



**Clientèle**

**2024**

CONDENSED

**GROUP RESULTS**

For the year ended 30 June 2024



# KEY PERFORMANCE METRICS

Dividend declared  
maintained at

**125** cents  
per share

Recurring Embedded  
Value Earnings of

**R654.6**  
million

Embedded value  
per share

**1,803**  
cents

Recurring Return on  
Embedded Value of

**12.0%**

Value of New Business of

**R220.3**  
million

*Risk Discount Rate 14.3%.*

# Commentary

## INTRODUCTION

This year has presented new and diverse challenges for Clientèle and its subsidiaries (“the Group”), in addition to the now more familiar challenges of a depressed economy, high unemployment, crime, loadshedding and failing infrastructure.

The financial year presented anxiety and pessimism over the political environment and further decline to the economy leading up to the elections in May 2024. The year closed with greater optimism on the back of a reduction in loadshedding in the final quarter and the formation of the Government of National Unity (“GNU”).

Overlaid on this background was the pending approval by the Prudential Authority (“PA”), of the Group’s acquisition of 1Life Insurance (RF) Limited and the implementation of the new accounting standard for Insurance Contracts (“IFRS 17”). The latter posed an enormous challenge to the entire Insurance sector in South Africa.

IFRS 17 became effective on 1 July 2023 for the Group with the comparative restatement of the preceding year ended 30 June 2023, including a restatement of the opening Group Statement of Financial Position as at 1 July 2022.

IFRS 17 is intended to standardise global accounting for Insurance companies and thus allow for better understandability of Insurance companies businesses regardless of geography. While the Group’s annual financial statements appear significantly different from the past, this has not impacted the strategic direction, management or the underlying fundamentals of the Group nor has it affected its cash generating and dividend paying ability.

This change in accounting standard has mainly impacted the results reported by Clientèle Life Assurance Company Limited (“Clientèle Life”). The Clientèle General Insurance Limited (“Clientèle General”) results remain largely unchanged. The initial adoption of IFRS 17 resulted in a R2.2 billion increase in Net Asset Value on transition date while no significant increase would have occurred under IFRS 4. Another meaningful change on the Statement of Financial Position arises from the fact that the Group underwrites co-branded single premium investment products with Old Mutual and Absa, which are well supported by clients. During the course of the year, there was a planned maturity on one of the portfolios which accounts for the decrease of R4.1 billion in financial assets year-on-year.

Despite the 4% decline in the net profit for the year, and a 4% decline in earnings and headline earnings per share as a result of the lower IFRS 17 profits from Insurance operations in Clientèle Life, as described below, there has been a meaningful increase of 46% in the total comprehensive income. The Group remains in a sound solvency and liquidity position and continues to generate strong positive cashflows.

The Board has declared a final ordinary share cash dividend of 125 cents per share, for the year ended 30 June 2024 (2023: 125 cents).

## OPERATING RESULTS

### Group Statement of Comprehensive Income

The total net insurance service result increased by 4% to R171.6 million (2023 restated: R165.2 million) impacted by a decrease in the insurance revenue, from the lower Contractual Service Margin (“CSM”) as a consequence of a reduction in the Clientèle Life policy book, offset by a greater reduction in the insurance service expense on the back of better claims experience.

The total net investment result of R254.9 million is double the prior year figure (2023 restated: R124.8 million). The higher single premium income as well as higher investment returns on shareholder assets, together with the decline in the change in investment contract liabilities, contributed to this result.

Net insurance finance income is 19% higher than the prior year at R207.3 million (2023 restated: R174.5 million) mainly due to an increase of R60.8 million in the impact of interest accreted on the present value of future cash flows from insurance contracts. This is driven by the higher present value of expected cash flows on the policies accounted for in accordance with the General Measurement Model (GMM). This is; however, partially offset by the impact of the change in interest accreted on the CSM and the Risk Adjustment (RA).

Revenue from contracts with customers increased by 11% to R380.4 million (2023 restated: R342.0 million) and is partly offset by higher cost of sales. This is largely driven by the growth in the stand-alone Rewards business which resulted in higher acquisition costs.

Operating expenses were very well controlled and remained flat year-on-year at R420.7 million (2023 restated: R418.8 million). In particular, support costs were well controlled.

The above resulted in the net profit before tax increasing by 47% year-on-year.

The tax for the year has increased to R216.1 million (2023: R28.1 million). Due to the volume of co-branded single premium business written, a portion of the assessed loss in the Individual Policyholders’ Fund has been utilised. In terms of IAS12 Income Taxes, a deferred tax asset of R107.1 million (2023: R 181.5 million) has accordingly been established. In addition, in the prior

## Commentary *continued*

year there was a revision of the underlying input estimates to quantify the deferred tax asset, resulting in the decrease in the tax charge of R120 million in the prior year in terms of IAS 12. This positively impacted the taxation charge in the prior year Group Statement of Comprehensive Income, which will reverse over time.

The above translated into earnings and headline earnings attributable to equity holders of the Group decreasing by 4% to R329.9 million (2023 restated: R344.0 million) which resulted in an annualised return on average shareholders' interests of 10.0% (2023 restated: 10.5%). Earnings and headline earnings per share of 98.39 cents were 4% lower than the restated comparative year (2023 restated: 102.60 cents).

Included in other comprehensive income is the movement in insurance finance reserve of R150.8 million net of tax (2023 restated: R14.7 million loss net of tax) as a result of the change in the closing balances of the insurance liabilities arising from the change in the yield curve, used to discount all cashflows. The Group has opted to disaggregate other comprehensive income from net profits, as allowed by IFRS 17, as this number is expected to be volatile.

All of the above has resulted in the total comprehensive income for year growth of 46% to R492.4 million (2023: restated: R336.9 million).

### Group Embedded Value (“EV”) and Value of New Business

The Group EV as at 30 June 2024 increased to R6.0 billion (2023: R5.9 billion), after the payment of the annual dividend of R420 million in September 2023, despite the Risk Discount Rate (“RDR”) of 14.3% p.a. having increased from 14.1% p.a. at 30 June 2023. Recurring Embedded Value Earnings (“REVE”) of R654.6 million were similar to the prior year results of R663.1 million.

The Value of New Business (“VNB”) for the year of R220.3 million (RDR of 14.3% p.a.) decreased by 10% year-on-year (2023: R244.9 million – RDR of 14.1% p.a.).

The EV and VNB sensitivities are illustrated in the Group EV results below.

In 2023, the present value of new business premiums increased due to large volumes of Single Premium investment business written, which resulted in a marked decrease (to 4.8%) in the overall new business profit margin due to the relatively low profit margin on this block of business. Following less Single Premium investment business written in 2024, the new business profit margin has increased to 9.0%.

## SEGMENT RESULTS

### Clientèle Life – Long-term insurance

Clientèle Life remains the major contributor to the Group's performance. The impact of the continued higher than expected withdrawals, resulted in a 8% decrease in net profit for the year to R252.6 million (2023 restated: R276.0 million). Included in other comprehensive income is the movement in the Insurance Finance Reserve of R150.8 million net of tax (2023 restated: R14.7 million loss net of tax) as a result of the change in closing balances of the insurance liabilities arising from the change in the yield curve used to discount all cashflows. All of the above has resulted in total comprehensive income for year growth of 54% to R403.4 million (2023 restated: R261.3 million).

Clientèle Life's total VNB for the year of R104.8 million (2023: R157.5 million) has reduced by 33.4%.

Clientèle Life recorded REVE of R411.1 million (2023: R466.9 million), a decrease of 11.9%. The Recurring Return on EV was 10.5% (2023: 11.7%).

### Clientèle General – Short-term insurance

Clientèle General's net profit for the year of R105.6 million (2023 restated: R81.7 million) increased by 29% compared to the comparative year, largely as a result of increases in insurance revenue and a decrease in insurance service expenses, mainly marketing and employee expenses.

Clientèle General's VNB was R73.1 million (2023: R67.9 million) an increase of 7.7%. Clientèle General recorded REVE of R203.5 million (2023: R171.0 million) an increase of 19%. The Recurring Return on EV was 14.7% (2023: 13.0%).

### CBC Rewards, Clientèle Mobile and Direct Rewards

CBC Rewards, Clientèle Mobile and Direct Rewards – the Group's non-insurance entities – reported a combined net loss of R19.4 million (2023 restated: net loss of R4.1 million) for the year. This is largely due to an increased investment in CBC Rewards which is currently in the development and establishment phase and thus requires up-front investment in people and systems which will derive benefit in the future. The systematic rollout phase of the CBC rewards program has resulted in large volumes of new business and associated acquisition costs which resulted in the current year losses. The segment produced VNB of R42.4 million (2023: R19.5 million), an increase of 117.4%. The Segment recorded REVE of R53.7 million (2023: R27.4 million), an increase of 96.0%.

CBC Rewards is responsible for, amongst other things:

- Clientèle Royalty which was developed during the year and launched in February 2024;
- the highly successful stand-alone Rewards product (the doubling of the in-force book over the year resulted in new business strain); and
- the successful Rider Rewards program.

## 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.
- The integration of 1Life into the group is a key focus area. A tight control environment will continue to be maintained and improved, whilst every effort will be made to maintain and improve business efficiencies as well as capital and liquidity management.
- Investment of time and effort in the Clientèle App, Clientèle Rewards, Clientèle Royalty, 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 impact of high withdrawals. There are, however, encouraging signs of better stability in the collections environment.
- Despite the increased competition from competitors who have greater direct access to customer experience and information, the Board remains optimistic that there are opportunities for growth and value creation, over time, in the Group’s target market.
- We are focused on delivering sustained performance through tough and uncertain economic conditions. A tight control environment will continue to be maintained and improved upon, whilst every effort will be made to maintain and improve business efficiencies.

\* Any forward-looking information in this announcement has not been reviewed or reported on by the Group’s auditors and is the responsibility of the directors.

## DIVIDEND DECLARED

Notice is hereby given that the Directors have declared a final gross dividend of 125.00 cents (2023: 125.00 cents) per share on 20 September 2024 for the year ended 30 June 2024.

The Board of Clientèle Limited confirms that the Group will satisfy the solvency and liquidity tests immediately after completion of the dividend distribution.

The dividend will be subject to dividends tax. In accordance with the JSE Listings Requirements, the following additional information is disclosed:

- The dividend has been declared out of income reserves;
- The local dividends tax rate is 20% (twenty percent) (2023: twenty percent);
- The gross local dividend amount is 125.00 cents (2023: 125.00 cents) per ordinary share for shareholders exempt from the dividends tax;
- The net local dividend amount is 100.00 cents (2023: 100.00 cents) per ordinary share for shareholders liable to pay the dividends tax;
- The local dividends tax amount is 25.00 cents (2023: 25.00 cents) per ordinary share for shareholders liable to pay the dividend withholding tax;
- Clientèle Limited currently has 453,158,983 (2023: 335,321,768) ordinary shares in issue.

Clientèle Limited’s income tax reference number is 9465071166.

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

Declaration date	Friday, 20 September 2024
Last day to trade	Tuesday, 8 October 2024
Shares commence trading “ex” dividend	Wednesday, 9 October 2024
Record date	Friday, 11 October 2024
Payment date	Monday, 14 October 2024

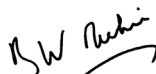
Share certificates may not be dematerialised or rematerialised between Wednesday, 9 October 2024 and Friday, 11 October 2024, both days inclusive.

