640	(11)
Tax (R'm)	81	220	(63)
Net profit attributable to ordinary shareholders of the Group (R'm)	488	420	16
Diluted EPS (cents)	145.32	125.21	16
Diluted headline EPS (cents)	145.32	125.21	16
Dividend per share: Declared (cents)	125.00	120.00	4

Headline earnings per share

Headline earnings per share increased by 15% from 126.94 cents to 145.44 cents.

(R'000)	Group	
	2023	Restated 2022
Reconciliation of earnings to headline earnings		
Net profit attributable to ordinary shareholders	487,700	420,353
Impairment of intangible assets and PPE		7,920
Profit on disposal of PPE	(8)	(531)
Reversal of impairment of investment in associate		(2,082)
Headline earnings	487,692	425 660
Diluted weighted ordinary shares in issue		
Ordinary shares in issue ('000)	335,322	335,322
Weighted average ordinary shares in issue ('000)	335,322	335,322
Diluted weighted average ordinary shares ('000)	335,595	335,707
Diluted earnings per share (cents)	145.32	125.21
Diluted headline earnings per share (cents)	145.32	125.21

3. SHARE CAPITAL

No shares were issued (2022: Nil) during the year. The share capital as at 30 June 2023 is as follows:

(R'000)	Group	
	2023	2022
<i>Authorised:</i>		
750,000,000 (2022: 750,000,000) ordinary shares of 2 cents each	15,000	15,000
<i>Issued:</i>		
335,321,768 (2022: 335,321,768) ordinary shares of 2 cents each	6,706	6,706

Report of the Directors continued

Shareholders analysis

Ordinary shareholders analysis as at 30 June 2023

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued Capital
1 – 1,000	9,777	90.8	399,387	0.1
1,001 – 10,000	666	6.2	2,748,009	0.8
10,001 – 100,000	269	2.5	8,561,032	2.6
100,001 – 1,000,000	37	0.3	10,038,626	3
Over 1,000,000	14	0.1	313,574,714	93.5
Totals	10,763	100.00	335,321,768	100.00

Ordinary shareholders analysis as at 30 June 2023

Distribution of shareholders	Number of shareholdings	%	Number of shares	%
Assurance Companies	3	0.03	28,364,975	8.46
Close Corporations	17	0.16	1,552,084	0.46
Collective Investment Schemes	9	0.08	2,167,513	0.65
Custodians	7	0.07	592,498	0.18
Foundations & Charitable Funds	3	0.03	133,029	0.04
Hedge Funds	5	0.05	1,307,502	0.39
Insurance Companies	2	0.02	34,584,769	10.31
Investment Partnerships	14	0.13	194,966	0.06
Managed Funds	2	0.02	2,667,355	0.80
Private Companies	81	0.75	210,206,657	62.69
Public Companies	1	0.01	6	0.00
Retail Shareholders	10,258	95.31	18,729,966	5.59
Retirement Benefit Funds	263	2.44	46,426	0.01
Scrip Lending	1	0.01	930,664	0.28
Stockbrokers & Nominees	10	0.09	107,121	0.03
Trusts	87	0.81	33,736,237	10.06
Total	10,763	100.00	335,321,768	100.00

Public/non-public shareholders as at 30 June 2023

Shareholder type	Number of shareholdings	%	Number of shares	%
Non-Public Shareholders	38	0.35	306,483,151	91.40
Directors and Associates	24	0.22	5,639,962	1.68
Management of the Company	5	0.05	150,349	0.04
Strategic Holders	9	0.08	300,692,840	89.67
Public Shareholders	10,725	99.65	28,838,617	8.60
Totals	10,763	100.00	335,321,768	100.00

Beneficial shareholders holding 5% or more

	Number of shares	%
Friedshelf 1577 (Pty) Ltd	205,229,190	61.20
Hollard Group	65,368,962	19.49
YTI	30,094,688	8.97
Totals	300,692,840	89.67

4. PARENT COMPANY

Clientèle's Parent Company is Friedshelf 1577 Proprietary Limited, which is incorporated in South Africa, through the holding of voting rights (indirectly) of 61.20% (2022: 60.40%) of the issued share capital (refer to Note 14 on page 153: Share capital and premium).

5. DIRECTORS AND SECRETARY

The following people acted as Directors during the year:

Name and qualification	Appointed as Director of Clientèle
Gavin Quentin Routledge – BA, LLB	31 January 2008
Adrian Domonic t'Hooft Enthoven – BA Hons in Politics, Philosophy and Economics, PhD (Political Science)	5 March 2008
Iain Bruce Hume – CA(SA), ACMA (Retired in December 2022)	31 January 2008
Michael George Cownie – CA(SA)	1 January 2023
Basil William Reekie – BSc(Hons), FASSA	31 January 2008
Barry Anthony Stott – CA(SA)	4 January 2010
Pheladi Raesibe Gwangwa – BProc, LLB, LLM**	4 January 2010
Robert Donald Williams – BBusSc(Hons), FASSA	1 January 2013
Phethedi Gideon Nkadimeng – BSc (Statistics and Economics)	1 March 2017
Lemuel Edwin Dumisa Hlatshwayo – CA(SA), CD(SA) (Resigned in December 2022)	1 February 2020
Gavin Chadwick – MBA MAg*	2 October 2019
Herschel Philip Mayers – BSc(Hons), FASSA	1 May 2023
Hugo Louw – BCom(Hons), FASSA	1 March 2021
Ramaesela Dorcas Tshepisho Tabane – BA, MBA, M.Phil	1 March 2021

* Alternate to Dr. Adrian Domonic t'Hooft Enthoven.

** PR Gwangwa resigned after the year end.

Report of the Directors continued

Gavin Quentin Routledge, 67, (*Independent Non-executive Chairman*), BA, LLB

Mr. Gavin Routledge is based in Cape Town and is engaged in private equity for his own account and also advises companies and Executives on strategy and deal making. When required, he attends to the Group's business in his capacity as Chairman of the Board. Previously he was responsible for many of the Hollard Group's private equity investments in Southern Africa and prior to that he was Chief Executive of a niche investment banking company, A&R Corporate Finance, concentrating on international financial transactions and investment banking. Prior to that he was a partner at Webber Wentzel, specialising in commercial law and cross border transactions.

Basil William Reekie, 50, (*Group Managing Director*), BSc(Hons), FASSA

Mr. Basil Reekie is a qualified actuary who joined Clientèle on 1 January 2008 and was the Managing Director of Clientèle Life (the major subsidiary of Clientèle) from May 2008 until June 2020 and has been the Managing Director of Clientèle since 1 July 2013. Prior to joining Clientèle, he was the Managing Executive of QED Actuaries and Consultants where he was responsible for the day-to-day operations of QED and consulted to numerous life insurance companies in South Africa and across the African continent. As a consultant, he acted in the capacity of Statutory Actuary for many of these companies.

Michael George Cownie, 47, (*Group Financial Director*), CA(SA)

Mr. Michael Cownie is a Chartered Accountant with over 20 years' of experience in both the life and non-life insurance industry. Mr. Michael Cownie joined the Group in March 2013 as Chief Financial Officer of Clientèle General whereafter he was promoted to be the Financial Director of Clientèle General in August 2017, the Financial Director of Clientèle Life in August 2021 and, following Mr. Iain Hume's retirement as Group Financial Director in December 2022, he was promoted to Group Financial Director in January 2023.

Adrian Domonic t'Hooft Enthoven, 54, (*Non-executive Director*), BA Hons in Politics, Philosophy and Economics, PhD in Political Science.

Dr. Adrian Enthoven is Executive Chairman of Yellowwoods, a private investment group. He is responsible for their African portfolio of financial services, hospitality and wine investments. He serves on the boards of the Yellowwood Group's South African based businesses. He is also involved in various projects and initiatives in youth employment, education, social justice and the arts. He is a Board member of Citizens ZA, the African Leadership Initiative and Business Leadership South Africa, and a Trustee of Spier Arts Trust and WWF South Africa. He was educated at Michaelhouse School and at Oxford University. Dr. Adrian Enthoven is the Vice Chairman of the South African Solidarity Response Fund.

Barry Anthony Stott, 74, (*Independent Non-executive Director*), CA(SA)

Mr. Barry Stott was previously a senior partner of PricewaterhouseCoopers Inc. and was responsible for their financial services practice. His experience in the financial services industry includes consulting to various long-term and short-term insurers, asset managers and stockbrokers. Mr. Barry Stott was the Chairman of Discovery Health Medical Scheme Audit and Risk Committees and a member of their Investment Committee. He has also served on various audit committees within the MMI Group.

Pheladi Raesibe Gwangwa, 50, (*Independent Non-executive Director*), BProc, LLB, LLM

Ms. Pheladi Gwangwa is a qualified lawyer who has previously worked for the State Attorney, IBA, ICASA and Cell C before joining Primedia Broadcasting. She was the previous Station Manager of Talk Radio 702, having been involved with Primedia Broadcasting from 2002 to 2016. Ms. Gwangwa resigned as an Independent Non-Executive Director in August 2023.

Robert Donald Williams, 67, (*Independent Non-executive Director*), *BBusSc(Hons)*, *FASSA*

Mr. Robert Williams is a Fellow of the ASSA and his previous experience includes six years as the Executive Head of Aon Hewitt (Retirement Funding, Health care and Actuarial Services), prior to that, he was the Managing Director of QED Actuaries and Consultants (providing actuarial services to life insurers, short-term insurers and retirement funds). Mr. Robert Williams has over 25 years' experience acting as the appointed Head of the Actuarial Function to various life insurance companies in Southern Africa.

Gavin Knighton Chadwick, 66, (*Alternate Non-executive Director*), *Masters in Agricultural Management*, *MBA*

Mr. Gavin Chadwick was appointed as an alternate Non-executive Director of Clientèle with effect from 2 October 2019. Mr. Chadwick is an alternate Director to Dr. ADT Enthoven and is currently the Head of Investments for Yellowwoods Ventures Investments SA (Pty) Ltd. Mr. Chadwick has over 3 decades of experience in the financial services industry.

Phethedi Gideon Nkadimeng, 51, (*Non-executive Director*), *BSc (Statistics and Economics)*

Mr. Gideon Nkadimeng was appointed as a Non-executive Director of Clientèle with effect from 1 March 2017. Mr. Nkadimeng is currently an Investment Executive of Yellowwoods Ventures Investments SA (Pty) Ltd and has extensive experience in the financial services industry.

Herschel Philip Mayers, 63, (*Non-executive Director*) *BSc(Hons)*, *FASSA*

Mr. Herschel Mayers is a Fellow of the ASSA who previously held the positions of Chief Executive Officer of Discovery Life Limited and Vitality Life Limited and has over 40 years' of experience in the life insurance industry. Mr. Mayers joined the Group as a Non-executive Director in May 2023.

Hugo Louw, 50, (*Executive Director*), *BCom(Hons)*, *FASSA*

Mr. Hugo Louw joined Clientèle in 2013 as Head of Operations. Mr. Louw was appointed as a Director of Clientèle Life in July 2016 and appointed as Managing Director of Clientèle Life in July 2020. Mr. Louw holds a BCom (Hons) Actuarial, is a qualified Actuary, and a Fellow of the Actuarial Society of South Africa. Mr. Louw was appointed to the Board of Clientèle on 1 March 2021.

Ramaesela Dorcas Tshepisho Tabane, 45, (*Executive Director*), *BA*, *MBA*, *M. Phil*

Ms. Tshepisho Tabane joined the Group in January 2014 as Human Resources Executive. Ms. Tabane was appointed as a Director of Clientèle Life in July 2016. Ms. Tabane holds a BA, MBA (GIBS) and an M. Phil – Change Management and Leadership. Ms. Tabane was appointed to the Board of Clientèle on 1 March 2021.

Iain Bruce Hume, 56, (*Group Financial Director*), *CA(SA)*, *ACMA*

Mr. Iain Hume is a Chartered Accountant and an associate of the Chartered Institute of Management Accountants with over 25 years' experience in the banking and insurance industries. Mr. Hume had been with the Group since 2000 and retired as the Group Financial Director in December 2022.

Lemuel Edwin Dumisa Hlatshwayo, 56, (*Independent Non-executive Director*) *CA(SA)*

Mr. Dumisa Hlatshwayo was appointed as a Non-executive Director of Clientèle in February 2020. Mr. Hlatshwayo was previously the Chief Financial Officer of South African Forestry Company Limited and has experience in the financial services industry. Mr. Hlatshwayo resigned as an Independent Non-executive Director in December 2022.

Report of the Directors continued

Other Directorships and Professional Commitments held by the Directors as at 30 June 2023

Name	Other Directorships/Partnerships	Other Professional Commitments
ADT Enthoven	And Beyond Holdings Proprietary Limited	Employee of Yellowwoods Ventures Investments Proprietary Limited
	Business Leadership South Africa	
	Citizens ZA Movement	
	Clientèle Life Assurance Company Limited	
	Harambee Academy NPC	
	Harambee Youth Employment Accelerator NPC	
	Hollard Holdings Proprietary Limited	
	Hollard Business Associates Proprietary Limited	
	Hollard Fundco (RF)	
	Solidarity Response Fund	
	Youth Employment Service (RF)	
GQ Routledge	Clientèle Life Assurance Company Limited	None
	Clientèle General Insurance Limited	
	Haven Sandown One Proprietary Limited	
MG Cownie	Clientèle Life Assurance Company Limited	None
	Clientèle General Insurance Limited	
BW Reekie	Clientèle Life Assurance Company Limited	None
	Clientèle General Insurance Limited	
	Clientèle Direct Proprietary Limited (dormant)	
	Clientèle Mobile Proprietary Limited	
	Clientèle Properties East Proprietary Limited	
	Clientèle Properties North Proprietary Limited	
	Clientèle Properties South Proprietary Limited	
	Direct Rewards Proprietary Limited	
	CBC Rewards Proprietary Limited	
Reekie Family Investments Proprietary Limited		
IB Hume	Clientèle Life Assurance Company Limited	Iain Hume Family Trust – Trustee
	Clientèle General Insurance Limited	
	Clientèle Properties East Proprietary Limited	
	Clientèle Properties North Proprietary Limited	
	Clientèle Properties South Proprietary Limited	
	Clientèle Mobile Proprietary Limited	
	Clientèle Direct Proprietary Limited (dormant)	
	CBC Rewards Proprietary Limited	
LED Hlatshwayo	Clientèle Life Assurance Company Limited	None
	COIDLink Proprietary Limited	
	Imisebe Investment Holdings Proprietary Limited	
	Mhayise Properties CC	
	Nex Rubica Capital	
	The Mhayise Family Trust	
	The Mhayise Residence Trust	
	The Mhayise Share Trust	

Report of the Directors continued

Name	Other Directorships/Partnerships	Other Professional Commitments
BA Stott	Boca Raton Homeowners Association	The Boery Family Trust – Trustee
	Clientèle Life Assurance Company Limited	The Hugh Cameron Family Trust – Trustee
	Clientèle General Insurance Limited	The Charles Duggan Family Trust – Trustee
		The Lisa Stott Family Trust – Trustee
PR Gwangwa	Clientèle Life Assurance Company Limited	PRG Consultancy (Pty) Ltd
	Clientèle General Insurance Limited	
	University of Cape Town Council	
	Malebo Alumni Foundation (NPC)	
	FOTAD (NPC)	
RD Williams	Clientèle Life Assurance Company Limited	Independent Trustee – Ninety-One Preservation Provident Fund
	Clientèle General Insurance Limited	Independent Trustee – Ninety-One Preservation Pension Fund
	Discovery Life Limited	Independent Trustee – Ninety-One Retirement Annuity Fund
	Discovery Life Nominees Proprietary Limited	
	Grayston Nominees Proprietary Limited	
	RD Williams Actuarial Consulting Services Proprietary Limited	
	Braamfontein Spruit Gardens Bryanston (NPO)	
PG Nkadameng	Bopa Telecom Proprietary Limited	None
	Clientèle Life Assurance Company Limited	
	Coidlink Proprietary Limited	
	Clientèle General Insurance Limited	
	Cyber Guard Proprietary Limited	
	Hollard International Proprietary Limited	
	ICU Monitoring Proprietary Limited	
	K2021112419 (SOUTH AFRICA)	
	LHM Advisors Proprietary Limited	
	Myfax Africa Proprietary Limited	
	Mozambique Logistic Holdings	
	New Seasons Investment Fund Proprietary Limited	
	New Seasons Investment Management Proprietary Limited	
	NSIM Equity Holdings	
	Pin Systems Proprietary Limited	
	Segosametsi Holdings	
	Tafari Technology Proprietary Limited	
	Tafari Financial Services Proprietary Limited	
	Tafari Capital Proprietary Limited	
	Tizavista Proprietary Limited	
Twenty Bills Trading Enterprise		

Report of the Directors continued

Name	Other Directorships/Partnerships	Other Professional Commitments
HP Mayers	Clientèle Life Assurance Company Limited	None
	Clientèle General Insurance Limited	
	Guidepost Proprietary Limited	
	Qurom Proprietary Limited	
GK Chadwick	Clientèle General Insurance Limited	Head of Investments at Yellowwoods Ventures Investments Proprietary Limited
	Capricorn Royal Company Proprietary Limited	Chairman of the Board of Hollard International
	Chadwick Investments	Chairman of ProFibre Products Proprietary Limited
	Clientèle Life Assurance Company Limited	
	Hollard International Proprietary Limited	
	Isitali Consortium Proprietary Limited	
	Isitali PrefCo Proprietary Limited	
	Animal Friends Insurance Services Limited	
	Profibre Investment Holdings Proprietary Limited	
	Profibre Products Proprietary Limited	
	Yellowwoods Ventures Investments Proprietary Limited	
H Louw	Clientèle Life Assurance Company Limited	None
	Clientèle Mobile Proprietary Limited	
	CBC Rewards Proprietary Limited	
	Direct Rewards Proprietary Limited	
	Clientèle Properties East Proprietary Limited	
	Clientèle Properties North Proprietary Limited	
	Clientèle Properties South Proprietary Limited	
RDT Tabane	Clientèle Life Assurance Company Limited	None
	Palladio Homeowners Association NPC	

The appointment of new Directors to the Board is approved, by the Board as a whole, assisted by the Group Nominations Committee and subject to ratification by shareholders at the next AGM.

At each AGM of Clientèle, one-third of the Directors shall retire from office. The Directors so to retire at each AGM shall be the Directors whom have been longest in office, as well as the Directors that have been appointed since the last AGM. The rotation of Directors at regular intervals is accepted as good practice.

The Group Company Secretary is Mr. Eben Johan Smit whose addresses are:

Business address:
Clientèle Office Park
Corner Rivonia and Alon Roads
Morningside, 2196

Postal address:
PO Box 1316
Rivonia
2128

6. DIRECTORS' SHAREHOLDINGS

The interests, direct, indirect and through associates of the Directors are shown on page 52 of the Group Remuneration Report.

7. EXTERNAL AUDITORS

In accordance with section 94(7)(a) of the Companies Act, the Group Audit Committee, on behalf of the Board, nominated Mr. JLP Kruger of Deloitte & Touche (South Africa) for appointment as External Auditor. This appointment will be subject to approval by a majority of shareholders at the AGM on 31 October 2023.

8. DIRECTORS' EMOLUMENTS

Details of Directors' emoluments are set out in Note 37 on pages 170 to 171 to the Group Annual Financial Statements. Details of Directors' service contracts are set out in section 2.3 on page 19 of the Integrated Annual Report.

9. DIRECTORS' INTERESTS IN CONTRACTS

During the financial year, no contracts were entered into in which the Directors of the Company had an interest and which significantly affect the business of the Group.

The Directors had no interest in any third party or Company responsible for managing any of the business activities of the Group.

10. LAWS OF INCORPORATION AND MOI

The Board confirms that the Company is in compliance with the provisions of the Companies Act, specifically relating to its incorporation, and operating in conformity with its MOI.



Mr. GQ Routledge
Chairman of the Board

22 September 2023

STATEMENT OF ACTUARIAL VALUES OF ASSETS AND LIABILITIES OF CLIENTÈLE LIFE

A statement of the Actuarial Values of Assets and Liabilities of Clientèle Life is provided below as its assets and liabilities form the majority of the Group's assets and liabilities.

1. EXCESS ASSETS

The excess of assets over liabilities on the Published Reporting Basis is shown in the table below:

(R'000)	June 2023	Restated June 2022
Assets		
SOPF assets	11,783,531	10,098,993
Reinsurance assets	–	(84,178)
Total assets net of reinsurance assets	11,783,531	10,014,815
Less: Liabilities		
Actuarial value of liabilities	461,587	764,480
Reduction in policy liabilities due to reinsurance	–	(84,178)
Other policyholder liabilities	9,609,641	8,120,748
Current liabilities	420,263	330,610
Deferred Profits	359,862	105,316
IAS12 adjustment to other policyholder liabilities	155,019	57,563
Total liabilities	11,006,371	9,294,539
Excess of assets over liabilities	777,160	720,276
Economic Capital (EC)	324,731	270,295
EC ratio	2.39	2.66

The excess of assets over liabilities on the Prudential Basis is shown in the table below:

(R'000)	June 2023	June 2022
Assets		
Total fair value of assets	11,426,275	9,903,122
Disallowed assets	(20,448)	(28,190)
Total assets net of disallowed assets	11,405,827	9,874,931
Less: Liabilities		
Technical Provisions	5,462,688	3,650,126
Risk Margin	780,518	947,397
Current liabilities	569,139	397,535
Deferred tax liability	1,084,296	1,148,398
Total liabilities	7,896,641	6,143,457
Excess of assets over liabilities (Own funds)	3,509,186	3,731,475
Adjustment to own funds	(349,152)	(307,400)
Own Funds eligible for SCR cover	3,160,034	3,424,075
SCR	2,245,333	2,362,258
SCR ratio	1.41	1.45

2. ANALYSIS OF CHANGE IN EXCESS ASSETS ON THE PUBLISHED REPORTING BASIS

The abbreviated analysis of the change, from the previous reporting period, in the Excess Assets on the Published Reporting Basis is shown below:

(R'000)	June 2023	June 2022
Excess assets at the end of reporting period	777,160	727,392
Excess assets at the beginning of reporting period	727,392	716,605
Change in excess assets over the reporting period	49,768	10,787
The change in excess assets is due to the following factors:		
Investment income and growth on excess assets	74,366	28,323
Operating surplus (excluding changes in method or assumption)	181,820	458,786
Changes in Valuation method or assumptions	149,326	12,716
Consolidation of subsidiaries	3,610	(10,021)
Tax	(51,968)	(180,164)
Total earnings	357,154	309,641
Dividends paid	(307,386)	(298,854)
Total Change in Excess Assets	49,768	10,787

3. RECONCILIATION OF EXCESS ASSETS TO REPORTED EARNINGS

The change in the excess of assets over liabilities in this statement on the Published Reporting Basis reconciles to the net income of the life operations as follows:

(R'000)	June 2023	June 2022
Net profit attributable to ordinary shareholders	423,433	308,171
Dividend paid	(307,386)	(298,854)
Restatement of Excess Assets as 30 June 2022 due to reclassification of recurring premium investment policies	(64,680)	
BR Scheme	(1,599)	1,470
Total Change in Excess Assets (Published Reporting Basis)	49,768	10,787

4. CHANGES IN PUBLISHED REPORTING BASIS ACTUARIAL LIABILITY VALUATION METHOD AND ASSUMPTIONS

The methodology and Actuarial Valuation assumptions used for the Actuarial Liability (IFRS 4) remained broadly the same as those applied as at 30 June 2022, except for the following changes (before allowing for compulsory margins):

- Recurring premium savings policies that are sold through the Telesales channel were, prior to the 2023 financial year incorrectly accounted for under IFRS4 (Insurance accounting standard) instead of IFRS 9 (Financial Instruments accounting standard). These policies are now accounted for under IFRS9. Prior year financial statements have been restated. This will only impact the Published reporting basis (PRB) and has no impact on the Prudential Reporting Basis or our Embedded Value;
- The change has an insignificant impact on our dividend paying ability. On the PRB the TCAR is used for calculating our required Capital. For these recurring premium savings policies any increase in reserve is offset by the reduction in the surrender CAR, and therefore there is no impact on the dividend paying ability.
- The long-term investment return assumption was increased from the previous Actuarial Valuation as shown in the table below. This change was based on the economic data as it applied at the Actuarial Valuation date. The return was based on the risk-free yield curve over the appropriate term to maturity;
- The inflation gap was updated based on the difference between the Prudential Authority real and nominal yield curve;
- The lapse assumptions were updated to be in line with the latest withdrawal investigations as per the withdrawal investigation report produced by the Actuarial department;
- Due to the better persistency on the funeral parlour business, the judgement to maintain a discretionary margin (on reserves) was reviewed, and subsequently released resulting in a negative reserve being held for the funeral parlour business;
- The mortality assumptions were updated to be in line with the latest claims investigation as per the mortality and claims experience report produced by the Actuarial department;

Statement of Actuarial Values of Assets and Liabilities of Clientèle Life continued

- The COVID-19 risk reserve of R26.2 million (net of re-insurance) was released over the financial year. Clientèle no longer holds an explicit COVID-19 risk reserve;
- A correction was made (by one of the Reinsurers) to the shape of the reinsurance rates curve; and
- The expense assumptions were changed to be in line with the latest expectations.

The table below shows the long-term economic assumptions for business written in South Africa for the period:

(%)	June 2023	June 2022
Non-unit investment return	10.6	10.3
Unit investment return	12.1	11.7
Expense inflation rate	6.1	7.3
Corporate tax rate	27.0	27.0

Other Assumptions:

- A few other refinements were made to the modelling of the business which collectively, as well as individually, had an immaterial impact on the results.

5. PUBLISHED REPORTING VALUATION METHOD

The Actuarial liabilities of Clientèle Life's insurance contracts have been calculated and disclosed in accordance with the ASSA's guidelines and in particular SAP104 (version 10). The Actuarial Valuation is a gross premium method of valuation.

Where policy values are linked to the value of underlying units, the reserve for policies accounted for under IFRS4 has been set equal to the sum of the value of the Investment Account and a Rand Reserve allowing for, *inter alia*, expenses, risk benefits, risk charges, management fees (as well as other expense charges) and reinsurance.

Valuation assumptions regarding future mortality, morbidity, expenses and yields are based on prudent best estimates taking into account the Company's current and expected future experience and allowing for any specific conditions of the various policy classes.

Liabilities and assets in respect of Investment contracts (other policyholder liabilities) have been valued in accordance with IFRS 9. The recurring premium savings policies that were sold through the Telesales channel were incorrectly accounted for in our previous financial statements under IFRS4 (Insurance accounting standard) instead of IFRS 9 (Financial Instruments accounting standard). Due to this our financial statements have been restated for the previous financial year.

Investment contract liabilities and assets have been valued in accordance with IFRS 9.

For the majority (at least 95%) of liabilities, the liability has been based on cashflow projections on the assumptions contained in Note 6 below. For the balance of the liability (mainly annually renewable term assurance business), an IBNR reserve has been established.

The results of the Valuation method and assumptions is that profits for insurance contracts are released appropriately over the term of each policy. Margins have been set up such that no losses are expected to be made in the future and that all expected future cash flows are positive. As such, the premature recognition of profits is avoided.

6. PUBLISHED REPORTING BASIS ACTUARIAL LIABILITY VALUATION ASSUMPTIONS

The Valuation of the policy liabilities was conducted on a basis consistent with the Valuation of the assets. Assumptions were based on analysis of past experience and expected future experience. The most recent experience investigations were for the period under review.

In reserving for the annually renewable term assurance business (without cash-back benefits), an IBNR liability has been established. All other liabilities have been calculated on a prospective gross premium valuation basis, allowing for future income, benefits and expenses.

Compulsory margins in terms of SAP104 (version 10) were also allowed for, in addition to the main assumptions. Specific allowance has been made for the expected deterioration in mortality experience due to AIDS and HIV infection where appropriate.

The main assumptions for business valued on a prospective cash flow basis, before allowing for compulsory margins, were as follows (figures for the previous Valuation are shown in brackets):

- A non-unit investment return rate of 10.6% (June 2022: 10.3%) was used for all classes of business;
- The expense allowance for the year after the Valuation date was based on the budgeted expenses and policy counts for the following financial year;
- For assurances, mortality rates are based on June 2023 experience investigations;

- Withdrawal rates are based on recent experience investigations; and,
- The following additional discretionary margin was held:
 - For all individual business, excluding the Funeral parlour business, where reserving cashflow projections resulted in negative reserves, these were eliminated on a per policy basis. As such, no policy was treated as an asset. For Funeral parlour business no discretionary margin was created, as this was not deemed necessary due to the risk profile of this business.

7. PUBLISHED REPORTING INVESTMENT CONTRACTS

All Investment contracts liabilities have been taken at SOFP values as described in the accounting policies. In addition, a Deferred Profit Liability is held, which defers the profit over the term of the policy. As at 30 June 2023, the Deferred Profit is R103 million (June 2022: R105 million).

8. PUBLISHED REPORTING ASSET VALUATION METHOD AND ASSUMPTIONS

All assets have been taken at SOFP values as described in the accounting policies.

9. PRUDENTIAL BASIS CAPITAL

The Prudential Solvency Capital Requirements (SCR) is the additional amount required, over and above the actuarial liabilities on the Prudential Basis, to enable a Company to meet material deviations in the main parameters affecting the life assurer's business. The SCR was calculated according to the guidelines issued by the PA FSI.

The SCR can allow for management action; for the purpose of this Valuation, no management action has been allowed for.

10. PUBLISHED BASIS ECONOMIC CAPITAL

The Economic Capital ("EC") is the additional amount required, over and above the liabilities on the Published Reporting Basis, to enable a Company to meet material deviations in the main parameters affecting the life assurer's business. The EC was calculated according to the Company's Capital Policy.

11. APN110 DISCLOSURE

Clientèle Life has a small book of unit-linked business with investment guarantees on death. In particular, these policies have a minimum benefit on death equal to the fund premiums accumulated at 6% p.a. This block of business consists of two components, a saver component and a protection component. APN 110 Disclosure applies to the saver component, as it is a market-related savings product with a guaranteed return on death only. An investment account is built up based on the allocated component of saver benefit premiums and market returns in the form of income and growth. No such investment guarantee exists on maturity or surrender. There is the risk that investment returns are less than 6% p.a. (in which case the minimum benefit on death would still be granted).

A Monte Carlo simulation technique was used to quantify the liability and SCR requirement in respect of these embedded investment derivatives.

12. REPORT BY HEAD OF ACTUARIAL FUNCTION

I hereby certify that:

- The Valuation on the Prudential Basis of Clientèle Life as at 30 June 2023, the results of which are summarised above, has been conducted in accordance with the FSI as published by the Prudential Authority, and this Head of Actuarial Function's Report has been produced in accordance with applicable ASSA APNs and SAPs.
- In terms of the Prudential Basis, Clientèle Life has assets exceeding the liabilities and SCR.
- Therefore, Clientèle Life is financially sound in terms of section 36 of the Insurance Act 18 of 2017, and, in my opinion, is likely to remain financially sound for the foreseeable future.



Mr. JL Potgieter

Head of the Actuarial Function
Fellow of the Actuarial Society of South Africa

19 September 2023

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Clientèle Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Clientèle Limited (the Group and Company) set out on pages 99 to 177 which comprise the consolidated and separate statements of financial position as at 30 June 2023, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Clientèle Limited and its subsidiaries as at 30 June 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

The key audit matters set out below relate to our audit of the consolidated financial statements. We have determined that there are no key matters to communicate in respect of our audit of the separate financial statements.



National Executive: *R Redfearn Chief Executive Officer *GM Berry Chief Operating Officer JW Eshun Managing Director Businesses LN Mahluza Chief People Officer *N Sing Chief Risk Officer AP Theophanides Chief Sustainability Officer *NA le Riche Chief Growth Officer *ML Tshabalala Audit & Assurance AM Babu Consulting TA Odukoya Financial Advisory G Rammego Risk Advisory DI Kubeka Tax & Legal DP Ndlovu Chair of the Board

Regional Leader: MN Alberts

A full list of partners and directors is available on request

* Partner and Registered Auditor

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

Key audit matter	How the matter was addressed in the audit
<p>Valuation of policyholder liabilities under life insurance contracts (Consolidated financial statements)</p> <p>As disclosed in Note 17, the carrying value of policyholder liabilities under life insurance contracts was R462 million. Significant judgement is required by the directors in assessing key assumptions used in valuing these liabilities in line with Standard of Actuarial Practice (SAP) 104 and IFRS 4: Insurance Contracts (IFRS 4) in the consolidated financial statements.</p> <p>The key assumptions with the most impact for the current year were associated with persistency and mortality. In addition, judgement was required in the release of discretionary margins associated with the funeral policy business, based on experience analysis of persistency.</p> <p>Amongst other inputs, the determination of the valuation of life insurance contracts is also dependent on accurate underlying policyholder data, historical experience data and appropriate valuation methodologies consistent with SAP 104 and IFRS 4.</p> <p>Due to the significant judgements and estimation uncertainty, we determined that the measurement of policyholder liabilities under life insurance contracts is a key audit matter.</p>	<p>With the assistance of our actuarial audit specialists, in evaluating the valuation of policyholder liabilities under life insurance contracts we highlight the following procedures with regards to the data, assumptions and models:</p> <p>Data</p> <p>This included underlying policyholder data for in-force policies at the year end and historical data used in experience investigations.</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of key internal controls deployed by management in ensuring data accuracy; • Reconciling data used in valuation models to underlying policyholder administration systems; • Substantive tests of detail agreeing on a sample basis, key data points used in the valuation to underlying policyholder contract information. <p>Assumptions</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of key internal controls deployed by management in ensuring persistency and mortality assumptions are supported by valid experience analysis; and • Independently assessing the experience investigations of persistency and mortality and considering management’s conclusions on associated long term persistency and mortality valuation assumptions, ensuring conclusions were aligned with experience and appropriately supported. <p>Models</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of key internal controls deployed by management in ensuring valuation models are appropriate; • On a sample basis and using consistent data inputs, we assessed the results of management’s valuation model against the results of our independent valuation model to ensure the model is consistent with our expectations; and • Independently assessed the results of managements valuation models against our own expectations based on the relevant data and assumptions. <p>Based on the results of our procedures, we further assessed management’s application of discretionary margins, including specifically the change in margins associated with the funeral parlour policies ensuring appropriate judgement was made based on supported underlying experience and data and that conclusions were supported by the principles of SAP 104 and IFRS 4.</p> <p>We assessed the associated disclosure in note 17 for compliance with the requirements of IFRS.</p> <p>The results of our procedures indicate that overall, management’s valuations and associated disclosures of the policyholder liabilities under life insurance contracts is appropriate and consistent with the principles of SAP 104 and IFRS 4.</p>

Independent Auditor's Report to the Shareholders of Clientèle Limited *continued*

Key audit matter	How our audit addressed the key audit matter
<p>Restatement associated with the Clientèle recurring premium savings policy and deferred revenue and deferred acquisition costs</p> <p>As disclosed in Note 44, following a re-evaluation of the application of certain accounting principles, errors were identified in the accounting of the Clientèle recurring premium savings policy, and the presentation of deferred profits under certain single premium business. These errors were corrected and comparative financial information was restated.</p> <p>The Clientèle recurring premium savings policy was previously accounted for under IFRS 4, but for certain policies, it was determined that the product does not have qualifying insurance risk and should instead be accounted for under IFRS 9 as an investment contract measured at fair value through profit and loss.</p> <p>For certain single premium business, the financial statements presented the deferred revenue liability net of the associated deferred acquisition costs asset on the statement of financial position and the release of deferred revenue was presented net of the release of acquisition costs on the statement of comprehensive income as other income. The presentation requirements of IFRS 15 require the separate disclosure without set-off of deferred revenue liabilities (contract liabilities), deferred acquisition costs (contract assets) and the separate disclosure of revenue from contracts with customers on statement of comprehensive income.</p> <p>Due to their significance, we determined restatements as key audit matters.</p>	<p>Our audit procedures included:</p> <p>Clientèle recurring premium savings policy:</p> <ul style="list-style-type: none"> • Review of a sample of the underlying policyholder contracts to validate the nature of the terms and benefits payable; • The assessment of the nature of the terms and benefits and their applicability under IFRS 4 and IFRS 9; • The assessment of the method, inputs and assumptions in determining the valuations (including comparative years) under IFRS 9; • Agreeing the various adjustments to reverse the incorrect accounting treatment from the comparative values to historical accounting records; • Assessing the restatement and associated disclosures against the requirements of IFRS. <p>Deferred revenue and deferred acquisition costs</p> <ul style="list-style-type: none"> • Assessment of the nature of the contractual services giving rise to deferred revenue and deferred acquisition costs; • Consideration of the services against the requirements of IFRS 15; • Consideration of the nature of acquisition costs against the requirements of IFRS 15 for costs to acquire contracts; • Validation of a sample of underlying costs to underlying supporting evidence; • Assessment of the period over which the deferred revenue and deferred acquisition costs will be realised in the statement of comprehensive income against the underlying contract terms; • Assessment of the disclosures required under IFRS 15; • Assessment of the restatement disclosures for compliance with IFRS. <p>The results of our procedures indicate that overall, the restatements and their associated disclosures are appropriate.</p>

OTHER MATTER

The consolidated and separate financial statements of the Group and Company for the year ended 30 June 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 21 September 2022.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Clientèle Integrated Annual Report 2023" in the section "Financial statements" and includes the Group Audit Committee Report, the Report of the Directors, and the Certificate by the Company Secretary as required by the Companies Act of South Africa, Risk Management, the Statement of Embedded Value, Approval of the Annual Financial statements, Statement of Actuarial Values of Assets and Liabilities of Clientèle Life, Notice of the Annual General Meeting, Definitions and Interpretations, Form of Proxy and Corporate Information. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report to the Shareholders of Clientèle Limited continued

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

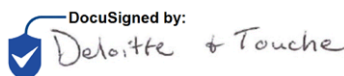
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Clientèle Limited for 1 year.