By order of the Board



**GQ Routledge**  
Chairman  
Johannesburg

20 September 2024



**BW Reekie**  
Managing Director

# Accounting policies and basis of preparation

The preparation of the Group's condensed consolidated financial statements was supervised by the Group Chief Financial Officer, Ms Angela Pillay CA(SA).

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

The accounting policies have been developed in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The accounting policies and basis of preparation for the condensed financial statements are in all material respects consistent with those applied in the 2023 consolidated financial statements apart from the adoption of new IFRS Standards that are applicable at the beginning of the 2024 financial year.

The following new or revised IFRSs and interpretations have been applied in the 2024 financial year:

- Standards and amendments that are effective 1 January 2023:
  - IFRS 17 Insurance Contracts;
  - Disclosure of Accounting Policies (Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2);
  - Definition of Accounting Estimate Amendments to IAS 8 – Accounting Policies, Changes in Estimates and Errors;
  - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 Income Taxes);
  - International Tax Reform (Amendments to IAS 12).

Other Standards and amendments that are not yet effective and have not been adopted early include:

- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

The Group does not expect other amendments to Standards issued by the IASB, but not yet effective, to have a material impact on the Group Consolidated Annual Financial Statements in the period of initial application.

## IFRS 17 'INSURANCE CONTRACTS'

### 1. Introduction

IFRS 17 replaces IFRS 4 Insurance Contracts from annual periods beginning on or after 1 January 2023. The Group applied the Standard in the 2024 financial year, with restated comparative information for the 2022 and 2023 financial years, as required. The nature of the changes in accounting policies, in alignment with the new standard, are set out below.

### 2. Classification

The Group applies IFRS 17 – Insurance Contracts to insurance contracts and reinsurance contracts it issues, reinsurance contracts it holds and investment contracts with discretionary participation features it issues. Investment contracts without discretionary participation features (with or without investment management services) fall within the scope of IFRS 9 – Financial Instruments.

All references to insurance contracts in these accounting policies apply to insurance contracts issued or acquired, reinsurance contracts issued or held, and investment contracts with discretionary participation features issued, unless specifically stated otherwise. All references to insurance contracts issued in these accounting policies apply to insurance contracts excluding reinsurance contracts held.

A contract is classified as an insurance contract where the Group provides insurance coverage by accepting significant insurance risk when agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk is assessed on a contract level and exists where there is at least one scenario of commercial substance in which the insured event results both in significant additional payments and also in an overall loss to the Group on a present value basis.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract held transfers significant risk if it substantially transfers all the insurance risk resulting from the reinsured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.

Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during the coverage period, unless the terms of the contract are modified.

Contracts that have a legal form of insurance but do not transfer significant insurance risk and expose the Group to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9. Investment contracts without direct participation features issued by the Group fall under this category.

Other investment contracts issued by the Group contain direct participation features, whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Group's discretion, potentially significant additional benefits based on the return of specified pools of investment assets. The Group accounts for these contracts under IFRS 17.

The Group issues certain insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. The Group's policy is to hold such investment assets.

An insurance contract with direct participation features is defined by the Group as one which, at inception, meets the following criteria:

- The contractual terms specify that the policyholders participate in a share of a clearly identified pool of underlying items;
- The Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and,
- The Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Investment components in savings and participating products comprise policyholder account values less applicable administration and surrender fees.

The Group uses judgement to assess whether the amounts expected to be paid to the policyholders constitute a substantial share (70%-75%) of the fair value returns on the underlying items.

Insurance contracts with direct participation features are viewed as creating an obligation to pay policyholders an amount that is equal to the fair value of the underlying items, less a variable fee for service. The variable fee comprises the Group's share of the fair value of the underlying items, which is based on a fixed percentage of investment management fees (withdrawn annually from policyholder account values based on the fair value of underlying assets and specified in the contracts with policyholders) less the Fulfilment Cash Flows ("FCF") that do not vary based on the returns on underlying items. The measurement approach for insurance contracts with direct participation features is referred to as the Variable Fee Approach ("VFA"). The VFA modifies the accounting model in IFRS 17 (referred to as the General Measurement Model ("GMM")) to reflect that the consideration an entity receives for the contracts is a variable fee.

Insurance contracts are allocated to the following lines of business and measurement models for the disclosure of amounts related to these contracts in the notes to the financial statements:

Type of insurance	Line of business	IFRS 17 measurement model
Life insurance – Risk business	Whole of life risks business without direct participation features	GMM
	Term life risks business without direct participation features (long boundary)	GMM
	Term life risks business without direct participation features (short boundary)	Premium allocation approach (PAA)
Life insurance – Savings business	Savings business with direct participation features	VFA
Short-term insurance	Personal and business lines insurance contracts without direct participation features	PAA
Life risk – reinsurance contracts held	Term life – risk premium reinsurance	GMM

The Group does not have any reinsurance contracts issued to compensate another entity for claims arising from one or more insurance contracts issued by that other entity.

## Accounting policies and basis of preparation *continued*

### **Life insurance – Risk business**

The default accounting model applied to insurance contracts for liability measurement purposes is the GMM, unless the VFA or PAA applies. The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the insurance contract liabilities for certain eligible types of contracts. Insurance contracts measured in accordance with the GMM and PAA are referred to as insurance contracts without direct participation features.

The Group applies the VFA to insurance contracts with direct participation features.

For some insurance contracts without direct participation features, the Group performs investment activity to generate an investment return included in an investment component or amount the policyholder has a right to withdraw. Such an insurance contract provides an investment-return service and is measured in accordance with the GMM.

Clientèle Life's main Life insurance – Risk contracts are as follows:

- Whole life, Funeral insurance products (“funeral products”) are whole of life products with benefits which are payable upon defined events, for example, death, measured in accordance with the GMM;
- Whole life, final benefits products (“whole life products”) with benefits which are payable upon defined events, for example death or disability, measured in accordance with the GMM;
- 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, measured in accordance with the GMM;
- Credit life product measured in accordance with the PAA;
- Health insurance products measured in accordance with the GMM:
  - Commencing before 1 April 2018 – Hospital insurance products (“hospital 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, measured in accordance with the GMM;
  - Commencing after 1 April 2018 – Health Event Life Plans (“HELP products”), are annually renewable products with benefits on defined life events, for example hospitalisation, accidental death, accidental disability and dread disease benefit, measured in accordance with the GMM; and,
  - Emergency Evacuation product measured in accordance with the PAA.
- Reinsurance contracts held providing proportionate coverage (such as quota share or surplus reinsurance) or non-proportionate coverage (such as excess of loss reinsurance) are measured in accordance with the GMM.

### **Life insurance – Savings business**

Clientèle Life issues 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.

The accounting model applied to these insurance contracts for liability measurement purposes is the VFA. The VFA modifies the default measurement model in IFRS 17 (GMM) to reflect that the consideration the Group receives for the contract is a variable fee. The Group uses judgement in determining the eligibility of contracts for the VFA.

Reinsurance contracts held cannot be insurance contracts with direct participation features for the purposes of IFRS 17.

Investment components related to insurance contracts measured in accordance with the VFA are determined based on the contractual amounts payable on death, surrender or maturity, net of any relevant exit or surrender charges.

Clientèle Life does not apply the risk mitigation approach for contracts measured in accordance with the VFA.

### **Non-life Insurance**

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 and are measured by applying the PAA.

## 2.1. Separation of components

Distinct components are separated from the insurance contract and accounted for in accordance with the relevant IFRS Standard. The examples of distinct components in the Group are covered below:

- Distinct investment components are accounted for in accordance with IFRS 9 unless it is an investment contract with direct participation features in scope of IFRS 17, such as some non-participating risk and savings business issued in Clientèle Life where the investment components are not highly interrelated with the insurance components because the value of the investment components can be measured without considering the value of the insurance components, and the policyholders can surrender the investment components without lapsing the insurance cover; and,
- Distinct goods or services other than insurance contract services are accounted for in accordance with IFRS 15 – Revenue from contracts with customers. The separation of these distinct goods or services from insurance contracts accounted for under IFRS 17 is not material for the Group.

## 2.2. Aggregation (including unit of account)

The lowest unit of account explicitly mentioned in IFRS 17 is the contract, and therefore the Group has assumed that an insurance arrangement with the legal form of a single contract would generally be considered a single unit of account. However, there might be certain cases where the legal form of a contract does not reflect the substance. Insurance contracts which cover multiple insurance risks can be separated into separate contracts for measurement purposes where the Group has applied judgement to assess that the legal form of the insurance contract does not reflect the substance and separation is required.

The Group manages insurance contracts issued by product lines within a distribution channel, where each product line includes contracts that are subject to similar risks. All insurance contracts within these similar risks represent a portfolio of contracts and are managed together.

Each portfolio is disaggregated into annual cohorts (i.e., by year of issue), with each annual cohort being further disaggregated into three groups based on the profitability of contracts:

- (i) contracts that are onerous at initial recognition;
- (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and,
- (iii) any remaining contracts in the annual cohort.

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently re-assessed.

Certain product lines do not require a profitability assessment to be carried out. One such product is the HELP products which fall under the Demarcation Regulations, where the contracts are priced on a group basis, and the pricing is not adjusted for different ages which could pose different risks.

In addition, products that fall under PAA are not grouped into profitability buckets because the Group assumes that no contracts in the portfolio are onerous at initial recognition, unless facts and circumstances indicate otherwise.

### Reinsurance contracts held

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the same grouping requirements as insurance contracts to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a financial year (annual cohorts) into groups of (i) net gain; (ii) net cost; and (iii) remaining contracts in the annual cohorts.

The Group uses judgement in identifying portfolios and assessing the appropriate level at which reasonable and supportable information is available to determine the groups of insurance contracts based on expected profitability at initial recognition.

## 3. Explanation of recognised insurance amounts in profit or loss

This section describes how amounts related to insurance contracts are presented and disclosed in the Group's condensed consolidated financial statements. The insurance service result is equal to the sum of:

- Insurance revenue (section 3.1);
- Insurance service expenses (section 3.2); and,
- Income or expenses from reinsurance contracts (section 3.3).

The result from insurance operations is equal to the sum of the:

- Insurance service result;
- Insurance (and reinsurance) finance income or expenses (section 3.4); and,
- Investment returns on assets held in respect of insurance contracts.

## Accounting policies and basis of preparation *continued*

### 3.1 Insurance revenue

Insurance revenue represents the changes in the liability for remaining coverage over the period for a group of insurance contracts excluding changes in the liability that do not relate to services expected to be covered by the consideration received. The consideration received refers to the amount of premiums paid to the Group, adjusted for the discounting effect and excluding any investment components. The amount of insurance revenue recognised in the reporting period depicts the delivery of promised services at an amount that reflects the portion of premiums the Group expects to be entitled to in exchange for those services.

For insurance contracts issued not measured in accordance with the PAA, the total consideration for a group of contracts covers the following amounts:

- expected claims and administration expenses incurred in the period (excluding amounts allocated to the loss component and repayments of investment components);
- amounts of the CSM recognised in profit or loss for the services provided in the period;
- release of the Risk Adjustment for risk expired (excluding amounts allocated to the loss component);
- amounts related to income tax that are specifically chargeable to policyholders;
- experience adjustments arising from premiums received related to current (or past) service, including related cash flows such as insurance acquisition cash flows; and,
- amortisation of insurance acquisition cash flows for groups of insurance contracts measured in accordance with the GMM or the VFA.

For contracts measured in accordance with the PAA, insurance revenue for the period is the amount of expected premium receipts allocated to the period based on the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then insurance revenue for the period is allocated on the basis of the expected timing of incurred insurance service expenses.

### 3.2 Insurance service expenses

The following amounts are recognised in insurance service expenses:

- incurred claims and expenses incurred (excluding amounts allocated to the loss component and repayments of investment components);
- experience adjustments arising from incurred claims and expenses;
- changes in liability for incurred claims related to past service;
- actual insurance acquisition cash flows on insurance contracts measured in accordance with the PAA (for businesses not electing to amortise these cash flows in the liability for remaining coverage);
- amortisation of insurance acquisition cash flows for groups of insurance contracts measured in accordance with the GMM or the VFA, or where businesses elect to include insurance acquisition cash flows in the liability for remaining coverage in accordance with the PAA; and,
- changes that relate to future service relating to the LC:
  - a) initial losses on onerous groups of insurance contracts issued recognised in the period; and,
  - b) increases and reversals of losses on onerous groups of insurance contracts issued.

The expenses only relate to cash flows that are directly attributable to the fulfilment of the insurance contracts issued.

### 3.3 Income or expenses from reinsurance contracts

The Group presents income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount. The amounts recognised as income or expenses reflect the features of reinsurance contracts held that differ from insurance contracts issued.

Income or expense from reinsurance contracts comprise reinsurance service expenses less amounts recovered from reinsurers. Reinsurance expenses are recognised similarly to insurance revenue, depicting the transfer of services received in the period at an amount reflecting the portion of premiums the Group is expected to pay in exchange for those services.

The following amounts are recognised as income or expenses from reinsurance contracts held where relevant:

- amounts of the CSM recognised in profit or loss for the services received in the period;
- changes in the Risk Adjustment for non-financial risk, excluding:
  - a) changes that related to future service (adjusting the CSM); and,
  - b) amounts included in reinsurance finance income or expenses;

for contracts accounted for in accordance with the GMM:

- a) experience adjustments related to incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred; and,
- b) experience adjustments related to ceded premiums for past and current service.

for contracts accounted for in accordance with the PAA:

- a) actual incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred; and,
- b) reinsurance expenses related to the portion of ceded premiums recovered in the current period, recognised based on the passage of time over the coverage period of the reinsurance contracts held;
  - changes in the incurred claims for past service recoverable from the reinsurance contracts held;
  - for reinsurance contracts held and measured in accordance with the PAA, changes in the non-performance risk of reinsurer counterparties; and,
  - changes that relate to future service relating to the Loss Recovery Component:
    - a) income on loss recovery component recognised in the period; and,
    - b) changes in estimates that adjust the loss recovery component.

### **3.4 Insurance (and reinsurance) finance income and expense**

The Group elected to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. The amount of insurance finance income or expenses in profit or loss is the impact of the change in the closing balances taking into account the change in the expense inflation yield curve. The amount of insurance finance income or expenses in other comprehensive income is the change in closing balances for the change in the yield curve used to discount all cashflows.

Any benefit increases that are linked to inflation are processed through other comprehensive income, however the Group does not link any benefit increases to an inflation curve. All benefit increases are assumed to be a flat increase.

The Group has not made any changes to the disaggregation of insurance finance income or expenses between profit or loss and other comprehensive income during the current year.

The change in the yield curve is also applied to the Risk Adjustment and split between profit or loss and other comprehensive income. The Group elected to split the movement in the Risk Adjustment between insurance service expense and insurance finance income or expense.

The effect of and changes in the time value of money and financial risk form part of the insurance finance income and expenses.

In case of transfer of a group of insurance contracts to a third party, or a contract modification, or derecognition of an insurance contract, any remaining amounts for the group (or contract) that were previously recognised in other comprehensive income are reclassified to profit or loss as a reclassification adjustment.

For a group of insurance contracts measured in accordance with the GMM, insurance finance income or expenses mainly comprises the following amounts:

- the unwind of interest on fulfilment cash flows, based on current discount rates;
- the accretion of interest on the CSM, based on locked-in discount rates; and,
- the effect of changes in financial (economic) assumptions.

For a group of insurance contracts measured in accordance with the PAA, insurance finance income or expenses mainly comprises the following amounts (where relevant):

- the unwind of interest on the liability for incurred claims, based on current discount rates; and,
- the impact on the liability for incurred claims of the effect of changes in economic assumptions.

For groups of insurance contracts measured in accordance with the VFA, the fair value returns on the underlying items are recognised in insurance finance income and expenses.

The amounts recognised in insurance finance income or expenses are determined on a 'gross basis' before any allowance for investment management expenses and policyholder taxation at current tax as these are accounted for as part of the fair value movements in financial assets.

The changes in the Risk Adjustment for non-financial risk have been disaggregated between the insurance service result and insurance finance income and expenses.

## Accounting policies and basis of preparation *continued*

### 3.5 Amortisation of insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.

Insurance acquisition cash flows are amortised in each reporting period on a systematic basis, based on the passage of time. For insurance contracts not measured in accordance with the PAA, the insurance acquisition cash flows are amortised incorporating the in-force policy count. For insurance contracts measured in accordance with the PAA, such as amortisation is on a straight-line basis based on the expected coverage period of the insurance contracts.

## 4. Measurement of insurance contracts

The Group measures insurance contracts by performing year-to-date estimates of the carrying amount of the asset or liability for a group of insurance contracts.

In the notes to the financial statements, the net carrying amount of the insurance contracts issued and reinsurance contracts held has been defined as the net insurance contract carrying amount (for insurance contracts issued) and the net reinsurance contract carrying amount (for reinsurance contracts held).

### 4.1. Recognition

The Group recognises insurance and reinsurance contracts held from the beginning of the coverage period, or if earlier, the date when the first payment from the policyholder is due. Investment contracts with direct participation features are recognised when the Group becomes party to the contract.

#### Reinsurance contracts held

The Group recognises groups of reinsurance contracts held on the following date:

1. For reinsurance contracts held that provide proportionate coverage: on the date that any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.
2. For reinsurance contracts held that provide non-proportionate coverage: at the beginning of the coverage period of the group of reinsurance contracts held.

### 4.2. Contract boundaries

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract issued if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide the policyholder with insurance contract services.

Cash flows are within the boundary of an investment contract with direct participation features if they result from a substantive obligation of the Group to deliver cash at a present or future date.

A substantive obligation to provide services ends when the Group:

- has the practical ability to reassess the risks of a particular policyholder and as a result can change the price charged or the level of benefits provided for the price to fully reflect the new level of risk; or,
- performs the boundary assessment at a portfolio rather than individual contract level, and the following two criteria are both satisfied:
  - a) the Group has the practical ability to reprice the portfolio to fully reflect risk from all policyholders; and,
  - b) the Group's pricing of the premiums up to the assessment date does not consider any risks beyond this date.

Cash flows outside of the boundary of the insurance contract relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

Contract boundaries for the different Clientèle products are as follows:

Type of insurance	Line of business	Contract boundary
Life insurance – Risk business	Long term risk products	These products have a long contract boundary based on the full policy term of the lives assured
	Hospital and HELP products	Full policy terms (whole of life)
	Credit Life products	3 months (premiums are recalculated quarterly taking into account the outstanding loan balance)
Life insurance – Savings business	Savings products	<p>Full policy term. Some savings contracts have a fixed 20-year term, with the other savings contracts not specifying a set term. In addition, there is a process whereby paid-up policyholders are contacted when the policy reaches 20 years for the Group to pay the money to the client.</p> <p>Where there is a fixed maturity date, the term is extended past that date if the client has not elected to withdraw the amount on the policy.</p>
Short-term insurance	Legal products	1 month (guided by the notice period allowed to amend contract terms and conditions)

#### Reinsurance contracts held

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.

The substantive rights and obligations of both parties will end if there is a unilateral right to cancel the reinsurance contract. The probability of the reinsurer repricing the contract can be allowed for when determining the fulfilment cash flows included in the contract boundary and is based on past business practice/experience where relevant. However, an allowance for the probability of the reinsurer cancelling the contract is not permitted when assessing the contract boundary. Based on the wording in the current reinsurance treaties, these treaties have long contract boundaries based on the underlying portfolios' boundaries.

#### 4.3. Initial measurement

On initial recognition, the Group measures a group of insurance contracts as the total of the:

- fulfilment cash flows; and
- CSM.

For contracts that are measured in accordance with the VFA, the GMM model applies, except for the measurement of the CSM after initial recognition.

The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the liability for remaining coverage for certain eligible types of contracts.

#### Fulfilment cash flows (FCF)

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The projection of the future expected cashflows is modelled through Basys, our Actuarial Modelling software. In projecting the expected future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events. All assumptions used in the projection of these cashflows are included in Basys and are set based on recent experience.

## Accounting policies and basis of preparation *continued*

When estimating future cash flows, the Group includes all cash flows that are within the contract boundary and relate directly to the fulfilment of the contract, including:

- Premiums and related cash flows;
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims, as well as cash back payments;
- Payments to policyholders resulting from the surrender of an investment contract;
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs;
- Claims handling costs;
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries; and,
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts.

The tax arising on the net income of the Individual Policy Fund (i.e., Income less Expenses) is not included in the fulfilment cash flows.

The investment component at a point in time, used to determine the surrender value, is the value of the unit fund in respect of a contract at that time.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows.

The Group's non-performance risk is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Some reinsurance contracts held contain reinsurance experience refunds. Under these arrangements, there may be an amount refunded to the insurer based on agreed terms, where experience is better than expected. As our expected claims are modelled using the expected claims in the reinsurance tables, and these reinsurance tables assume zero experience refunds, only actual experience refunds received will be included in the actual cashflows. In addition, no expected reinsurance experience refunds will be allowed for in the expected cashflows.

According to the reinsurance treaties, the reinsurer is obligated to accept new business for a certain time period. These expected new cessions are included in the expected reinsurance cashflows based on the most recent months new business cashflows.

### Insurance acquisition costs and expenses

Insurance acquisition cashflows are defined as cashflows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs. Such cash flows also include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio.

Some departments include a mix of acquisition and maintenance costs. In this case, the Group splits the acquisition and maintenance costs by making use of key allocation drivers determined using a systematic and rational approach.

Directly attributable costs are costs that relate to the fulfilment of the insurance contract. The Group has used a systematic and rational method to allocate directly attributable insurance acquisition cash flows ("IACF") to a portfolio of insurance contracts. Directly attributable expenses have been linked at a portfolio level. The IACF that are directly attributable to a portfolio of contracts, but not to a group of contracts, are allocated to existing groups in the portfolio and future groups that are expected to become part of the portfolio.

There are fixed and variable overheads (such as the costs of accounting, human resources, information technology and support, building depreciation, rent, maintenance and utilities) directly attributable to fulfilling insurance contracts. The split of the directly attributable cost is calculated on a systematic and rational basis to allocate the costs to portfolio of insurance contracts.

Non-directly attributable expenses are recognised as incurred outside of the insurance service result. Non-directly attributable expenses are disclosed under "Other expenses" and impact profits and losses.