DocuSigned by:

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Deloitte & Touche

Registered Auditor

Per: John Kruger

Partner

The Ridge

6 Marina Road

V&A Waterfront

Cape Town, 8000

22 September 2023

RISK MANAGEMENT

for the year ended 30 June 2023

1. FRAMEWORK AND OBJECTIVES

Risk is an integral part of any business. Having an effective risk management process is essential for sustainable and profitable growth.

The risk management framework and policy is fully aligned to ensure compliance with the Prudential Standard GOI 3 – Risk Management and Internal Controls for Insurers.

The risk management processes cover strategic, insurance, financial, compliance and operational risks inherent to the Group's business.

1.1 Responsibility for Risk Management

The overall responsibility for risk management resides with the Board. This responsibility has been delegated to the Group Risk Committee. At an operational level, the Group Risk Function facilitates the risk management process. The Group has a number of Committees and business functions which manage the risks in their respective areas. These Committees and business functions are responsible for identifying and rating all risks, internal controls and actions taken to mitigate risk, and act as a first line of assurance in the combined assurance model. The Committees and business functions sufficiently cover all risk areas.

The Group Risk Function acts as the second line of assurance in the combined assurance model.

1.2 Key Focus Areas During the Year

- **IFRS 17**

IFRS 17 is an International Financial Reporting Standard that was issued by the International Accounting Standards Board in May 2017. It will replace IFRS 4 on accounting for insurance contracts. IFRS 17 needs to be implemented for financial years starting on or after 1 January 2023. This means that implementation is necessary by December 2023 as the Condensed Unaudited Group Results for the six months ended 31 December 2023 form part of the 2024 financial year.

An IFRS 17 Committee has been established and has a mandate to drive the IFRS 17 process. This is done with the assistance of external consultants (QED). The IFRS17 Committee, in collaboration with the Group Risk Function, has created a special risk register for the project and a summary of the main risks are as follows:

- The most significant risk is finding and keeping appropriate human resources. This risk has been mitigated by promoting internal resources and cross skilling within the Finance and Actuarial departments;
- The expenses related to the project being higher than anticipated/budgeted; and,
- Historical data from our legacy systems not being sufficient/detailed enough to service the requirements of the new system.

A Project Plan is in place and makes provision for appropriate education and training to be provided to the Board and Audit Committee members.

Risk Management continued

- **Risk culture**
Training to emphasize management's responsibility towards effective risk management is provided on an ongoing basis to ensure that employees understand the risk process.
- **Operational Risk Management**
An Operational Risk Management Policy was implemented (previously the requirements were part of the Risk Management Policy) in order to improve the overall operational risk management process. Training on this enhanced process was provided to all members of management.
- **Third party risk assessment**
A Company wide third party risk assessment was undertaken to clarify the risks that we are exposed to from a third party, contract management, data sharing, fraud and cyber risk perspective.
- **Risk Culture survey**
A Risk Culture survey was done amongst members of the management team. This focused on Awareness, Understanding and Reporting Operational Risk Incidents (ORI) and on their perception of the most Significant risks facing the Company.
- **Business Continuity Management ("BCM") Framework**
The BCM Framework was expanded on to make provision for a Total Grid Failure and include actions and management plans for such a situation.
- **Risk Universe**
The Risk Universe was amended to make provision for the following risk categories: Strategic & Sustainability, Operational, Insurance, Finance and Compliance. Risk sub-categories were also aligned to industry standards as well as to represent the risk environment that we are operating in.

2. RISK APPETITE

The Group defines its risk appetite as the aggregate level of risk that the Company is willing to assume within its risk capacity to achieve its strategic objectives and business plan giving consideration to the interests of shareholders and policyholders on both financial and non-financial risk.

The following are the three risk appetite metrics, as approved by the Board:

- Financial soundness (Prudential and Published Reporting basis);
- Free cash flow; and,
- Recurring Embedded Value Earnings (REVE).

The risk appetite is based on a 1 in 7 year risk event for free cash flow and REVE.

The financial soundness is measured based on a 1 in 200-year risk event. The Group remains financially sound.

Specific key risks are also measured individually against pre-defined risk tolerance levels.

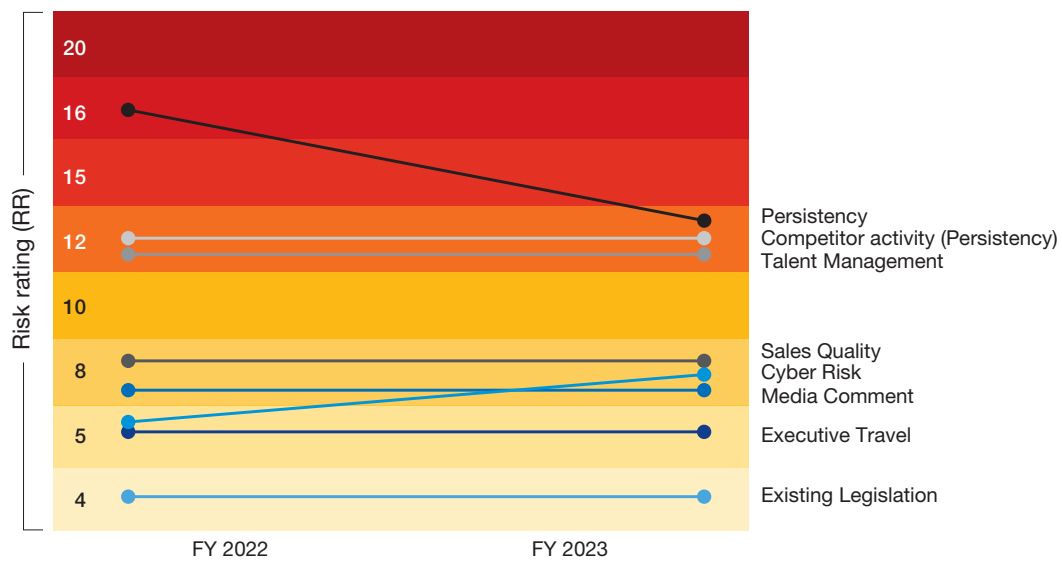
3. SIGNIFICANT AND WATCHLIST RISKS

All risks are rated using a risk rating scale. The risk rating is obtained by multiplying the impact rating with the likelihood rating.

Significant risks are classified as any risk where the risk rating is above 12 (impact is high and the likelihood is possible). WatchList risks are classified as any risk where the impact rating is 4 or 5 but the likelihood is low.

The following are the Long-term Significant and WatchList Risks that are monitored against the Group’s business objectives:

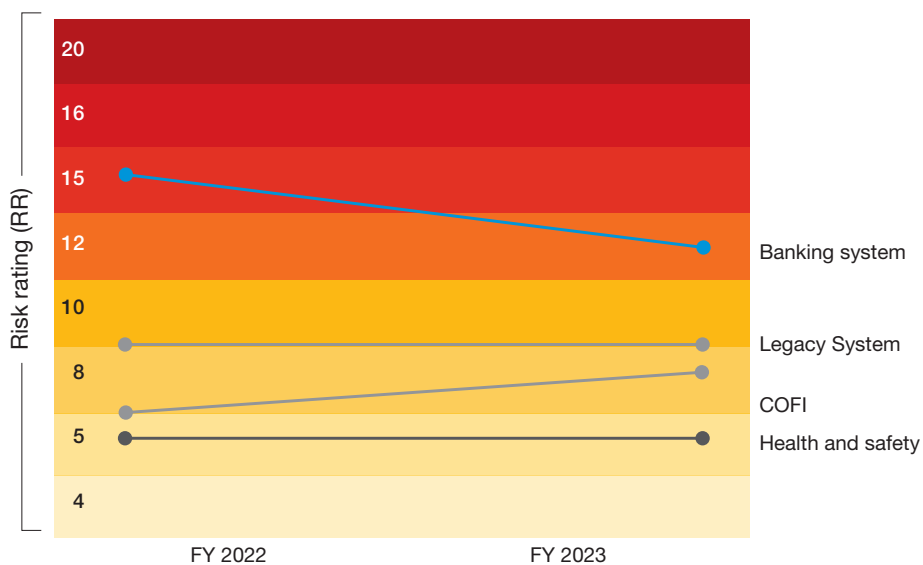
LONG-TERM SIGNIFICANT AND WATCHLIST RISKS



Long-term risks refer to risks that we expect to stay on the Group’s radar for the foreseeable future.

The following are the short-term Significant Risks and WatchList Risks that are monitored against the Group’s business objectives and includes all Significant emerging risks:

SHORT-TERM SIGNIFICANT AND WATCHLIST RISKS



Risk Management continued

Short-term risks refer to risks that can potentially affect us within the next three years whereafter the risk is expected to either disappear completely, having been realised or is expected to have been mitigated by internal or external controls or actions taken to mitigate the risk.

4. FOCUS AREAS FOR 2024

- Assisting the IFRS 17 Committee with the IFRS 17 implementation project and uncertainties surrounding this;
- Further embedding of risk management throughout the Group by focusing on the Operational risks facing the Company;
- Identifying areas where internal controls can be enhanced for business areas throughout the Group;
- Finding ways in which risk management can create more value throughout the Group; and,
- Continuously focusing on Cyber and Information Technology (IT) risk categories and ensuring that the risks are properly managed by the management team.

5. STRATEGIC AND SUSTAINABILITY RISK

5.1 New Product/Channel

New Product or Channel risk is the risk of not achieving the budgeted production numbers and quality of sales for new products or new channels. The overall risk relating to new business production is a Medium risk.

Factors with the potential to affect this risk

- Product not designed for target market;
- Incorrect premium rates;
- Product design open for fraud;
- Product is not seen as value for money by clients; and,
- Client understanding of the benefits.

Risk mitigation

- Product Committee sign-off;
- New business volumes and quality are monitored by various Committees on a regular basis;
- Various initiatives to better understand our clients' needs to ensure that we design products that drive production;
- Products are designed in such a way as to reduce new business risks and increase new business volumes; and,
- Additional distribution channels are continuously being explored and introduced (eg. Funeral parlour intermediaries).

5.2 Existing Products

Factors with the potential to affect this risk

- New business volumes across all distribution channels being lower than expected;
- Quality of new business across all distribution channels being lower than expected;
- Initial expenses being higher than anticipated;
- Risk Discount Rate (RDR) being higher than allowed for in the budget;
- Competitor offerings may seem more attractive to potential clients especially if the monthly premiums are lower;
- Political paralysis in South Africa;
- Increase in food prices leaving potential policyholders with less cash at the end of the month;
- Increase in the repo rate;
- Increasing prices of fuel resulting in higher transport costs for our policyholders and prospective policyholders resulting in less disposable cash; and,
- Load shedding negatively affecting the economy and our potential policyholders' ability to pay their insurance premium.

Risk mitigation

- Frequent updates are received by various key members of management to ensure that new business related risks are correctly monitored and assessed at all times;
- The management incentive structure is linked to, *inter alia*, new business volumes and quality of new business;
- New business volumes are monitored by various Committees on a regular basis;
- Products are designed in such a way as to reduce new business risks and increase new business volumes;
- Limiting the number of policies per bank account to help ensure that all new business that is written is of acceptable quality;
- Generators, solar panels and UPS systems are in place to help ensure that sales can continue irrespective of an electricity failure; and,
- A Business Continuity Plan is in place to ensure that sales can continue in the event that one or more of the sales floors cannot be accessed for any reason.

5.3 Acquisition Opportunities

The risk relating to any acquisition opportunities as they present themselves. Due to the unique nature of these opportunities a special risk management process is created for each opportunity. There were no acquisitions concluded during the year.

5.4 Talent Management and Company Culture (TCW & TEW)

Talent Management risk, including the succession risks (mainly due to external market conditions and the effect that this has on employees), are classified as a Significant risk. The potential negative staff morale as well as the Group Executive and Non-executive travelling together are classified as WatchList risks.

Factors with the potential to affect this risk

- Negative staff morale causing staff to not perform efficiently and at optimal levels;
- Increased staff turnover causing staff members to be overworked or certain positions to not be filled within an acceptable period of time and the Group's performance to decrease as a result;
- Succession risk where appropriate succession plans are not in place;
- Change management not being implemented correctly and resulting in unhappy staff members;
- Increased emigration;
- Health and Safety of all employees;
- Attracting suitable non-executive directors; and,
- The perceived worsening of the South African economy resulting in socio-economic challenges for employees.

Risk mitigation

- Succession planning is in place;
- A Group Executive and Non-executive Travel Risk Policy, regulating the way in which Executives travel together, is in place;
- Staff focus groups are in place;
- Mentorship and coaching is available as part of the employee development initiatives;
- Formal and information development opportunities available for all levels of employees through the Learning and Development department;
- A Group Employment Equity Committee is in place and receives direct feedback from staff members;
- Numerous additional controls have been introduced (in the form of training, awareness, constant communication, internal Group processes and procedures);
- Professional Employee Assistance Programmes are in place – Life Health Solutions support forms part of the Employee Value Proposition;
- Our GROW (Growth, Retention, Optimisation, and Wellness) strategy implemented across the Group;
- The Health and Safety Committee reports and monitors the safety of employees at the office park; and,
- The EE Committee ensures transparency of the transformation process for all staff levels.

Risk Management continued

5.5 Climate Change

Although we consider climate change as part of our Risk Universe, our expose to climate change is very low.

We understand the impact of this risk globally as well as domestically. Where possible and practical, measures have been taken to reduce this risk as far as possible.

Factors contributing:

- Global warming;
- Physical risks including rising sea levels, earthquakes, pandemics, wildfires, droughts, etc.
- Not fully understanding the social consequences of climate risk and how they translate into economic and financial spill over.

Mitigation:

- The Risk Function tracks all climate related disasters; and,
- Solar energy has been introduced accounting for approximately 30% of our total electricity usage at the Office Park.

6. OPERATIONAL RISK

The risk of losses resulting from inadequate or failed processes, people, systems, or from external events.

6.1 External events/changes that impact operational processes

The Significant risk of premium collection challenges and the WatchList risk of public perception relating to real or fake media comment forms part of this risk.

This risk also includes the impact of the increasingly difficult economic conditions on our business (including employees, policyholders and future business).

Factors with the potential to affect this risk

- External events having an impact on our business;
- Changes brought about by the banking industry, for example premium collection challenges affecting the way in which we do business;
- Overall collection environment stability;
- Loadshedding and the effect that this has on numerous business areas (leads, sales, facilities, etc.);
- The risk related to a negative media comment whether it is fake news or factually correct; and,
- The impact of external economic conditions (including the price of fuel, and inflation) on our staff morale as well as the impact on policyholders.

Risk mitigation

- Business Disaster risks together with their relevant controls that are currently in place and any possible future risk mitigation that may be considered, are documented and discussed on an annual basis by the Group Risk Committee;
- A Business Continuity Management Framework is in place that outlines the way in which the business will continue should access not be available to specific buildings within the office park;
- Active involvement in lobbying changes should a change potentially impact and limit the way in which the Group can do business;
- The Group Risk Committee agenda has a standard item titled 'Blue Sky discussions'. These refer to any external events that are currently trending and provides a forum for members to discuss scenarios and suggestions on how best to deal with these;
- Involvement in lobbying for changes should a newly proposed change affect the way in which we do business;
- All ORIs are reported to the Group Risk Function on a monthly basis;
- A close working relationship is maintained between GIA and the Group Risk Function to ensure that the correct focus is placed on specific operational areas;
- Numerous Committees and business functions throughout the Group are responsible for managing and reporting on operational risks within their areas; and,
- The Hazardous Biological Agents Committee ensures that all applicable legislation and Regulations are complied with and that our internal policies and procedures are adhered to by all employees.

6.2 Systems/Technology

This risk includes all systems and technology associated risks throughout the Company. None of the risks are classified as a Significant or a WatchList risk.

Factors with the potential to affect this risk

- Legacy IT system changes affecting existing processes;
- Systems not operating as expected, making them unable to comply with business requirements;
- IT covers an extremely broad spectrum of tasks and technologies which constantly change;
- Service availability which includes both internal and external service;
- Potential disconnect between IT and business in terms of requirements, capacity, time lines and delivery;
- IT resources are not always readily available;
- External risk of our systems being infiltrated and damaged, stolen or destroyed by a third party; and,
- Executive continuity in the IT environment.

Risk mitigation

- Specific policies and processes (e.g. Disaster Recovery Framework, Internet Policy, Backup Policy, Software Acquisition Policy) deal with the operational risks arising from system or technology failures;
- Penetration tests are performed on a regular basis;
- IT Service Continuity Plan is in place is tested regularly;
- A dedicated IT risk resource forms part of the Risk Function;
- Risk management forms part of the way in which we do business and is a standing Agenda item for each IT Steerco and IT Manco meeting;
- Email web-link protection is in place;
- All ORIs are reported to the Group Risk Function on a monthly basis;
- A close working relationship is maintained between GIA and the Group Risk Function to ensure that the correct focus is placed on specific operational areas; and,
- Numerous Committees and business functions throughout the Group are responsible for managing and reporting on operational risks within their areas.

6.3 Process

The risk of losses resulting from inadequate or failed processes.

Factors with the potential to affect this risk

- Any area where there is no process in place, resulting in a breakdown of controls; and,
- Any area where the process is incomplete or inadequate.

Risk mitigation

- Where applicable, all operational areas have Standard Operating Procedures (SOP) in place to mitigate risk;
- The ICC and IFCC oversee the identification and improvement of internal controls and internal financial controls respectively;
- All ORIs are reported to the Group Risk Function on a monthly basis;
- A close working relationship is maintained between GIA and the Group Risk Function to ensure that the correct amount of focus is placed on specific operational areas; and,
- Numerous committees and business functions throughout the Group are responsible for managing and reporting on operational risks within their areas.

6.4 Contract and Litigation

Factors with the potential to affect this risk

- Proper contracts not being in place between the Group and suppliers; and,
- Terms of a contract not being followed by the Group or our suppliers.

Risk Management continued

Risk mitigation

- All contracts are kept by the Legal Department on a Contract Management System;
- All contracts are reviewed by the Group Legal Department prior to signature;
- Where appropriate, matters are referred to external legal counsel for opinion;
- All ORIs are reported to the Group Risk Function on a monthly basis;
- A close working relationship is maintained between GIA and the Group Risk Function to ensure that the correct amount of focus is placed on specific operational areas; and,
- Numerous committees and business functions throughout the Group are responsible for managing and reporting on operational risks within their areas.

6.5 Fraud

This risk includes internal and external fraud and is closely monitored and managed by numerous departments throughout the Company. This risk is classified as a Medium risk due to our exposure to external fraud on insurance policies.

Factors with the potential to affect this risk

- External economic conditions worsening and making both internal employees and policyholders more susceptible to fraud;
- Fraud syndicates targeting the Company;
- Internal fraud at sale stage in the different distribution channels;
- Employees not following the relevant procedures and sign-off processes;
- Employees from different departments working together or working with a fraud syndicate;
- Employees sending out business sensitive and personal information via email without detection; and,
- Employees downloading policyholder information onto their phones, without detection.

Risk mitigation

- A Fraud policy is in place;
- USB lockdown is in place on all company computers and laptops;
- For the Life Claims area, claims are tracked and monitored closely on a per channel and per product basis to identify any potential fraud;
- A fraud risk scoring model and internal fraud data base is used in the Life Claims area;
- South African Insurance Crime Bureau (SAICB) membership ensures that we stay abreast of industry trends and potential fraud is escalated and subjected to further investigation;
- Account verification at sales and claims stage;
- Wherever possible, we mask any personal information of policyholders so that employees can only see a portion of any information that may potentially be used to commit fraud;
- Appropriate sign-off processes are in place in instances of financial benefit to policyholders;
- Market conduct department monitors a sample of all sales calls/recordings;
- Whistleblowing boxes;
- Finance SOP and sign off procedure to mitigate internal fraud;
- All ORIs are reported to the Group Risk Function on a monthly basis;
- A close working relationship is maintained between GIA and the Group Risk Function to ensure that the correct amount of focus is placed on specific operational areas; and,
- Numerous committees and business functions throughout the Group are responsible for managing and reporting on operational risks within their areas.

6.6 Cyber

Cyber risk is classified as a WatchList risk for the Company.

Factors with the potential to affect this risk

- Ransomware;
- System downtime due to a cyber attack;
- Industry wide increase in frequency and impact of cyber activity and attacks;
- Transfer of personal information; and,
- Unrealistic deadlines that create time pressure.

Risk mitigation

- Mandatory cyber security user training is conducted for all staff during induction;
- Numerous IT policies and procedures are in place to ensure that the risk of a cyber attack is reduced;
- Vendor questionnaires are issued to all third party suppliers/vendors to understand where the high risk areas are and find ways to manage these appropriately;
- The Company follows and complies with the CIS Cyber security framework;
- The use of USB devices is closely monitored;
- Systems for early detection of potential cyber attacks are in place;
- Web browsing control and restrictions are in place;
- Dedicated email address where potential threats can be escalated to;
- All ORIs are reported to the Group Risk Function on a monthly basis;
- A close working relationship is maintained between GIA and the Group Risk Function to ensure that the correct amount of focus is placed on specific operational areas; and,
- Numerous committees and business functions throughout the Group are responsible for managing and reporting on operational risks within their areas.

6.7 Human error

This risk is managed and owned by all departments and although this is not a Significant or WatchList risk for any of the departments, it is closely monitored and tracked by the reporting of ORI.

Factors with the potential to affect this risk

- Employee negligence;
- Manual intensive processes may lead to an increase in errors;
- Employee morale;
- External economic environment (loadshedding, water cuts, traffic, etc.);
- Failure of system design; and,
- Fatigue from overwork.

Risk mitigation

- SOPs are kept by all departments and updated on an annual basis;
- Induction training is provided to all employees upon commencement of employment;
- Establish Regular Internal Audits;
- A culture where people feel comfortable reporting any issues or concerns is fostered; and,
- Training is provided on how to avoid making errors.

6.8 Third Party Relations

This risk is managed and owned by all departments and although this is not a Significant or WatchList risk for any of the departments, it is closely monitored and tracked by the Risk Function.

Factors with the potential to affect this risk

- Correct procurement process not being followed when contracting with a third party;
- No contract or measurable Service Level Agreement in place;
- Third party access to the Clientèle network;
- Third party access to Clientèle owned data (including policyholder details and employee data);
- Cyber attack on data being held by a third party;
- Insufficient security controls; and,
- Lack of disaster recovery and business continuity testing.

Risk mitigation

- Vendor risk assessment has been carried out to establish any gaps in the third party risk management process;
- A detailed procurement process is followed before contracting with a new vendor/supplier;
- Where appropriate, a Service Level Agreement is in place and gets monitored on a regular basis;
- The budget process is strictly reviewed and approved by the relevant members of management; and,
- The Contract Management Policy sets out the responsibilities of the management team when it comes to contracts.

Risk Management continued

7. COMPLIANCE RISK

7.1 Regulatory Compliance

The regulatory compliance risk is the risk that the Group may not comply with applicable regulatory requirements that are currently in force.

The WatchList risk of non-compliance with existing legislation is the main component of this risk.

Factors with the potential to affect this risk

- Growing regulatory universe; and,
- Differing interpretations of legislation and/or regulations.

Risk mitigation

- The Group has a zero tolerance approach to non-compliance with existing laws, regulations, rules, codes and standards;
- The Group has a qualified and experienced Compliance Officer;
- Compliance training is provided on an ongoing basis to various areas within the Group;
- A regulatory compliance risk universe, setting out the applicable and relevant Acts, Regulations, standards and best practices facing the Group is in place;
- A regulatory compliance management software system is used to manage the top 20 identified Acts and Regulations facing the Group; and,
- A close and combined assurance working relationship between the control functions exists to ensure, amongst other things that new legislation is properly understood and implemented across the Group.

7.2 Regulatory

Regulatory risk includes the risk that proposed new legislation, not yet in force, may impact our business processes or the way in which we do business in the future.

The WatchList risk relating to the Conduct of Financial Institutions Bill (COFI) forms part of this risk.

Factors with the potential to affect this risk

- Growing regulatory universe; and,
- Differing interpretations of new legislation or regulations.

Risk mitigation

- Weekly regulatory scanning is performed to identify any upcoming legislation, regulations or enforcement trends that may have an impact on the business;
- Any new legislation and regulations that may be applicable are communicated to the relevant business units;
- Where issues are identified that can potentially result in non-compliance, should the legislation or regulations be implemented, remedial actions are taken to ensure compliance in advance;
- In some instances, working groups may be established to focus on compliance and ensure that the Group is prepared; and,
- Interaction with regulators and other role players and involvement in lobbying changes throughout the finalisation and implementation of new legislation and regulations.

7.3 Market Conduct

The market conduct risk is the risk of the Group's employees or sales representatives interacting with clients in a non-compliant (with applicable laws and Regulations) or in an unacceptable way that is not in line with the Group's values and TCW philosophy.

Factors with the potential to affect this risk

- Sales agents not following the relevant sales scripts;
- IFA presenters not following the presentation script;
- Agents and Brokers not adhering to their scripts and/or processes;
- Inappropriate behaviour by affiliated Funeral Parlour intermediaries and their agents; and,
- Any client facing area not treating a client with due consideration of the Group's values and TCW philosophy.

Risk mitigation

- A risk-based compliance plan is followed;
- A compliance culture, that values responsible conduct and compliance with internal processes and procedures and external obligations in terms of laws, regulations, standards and best practices, is continuously promoted;
- The confidential reporting by employees of concerns, shortcomings or potential non-compliance in respect of the insurer's policies, legal or regulatory obligations, or ethical considerations is promoted;
- The Market Conduct Department monitors sales and service phone calls to ensure that a certain benchmark is achieved and that actions are taken when sales representatives and employees do not perform in terms of the internal quality rating;
- All ORIs are reported to the Group Risk Function on a monthly basis;
- The Market Conduct Department is responsible for sales complaint resolution; and,
- The Internal Arbitration Department is responsible for dealing with internal complaints that have been escalated to it, as well as Ombudsman and regulatory complaints.

8. SOLVENCY

The Group's capital management process ensures that each entity within the Group maintains sufficient capital for legal and regulatory compliance purposes. The Group ensures that its actions do not compromise sound governance and appropriate business practices. When determining the Group SCR, an allowance is made for various factors, including external borrowings and guarantees. The Group SCR ratio is always maintained at a level greater than 1.1.

As at 30 June 2023, the Group SCR amounted to R2.45 billion (2022: R2.52 billion) and was covered 1.34 times (2022: 1.36 times) by the excess of assets over liabilities after allowing for the expected dividend payment following year-end.

8.1 Long-term Insurance

The solvency of the long-term insurance business is monitored based on the principles and calculations outlined under Pillar 1 of SAM, which follows a risk-based approach.

As at 30 June 2023, the SCR of Clientèle Life amounted to R2.25 billion (2022: R2.36 billion). This translated into an SCR cover ratio of 1.56 (2022: 1.55) assuming that no dividend is paid and 1.41 (2022: 1.45) after allowing for the expected dividend payment following year-end, assuming that the dividend was paid immediately (1 July 2023).

8.2 Short-term Insurance

The solvency of the short-term insurance business is monitored based on the principles and calculations outlined under Pillar 1 of SAM, which follows a risk-based approach.

As at 30 June 2023, the SCR for Clientèle General amounted to R174.5 million (2022: R159.4 million). This translated into an SCR cover ratio of 1.44 (2022: 1.64) assuming that no dividend is paid and 1.04 (2022: 1.04) after allowing for the expected dividend payment following year-end, assuming that the dividend was paid immediately (1 July 2023) but before allowing for the reduction in the Market risk component of the SCR following the Dividend payment. When the Dividend is paid, the assets of Clientèle General will reduce, resulting in a lower Market risk component and the SCR cover ratio would still exceed 1.1, immediately after the dividend payment, assuming that the payment was made immediately at year end.

INSURANCE AND FINANCIAL RISK MANAGEMENT

for the year ended 30 June 2023

1. INSURANCE RISK

Insurance risk is the risk relating to the unknown future cash flows (including premiums, claims, and expenses) and the persistency thereof relating to the policies on the books as well as the Group's insurance liabilities.

1.1 Persistency Risk

This is a Significant risk for the Group. This risk has increased during the year as it was impacted by the worsening economic conditions, including increases in inflation, the repo rate, fuel prices and load shedding.

Policyholders have a right to pay reduced premiums or no future premiums with corresponding reduced benefits, or to terminate the contract completely before expiry of the contract term.

Factors with the potential to affect this risk

- Economic conditions, such as the total labour force participation rate, inflation, real disposable income, credit extension, total household consumption and budget deficit to GDP which may impact our clients' ability to pay premiums;
- Changes in banking processes and procedures (e.g. *inter alia*, the use of DebiCheck and the debit order dispute process and DebiCheck mandate suspensions followed by banks);
- Collection environment failures that have been more frequent following the introduction of recent payment system changes (e.g. the introduction, by the banks, of the Registered Mandate Service);
- Closure of the NAEDO billing channel continuing to have a negative impact on our ability to collect premiums;
- Misunderstanding of new banking payment system communications from banks by our customers;
- The level of service rendered;
- Quality of sales;
- Disputes of valid debit orders;
- Competitor offerings may seem more attractive to clients especially if the monthly premiums are lower;
- Political paralysis in South Africa;
- Overall increase in food prices leaving our policyholders with less cash at the end of the month;
- Increasing prices of fuel resulting in higher transport fees for our policyholders resulting in less disposable cash; and,
- Loadshedding negatively impacting the economy and the policyholder's potential to pay their insurance premiums.

Risk mitigation

- The Clientèle App makes it easier for clients to manage their policies;
- Persistency rates are measured on a monthly basis and resources are directed towards the sale of business with higher persistency, understanding our policyholders' payment abilities and improved mechanisms of collecting premiums;
- Authenticated Collection systems are used and actively encouraged where possible;
- Various initiatives to better understand our clients' needs in order to provide policy benefits that encourage persistency;
- Discussion and participation in meetings of industry committees (e.g. ASISA, PASA, and ASSA);
- Products are designed in such a way as to increase persistency by providing policy benefits which encourage persistency and reduce the risk of early withdrawal;
- To encourage policyholders to pay their monthly premium, the Group introduced the "December is on Us" campaign. Existing clients who pay their premiums via DebiCheck from February 2023 until 30 November 2023 will qualify for this promotion and have their December premium paid by Clientèle;
- Limiting the number of new sales per individual bank account; and,
- Clientèle "Thank You" incorporates additional benefits for loyal clients and is used to reward loyalty.

1.2 Client Payments and Benefits

1.2.1 Mortality and Morbidity (Clientèle Life)

Contracts provide benefits on death, dread disease, hospitalisation and disability. Premium rates are determined using mortality and morbidity assumptions. If actual experience differs from assumptions, premium rates may become inappropriate.

Factors with the potential to affect this risk

- Fraudulent claims;
- Epidemics (e.g. AIDS, Ebola and COVID-19);
- Widespread changes in lifestyle (e.g. smoking, physical activity, nutrition, stress or sexual practices);
- Income bracket (e.g. the lower income bracket may be more susceptible to extreme weather conditions and have less access to basic facilities); and,
- Sector of employment.

Risk mitigation

- Underwriting processes are in place to manage exposure to mortality and morbidity risks. The most significant measures are:
 - Premium rates are required to be certified by the Head of the Actuarial Function as being financially sound;
 - Semi-annual experience investigations are conducted and used to set and review premium rates;
 - Reinsurance arrangements are negotiated in order to limit the risk on any individual contract;
- To reduce cross-subsidisation of risks and the possibility of anti-selection, premium rates differentiate on the basis of age, gender and other relevant factors, where applicable and permitted in terms of current legislation. Semi-annual experience investigations have shown that these are reliable indicators of the risk exposure;
- Policy terms and conditions are used to avoid anti-selection to ensure the fair treatment of policyholders;
- Claims as a result of accidental death below a pre-determined value are not reinsured and claims experience is monitored monthly;
- Ways in which to further mitigate claims fraud are constantly investigated and tools (eg. fraud risk scoring model, bank account verification system, internal fraud database) are used to manage this as far as possible;
- Claims experience is carefully monitored to identify any anomalies in specific geographies or institutions and external medical experts are consulted to confirm the validity of claims; and,
- The Group's policyholder spread is closely linked to the spread of the actual population of South Africa, thereby limiting concentration risk.

1.2.2 Frequency and Severity of Claims (Clientèle General)

The frequency of claims per policyholder is expected to be high and the claim values are expected to be low. Increases in the average cost per claim will potentially have a large financial impact.

Factors with the potential to affect this risk

- Litigation costs in the future may be higher than expected;
- Accidental death claims can be higher than expected;
- Misrepresentation at sales stage could cause a higher than expected number of claims to be covered; and,
- External attorney referrals (that involve a high direct cost) could be higher than expected.