## Discount rates

The estimates of future cash flows are adjusted to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of future cash flows. The Group applies discount rates, that include the effect of inflation, to nominal cash flows (i.e., those cash flows that also include the effect of inflation, where relevant).

The discount rates applied to the estimates of the future cash flows:

- reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts;
- are consistent with observable current market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of, for example, timing, currency and liquidity; and,
- exclude the effect of factors that influence such observable market prices, but do not affect the future cash flows of the insurance contracts.

In order to set the discount rates to be used, the Group first obtains the liquid risk-free yield curve from the Prudential Authority ("PA"), and then subsequently allow for a Liquidity Risk Premium ("LRP") adjustment to the yield curve.

An assessment of the liquidity of each product offered by the Group was performed. The definition of the liquidity of an insurance contract is the ability of a policyholder to receive:

- Payments earlier than the occurrence of insured events, or dates specified in the contract at a reasonable cost; and,
- Full settlement of claims within a short period following the occurrence of an insured event.

Liquidity characteristics can vary over the full duration of a policy contract. At initial recognition, all liquidity characteristics arising during the remaining coverage period as well as the incurred claim period would be considered. However, contracts that no longer have a remaining coverage period only have exposure to the incurred claim liquidity characteristics.

Insurance contracts are divided into four liquidity buckets based on their liquidity characteristics:

- Fully liquid;
- Moderately liquid;
- Partially liquid; or,
- Fully illiquid.

In assigning insurance contracts into liquidity buckets, the Group considers the following items:

- a) In respect of the period before the occurrence of the insured event:
  - The size of the liability or asset share at the average duration that contracts remain in force i.e. cumulative build-up of net cash flows and interest thereon;
  - Whether the contract provides an exit value;
  - The cost to the policyholder to obtain an exit value;
  - The frequency with which a policyholder can obtain an exit value;
  - The average outstanding duration for contracts remaining in force; and,
  - The predictability of cashflows under the contract.
- b) In respect of the period after the occurrence of the insured event:
  - The time to full settlement of a claim following the insured event.

Given that the risk products have a very low level of reserve and asset share build-up, as premium increases allow for the increase in risk cost, the analysis above determined that all products within the Group are deemed to be fully liquid, and thus the Group does not need to add a Liquidity Risk Premium.

In order to run Contract Recognition, the Group makes use of the PA liquid risk-free yield curve as at the reporting date, which would be adjusted for the LRP, if needed, to determine the profitability of each policy, and thus set the IFRS 17 group per policy. For the setting of the discount rates for each month's new business the Group makes use of the yield curve as at the end of the reporting period.

For the locked-in rates for each financial year, the Group makes use of a weighted average yield curve, where the curve will be weighted using the policy counts per month per IFRS 17 group. This is because it is believed that this will not be materially different from using the individual months curves.

## Accounting policies and basis of preparation *continued*

### Economic assumptions

All economic assumptions will be set using the PA curves as the base, but with the following adjustments:

- The non-unit return curve is set as the risk-free curve, and then subsequently allow for a Liquidity Risk Premium (“LRP”) adjustment to the yield curve, as covered in the discount rates section;
- The unit return curve is set as the risk-free curve, with no adjustment for the LRP; and,
- The inflation curve is the difference between the nominal curve and the real return curve.

### Risk adjustment for non-financial risk

The Risk Adjustment for non-financial risk is applied to the estimated future cash flows and reflects the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Group fulfils insurance contracts.

The Board has created and approved the Risk management strategy which includes the risk tolerance statement and the explicit risk level the Group accepts when writing new business. The Risk appetite statement works on the principle that the Group would accept a maximum reduction of 30% in Embedded Value (“EV”) based on a 1 in 7-year (or 85% percentile) event. If the risk is greater than 30%, the Group would require additional risk premiums, or it will not accept the business. If the risk of a reduction in EV is significantly higher than 30%, the Group would not be able to make its targeted profits and would look to decrease its accepted risk.

The main risk items in our products are interest rate risk, which is excluded from Risk Adjustment, claims (risk benefits) risk and persistency risk. By creating a Risk Adjustment measure using the claims risk and persistency risk explicitly, the Group will cover all material non-financial risks to measure the effect of uncertainty in the cash flows that arise from insurance contracts, other than uncertainty arising from financial risk. An allowance is also made for expense risk.

Operational risk is excluded from the Risk Adjustment.

The methodology for applying the Risk Adjustment is consistent between all approaches, being the GMM, the VFA and the PAA approaches.

### Reinsurance contracts held

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, except for the following:

- Measurement of the cash flows include an allowance for the risk of reinsurer non-performance; and,
- The Group determines the Risk Adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer.

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, it establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

### Contractual service margin (CSM)

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides coverage in the future.

At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

- The initial recognition of the FCF;
- The derecognition at the date of initial recognition of any asset or liability recognised for insurance acquisition cash flows; and,
- Cash flows arising from the contracts in the Group at that date.

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A negative CSM is not recognised, but rather treated as a loss component.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the Group recognises the net cost immediately in profit or loss. For reinsurance contracts held, the CSM represents a deferred gain or loss that the Group will recognise as a reinsurance expense as it receives reinsurance coverage in the future.

For insurance contracts acquired, at initial recognition, the CSM is an amount that results in no income or expenses arising from:

- The initial recognition of the FCF; and,
- Cash flows arising from the contracts in the group at that date, including the fair value of the groups of contracts acquired as at the acquisition date as a proxy of the premiums received.

#### Reinsurance contracts held

For groups of reinsurance contracts held, the CSM can be positive or negative and therefore represents a deferred gain or loss that the Group will recognise as reinsurance income or expenses when it receives reinsurance coverage in the future. A loss recovery component adjusts the CSM at initial recognition of the group of reinsurance contracts held when onerous underlying insurance contracts are recognised. The resulting income is recognised in profit or loss and offsets the losses recognised on the underlying insurance contracts for the portion of the underlying insurance contracts being reinsured. The loss recovery component is not established before the underlying insurance contracts are recognised. This adjustment to the CSM of a group of reinsurance contracts held and the resulting income, is determined by multiplying:

- the loss recognised on the underlying insurance contracts; and,
- the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held.

The Group uses judgement in determining the loss recovery component, including for subsequent measurement.

#### Onerous contracts – Loss Component (LC)

An LC exists where the CSM at the date of initial recognition is negative. This loss from onerous insurance contracts is recognised in profit or loss immediately with no CSM recognised on the balance sheet on initial recognition.

When an LC exists, the Group allocates the following between the LC and the remaining component of the LRC for the respective group of contracts, based on the ratio of the LC to the FCF relating to the expected future cash outflows:

- Expected incurred claims and expenses for the period;
- Changes in the Risk Adjustment for non-financial risk for the risk expired; and,
- Finance income (expenses) from insurance contracts issued.

The first two categories above reduce the respective components of insurance revenue and are reflected in insurance service expenses.

Subsequent measurement of the LC will be determined using the current reporting period assumptions. Should the LC on a group increase, this will be recognised in the Income Statement as an additional loss. Should the LC on a group decrease, this will be recognised in the Income Statement as a profit.

#### 4.4 Subsequent measurement (excluding PAA)

The carrying amount of a group of insurance contracts at the end of each reporting date is the sum of:

- the liability for remaining coverage (remaining coverage component for reinsurance contracts held), comprising:
  - a) the fulfilment cash flows related to service to be provided (received for reinsurance contracts held) in future periods; and,
  - b) the remaining CSM of the group at that date.
- the liability for incurred claims (incurred claims component for reinsurance contracts held), comprising the fulfilment cash flows for past service allocated to the group at that date. The liability for incurred claims also includes the repayment of any investment components or other amounts that are not related to the provision of insurance contract services in future periods and therefore not included in the liability for remaining coverage.

## Accounting policies and basis of preparation *continued*

### Changes in Fulfilment Cash Flows

The FCF are updated by the Group for current assumptions at the end of every reporting period, using the current estimates of the amount, timing and uncertainty of future cash flows and of discount rates.

The way in which the changes in estimates of the FCF are treated depends on which estimate is being updated:

- Changes that relate to current or past service are recognised in profit or loss; and,
- Changes that relate to future service are recognised by adjusting the CSM or the LC within the LRC as per the policy below.

### Insurance contracts under GMM

For insurance contracts in accordance with the GMM, the following adjustments relate to future service and thus adjust the CSM:

- a) Experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
- b) Changes in estimates of the present value of future cash flows in the LRC;
- c) Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period; and,
- d) Changes in the Risk Adjustment for non-financial risk that relate to future service.

The adjustments listed in (a) to (d) above are measured using the locked-in discount rates as described in the section "Interest accretion on the CSM" below.

For insurance contracts in accordance with the GMM, the following adjustments do not relate to future service and thus do not adjust the CSM:

- a) Changes in the FCF for the effect of the time value of money and the effect of financial risk and changes thereof;
- b) Changes in the FCF relating to the LIC; and,
- c) Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

### Insurance contracts under VFA

For insurance contracts in accordance with the VFA, the following adjustments relate to future service and thus adjust the CSM:

- a) Changes in the Group's share of the fair value of the underlying items; and,
- b) Changes in the FCF that do not vary based on the returns of underlying items:
  - i. Changes in the effect of the time value of money and financial risks including the effect of financial guarantees;
  - ii. Experience adjustments arising from premiums received in the period that relate to future service and related cash flows such as insurance acquisition cash flows and premium-based taxes;
  - iii. Changes in estimates of the present value of future cash flows in the LRC, except those described in the following paragraph;
  - iv. Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period;
  - v. Changes in the Risk Adjustment for non-financial risk that relate to future service; and,
  - vi. Adjustments that are measured using the current discount rates (i.e., changes to FCF).

For insurance contracts in accordance with the VFA, the following adjustments do not relate to future service and thus do not adjust the CSM:

- a) Changes in the obligation to pay the policyholder the amount equal to the fair value of the underlying items;
- b) Changes in the FCF that do not vary based on the returns of underlying items:
  - i. Changes in the FCF relating to the LIC; and,
  - ii. Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows).

### Changes to the Contractual Service Margin

For a group of insurance contracts issued, the carrying amount of the CSM at the end of each reporting period is adjusted for the following changes in the period:

- a) the effect of new contracts recognised in the period;
- b) for contracts measured in accordance with the GMM, the accretion of interest on the CSM at the start of the reporting period (or initial recognition for new contracts recognised in the period). Interest is accreted on the CSM using locked-in discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns on underlying items;
- c) changes in the fulfilment cash flows that relate to future service (as described in the 'Fulfilment cash flows' section above) adjust the CSM, to the extent the CSM is available. If an increase in the fulfilment cash flows exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised. If the CSM is zero, changes in the fulfilment cash flows are recognised in insurance service expenses by adjusting the loss component. Any decrease in the fulfilment cash flow/s in excess of the loss component reduces the loss component to zero and reinstates the CSM. Refer to the 'Loss component' section below for further details; and,
- d) the amount of the CSM recognised in insurance revenue based on the insurance contract services provided in the period, determined after allowing for the impacts described above. Refer to the 'Coverage units' section below for further details.

### Reinsurance contracts held

For a group of reinsurance contracts held, the same steps are followed (as described above for a group of insurance contracts issued) to adjust the carrying amount of the CSM at the end of each reporting period, with the main differences in the features of the reinsurance contracts held summarised below:

- The CSM at initial recognition for new contracts recognised in the period is adjusted for a loss recovery component when underlying insurance contracts are onerous;
- The adjustment to the CSM for changes in the fulfilment cash flows related to future service is after any adjustment to the loss recovery component for changes in the fulfilment cash flows for the underlying insurance contracts which adjusted a loss component; and,
- The amount of the CSM recognised as income or expenses from reinsurance contracts held in profit or loss is based on the services received from the reinsurer(s) in the period.

### Interest accretion on the CSM

In accordance with the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns of underlying items (locked-in discount rates). If more contracts are added to the existing groups in the subsequent reporting periods, the Group revises the locked-in discount curves by calculating weighted-average discount curves over the period that contracts in the group are issued. The weighted-average discount curves are determined by multiplying the new contracts added to the group and their corresponding discount curves over the total contract count.

### Coverage units & release of CSM to profit or loss

The CSM is recognised as insurance revenue over the duration of the insurance contracts issued based on the number of coverage units provided in each period. Coverage units are determined for broad product types to best reflect the rendering of insurance contract services in a particular reporting period.

The coverage units of the group of insurance contracts are identified by considering for each contract the quantity of the benefits provided under the contract and its expected coverage period. The quantity of benefits will typically be determined based on the maximum amounts that policyholders can claim in each period. The coverage units are updated at each reporting date to reflect actual experience over the reporting period and the expected coverage to be provided in future, taking the follow into consideration:

- The quantity of benefits provided by contracts in the group
- The expected coverage duration of contracts in the group
- The probability of insured events occurring, only insofar as they affect the expected duration of contracts in the group.

## Accounting policies and basis of preparation *continued*

### Onerous contracts – Loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognises the excess in insurance service expenses and records it as an LC of the LRC.

Decreases in the FCF in subsequent periods reduce the remaining LC and reinstate the CSM after the LC is reduced to zero. Increases in the FCF in subsequent periods increase the LC.

### 4.5 Initial and subsequent measurement for contracts measured in accordance with the PAA

The Group applies the PAA for measuring contracts with a coverage period of one year or less.

The Group applies IFRS 17.53(a), which allows an entity to expense acquisition cashflows when incurred. There is no significant risk to the business or profitability as the current cost patterns are fairly consistent. The savings on time, cost and ease of application supports the decision to expense acquisition cashflows when incurred.

On initial recognition, the Group measures the LRC at the amount of premiums due on initial recognition or those already received in cash. As all issued insurance contracts to which the PAA is applied have coverage of a year or less, the Group applies a policy of expensing all insurance acquisition cash flows as they are incurred.

Premiums due to the Group for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the LRC. The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- a. The LRC; and,
- b. The LIC, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is calculated as the sum of the:

- a. increase for premiums received in the period; and,
- b. decrease for the amounts of expected premiums received recognised as insurance revenue for the services provided in the period.

The Group does not adjust the LRC for insurance contracts issued for the effect of the time value of money as insurance premiums are due within the coverage of contracts, which is one year or less.

For contracts measured in accordance with the PAA, the LIC is measured similarly to measurement in accordance with the GMM. Future cash flows are adjusted for the time value of money since Personal and business lines insurance contracts issued by the Group and measured in accordance with the PAA typically have a settlement period of over one year.

When facts and circumstances indicate that a group of contracts has become onerous, the Group performs a test for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Group recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

### 4.6 Derecognition and modification

The Group derecognises a contract when the rights and obligations relating to the contract are extinguished (i.e., expired, discharged, or cancelled) or the contract is modified.

If an insurance contract is modified by the Group by agreement between the parties to the contract or by a change in regulation, the changes in the cash flows as a result of the modification are treated as changes in estimates of fulfilment cash flows, unless the criteria for the derecognition of the original contract are met. If a contract modification results in derecognition of the original contract, a new contract is recognised on the modified terms. The exercise of a right included in the terms of a contract is not a modification.

If an insurance contract not accounted for in accordance with the PAA is derecognised from a group of insurance contracts, or a contract modification does not result in the derecognition of the original insurance contract, the CSM of the group of insurance contracts is adjusted for the changes in estimates of fulfilment cash flows.

If an insurance contract not accounted for in accordance with the PAA is transferred to a third party, or a contract modification results in the derecognition of the original insurance contract and recognition of a new contract, the Group adjusts the CSM of the group of insurance contracts from which the contract has been derecognised based on the difference between the changes in estimates of fulfilment cash flows of the group of insurance contracts resulting from the contract being derecognised and:

- a) for transfers to a third party, the premium charged by the third party; or,
- b) for a contract modification, the premium that the Group would have charged had it entered into a new contract with the modified terms at the date of the contract modification.

The new contract recognised is measured assuming that the Group received the premium determined in b) above. The adjustments to the CSM described above exclude any changes in fulfilment cash flows resulting in the recognition of (or changes to) a loss component for the group of insurance contracts.

If an insurance contract measured in accordance with the PAA is derecognised from a group of insurance contracts, the Group adjusts the liability for remaining coverage of the group of insurance contracts to reflect the amount refunded to the policyholder as a result of the derecognition of the insurance contract (or the amount paid to a third party in the case of a transfer other than for settlement of incurred claims), and the premium that would have been received for a new contract in the case of a contract modification resulting in the derecognition of the original contract.

## 5. Transition approach

On transition date, the Group:

- Identified, recognised, and measured each group of insurance contracts as if IFRS 17 had always applied unless impracticable;
- Identified, recognised and measured assets for insurance acquisition cashflows as if IFRS 17 has always applied;
- Derecognised any existing balances that would not exist had IFRS 17 always applied; and,
- Recognised any resulting net difference in equity.

On transition, the Group applied the fully retrospective approach to all Life insurance contracts issued on or after 1 July 2018 and the fair value approach for all business written prior to this date. Obtaining reasonable and supportable information to apply the fully retrospective approach for existing business prior to 1 July 2018, was deemed impracticable without undue cost or effort.

The fully retrospective approach was completed assuming that IFRS17 had always been in existence for these contracts. No simplifications were applied.

### Fair value approach

In accordance with the fair value approach, the relevant opening balances were determined as at the transition date, 1 July 2022.

The CSM at the transition date is calculated as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. The Group has applied the requirements of IFRS 13 Fair Value Measurement to determine the fair value of groups of contracts, with the exception of the demand deposit floor requirement which IFRS 17 specifies should not be applied. The fair value is effectively the consideration that would be paid or received for a group of insurance contracts to enable a market participant to earn their required rate of return in a notional transaction involving the group of contracts. The Group used the income approach (as defined by IFRS 13) to determine this amount.

The fair value was calculated by discounting the expected funds becoming available for distribution to a market participant (referred to as distributable income, in accordance with the income approach), at the required rate of return. This calculation allows for a market participant's view of capital requirements and expectations of future real-world returns. The Group applied judgement to determine the method and assumptions used to calculate the fair value.

The Group has applied the fair value approach on transition for certain groups in portfolios in the Life Business.

The Group therefore determined the CSM of the liability for remaining coverage at the transition date, as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. The fair value was determined as the Embedded Value of the contracts at the transition date.

### Fully retrospective approach on Short contract boundary business

The Group applied a fully retrospective approach on transition to the following policies:

- Term life risks business without direct participation features (short boundary); and,
- Personal and business lines insurance contracts without direct participation features.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes use of estimates and assumptions that affect the reported amounts of its insurance liabilities, owner-occupied properties, intangible assets, deferred tax assets and related liabilities and unquoted financial instruments. 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. Insurance and reinsurance contracts

This disclosure should be read in conjunction with the valuation methodology as described in the IFRS 17 accounting policies above.

#### 1.1.1. Classification

##### Assessing significance of insurance risk and discretionary amounts for investment contracts with DPF

The Group applies judgement to assess whether contracts are in scope of IFRS 17 in some product lines, such as whether payments on death are linked to an underlying pool of assets. Where the death payments on policies with no DPF have been assessed not to be significant on a present value basis, these investment contracts are in scope of IFRS 9.

##### VFA eligibility

The Group applies the VFA to Life insurance savings business for insurance contracts with direct participation features that are substantially investment-related. The Group applies judgement to assess on the initial recognition of the contracts, whether:

- (a) A substantial share of the fair value returns on the underlying items is expected to be paid to the policyholders; and,
- (b) A substantial proportion of any change in the amounts to be paid to the policyholders is expected to vary with the change in fair value of the underlying items.

For purposes of PAA eligibility, the Group considers anything above 65% to be substantial.

The Group has applied judgement to conclude that assessments can be performed for groups of homogeneous contracts with similar contract features/terms based on readily available qualitative or quantitative information for investment contracts with DPF (with no significant insurance risk), and other market-linked savings contracts where minimum investment guarantees and/or rider benefits create significant insurance risk.

##### PAA eligibility

The Group applies the PAA to measure a group of insurance contracts issued or reinsurance contracts held if, at inception of the Group: the coverage period of each contract in the group of insurance contracts is one year or less; or the Group reasonably expects that the PAA would produce a measurement of the liability or asset for remaining coverage for a group of insurance contracts that would not differ materially from the measurement that would be achieved by applying the requirements of the GMM.

Scenario testing is performed at least annually, by updating the projected fulfilment cash flows under reasonably expected scenarios, which would affect cash flow variability. The Group applies judgement in calibrating these scenarios for changes in market and non-market variables based on management's view of the key changes affecting cash flow and liability variability for each portfolio of insurance contracts. Judgement will be applied to define relative materiality thresholds for each portfolio based on ensuring that the combined absolute impacts of all groups of insurance contracts with coverage periods longer than a year applying the PAA, falls within an absolute measure of materiality for each future year.

#### 1.1.1.1. Aggregation

The Group applies judgement to assess whether reasonable and supportable information is available to allocate a set of contracts to the same group of onerous contracts.

Initial contract recognition assessment is performed at an individual contract level to determine profitability and to thus allocate groups of insurance contracts to specific IFRS 17 groups.

The individual contract assessments are performed on an adjusted expense allocation basis for aggregation purposes, where expense assumptions are set based on what is determined as attributable expenses, and included in the fulfilment cash flows to a group of insurance contracts.

The Group may have to apply judgement to assess whether facts and circumstances have indicated that a group of contracts has become onerous subsequent to initial recognition. This is done based on the changes to underlying assumptions set based on experience on the portfolio of policies.

#### 1.1.1.2. Reinsurance contracts held

The Group expects all treaties to fall in the remaining bucket given that the reinsurer would not price to make a loss on a treaty.

## 1.1.2. Measurement

### 1.1.2.1. Recognition and derecognition including modifications

The initial recognition date and derecognition of insurance contracts are not areas of significant judgement for the Group.

### 1.1.2.2. Fulfilment cash flows

Various assumptions are used to determine the expected future cash flows of all portfolios of business. These assumptions are set based on recent experience on the portfolios.

#### Estimates of future cash flows

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Estimates of future cash flows incorporate in an unbiased way all reasonable and supportable information that is available without incurring undue cost or effort.

Changes in the following assumptions may change the fulfilment cash flows materially over the duration of insurance contracts: assumptions about future cash flows relating to mortality, morbidity, policyholder behaviour (i.e., frequency and severity of claims), expenses and commission, amongst others.