Risk mitigation

- All contracts contain specific terms and conditions (e.g. pre-existing conditions are excluded) to ensure fair treatment of all policyholders;
- Limits are set on the amount which can be claimed annually as well as in a policyholder's lifetime;
- Most matters are dealt with through in-house legal advice and day-to-day management is exercised with regard to the efficiency of resolving legal matters;
- Management of sales consultants (quality assurance) and appropriate training of sales agents;
- Oversight and monitoring of claims referred to external attorneys; and,
- The panel of external attorneys who provide legal advice is continually reviewed and assessed to ensure the appropriate level of advice is given and that this advice is charged for at an appropriate level. This panel of external attorneys must provide a valid fidelity fund certificate to ensure that they are registered with the Law Society. This ensures that they enjoy professional indemnity cover.

Insurance and Financial Risk Management continued

1.3 Expenses and Commission

Expense and Commission risk is the risk that actual expenses or commission payments are greater than expected.

Factors with the potential to affect this risk

- Stagnation or reduction in new business volumes (making it difficult to cover fixed expenses);
- Unexpected sudden increase in expenses; and,
- Withdrawals at rates higher than assumptions.

Risk mitigation

- Comprehensive budgeting and forecasting processes, strict cost control by business units together with strong new business flows and the management of collections;
- Commission payments are closely linked to new business volumes and quality; and,
- Actual experience is closely monitored and compared to assumptions on a monthly basis.

1.4 Model (Data and Assumptions)

1.4.1 Data

Data risk is the risk that data used in the policyholder liability valuation calculations is inaccurate or incomplete.

Factors with the potential to affect this risk

- Incorrect data or valuation extracts emanating from the policy administration system being used as input for the Actuarial valuation model; and,
- Incorrect capturing of data on the policy administration system.

Risk mitigation

- Data integrity testing and investigation of any exceptions is conducted on a monthly basis;
- Group Actuarial Committee meetings on a quarterly basis; and,
- Annual review by External Actuaries.

1.4.2 Assumptions

Assumption risk is the risk that the assumptions used in the Valuation are not borne out in reality.

Factors with the potential to affect this risk

Adverse actual experience or the use of incorrect assumptions.

Risk mitigation

- Actuarial assumptions are set by the Actuarial Department and reviewed by the Head of the Actuarial Function every quarter;
- Actuarial assumptions are also reviewed by External Actuaries once a year; and,
- The following are performed on a regular basis:
 - Policyholder Liability valuation calculations (monthly);
 - EV calculations (quarterly);
 - Management review of valuation and other actuarial calculations (quarterly); and,
- Actual experience is monitored and compared to assumptions (monthly).

1.5 Solvency (Prudential and PRB)

The Group's capital management process ensures that each entity within the Group maintains sufficient capital for legal and regulatory compliance purposes. The Group ensures that its actions do not compromise sound governance and appropriate business practices. When determining the Group SCR, an allowance is made for various factors, including external borrowings and guarantees. The Group SCR ratio is maintained at a level greater than 1.1.

1.5.1 Group Insurance

The Clientèle Group is required to maintain a capital balance equivalent to, at least, the SCR and targets an internal SCR cover ratio of no less than 1.1. This will ensure that the Clientèle Group will meet its obligations in the event of substantial deviations from the main experience assumptions affecting the Clientèle Group's financial instruments, insurance and investment contract business.

Risk mitigation

- The SCR coverage is monitored on a quarterly basis to ensure compliance with the regulatory SCR and the Group's risk appetite;
- The Head of the Actuarial Function reviews all the calculations; and,
- The quarterly and annual returns are signed off by two directors.

1.5.2 Long-term Insurance

The solvency of the long-term insurance business is monitored based on the principles and calculations outlined under Pillar 1 of SAM, which follows a risk-based approach.

Clientèle Life is required to maintain a capital balance equivalent to, at least, the SCR and targets an internal SCR cover ratio of no less than 1.1. This will ensure that Clientèle Life will meet its obligations in the event of substantial deviations from the main experience assumptions affecting Clientèle Life's financial instruments, insurance and investment contract business.

Risk mitigation

- The SCR coverage is monitored on a quarterly basis to ensure compliance with the regulatory SCR and the Group's risk appetite;
- The Head of Actuarial Function reviews all of the calculations; and,
- The quarterly and annual returns are signed off by two Directors.

1.5.3 Short-term Insurance

The solvency of the short-term insurance business is monitored based on the principles and calculations outlined under Pillar 1 of SAM, which follows a risk-based approach.

Clientèle General is required to maintain a capital balance equivalent to, at least, the SCR and targets an internal SCR cover ratio of no less than 1.1.

Risk mitigation

- The SCR coverage is monitored on a quarterly basis to ensure compliance with the regulatory SCR and the Group's risk appetite;
- The Head of the Actuarial Function reviews all the calculations; and,
- The quarterly and annual returns are signed off by two Directors.

2. FINANCIAL RISK

2.1 ALM and Liquidity Risk

2.1.1 ALM Risk

ALM risk is the risk that the Group's assets are not adequately matched to back the Group's insurance contract liabilities and financial liabilities.

Factors with the potential to affect this risk

- A mismatch in the investment performance of financial assets relating to the underlying insurance contract liabilities or financial liabilities at fair value through profit or loss; and,
- Holding insufficient free assets in relation to actuarial liabilities and the SCR.

Risk mitigation

- Products with a savings component (i.e. unit-linked products) are backed by assets which match to the underlying net investment performance;
- The assets backing financial liabilities at fair value through profit or loss are matched upfront and are monitored on a monthly basis to ensure appropriate ALM is achieved;
- A current, as well as a forecast, liquidity matching schedule, which takes account of annual strategic planning, forecasting and budget processes, is prepared and reviewed every 6 months;
- The appropriateness of the market and credit risk of each asset or asset class is considered regularly;
- The outputs of the liquidity matching schedule, and the market and credit risk exposures are considered when making investment decisions;
- The nature, quantum and period of any mismatch (if applicable) is reviewed and approved by the Head of the Actuarial Function;
- Special attention is given to single premium guaranteed products, which need to be considered separately;

Insurance and Financial Risk Management *continued*

- An understanding of the structure (including pricing) and obligations related to new and existing products is gained through a close working relationship between the Group Investment Committee, the Group Product Committee and the Group Actuarial Committee;
- The ALM process recognises the interdependence between the Group's assets and liabilities and takes into account the correlation of risk between different asset classes and the correlation between different products and business lines;
- The ALM process also takes into account any possible off balance sheet exposures, including contingent liabilities, capital commitments and guarantees and the contingency that risks transferred may revert back to the Group;
- Regular monitoring is undertaken by the Group Actuarial and Group Investment Committees, with the Group Actuarial Committee having ultimate oversight of this risk;
- Spreading of assets in terms of the provisions of the FSI's for Clientèle Life and Clientèle General respectively has the effect of limiting exposure to individual issuers due to the capital required as part of the SCR for assets if specified limits are breached; and,
- The Group's exposure to the various banking institutions is reviewed on a quarterly basis, both in rand terms as well as by percentage concentration and credit rating, giving focus to the SAM capital charge relating to investment concentration.

2.1.2 Liquidity Risk

Liquidity risk is the risk that cash may not be available to pay obligations when due.

Factors with the potential to affect this risk

- Poor cash flow management within the Group;
- Third party defaults on obligations; and,
- Depfin calling on the financial guarantee (refer to Note 45 on page 177).

Risk mitigation

- Cash flow management: Active liquidity and funding management is an integrated effort across a number of functional areas, which is monitored by management. Active liquidity and cash flow management happens on a monthly basis;
- Appropriate assets back and match the Group's liabilities and it has sufficient liquid resources;
- Insurance business: The expected and contractual maturities of insurance liabilities are monitored on a monthly basis. This ensures that the assets are appropriate to cover expected insurance obligations (both life insurance and short-term insurance) when due. The Group Investment Committee ensures that the mix of investments is appropriate to ensure that sufficient cash will be available to meet insurance obligations when due;
- The SOCI and performance versus monthly budgets is tabled and reviewed at monthly management meetings;
- Investment business: The liability relating to contractual maturities of single premium endowment investment products are matched by purchasing appropriate assets of the same maturity profile. This ensures that cash is available on maturity of the policyholder obligations. Policyholders carry interest rate risk if there is an early surrender. The single premium liabilities are matched with appropriate A1 – or above grade bank paper of appropriate maturities. The maturity profile of the shareholder and policyholder linked zero coupon fixed deposits is detailed in the tables in Risk Management Note 2.1.2 on pages 104 to 107; and,
- Financial Guarantee: Clientèle has provided a guarantee to YTI, amounting to R374 million (2022: R374 million). This is partially covered by a back-to-back guarantee provided by HSBC of R174 million thus resulting in a net exposure through guarantees of R200 million for the purchase of approximately 9% of Clientèle's issued ordinary shares by YTI. The 12 month stage is used in the calculation of the ECL. Refer to Note 45: Commitments on page 177 for further details.

Insurance and Financial Risk Management continued

The following table summarises the overall maturity profile of financial and reinsurance assets and liabilities of the Company's insurance and investment contract business:

(R'000)	Contractual cash flows for financial instruments and expected cash flows for insurance contracts (undiscounted)			Open ended	Dis-counting effect**	Margins*	Undis-counted policy-holder liabilities under insurance contracts	Total
	<1 year	1 – 5 years	>5 years					
2023								
Financial assets at fair value through profit or loss:								
Debt securities (Refer to Note 8 on page 149)	960	5,699	16,183	1,388	(11,203)	–	–	13,027
Funds on deposit		1,112			(92)			1,020
Foreign bond fund				1,388				1,388
Government and public authority bond	960	4,587	16,183		(11,111)			10,619
Equity securities (Refer to Note 8 on page 149)	–	–	–	39,889	–	–	–	39,889
Listed equity securities				24,402				24,402
Foreign listed equity securities				4,322				4,322
Unlisted equity securities				11,165				11,165
Loans to subsidiaries				49,453				49,453
Receivables including insurance receivables	1,073							1,073
Cash and cash equivalents	4,415							4,415
Total assets	6,448	5,699	16,183	90,730	(11,203)	–	–	107,857
Financial guarantee liability				2,000				2,000
Accruals and payables including insurance payables	6,562							6,562
Total liabilities	6,562	–	–	2,000	–	–	–	8,562
Excess/(shortfall) of assets over liabilities	(114)	5,699	16,183	88,730	(11,203)	–	–	99,295

* Including compulsory and discretionary margins. This column is included to reconcile the cash flow to the SOFP and does not result in an actual shortfall of assets over liabilities.

** This column is included to reconcile the cashflow to the SOFP and does not result in an actual shortfall of assets over liabilities.

Insurance and Financial Risk Management continued

(R'000)	Contractual cash flows for financial instruments and expected cash flows for insurance contracts (undiscounted)			Open ended	Dis- counting effect**	Margins*	Undis- counted policy- holder liabilities under insurance contracts	Total
	<1 year	1 – 5 years	>5 years					
2022								
Financial assets at fair value through profit or loss:								
Debt securities (Refer to Note 8 on page 149)								
Funds on deposit	839	4,266	8,810	–	(3,396)	–	–	10,519
Fixed interest securities	375	1,000			44			1,419
Government and public authority bond	152							152
	312	3,266	8,810		(3,440)			8,948
Equity securities (Refer to Note 8 on page 149)								
Listed equity securities	–	–	–	37,487	–	–	–	37,487
Foreign listed equity securities				23,167				23,167
Unlisted equity securities				5,258				5,258
				9,062				9,062
Loans to subsidiaries				44,682				44,682
Receivables including insurance receivables	1,069							1,069
Cash and cash equivalents	12,524							12,524
Total assets	14,432	4,266	8,810	82,169	(3,396)	–	–	106,281
Financial guarantee liability				2,000				2,000
Accruals and payables including insurance payables	361							361
Total liabilities	361	–	–	2,000	–	–	–	2,361
Excess/(shortfall) of assets over liabilities	14,071	4,266	8,810	80,169	(3,396)	–	–	103,920

* Including compulsory and discretionary margins. This column is included to reconcile the cash flow to the SOFP and does not result in an actual shortfall of assets over liabilities.

** This column is included to reconcile the cashflow to the SOFP and does not result in an actual shortfall of assets over liabilities.

Insurance and Financial Risk Management continued

The following table summarises the overall maturity profile of the Group's financial and reinsurance assets and liabilities:

(R'000)	Contractual cash flows for financial instruments and expected cash flows for insurance contracts (undiscounted)			Open ended	Dis-counting and ECL effect**	Margins*	Undis-counted assets and liabilities	Total
	<1 year	1 – 5 years	>5 years					
2023								
Reinsurance assets								–
Financial assets at amortised cost	302				(30)			272
Financial assets at fair value through profit or loss:								
Debt securities (Refer to Note 8 on page 149)	5,173,931	6,589,560	552,362	48,736	(2,347,605)	–	–	10,016,984
Promissory notes and fixed deposits								
– Assets backing guaranteed endowment investment contracts	288,389	809,569			(173,004)			924,954
– Assets backing linked endowment investment contracts	4,639,336	5,559,812			(1,777,550)			8,421,598
Funds on deposit	211,154	30,002			(2,571)			238,585
Fixed interest securities				1				1
Foreign bond fund				48,735				48,735
Government and public authority bonds	35,052	190,177	552,362		(394,480)			383,111
Equity securities (Refer to Note 8 on page 149)	–	–	–	936,112	–	–	–	936,112
Listed equity securities				757,357				757,357
Foreign listed equity securities				137,164				137,164
Unlisted equity securities				41,591				41,591
Receivables including insurance receivables	70,723							70,723
Cash and cash equivalents	249,540							249,540
Total assets	5,494,496	6,589,560	552,362	984,848	(2,347,635)	–	–	11,273,631
Policyholder liabilities under insurance contracts***	(744,447)	(1,826,775)	(1,920,525)		2,474,931	2,446,566	52,311	482,061
Financial liabilities at fair value through profit and loss	5,117,792	6,475,956			(1,979,829)			9,613,919
Financial liabilities at amortised cost	40,460	131,138			(20,856)			150,742
Loans at amortised cost	100,000							100,000
Financial guarantee liability				2,000				2,000
Accruals and payables including insurance payables	142,870							142,870
Total liabilities	4,656,675	4,780,319	(1,920,525)	2,000	474,246	2,446,566	52,311	10,491,592
Excess/(shortfall) of assets over liabilities	837,821	1,809,241	2,472,887	982,848	(2,821,881)	(2,446,566)	(52,311)	782,039

* Including compulsory and discretionary margins. This column is included to reconcile the cash flow to the SOFP and does not result in an actual shortfall of assets over liabilities.

** This column is included to reconcile the cashflow to the SOFP and does not result in an actual shortfall of assets over liabilities.

*** Brackets in respect of liabilities denotes positive cash flows.

The table below summarises the maturity profile of ABL financial assets of the Group:

2023 (R'000)	Contractual cash flows for ABL financial instruments							Dis-counting effect	Total
	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	>5 years	Open ended		
1) Linked policyholders									–
2) Other policyholders							1		1
3) Other shareholders									–
Total ABL assets	–	–	–	–	–	–	1	–	1

Insurance and Financial Risk Management continued

The following table summarises the overall maturity profile of the Group's financial and reinsurance assets and liabilities:

(R'000)	Contractual cash flows for financial instruments and expected cash flows for insurance contracts (undiscounted)			Open ended	Dis-counting effect**	Margins*	Undis-counted policyholder liabilities under insurance contracts	Total
	<1 year	1 – 5 years	>5 years					
2022								
Reinsurance assets	51,563					3,536	29,079	84,178
Financial assets at amortised cost	32,419				(5,062)			27,357
Financial assets at fair value through profit or loss:								
Debt securities (Refer to Note 8 on page 149)	2,256,944	7,160,910	308,796	28,632	(1,401,446)	–	–	8,353,836
Promissory notes and fixed deposits								
– Assets backing guaranteed endowment investment contracts	219,226	847,980			(165,909)			901,297
– Assets backing linked endowment investment contracts	1,839,730	6,099,401			(1,014,623)			6,924,508
Funds on deposit	177,183	78,618			(19,285)			236,516
Fixed interest securities (Includes ABL exposure – notes 1, 2 and 3 in the table below)	255	4,220	92	28,632	(1,083)			32,116
Government and public authority bond	20,550	130,691	308,704		(200,546)			259,399
Equity securities (Refer to Note 8 on page 149)	–	–	–	844,647	–	–	–	844,647
Listed equity securities				632,980				632,980
Foreign listed equity securities				177,088				177,088
Unlisted equity securities				34,579				34,579
Receivables including insurance receivables	70,377							70,377
Cash and cash equivalents	502,000							502,000
Total assets	2,913,303	7,160,910	308,796	873,279	(1,406,508)	3,536	29,079	9,882,395
Policyholder liabilities under insurance contracts***,****	(721,517)	(1,869,517)	(1,698,948)		2,303,118	2,710,790	49,736	773,662
Financial liabilities at fair value through profit and loss****	2,094,794	7,065,601			(1,197,528)			7,962,867
Financial liabilities at amortised cost	74,842	177,776			(37,173)			215,445
Loans at amortised cost	7,743	108,497			(16,240)			100,000
Financial guarantee liability				2,000				2,000
Accruals and payables including insurance payables****	90,230	61,808						152,038
Total liabilities	1,546,092	5,544,165	(1,698,948)	2,000	1,052,177	2,710,790	49,736	9,206,012
Excess/(shortfall) of assets over liabilities	1,367,211	1,616,745	2,007,744	871,279	(2,458,685)	(2,707,254)	(20,657)	676,383

* Including compulsory and discretionary margins. This column is included to reconcile the cash flow to the SOFP and does not result in an actual shortfall of assets over liabilities.

** This column is included to reconcile the cashflow to the SOFP and does not result in an actual shortfall of assets over liabilities.

*** Brackets in respect of liabilities denotes positive cash flows.

**** Balance is restated, refer to page 176 for restatement note 44.

The table below summarises the maturity profile of ABL financial assets of the Group:

2022 (R'000)	Contractual cash flows for ABL financial instruments						Open ended	Dis-counting effect	Total
	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	>5 years			
1) Linked policyholders							9,635		9,635
2) Other policyholders							1		1
3) Other shareholders							18,996		18,996
Total ABL assets	–	–	–	–	–	–	28,632	–	28,632

Insurance and Financial Risk Management continued

The following table summarises the liabilities and surrender values for investment and insurance business held in Clientèle Life:

(R'000)	30 June 2023			30 June 2022		
	Carrying value for policies with no surrender value	Carrying value for policies with a surrender value	Surrender value	Carrying value for policies with no surrender value	Carrying value for policies with a surrender value (restated)	Surrender value (restated)
Insurance business	(186,660)	648,247	826,455	209,836	554,644	810,684
Investment business	–	9,764,660	9,420,765	9,637	8,168,673	7,951,310
Total	(186,660)	10,412,907	10,247,220	219,473	8,723,317	8,761,994

2.2 Market Risk

2.2.1 Equity Risk

Equity risk is the risk that the fair value of equity instruments will fluctuate as a result of changes in the market-place. This includes Equities invested in both South African equities as well as Global equities.

Equity investments are made on behalf of policyholders and shareholders. The vast majority of Clientèle's equity investments are listed. Equities are reflected at market values, which are susceptible to fluctuations. Global equities are also impacted by changes in foreign exchange rates.

Factors with the potential to affect this risk

- The equity content in investment portfolios;
- Foreign currency exchange rates on Global equities;
- The categories of equities invested in (sectoral spread);
- Market sentiment; and,
- Market performance of equities in general.

Risk mitigation

- The equities selection and investment analysis process is outsourced to Melville Douglas, who invest within the mandates set by the Group Investment Committee;
- Asset allocations are monitored on a daily basis by Melville Douglas and reviewed on a quarterly basis by the Group Investment Committee;
- A conservative investment strategy, with an appropriate mix of assets, which avoids undue concentration in riskier asset classes, is adopted;
- Investments in assets which are not admitted to trading on a regulated financial market are limited to agreed prudent levels;
- Assets are properly diversified in a manner that avoids excessive reliance on any particular asset, issuer, group of companies or geographical area and excessive concentration of risk in the portfolio as a whole thus avoiding the risk of contagion between concentrated exposures;
- Factors that may materially affect the sustainable long-term performance of assets or asset classes, including factors of an environmental, social and governance nature are considered; and,
- The Group's exposure to the various banking institutions is reviewed on a quarterly basis, both in Rand terms as well as by percentage concentration, giving focus to the SAM capital charge relating to investment concentration.

Insurance and Financial Risk Management *continued*

2.2.2 Property Risk

Property risk is the risk that the value of properties will fluctuate as a result of changes in the property market.

The Group is exposed to property risk through its ownership of the three property subsidiaries of Clientèle Life, which, together, own the Clientèle Office Park, as reflected in the SOFP, as well as to listed real estate exposure in the Melville Douglas portfolios.

Factors with the potential to affect this risk

- Changes in interest rates (fixed and floating interest rates apply to owner occupied properties);
- Occupancy levels in the Sandton, Morningside and Rivonia areas and general occupancy levels of commercial property in South Africa;
- The condition of the buildings and surrounds of the office park; and,
- The state of the South African property market.

Risk mitigation

- The office park is continually maintained and improved to enhance its value;
- Management believes that the Sandton, Morningside and Rivonia areas have an attractive long-term investment future for property, which is continually reviewed and assessed by management;
- Management ensures that appropriate insurance cover is in place to protect against property damage;
- The exposure to listed property is kept at acceptable levels and is reviewed monthly by management and Melville Douglas;
- The office park is occupied by Clientèle Life and Clientèle General who have entered into long term leases; and,
- The investment property is valued annually by Broll Valuation and Advisory Services Proprietary Limited (part of the CB Richard Ellis Proprietary Limited network), an independent valuator.

2.3 Economic Assumptions (including interest rate risk, RDR and inflation)

Interest rate risk is the risk that the value of, or cash flows from, a financial instrument will fluctuate as a result of changes in interest rates. In addition, policyholders' liabilities will be affected by changes in interest rates.

Financial liabilities held at fair value through profit or loss consist of non-linked investment contracts (Single Premium) that are exposed to interest rate risk and linked investment contracts that are not exposed to interest rate risk.

Factors with the potential to affect this risk

- Changes in market interest rates have a direct effect on the contractually determined cash flows associated with floating rate financial assets and financial liabilities, and on the fair value of other investments;
- Fair values of fixed maturity investments included in the Group's investment portfolios are subject to changes in the prevailing market interest rates;
- Our RDR is based on the long-term zero coupon government bond yield curve and, as a result, any movement in the yield curve will impact the actuarial liabilities and (unaudited) EV of the Group; and,
- Withdrawals by policyholders can result in the fair values of the asset at the date of the withdrawal being lower than the original purchase price of the contract.

Risk mitigation

- The ongoing market expectations assessment by Melville Douglas within the South African interest rate environment, in conjunction with consultation with the Group Investment Committee, drives the process of asset allocation in this category;
- The majority of financial assets and financial liabilities are negotiated on a fixed interest basis as a result the exposure to interest rate risk is largely mitigated;
- Interest rate risk is minimised by matching the profile of the financial liabilities of the long term investment contract with similar assets at contract inception;
- Policyholder contracts provide that, in the event of an early withdrawal by the policyholder, the interest rate risk is carried by the policyholder; and,
- For most Single Premium contracts, the lower of market value or original investment value plus accrued interest is paid out to policyholders after deducting a surrender fee on an early withdrawal.

2.4 Credit Risk

Credit risk is the risk that a counterparty will fail to discharge an obligation on an asset held or agreement entered into and cause the Group to incur a financial loss.

Balances where the Group has exposure to credit risk include financial assets, amounts receivable from insurance policyholders, amounts due from reinsurers and cash and cash equivalents.

In terms of IFRS 9, an assessment of ECL is necessary for assets that are held at amortised cost.

ECLs were calculated on the following balances that are exposed to credit risk (excluding insurance receivables) and include:

- Trade receivables;
- Cash and cash equivalents; and,
- Financial guarantees.

The following methodology was applied in calculating the ECLs:

(i) Trade receivables

The simplified approach is adopted for calculating a potential ECL provision. The provision matrix is based on the entities' historical default rates over the expected life of the trade receivable. There have been no material historical defaults on this category of assets. The identified ECL was immaterial as the majority of receivables is in respect of prepayments for goods and services to be delivered over the course of the 2024 financial year. Furthermore, prepayments are not in the scope of IFRS 9.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Trade receivables are presented net of ECLs. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Cash and cash equivalents

Cash and cash equivalents are also subject to the ECL requirements of IFRS 9, however the identified ECL was immaterial as the counterparties are considered to have good credit quality based on the external credit ratings of the counterparties, and the assets are liquid.

(iii) Financial Guarantees

A loan was provided by Depfin to YTI for the purchase of shares in Clientèle. A financial Guarantee was provided to Depfin for the loan between Depfin and YTI. Clientèle has provided a guarantee to YTI, amounting to R374 million (2022: R374 million). This is partially covered by a back-to-back guarantee provided by HSBC of R174 million (2022: R174 million). The net credit exposure to this guarantee as at 30 June 2023 is R200 million (2022: R200 million).

The financial guarantee is recognised at the higher of the ECL and the Fair value less cumulative amortisation.

Insurance and Financial Risk Management *continued*

A Monte Carlo simulation was conducted at the end of the 2023 financial year to determine the ECL in respect of the financial guarantee issued by Clientèle in favour of Depfin.

The following factors were taken into consideration in calculating the ECL:

- The expected future share price of Clientèle;
- The EV per share of Clientèle;
- The probability of default times the exposure times the loss given default; and,
- The possible dates of default.

The ECL using the above methodology amounted to R2 million (2022: R2 million).

Reconciliation of expected credit losses

ECL for financial assets at amortised cost reconciliation for the Group:

(R'000)	Financial assets at amortised cost	Financial guarantees	Total
Credit loss allowance as at 30 June 2022	5,061	2,000	7,061
Increase/(decrease) in allowance recognised in profit or loss	(5,031)		(5,031)
Credit loss allowance as at 30 June 2023	30	2,000	2,030

ECL for Company financial assets at amortised cost reconciliation:

(R'000)	Loans to subsidiaries	Financial guarantees	Total
Credit loss allowance as at 30 June 2022	4,965	2,000	6,965
Increase in allowance recognised in profit or loss	530		530
Credit loss allowance as at 30 June 2023	5,495	2,000	7,495

Factors with the potential to affect this risk

- Fair values of investments may be affected by the creditworthiness of the issuer of securities;
- Changes in interest rates; and,
- Deteriorating economic environment.

Risk mitigation

- Spreading of assets in terms of the provisions of the FSI's for Clientèle Life and Clientèle General respectively has the effect of limiting exposure to individual issuers due to the capital required as part of the SCR for assets if specified limits are breached;
- Cash equivalents, financial assets and reinsurance cover are placed with reputable companies. The credit rating of the counterparty is assessed when placing the business and when there is a decrease in the credit rating of the counterparty. The counterparties for assets backing financial liabilities at fair value, through profit or loss in respect of guaranteed single premium investment contract business are rated at least A1- by international rating agencies;
- The Group places business with at least A1+ rated reinsurers (refer to the internal debt rating scale on page 114);
- An ECL is determined on the financial assets at amortised cost on a biannual basis or more regularly when indicators require; and,
- Credit ratings of debt instruments are monitored quarterly by the Group Investment Committee.

Insurance and Financial Risk Management *continued*

The following table provides information regarding the aggregated credit risk exposure for the assets relating to the Group's long-term insurance and investment contract business (includes all promissory notes and fixed deposits) at 30 June:

(R'000)	A1+	A1	A1-	B	Not rated	Total carrying value
2023						
Reinsurance assets						–
Financial assets at amortised cost					272	272
Financial assets at fair value through profit or loss (Refer to note 8 on page 149)	9,585,137	1	431,846	–	–	10,016,984
Promissory notes and deposits	9,346,551					9,346,551
Funds on deposit	238,586					238,586
Fixed interest securities		1				1
Foreign bond fund			48,735			48,735
Government and public authority bonds			383,111			383,111
Trade receivables including insurance receivables					70,723	70,723
Cash and cash equivalents	249,540					249,540
Total assets bearing credit risk	9,834,677	1	431,846	–	70,995	10,337,519
2022						
Reinsurance assets	84,178					84,178
Financial assets at amortised cost					27,357	27,357
Financial assets at fair value through profit or loss (Refer to note 8 on page 149)	8,065,805	28,632	259,399	–	–	8,353,836
Promissory notes and deposits	7,825,805					7,825,805
Funds on deposit	236,516					236,516
Fixed interest securities	3,484	28,632				32,116
Government and public authority bonds			259,399			259,399
Trade receivables including insurance receivables					70,377	70,377
Cash and cash equivalents	502,000					502,000
Total assets bearing credit risk	8,651,983	28,632	259,399	–	97,734	9,037,748

Off balance sheet credit exposure

Clientèle has, in prior years, provided financial assistance resulting in a gross exposure of R374 million and a net exposure after guarantees of R200 million for the purchase of approximately 9% of Clientèle's issued shares (ordinary Shares) by YTI. Clientèle is exposed to YTI's credit risk. YTI is classified as "not rated" as YTI does not have a credit rating. HSBC has a Long-term counter party risk rating of Aa3 (Moody's) (Refer to Note 45: Commitments for further details).

Insurance and Financial Risk Management continued

The following table provides information regarding the aggregated credit risk exposure for the assets relating to the Company's insurance and investment contract business at 30 June:

(R'000)	A1+	A1	A1-	B	Not rated	Total carrying value
2023						
Financial assets at fair value through profit or loss	1,020	–	10,619	–	1,388	13,027
Funds on deposit	1,020					1,020
Foreign bond fund					1,388	1,388
Government and public authority bonds			10,619			10,619
Loans and receivables including insurance receivables					50,526	50,526
Cash and cash equivalents	4,415					4,415
Total assets bearing credit risk	5,435	–	10,619	–	51,914	67,968
2022						
Financial assets at fair value through profit or loss	1,419	152	8,948	–	–	10,519
Funds on deposit	1,419					1,419
Fixed interest securities		152				152
Government and public authority bonds			8,948			8,948
Loans and receivables including insurance receivables					45,751	45,751
Cash and cash equivalents	12,524					12,524
Total assets bearing credit risk	13,943	152	8,948	–	45,751	68,794

Internal debt rating scale

The Group has developed its own internal debt rating scale to categorise the credit quality of its financial and reinsurance assets. The Group uses the long-term national credit ratings of the ratings agencies as set out below to classify the Group's financial assets (Due to the unavailability of a national scale rating for government bonds and foreign bonds an international rating scale was used). Where discrepancies exist between Moody's and Fitch ratings, preference is given to the Moody's ratings.

		Moody's Long-term	Fitch Long-term
A1+	Financial assets rated A1+ are considered to be upper-medium grade to highest quality and subject to low to minimal credit risk	Aaa/Aa	AAA
A1	Financial assets rated A1 are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics	A	AA/A/BBB
A1-	Financial assets rated A1- are considered speculative and subject to high credit risk	Baa/Ba	BB/B
B	Financial assets rated B are of poor standing and subject to very high credit risk	Caa	CCC

Not rated

The Group considers and reviews credit risk on all financial asset exposures, however, in certain categories a formal investment grade is not available. The financial assets in the "not rated" category comprise mainly prepaid expenses (trade receivables including insurance receivables and financial assets at amortised cost) to usual third parties, which are managed via contractual agreements. An internal analysis of these items is performed to assess the riskiness thereof.

3. FAIR VALUE HIERARCHY

3.1 Introduction

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arms-length transaction.

The Group establishes fair value by using a valuation technique if the market for a financial instrument is not quoted in an active market. Valuation techniques include using transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Group uses that technique. Fair value is estimated on the basis of the results of a valuation technique that makes maximum use of market inputs, and relies as little as possible on entity – specific inputs.

The fair value hierarchy categorises assets and liabilities into three levels based on the following criteria:

- Level 1:** Values are determined using readily and regularly available quoted prices in an active market for identical assets or liabilities.
- Level 2:** Values are determined using valuation techniques or models, based on assumptions supported by observable market prices or rates either directly (that is, as prices) or indirectly (that is, derived from prices) prevailing at the SOFP date.
- Level 3:** Values are estimated indirectly using valuation techniques or models for which one or more of the significant inputs are assumptions (based on unobservable market inputs).

Insurance and Financial Risk Management continued

3.2 Asset Hierarchy

The following table presents the Group's financial assets and liabilities that are measured at fair value through profit or loss at 30 June 2023:

(R'000)	Group			
	Level 1	Level 2	Level 3	Total
2023				
Assets				
Listed equity securities	757,357			757,357
Foreign Listed equity securities	137,164			137,164
Unlisted equity securities		3,850	37,741	41,591
Promissory notes and fixed deposits		9,346,551		9,346,551
Funds on deposit		238,586		238,586
Fixed interest securities			1	1
Government and public authority bonds		383,111		383,111
Foreign bonds		48,735		48,735
Total assets	894,521	10,020,834	37,742	10,953,097
2022				
Assets				
Listed equity securities	632,980			632,980
Foreign Listed equity securities	177,088			177,088
Unlisted equity securities		3,850	30,728	34,578
Promissory notes and fixed deposits		7,825,805		7,825,805
Funds on deposit		236,516		236,516
Fixed interest securities		3,484	28,633	32,117
Government and public authority bonds		259,399		259,399
Total assets	810,068	8,329,054	59,361	9,198,483

Refer to Note 4 on page 147 for the fair value hierarchy disclosure of owner-occupied properties.

Fair values for level 2 financial assets are determined using the rates from the zero coupon risk free yield curve, based on the term to maturity of the instrument. These interest rates range between 9.0% and 14.3% (2022: 5.7% and 10.1%) per annum. A discounted cash flow model is then applied using the determined yield after adjusting for credit risk, in order to calculate the market value.

Policyholders' linked exposure to Residual Debt Services Limited through investments in Stub paper of R0 million as at 30 June 2023 (2022: R28.6 million) is disclosed at level 3 in the fair value hierarchy as the value of the stub paper is estimated indirectly using valuation techniques and models. Key assumptions used in the valuation in the prior year included a discounted future cash flow approach, applying a discount rate of 14%. (The senior stub paper was settled during the current financial year).

Level 3 unlisted equity securities consist of YTI preference shares purchased as part of the financing mechanism for a B-BBEE transaction and are valued using a Monte Carlo simulation with primary inputs consisting of the Clientèle share price, the dividend yield and interest at 77% of the prime interest rate.

Insurance and Financial Risk Management continued

The following table presents the Company's financial assets and liabilities that are measured at fair value through profit or loss at 30 June 2023:

(R'000)	Level 1	Level 2	Level 3	Total
Assets				
Listed equity securities	24,402			24,402
Foreign Listed equity securities	4,322			4,322
Unlisted equity securities			11,165	11,165
Funds on deposit		1,020		1,020
Government and public authority bonds		10,619		10,619
Foreign bonds		1,388		1,388
Total assets	28,724	13,027	11,165	52,916

The following table presents the Company's financial assets and liabilities that are measured at fair value through profit or loss at 30 June 2022:

(R'000)	Level 1	Level 2	Level 3	Total
Assets				
Listed equity securities	23,167			23,167
Foreign Listed equity securities	5,258			5,258
Unlisted equity securities			9,062	9,062
Funds on deposit		1,419		1,419
Fixed interest securities		152		152
Government and public authority bonds		8,948		8,948
Total assets	28,425	10,519	9,062	48,006

3.3 Liability Hierarchy

(R'000)	Group			
	Level 1	Level 2	Level 3	Total
2023				
Financial liabilities at fair value through profit or loss		9,613,919		9,613,919
Liabilities subject to fair value hierarchy analysis	–	9,613,919	–	9,613,919
2022				
Financial liabilities at fair value through profit or loss*		7,953,230	9,637	7,962,867
Liabilities subject to fair value hierarchy analysis	–	7,953,230	9,637	7,962,867

* Restated, refer to restatement Note 44 on page 176.