However, these changes would adjust the CSM and would not affect the carrying amounts of the contracts, unless they arise from onerous contracts or do not relate to future services.

#### Contract boundaries

The determination of the contract boundary of an insurance contract is not an area of significant judgement for the Group. For reinsurance contracts held, the Group's agreements with reinsurers typically align with the underlying product and therefore the contract boundary aligns.

#### Expenses

The following expense cash flows are included within the boundary of a contract:

- Acquisition cash flows that relate to the selling, underwriting and starting of a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. This includes underwriting expenses, upfront commissions payable to intermediaries, and commissions payable in respect of policy changes; and,
- Administration and other expense cash flows incurred in fulfilling the obligations under the insurance contracts, such as investment management expenses where relevant (see below for further details), claims handling costs, costs related to premium billing and maintenance commissions that are expected to be paid to intermediaries.

Both direct costs and an allocation of fixed and variable overheads are included. Attributable costs are determined using functional cost analysis techniques. The Group applies judgement by taking a broad view of attributable expenses where it is reasonable and supportable.

The other expenses relating to insurance operations, i.e. expenses not directly attributable to the fulfilment of insurance contracts such as some product development and training costs, are recognised in profit or loss as incurred and are not included in the measurement of insurance and reinsurance liabilities.

The allocation between acquisition and administration and other expense cash flows is based on functional cost analyses and reflects actual expenses incurred during 2024 financial year. The future expense assumptions do not include any cash flows that are not directly attributable to the fulfilment of the insurance contracts. An increase in unit expenses increases the estimates of future cash flows, therefore resulting in a decrease in the CSM (all else being equal).

Expense inflation assumptions follow that of the yield curve used for discounting.

#### Decrements

Assumptions with regard to future mortality and other risk factors are consistent with the Group's recent experience up to 30 June 2024. An increase in mortality rates increases the estimates of future cash flows, therefore resulting in a decrease in the CSM (*ceteris paribus*).

Surrender, lapse and paid-up rates are key assumptions in the measurement of life insurance contracts (risk and savings business). Assumptions with regard to future surrender, lapse and paid-up rates are based on the Group's recent experience up to 30 June 2024. An increase in surrender or lapse rates may increase or reduce the estimates of future cash flows, therefore resulting in a decrease or increase in the CSM depending on the specific product features (all else being equal).

## Accounting policies and basis of preparation *continued*

### Coverage units

Judgement is required in terms of what is used as coverage units.

The Group uses the amount that it expects the policyholder to be able to validly claim in each period if an insured event occurs as the basis for the quantity of benefits. This is applicable to all measurement approaches. This will include the following:

- Sum Assured for the main life assured;
- Sum Assured for all other lives assured on a policy; and,
- Sum Assured for all benefits on the policy, for example where a life assured is covered for multiple benefits such as death, disability, funeral etc.

The projection of the total value of the sum assured uses the same assumptions as those used for the projection of expected cash flows. In addition, where there are projected increases in benefits for annual contractual escalations, these are factored into the projected value of the coverage units.

The Group allows for the time value of money on the amortisation of the CSM.

For reinsurance contracts held, the CSM is released to profit or loss as services are received from the reinsurer in the period. The coverage period for these contracts is determined based on the coverage of all underlying contracts whose cash flows are included in the reinsurance contract boundary.

For the amortisation of the acquisition expenses, the number of contracts per portfolio are used, and also allow for decrements, in order to be consistent with the coverage units used for the CSM amortisation.

### Economic assumptions

Each month, the Group downloads two yield curves from the PA's website, being the:

- Risk free curve; and,
- Nominal curve.

All economic assumptions will be set using the above PA curves as the base, but with the following adjustments:

- The non-unit return curve is set as the risk free curve, and then subsequently allow for an LRP adjustment to the yield curve;
- The unit return curve is set as the risk free curve, with no adjustment for the LRP; and,
- The inflation curve is the difference between the nominal curve and the real return curve. The modelled expenses are inflated using these curves.

It should be noted that, based on the Group performing fully retrospective calculations back to 1 July 2018 only, PA curves are available for all years required for the transition calculations.

Interest accretion will happen on gross of tax rates for all portfolios.

The yield curve to be used for the interest accretion will be slightly different depending on whether this is for Transition or Business as Usual:

- Fully Retrospective Transition calculations will use the yield curve at the end of the period; and,
- For Business as Usual calculations, the Group will use the weighted average locked in curve at the end of the relevant reporting period.

### Investment guarantees

There is only a small portion of the Group's savings book of policies that have an investment guarantee. These products are no longer sold.

Given that these products are no longer sold, they have been included under the Fair Value calculations for the Transition Balance Sheet.

### Risk adjustment for non-financial risk

The Board has created and approved the Risk management strategy which includes the risk tolerance statement and the explicit risk level the Group accepts when writing new business. The Risk appetite statement works on the principal that the Group would accept a maximum reduction of 30% in EV based on a 1 in 7-year (or 85% percentile) event. If the risk is greater than 30%, the Group would require additional risk premiums, or it will not accept the business. If the risk of a reduction in EV is significantly higher than 30% the Group would not be able to make its targeted profits and would look to decrease its accepted risk.

The main risk items in the Group's products are interest rate risk (excluded from risk adjustment), claims risk and persistency risk. By creating a Risk Adjustment measure using the claims risk and persistency risk explicitly the Group will cover all material non-financial risk as per B89 and B90. An allowance is also made for expense risk.

Operational risk is excluded from the Risk Adjustment.

The methodology for applying the Risk Adjustment is consistent between all approaches, being the GMM, the VFA and the PAA approaches.

#### 1.1.2.3. Contractual service margin

##### Premium experience adjustments

The experience adjustments arising from premiums received (including related cash flows such as insurance acquisition cash flows) that do not vary based on the returns on underlying items, adjust the CSM if related to future service, or such amounts are recognised in insurance revenue in the reporting period if related to current (or past) service. The Group applies judgement to determine whether these experience adjustments are related to current (or past) or future service.

The premium-related experience adjustments typically relate to current (or past) service. Experience adjustments relating to premiums received for future coverage are an exception to this general rule. Such an example is where the premium experience adjustments have a direct impact on the value of future benefits payable to policyholders, resulting in the experience adjustments and the changes in the estimates of the future cash flows to largely offset when adjusting the CSM.

##### Loss recovery component (LRECC) for reinsurance contracts held

A LRECC is deducted from the CSM at initial recognition of a group of reinsurance contracts held when underlying onerous insurance contracts are recognised, with the resulting income recognised in profit or loss offsetting the losses recognised on the underlying insurance contracts for the portion of the underlying insurance contracts being reinsured. This adjustment to the CSM of a group of reinsurance contracts held and the resulting income, is determined by multiplying:

- The loss recognised on the underlying insurance contracts (or loss component(s) of the underlying insurance contracts); and,
- The percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held (also referred to as the LRECC ratio).

The Group applies judgement in determining the LRECC ratio. The LRECC ratio is determined as the present value of the future expected claims and reinsurance cash flows of the group of reinsurance contracts held divided by the present value of the future expected premium cash flows of the underlying insurance contracts. Subsequent to the initial recognition of a group of reinsurance contracts held, the LRECC is adjusted for changes in estimates that relate to future service based on the corresponding adjustment to the loss component(s) of the underlying group(s) of insurance contracts and the reinsured portion of these underlying insurance contracts. The Group applies judgement to assess that any unfavourable changes in the FCF of underlying insurance contracts that are not reinsured do not adjust the LRECC, unless the impact is immaterial.

If a group of reinsurance contracts held is linked to multiple groups of underlying insurance contracts (which could include onerous and non-onerous groups of contracts), the LRECC ratio is estimated based on the overall claims recoveries for the group of reinsurance contracts held and the overall claims incurred for the underlying insurance groups, applied to the sum of the loss components of the underlying insurance groups (where relevant). This determination of the LRECC therefore estimates the portion of the losses on the underlying insurance contracts being recovered in the LRECC for reinsurance contracts held, by excluding the following impacts where relevant:

- The portion of the underlying insurance contracts that are not covered by the group of reinsurance contracts held; and,
- The portion of the underlying insurance contracts that are not onerous.

## Accounting policies and basis of preparation *continued*

### Changes to methods and processes

The Group has not exercised any changes to the methods and processes for estimating inputs used to measure contracts, or for the determination of future cash flows.

### Disaggregation of insurance finance income or expenses into amounts presented in profit or loss and amounts presented in other comprehensive income

The Group has elected to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. The reason for this is to remove the volatile impact of movements in the yield curve on profits or loss of the Group. For further information on methods used to distinguish between profit or loss and other comprehensive income, refer to accounting policies.

### 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.

### 1.3 Deferred tax assets

The calculation of the deferred tax asset in respect of the existing book in the IPF of R107.1 million (2023: R181.5 million) and future utilisation of the assessed loss together with the related policyholder liability amounting to R92.7 million (2023: R155.1 million) is subject to estimates and judgements. The attrition rate is the input to which the calculation is most sensitive. Management has applied the 3% attrition rate as was determined in the prior financial year. If the attrition rate decreased to 2% the deferred tax asset would increase to R109.7 million (2023: R185.5 million), with an additional positive impact of R0.2 million (2023: R0.5 million) on net profit after tax. If the attrition rate increased to 4%, the deferred tax asset would decrease to R104.6 million (2023: R177.5 million), with an additional negative impact of R0.2 million (2023: R0.5 million) on net profit after tax. At the reporting date the IPF has an estimated tax loss of R817 million (2023: R1.0 billion).

### 1.4 Owner-occupied Properties

The owner-occupied properties are fairly valued 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 (2023: between R125 and R165) per square meter per month. This has then been capitalised into perpetuity at a yield of between 8.25% and 9.00% (2023: between 8.75% and 9.50%), which is appropriate given the current state of the property market and the quality of the property investments.

## 1.5 Financial Guarantees

### 1.5.1 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 Limited in favour of Depfin (a division of Nedbank Limited).

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 (2023: R2 million).

### 1.5.2 Financial Guarantee in favour of Nedbank

In determining the fair value of the financial guarantees issued by Clientèle Limited to Nedbank at initial recognition, as required by IFRS 9.B2.5 (read together with IFRS 9.5.1.1), the Group opted to make use of a measurement method that quantifies the economic benefit of the financial guarantee to the holder by comparing the fair value of the underlying revolving credit facilities at the interest rates imposed by Nedbank, to the fair value of the underlying revolving credit facilities held within the subsidiaries of the Group at the estimated interest rate that the Group assumes would have been imposed on the revolving credit facilities in the absence of the financial guarantees.

The following factors, *inter alia*, were taken into consideration in calculating the Financial Guarantee Liability:

- The present value of cash flows;
- The aggregate fair value of the revolving credit facility; and
- The effective interest rate.

The Group established that the fair value attributed to the financial guarantees at initial recognition is negative and consequently, no liability has been recognised for the financial guarantee relating to the revolving credit facilities. The debt is within the Group, therefore the guarantee eliminates on consolidation.

## 1.6 Financial assets categorised within Level 3 of the fair value hierarchy

Fair value measurements categorised within Level 3 of the fair value hierarchy are estimated indirectly using valuation techniques or models, for which one or more of the significant inputs are assumptions (based on unobservable market inputs). The African bank stub paper has been categorised within Level 3 of the fair value hierarchy as the instruments are not traded directly on the market.

The following factors were 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 whenever information became available that indicates that the fair value is different to the value recorded.

The fair value of YTI preferences share was determined using a Monte Carlo simulation. Therefore, they are categorised in Level 3 of the fair value hierarchy. The primary unobservable inputs used to determine the value of the YTI preference shares comprise of:

- A percentage of the EV as a proxy of the Clientèle share price;
- The dividend yield; and
- A percentage (i.e., 77%) of the prime interest rate.

## Accounting policies and basis of preparation *continued*

### **1.7 ECL**

The ECL loss allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes, that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions. The ECL model is dependent on the availability of relevant and sufficiently accurate data to determine whether a significant increase in credit risk has occurred since initial recognition, the probability of default (PD), the loss given default (LGD) and the possible exposure at default (EAD). The Group makes use of estimates of PDs, LGDs and EADs to determine the ECL balance for financial assets at amortised cost.

### **1.8 Deferred Acquisition Cost (DAC)**

The DAC relates to the deferral of incremental costs for the single premium business and the recurring premium saving policies. 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.

### **1.9 Deferred Revenue**

At inception of a single premium contract there is deferred 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 in line with the costs incurred to provide the investment management services.

# Independent auditors' review report on the condensed consolidated financial statements

## To the shareholders of Clientèle Limited

We have reviewed the condensed consolidated financial statements of Clientèle Limited, set out on pages 4 to 47, which comprise the condensed group statement of financial position as at 30 June 2024, the condensed group statement of comprehensive income, the condensed group statement of changes in equity and the condensed group statement of cash flows for the year ended, and selected explanatory notes.

## Directors' Responsibility for the Condensed Consolidated Financial Statements

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

The Listings Requirements require condensed financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and contain the information required by International Accounting Standard (IAS) 34, Interim Financial Reporting.

## Auditor's Responsibility

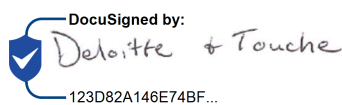
Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires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

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Clientèle Limited for the year ended 30 June 2024 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for condensed financial statements, as set out in the Accounting Policies note to the financial statements, and the requirements of the Companies Act of South Africa.

DocuSigned by:  
  
123D82A146E74BF...

### Deloitte & Touche

Registered Auditor

Per: John Kruger

Partner

20 September 2024

The Ridge, 6 Marina Road

Cape Town, 8001

# Condensed Group Statement of Financial Position

as at 30 June 2024

(R'000)	Notes	2024	Restated* 2023	Restated* 2022
<b>Assets</b>				
Goodwill <sup>1</sup>		8,412	8,412	–
Owner-occupied properties <sup>2</sup>		435,372	422,667	412,318
Intangible assets		28,856	32,725	43,165
Property and equipment		54,496	44,871	43,689
Deferred tax <sup>3</sup>		124,605	199,788	111,710
Insurance contract assets	2	3,173,456	2,947,384	2,860,400
Reinsurance contract assets	3	71,674	73,298	84,494
Financial assets at fair value through profit or loss		6,852,711	10,953,097	9,198,483
Financial assets at amortised cost		20,479	272	27,357
Deferred acquisition cost		123,499	166,128	110,990
Inventories		4,722	4,320	5,037
Investment in associate		–	–	5,837
Trade receivables		57,587	57,758	44,729
Current tax receivable		18,019	2,021	–
Cash and cash equivalents		317,050	249,540	502,000
<b>Total assets</b>		<b>11,290,938</b>	15,162,281	13,450,209
<b>Equity</b>				
Share capital		6,707	6,706	6,706
Share premium		389,261	389,135	389,135
Common control deficit		(220,273)	(220,273)	(220,273)
<b>Total equity</b>		<b>175,695</b>	175,568	175,568
Retained earnings		2,855,429	2,945,361	3,003,690
Bonus Rights Scheme Reserve		27,347	27,294	25,362
Non Controlling Interest: Direct Rewards		5,375	3,076	–
Non Distributable Reserve: Revaluation		68,311	60,598	55,422
Insurance Finance Reserve		150,694	(94)	14,591
<b>Total equity and reserves</b>		<b>3,282,851</b>	3,211,803	3,274,633
<b>Liabilities</b>				
Deferred tax		835,647	781,568	831,766
Financial liabilities held at amortised cost		119,481	150,742	215,443
Insurance contract liabilities	2	520,055	507,055	448,668
Investment contract liabilities		5,884,738	9,822,998	8,149,168
Loans at amortised cost		204,806	100,000	100,000
Financial Guarantee Liability <sup>4</sup>		2,000	2,000	2,000
Deferred revenue		227,856	359,862	210,491
Employee benefits		96,200	88,800	77,708
Accruals and payables		117,304	124,745	117,408
Current tax		–	12,708	22,924
<b>Total liabilities</b>		<b>8,008,087</b>	11,950,478	10,175,576
<b>Total equity and liabilities</b>		<b>11,290,938</b>	15,162,281	13,450,209

\* Refer to restatement note on page 36.

- To more appropriately represent the order of liquidity of the Group's assets, Goodwill has been presented as the first line item in the Group Statement of Financial Position as management believes it is the least liquid of the Group's assets. This change in presentation has been applied in the current year and the prior year.
- Owner-occupied properties are disclosed at level 3 in the fair value measurement hierarchy.
- Deferred tax includes R107 million (2023: R181.5 million) in respect of tax losses which are now expected to be utilised in the foreseeable future related to Clientèle Life's individual policyholder's tax fund ("IPF") as a result of single premium business. (Refer to estimates and judgements note on page 24 and the tax note on page 44).
- The financial guarantee liability is in respect of guarantees issued. (Refer to the Capital and Other Commitments note on page 47).

# Condensed Group Statement of Comprehensive Income

for the year ended 30 June 2024

(R'000)	Note	2024	Restated* 2023
<b>Insurance service result</b>			
Insurance revenue	4	1,931,131	1,954,147
Insurance service expenses	4	(1,735,895)	(1,760,818)
Income/(expense) from reinsurance contracts	4	(23,686)	(28,136)
<b>Total insurance service result</b>		<b>171,550</b>	<b>165,193</b>
<b>Net investment result</b>			
Fair value adjustments to financial assets at fair value through profit or loss		843,601	765,677
Change in investment contract liabilities		(579,536)	(625,748)
Finance cost on financial liabilities at amortised cost		(9,199)	(15,107)
<b>Total net investment result</b>		<b>254,866</b>	<b>124,822</b>
<b>Net insurance finance income (expense)</b>			
Insurance finance income (expense)	4	194,163	163,223
Reinsurance finance income (expense)	4	13,176	11,291
<b>Total net insurance finance income (expense)</b>		<b>207,339</b>	<b>174,514</b>
<b>Net insurance and investment result<sup>1</sup></b>			
Revenue from contracts with customers <sup>2</sup>		380,438	341,976
Cost of Sales		(40,541)	(24,849)
Other income		1,597	5,728
Interest income		16,323	15,135
Interest income on financial assets at amortised cost		644	440
Movement in expected credit loss		2,477	654
Interest Expense		(23,968)	(10,326)
Operating expenses		(420,696)	(418,752)
<b>Net Profit before tax</b>		<b>550,029</b>	<b>374,535</b>
Tax	5	(216,120)	(28,130)
<b>Net Profit for the year</b>		<b>333,909</b>	<b>346,405</b>
<b>Attributable to:</b>			
Non-Controlling interest		3,972	2,359
Equity holders of the Group – ordinary shareholders		329,937	344,046
<b>Net Profit for the year</b>		<b>333,909</b>	<b>346,405</b>
<b>Other Comprehensive Income</b>			
<b>Items that will be reclassified subsequently to profit or loss</b>			
Profit/(loss) on property revaluation		10,489	6,746
Income tax relating to property revaluation		(2,776)	(1,569)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Movement in insurance finance reserve		206,559	(20,117)
Tax on movement in insurance finance reserve		(55,771)	5,431
<b>Total comprehensive income for the year</b>		<b>492,410</b>	<b>336,896</b>
<b>Earnings per share (cents)</b>		<b>98.39</b>	<b>102.60</b>
<b>Diluted Earnings per share (cents)</b>		<b>98.27</b>	<b>102.49</b>

\* Refer to restatement note on page 36.

1. Sum of Total net insurance service result, Total net investment result and Total net insurance finance expenses.

2. Refer to footnote 1 on page 32.

# Condensed Group Statement of Changes in Equity

for the year ended 30 June 2024

(R'000)	Share capital	Share premium	Common control deficit	Sub-total
<b>Balance as at 1 July 2022</b>	6,706	389,135	(220,273)	175,568
Ordinary dividends				-
Total comprehensive income	-	-	-	-
- Net profit for the for the year				-
- Other comprehensive income/(expense)				-
Shares issued				-
Bonus Rights Scheme allocated				-
<b>Balance as at 30 June 2023</b>	6,706	389,135	(220,273)	175,568
<b>Balance as at 1 July 2023</b>	6,706	389,135	(220,273)	175,568
Ordinary dividends				-
Total comprehensive income	-	-	-	-
- Net profit for the for the year				-
- Other comprehensive income/(expense)				-
Shares issued <sup>1</sup>	1	126		127
Bonus Rights Scheme allocated				-
Non-controlling interest – Direct Rewards				-
<b>Balance as at 30 June 2024</b>	<b>6,707</b>	<b>389,261</b>	<b>(220,273)</b>	<b>175,695</b>

1. 11,851 shares (2023:NIL) were issued during the period in terms of the Bonus Rights Scheme.