Fair values for level 2 financial liabilities are determined using the rates from the zero coupon risk free yield curve, based on the term to maturity of the instrument. These interest rates range between 9.0% and 14.3% (2022: 5.7% and 10.1%) per annum. A discounted cash flow model is then applied using the determined yield after adjusting for credit risk, in order to calculate the market value.

Fair value for level 3 financial liabilities of R9.6 million for the prior year were estimated indirectly using valuation techniques and models. Key assumptions in the valuation included a discounted future cash flow, applying a discount rate of 14%. The liability backed by the Residual Debt Services stub paper was settled in the current year.

Insurance and Financial Risk Management continued

3.4 Reconciliation of Level 3 Financial Instruments

The following table presents the changes in level financial instruments for the Group for the year ended 30 June 2023:

(R'000)	30 June 2023			30 June 2022		
	Financial Assets at fair value through profit or loss Fixed interest securities	Financial Assets at fair value through profit or loss unlisted equity securities	Financial liabilities at fair value through profit or loss	Financial Assets at fair value through profit or loss Fixed interest securities	Financial Assets at fair value through profit or loss unlisted equity securities	Financial liabilities at fair value through profit or loss
Opening balances	28,633	30,729	9,637	33,417	21,164	11,245
Fair value adjustments recognised in profit or (loss)	–	6,000	(510)	29	8,200	12
Interest raised during the year	1,140	4,128	607	2,059	3,005	692
Repayments	(29,771)	(3,116)	(9,734)	(6,872)	(1,640)	(2,312)
Closing balance	1	37,741	0	28,633	30,729	9,637

The following table represents presents the changes in level 3 financial instruments for the Company for the year ended 30 June 2023:

(R'000)	30 June 2023	30 June 2022
	Financial Assets at fair value through profit or loss unlisted equity securities	Financial Assets at fair value through profit or loss unlisted equity securities
Opening balances	9,062	6,284
Purchases		
Fair value Gain/(Loss)	1,800	2,400
Interest raised during the year	1,237	870
Repayments	(934)	(492)
Closing balance	11,165	9,062

4. SENSITIVITY ANALYSIS

The Group's profitability and capital base, through its insurance and investment contract operations and financial assets held, are exposed to both financial and insurance risks.

In order to interpret the tables on pages 118 to 119 users are encouraged to understand the basis on which the variables were set and combine this information with other components of the Group Annual Financial Statements. The sensitivities provided are not amounts that can be simply extrapolated to determine prospective earnings forecasts and caution is advised to any user doing this. They do, however, provide insight into the impact that changes in these risks can have on policyholders' liabilities, where applicable, and attributable profit after tax.

Sensitivity ranges

The sensitivity ranges, i.e. the upper and lower limits, are indicative of the range of possible changes as at the reporting date of 30 June 2023. The sensitivity analysis below does not include the investment contract business as these liabilities have been exactly matched to assets and the impact of the maturities on profit is immaterial.

Sensitivities provided are as follows:

Financial risk variables

Equity price:	Possible price movements in equities held based on changes in the JSE ALSI.
Interest rate:	Based on a parallel shift in the prevailing interest rate yield curves. Property equity value:
	Possible price movements in the property investments held.
Default:	Where issuers of financial instruments fail to honour their obligations either in part or in full.

4.1 Long-term Insurance

Long-term Insurance Risk Variables

Assurance mortality/morbidity: Where actual death or disability rates by age category vary to those assumed on measurement of policies that offer death or disability benefits.

Renewal expenses: Where actual expenses incurred differ to those assumed for maintaining and servicing the in-force contracts.

Withdrawals: The possible change in the expected number of policyholders withdrawing or lapsing benefits prior to the expiry of the contract or the assumed duration of the contract.

Inflation: A shift in the prevailing inflation rate.

The table below summarises the impact of each change to the risk variables outlined above.

Positive numbers represent an increase in policyholders' liabilities or profit after tax/equity and, correspondingly, negative numbers indicate a decrease in policyholders' liabilities or profit after tax/equity.

Financial risk variables	30 June 2023			30 June 2022	
	% change	Impact on liabilities R'000	Impact on profit after tax/equity R'000	Impact on liabilities R'000	Impact on profit after tax/equity R'000
Equity price	10	36,829	24,620	30,977	24,907
Equity price	(10)	(38,112)	(23,683)	(34,585)	(22,309)
Interest rate	1	(665)	485	(15,149)	10,907
Interest rate	(1)	1,638	(1,196)	14,055	(10,120)
Property equity value	10		21,378		15,682
Property equity value	(10)		(21,378)		(15,682)
Long-term insurance risk variables					
Assurance mortality and morbidity	10	15,287	(11,160)	8,109	(5,838)
Assurance mortality and morbidity	(10)	(15,365)	11,216	(8,932)	6,431
Renewal expenses	10	26,859	(19,607)	8,431	(6,071)
Renewal expenses	(10)	(26,291)	19,193	(10,589)	7,624
Withdrawals	10	28,688	(20,943)	7,687	(5,534)
Withdrawals	(10)	(33,239)	24,264	(10,869)	7,825
Inflation	1	11,426	(8,341)	1,128	(812)
Inflation	(1)	(10,216)	7,457	(3,595)	2,588
Financial instruments risk variable					
Default (non-linked financial assets)	5	(48,083)	(35,101)	(49,119)	(35,365)

It should be noted that the above sensitivities allow for the elimination of negative reserves. The reader is also referred to the EV sensitivities on page 65.

Insurance and Financial Risk Management continued

4.2 Short-term Insurance

Short-term Insurance Risk Variables

Withdrawals: The possible change in the expected number of policyholders withdrawing or lapsing benefits prior to the expiry of the contract or the assumed duration of the contract.

Value of claims: Where actual claims incurred differ from historical claims incurred.

Duration of settlement: Where actual time taken to settle claims varies.

The table below summarises the impact of each change to the risk variables outlined above.

Positive numbers represent an increase in policyholders' liabilities or profit after tax/equity and, correspondingly, negative numbers indicate a decrease in policyholders' liabilities or profit after tax/equity.

In each sensitivity calculation, all other assumptions remain unchanged.

Sensitivities	30 June 2023			30 June 2022	
	% change	Impact on liabilities R'000	Impact on profit after tax/equity R'000	Impact on liabilities R'000	Impact on profit after tax/equity R'000
Financial risk variables					
Equity price	10		11,979		9,965
Equity price	(10)		(11,979)		(9,965)
Interest rate	1	(14)	10	(18)	13
Interest rate	(1)	14	(10)	18	(13)
Short-term variables					
Withdrawals	10	(10)	7	(14)	10
Withdrawals	(10)	10	(7)	14	(10)
Value of claims	10	1,670	(1,219)	1,577	(1,135)
Value of claims	(10)	(1,670)	1,219	(1,577)	1,135
Duration of settlement	10	1,117	(815)	1,130	(814)
Duration of settlement	(10)	(1,117)	815	(1,130)	814

ACCOUNTING POLICIES

for the year ended 30 June 2023

1. INTRODUCTION

The Group adopted the following policies in preparing its consolidated and separate Annual Financial Statements.

2. BASIS OF PREPARATION OF THE STATEMENTS

The consolidated and separate Annual Financial Statements (hereafter referred to as Annual Financial Statements) have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the Listing Requirements and the Companies Act. These consolidated and separate Annual Financial Statements have been prepared on the historical cost basis, as modified by the revaluation of owner-occupied properties, financial assets (except for financial assets at amortised cost), financial liabilities and the valuation of insurance contracts. The Directors are of the opinion that the Group is financially sound and operates as a going concern. The Group Annual Financial Statements have, accordingly, been prepared on this basis.

The preparation of consolidated and separate Annual Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. There are areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated and separate Annual Financial Statements.

The accounting policies set out below have been applied consistently to all years presented in these consolidated and separate Annual Financial Statements unless otherwise stated.

All amounts in the notes are shown in thousands of Rand, rounded to the nearest thousand, unless otherwise stated.

RECENT IFRS PRONOUNCEMENTS

New IFRS Standards and Amendments Effective for the year ended 30 June 2023

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

New standards not yet effective that may significantly impact the Group's results or disclosures

IFRS 17 – Insurance contracts

Background

IFRS 17 – Insurance Contracts is effective for financial reporting periods beginning on or after 1 January 2023.

Therefore, the Group will commence with the application of the Standard on 1 July 2023 and will restate 2023 comparatives. The Group will be reporting for the first time under the standard at the half year 31 December 2023 and full year 30 June 2024.

The Group will adopt IFRS 17 retrospectively, applying the fair value approach where the fully retrospective approach is impractical.

The fully retrospective approach will be applied to all insurance contracts entered into between 1 July 2018 to 30 June 2022 due to the availability of reasonable and supportable information for this period. For periods prior to 1 July 2018, sufficient information was not available at a policy level and it would have required an impracticable amount of time and resources to recreate. Thus, the fair value approach will be applied for business written prior to 1 July 2018.

The Group will adopt the General Measurement Model ("GMM"), Variable Fee Approach ("VFA"), and the Premium Allocation Approach ("PAA"). IFRS 17 will be applied to insurance and reinsurance contracts.

The Group will use the GMM for term life insurance, reinsurance contracts and universal life insurance contracts. The VFA will be applied to policies with direct participating features and the PAA will be applied to contracts with short contract boundaries.

The Group will group contracts of similar risks by company, product type, distribution channel, financial year of issue and by profitability.

All insurance contracts will be separated into different profitability buckets with the exception of insurance products that fall under the PAA, as well as the H.E.L.P (Health Events Life Plans) products that fall under the demarcation regulations. As Clientèle General (the legal business) will be applying the PAA method, they will apply the first practical expedient which allows an entity to expense acquisition cash flows when incurred. The same approach will be applied to policies with short contract boundaries within Clientèle Life.

The Group will be reflecting the time value of money (i.e. discounting) in the allocation of the Contractual Service Margin ("CSM") to coverage units. Coverage units will be decremented using the expected duration of the contract in a group (expectations of lapses and cancellations of contracts to be factored in). The Group will be calculating the discount rates by using the liquid risk-free yield curve issued by the Prudential Authority at that date, adjusted by a Liquidity Risk Premium.

The Group will apply the Board approved risk appetite in determining the risk adjustment which is based on a 1 in 7 year risk event for free cash flows and Recurring Embedded Value Earnings. This risk adjustment will be applied across all portfolios, including reinsurance contracts.

Accounting Policies continued

IFRS 17 Governance

- The Group Financial Director is the chairperson of the IFRS 17 Committee which comprises of the respective Insurance business managers, actuaries, and IT specialists. The IFRS 17 Committee is supported by a Technical Advisory team comprising of IFRS specialists, actuaries, financial managers, tax specialists, development and automation specialists and external actuarial and financial consultants (QED).
- The finance department is ultimately responsible for the implementation of IFRS 17 across the Group.
- The Executive Advisory Committee is responsible for providing overall strategic direction to the project and monitoring progress and interdependencies with other Group initiatives. The Committee is also responsible for providing policy guidance and technical support for the implementation in each of its subsidiaries.
- The IFRS 17 Committee reports into Group Excom who then recommends and suggests its final proposal to the Audit Committee and the respective Boards.
- For the purposes of these financial statements, Deloitte & Touche (South Africa) has assessed this IAS 8 disclosure, including the relevant IFRS 17 decisions required in determining the standard's estimated impact.

Progress on IFRS 17 Readiness

The Group is progressing well in terms of implementing IFRS 17. The implementation of IFRS 17 required the Group to perform a significant assessment for areas such as revenue recognition, presentation in the statement of comprehensive income and statement of financial position, and additional disclosure requirements.

The Group has performed an assessment of the estimated transitional impact of IFRS 17, which has assisted the Group to gain comfort in continuing with the implementation of IFRS 17 in the consolidated and separate Annual Financial Statements for the 2024 financial year.

As we continue to implement the standard in anticipation of reporting under it for the first time at the half year ending 31 December 2023, our analysis, interpretation, new financial reporting internal controls and processes continue to be refined. Management is also mindful that it is possible that certain interpretations may be further clarified as additional information becomes available.

Summary of the impact of IFRS 17 on the Group

The expected IFRS 17 impact on the Group is summarised below:

Statement of Financial Position	Increase in Shareholder's equity of between R1.8 billion and R2.6 billion (net of tax) on 1 July 2022. This increase has a negligible impact on SAM results.
Statement of Comprehensive Income	The overall impact on profit attributable to shareholders will depend on the mix and volume of future new business relative to the in-force book. A limited impact is expected on the Clientèle General business.
Tax implications	The accelerated tax payments for Clientèle Life will be funded from the balance sheet. This will have a limited impact on earnings.
Embedded Value	There will be a negligible impact on embedded value.

3. BASIS OF CONSOLIDATION

The Group Annual Financial Statements consolidate the Annual Financial Statements of the Company and its subsidiaries.

Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

3.1 Investment in Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of an acquisition transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as Goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the SOCI.

The Group recognises any non-controlling interest either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Total comprehensive income is attributed to the equityholders of the Group and to the non-controlling interest shareholders based on their percentage shareholding, even if this results in the non-controlling interest shareholders having a deficit balance.

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated.

Interest in subsidiaries in the Company's Annual Financial Statements are valued at cost less any impairments. When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in Other Comprehensive Income are reclassified to profit or loss.

3.1.1 Goodwill and Goodwill impairment

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). After initial measurement, goodwill is carried at cost less accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairments at least once annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

An impairment loss is recognised when the carrying amount of the cash-generating unit (CGU) exceeds its recoverable amount, being the higher of value in use and the fair value less costs to sell. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to a CGU and then to reduce the carrying amount of other assets on a pro rata basis. Impairment losses are recognised in operating expenses in profit or loss and are not subsequently reversed.

3.2 Investment in Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies.

If the Group holds, directly or indirectly (e.g. through subsidiaries), 20 per cent or more of the voting power of the entity, it is presumed that the Group has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the Group holds, directly or indirectly (e.g. through subsidiaries), less than 20 per cent of the voting power of the entity, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence.

The Group applies the equity method as per IAS 28 Investments in Associates and Joint Ventures, to account for an investment in associate. Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's share of the associate's profit or loss is recognised in the Group's profit or loss. Distributions received from an associate reduce the carrying amount of the investment.

3.3 Accounting for Transactions under Common Control

Common control transactions are business combinations in which all of the combining entities (subsidiaries) are ultimately controlled by the same party before and after the transaction, and the control is not transitory. These transactions are accounted for at predecessor values. Predecessor values are considered to be the book value of assets and liabilities acquired as accounted for in the Annual Financial Statements of the highest entity under common control and the Group does not restate assets and liabilities to their fair values. Instead the Group incorporates the assets and liabilities at the amounts recorded in the books of the combined entities.

The cost of an acquisition of a subsidiary under common control is measured as the book value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are recognised in profit or loss. No goodwill arises in predecessor accounting. The difference between the cost of the acquisition and the predecessor value of the net assets acquired is taken to equity and disclosed as a common control reserve or deficit.

The Annual Financial Statements incorporate the combined companies' results as if the companies had always been combined. Consequently under predecessor accounting, the Annual Financial Statements reflect both companies' full year results even though the business combination may have occurred part way through the year.

Accounting Policies continued

4. FOREIGN CURRENCIES

The Group's presentation and functional currency is South African Rand (ZAR).

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies different to the functional currency at the SOFP date are translated into the functional currency at the SOFP date at the ruling rate at that date. Foreign exchange differences are recognised in profit or loss.

5. INTANGIBLE ASSETS

Research costs – being the investigation undertaken with the prospect of gaining new knowledge and understanding, are recognised in profit or loss as they are incurred. Development costs – costs that are clearly associated with an identifiable system, which will be controlled by the Group and have a probable benefit exceeding the cost beyond one year, are recognised as an asset. Development expenditure is capitalised only if the development costs can be measured reliably, completion of the development of the software is technically and commercially feasible, the Group intends to demonstrate that the intangible asset will be used to generate future economic benefits, the Group intends to and has sufficient resources to complete development and to use the asset and the Group can demonstrate the ability to use or sell the intangible asset. These costs comprise all directly attributable costs necessary to create, produce and prepare the asset for its intended use, such as costs of materials and employee services used or consumed in generating the intangible asset.

5.1 Amortisation

Computer software development costs are amortised in the SOCI on a straight-line basis at rates appropriate to the expected life of the asset. Amortisation of computer software commences from the date the intangible asset becomes available for use. As the software costs are proprietary and specific to the Group operations, no residual value is estimated. The useful lives are assessed on an annual basis.

Computer software costs recognised as intangible assets are amortised over the useful lives, which do not exceed 5 years.

5.2 Impairment

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

6. PROPERTY AND EQUIPMENT

Equipment is stated at cost less accumulated depreciation and impairment losses. Repairs and maintenance, which neither materially adds to the value of assets nor appreciably prolong their useful lives, are recognised in the SOCI.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the SOCI during the financial period in which they are incurred.

When significant components of equipment have different useful lives, those components are accounted for and depreciated as separate items.

Land and buildings held for use for administrative purposes are classified as owner-occupied properties and stated at fair value, determined from market-based evidence by appraisals which for material properties is undertaken by professional valuers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed at least once every year to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the SOFP date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the SOCI.

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the SOCI in other operating income or operating expenses. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

6.1 Depreciation

Depreciation is recognised in the SOCI on a straight-line basis at rates appropriate to allocate their costs or revalued amounts to their residual values over their estimated expected useful lives. Depreciation is calculated on the cost less any impairment and taking into account expected residual value. The estimated useful lives result in the depreciation rates applied which are as follows:

Computer equipment and purchased computer software	20% – 33.33%
Furniture and equipment	10% – 50%
Motor vehicles	25%
Leasehold improvements	The lease term or useful life, whichever is the shorter period
Buildings	2.5%
Solar panels	5%

The residual values and useful lives are reassessed on an annual basis. Land is not depreciated.

Where the estimated residual value (based on historical trends and future expectations with regard to property values) exceeds the current carrying amount, the assets' depreciation charge for the period is zero.

6.2 Impairment

Property and equipment which is subject to depreciation is assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

7. INVENTORIES

Inventories (which include vouchers, sim cards and IFA marketing materials) are measured at the lower of cost and net realisable value. The cost of inventory is determined using the weighted average method. Cost comprises direct materials and, where applicable, overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

8. FINANCIAL INSTRUMENTS

8.1 Financial Assets

8.1.1 Classification

The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and,
- those to be measured at amortised cost.

(i) Classification of financial assets at amortised cost:

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows; and,
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Accounting Policies continued

(ii) Classification of financial assets at fair value through other comprehensive income:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be relevant; and,
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

Under the above criteria there are no assets classified at fair value through other comprehensive income.

(iii) Classification of financial assets at fair value through profit or loss.

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- Debt investments that do not qualify for measurement at either amortised cost or Fair Value through Other Comprehensive Income (FVOCI);
- Equity investments;
- Assets designated at FVPL; and,
- Debt instruments that are held for trading.

Under these criteria, the main classes of financial assets at FVPL are promissory notes and fixed deposits, funds on deposit, fixed interest securities, government and public authority bonds, listed equity securities and unlisted equity securities.

For promissory notes backing guaranteed and linked investment contracts an accounting mismatch between the financial assets and the financial liabilities is avoided through the designation of these assets as fair value through profit or loss in terms of paragraph 4.1.5 of IFRS 9. The liability is designated at fair value through profit or loss in line with the basis on which these are managed.

Assets included in the Melville Douglas Portfolios include listed Equities, Exchange Traded Funds, Fixed Interest Instruments, Money Market Instruments and Mutual Funds. Neither the criteria for measurement at "amortised cost" ("business model" and "SPPI" tests) nor the criteria for "fair value measurement through other comprehensive income" have been met for the assets held within the Melville Douglas Portfolios backing the unitised Investment Policies. These assets within the Melville Douglas Portfolio are held for sale and are therefore measured at fair value through profit or loss.

(iv) Classification of trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore classified as current. Trade receivables are initially recognised at the amount of consideration that is unconditional, unless they contain significant financing components, subject to which they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in the credit risk note as part of Risk Management on pages 110 to 114.

8.1.2 Initial measurement

Purchases and sales of financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised as follows:

- Fair value through profit or loss – at fair value. Transaction costs are expensed;
- Amortised cost – measured initially at its fair value, net of transaction costs incurred; and,
- Trade receivables – at fair value plus transaction costs that are directly attributable to their acquisition.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or where they have been transferred and the Group has also transferred substantially all the risks and rewards of ownership.

8.1.3 Subsequent measurement

Financial assets at fair value through profit or loss

Financial assets which are designated at fair value through profit or loss are subsequently measured at fair value and the fair value adjustments are recognised in profit or loss.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. Fair values for quoted financial assets are based on the quoted closing prices at the close of business on the last trading day on or before the SOFP date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions. If a quoted price is not available in an active market the fair value is estimated using the repurchase price for unit trusts or discounted cash flow techniques for other financial instruments.

Financial assets held at amortised cost

Subsequent to initial recognition financial assets are carried at amortised cost using the effective interest rate method less any required ECL.

Trade receivables including insurance receivables

Subsequent to initial recognition trade receivables, including insurance receivables, are held with the objective to collect contractual cash flows and are therefore measured at amortised cost using the effective interest rate method less any required ECL.

8.1.4 Impairment model (Expected credit losses)

The Group assesses the expected credit losses associated with its debt instruments carried at amortised cost and financial guarantees incorporating forward looking information. The impairment methodology applied depends on whether there has been a significant increase in credit risk, which is indicated by, *inter alia* a deterioration in the counterparty risk or a repayment default by a counterparty. "The probability of default and the loss given default factors are used to determine the ECL".

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

8.2 Financial liabilities

8.2.1 Financial liabilities at fair value through profit or loss

The Group issues contracts with guaranteed terms which include a guaranteed endowment policy with a term of five years with a guaranteed value at maturity ("Guaranteed Growth Plan") and a guaranteed annuity product with 60 equal monthly payments and a guaranteed value at maturity ("Income Plan"). The Group also issues linked endowment contracts with terms of five years where the value at maturity is linked to the underlying investment performance. These contracts are recognised on initial recognition at fair value, which is the transaction price. Subsequently, these contracts are measured at fair value which is determined by discounting the monthly payments and maturity values. The monthly payments and maturity values are discounted at the risk-free rate with an adjustment for credit risk where appropriate. Any initial profit on recognition is subsequently amortised over the life of the contract. In terms of IFRS 9, any change in the fair value of the financial liability that is attributable to changes in the credit risk of an entity's own credit rating is presented in other comprehensive income.

The Group at initial recognition irrevocably chose to measure these liabilities at fair value through profit or loss as these liabilities are managed and their performance evaluated on a fair value basis as it significantly reduces the measurement and/or recognition inconsistency that would arise from measuring the financial assets on a different basis. The liability is therefore measured at fair value through profit and loss in order to match the asset.

The Group further issues recurring premium savings policies, which are distributed via the Telesales channel. This contract is recognised on initial recognition at fair value, which is the transaction price. Subsequently, these contracts are measured at fair value which is determined by the discounted expected future cash flows, but where higher, limited to be no less than the on-demand surrender value.

Accounting Policies continued

8.2.2 Financial liabilities at amortised cost

Financial liabilities are carried at amortised cost using the effective interest method.

8.2.3 Loans at amortised cost

Loans at amortised cost are initially measured at fair value, net of transaction costs incurred. Loans are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the SOCI over the period of the loan using the effective interest method.

Financial liabilities are derecognised when the obligation to settle the liabilities has expired.

8.2.4 Contract modifications

Where an existing financial liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the rerecognition of a new liability at fair value, with the difference in the respective carrying amounts being recognised as a movement in ECL in profit or loss.

In assessing whether a financial liability was substantially modified, the Group performs a quantitative assessment to determine if the terms were substantially modified.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise balances with bankers, short-term funds, deposits, cash on hand and highly liquid investments with original maturity profiles of three months or less. Cash and cash equivalents are carried at amortised cost in the SOFP.

10. SHARE CAPITAL

Shares are classified as equity when there is no obligation to transfer cash or other assets to the holder. Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction from the proceeds.

11. DIVIDEND DISTRIBUTION

Dividend distributions to the Group's shareholders are recognised in the Statement of Changes in Equity when declared and, if not paid then, as a liability in the Group's consolidated and separate Annual Financial Statements in the period in which the dividends are approved by the Group's Directors.

12. INSURANCE CONTRACTS AND FINANCIAL INSTRUMENTS CLASSIFICATION

The Group issues contracts that transfer insurance risk or financial risk or, in some cases, both.

An insurance contract is a contract under which the Group (insurer) accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Such contracts may also transfer financial risk. The Group defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are significantly more (at least 10%) than the benefits payable if the insured event did not occur. The Group issues long-term and short-term insurance contracts.

Those contracts that transfer financial risk with no significant insurance risk are accounted for as financial liabilities at fair value through profit or loss or at amortised cost. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable. Amounts received under these contracts are recorded as deposits and amounts paid are recorded as withdrawals.

INSURANCE CONTRACTS

12.1 Long-term Insurance Contracts

In terms of IFRS 4 – Insurance contracts, defined insurance liabilities are allowed to be measured under existing local practice. The Group has applied the SAPs and APNs issued by ASSA to determine the liability in respect of contracts classified as long-term insurance contracts in terms of IFRS 4 – Insurance contracts. The following SAPs/APNs are of relevance to the determination of insurance contract liabilities:

SAP 104: Calculation of the value of the assets and liabilities of Long-term Insurers

APN 105: Minimum requirements for deriving AIDS extra mortality rates;

APN 106/403: Head of Actuarial Function for South African Insurers; and,

APN 110: Allowance for embedded investment derivatives.

Features of Clientèle Life's main Long-term insurance contracts

Clientèle Life's main Long-term insurance contracts are as follows:

- *Market-related savings products* ("market-related products") with risk benefits, for example accidental death or disability. These products have an investment account which is built up based on the allocated portion of premiums and market returns in the form of income and growth less expenses and tax; benefits are paid upon defined events, such as death, surrender or maturity of the product;
- *Whole life, final benefits products* ("whole life products") with benefits which are payable upon defined events, for example, death or disability;
- *Whole life, Funeral insurance products* ("funeral products") are whole life products with benefits which are payable upon defined events, for example, death;
- *Whole life, cash-back products* ("cash-back products") are whole life final benefits products with benefits which are payable upon defined events, for example death, disability or dread disease and include a return of either one year's or six months premiums every five years; and,
- *Health insurance products:*
 - Commencing before 1 April 2018 – Health insurance products ("health products") with a "cash-back" element are whole life products with benefits payable on defined events, for example hospitalisation or accidental disability and include a return of six months premiums every five years; and,
 - Commencing after 1 April 2018 – Health Event Life Plans ("H.E.L.P. products"), are annually renewable products with benefits on defined life events, for example hospitalisation, accidental death, accidental disability and dread disease.

Measurement of Long-term insurance contracts

These contracts are valued in terms of the FSV basis as described in SAP 104 and the liability is reflected under insurance contracts in the SOFP.

Clientèle Life's Long-term insurance contracts are measured on either a discounted or undiscounted basis depending on the features of the contracts described above.

- **Undiscounted liabilities (market related products)**

A market related insurance contract is an insurance contract with an embedded derivative linking payment on the policy to units of an internal investment fund set up by the Group with the consideration received from the contract holders. This embedded derivative meets the definition of an insurance contract and is not therefore accounted for separately from the host insurance contract. The liability for the market related portion is determined on a policy by policy basis in relation to the fair value of the underlying assets;
- **Discounted liabilities (market-related products, cash-back products, funeral products, whole life products and health insurance products)**

The valuation of these products has been performed on a policy by policy basis by discounting future expected premiums, risk benefits, cash-back benefits, risk charges, reinsurance costs and expenses at the actuarial discount rate. The projection of future expected experience is based on the Group's best estimate assumptions for investment returns, expenses, death rates, disability rates and withdrawal rates plus compulsory margins. The valuation of the balance of the liability has been calculated on a discounted basis; and,

Accounting Policies continued

- Undiscounted liabilities (selected whole life products)

IBNR liabilities are calculated for these products, which are based on a percentage of net premiums payable.

Discretionary margins are added to the actuarial liabilities so that the shareholders' participation in profit emerges when it is probable that future economic benefits will flow to the entity. Effectively these margins are released to income on a policy by policy basis, over the policy term.

The liability assumptions are reviewed semi-annually. Any changes in assumptions and/or other changes to the liability calculation are reflected in the SOCI as they occur.

Outstanding claims provisions

Provision is made for the estimated cost of claims outstanding at the end of the year. Outstanding claims and benefit payments are stated gross of reinsurance. The impact of reinsurance is shown separately. Outstanding claims are determined by making reference to the value of the sum assured in terms of the underlying policy when a claim is reported.

Liability adequacy test

At each SOFP date, liability adequacy tests are performed to ensure the adequacy of the insurance contract liabilities. The liability is calculated in terms of the FSV basis as described in SAP 104. The FSV basis meets the minimum requirement of the liability adequacy test. For undiscounted liabilities these tests include current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities. Any deficiency is charged to the SOCI in establishing a provision for losses arising from the liability adequacy test.

Reinsurance contracts held

Reinsurance contracts, which are insurance contracts, are contracts entered into by the Group with reinsurers under which the Group is compensated for a portion of losses arising on one or more of the insurance contracts issued by the Group.

The expected benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified with trade receivables including insurance receivables) as well as longer-term receivables (classified as reinsurance assets) that are dependent on the present value of expected claims and benefits arising on insurance contracts net of expected premiums payable under the reinsurance contracts.

Expected costs which may arise within reinsurance contracts are recognised as a reinsurance liability unless the Group has negative reserves that the liability is netted off against, where a zero liability would be recognised.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

Premium income

Premiums on insurance contracts are recognised when due, are disclosed gross of reinsurance, before the deduction of commission and include the movement in respect of the "December is on Us" reserve.

Reinsurance premiums

Reinsurance premiums are recognised when insurance premiums are due.

Claims and benefits paid

Claims on insurance contracts, which include death, disability, maturity and surrenders are charged against income when notified of a claim based on the estimated liability for compensation owed to policyholders. They include claims that arise from death and disability events that have occurred up to the SOFP date.

Reinsurance recoveries are accounted for in the same period as the related claim.

Acquisition costs

Acquisition costs for insurance contracts comprises of commission, advertising and other costs that relate to the securing of new contracts.

These costs include referral fees and bonus payments to IFAs, outbound call centre staff costs, commissions and a proportional allocation of costs in respect of those employees and activities which relate to the securing of new contracts. Commissions and other acquisition costs relating to insurance contracts and financial liabilities at fair value through profit or loss are expensed as incurred.

12.2 Short-term Insurance Contracts

Circular 2/2007 – Recognition and measurement of short-term insurance contracts issued by the South African Institute of Chartered Accountants

In terms of IFRS 4 – Insurance contracts, insurance contracts are allowed to be measured under existing local practice. The Group has adopted Circular 2/2007 to determine the measurement in respect of short-term insurance contracts.

Features of Clientèle General's short-term insurance contracts

Clientèle General's Short-term insurance contracts are personal lines and business lines legal policies with risk benefits to cover individual persons and SMME categories for civil, criminal and labour related matters. Certain personal lines contracts also include accidental death benefits. These contracts are monthly renewable contracts.

Measurement of short-term insurance contracts

Premium income

Insurance premium revenue comprises of the premiums on contracts that become due and payable during the current reporting period irrespective of whether the contract was entered into during the current or a previous reporting period, and include the movement in respect of the "December is on Us" reserve. Premiums are recognised gross of commission payable to intermediaries and exclude Value Added Tax.

Claims and benefits paid

Claims and benefits paid consist of claims and claims handling expenses paid during the financial year and are determined by the market value of the indemnification received by the policyholder.

Outstanding claims and IBNR provisions

The provision for outstanding claims comprises the Group's estimate of the cost of settling all claims reported (notified claims) but unpaid at the SOFP date and claims IBNR.

Each notified claim is assessed on a case by case basis with due regard to the specific circumstances, information available from the insured and past experience with similar claims. Standardised policies and procedures are applied to claims assessments. The provision for each notified claim includes an estimate of the associated claims handling costs but excludes Value Added Tax.

The ultimate cost of incurred claims may vary as a result of future developments or better information becoming available about the current circumstances. Adjustments to the quantum of claims provisions established in prior years are reflected in the Group Annual Financial Statements for the period in which the adjustments are made, and disclosed separately if material.

The Group determines its Legal claims IBNR provision based on an expected loss projection method which relies on the incurred claims data, annual premiums incurred and total claims paid. The Accidental Death IBNR relies on a simplified method, which also utilises the average 12 month loss ratio to determine the provision based on the premiums incurred. Outstanding claims and the IBNR provision are included in the policyholder liabilities under insurance contracts item in the SOFP.

Liability adequacy test

The net liability recognised for short-term insurance contracts is tested for adequacy by assessing current estimates of all future contractual cash flows (i.e. expected claims and expenses of settling claims) and comparing this amount to the carrying value of the insurance contract liability. Where a shortfall is identified, an additional provision is made and the Group recognises the deficiency in income for the year.

Acquisition costs

Acquisition costs comprise all commission, advertising and other costs arising from the securing of short-term insurance contracts and are expensed when incurred.

12.3 Cash-Back Benefits to Policyholders

The Group, through Clientèle Life (and Clientèle General in terms of commencements before July 2011), issues policies which pay cash-back benefits to policyholders if their policies persist for certain pre-determined periods. An actuarial liability (based on best estimate assumptions plus margins) is created, through the SOCI, to ensure that, based on actuarial assumptions, the liability is sufficient to meet the obligations to policyholders when they become due and payable. Discounting and decrementing is used in determining the actuarial liability.

12.4 December is on us Reserve

Clientèle Life and Clientèle General have raised a "December is on Us" Reserve which relates to a campaign initiated to fund policyholder premiums for the month of December. Premiums will be paid for policyholders who are both Debi-Checked and pay their premium continuously until the month of November. This reserve allows for the assumed premium amount that is expected to be funded for the next December.

Accounting Policies continued

12.5 Unearned Premium Reserve

The unearned premium reserve considers late disputes received after 30 June 2023 which are in respect of the premium recognised in the financial year. The unearned premium reserve is calculated based on the following:

- DebiChecked policies which were debited early, and hence become disputable; and,
- All other policies where the premium was collected via a debit order channel that remains disputable (e.g., Automated Clearing Bureau (ACB) and RMS).

The late disputes are calculated using the experience in June 2023, allowing for the increasing trend seen in the rate of disputes more recently and a third-party error where a batch of DebiCheck policies were incorrectly billed a day early. DebiChecked policies which were early debited or policies that were collected on a channel that remains disputable were calculated using the policies billed multiplied by an assumed rate of dispute ranging between 6% and 10%.

13. INTEREST INCOME AND EXPENSES

The Group recognises interest income and expenses in the SOCI for all interest-bearing financial instruments based on amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and allocating the interest income or expense over the average expected life of the financial instrument.

14. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised either over time or at a point in time, as or when the Group satisfies performance obligations and transfers control of goods or services to its customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for these goods or services, allocated to each specific performance obligation. Revenue is measured at the fair value of the consideration received or receivable.

14.1 IFA annuity fee

The monthly annuity fees received from IFA members in respect of services provided to them over time.

The Group recognises revenue over time.

14.2 Loyalty Benefits

Fee income received in respect of loyalty benefits is recognised as the service is rendered. Services are rendered over the expected duration of the contract at a fixed contract price.

The Group recognises revenue over time.

14.3 Non – Insurance Benefits

Fee income received from other non-insurance benefits is recognised as the service is rendered. Services are rendered over the expected duration of the contract at a fixed contract price.

The Group recognises revenue over time.

14.4 Deferred Revenue

At inception of a single premium contract there is a revenue that is calculated based on the difference between the amount required to be invested in order to provide a guaranteed return to a policyholder and the amount actually received from the policyholder. This revenue is deferred and recognised as investment management services over the lifetime of the policy.

The related incremental acquisition costs are also deferred over the life of the policy, in line with IFRS 15.

14.5 December is on Us Reserve

CBC Rewards has raised a “December is on Us” reserve which relates to a campaign initiated to fund customers’ monthly fee for the month of December. The monthly fee will be paid for customers who are both Debi-Checked and pay their monthly fee continuously until the month of November. This reserve allows for the assumed fee amount that is expected to be funded for the next December.

15. OTHER INCOME

Other income is measured based on the consideration specified in a contract and excludes amounts collected on behalf of third parties. The Group recognises other income when it transfers control over a product or service to a customer.

16. DIVIDEND REVENUE

Dividends are recognised in the Group consolidated and separate Annual Financial Statements when the right to receive payment is established.

17. TAXATION

The tax charge comprises current tax, deferred tax and DWT. The income tax expense is recognised in the profit and loss component of the SOCI, except to the extent that it relates to items recognised directly in Other Comprehensive Income, in which case it is recognised in Other Comprehensive Income.

17.1 Current Tax

Current tax, including capital gains tax, is the expected tax payable, using tax rates enacted at the SOFP date, including any prior year over- or under-provision. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

17.2 Deferred Tax

Deferred tax is provided in full using the liability method. Provision is made for deferred tax attributable to temporary differences in the accounting and tax treatment of items in the Group consolidated and separate Annual Financial Statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss then it is not recognised. Deferred tax is recognised for all temporary differences, at enacted or substantially enacted rates of tax at the SOFP date. A deferred tax asset is recognised for the carry forward of unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which it can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

17.3 DWT

Shareholders are subject to DWT on dividends received, unless they are exempt in terms of the current tax law. DWT is levied at 20% of the dividend received. The DWT is categorised as a withholding tax, as the tax is withheld and paid to the tax authorities by the company paying the dividend or by a regulated intermediary and not the beneficial owner of the dividend.

17.4 Other indirect taxes

Other indirect taxes include various other taxes paid to central and local governments, including Value Added Tax. Indirect taxes are recognised as part of operating expenditure for the long-term insurance business.

18. ACCRUALS AND PAYABLES (INCLUDING INSURANCE PAYABLES):

Accruals and payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accruals and payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Insurance payables are obligations to pay for services that have been acquired in the ordinary course of business and include amounts due to agents, intermediaries, insurance contract holders and reward fee holders.

Insurance payables are recognised initially at fair value and subsequently measured at amortised cost using the effective-interest method.

Accounting Policies continued

19. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation of uncertain timing or amount, as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. When the effect of discounting is material, provisions are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money. Provisions are reviewed at the end of each financial year and are adjusted to reflect current best estimates of expenditure required to settle the obligations.

20. EMPLOYEE BENEFITS

20.1 Incentive Bonus Schemes

The Group provides an Incentive Scheme for Excom, which is based on individual performance, linked to and dependent upon profitability and, in particular, growth in the Group's EV and the creation of Goodwill. The Scheme comprises two elements, namely an EV element (which all of Excom participates in) and a Goodwill element (which Group Excom participates in).

EV Scheme

The EV Scheme component is based on growth in EV, as confirmed by the Group's External Actuaries and approved by the Group Remuneration Committee, and is payable over a four year period. Two pools are created based on achievement of certain criteria. There is a "clawback" on Pool 1 if the pre-determined assumptions are not met, which is deducted from non-vested amounts earned but not yet paid.

The vested amount (payable after year-end) in respect of employed scheme participants as well as the "guaranteed portion" in respect of retired employees are provided for at the balance sheet date. The payment of the vested portion is taken against the provision, and any shortfall or excess is realised through profit or loss.

Goodwill Scheme

The Goodwill Scheme component recognises the creation of value in excess of EV.

The Group recognises a provision and an expense for the Goodwill Scheme component based on a formula that takes into consideration the conditions of the Bonus Scheme.

The Goodwill element created is measured in five year cycles.

The Goodwill element created is determined with reference to the VNB (as certified by the Group's External Actuaries) in the fifth year of a cycle and by applying a multiple, as approved by the Board on recommendation of the Group Remuneration Committee having regard to criteria included in the Incentive Scheme rules. An adjustment is made, positive or negative, if actual experience differs by a pre-determined percentage compared to the assumptions used in calculating the Goodwill element. The fourth cycle commenced on 1 July 2017 and ended on 30 June 2022.

The fifth cycle commenced on 1 July 2022 and ends on 30 June 2027, is measured over a 5 year period and is based on a weighted average of the VNB created during the five-year cycle in determining the pool.

A provision is recognised in the SOFP and an expense in the SOCI in respect of the Goodwill Scheme component at the present value of the obligation at the SOFP date together with adjustments for unrecognised actuarial gains or losses and past service costs. The Goodwill Scheme component obligation is calculated annually using the projected unit credit method. The present value of the Goodwill Scheme component obligation is determined by discounting the estimated future cash outflows using a risk-free interest rate.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit or loss as they arise each year.

Past-service costs are charged against profit or loss in the period in which they arise.

20.2 Retirement Benefits

The majority of the Group's employees are members of the Clientèle Life Provident Fund.

The Group operates a defined contribution provident fund for its employees, the assets of which are held in a separate trustee administered fund. The Clientèle Life Provident Fund is governed by the Pension Fund Act of 1956. The fund is funded by contributions by the Group which are charged to profit or loss in the year to which they relate.

The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

20.3 Share-Based Payments

The Group operates an equity-settled share-based compensation plan in the form of the BR Scheme.

The fair value of the employee services received in exchange for the grant of BRs are recognised as an expense and calculated at the grant date using the Black-Scholes model.

The grant by the Company of BRs to the employees of the subsidiaries in the Group is treated as a capital contribution to the subsidiary. The fair value of the employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to the investment in the subsidiaries, with a corresponding credit to equity (BR Scheme Reserve) in the Group consolidated and separate Annual Financial Statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the BRs granted, excluding the impact of any non-market vesting conditions. Non-market performance vesting conditions are included in assumptions about the number of BRs that are expected to become exercisable.

At each SOFP date, the entity revises its estimates of the number of BRs that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the SOCI, and a corresponding adjustment to equity over the remaining vesting period.

When the BRs vest and are exercised, the Company issues new shares. The fair value of the shares issued at exercise date is credited to share capital (nominal value) and share premium, with a debit to the BR Scheme Reserve (equity) for the grant date fair value. Any difference between the grant date fair value and the exercise date fair value is debited/credited to retained earnings.

The exercising by employees of their rights results in a realisation of the investment for which there is a recharge to the subsidiaries. The recharge is a repayment arrangement which requires the subsidiaries to repay the Company for the provision of the equity settled share-based payments to the suppliers of goods and services (being the employees of the subsidiaries). The recharge is determined by reference to the fair value at exercise date.

The investment in the subsidiary is accordingly reduced by the corresponding cumulative grant date fair value in respect of the BRs exercised in that period, and the amount by which the recharge exceeds the cumulative grant date fair value in respect of the BRs exercised is considered a capital contribution and credited to the SOCI in the Company.

The cash received in respect of the recharge is reflected in the Group consolidated and separate Annual Financial Statement of cash flows as follows:

- The cash received in respect of the grant date fair value is included in investment activities as proceeds from receiving a capital repayment by the subsidiary in respect of the issue of share capital.
- The cash in respect of the amount by which the recharge exceeds the cumulative grant date fair value is included under cash generated by operations.

This transaction is eliminated in the Statement of Cash Flows on consolidation.

21. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker that makes strategic decisions and who is responsible for allocating resources and assessing performance of the operating segments has been identified as Group Excom.

The Group's operations are analysed across four reportable operating segments. This is consistent with the way the Group manages the business. The four reportable operating segments, based on the four principal lines of business from which the Group generates revenue are long-term insurance, short-term insurance, CBC Rewards, Clientèle Mobile & Direct Rewards and the "other" business segment, Clientèle Limited (consisting of Clientèle's dividend income, investment income, related ECLs and operating expenses).

Segment information is prepared in conformity with the measure that is reported to Group Excom. These values have been reconciled to the Group consolidated and separate Annual Financial Statements. The measure reported by the Group is in accordance with the accounting policies adopted for preparing and presenting the Group consolidated and separate Annual Financial Statements.

The segment assets, liabilities, revenue and expenses comprise of all assets, liabilities, revenue and expenses which are directly attributable to the segment, or can be allocated to the segment on a reasonable basis. The Group accounts for inter-segment revenues and transfers as if the transactions were with third parties at current market prices.

Capital expenditure on property and equipment and intangible assets has been allocated to the segments to which it relates.

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2023

(R'000)	Notes	Group			Company	
		2023	Restated ¹ 2022	Restated ¹ 2021	2023	2022
Assets						
Owner-occupied properties	4	422,667	412,318	417,783		
Investment in subsidiaries	5				312,375	301,388
Investment in associate	10		5,837	1,692		5,837
Intangible assets	2	32,725	43,165	57,226		
Property and equipment	3	44,871	43,689	42,257		
Deferred tax	25	204,322	109,559	165,340	2,388	3,215
Goodwill	11	8,412				
Reinsurance assets	6		84,178	91,128		
Loans to subsidiaries	7				49,453	44,682
Financial assets held at fair value through profit or loss	8	10,953,097	9,198,483	8,447,025	52,916	48,006
Financial assets at amortised cost	9	272	27,357			
Deferred acquisition costs	20	164,930	109,559	110,971		
Inventories		4,320	5,037	7,988		
Trade receivables including insurance receivables	12	70,723	70,377	59,954	1,073	1,069
Current tax receivable		2,021			913	405
Cash and cash equivalents	13	249,540	502,000	463,221	4,415	12,524
Total assets		12,157,900	10,611,559	9,864,585	423,533	417,126
Equity						
Share capital	14	6,706	6,706	6,706	6,706	6,706
Share premium	14	389,135	389,135	389,135	389,135	389,135
Common control deficit	14	(220,273)	(220,273)	(220,273)		
Retained earnings	14	175,568	175,568	175,568	395,841	395,841
BR Scheme Reserve	15	906,426	821,112	769,613	(8,164)	(6,438)
NCI: Direct Rewards	11	27,294	25,362	23,740	27,294	25,362
NDR: Revaluation	16	3,076				
		60,598	55,422	62,176		
Total equity		1,172,962	1,077,464	1,031,097	414,971	414,765
Liabilities						
Deferred tax	25	31,976	16,962	19,742		
Financial liabilities held at amortised cost	19	150,742	215,443	201,973		
Policyholder liabilities under insurance contracts	17	482,061	773,662	831,929		
Financial liabilities held at fair value through profit or loss	18	9,613,919	7,962,867	7,214,602		
Loans at amortised cost	21	100,000	100,000	110,034		
Financial guarantee liability	22	2,000	2,000	2,000	2,000	2,000
Deferred revenue	23	359,862	210,491	179,812		
Employee benefits	24	88,800	77,708	83,380		
Accruals and payables including insurance payables	26	142,870	152,038	181,085	6,562	361
Current tax payable		12,708	22,924	8,933		
Total liabilities		10,984,938	9,534,095	8,833,490	8,562	2,361
Total equity and liabilities		12,157,900	10,611,559	9,864,586	423,533	417,126

1 Refer to the note 44 on restatements on pages 176 to 177.

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2023

(R'000)	Notes	Group		Company	
		2023	Restated ¹ 2022	2023	2022
Revenue					
Insurance premium revenue	27	2,219,870	2,218,293		
Reinsurance premiums	28	(204,542)	(168,583)		
Net insurance premiums		2,015,328	2,049,710		–
Revenue from contracts with customers	29	341,977	214,406		
Cost of sales		(24,849)	(13,222)		
Dividend revenue	35			403,889	368,854
Other income	30	5,728	11,567	37	4,212
Interest income	31	15,135	7,636	396	186
Interest income on financial assets at amortised cost	31	440	453		
Fair value adjustment to financial assets at fair value through profit or loss	32	764,670	282,385	8,374	4,852
Net Income		3,118,429	2,552,935	412,696	378,104
Net insurance benefits and claims	33	(387,717)	(380,813)		–
Gross insurance benefits and claims	33	(586,342)	(575,286)		
Insurance claims recovered from reinsurers	33	198,625	194,473		
Decrease in policyholder liabilities under insurance contracts	34	315,357	58,268		
Decrease in reinsurance assets	6	(84,178)	(6,950)		
Fair value adjustment to financial liabilities at fair value through profit or loss	18	(632,644)	(114,814)		
Movement in expected credit loss		654	(3,249)		
Finance cost on financial liabilities at amortised cost	19	(15,107)	(16,300)		
Interest expense		(10,326)	(6,512)		
Operating expenses	36	(1,733,116)	(1,442,332)	(11,265)	(3,508)
Profit before tax		571,352	640,233	401,431	374,596
Tax	38	(81,293)	(219,880)	(320)	(1,656)
Net profit for the year		490,059	420,353	401,111	372,940
Attributable to:					
– Non-Controlling interest		2,359			
– Equityholders of the Group – ordinary shareholders		487,700	420,353	401,111	372,940
Net profit for the year		490,059	420,353	401,111	372,940
Other comprehensive income/(expense):					
Profit/(loss) on property revaluation*		6,746	(9,092)		
Income tax relating to property revaluation*		(1,570)	2,338		
Other comprehensive income/(expense) for the year – net of tax		5,176	(6,754)		
Total comprehensive income for the year		495,235	413,599	401,111	372,940
Attributable to:					
– Non-Controlling interest		2,359			
– Equityholders of the Group – ordinary shareholders		492,876	413,599	401,111	372,940
Earnings per share (cents)	39	145.44	125.36		
Diluted Earnings per share (cents)	39	145.32	125.21		

* Items that cannot be recycled to profit and loss.

1 Refer to the note 44 on restatements on pages 176 to 177.

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2023

(R'000)	Share capital	Share premium	Common control deficit	Sub-total	Restated retained earnings ⁴	BR Scheme reserve ¹	Non-controlling interest	NDR revaluation ²	Restated total ⁴
Balance as at 1 July 2021	6,706	389,135	(220,273)	175,568	769,613	23,740	–	62,176	1,031,097
Ordinary dividends				–	(368,854)				(368,854)
Total comprehensive income	–	–	–	–	420,353	–	–	(6,754)	413,599
– Net profit for the year				–	420,353				420,353
– Other comprehensive expense				–				(6,754)	(6,754)
BR Scheme allocated				–		1,622			1,622
Balance as at 30 June 2022	6,706	389,135	(220,273)	175,568	821,112	25,362	–	55,422	1,077,464

(R'000)	Share capital	Share premium	Common control deficit	Sub-total	Restated retained earnings ⁴	BR Scheme reserve ¹	Non-controlling interest	NDR revaluation ²	Restated total ⁴
Balance as at 1 July 2022	6,706	389,135	(220,273)	175,568	821,112	25,362	–	55,422	1,077,464
Non-Controlling Interest – Direct Rewards ³				–			717		717
Ordinary dividends				–	(402,386)				(402,386)
Total comprehensive income	–	–	–	–	487,700	–	2,359	5,176	495,235
– Net profit for the year				–	487,700		2,359		490,059
– Other comprehensive income				–				5,176	5,176
BR scheme allocated				–		1,932			1,932
Balance as at 30 June 2023	6,706	389,135	(220,273)	175,568	906,426	27,294	3,076	60,598	1,172,962

1 The BR Scheme reserve held is in respect of BRs granted to management (excluding Group Excom), IFAs and key employees in terms of the BR Scheme. No shares (2022: no shares) were issued during the year.

2 Comprises of the accumulated owner-occupied properties fair value adjustment and related tax.

3 Refer to note 11 – Acquisition of subsidiary.

4 Refer to restatement note 44 on pages 176 to 177.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2023

(R'000)	Share capital	Share premium	Retained earnings	BR Scheme reserve ¹	Total
Balance as at 1 July 2021	6,706	389,135	(10,524)	23,740	409,057
Ordinary dividends			(368,854)		(368,854)
Net profit for the year			372,940		372,940
BR scheme allocated				1,622	1,622
Balance as at 30 June 2022	6,706	389,135	(6,438)	25,362	414,765
Balance as at 1 July 2022	6,706	389,135	(6,438)	25,362	414,765
Ordinary dividends			(402,386)		(402,386)
Net profit for the year			400,661		400,661
BR scheme allocated				1,932	1,932
Balance as at 30 June 2023	6,706	389,135	(8,164)	27,294	414,971

1 The BR Scheme reserve held is in respect of BRs granted to management (excluding Group Excom), IFAs and key employees in terms of the BR Scheme. No shares (2022: no shares) were issued during the year.

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2023

(R'000)	Notes	Group		Company	
		2023	Restated ¹ 2022	2023	2022
Profit from operations		571,352	640,233	401,431	374,596
Adjusted for non-cash items	40	(394,414)	(129,718)	(7,844)	(8,827)
Separately disclosable items	40	(109,840)	(92,703)	(5,212)	(3,968)
Working capital changes	40	142,156	(27,432)	5,619	(3)
Increase in financial liabilities	40	3,570,396	1,486,762		
Decrease in financial liabilities	40	(2,532,711)	(856,140)		
Acquisition of financial assets	8	(3,538,799)	(1,438,028)	(9,170)	
Disposal of financial assets	8,9	2,548,577	968,954	12,634	4,864
Cash generated from operations		256,717	551,929	397,458	366,662
Interest received	40	74,933	47,446	2,043	1,416
Dividends received		34,907	45,257	3,169	2,552
Dividends paid	41	(404,208)	(368,736)	(402,261)	(368,736)
Taxation paid	42	(174,627)	(155,310)		(393)
Cash flows from operating activities		(212,278)	120,586	409	1,501
Acquisition of intangible assets	2	(10,923)	(20,198)		
Acquisition of property and equipment	3	(14,236)	(15,238)		
Acquisition of owner-occupied properties	4	(3,603)	(4,574)		
Proceeds from disposal of property and equipment, and intangible assets	2,3	13	7,167		
Additions to financial assets at amortised cost ²	9	(300)	(45,975)		
Repayment of financial assets at amortised cost ²			13,556		
Increase in loans to subsidiaries				(6,700)	(2,728)
Repayment of loans from subsidiaries				1,400	1,028
Net cash for the acquisition of 15.9% share in Direct Rewards	11	(808)		(3,218)	
Cash flows from investing activities²		(29,857)	(65,261)	(8,518)	(1,700)
Repayment of loans at amortised cost		(10,326)	(16,546)		
Cash flows from financing activities		(10,326)	(16,546)	-	-
(Decrease)/increase in cash and cash equivalents		(252,461)	38,779	(8,109)	(199)
Cash and cash equivalents at beginning of year		502,000	463,221	12,524	12,723
Cash and cash equivalents at end of year		249,540	502,000	4,415	12,524

¹ Refer to the note 44 on restatements on pages 176 to 177.

² As part of the Group's continued disclosure enhancement efforts, to comply with International Accounting Standards 7 – Statements of Cash Flows, we have provided more detail by separating additions and repayments of financial assets at amortised cost. The comparative for 2022 has been restated on a consistent basis and previously disclosed as a net increase of R32.4 million.

SEGMENT INFORMATION

as at 30 June 2023

BASIS OF SEGMENTATION

The Group's operations are analysed across four reportable operating segments, based on the four principal lines of business from which the Group generates revenue, being Long-term insurance (incorporating the property subsidiaries), short-term insurance, CBC Rewards, Clientèle Mobile and Direct Rewards, and "other" business segment (consisting of Clientèle's dividend income, investment income, ECL and operating expenses). Due to the size of the CBC Rewards, Clientèle Mobile and Direct Rewards segment the chief operating decision maker has decided to disclose this segment separately.

The long-term insurance segment incorporates the sale and administration of long-term insurance risk policies (Refer to Insurance and Financial Risk Management Note 4.1 on page 118) as well as the transactions associated with the owner-occupied properties.

The short-term insurance segment incorporates the sale and administration of legal advice policies concluded under the short-term insurance license (Refer to Insurance and Financial Risk Management Note 4.2 on page 119).

The CBC Rewards, Clientèle Mobile and Direct Rewards segment incorporates the sale and administration of loyalty rewards contracts as well as cellular sim cards, mobile data and airtime to clients.

Clientèle is the Holding Company of the Group. The vast majority of policies are in respect of individuals.

Statement of Financial Position – Segment Information as at 30 June 2023

(R'000)	Long-term insurance	Short-term insurance	CBC Rewards, Clientèle Mobile, & Direct Rewards	Other	Inter- segment	Total
Segment assets and liabilities						
Owner-occupied properties	422,667					422,667
Intangible assets	20,459	1,618	10,648			32,725
Property and equipment	43,750	968	153			44,871
Deferred tax	183,620	7,311	11,003	2,388		204,322
Goodwill				8,412		8,412
Reinsurance assets						
Financial assets	10,635,163	265,290	–	52,916	–	10,953,369
– At fair value through profit or loss	10,634,891	265,290		52,916		10,953,097
– At amortised cost	272					272
Deferred acquisition costs	164,930					164,930
Inventories	99		4,221			4,320
Loans to subsidiaries				54,948	(54,948)	–
Trade receivables including insurance receivables	94,130	43,660	12,744	(79,811)		70,723
Current tax receivable	962		146	913		2,021
Cash and cash equivalents	205,490	34,043	5,593	4,414		249,540
Total assets	11,771,270	352,890	44,508	44,180	(54,948)	12,157,900
Deferred tax	28,769			3,207		31,976
Policyholder liabilities under insurance contracts	461,587	20,474				482,061
Financial liabilities	9,764,661	–	–	–	–	9,764,661
– At fair value through profit or loss	9,613,919					9,613,919
– At amortised cost	150,742					150,742
Loans at amortised cost	100,000					100,000
Financial guarantee liability				2,000		2,000
Intergroup loans			54,948		(54,948)	–
Deferred revenue	359,862					359,862
Employee benefits	74,930	13,870				88,800
Accruals and payables including insurance payables	141,638	28,868	15,578	(43,214)		142,870
Current tax payable	3,648	2,412		6,648		12,708
Total liabilities	10,935,095	65,624	70,526	(31,359)	(54,948)	10,984,938
Segment items included in the SOFP: 2023						
Acquisition of intangible assets	6,736	684	3,502			10,923
Acquisition of property and equipment	14,083	153				14,236

Segment Information continued

Statement of Financial Position – Restated Segment Information as at 30 June 2022

(R'000)	Long-term insurance	Short-term insurance	CBC Rewards, Clientèle Mobile, & Direct Rewards	Other	Inter- segment	Total
Segment assets and liabilities						
Owner-occupied properties	412,318					412,318
Investment in Associate			5,837			5,837
Intangible assets	28,205	5,216	9,744			43,165
Property and equipment	42,376	1,240	73			43,689
Deferred tax	96,764	8,607	8,337	(4,149)		109,559
Reinsurance assets	84,178					84,178
Financial assets	8,974,140	203,694	–	48,006	–	9,225,840
– At fair value through profit or loss	8,946,783	203,694		48,006		9,198,483
– At amortised cost	27,357					27,357
Deferred acquisition costs	109,559					109,559
Inventories	115		4,922			5,037
Loans to subsidiaries	4,539			44,681	(49,220)	–
Trade receivables including insurance receivables	57,197	4,292	7,819	1,069		70,377
Cash and cash equivalents	358,465	128,196	2,815	12,524		502,000
Total assets	10,167,856	351,245	39,547	102,131	(49,220)	10,611,559
Deferred tax	16,962					16,962
Policyholder liabilities under insurance contracts	764,480	9,182				773,662
Financial liabilities	8,178,310	–	–	–	–	8,178,310
– At fair value through profit or loss	7,962,867					7,962,867
– At amortised cost	215,443					215,443
Loans at amortised cost	100,000					100,000
Financial guarantee liability				2,000		2,000
Intergroup loans	(2,167)	1,432	49,955		(49,220)	–
Deferred revenue	210,491					210,491
Employee benefits	65,804	11,904				77,708
Accruals and payables including insurance payables	113,645	31,154	6,923	316		152,038
Current tax payable	20,559	2,365				22,924
Total liabilities	9,468,084	56,037	56,878	2,316	(49,220)	9,534,095
Segment items included in the SOPF: 2022						
Acquisition of intangible assets	9,633	2,632	3,416			15,681
Acquisition of property and equipment	14,073	135	9			14,217

Segment Information continued

Statement of Comprehensive Income – Segment Information
for the year ended 30 June 2023

(R'000)	Long-term insurance	Short-term insurance	CBC Rewards, Clientèle Mobile, & Direct Rewards	Other [#]	Inter- segment	Total
Revenue						
Insurance premium revenue	1,726,985	492,885				2,219,870
Reinsurance premiums	(204,542)					(204,542)
Net insurance premiums	1,522,443	492,885	–	–	–	2,015,328
Revenue from contracts with customers ¹	259,827		94,405		(12,255)	341,977
Cost of sales			(24,849)			(24,849)
Dividend revenue				402,386	(402,386)	–
Other income	13,243	73	318	1,089	(8,995)	5,728
Interest income	11,997	2,649	92	397		15,135
Interest income on financial assets at amortised cost	440					440
Fair value adjustment to financial assets at fair value through profit or loss	728,179	28,117		8,374		764,670
Segment income	2,536,129	523,724	69,966	412,246	(423,636)	3,118,429
Net insurance benefits and claims	(334,507)	(53,210)				(387,717)
Decrease in policyholder liabilities under insurance contracts	313,551	1,806				315,357
Decrease in reinsurance assets	(84,178)					(84,178)
Fair value adjustment to financial liabilities at fair value through profit or loss	(632,644)					(632,644)
Movement in expected credit loss	654					654
Finance cost on finance liabilities at amortised costs	(15,107)					(15,107)
Interest expense	(10,319)		(7)			(10,326)
Operating expenses	(1,303,178)	(359,999)	(75,445)	(10,735)	16,241	(1,733,116)
Segment expenses and claims	(2,065,728)	(411,403)	(75,452)	(10,735)	16,241	(2,547,077)
Profit before tax	470,401	112,321	(5,486)	401,511	(407,395)	571,352
Tax	(56,693)	(26,878)	1,358	920	–	(81,293)
Net profit/(loss) for the year	413,708	85,443	(4,128)	402,431	(407,395)	490,059
Segment items included in the operating expenses: 2023						
Amortisation and impairment of intangible assets	(15,064)	(3,825)	(3,502)			(22,392)
Depreciation	(12,624)	(418)	(22)			(13,063)

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

¹ Long-term segment revenue from contracts with customers consists of IFA business fees (R89.2 million) and deferred revenue (R170.7 million). The CBC Rewards, Mobile and Direct rewards (R94.4 million) revenue from contracts with customers consists of rewards fees.

Segment Information continued

Statement of Comprehensive Income – Restated segment Information for the year ended 30 June 2022

(R'000)	Long-term insurance	Short-term insurance	CBC Rewards and Clientèle Mobile	Other [#]	Inter- segment	Total
Revenue						
Insurance premium revenue	1,727,156	491,137				2,218,293
Reinsurance premiums	(168,583)					(168,583)
Net insurance premiums	1,558,573	491,137	–	–	–	2,049,710
Revenue from contracts with customers ¹	179,939		45,398		(10,931)	214,406
Cost of sales			(13,222)			(13,222)
Dividend revenue				368,854	(368,854)	–
Other income	(1,669)	203	3,648	2,957	6,428	11,567
Interest income	6,012	1,438		186		7,636
Interest income on financial assets at amortised cost	453					453
Fair value adjustment to financial assets at fair value through profit or loss	267,171	10,362		4,852		282,385
Segment income	2,010,479	503,140	35,824	376,849	(373,357)	2,552,935
Net insurance benefits and claims	(364,096)	(16,717)				(380,813)
Decrease/(Increase) in policyholder liabilities under insurance contracts	58,947	(679)				58,268
Decrease in reinsurance assets	(6,950)					(6,950)
Fair value adjustment to financial liabilities at fair value through profit or loss	(114,814)					(114,814)
Movement in expected credit loss	(3,249)					(3,249)
Finance cost on financial liabilities at amortised costs	(16,300)					(16,300)
Interest expense	(6,512)					(6,512)
Operating expenses	(1,068,961)	(353,523)	(33,097)	(3,338)	16,587	(1,442,332)
Segment expenses and claims	(1,521,935)	(370,919)	(33,097)	(3,338)	16,587	(1,912,702)
Profit before tax for the year	488,544	132,221	2,727	373,511	(356,770)	640,233
Tax	(177,667)	(37,359)	(727)	(4,127)		(219,880)
Net profit for the year	310,877	94,862	2,000	369,384	(356,770)	420,353
Segment items included in the operating expenses: 2022						
Amortisation and impairment of intangible assets	(14,406)	(2,713)	(2,795)			(19,914)
Depreciation	(13,073)	(464)	(17)			(13,554)

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

¹ Long-term segment revenue from contracts with customers consists of IFA business fees (R90.1 million) and deferred revenue (R90.4 million). The CBC Rewards, Mobile and Direct rewards (R34.5 million) revenue from contracts with customers consists of rewards fees.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

1. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS USED IN APPLYING ACCOUNTING POLICIES

The Group makes use of estimates and assumptions that affect the reported amounts of its insurance liabilities, owner occupied properties, employee benefit obligations, intangible assets, deferred tax assets and related liabilities and unquoted financial instruments. Save for employee benefit obligations which are evaluated semi-annually, estimates and judgments are evaluated monthly and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, as set out below.

1.1 Long-term Insurance

Other than where an IBNR liability has been established, the insurance liabilities are calculated by projecting liability outgo and expected future premiums and discounting the cash flows to the Valuation date based on the Valuation discount rate. These are referred to as discounted liabilities. Where reserving cashflow projections resulted in negative reserves, these were eliminated per policy. As such, no policy was treated as an asset except in the case of certain funeral parlours policies where, due to the high client affinity and consequently lower withdrawal experience, negative reserves have not been eliminated on this class of business. (Refer to Note 17 on pages 156 to 159 and to the sensitivity analysis in Insurance and Financial Risk Management Note 4.1 on page 118).

1.2 Employee Benefits

The determination of the liabilities in respect of the Goodwill Scheme component of the Group's Bonus Scheme is dependent on estimates made by the Group. Estimates are made as to the expected VNB generated in the each of the years of a five year cycle of the Scheme, the multiple used in the formula and the expected number of participants in the Scheme. From the Cycle that commenced on 1 July 2022 onwards, the Goodwill Scheme will be based on a weighted average of the VNB created during the five-year Cycle in determining the pool.

The determination of the liabilities in respect of the EV component of the Group's Bonus Scheme is dependent on estimates made by the Group. Factors affecting the calculation are the Recurring EV earnings, the hurdle rate and the expected pool utilisation. (Refer to Note 24 on pages 162 to 163).

1.3 Deferred tax assets

The calculation of the deferred tax asset in respect of the IPF of R181.5 million (2022: R61.3 million) and future utilisation of the assessed loss together with the related policyholder liability amounting to R155.1 million (2022: R57.6 million) is subject to estimates and judgements. The input with the largest effect on the calculation is the assumed attrition rate of business. Management has reduced the attrition rate from 20% to 3% as there is now sufficient evidence in respect of the behaviour of this book of business evidenced by more experience and increased single premium business sold in the year. If the attrition rate decreased to 2% the deferred tax asset would increase to R185.5 million (2022: R66.4 million), with an additional positive impact of R0.5 million (2022: R0.4 million) on net profit after tax. If the attrition rate increased to 4%, the deferred tax asset would decrease to R177.5 million (2022: R56.9 million), with an additional negative impact of R0.5 million (2022: R0.4 million) on net profit after tax. At the reporting date the IPF has an estimated tax loss of R1.0 billion (2022: R1.5 billion).

1.4 Owner Occupied Properties

The owner occupied properties are classified as investment property in Clientèle Life and the material properties are valued annually by Broll Valuation and Advisory Services Proprietary Limited (part of the CB Richard Ellis Proprietary Limited network), an independent valuator. For the purpose of valuing the property, the discounted cash flow methodology was adopted, in terms of which estimated gross income is projected for a ten year period.

Forecast expenses are then deducted from the estimated gross annual income projections, to arrive at the net annual income stream throughout the cash flow period. An amount that represents an estimate of the value of the property upon reversion at the end of the cash flow period is added to the sum of the discounted net annual value of the cash flows. The estimated value upon reversion at the end of the cash flow period is calculated as the value of the estimated net income in the forward period of 12 months immediately following the final year of the cash flow capitalised at an appropriate rate to reflect the perceived risk in the investment.

The underlying assumptions used are a gross market rental of between R125 and R165 (2022: between R125 and R165) per square meter per month. This has then been capitalised into perpetuity at a yield of between 8.75% and 9.50% (2022: between 8.75% and 9.50%), which is appropriate given the current state of the property market and the quality of the property investments. Refer to Note 4 on page 147.

1.5 Financial Guarantee in favour of Depfin

A Monte Carlo simulation was conducted at the end of the financial year to determine the amount of the Financial Guarantee Liability in respect of the financial guarantee issued by Clientèle in favour of Depfin (a division of Nedbank Limited). Refer to Commitments disclosed in Note 45 on page 177.

The following factors inter alia, were taken into consideration in calculating the Financial Guarantee Liability:

- The future share prices of Clientèle;
- The future EV per share of Clientèle;
- The probability of default;
- The exposure at default;
- The loss given default; and,
- The dates of default.

The YTI preference share funding arrangement with Depfin includes an EV per share covenant as well as a Market Value per share covenant. Both covenants need to be breached to trigger a call on additional capital.

The ECL using the above methodology amounted to R2 million (2022: R2 million).

1.6 Financial assets at level 3 of the fair value hierarchy

Level 3 values are estimated indirectly using Valuation techniques or models, for which one or more of the significant inputs are assumptions (based on unobservable market inputs). African bank stub paper has been classified as level 3 on the fair value hierarchy as the instruments are not traded directly on the market.

The following factors are taken into consideration in determining the fair value of the senior stub paper applicable at the prior year end (the senior stub paper was repaid during the year):

- Market interest rates;
- Experience gained from the stub paper from the past;
- Market conditions currently experienced;
- The value of the instrument had it been measured at amortised cost; and,
- Market knowledge obtained from news sources and Investment managers.

The fair value of the stub paper was reviewed at least twice a year, and when information becomes available that indicates that the fair value is different to the value recorded.

YTI preferences shares are considered as Level 3 on the fair value hierarchy and are valued using a Monte Carlo simulation. The primary inputs used to value the shares consist of:

- the Clientèle share price;
- the dividend yield; and,
- 77% of the prime interest rate.

1.7 ECL

Expected credit losses on financial assets held at amortised cost are calculated on a biannual basis. The current balance of R0.03 million (2022: R5.1 million) was calculated using a loss given default of 10%.

Refer to page 111 under Insurance and Financial Risk Management.

1.8 COVID-19

COVID-19 related assumptions included explicit allowances in respect of net insurance benefits and claims, policyholder liabilities under insurance contracts, withdrawals and premium collection. The COVID-19 reserve was released in full during the 2023 financial year.

1.9 Deferred Acquisition Cost (DAC)

The DAC relates to the deferral of incremental costs for the single premium business and the recurring premium saving policies sold via the Telesales channel.

- The DAC is amortised over a period of 3 years for the recurring premium saving policies and over 5 years for the single premium business.

Notes to the Annual Financial Statements continued

(R'000)	Group						
	2023			2022			
	Computer Software	Video production	Total	Computer software	Intellectual property	Video production	Total
2. INTANGIBLE ASSETS							
Cost at beginning of year	78,400	23,787	102,187	75,934	4,520	18,774	99,228
Additions	10,024	899	10,923	10,518		9,680	20,198
Disposals			–	(2,379)		(2,138)	(4,517)
Assets written off*	(943)	(24,686)	(25,629)	(5,673)	(4,520)	(2,529)	(12,722)
Cost at end of year	87,481	–	87,481	78,400	–	23,787	102,187
Accumulated amortisation at beginning of year	(45,282)	(13,740)	(59,022)	(28,509)	(4,520)	(8,973)	(42,002)
Amortisation charge for the year	(11,376)	(11,016)	(22,392)	(12,460)		(7,454)	(19,914)
Assets written off*	1,902	24,756	26,658	5,673	4,520	2,529	12,722
Impairment				(11,000)			(11,000)
Reassessment of residual Value				1,014		158	1,172
Accumulated amortisation at end of year	(54,756)	–	(54,756)	(45,282)	–	(13,740)	(59,022)
Net carrying amount at end of year	32,725	–	32,725	33,118	–	10,047	43,165

* Fully amortised/depreciated assets that were not in use, as well as video production were written off by the Group. Future video production will be expensed as it is incurred.

(R'000)	Group					
	Leasehold improvements	Furniture and equipment	Solar plant	Computer equipment	Motor vehicles	Total
3. PROPERTY AND EQUIPMENT						
Year ended 30 June 2023						
Cost at beginning of year	6,407	33,532	9,187	61,915	1,163	112,202
Additions	927	3,793	1,656	7,860		14,236
Assets written off*		(79)		(54)		(133)
Reclassification Adjustment	1,329	(7,421)		6,092		-
Cost at end of year	8,663	29,825	10,843	75,813	1,163	126,305
Accumulated depreciation at beginning of year	(3,218)	(22,985)	(318)	(41,207)	(787)	(68,513)
Depreciation charge for the year	(851)	(2,624)	(466)	(8,961)	(162)	(13,063)
Assets written off*		62		22		84
Reclassification Adjustment	(1,450)	1,155		279	16	-
Accumulated depreciation at end of year	(5,519)	(24,392)	(784)	(49,867)	(874)	(81,434)
Net carrying amount at end of year	3,144	5,433	10,059	25,946	289	44,871

* Fully amortised/depreciated assets that were not in use were written off by the Group.

(R'000)	Group					
	Leasehold improvements	Furniture and equipment	Solar plant	Computer equipment	Motor vehicles	Total
Year ended 30 June 2022						
Cost at beginning of year	5,822	30,794	6,688	56,104	1,877	101,283
Additions	699	3,022	2,499	8,720	298	15,238
Assets written off*	(39)	(29)		(201)		(269)
Disposals	(75)	(255)		(2,708)	(1,012)	(4,050)
Cost at end of year	6,407	33,532	9,187	61,915	1,163	112,202
Accumulated depreciation at beginning of year	(2,456)	(20,115)		(34,865)	(1,589)	(59,026)
Depreciation charge for the year	(824)	(3,220)	(318)	(9,023)	(169)	(13,554)
Reassessment of residual value	13	244		509		766
Assets written off*	39	29		201		269
Disposals	10	77		1,971	971	3,029
Accumulated depreciation at end of year	(3,218)	(22,985)	(318)	(41,207)	(787)	(68,513)
Net carrying amount at end of year	3,189	10,547	8,869	20,708	376	43,689

* Fully amortised/depreciated assets that were not in use were written off by the Group.

Notes to the Annual Financial Statements continued

(R'000)	Group					
	2023			2022		
	Land	Buildings	Total	Land	Buildings	Total
4. OWNER-OCCUPIED PROPERTIES						
At Valuation at beginning of year	78,021	334,297	412,318	80,218	337,565	417,783
Additions at cost (buildings 1 to 7)		3,603	3,603		4,575	4,575
Disposals					(946)	(946)
Revaluation	4,683	2,064	6,746	(2,197)	(6,897)	(9,094)
At Valuation at end of year	82,704	339,964	422,667	78,021	334,296	412,318

The land and buildings for material properties are valued annually on 30 June, at fair value by an independent valuator, Broll Valuation and Advisory Services Proprietary Limited (part of the CB Richard Ellis Proprietary Limited Network).

In arriving at the open market value of the lettable properties, the discounted cash flow methodology is adopted and estimated gross income is projected in line with the lease term.

Forecast expenses are then deducted from the estimated gross annual income projections to arrive at the net annual income stream throughout the cash flow period. This net annual income stream is then discounted and aggregated to determine an estimated net present value of the cash flows. A discounted end of lease terminal value is added to the net present value of the cash flow.

The valuation of material properties assumes the continuation of existing use, and includes the intergroup lease agreement rates of between R178 and R212 per square meter per month and an annual escalation of 7% to the lease term (2031), thereafter reverting to market related rates, which are determined with reference to current market rentals of between R125 and R165 (2022: between R125 and R165) per square meter per month. This has been capitalised into perpetuity at the following yields for the following buildings:

- Building 7: 8.75% (2022: 8.75%)
- Building 1 to 4: 9.50% (2022: 9.50%)
- Building 5 and 6: 9.50% (2022: 9.50%)

The residual value exceeds the carrying amount therefore there is no depreciation charge.

Sensitivity Analysis

The effect of changes in the discount and terminal cap rate, will have the following effect on the fair value of the properties and corresponding effect on equity:

	% change	2023 R'000	2022 R'000
Change in discount rate	+0.5	(10,549)	(10,561)
Change in discount rate	-0.5	10,968	10,990
Change in terminal Cap rate	+0.5	(6,215)	(6,751)
Change in terminal Cap rate	-0.5	6,939	7,538

The properties consist of seven contiguous office buildings and a parking structure situated on Erf 1725, Morningside Extension 71, Erf 1731, Morningside Extension 42, Portions 1, 2 and 3 of Erf 1502, Morningside Extension 71, Sandton, Gauteng. The buildings and parking structure are leased by Group companies. The properties balance also includes a property in the Zebula Golf Estate and Spa situated 093, SS Mabalngwe 12, Bela-Bela in the Limpopo province.

Register of Owner-Occupied Properties

A register containing the details of all owner-occupied properties is available for inspection at the registered office of Clientèle.

If the owner-occupied properties were stated on the historical cost basis, the net book value or historical cost would be R338.7 million at 30 June 2023 (2022: R335.1 million).

5. INVESTMENT IN SUBSIDIARIES

	Company		
	Amount of issued share capital and share premium R	Percentage of issued share capital %	Shares held at cost R'000
2023			
Direct holdings			
Unlisted subsidiaries			
Clientèle Life**	4,853,000	100	252,426 [#]
Clientèle General Insurance	42,500,000	100	47,008 [#]
CBC Rewards (Pty) Ltd	8,610	100	3,887
Clientèle Mobile (Pty) Ltd	1	100	*
Direct Rewards (Pty) Ltd ¹	2,501	51	9,055
			312,375
2022			
Direct holdings			
Unlisted subsidiaries			
Clientèle Life**	4,853,000	100	250,716 [#]
Clientèle General Insurance	42,500,000	100	46,785 [#]
CBC Rewards (Pty) Ltd	8,610	100	3,887
Clientèle Mobile (Pty) Ltd	1	100	*
			301,388

* Less than R1,000.

** Clientèle Properties North, Clientèle Properties South and Clientèle Properties East are fully owned subsidiaries of Clientèle Life. Refer to page 2 for the group structure.

[#] The increase relates to the recharge arrangement described in accounting policy 20.3.

¹ Direct Rewards is now accounted for as a subsidiary with effect from 1 July 2022 at a shareholding of 51%, with a goodwill value of R8.4 million. This investment was previously disclosed under "investment in associate".

A register of unlisted investments is available for inspection at the Company's registered office in terms of the provisions of section 113 of the Companies Act.

(R'000)	Group		Company	
	2023	2022	2023	2022
6. REINSURANCE ASSETS				
Reinsurers' share of insurance liabilities				
Balance at beginning of the year	84,178	91,128		
Movement for the year	(84,178)	(6,950)	-	-
Movement in reinsurers' share of insurance liabilities	(28,650)	26,436		
Movement in COVID-19 reinsurance reserve	(55,528)	(33,386)		
Balance at end of the year	-	84,178	-	-

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2023	2022	2023	2022
7. LOANS TO SUBSIDIARIES				
Opening balance	–	–	44,682	43,152
Advances			6,701	2,728
Payments			(1,400)	(1,028)
Movement in ECL			(530)	(170)
Closing balance	–	–	49,453	44,682
Gross loans to subsidiaries			54,948	49,647
ECL closing balance	–	–	(5,495)	(4,965)
ECL opening balance			(4,965)	(4,795)
Movement in ECL			(530)	(170)
Closing balance	–	–	49,453	44,682

(R'000)	Group		Company	
	2023	2022	2023	2022
8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Balance at beginning of the year – mandatory	1,362,830	1,377,291	48,006	48,018
Balance at beginning of the year – designated	7,835,653	7,069,734		
Movements for the year				
– Fair value adjustments – mandatory	171,630	49,775	8,374	4,852
– Fair value adjustments – designated	593,040	232,609		
– Additions – mandatory	412,369	200,146	9,170	
– Additions – designated	3,126,153	1,237,882		
– Disposals – mandatory	(340,284)	(264,382)	(12,634)	(4,864)
– Disposals – designated	(2,208,294)	(704,572)		
Balance at the end of year – mandatory	1,606,545	1,362,830	52,916	48,006
Balance at end of year – designated	9,346,552	7,835,653	–	–
Total debt securities	10,016,985	8,353,836	13,027	10,519
Promissory notes and deposits (unquoted)	9,346,552	7,825,805		
Funds on deposit	238,586	236,516	1,020	1,419
Fixed interest securities (quoted)	1	32,116		152
Government and public authority bonds (quoted)	431,846	259,399	12,007	8,948
Total equity securities	936,112	844,647	39,889	37,487
Listed on the JSE	757,357	632,980	24,402	23,167
Unlisted equities	41,591	34,579	11,165	9,062
Foreign equity fund*	137,164	177,088	4,322	5,258
Total instruments	10,953,097	9,198,483	52,916	48,006

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

	%	%	%	%
Spread of equities listed on the JSE by sector				
Industrials	31.1	28.5	31.1	28.5
Resources	19.6	22.8	19.6	22.8
Financials	30.2	29.7	30.2	29.7
Real estate	4.7	5.7	4.7	5.7
Technology	14.4	13.3	14.4	13.3
	100.0	100.0	100.0	100.0
Current	4,977,478	2,011,908	–	379
Non-current	5,975,619	7,186,575	52,916	47,627
	10,953,097	9,198,483	52,916	48,006

* This comprises of a fund managed by our fund managers which invests in foreign equities with exposure to the United States of America, Great Britain, Hong Kong and Japan as at 30 June 2023.

A register of listed and unlisted investments is available for inspection at the Company's registered office in terms of the provisions of section 113 of the Companies Act.

(R'000)	Group		Company	
	2023	2022	2023	2022
9. FINANCIAL ASSETS AT AMORTISED COST				
Balance at beginning of the year	32,418	–	–	–
Movements for the year				
– Interest income	440	453		
– Additions	300	45,521		
– Repayments	(32,856)	(13,556)		
Balance at end of year before ECL provision	302	32,418	–	–
ECL provision	(30)	(5,061)		
Balance at end of year	272	27,357	–	–
Current	272	27,357		
Non-current				
	272	27,357	–	–
Maturity analysis				
Due within one year	302	32,418		
Due within two to five years				
Less: ECL	(30)	(5,061)		
Balance at end of year	272	27,357	–	–

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2023	2022	2023	2022
10. INVESTMENT IN ASSOCIATE				
Investment at beginning of year	5,837	1,692	5,837	1,692
Equity-accounted profit		1,254		1,254
Reversal of impairment of investment in associate		2,891		2,891
Derecognition of the investment in associate	(5,837)		(5,837)	
Balance at end of year	-	5,837	-	5,837

11. ACQUISITION OF SUBSIDIARY

As at June 2022 the Group held 35.1% share in Direct Rewards (Pty) Ltd (hereafter Direct Rewards), equity accounted for as an associate.

On 1 July 2022, the Group acquired an additional 15.9%, bringing its total shareholding to 51% and gained control of Direct Rewards. Direct Rewards was acquired as a strategic acquisition (aligning with CBC Rewards (Pty) Ltd's growth strategy), Direct Rewards holds the supplier relationships that are leveraged in the rewards product.

	June 2022
Total assets	8,284
Total liabilities	(4,140)
Total identifiable net assets at date acquisition	4,144
Adjusted pre-acquisition dividend	(3,000)
Total identifiable net assets assumed after adjustment of pre-acquisition dividend	1,144
Non- controlling interest fair value in the 35.1% of Direct Rewards	5,976
Add the contingent payment of agterskot for the 35.1%*	312
Cash consideration paid (excluding paid agterskot of 15.9%)*	2,707
Group's share of Net Asset Value @51%	(583)
Goodwill	8,412
Net cashflow outflow	
Total cash consideration (including paid agterskot of 15.9%)*	3,218
Less: cash and cash equivalents balances acquired (1 July 2022)	(2,410)
Net cashflow outflow for the year	808

* The contingent agterskot is R312,000 and the paid agterskot was R510,532.

Direct Rewards contributed R15.3 million revenue (after elimination of intergroup transactions) and R4.8 million to the Group's profit for the period between the date of acquisition and the reporting date.

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2023	2022	2023	2022
12. TRADE RECEIVABLES INCLUDING INSURANCE RECEIVABLES*				
Trade receivables	11,728	10,565	1,000	1,000
Premiums receivable under insurance contracts	13,738	13,163		
Reinsurance receivable under reinsurance contracts	7,612	11,953		
Prepayments	37,645	34,696	73	69
	70,723	70,377	1,073	1,069
Current	70,723	70,377	73	69
Non-current			1,000	1,000
	70,723	70,377	1,073	1,069
The carrying value amounts approximate the fair value of these amounts				
Maturity analysis				
Due within one year	70,723	70,377	73	69
Due within two to five years			1,000	1,000
	70,723	70,377	1,073	1,069

* Refer to the Insurance and Financial Risk management section on page 110 and 112.

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2023	2022	2023	2022
13. CASH AND CASH EQUIVALENTS				
Cash in bank and at hand	249,540	502,000	4,415	12,524

(R'000)	Group		Company	
	2023	2022	2023	2022
14. SHARE CAPITAL AND PREMIUM				
Authorised share capital				
750,000,000 ordinary shares of 2 cents each	15,000	15,000	15,000	15,000
Issued share capital				
2023: 335,321,768 (2022: 335,321,768) ordinary shares of 2 cents each	6,706	6,706	6,706	6,706
Share premium	389,135	389,135	389,135	389,135
Common control deficit*	(220,273)	(220,273)		
	175,568	175,568	395,841	395,841

* Clientèle acquired the shares in Clientèle Life and its subsidiaries with effect from 19 May 2008. As there were no changes in the beneficial shareholders, this transaction was treated as a common control transaction. This treatment resulted in a common control deficit of R220.3 million, which was the difference between the net asset value of Clientèle Life at the date of transfer and the par value of the shares issued.

No shares (2022: Nil) were issued in terms of the BR Scheme.

All issued shares are fully paid. The unissued ordinary shares have been placed under the control of the Directors of the Group until the forthcoming AGM of shareholders.

(R'000)	Group		Company	
	2023	2022	2023	2022
15. BR SCHEME RESERVE				
BR Scheme Reserve	27,294	25,362	27,294	25,362

BRs are granted to qualifying employees, excluding Group Excom.

The initial price of the BR is the volume weighted average price that the ordinary share traded at on the JSE during the 30 (thirty) trading days immediately preceding the invitation date. BRs are conditional on the employee staying in the employ of the Group for the vesting period. The BRs are exercisable starting three years from the invitation date. All BRs not exercised on the seventh anniversary of the invitation date will lapse, except for any BRs allocated for the period 1 November 2013 to 31 December 2015, where the period was extended to 10 years from the Invitation Date.

15. BR SCHEME RESERVE (continued)

	2023		2022	
	Volume weighted average price on grant date (Rands)	Number of BRs granted	Volume weighted average price on grant date (Rands)	Number BRs granted
At beginning of year		14,563,866		13,808,668
Allotment			9.49	1,022,160
Allotment			9.94	393,800
Allotment			10.20	719,323
Allotment			10.39	902,605
Allotment	10.34	2,741,975		
Allotment	10.75	597,100		
Allotment	11.42	692,300		
Allotment	11.83	813,789		
Allotment	17.47	3,576		
Forfeited	7.69	(42,500)	7.69	(245,000)
Forfeited	8.35	(354,590)	8.35	(302,542)
Forfeited	9.34	(76,250)	9.34	(111,750)
Forfeited	9.49	(100,450)	9.49	(304,605)
Forfeited	9.51	(51,450)	9.51	(47,950)
Forfeited	9.94	(21,000)	9.94	(147,350)
Forfeited	10.20	(38,920)	10.20	(194,320)
Forfeited	10.39	(181,196)	10.39	(67,200)
Forfeited	13.14	(122,220)	13.14	(3,875)
Forfeited	14.18	(18,500)	14.18	(107,400)
Forfeited	14.78	(2,940)	14.78	
Forfeited	14.89	(44,100)	14.89	(94,000)
Forfeited	14.90	(159,500)	14.90	(185,500)
Forfeited	14.94	(639,941)	14.94	
Forfeited	15.87	(16,500)	15.87	(94,000)
Forfeited	16.01	(119,244)	16.01	(5,749)
Forfeited	16.36	(119,385)	16.36	(75,341)
Forfeited	16.51	(27,600)	16.51	(88,400)
Forfeited	16.93	(23,800)	16.93	(37,200)
Forfeited	17.00	(37,389)	17.00	(13,875)
Forfeited	17.24	(52,450)	17.24	(40,650)
Forfeited	17.27	(40,816)	17.27	
Forfeited	17.47		17.47	(21,983)
Forfeited	18.21	(57,931)	18.21	
Forfeited	19.71	(27,600)	19.71	(48,400)
Forfeited	19.96	(16,400)	19.96	(45,600)
Exercised				
At end of year		17,019,934		14,563,866

5.98 million (2022: 4.82 million) of the 17.0 million (2022: 14.6 million) outstanding Bonus Rights were exercisable.

Notes to the Annual Financial Statements continued

15. BR SCHEME RESERVE (continued)

Bonus Rights granted have the following expiry dates at the end of the year:

	2023		2022	
	Average Grant Price (Rands)	Number of BRs	Average Grant Price (Rands)	Number of BRs
01 September 2024	17.00	283,169	17.00	320,558.00
31 March 2023			14.94	639,941.00
01 November 2023	13.14	719,845	13.14	842,065.00
03 January 2024	14.78	17,316	14.78	20,256.00
18 February 2024	14.36	110,000	14.36	110,000.00
30 March 2025	17.27	410,896	17.27	451,712.00
30 September 2025	18.21	435,309	18.21	493,240.00
30 September 2023	16.01	318,293	16.01	437,537.00
31 March 2024	17.47	618,072	17.47	614,496.00
30 September 2024	16.36	313,603	16.36	432,988.00
01 April 2025	17.24	415,600	17.24	468,050.00
30 June 2025	19.71	313,750	19.71	341,350.00
30 July 2025	19.71	40,000	19.71	40,000.00
27 August 2025	20.01	100,000	20.01	100,000.00
01 October 2025	19.96	205,947	19.96	222,347.00
01 December 2025	16.93	127,500	16.93	151,300.00
01 March 2026	16.51	390,675	16.51	418,275.00
01 July 2026	14.89	404,075	14.89	448,175.00
01 October 2026	15.87	493,000	15.87	509,500.00
01 December 2026	14.90	758,500	14.90	918,000.00
01 March 2027	14.18	376,100	14.18	394,600.00
01 June 2027	7.69	815,500	7.69	858,000.00
01 September 2027	9.34	391,701	9.34	467,951.00
01 December 2027	8.35	1,809,023	8.35	2,163,613.00
01 March 2028	9.51	324,550	9.51	376,000.00
01 July 2028	9.49	617,105	9.49	717,555.00
30 September 2028	10.20	486,083	10.20	525,003.00
01 December 2028	9.94	225,450	9.94	246,450.00
31 March 2029	10.39	653,708	10.39	834,904.00
01 July 2029	11.42	692,300		
01 October 2029	11.83	813,789		
01 December 2029	10.75	597,100		
01 July 2030	10.34	2,741,975		
At end of year		17,019,934		14,563,866

The Statement of Comprehensive Income (SOI) charge was determined using the Black Scholes model. The IFRS 2: Share based payments cost relating to the BR Scheme amounted to R1.9 million (2022: R1.6 million). Significant inputs into the model include grant prices of Bonus Rights, the assumed dividend yield of 5% p.a., and the risk-free yield depending on the term until the assumed exercised date, assumed employee turnover of 28.3% (2022: 16.60%), contractual life of 1 to 7 years (2022: 1 to 7 years) and the potential share price growth.

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2023	2022	2023	2022
16. NDR				
NDR: Revaluation	60,598	55,422	–	–

The revaluation reserve relates to owner-occupied land and buildings owned by the subsidiaries, Clientèle Properties North, Clientèle Properties South and Clientèle Properties East referred to in Note 4 on page 147. The land and buildings have been revalued to market value through equity. Deferred tax (Refer to Note 25 on pages 164 to 165) has been provided at rates appropriate to the land and buildings and resulted in a net increase of R1.6 million to the deferred tax liability (2022: R2.3 million decrease).

(R'000)	Group	
	2023	Restated 2022
17. POLICYHOLDERS' LIABILITIES UNDER INSURANCE CONTRACTS		
Balance at beginning of the year	773,662	831,929
Change in policyholder liabilities under insurance contracts	(291,601)	(58,267)
Balance at end of the year	482,061	773,662

Notes to the Annual Financial Statements continued

(R'000)	Group			
	2023		2022 Restated	
	Gross of reinsurance	Net of reinsurance	Gross of reinsurance	Net of reinsurance
17. POLICYHOLDERS' LIABILITIES UNDER INSURANCE CONTRACTS (continued)				
Changes in insurance liabilities and reinsurance				
Discounted insurance liabilities as at the beginning of the year	637,012	637,398	692,463	692,444
Discretionary margins	(2,697,253)	(2,697,617)	(2,887,421)	(2,887,351)
Discounted insurance liabilities as at the beginning of the year prior to allowance for discretionary margins	(2,060,241)	(2,060,220)	(2,194,958)	(2,194,907)
Expected interest on insurance liabilities (and cashflows)	(297,628)	(297,628)	(253,779)	(253,779)
Expected premiums on insurance liabilities*	1,210,146	1,097,758	1,510,037	1,373,627
Expected change in margins (existing business)*	76,379	76,378	28,646	28,646
Expected claims, expiries and lapses*	(556,809)	(466,483)	(559,871)	(454,766)
Expected expenses, commission and charges*	(116,827)	(116,827)	(142,090)	(142,090)
Experience variations*	74,363	96,418	1,735	33,002
Impact of excluding a portion of funeral parlour business from discounted liabilities (note 1.1 page 143)	(288,825)	(285,019)		
Changes in valuation basis (renewal business only)	284,786	274,361	108,606	108,607
New business added during the year	(281,807)	(281,807)	(558,638)	(558,632)
Insurance liabilities as at closing prior to allowance for discretionary margins	(1,956,463)	(1,963,069)	(2,060,312)	(2,060,292)
Discretionary margins	2,379,108	2,391,078	2,725,586	2,725,951
Change in IFRS 9 reserve/reclassification (refer to pages 176 to 177 for restatement note)	–	–	(28,262)	(28,262)
A: Discounted insurance liabilities as at the end of the year	422,645	428,009	637,012	637,398
COVID-19 risk reserve as at the beginning of the year	81,710	26,182	144,051	55,136
Change in COVID-19 risk reserve during the year	(81,710)	(26,182)	(62,341)	(28,954)
B: COVID-19 risk reserve	–	–	81,710	26,182
Undiscounted insurance liabilities as at the beginning of the year	45,758	16,722	5,447	3,253
Impact of excluding a portion of funeral parlour business from undiscounted liabilities	(33,285)	(11,179)		
Withdrawals and change in reinsurance during the year	(3,902)	(1,683)	(1,320)	(972)
Unearned premium reserve (note 12.5 page 131)	18,178	18,178		
December is on Us reserve (note 12.4 page 130)	10,658	10,658		
New business added during the year	1,535	882	41,632	14,442
C: Undiscounted insurance liabilities as at the end of the year	38,942	33,578	45,759	16,723
Total insurance liabilities as at the end of the year (A+B+C)	461,587	461,587	764,481	680,303
Reinsurance assets	–	–	–	84,178
Gross long-term insurance liabilities as at the end of the year	461,587	461,587	764,481	764,481
Short-term insurance	20,474	20,474	9,181	9,181
IBNR	183	183	304	304
Cash Back Bonus	1,741	1,741	2,351	2,351
Outstanding Claims	5,452	5,452	6,526	6,526
Unearned premium reserve (note 12.5 page 131)	5,322	5,322		
December is on Us reserve (note 12.4 page 130)	7,776	7,776		
Total insurance liabilities as at the end of the year	482,061	482,061	773,662	773,662

* All these line items are restated.

17. POLICYHOLDERS' LIABILITIES UNDER INSURANCE CONTRACTS (continued)

Discounted Liabilities

These liabilities are established on a policy by policy basis. The basis of the projections is on a "best estimate" assumption basis. Compulsory margins are added to allow for risk and uncertainty based on the relevant local Actuarial Guidance Note (SAP104). In addition discretionary margins are included.

The compulsory margins were as follows:

Assumption	2023 Margin	2022 Margin
Investment return	0.25% increase/decrease*	0.25% increase/decrease*
Mortality	7.50% increase	7.50% increase
Expenses	10.0% increase	10.0% increase
Expense inflation	10.0% increase	10.0% increase
Lapses	25.0% increase/decrease*	25.0% increase/decrease*
Surrenders	10.0% increase/decrease*	10.0% increase/decrease*

* Depending on which change increases the liability.

Discretionary margins

Assets under insurance contracts (negative liabilities) have been zeroised against policyholder liabilities under insurance contracts. The exception being funeral parlours where due to a high client affinity with certain funeral parlours, and corresponding lower withdrawal experience on this business, a portion of future funeral parlour profits have been recognised during the year as a result of not eliminating negative reserves on this class of business. The total value of the discretionary margin net of reinsurance amounted to R2,391 million (2022 restated: R2,698 million).

Significant assumptions and other sources of estimation uncertainty

Discounted liabilities assumptions

The key assumptions used in the calculation of the insurance liabilities are based on recent experience investigations of the Group's business. Each assumption is reviewed annually based on the results of the most recent experience investigations. The intention is to arrive at a best estimate of the Group's experience.

Where data is not credible, more prudent assumptions are used based on industry data where available. However, for the bulk of the Group's business, internal data was used.

Once the best estimate is determined, compulsory margins (as set out in SAP104) are incorporated as described above.

Demographic Assumptions

Mortality

A detailed mortality investigation was undertaken for homogenous groupings of business for a 12-month period ended 30 June 2023 based on the in-force data file, movements data and claims during the period. These results are used to set the mortality assumptions relative to either the latest published local assured lives or in-house rates.

Withdrawals

In order to be in line with the rest of the industry, reinstatements have been removed from new business and treated as "negative withdrawals". This methodology change affected the withdrawal and expenses assumptions for the in-force and new business books.

A detailed withdrawal investigation was carried out for the 12-month period ended 30 June 2023 based on homogenous groupings of business.

The challenges in the collections environment, particularly when it comes to stability have persisted over the course of the financial year, albeit the banking environment stability has improved, stability issues worsened at one particular third party service provider. Furthermore, Clientèle is now experiencing major volumes of (multiple) disputes on RMS. It is expected that these challenges will be resolved in the short to medium term and thus long-term expected premium collection and withdrawal assumptions were not changed in this regard.

Expenses

In order to be in line with the rest of the industry, reinstatements have been removed from new business and reinstatements are treated as a "negative withdrawal" decrement when calculating the EV and VNB.

As a results, the value of reinstatements is no longer included in the VNB but the impact of reinstatements is included as a negative decrement in the VNB and VIF calculations. This methodology change also affected the withdrawal and expense assumptions for the in-force and new business calculations.

The renewal expense assumptions were set based on the budgeted expenses for the 2023/2024 financial year.

Notes to the Annual Financial Statements continued

Economic Assumptions

(a) Investment Return

The non-unit investment return assumption for all classes of business, except those where the liability has a specific asset backing it, was determined based on:

- The current zero-coupon yield curve (assuming an appropriate duration); and,
- adjusted for a compulsory margin (prescribed as being 0.25%).

For June 2023, the Valuation rate has been set with reference to the current zero coupon yield curve (an effective rate of 10.6% (2022: 10.3%) at a term of 5.75 years (2022: 6.00 years).

Based on the above, a non-unit investment return of 10.6% p.a. (2022: 10.3% p.a.) before compulsory margins was assumed for the majority of the business.

The unit investment return assumption was set based on the expected performance of the underlying assets, and thus a return of 12.1% p.a. (2022: 11.7%) (before compulsory margins) was assumed.

(b) Inflation

The current assumed level of future expense inflation is 6.1% (2022: 7.3%) per annum. This was set with reference to the revised level of the Valuation interest rate. The gap between the non-unit investment return assumption and the inflation rate of 4.5% (2022: 3.0%) was updated and based on the difference between the Prudential Authority's real and nominal yield curve as at 30 June 2023.

(c) Taxation

Future taxation and taxation relief are allowed for at the rates and on the basis applicable to section 29A of the Income Tax Act at the SOFP date. Clientèle Life's current tax position is taken into account, and taxation rates, consistent with that position and the likely future changes in that position, are allowed for.

Effect of changes in assumptions – 2023

The following changes were made to the Actuarial Valuation basis when compared to the 2022 basis (Impacts shown after allowing for discretionary margins):

- Economic assumptions were reviewed to reflect the current environment resulting in a decrease in liabilities of R20.5 million;
- A reinsurance rate revision and mortality decrement and assumption change resulted in an increase in liabilities of R16.2 million;
- The methodology change to treat reinstatements as "negative withdrawals" combined with withdrawal experience related and expense assumption changes resulted in an increase in liabilities of R24.3 million;
- The holding of negative reserves in respect of certain funeral parlours (i.e. negative reserves are no longer set to zero) together with updates to the withdrawal assumptions resulted in a decrease in liabilities of R239.1 million; and,
- Modelling refinements resulted in a decrease in liabilities of R14.9 million.

Effect of changes in assumptions – 2022

The following changes were made to the Actuarial Valuation basis when compared to the 2021 basis (Impacts shown after allowing for discretionary margins):

- Economic assumptions were reviewed to reflect the current environment resulting in a decrease in liabilities of R2.9 million;
- The expense assumptions were updated, which led to a liability decrease of R5.4 million;
- The withdrawal and other decrement assumptions were reviewed and adjusted where necessary in light of recent experience and resulted in a decrease in liabilities of R4.4 million; and,
- Modelling refinements, mainly pertaining to Savings products and commission, resulted in a decrease in liabilities of R0.5 million.

Undiscounted Liabilities

IBNR liabilities on short-term insurance of R0.2 million (2022: R0.3 million) are based on a percentage of the premiums payable and have been established at a level which is appropriate based on historic trends. The percentage is reviewed annually against actual experience and expected future trends.

COVID-19 risk reserve

The COVID-19 risk reserve of R26,2 million (net of re-insurance) was released over the financial year. Clientèle no longer holds an explicit COVID-19 risk reserve.

(R'000)	Group		Company	
	2023	Restated 2022	2023	2022
18. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS				
Balance at beginning of the year	7,962,867	7,214,602		
Movements for the year				
– Fair value adjustments*	632,644	114,814		
– Reduction in financial liability due to the recognition of deferred fiduciary tax	(99,430)			
– Deposits	3,569,891	1,476,762		
– Withdrawals and maturities	(2,452,055)	(843,311)		
Balance at end of the year	9,613,919	7,962,867	–	–

* Includes R97.5 million (2022: R54.5 million) related to the corresponding liability on the deferred tax asset of R155.0 million (2022: R57.60 million).

(R'000)	Group		Company	
	2023	2022	2023	2022
19. FINANCIAL LIABILITIES AT AMORTISED COST				
Balance at beginning of the year	215,443	201,973		
– Interest	15,107	16,300		
– Additions		10,000		
– Repayments	(79,808)	(12,830)		
Balance at end of the year	150,742	215,443	–	–
Current	39,002	70,326		
Non-current	111,740	145,117		
	150,742	215,443	–	–
Maturity analysis				
Due within one year	40,460	74,842		
Due within two to five years	131,138	177,776		
Less: Discounting	(20,856)	(37,175)		
Balance at end of year	150,742	215,443	–	–

Financial liabilities at amortised cost comprise single premium endowment investment product liabilities. These liabilities have not been designated at fair value through profit or loss as the corresponding assets relate to inter-company balances eliminated on consolidation.

(R'000)	Group		Company	
	2023	Restated* 2022	2023	2022
20. DEFERRED ACQUISITION COST				
Deferred acquisition costs	164,930	109,559		
Current	48,658	49,095		
Non-Current	116,272	60,464		
	164,930	109,559		

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2023	Restated* 2022	2023	2022
20. DEFERRED ACQUISITION COST (continued)				
Movements for the year				
– Balance at the beginning of the year	109,559	110,971		
– Recognised	132,404	55,308		
– Realised during the year	(77,033)	(56,720)		
Balance at the end of the year	164,930	109,559		

* Refer to note 44 on restatements on page 176.

Deferred acquisition costs relate to costs to obtain contracts that are incremental commission and outsourced administration fees paid to intermediaries as a result of obtaining investment contracts.

These costs are amortised over a period of 3 years for the recurring premium saving policies and over a period of 5 years for the single premium business.

(R'000)	Group		Company	
	2023	2022	2023	2022
21. LOANS AT AMORTISED COST				
Nedbank				
Balance at beginning of the year	100,000	110,034		
Interest	9,222	6,512		
Repayments	(9,222)	(16,546)		
	100,000	100,000	–	–
Current	100,000	7,743		
Non-current		92,257		
	100,000	100,000	–	–
Maturity analysis				
Due within one year	104,839	7,743		
Due within two to five years		108,497		
Less: Discounting	(4,839)	(16,240)		
Balance at end of year	100,000	100,000	–	–

The loan comprises of a medium-term credit facilities granted for the construction of Building 7 in Clientèle Properties East and is secured by a guarantee issued in favour of Nedbank from Clientèle. The carrying value approximates the fair value of these amounts.

The loan is unsecured with interest charged at the aggregate of the base rate and the applicable margin. The base rate for the facility is the 3 month JIBAR rate. The margin is 250 basis points and the term of the loan is 36 months. The loan with Nedbank is fully repayable in December 2023.

(R'000)	Group		Company	
	2023	2022	2023	2022
22. FINANCIAL GUARANTEE LIABILITY				
Balance at beginning of the year	2,000	2,000	2,000	2,000
Movement in estimated credit loss				
Balance at end of year	2,000	2,000	2,000	2,000

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2023	Restated* 2022	2023	2022
23. DEFERRED REVENUE				
Deferred revenue	359,862	210,491	–	–
Current	106,903	89,197		
Non-Current	252,959	121,294		
	359,862	210,491	–	–
Movements for the year				
– Balance at the beginning of the year	210,491	179,812		
– Increase in deferred revenue	320,028	120,493		
– Realised during the year	(170,657)	(89,814)		
Balance at the end of the year	359,862	210,491	–	–

* Refer to note 44 on restatements on page 176.

Revenue relating to investment management services of single premium policies is recognised over time although the customer pays up-front for these services. A contract liability is recognised for revenue relating to the investment management services at the time of the initial sales transaction and is released over the service period.

The increase in the contract liability balances during the reporting period is as a result of high production of co-branded single premium policies.

(R'000)	Group		Company	
	2023	2022	2023	2022
24. EMPLOYEE BENEFITS				
Goodwill scheme (refer to note 24.1)	16,005	14,383		
Embedded value scheme (refer to note 24.2)	31,723	25,423		
Short-term bonuses (Refer to note 24.3)	41,072	37,902		
	88,800	77,708		–
Current	68,654	63,325		
Non-current	20,146	14,383		
	88,800	77,708		–
24.1 Goodwill Scheme				
Balance at beginning of year	14,383	24,474		
Payment during the year	(5,246)	(3,621)		
Provision raised/(released) (refer to note 36)	6,868	(6,470)		–
Interest cost	719	1,592		
Service cost	8,442	2,877		
Net actuarial loss	(2,293)	(10,939)		
Balance at end of year	16,005	14,383		–

The above relates to the goodwill element of the incentive bonus scheme as discussed in the Group Remuneration Report (page 48) and the accounting policies (note 20 on page 133) to the Annual Financial Statements.

The principle actuarial assumptions used for estimating the obligation that relates to the Goodwill Scheme are as follows:

	Cycle 4 (ended 30 June 2022)	
	2023	2022
VNB at end of cycle (R million)	291	291
VNB multiple	5	5
Risk free rate (%)	9.83	9.83
Pool utilisation (%)	78.9	78.9
Payment term (years)	5	5

Notes to the Annual Financial Statements continued

24. EMPLOYEE BENEFITS (continued)

	Cycle 5 (ending 30 June 2027)	
	2023	2022
Expected weighted VNB during the cycle (R million)	540	N/A
VNB multiple	5	N/A
Risk free rate (%)	10.45	N/A
Expected pool utilisation (%)	83.0	N/A
Payment term (years)	5	N/A

The variables used in calculating and estimating the liability in respect of the Goodwill Scheme are subject to approval by the Group Remuneration Committee. Those variables, which are subjective in nature, have been set at levels which the Group Remuneration Committee deems to be fair and equitable to both shareholders and the participants. The variables used for Cycle 5 will change over time as circumstances, Group performance and the economic environment change.

24.2 EV Scheme

The build-up of the EV Scheme liability is as follows:

(R'000)	Group		Company	
	2023	2022	2023	2022
Balance at beginning of year	25,423	21,437		
Provision raised (refer to note 36)	30,746	21,217		
Payment during the year	(24,446)	(17,231)	-	-
Executives	(22,632)	(15,806)		
Management	(1,815)	(1,425)		
Balance end of year	31,723	25,423	-	-

The principle actuarial assumptions used for estimating the obligation that relates to the EV Scheme are as follows:

	2023	2022		
Payment terms (years)	4	4		
Hurdle rate (%) (only applicable to Pool 2)	13.8	12.10		
In-force participants (%)	84.3	87.88		

EV earnings are based on the EV assumptions and calculations outlined in the statement of Group EV (page 62 to 67).

(R'000)	Group		Company	
	2023	2022	2023	2022
24.3 Short-term bonuses				
The build-up of the liability in respect of short-term bonuses is as follows:				
Balance at beginning of year	37,902	37,469		
Provision raised (refer to note 36)	38,888	33,423		
Payments during the year	(35,718)	(32,990)		
Balance end of year	41,072	37,902	-	-

(R'000)	Group		Company	
	2023	Restated 2022	2023	2022
25. DEFERRED TAX				
Assets				
Balance at beginning of the year	109,559	146,811	3,215	4,892
Charge to the SOCI	93,381	(37,253)	(828)	(1,677)
– Tax losses/capital allowances	323	(2,978)		
– Tax losses in respect of IPF assessed losses	120,111	(61,320)		
– IPF and UPF return tax credits*	53,796	(20,829)		
– Unrealised gains on investments	(10,209)	7,665	(582)	(440)
– Prepayments	138	(54)	1	
– Property and equipment	743	(223)		
– Inventory		507		
– Disregarded assets for tax purposes (S29A(16))		20,234		
– Income received in advanced	123			
– Bonus Rights Scheme	383	144		
– Goodwill/EV Schemes	877	(3,367)		
– Revaluation of investments	(389)	(1,142)	(32)	(1,142)
– Movement in estimated credit loss	(1,140)	1,367	(143)	(22)
– B-BBEE expense	832	(1,491)	(72)	(73)
– Transfer to liability	(72,207)	(254)		
Charge to Other Comprehensive Income	1,382	565	–	–
Deferred taxation on revaluation of land	113	(627)		
Deferred taxation on revaluation of buildings	1,270	1,192		
Balance at end of year	204,322	109,559	2,388	3,215
Liability				
Balance at beginning of the year	16,962	19,742	–	–
Charge to the Statement of Comprehensive Income	12 062	123	–	–
– Tax losses/capital allowances	870	2,077		
– Prepayments	15			
– Property and equipment	(1,209)	(1,584)		
– Section 13quin	10	81		
– Unrealised gains on investments	(4,010)			
– Disregarded assets for tax purposes	34,351			
– Net negatives zeroised (RPF)	54,242			
– Transfer from asset	(72,207)	(450)		
Charge to Other Comprehensive Income	2,952	(2,903)	–	–
– Deferred taxation on revaluation of land	(60)	(866)		
– Deferred taxation on revaluation of buildings	3,012	(2,037)		
Balance at end of year	31,976	16,962	–	–

* Refer to restatement note 44 on pages 176 to 177.

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2023	Restated 2022	2023	2022
25. DEFERRED TAX (continued)				
Analysis of deferred tax balances:				
Assets				
Tax losses/capital allowances	25,774	17,655		
Tax losses in respect of IPF	181,460	61,349		
IPF and UPF return tax credits		41,875		
Unrealised gains on investments	(5,832)	(5,924)	(29)	552
Prepayments	(83)	(751)	(20)	(19)
Plant and equipment	(653)	(1,396)		
Inventory		507		
Disregarded assets for tax purposes (S29A(16))		(18,367)		
BR Scheme	1,168	5,037		
Income received in advance	150			
Goodwill/EV Schemes	3,744	7,322		
Financial guarantee liability	540	540	540	540
Revaluation of investments	(1,530)	(1,142)	(2,330)	(1,142)
Movement in estimated credit loss		1,367	2,283	1,340
B-BBEE expense	1,944	5,227	1,944	1,944
Revaluation of land	(2,282)	(2,394)		
Revaluation of buildings	(77)	(1,346)		
Deferred tax asset at end of the year	204,322	109,559	2,388	3,215
Liability				
Tax losses/capital allowances	(9,079)	(18,565)		
Section 13quin	2,247			
Prepayments	516			
Plant and equipment	(29)	3,822		
Revaluation of land	5,970	5,700		
Revaluation of buildings	29,018	26,005		
Unrealised gains on investments – shareholders	6,291			
Disregarded assets for tax purposes	52,718			
Net negatives zeroised (RPF)	54,242			
IPF and UPF return tax credits	(95,671)			
Bonus Rights Schemes	(4,252)			
Goodwill/EV Schemes	(4,454)			
IFRS 16 leases	(1,343)			
ECL	(83)			
B-BBEE expense	(4,115)			
Deferred tax liability at end of the year	31,976	16,962	-	-

Policyholder taxation funds are separate tax entities which have differing tax rules as applied in the South African taxation legislation for life insurance companies.

There are three separate policyholder funds applicable to Clientèle Life, defined as the untaxed, IPF and risk funds. The IPF has an estimated tax loss of R1.0 billion (2022: R1.5 billion). It is currently probable that future taxable profits in the Clientèle Life IPF will be available against which the assessed loss can be utilised. The current assessed loss of R1.0 billion is expected to be realised in 2,5 years. There is currently an unrecognised deferred tax of R96.7 million.

(R'000)	Group		Company	
	2023	Restated 2022	2023	2022
26. ACCRUALS AND PAYABLES INCLUDING INSURANCE PAYABLES				
IFA Referral fees and bonuses payable	957	1,114		
Premiums received in advance	20,496	17,056		
Trade payables	38,163	43,791		
Accruals	47,700	41,678	5,901	
Insurance payables	24,256	36,263		
Other payables	11,298	12,136	660	361
	142,870	152,038	6,562	361
Maturity analysis				
Due within one year	142,870	152,038	6,562	361
Due within two to five years				
	142,870	152,038	6,562	361

(R'000)	Group		Company	
	2023	Restated 2022	2023	2022
27. INSURANCE PREMIUM REVENUE				
Long-term insurance – individual recurring	1,726,985	1,727,156		
Short-term insurance	492,885	491,137		
	2,219,870	2,218,293	–	–

(R'000)	Group		Company	
	2023	2022	2023	2022
28. REINSURANCE PREMIUMS				
Long-term insurance – individual recurring	204,542	168,583		
	204,542	168,583	–	–

(R'000)	Group		Company	
	2023	Restated 2022	2023	2022
29. REVENUE FROM CONTRACTS WITH CUSTOMERS				
IFA annuity fee	89,169	90,125		
Rewards benefits	66,860	31,015		
Non-insurance revenue	15,291	3,452		
Deferred revenue*	170,657	89,814		
	341,977	214,406	–	–

* The deferred revenue relates to the single premium products, where the revenue is deferred over the lifetime of the policy.

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2023	Restated 2022	2023	2022
30. OTHER INCOME				
Other income*	1,690	4,269	37	67
INSETA grants	1,763	1,398		
Profit on sale of assets	10	685		
Rental income (external)	1,212	1,070		
Gain from revaluation of Investment in Associate	1,053			
Profit in Associate		1,254		1,254
Reversal of impairment		2,891		2,891
	5,728	11,567	37	4,212

* Included in other income are all non-insurance and core business related income Gym membership fee income, airtime, sim and data income, discounts and income from claim admin fees.

(R'000)	Group		Company	
	2023	2022	2023	2022
31. INTEREST INCOME				
Financial assets at amortised cost	440	453		
Cash and cash equivalents	15,135	7,636	396	186
	15,575	8,089	396	186

(R'000)	Group		Company	
	2023	2022	2023	2022
32. FAIR VALUE ADJUSTMENT TO FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
(Refer to note 8 on page 149)				
Fair value adjustment – mandatory	171,630	49,775		
Fair value adjustment – designated	593,040	232,610	8,374	4,852
	764,670	282,385	8,374	4,852
The above fair value adjustments includes:				
– Fair value (losses)/gains	(117,568)	(385,842)	4,307	1,069
– Interest (unlisted)	846,054	621,408	1,647	1,231
– Dividends (listed)	36,184	46,819	2,420	2,552
	764,670	282,385	8,374	4,852
Adjustment for non-cash amounts included in the fair value expenses				
Dividend tax paid		(4,953)	–	
Net non-cash amount (refer to note 40 on page 173)	764,670	277,430	1,800	

(R'000)	Group		Company	
	2023	Restated 2022	2023	2022
33. NET INSURANCE BENEFITS AND CLAIMS				
Long-term insurance				
Claims and policyholders' benefits under insurance contracts	494,305	514,857	-	-
Death and disability claims	317,113	321,781		
Policy surrender claims	177,192	193,076		
Insurance claims recovered from reinsurers	(198,625)	(194,473)		
Cashback bonus claims	39,056	45,845		
Short-term insurance				
Legal claims	51,242	13,246		
Cashback bonus	1,740	1,338		
	387,717	380,813	-	-

(R'000)	Group		Company	
	2023	Restated 2022	2023	2022
34. CHANGE IN POLICYHOLDER LIABILITIES UNDER INSURANCE CONTRACTS				
(Refer to note 17 on pages 156 to 159)				
Long-term insurance	(313,551)	(58,946)		
Short-term insurance	(1,806)	678	-	-
Decrease in policyholder liabilities	(315,357)	(58,268)	-	-

(R'000)	Group		Company	
	2023	2022	2023	2022
35. DIVIDEND REVENUE				
Dividends revenue (unlisted)			403,889	368,854
	-	-	403,889	368,854

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2023	Restated 2022	2023	2022
36. OPERATING EXPENSES				
Acquisition and administration expenses by nature are as follows:				
Total auditors' remuneration	9,022	10,402	2,777	1,564
Audit fees	8,589	10,057	2,777	1,564
Other services	433	345		
Actuarial fees	1,213	966		
Computer expenses	51,513	38,697		
Consultancy fees	30,260	14,163	5 798	
Employee benefits	611,243	543,309	-	-
Salaries and other short-term benefits	517,320	478,328		
Defined contribution provident fund				
– current service costs	15,488	15,189		
Goodwill Scheme (release)/expense	6,868	(6,470)		
EV Scheme expense	30,746	21,217		
Short-term bonuses	38,888	33,423		
BR Scheme expense	1,932	1,622		
Amortisation of intangible assets	22,392	19,914		
Depreciation	13,063	13,554	-	-
Computer equipment	8,961	9,023		
Solar	466	318		
Furniture and equipment	2,624	3,220		
Leasehold improvements	851	824		
Motor vehicles	162	169		
Impairment of intangible assets		11,000		
Local travel costs	3,665	1,927		
Administration and marketing	511,035	427,718		
Agency, Broker, Funeral parlour and outsourced sales	290,982	223,794		
IFA referral fees and bonuses paid	53,852	37,358		
Property expenses	24,642	22,293		
Rewards expenses	269	75		
Movement in ECL on intergroup loans			530	170
B-BBEE guarantee costs	909	1,357		
COVID-19 related expenses		504		
Secretarial fees	7,078	7,143	746	722
Deferred acquisition costs*	77,033	56,720		
Other	24,945	11,438	1,414	1,053
	1,733,116	1,442,332	11,265	3,508
Comprising:				
Acquisition costs associated with insurance contracts	1,246,552	1,119,642		
Administrative expenses	486,564	322,690	11,265	3,508
	1,733,116	1,442,332	11,265	3,508

* The deferred acquisition costs include telesales commissions and outsourced administration fees.

37. DIRECTORS AND KEY MANAGEMENT REMUNERATION

The Companies Act requires the remuneration of Prescribed Offices to be disclosed in the Integrated Annual Report. It is the opinion of the Board that Clientèle's Prescribed Officers are the Directors of Clientèle, whose remuneration is disclosed below.

Year ended 30 June 2023

Non-executive Directors Group Remuneration	Months in office	Directors' fees and total emoluments Excluding VAT R'000	Directors' fees and total emoluments Including VAT R'000
GQ Routledge*	12	3,576	4,112
BA Stott*	12	2,092	2,406
PR Gwangwa#	12	872	872
HP Mayers*	2	171	197
D Hlatshwayo*	6	292	336
RD Williams*	12	1,246	1,433
Total emoluments		8,249	9,356

* Registered for VAT for the year.

Not registered for VAT.

Executive Directors Group Remuneration	Months in office	Basic salary R'000	Bonuses and performance related payments R'000	Retirement, medical and other benefits R'000	Total emoluments R'000
BW Reekie	12	7,543	8,843	822	17,208
IB Hume	6	2,488	4,324	161	6,973
H Louw	12	4,676	5,357	343	10,376
RDT Tabane	12	2,448	2,608	184	5,240
MG Cownie	6	1,357	1,041	64	2,462
Total emoluments		18,512	22,173	1,574	42,259

Bonuses and performance related payments include incentive bonus scheme payments and amounts payable. No BRs have been issued to Directors.

Year ended 30 June 2022

Non-executive Directors Group Remuneration	Months in office	Directors' fees and total emoluments Excluding VAT R'000	Directors' fees and total emoluments Including VAT R'000
GQ Routledge*	12	3,357	3,861
BA Stott*	12	1,964	2,259
PR Gwangwa#	12	819	819
LED Hlatshwayo*	12	538	619
RD Williams*	12	1,160	1,334
Total emoluments		7,838	8,892

* Registered for VAT for the year.

Not registered for VAT.

Executive Directors Group Remuneration	Months in office	Basic salary R'000	Bonuses and performance related payments R'000	Retirement, medical and other benefits R'000	Total emoluments R'000
BW Reekie	12	7,097	9,049	758	16,904
IB Hume	12	4,670	5,853	305	10,828
H Louw	12	4,393	5,338	320	10,051
RDT Tabane	12	2,285	2,661	186	5,132
Total emoluments		18,445	22,901	1,569	42,915

Bonuses and performance related payments include incentive bonus scheme payments and vested amounts payable. No BRs have been issued to Directors.

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2023	2022	2023	2022
37. DIRECTORS AND KEY MANAGEMENT REMUNERATION (continued)				
Key management				
The following includes salaries paid and bonuses payable to key management, excluding individuals who acted as Clientèle Directors during the year.				
Key management are part of Excom	71,117	68,724	–	–
Salaries and other benefits	42,603	41,914		
Short-term bonuses	14,744	12,488		
EV Scheme	12,031	12,584		
Goodwill Scheme	1,739	1,739		

(R'000)	Group		Company	
	2023	Restated 2022	2023	2022
38. TAX				
South African normal tax	78,171	218,026	320	1,226
– Current year tax	164,141	159,293	(508)	(450)
– Deferred tax	34,141	(2,587)	828	1,676
– Policyholder deferred tax on assessed loss in the IPF (IAS 12)	(120,111)	61,320		
South African capital gains tax	3,122	1,854	–	430
– Current year tax	211	4,241		430
– Deferred tax	2,910	(2,387)		
Total tax expense	81,293	219,880	320	1,656
Taxation rate reconciliation				
Profit before tax	571,352	640,233	401,111	374,596
Tax	(81,293)	(219,880)	(320)	(1,656)
	%	%	%	%
Effective tax rate	14.23	34.34	0.08	0.44
Capital gains tax	0.55	0.66	(0.18)	0.11
Policyholder deferred tax on assessed loss in the IPF (IAS12)	21.02	(9.58)		
Exempt income	0.64	0.91	27.32	27.82
Deferred tax i.r.o assets disregarded in terms of S29A (16)	(5.68)	3.05		
Policyholder tax: I – E tax	(5.71)			
Transfer tax impact of IPF I – E allowed as a tax deduction	1.54			
Under provision in respect of prior year	0.25	0.38		
Tax rate change	0.00	(0.11)		(0.05)
Other	0.15	(1.66)	(0.22)	(0.32)
Statutory tax rate	27.00	28.00	27.00	28.00

Policyholder taxation funds are separate tax entities which have differing tax rules as applied in the South African taxation legislation for life insurance companies.

There are three separate policyholder funds applicable to Clientèle Life, defined as the untaxed policyholders fund, individual policyholders fund (IPF) and the risk policyholders fund. The IPF has an estimated tax loss of R1.0 billion (2022: R1.5 billion). It is currently probable that future taxable profits in the Clientèle Life IPF will be available against which the assessed loss can be utilised.

(R'000)	Group	
	2023	Restated 2022
39. EARNINGS PER SHARE		
Continuing operations		
Net profit for the year attributable to equity holders of the Group	487,700	420,353
Impairment of intangible assets		7,920
Reversal of Impairment of investment in associate		(2,082)
Profit on disposal of property and equipment	(8)	(531)
Headline earnings for the year	487,692	425,660
Ordinary shares in issue ('000)	335,322	335,322
Weighted ordinary shares in issue ('000)	335,322	335,322
Diluted average ordinary shares in issue ('000)	335,595	335,707
	Cents	Cents
Earnings per share	145.44	125.36
Headline earnings per share	145.44	126.94
Diluted earnings per share	145.32	125.21
Diluted headline earnings per share	145.32	125.21

Diluted earnings per share

Diluted basic earnings per share is calculated on the same basis as earnings per share, except that the weighted average number of ordinary shares in issue during the year is adjusted for the dilutive effect of the BR scheme. This potential dilutive effect is calculated using the average Clientèle share price less the sum of the estimated fair value of goods and services to be rendered by employees per BR and the strike price at grant date. This difference gives the value per share of the benefit accruing to the BR participant. The value is multiplied by the number of BRs and divided by the average Clientèle share price to measure the value as the notional number of shares.

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2023	Restated 2022	2023	2022
40. CASH GENERATED BY OPERATIONS				
Net profit for operations	571,352	640,233	401,431	374,596
Adjusted for non-cash items:	(394,414)	(129,718)	(7,844)	(8,827)
– Fair value adjustment to financial assets at fair value through profit and loss	(764,670)	(277,431)	(8,374)	(4,852)
– Decrease in policyholder liabilities under insurance contracts	(315,357)	(58,267)		
– Fair value adjustment to financial liabilities at fair value through profit or loss	632,644	114,814		
– Interest receivable on financial assets held at amortised cost	(440)	(454)		
– Interest expense on financial liabilities held at amortised cost	15,107	16,300		
– Interest expense	10,326	6,512		
– Decrease in reinsurance assets	84,178	6,950		
– Reduction in financial liability due to the recognition of deferred profit-fiduciary tax	(99,430)			
– ECL (recovery)/raised on financial assets held at amortised cost	(654)	3,249		
– ECL on intergroup			530	170
– Deferred revenue	(170,073)	(89,814)		
– Deferred commission and expenses	63,574	52,833		
– Amortisation of intangible assets	22,392	19,914		
– Depreciation	13,063	13,554		
– Impairment of intangibles		11,000		
– Non cash repayment from funeral parlours	26,650			
– BR scheme expense	1,932	1,622		
– Equity accounted earnings from associate		(1,254)		(1,254)
– Profit on disposal of fixed assets	(13)	(685)		
– Reversal of impairment of investment in Direct Rewards		(2,891)		(2,891)
– Employee benefits	86,358	54,330		
	176,938	510,515	393,587	365,769
<i>Items disclosed separately:</i>	(109,840)	(92,703)	(5,212)	(3,968)
– Interest received	(74,933)	(47,446)	(2,043)	(1,416)
– Dividends received	(34,907)	(45,257)	(3,169)	(2,552)
<i>Working capital changes:</i>	142,156	(27,432)	5,619	(3)
– Decrease in inventories	2,298	2,950		
– Increase in receivables including insurance receivables	(10,933)	(10,423)	(4)	2
– Increase policyholder liability	23,755			
– Decrease in provisions, accruals, payables and employee benefits	(73,463)	(89,115)	5,623	(5)
– Increase/(decrease) in deferred revenue not recognised	200,499	69,157		
– Increase in financial liabilities	3,570,396	1,486,762		
– Decrease in financial liabilities	(2,532,711)	(856,140)		
– Acquisition of financial assets at fair value through profit or loss	(3,538,799)	(1,438,028)	(9,170)	
– Disposal of financial assets at fair value through profit or loss	2,548,577	968,954	12,634	4,864
Cash generated by operations	256,717	551,929	397,459	366,662

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2023	2022	2023	2022
41. DIVIDENDS PAID				
Balance owing at the beginning of the year	363	245	363	245
Amount declared for the year	402,386	368,854	402,386	368,854
	402,749	369,099	402,749	369,099
Dividends paid to NCI (49.0%)	1,947			
Balance owing at the end of the year	(488)	(363)	(488)	(363)
Amount paid during the year	404,208	368,736	402,261	368,736

(R'000)	Group		Company	
	2023	Restated* 2022	2023	Restated* 2022
42. TAXATION PAID				
Balance owing/(receivable) at the beginning of the year	22,924	8,933	(405)	8
Including Direct Rewards opening balance	1,018			
Amount provided for the year	164,352	163,534	(508)	(20)
	188,294	172,467	(913)	(12)
Prior year provision adjustments	(2,980)	(3,490)		
Prior year deferred tax inclusion*		9,257		(430)
Balance owing at the end of the year	(10,687)	(22,924)	913	405
Amount paid during the year	174,627	155,310	–	393

* The note has been represented to exclude deferred tax. The amounts disclosed in the prior year financial statements included balance owing at the beginning of the year of R115.6 million, amount provided for the year of R225.5 million and a closing receivable balance of R45.4 million which included current tax and deferred tax. There is no change to the taxation paid.

Notes to the Annual Financial Statements continued

43. RELATED PARTIES DISCLOSURE

The Clientèle Group defines related parties as:

- The parent company;
- Subsidiaries and fellow subsidiaries;
- Associates; and,
- Key management personnel.

43.1 The parent company

Friedshelf 1577 Proprietary Limited is the Parent Company of Clientèle and controls 61.20% (2022: 60.40%) of the issued ordinary shares via its Group companies (Refer to the Report of the Directors on page 72).

43.2 Subsidiaries and fellow subsidiaries

The Group Structure has been set out on page 2 of this report. Inter-company loans between the Company and its subsidiaries have been eliminated on consolidation and are disclosed in this note.

(R'000)	Company	
	2023	2022
Balance sheet information		
The following are the transactions and balances in respect of subsidiaries:		
– Inter company loan to CBC Rewards (Pty) Limited from Clientèle*		
Opening balance	41,397	38,997
Advances	5,700	2,400
Repayments		
Closing balance before ECL	47,097	41,397
ECL	(4,710)	(4,140)
Closing balance after ECL	42,387	37,257
– Inter company loan to Clientèle Mobile from Clientèle		
Opening balance	8,250	8,950
Advances	1,000	300
Repayments	(1,400)	(1,000)
Closing balance before ECL	7,850	8,250
ECL	(785)	(825)
Closing balance after ECL	7,065	7,425

* The loan does not bear interest and has no fixed terms of repayment.

43.3 Transactions with key management personnel, remuneration and other compensation:

For the purposes of IAS 24 'related party disclosures', key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Group. Details of Directors' remuneration are disclosed in Note 37 to the Annual Financial Statements. No Director had a material interest in any contract of significance with the Company or any of its subsidiaries during 2023. The Directors interests in the Group are disclosed in the Group Remuneration Report on page 52.

44. RESTATEMENT

During the financial year the following errors have been identified and were restated.

R'000	Statement of financial position			
	2022 Before Restatement	Adjustments		2022 Restated
		Recurring premium savings policies ¹	Single premium ²	
Total Equity	1,142,144	(64,680)		1,077,464
Deferred Acquisition Cost		4,384	105,175	109,559
Deferred tax asset	85,636	23,923		109,559
Policyholder liabilities under insurance contracts	801,924	(28,262)		773,662
Financial liabilities held at fair value through profit or loss	7,841,618	121,249		7,962,867
Deferred Revenue			210,491	210,491
Accruals and payables including insurance payables	257,354		(105,316)	152,038

R'000	Statement of comprehensive income impact			
	2022 Before Restatement	Adjustments		2022 Restated
		Recurring premium savings policies ¹	Single premium ²	
Insurance premium revenue	2,357,703	(139,411)		2,218,292
Revenue from contracts with customers	124,592		89,814	214,406
Other income	48,548		(36,981)	11,567
Fair value adjustment to financial liabilities at fair value through profit or loss	(171,807)	56,993		(114,814)
Net insurance benefits and claims	(433,119)	52,306		(380,813)
Decrease in policyholder liabilities under insurance contracts	48,541	9,726		58,267
Operating expenses	(1,389,176)	(323)	(52,833)	(1,442,332)
Current & Deferred tax	(225,472)	5,592		(219,880)
Net profit impact	435,469	(15,117)	–	420,352

R'000	Impact on ratios per share			
	2022 Before Restatement	Adjustments		2022 Restated
		Recurring premium savings policies ¹	Single premium ²	
Headline earnings per share	131.45	(4.5)		126.94
Diluted headline earnings per share	131.30	(6.2)		125.21
Earnings per share	129.87	(4.5)		125.36

Notes to the Annual Financial Statements continued

Impact on cashflow

R'000	2022 Before Restatement	Adjustments		2022 Restated
		Recurring premium savings policies ¹	Single premium ²	
Profit before tax from operations	660,941	(20,708)		640,233
Adjusted for non-cash items	(25,922)	(66,815)	(36,981)	(129,718)
Working capital changes	(64,831)	(31,756)	69,157	(27,431)
Increase in financial liabilities	543,518	87,104		630,622

Statement of financial position

R'000	2021 Before Restatement	Adjustments		2021 Restated
		Recurring premium savings policies ¹	Single premium ²	
Total equity	1,080,661	(49,565)		1,031,096
Deferred Acquisition Costs		4,708	106,263	110,971
Deferred tax asset	147,009	18,331		165,340
Policyholder liabilities under insurance contracts	850,465	(18,536)		831,929
Financial liabilities held at fair value through profit or loss	7,123,464	91,138		7,214,602
Deferred Revenue			179,812	179,812
Accruals and payables including insurance payables	254,631		(73,546)	181,085

¹ A reassessment of the product features of certain recurring premium savings policies indicated no insurance risk and resulted in a classification and measurement correction from IFRS 4 to IFRS 9. The Deferred acquisition costs ("DAC") is calculated by capitalising Telesales commission paid on the recurring premium savings policies and amortising it over a 3 year period. The classification and measurement change has no implication on the total profit generated by the product over the life of the product, but impacts the financial year-end which the profits are recognised.

² The accounting policy for Clientèle single premium policies is to defer the initial profit (revenue less expenses) on initial recognition and to amortise it over the life of the contract. The deferred revenue release is disclosed on the statement of comprehensive income within revenue from contracts with customers in line with IFRS 15 and the related deferred expenses release in operating expenses. The net of deferred revenue and deferred expenses related to the single premium was previously recognised in other income.

45. COMMITMENTS

Letters of guarantees:

Letter of support: Clientèle Limited has agreed to provide financial assistance to CBC Rewards, Clientèle Mobile & Clientèle Properties North for the foreseeable future, until such time the companies' assets fairly valued exceed their liabilities.

Nedbank guarantee: Clientèle's Board approved the granting of a guarantee on 13 February 2015 in favour of Nedbank Limited of R100.0 million in respect of a Term Credit Facility for Clientèle Properties East.

Depfin guarantee: Clientèle Limited has, in prior years, provided financial assistance resulting in a gross exposure of R374 million (2022: R374 million) and a net exposure through guarantees of R200 million (2022: R200 million) for the purchase of approximately 9.0% (2022: 9%) of Clientèle's issued shares (Ordinary Shares) by YTI. A Monte Carlo simulation was conducted at the end of the 2023 financial year to determine the ECL in respect of the financial guarantee and the ECL remained at R2 million.

The YTI preference share funding arrangement with Depfin includes an EV per share covenant as well as a Market Value per share covenant.

46. EVENTS AFTER THE REPORTING DATE

Dividend

The Board declared a final gross dividend of 125.00 cents per share on 31 August 2023 for the year ended 30 June 2023.

The dividend is subject to DWT.

Changes to the board

Ms. PR Gwangwa resigned as Independent Non-executive Director in August 2023.

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

NOTICE OF ANNUAL GENERAL MEETING

for the year ended 30 June 2023

MEETING DATE: 31 OCTOBER 2023

The Companies Act requires that a Record Date be determined by the Board for the purposes of determining who is entitled to attend and to vote at the relevant AGM.

Accordingly, for purposes of the 16th AGM of Clientèle, the Record Date is hereby set as close of business on 20 October 2023. For AGM attendance purposes, the last day to trade in the shares of Clientèle on the JSE is Tuesday, 17 October 2023.

The holders of Clientèle shares (the “shareholders”) and any persons who are not shareholders but who are entitled to exercise any voting rights in relation to the resolutions to be proposed at the AGM (irrespective of the form, title or nature of the securities to which those voting rights are attached), (collectively the “holders”) as at the Record Date are entitled to participate in and vote at the AGM in person or by proxy/ies, and may appoint a proxy to exercise voting rights attached to different securities held by the person entitled to vote. A proxy need not be a person entitled to vote at the meeting. A beneficial holder of certificated Clientèle securities may attend and vote at the AGM if:

- a. the beneficial interest includes the right to vote on the matters in this document; and,
- b. the person’s name is on the Company’s register of disclosures as the holder of the beneficial interest, or a person holds a proxy appointment in respect of the matters in this document from the registered holder of those securities.

Notice is hereby given that the 16th AGM of Clientèle will be held in the Yellowwood Boardroom, Building 7, Clientèle Office Park, corner Rivonia and Alon Roads, Morningside on 31 October 2023 at 08:00 for the following business to be transacted and for the following resolutions to be proposed, and if deemed fit, to be passed with or without modification, at the AGM or at such adjournment thereof in the manner required by the Companies Act, as read with the Listings Requirements:

ORDINARY RESOLUTION 1 – PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

To present the Annual Financial Statements of the Company and the Group for the year ended 30 June 2023 as per the attached pages 88 to 177. A copy of the Annual Financial Statements of the Company relating to the preceding financial year can be obtained from the Group Company Secretary.

ORDINARY RESOLUTION 2 – ROTATION OF A DIRECTOR – ADT ENTHOVEN

“RESOLVED that Mr. Adrian Dominic t’Hooft Enthoven be and is hereby re-elected as a Director of the Company with effect from 31 October 2023.”

Mr. Enthoven, who retired in terms of the provisions of the MOI, is eligible and offers himself for re-election

Adrian Dominic t’Hooft Enthoven, 54, Non-Executive Director, BA Hons in Politics, Philosophy and Economics, PhD in Political Science

Mr. Adrian Dominic t’Hooft Enthoven is the Executive Chairman of Yellowwoods, a private investment group who joined Clientèle on 5 March 2008. He serves on the boards of the Yellowwood Group’s South African-based businesses. He is also involved in various projects and initiatives in youth employment, education, social justice, and the arts. He is a Board member of Citizens ZA, the African Leadership Initiative, Business Leadership South Africa and a Trustee of Spier Arts Trust and WWF South Africa.

Having taken into account the Director’s performance, attendance at Board and Committee meetings and having reviewed the composition of the Board against corporate governance requirements, the Board recommends the re-election of this Director. It is the view of the Board that the re-election of this candidate would enable the Company to effectively maintain a diversity of academic qualifications, technical expertise, industry knowledge and business skills relevant to the Company and balance the requirements of continuity and succession planning.

Notice of Annual General Meeting *continued*

ORDINARY RESOLUTION 3 – ROTATION OF A DIRECTOR – BA STOTT

“RESOLVED that Mr. Barry Anthony Stott be and is hereby re-elected as a Director of the Company with effect from 31 October 2023.”

Mr. Stott who retired in terms of the provisions of the MOI, is eligible and offers himself for re-election.

Barry Anthony Stott, 74, Independent Non-executive Director, CA(SA).

Mr. Barry Stott was previously a senior partner of PricewaterhouseCoopers Inc. and responsible for their financial services practice. His experience in the financial services industry includes consulting to various long-term and short-term insurers, asset managers and stockbrokers. Mr. Barry Stott was the Chairman of Discovery Health Medical Scheme Audit and Risk Committees and a member of the Investment Committee. He has also served on various audit committees within the MMI Group.

Having taken into account the Director's performance, attendance at Board and Committee meetings and having reviewed the composition of the Board against corporate governance requirements, the Board recommends the re-election of this Director. It is the view of the Board that the re-election of this candidate would enable the Company to effectively maintain a diversity of academic qualifications, technical expertise, industry knowledge and business skills relevant to the Company and balance the requirements of continuity and succession planning.

ORDINARY RESOLUTION 4 – ROTATION OF A DIRECTOR – RD WILLIAMS

“RESOLVED that Mr. Robert Donald Williams be and is hereby re-elected as a Director of the Company with effect from 31 October 2023.”

Mr. Williams, who retired in terms of the provisions of the MOI, is eligible and offers himself for re-election.

Robert Donald Williams, 67, Independent Non-executive Director, BBusSc(Hons), FASSA

Mr. Robert Williams is a Fellow of the ASSA and his previous experience includes six years as the Executive Head of Aon Hewitt (Retirement Funding, Health Care and Actuarial Services), prior to that, he was the Managing Director of QED Actuaries and Consultants (actuarial services to life insurers, short-term insurers and retirement funds). Mr. Robert Williams has over 25 years' experience acting as the appointed Head of the Actuarial Function to various life insurance companies in Southern Africa.

Having taken into account the Director's performance, attendance at Board and Committee meetings and having reviewed the composition of the Board against corporate governance requirements, the Board recommends the re-election of this Director. It is the view of the Board that the re-election of this candidate would enable the Company to effectively maintain a diversity of academic qualifications, technical expertise, industry knowledge and business skills relevant to the Company and balance the requirements of continuity and succession planning.

ORDINARY RESOLUTION 5 – ELECTION OF A DIRECTOR – MG COWNIE

“RESOLVED that Mr. Michael George Cownie be and is hereby elected as a Director of the Company with effect from 31 October 2023.”

Mr. Cownie who, in terms of the MOI shall cease to hold office at the end of the AGM unless elected as a Director, is eligible and offers himself for election.

Michael George Cownie, 47, Group Financial Director, CA(SA)

Mr. Cownie is a Chartered Accountant with over 20 years' of experience in both the life and non-life insurance industry. Mr. Cownie joined the Group in 2013 as Chief Financial Officer of Clientèle General where after he was promoted to the Financial Director of Clientèle Life in August 2021 and, following Mr. Iain Hume's retirement as Group Financial Director in December 2022, was promoted to Group Financial Director in January 2023.

Having taken into account the Director's performance, attendance at Board and Committee meetings and having reviewed the composition of the Board against corporate governance requirements, the Board recommends the election of this Director. It is the view of the Board that the election of this candidate would enable the Company to effectively maintain a diversity of academic qualifications, technical expertise, industry knowledge and business skills relevant to the Company and balance the requirements of continuity and succession planning.

ORDINARY RESOLUTION 6 – ELECTION OF A DIRECTOR – HP MAYERS

“RESOLVED that Mr. Herschel Philip Mayers be and is hereby elected as a Director of the Company with effect from 31 October 2023.”

Mr. Mayers who, in terms of the MOI shall cease to hold office at the end of the AGM unless elected as a Director, is eligible and offers himself for election.

Herschel Philip Mayers, 63, Independent Non-executive Director, Science BSc (Hons), FASSA

Mr. Mayers is a Fellow of the ASSA who previously held the positions of Chief Executive Officer of Discovery Life Limited and Vitality Life Limited and has over 40 years' of experience in the life insurance industry.

Having taken into account the Director's performance, attendance at Board and Committee meetings and having reviewed the composition of the Board against corporate governance requirements, the Board recommends the election of this Director. It is the view of the Board that the election of this candidate would enable the Company to effectively maintain a diversity of academic qualifications, technical expertise, industry knowledge and business skills relevant to the Company and balance the requirements of continuity and succession planning.

ORDINARY RESOLUTION 7 – RE-APPOINTMENT OF THE EXTERNAL AUDITORS

“RESOLVED that the External Auditors be re-appointed as Independent Auditors for the financial year ending 30 June 2024 and their concomitant remuneration be approved.”

To re-appoint the External Auditors, Deloitte & Touche (South Africa), (as nominated by Clientèle’s Group Audit Committee, which has concluded that the re-appointment of Deloitte & Touche (South Africa) will comply with the requirements of the Companies Act and the Listings Requirements), as Independent Auditors for the financial year ending 30 June 2024 and their concomitant remuneration. The Designated Auditor for the year ending 30 June 2024 will be Mr. John Leon Preston Kruger, who meets the requirements of section 90(2) of the Companies Act. The Group Audit Committee has evaluated the independence, experience, and effectiveness of both Deloitte & Touche (South Africa) and Mr. Kruger and has concluded that both the firm and the individual Designated Auditor are independent of the Group in accordance with section 94(8) of the Companies Act. In compliance with the Listings Requirements (paragraph 3.94(h) (iii)) the Group Audit Committee obtained and considered all information listed in 22.15(h) of the Listings Requirements in its assessment of the suitability of Deloitte & Touche (South Africa) and Mr. Kruger for re-appointment.

ORDINARY RESOLUTION 8 – ELECTION TO THE GROUP AUDIT COMMITTEE

“RESOLVED that, subject to the passing of Ordinary Resolution 4, Mr. Robert Donald Williams, who is an Independent Non-executive Director of Clientèle, be and is hereby re-elected as a member of the Group Audit Committee effective 31 October 2023 until the conclusion of the next AGM.”

ORDINARY RESOLUTION 9 – ELECTION TO THE GROUP AUDIT COMMITTEE

“RESOLVED that, subject to the passing of Ordinary Resolution 3, Mr. Barry Anthony Stott, who is an Independent Non-executive Director of Clientèle, be and is hereby re-elected as a member of the Group Audit Committee effective 31 October 2023 until the conclusion of the next AGM.”

ORDINARY RESOLUTION 10 – ELECTION TO THE GROUP AUDIT COMMITTEE

“RESOLVED that Mr. Gavin Quentin Routledge, who is an Independent Non-executive Director of Clientèle and also the Chairman of the Board of Clientèle, be and is hereby re-elected as a member of the Group Audit Committee effective 31 October 2023 until the conclusion of the next AGM.”

Reason for and effect of Ordinary Resolutions Numbers 8 to 10

In terms of the Companies Act, the Group Audit Committee is a Committee elected by the shareholders and those entitled to exercise votes at the meeting when the election takes place at each AGM. In terms of the Companies Regulations, 2011, for the purposes contemplated in section 94 (5) of the Companies Act, at least one-third of the members of a Company’s Audit Committee at any particular time must have academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

As can be seen from the condensed curriculum vitae of the proposed members (refer to pages 73 to 74 in the Report of the Directors), the proposed members all have relevant experience in audit, accounting, and the insurance industry, amongst others.

ORDINARY RESOLUTION 11 – GENERAL APPROVAL FOR THE ISSUE OF AUTHORISED BUT UNISSUED ORDINARY SHARES

“RESOLVED that, in terms of section 38 of the Companies Act as read with Schedule 10.1 of the Listing Requirements, the entire authorised but unissued ordinary share capital of Clientèle, be and is hereby placed under the control of the Directors to allot and issue such shares on such terms and conditions as they may deem fit, but subject always to the provisions of the Companies Act and the Listings Requirements.”

Reason for and effect of Ordinary Resolution Number 11

Section 38 of the Companies Act provides that the Board has the authority to issue authorised shares of the Company except in certain circumstances and save to the extent that a Company’s MOI provides otherwise. In this regard, the Company’s MOI provides that the prior approval of shareholders at an AGM and the JSE is required.

This resolution is proposed in order to place the authorised but unissued ordinary shares of the Company under the control of the Board, in compliance with the requirements of the MOI and the Listings Requirements.

Ordinary resolution number 11 authorises the Board to issue authorised but unissued shares in accordance with the provisions of section 38 of the Companies Act, but subject always to the provisions of the Company’s MOI, the Companies Act and the Listings Requirements.

Notice of Annual General Meeting *continued*

ORDINARY RESOLUTION 12 – BR SCHEME SHARE ISSUE

“RESOLVED that, the Board is authorised to allot and issue, pursuant to the provisions of the Clientèle Bonus Rights Scheme rules (as approved by the shareholders of the Group on 30 October 2012), the allowable maximum number of ordinary shares as provided thereunder and subject to the terms and conditions included in the scheme allocation limits as set out in the Scheme rules is placed under the control of the Board.”

Reason for and effect of Ordinary Resolution Number 12

In order to comply with the BR Scheme Rules, which require ordinary shares to be issued to participants of the BR Scheme.

NON-BINDING ADVISORY ENDORSEMENT 1 – ADVISORY OF THE REMUNERATION POLICY

“RESOLVED that the Company’s remuneration policy be and is hereby approved by way of a non-binding advisory vote, as recommended in King IV.”

SPECIAL RESOLUTION NUMBER 1 – REMUNERATION OF NON-EXECUTIVE DIRECTORS FOR THE YEAR 1 JULY 2023 TO 30 JUNE 2024 AND 1 JULY 2024 TO 30 JUNE 2025

“RESOLVED that, in accordance with sections 65(11)(h) of the Companies Act, read with sections 66(8) and 66(9) of the Companies Act, the remuneration payable to the Non-executive Directors for their services as Directors for the period 1 July 2023 to 30 June 2024, on the basis set out hereunder, be approved.”

Non-executive Directors’ Fees (R)	VAT		Year ending 30 June 2024
	exclusive	VAT@ 15%	
GQ Routledge*	3,715,329	557,299	4,272,628
BA Stott*	2,173,722	326,058	2,499,780
RD Williams*	1,294,849	194,227	1,489,076
PG Nkadameng	NIL	NIL	NIL
ADT Enthoven	NIL	NIL	NIL
GK Chadwick	NIL	NIL	NIL
HP Mayers*	1,069,837	160,475	1,230,312
	8,253,737	1,238,059	9,491,796

* Directors registered for VAT for the full year.

This represents an increase of 6.3% on the June 2023 fees.

The remuneration of the Non-executive Directors, for their services as Directors, for the period 1 July 2024 to 30 June 2025 will also be increased at the higher of:

- 5%; or,
- the change in the CPI index over the year from 1 July 2024 to 30 June 2025.

The remuneration of any Non-executive Director/s to be appointed during the period 1 July 2024 to 30 June 2025 would be determined by the Group Remuneration Committee and ratified at the next AGM.

NON-BINDING ADVISORY ENDORSEMENT 2 – ADVISORY OF THE IMPLEMENTATION OF THE REMUNERATION POLICY

“RESOLVED that the implementation of the Company’s remuneration policy be and is hereby approved by way of a non-binding advisory vote, as recommended in King IV.”

Explanatory note on Advisory Endorsement

In accordance with King IV, shareholder approval is sought for the Company’s remuneration policy and implementation thereof by way of separate non-binding advisory votes. The non-binding votes enable shareholders to express their views on the Company’s Remuneration Policy and the implementation thereof.

The detailed Group Remuneration Policy and the implementation thereof, for which approval is being sought, is set out on pages 37 to 52 of the Integrated Annual Report.

Reason for and effect of Special Resolution Number 1

In terms of section 66(8) and (9) of the Companies Act, which took effect on 1 May 2011, remuneration may only be paid to Directors for their services as Directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of the Company's MOI. Therefore the reason and effect of this special resolution is to approve the payment of remuneration of the Non-executive Directors for their services as Directors for the years ending 30 June 2024 and 30 June 2025, in accordance with the requirements of section 66(9) of the Companies Act.

SPECIAL RESOLUTION NUMBER 2 – RATIFICATION OF REMUNERATION OF NON-EXECUTIVE DIRECTORS APPOINTED DURING THE YEAR 1 JULY 2022 TO 30 JUNE 2023

“RESOLVED that, in accordance with sections 65(11)(h) of the Companies Act, read with sections 66(8) and 66(9) of the Companies Act, the remuneration paid to Mr. Herschel Phillip Mayers, as approved by the Group Remuneration Committee, as a Non-executive Director during the period 1 May 2023 to 30 June 2023 in the amount of R171,000 (excluding VAT), be ratified.”

Reason for and effect of Special Resolution Number 2

In terms of section 66(8) and (9) of the Companies Act, which took effect on 1 May 2011, remuneration may only be paid to Directors for their services as Directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of the Company's MOI. Therefore the reason and effect of this special resolution is to ratify the payment of remuneration, as approved by the Group Remunerations Committee, of the Non-executive Director appointed during the period 1 July 2022 to 30 June 2023 for his services as Director for the year ending 30 June 2023, in accordance with the requirements of section 66(9) of the Companies Act.

SPECIAL RESOLUTION NUMBER 3 – AMENDMENT OF THE COMPANY'S MOI

“RESOLVED that, following recommendation by the Board and in line with section 16(1)(c) of the Companies Act read with paragraph 5 of the Company's MOI, paragraph 26.5 of the Company's MOI be amended to read as follows:

“26.5 Meetings and other proceedings of a committee of the Board consisting of more than 1 (one) member shall be governed by the provisions of this MOI regulating the meetings and proceedings of Directors, save for the quorum of a committee of the Board being a majority of the members of such committee.”

Reason and effect of special resolution Number 3

In terms of section 16(1)(c) of the Companies Act read with paragraph 5 of the Company's MOI, amendments to the Company's MOI may only be made if proposed by the Board and adopted by shareholders of the Company by way of a special resolution. The current paragraph 26.5 of the Company's MOI states that the quorum for a committee of the Board that consists of more than 1 (one) member shall be similar to the quorum requirements (i.e. 3 (three) Directors) set in the MOI for Directors' meetings which presents a challenge to the Company in terms of certain of its Board committees which only consist of 3 (three) members. Accordingly the reason for and effect of this special resolution is to amend the current quorum set in the Company's MOI for Board committees such that a quorum shall be the majority of members of the relevant Board committee.

SPECIAL RESOLUTION NUMBER 4 – FINANCIAL ASSISTANCE IN TERMS OF SECTION 45 OF THE COMPANIES ACT

“RESOLVED that, to the extent required in terms of, and subject to the provisions of, section 45 of the Companies Act, the Board (or any person/s authorised by the Board to do so) is authorised from time to time during the period of 2 (two) years commencing on the date of this special resolution, to provide any direct or indirect financial assistance as contemplated in such section of the Companies Act to any 1 (one) or more related or inter-related companies of the Company and/or to any 1 (one) or more members of any such related or inter-related company and/or to any 1 (one) or more persons related to any such company, on such terms and conditions as the Board, or any one or more persons authorised by the Board from time to time for such purpose, deems fit, subject to the following:

Any such financial assistance shall not, in the aggregate for any particular financial year, exceed R500 million.

The Board will, before making any such financial assistance available, satisfy itself that:

- Immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity tests as referred to in section 45(3)(b)(i) of the Companies Act; and,
- The terms under which the financial assistance is proposed to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act.”

Notice of Annual General Meeting continued

Reason for and effect of Special Resolution Number 4

Reason for and effect of this special resolution is to grant the Board the authority to provide, at any time and from time to time during the period of 2 (two) years commencing on the date on which this special resolution number is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Act to any one or more related or inter-related companies of the Company and/or to any one or more members of any such related or inter-related company and/or to any one or more persons related to any such company.

The section 45 Resolution will be effective only if and to the extent that:

- (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity tests as referred to in section 45(3)(b)(i) of the Companies Act; and,
- (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act.

SPECIAL RESOLUTION NUMBER 5 – GENERAL AUTHORITY TO REPURCHASE SECURITIES ("GENERAL AUTHORITY")

"RESOLVED that, in terms of clause 4 of the Company's MOI that the Company be and it is hereby authorised, by way of a general authority, to repurchase up to 20% of the shares in the capital of the Company as contemplated by and in accordance with Section 48 of the Companies Act and subject to the Listings Requirements."

So as to comply with the Companies Act and the Listings Requirements the approval of Shareholders by way of a special resolution at this AGM is required for the general authority to become effective.

Reason and effect of special resolution Number 5

The reason for this special resolution is to facilitate the repurchase, by the Company, of shares in its capital, thus allowing the Directors to effect repurchases from time to time if they believe such to be in the best interests of the Company. The effect of the special resolution is to authorise the Board to act accordingly subject to compliance with the Listings Requirements and the Companies Act.

The Listings Requirements provide *inter alia* that:

- a) any such share repurchase of the Company will be effected through the order book operated by the JSE trading system and done without prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- b) this general authority will only be valid until the Company's next AGM, provided that it does not extend beyond 15 months from the date of passing this special resolution;
- c) the repurchases may not be made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected;
- d) the general repurchase by the Company shall not, in the aggregate in any one financial year exceed 20% of the issued share capital of that class in that financial year;
- e) at any point, the Company may only appoint one agent to effect any repurchase/s on its behalf;
- f) a resolution by the Board of Directors be passed that it has authorised the repurchase, that the Company and its subsidiary/ies have passed the solvency and liquidity tests and that, since the tests were performed, there have been no material changes to the financial position of the Group;
- g) The Company may not repurchase its own shares during a prohibited period as defined in the Listings Requirements unless it has a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the start of the prohibited period; and,
- h) An announcement will be published as soon as the Company has acquired shares constituting, cumulatively, 3% of the number of Company shares in issue at the time the authority is granted and for each subsequent 3% purchased, containing full details of such acquisition.

The resolution will be effective only if and to the extent that:

- (i) The Company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of this Integrated Annual Report;
- (ii) The assets of the Company and the Group will exceed the liabilities of the Company and the Group for a period of 12 months after the date of this Integrated Annual Report; and,
- (iii) The working capital, share capital and reserves of the Company and the Group will be adequate for a period of 12 months after the date of this Integrated Annual Report.

Other than the facts and developments noted in this Integrated Annual Report, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signing the audit report and up to the date of this notice of AGM.

The Listings Requirements require the following disclosures, which appear elsewhere in this Integrated Annual Report;

- Beneficial shareholders on page 72; and,
- Share capital of the Company on page 70.

Directors' responsibility statement

The Directors of the Company, collectively and individually, accept full responsibility for the accuracy of information relating to these special resolutions and certify that, to the best of their knowledge, no facts have been omitted that would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that these special resolutions contain all information required by law and by the Listings Requirements.

VOTING AND PROXIES

A holder is entitled to appoint a proxy or proxies to attend, speak and vote or abstain from voting in his stead. A proxy need not be a holder.

Proxy forms must be returned to the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Ave, Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold, 2132).

The form of proxy is to be completed only by those holders who are:

- Holding shares in certificated form; or,
- Recorded on sub-register in electronic form in "own name".

Before any person may attend or participate in the AGM, the person must, in terms of section 63(1) of the Companies Act present reasonably satisfactory identification. Without limiting the generality thereof, the Company will accept the following as satisfactory means of identification:

- South African Identification document;
- Passport; and,
- Driver's licence.

Beneficial owners of dematerialised securities who wish to attend the AGM, or to be represented thereat, must contact their CSDP or broker who will furnish them with the necessary authority to attend the AGM or alternatively, should you not wish to attend the AGM, you should provide your broker or CSDP with your voting instructions.

If you have disposed of all of your securities, this document should be handed to the purchaser of such securities or to the broker, CSDP, banker, attorney, accountant or other person through whom the disposal was effected.

By order of the Board.



Mr. EJ Smit
Group Company Secretary

22 September 2023

DEFINITIONS AND INTERPRETATIONS

“ABL”	African Bank Holdings Limited “Good Bank” (Registration number 2014/176899/06), which was formed as part of the restructuring process and started operation on 4 April 2016 (the restructuring date)
“Actuarial Valuation”	An Actuarial Valuation is an appraisal which requires making economic and demographic assumptions in order to estimate the present value of future policyholder liabilities. The assumptions are typically based on statistical analysis
“AEDO”	Authenticated Early Debit Order
“AGM”	Annual General Meeting
“ALM”	Asset and Liability Matching
“ALSI”	All Share Index
“ANW”	Adjusted Net Worth
“APN”	Advisory Practice Notes of the Actuarial Society of South Africa
“ASISA”	The Association for Savings and Investment South Africa
“ASSA”	The Actuarial Society of South Africa
“B-BBEE”	Broad-based Black Economic Empowerment
“BCM”	Business Continuity Management Framework
“BLSA”	Business Leadership South Africa
“the Board”	The Directors of Clientèle
“BR Scheme”	The Clientèle Limited Bonus Rights Scheme, approved by shareholders at the AGM on 30 October 2012
“BR”	Bonus Right
“C4C”	Clientèle for Clients
“CAE”	The Chief Audit Executive, the head of GIA.
“CAPM”	Capital Asset Pricing Model
“CBC Rewards”	CBC Rewards Proprietary Limited (Registration number 2016/195907/07), a private company incorporated in South Africa, previously known as Clientèle Benefits Company Proprietary Limited
“CGU”	Cash-generating unit
“CIS”	Center for Internet Security
“Clientèle” or “the Company”	Clientèle Limited (Registration number 2007/023806/06), a public company incorporated in South Africa
“the Clientèle App”	The Clientèle Mobile Application
“Clientèle General”	Clientèle General Insurance Limited (Registration number 2007/023821/06), a public company incorporated in South Africa
“Clientèle Group” or “the Group”	Clientèle and its subsidiaries
“Clientèle Legal”	A division of Clientèle General Insurance Limited
“Clientèle Life”	Clientèle Life Assurance Company Limited (Registration number 1973/016606/06), a public company incorporated in South Africa
“Clientèle Mobile”	Clientèle Mobile Proprietary Limited (Registration number 2007/026058/07), a private company incorporated in South Africa

Definitions and Interpretations continued

“Clientèle Properties East”	Clientèle Properties East Proprietary Limited (Registration number 1992/001651/07), a private company incorporated in South Africa
“Clientèle Properties North”	Clientèle Properties North Proprietary Limited (Registration number 2001/029155/07), a private company incorporated in South Africa
“Clientèle Properties South”	Clientèle Properties South Proprietary Limited (Registration number 2005/030653/07), a private company incorporated in South Africa
“CoC”	Cost of Required Capital. The Cost of Required Capital reflects the opportunity cost of restricted capital given the difference between the assumed future investment earnings rate on surplus capital and the interest rate at which this income and future capital releases are discounted to the present in the EV calculation
“COFI”	Conduct of Financial Institutions
“Companies Act”	The Companies Act, Act 71 of 2008, including the Regulations
“COVID-19”	An infectious disease caused by a newly discovered coronavirus disease in 2019, a severe acute respiratory syndrome
“CPI”	Consumer Price Index
“CSDP”	Central Securities Depository Participant
“CSI”	Corporate Social Investment
“CSM”	Contractual Service Margin
“CTC”	Cost to Company
“DAC”	Deferred Acquisition Cost
“DebiCheck”	Authenticated debit order collection mechanism
“Depfin”	Depfin Proprietary Limited, a wholly-owned subsidiary of Nedbank Limited
“Direct Rewards”	Direct Rewards Proprietary Limited (Registration number 2014/076232/07), a private company incorporated in South Africa
“DWT”	Dividend Withholding Tax
“ECL”	Expected Credit Loss
“EV”	Embedded Value
“EVE”	Embedded Value Earnings. This comprises the change in EV for the year after adjusting for capital movements and dividends paid
“EV Scheme”	The Embedded Value Scheme of Clientèle, a medium-term incentive scheme, in which Excom and members of management participate. Participation is based on individual performance linked to, and dependent upon, growth in Clientèle’s EV over time
“Excom”	The Executive Committee of the Group, including Life Excom and General Excom
“Executive”	Member of Excom
“EA”	External Auditors
“FASSA”	Fellow of the Actuarial Society of South Africa
“FIC”	Financial Intelligence Centre
“FSCA”	Financial Sector Conduct Authority
“FSI”	Financial Soundness Standards for Insurers
“FSV”	Financial Soundness Valuation
“FVOCI”	Fair Value through Other Comprehensive Income

Definitions and Interpretations *continued*

“FVPL”	Fair value through profit or loss
“General Excom”	The Executive Committee of Clientèle General Insurance
“GIA”	Group Internal Audit Department
“GMM”	General Measurement Model
“GOI”	Governance and Operational Standards for Insurers
“Group Excom”	The Group Executive Committee of Clientèle
“Goodwill Scheme”	A management incentive scheme based on the Scheme Goodwill created
“GSD”	Government Salary Deduction
“Head of the Actuarial Function”	The Internal Actuary who reviews all the Group actuarial calculations and also acts as the Head of the Actuarial Function of Clientèle Life and Clientèle General, appointed in terms of the Insurance Act
“HSBC”	HSBC Private Bank (Suisse) S.A., Geneva
“IAS”	International Accounting Standards
“IBNR”	Incurred But Not Reported
“ICC”	The Internal Controls Committee of the Group
“IFA/IFAs”	Independent Field Advertisers, independent contractors to Clientèle Life
“IFCC”	The Internal Financial Controls Committee of the Group
“IFRS”	International Financial Reporting Standards
“INSETA”	Insurance Sector Education and Training Authority
“Insurance Act”	Insurance Act, Act 18 of 2017
“Investment contract business”	Policies which provide, in consideration for a single premium, a series of benefit payments for a defined period or which provide benefits that are fixed contractually e.g. linked or fixed benefit policies
“IPF”	Individual Policyholders Fund
“IRBA”	The Independent Regulatory Board for Auditors
“IT”	Information Technology
“JIBAR”	Johannesburg Interbank Average Rate
“JSE”	JSE Limited (Registration number 2005/022939/06), a South African incorporated public company and licensed as an exchange under the Financial Markets Act, Act 19 of 2012
“King IV”	King IV Report on Corporate Governance for South Africa, 2016, effective in respect of financial years starting on or after 1 April 2017
“KRI”	Key Risk Indicators
“Life Excom”	The Executive Committee of Clientèle Life
“Listings Requirements”	The Listings Requirements of JSE Limited
“Long-term Insurance Act”	Long-term Insurance Act, Act 52 of 1998
“Melville Douglas”	Melville Douglas Investment Management Proprietary Limited, a subsidiary of the Standard Bank Group Limited
“MOI”	Memorandum of Incorporation
“NAEDO”	Non-authenticated early debit-order
“NCI”	Non-Controlling Interest
“NCO”	Net Charge-Off
“NDR”	Non-distributable Reserves

Definitions and Interpretations continued

“NPC”	Non-Profit Company
“NPO”	Non-Profit Organisation
“NPS”	Net Promoter Score, a measurement of client satisfaction in terms of agent interaction and the client’s overall perception of Clientèle
“OECD”	Organisation for Economic Co-operation and Development
“ORI”	Operational Risk Incidents
“ORSA”	Own Risk and Solvency Assessment
“PA”	Prudential Authority
“PAA”	Premium Allocation Approach
“PASA”	Payments Association of South Africa
“POPIA”	Protection of Personal Information Act, Act 4 of 2013
“PPE”	Property, plant and equipment
“PPR”	Policyholder Protection Rules, prescribed under section 62 of the Long-term Insurance Act and Section 55 of the Short-term Insurance Act
“PRB”	Published reporting basis
“PVIF”	Present Value of In-force business
“QED”	QED Actuaries Consultants (Pty) Ltd
“RDR”	Risk Discount Rate
“REVE”	Recurring Embedded Value Earnings is set as the EV earnings excluding the impact of assumptions changes outside of management control (Economic, tax etc.) and other once-off items. Once-off items are defined as any genuinely extraordinary expenses (e.g. approved new venture costs and the impact of discontinued operations) plus any other item that will not recur in the following year(s). For items not expected to recur in the following year, the probability should be similar to the probability of a SCR event. For example, a SCR event for listed equities would be a 43% drop in the equity value. As such, a market crash of a 43% drop in equities could be considered a once-off item. Equally an increase in 43% of the market should be treated as a once-off item
“RF”	Risk-free rate of return
“RMS”	Registered Mandate Service, as approved by the Payments Regulator during December 2019
“ROEV”	Return on EV
“RPF”	Risk Policyholders’ Fund
“RRoEV”	Recurring Return on Embedded Value is the REVE expressed as an annual rate of return on the EV or annual REVE divided by opening EV
“SAICA”	South African Institute of Chartered Accountants
“SAM”	Solvency Assessment and Management
“SAP”	Standards of Actuarial Practice, issued by the Actuarial Society of South Africa
“SARS”	The South African Revenue Service
“Scheme Goodwill”	The amount derived by applying a multiple of 5 to one year’s VNB at the end of each financial year

Definitions and Interpretations continued

“SCR”	Solvency capital requirement
“SENS”	Securities Exchange News Service
“Short-term Insurance Act”	Short-term Insurance Act, Act 53 of 1998
“SMME”	Small, medium and micro-sized enterprises
“SOCl”	Statement of Comprehensive Income
“SOFP”	Statement of Financial Position
“SPPI”	Solely Payments of Principal and Interest
“TCAR/CAR”	Total capital adequacy ratio/Capital adequacy ratio
“TCF”	Treating Customers Fairly
“TCW”	Treating Clients Well
“TEW”	Treating Employees Well
“UPF”	Untaxed Policyholders’ Fund
“UPS”	Uninterrupted Power Supply
“Valuations”	see ‘Actuarial Valuations’
“VFA”	Variable Fee Approach
“VIF”	Value of In-force
“VNB”	Value of New Business
“YTI”	Yellowwoods Trust Investments Proprietary Limited, a 100% subsidiary of the Hollard Foundation Trust, a B-BBEE Trust

FORM OF PROXY

(For use only by certificated and own name dematerialised shareholders)

Please use block letters

I/We of _____

being a member/s of the Company and the registered owner/s of _____

ordinary shares in the Company hereby appoint _____

or failing him/her

the Chairman of the meeting to vote for me/us and on my/our behalf at the AGM of the Company to be held at 08:00 on 31 October 2023 and at any adjournment thereof and to speak and act for me/us and on a poll, vote on my/our behalf.

My/Our proxy shall vote as follows:

(Indicate with a cross how you wish your votes to be cast. If you do not do so, the proxy may vote or abstain at his/her discretion.)

(One vote per ordinary share)

	In favour of	Against	Abstain
Ordinary resolutions:			
1. Presentation of the Annual Financial Statements			
2. Rotation of a Director: Adrian Dominic t'Hooft Enthoven			
3. Rotation of a Director: Barry Anthony Stott			
4. Rotation of a Director: Robert Donald Williams			
5. Election of a Director: Michael George Cowrie			
6. Election of a Director: Herschel Philip Mayers			
7. Re-appointment of the External Auditors			
8. Election to the Group Audit Committee: Robert Donald Williams			
9. Election to the Group Audit Committee: Barry Anthony Stott			
10. Election to the Group Audit Committee: Gavin Quentin Routledge			
11. General approval for the issue of authorised but unissued shares			
12. Approval of the Bonus Rights Scheme share issue			
Endorsements:			
1. Advisory endorsement of the remuneration policy			
2. Advisory endorsement of the implementation of the remuneration policy			
Special resolutions:			
1. Approval of the remuneration of Non-executive Directors for the year ending 30 June 2024 and 30 June 2025			
2. Ratification of the remuneration of Non-executive Directors for the period 1 July 2022 to 30 June 2023			
3. Amendment of the Company's MOI			
4. Approval of section 45 loans or other financial assistance to related or inter-related companies			
5. Approval of general authority to repurchase securities			

Dated this day of _____

2023

Signature _____

NOTES TO THE FORM OF PROXY

Please refer to section 58 of the Companies Act

1. A form of proxy is only to be completed by those shareholders (“holders”) who are:
 - Holding securities in certificated form; or,
 - Recorded on sub-register electronic form in “own name”.

All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM, must instruct their CSDP or broker to provide them with the required Letter of Representation.

Beneficial owners who have dematerialised their shares through a CSDP or broker who do not wish to attend the AGM, must provide the CSDP or broker by the time of the commencement of the AGM with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

2. A holder entitled to attend and vote may insert the name of a proxy or the names of two alternative proxies of the holder’s choice in the space provided, with or without deleting “the Chairman of the AGM”.

A proxy need not be a holder of the Company. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.

3. A holder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held in terms of section 58 of the Companies Act. A holder’s instructions to the proxy must be indicated by inserting a cross in the appropriate box(es). Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he deems fit in respect of all the holder’s votes.

A vote given in terms of an instrument of proxy shall be valid in relation to the general meeting notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the vote is given.

4. If a holder does not indicate on this form that the holder’s or his/her proxy is to vote in favour or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may be properly put before the general meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.

5. The Chairman of the general meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

6. The completion and lodging of this form of proxy will not preclude the relevant holder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such holder wish to do so.

7. Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company or unless this requirement is waived by the Chairman of the AGM.

8. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered with the Company.

9. Where there are joint holders of ordinary securities: Any one holder may sign the form of proxy;

The vote(s) of the most senior (for that purpose seniority will be determined by the order in which the names of shareholders appear in the Company’s register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s).

10. Forms of proxy should be lodged with or posted to the Company’s transfer secretaries, Computershare Investor Services Proprietary Limited:

Hand deliveries:
Rosebank Towers
15 Biermann Ave
Rosebank
Johannesburg
2196

Postal deliveries:
Private Bag X9000
Saxonwold
2132

Corporate information

COMPANY REGISTRATION NUMBER

2007/023806/06

REGISTERED OFFICE

Clientèle Office Park
Corner Rivonia and Alon Roads
Morningside, 2196
Telephone: (011) 320-3333
Website: www.clientele.co.za
E-mail: info@clientele.co.za

TRANSFER SECRETARIES

Computershare Investor Services
Proprietary Limited
First floor, Rosebank Towers,
Biermann Avenue, Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)

AUDITORS

Deloitte & Touche (South Africa),
5 Magwa Crescent
Waterfall City, Waterfall, 2090
(Private Bag X6, Gallo Manor, 2052)

SPONSORS

PricewaterhouseCoopers Corporate Finance
Proprietary Limited
4 Lisbon Lane
Waterfall City, Jukskei View, 2090
(Private Bag X36, Sunninghill, 2157)

CLIENTÈLE HEAD OFFICE

Telephone: +27 (0)11 320 3000
Fax: +27 (0)11 320 3133
E-mail: services@clientele.co.za

Physical Address

Clientèle Office Park
Corner Rivonia and Alon Roads
Morningside, 2196

COMPANY SECRETARY

Eben Johan Smit
E-mail: esmit@clientele.co.za
Telephone: +27 (0)11 320 3015

Shareholders' calendar

Financial year-end

30 JUNE 2023

Dividend declaration

31 AUGUST 2023

Final results announcement

31 AUGUST 2023

Dividend record date

22 SEPTEMBER 2023

Dividend payment date

26 SEPTEMBER 2023

Publication of Integrated Annual Report

29 SEPTEMBER 2023

AGM record date

20 OCTOBER 2023

AGM

31 OCTOBER 2023

Clientèle Integrated Annual Report 2023

Safeguarding Your World with Compassion

+27 (0)11 320 3000

services@clientele.co.za

Cnr Alon and Rivonia Road, Morningside, 2196

www.clientele.co.za

Long-term insurance policies are underwritten and administered by Clientèle Life Assurance Company Limited, an authorised financial services provider and licensed insurer: FSP 15268.

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