(R'000)	Retained earnings	Bonus Rights Scheme Reserve <sup>1</sup>	Non-controlling interest	Non-distributable reserves: revaluation	Insurance finance reserve	Total
<b>Balance as at 1 July 2022</b>	821,112	25,362	-	55,422	-	1,077,464
<b>IFRS 17 Transition Adjustment<sup>2</sup></b>	2,182,578	-	-	-	14,591	2,197,169
<b>Restated Balance as at 1 July 2022</b>	3,003,690	25,362	-	55,422	14,591	3,274,633
Ordinary dividends	(402,386)					(402,386)
Total comprehensive income	344,046	-	2,359	5,176	(14,685)	336,896
- Net profit for the for the year	344,046	-	2,359	-	-	346,405
- Other comprehensive income/(expense)	-	-	-	5,176	(14,685)	(9,509)
Shares issued						-
Bonus Rights Scheme allocated		1,932				1,932
Non-controlling interest – Direct Rewards			717			717
Other movements	11					11
<b>Balance as at 30 June 2023 restated</b>	2,945,361	27,294	3,076	60,598	(94)	3,211,803
<b>Restated Balance as at 1 July 2023</b>	2,945,361	27,294	3,076	60,598	(94)	3,211,803
Ordinary dividends	(419,152)		(1,470)			(420,622)
Total comprehensive income	329,937	-	3,972	7,713	150,788	492,410
- Net profit for the for the year	329,937		3,972	-		333,909
- Other comprehensive income/(expense)				7,713	150,788	158,501
Shares issued						127
Bonus Rights Scheme allocated	(126)	53				(73)
Other movements	(591)		(203)			(794)
<b>Balance as at 30 June 2024</b>	<b>2,855,429</b>	<b>27,347</b>	<b>5,375</b>	<b>68,311</b>	<b>150,694</b>	<b>3,282,851</b>

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

2. Refer to restatement note on page 36.

# Condensed Group Statement of Cash Flows

for the year ended 30 June 2024

(R'000)	2024	Restated 2023
<b>Net profit before tax</b>	<b>550,029</b>	374,535
Adjusted for non-cash items <sup>1</sup>	<b>(680,151)</b>	(427,731)
Separately disclosable items <sup>2</sup>	<b>(92,032)</b>	(109,840)
Working capital changes	<b>359,910</b>	349,957
Net (decrease)/increase in financial liabilities	<b>(4,543,670)</b>	1,060,019
Net (increase)/decrease of financial assets	<b>4,943,987</b>	(990,222)
<b>Cash generated from operations</b>	<b>538,073</b>	256,718
Interest received	<b>65,362</b>	74,933
Dividends received	<b>26,670</b>	34,907
Dividends paid	<b>(420,622)</b>	(404,208)
Taxation paid	<b>(174,110)</b>	(174,627)
<b>Cash flows from operating activities</b>	<b>35,373</b>	(212,277)
Acquisition of intangible assets	<b>(10,031)</b>	(10,923)
Acquisition of property and equipment	<b>(24,479)</b>	(14,236)
Acquisition of owner-occupied properties	<b>(2,216)</b>	(3,603)
Proceeds from disposal of property and equipment, and intangible assets	–	13
Additions to financial assets at amortised cost	<b>(20,000)</b>	(300)
Repayment of financial assets at amortised cost	<b>420</b>	–
Net cash from acquisition of subsidiary	–	(808)
<b>Cash flows from investing activities</b>	<b>(56,306)</b>	(29,857)
Proceeds from issuing of shares	<b>127</b>	–
Proceeds from loans at amortised cost <sup>3</sup>	<b>204,806</b>	–
Repayment of loans at amortised cost <sup>4</sup>	<b>(116,490)</b>	(10,326)
<b>Cash inflows/(outflows) from financing activities</b>	<b>88,443</b>	(10,326)
Increase/(decrease) in cash and cash equivalents	<b>67,510</b>	(252,460)
Cash and cash equivalents at beginning of year	<b>249,540</b>	502,000
<b>Cash and cash equivalents at end of the year</b>	<b>317,050</b>	249,540

1. Adjustments for non-cash items include fair value adjustments for financial instruments.

2. Interest and dividends received.

3. In the current financial year, the Group entered into a revolving credit facility with Nedbank amounting to R205 million.

The Group also settled a medium-term facility of R100 million with Nedbank

4. Repayment of external loans for the property entities.

## Segment Statements of Comprehensive Income

30 June 2024 (R'000)	Life Insurance	Non-life Insurance	CBC Rewards, Mobile & Direct Rewards	Holding entity & Property*	Consoli- dation entries	Total
<b>Insurance service result</b>						
Insurance revenue	1,426,023	505,108				1,931,131
Insurance service expenses	(1,377,148)	(358,747)				(1,735,895)
Income (expense) from reinsurance contracts	(23,686)	–				(23,686)
<b>Total insurance service result</b>	<b>25,189</b>	<b>146,361</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>171,550</b>
<b>Net investment result</b>						
Fair value adjustments to financial assets at fair value through profit or loss	814,970	27,319		1,312		843,601
Fair value gain on investment on subsidiaries	(871)				871	–
Investment income	13,272				(13,272)	–
Change in investment contract liabilities	(579,536)					(579,536)
Finance cost on financial liabilities at amortised cost	(9,199)					(9,199)
<b>Total net investment result</b>	<b>238,636</b>	<b>27,319</b>	<b>–</b>	<b>1,312</b>	<b>(12,401)</b>	<b>254,866</b>
<b>Net insurance finance expenses/income</b>						
Insurance finance income (expense)	194,685	(522)				194,163
Reinsurance finance income (expense)	13,176					13,176
<b>Total net insurance finance income (expense)</b>	<b>207,861</b>	<b>(522)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>207,339</b>
<b>Net insurance and investment result</b>	<b>471,686</b>	<b>173,158</b>	<b>–</b>	<b>1,312</b>	<b>(12,401)</b>	<b>633,755</b>
Revenue from contracts with customers <sup>1</sup>	254,451		179,501		(53,514)	380,438
Cost of Sales	–		(76,053)		35,512	(40,541)
Dividend revenue	–		–	420,682	(420,682)	–
Other income	(577)	128	121	85,841	(83,916)	1,597
Interest income	10,425	3,818	432	1,648		16,323
Interest income on financial assets at amortised cost	644					644
Movement in expected credit loss	2,577			3,303	(3,403)	2,477
Interest expense	(7,417)		(3)	(29,820)	13,272	(23,968)
Operating expenses	(292,877)	(35,874)	(130,894)	(56,344)	95,293	(420,696)
<b>Net Profit before tax</b>	<b>438,912</b>	<b>141,230</b>	<b>(26,896)</b>	<b>426,622</b>	<b>(429,839)</b>	<b>550,029</b>
Tax	(186,306)	(35,658)	7,475	(6,918)	5,287	(216,120)
<b>Net Profit for the year</b>	<b>252,606</b>	<b>105,572</b>	<b>(19,421)</b>	<b>419,704</b>	<b>(424,552)</b>	<b>333,909</b>
Attributable to:						
Non-Controlling interest	–	–	–	–	3,972	3,972
Equity holders of the Group – ordinary shareholders	252,606	105,572	(19,421)	419,704	(428,524)	329,937
<b>Net Profit for the year</b>	<b>252,606</b>	<b>105,572</b>	<b>(19,421)</b>	<b>419,704</b>	<b>(424,552)</b>	<b>333,909</b>
<b>Other comprehensive income:</b>						
<b>Items that will not be reclassified subsequently to profit/loss</b>						
Profit/(Loss) on property revaluation					10,489	10,489
Income tax relating property revaluation					(2,776)	(2,776)
<b>Items that will be reclassified subsequently to profit/loss</b>						
Movement in insurance finance reserve before tax	206,581	(22)			–	206,559
Tax on movement in insurance finance reserve	(55,777)	6			–	(55,771)
<b>Total comprehensive income for the year</b>	<b>403,410</b>	<b>105,556</b>	<b>(19,421)</b>	<b>419,704</b>	<b>(416,839)</b>	<b>492,410</b>

\* In the current period, the Group made an assessment of the nature and financial effects of the business activities in which it engages. The Group also considered the manner in which operating results are reported to the chief operating decision maker ("CODM"). Having carried out the assessments, it became apparent that the Property entities are a separate segment whose transactions occur at Group level and for which financial reports are prepared and reviewed by the CODM from a Group perspective. Consequently, the Group removed the Property entities from the Life Insurance (formerly known as "Long-term insurance") and incorporated the Property entities as part of the Holding entity. The effect of the reconfiguration of the Group's reportable segments has been disclosed by restating the corresponding information for earlier periods.

1. Life insurance segment revenue from contracts with customers consists of IFA business fees (R83.2 million) and deferred revenue (R171.2 million). The CBC Rewards, Mobile and Direct Rewards (179.5 million) revenue from contracts with customers consists of rewards fees of which a portion is consolidated out due to it being an inter-company transaction.

## Segment Statements of Comprehensive Income *continued*

30 June 2023 (R'000) Restated	Life Insurance*	Non-life Insurance	CBC Rewards, Mobile & Direct Rewards	Holding entity & Property*	Consoli- dation entries	Total
<b>Insurance service result</b>						
Insurance revenue	1,461,310	492,837				1,954,147
Insurance service expenses	(1,384,086)	(376,732)				(1,760,818)
Income or expense from reinsurance contracts	(28,136)					(28,136)
<b>Total insurance service result</b>	<b>49,088</b>	<b>116,105</b>	-	-	-	<b>165,193</b>
<b>Net investment result</b>						
Fair value adjustments to financial assets at fair value through profit or loss	729,186	28,117		8,374		765,677
Fair value gain on investment on subsidiaries	18,033				(18,033)	-
Investment income	18,269				(18,269)	-
Change in investment contract liabilities	(625,748)					(625,748)
Finance cost on financial liabilities at amortised cost	(15,107)					(15,107)
<b>Total net investment result</b>	<b>124,633</b>	<b>28,117</b>	-	<b>8,374</b>	<b>(36,302)</b>	<b>124,822</b>
<b>Net insurance finance expenses/income</b>						
Insurance finance income (expense)	164,061	(838)				163,223
Reinsurance finance income (expense)	11,291					11,291
<b>Total net insurance finance expenses/income</b>	<b>175,352</b>	<b>(838)</b>	-	-	-	<b>174,514</b>
<b>Net insurance and investment result</b>	<b>349,073</b>	<b>143,384</b>	-	<b>8,374</b>	<b>(36,302)</b>	<b>464,529</b>
Revenue from contracts with customers	259,826		94,405		(12,255)	341,976
Cost of Sales			(24,849)			(24,849)
Dividend revenue				403,889	(403,889)	-
Other income	2,371	75	318	80,434	(77,470)	5,728
Interest income	10,997	2,649	92	1,397		15,135
Interest income on financial assets at amortised cost	440					440
Movement in expected credit loss	654					654
Interest expense			(7)	(28,588)	18,269	(10,326)
Operating expenses	(348,487)	(38,919)	(75,445)	(45,486)	89,585	(418,752)
<b>Net Profit before tax</b>	<b>274,874</b>	<b>107,189</b>	<b>(5,486)</b>	<b>420,020</b>	<b>(422,062)</b>	<b>374,535</b>
Tax	1,135	(25,493)	1,358	(5,251)	121	(28,130)
<b>Net Profit for the year</b>	<b>276,009</b>	<b>81,696</b>	<b>(4,128)</b>	<b>414,769</b>	<b>(421,941)</b>	<b>346,405</b>
Attributable to:						
Non-Controlling interest					2,359	2,359
Equity holders of the Group – ordinary shareholders	276,009	81,696	(4,128)	414,769	(424,300)	344,046
<b>Net Profit for the year</b>	<b>276,009</b>	<b>81,696</b>	<b>(4,128)</b>	<b>414,769</b>	<b>(421,941)</b>	<b>346,405</b>
<b>Other comprehensive income:</b>						
<b>Items that will not be reclassified subsequently to profit/loss</b>						
Profit/(Loss) on property revaluation					6,746	6,746
Income tax relating property revaluation					(1,569)	(1,569)
<b>Items that will be reclassified subsequently to profit/loss</b>						
Movement in insurance finance reserve before tax	(20,139)	22				(20,117)
Tax on movement in insurance finance reserve	5,437	(6)				5,431
<b>Total comprehensive income for the year</b>	<b>261,307</b>	<b>81,712</b>	<b>(4,128)</b>	<b>414,769</b>	<b>(416,764)</b>	<b>336,896</b>

\* In the current period, the Group made an assessment of the nature and financial effects of the business activities in which it engages. The Group also considered the manner in which operating results are reported to the chief operating decision maker ("CODM"). Having carried out the assessments, it became apparent that the Property entities are a separate segment whose transactions occur at Group level and for which financial reports are prepared and reviewed by the CODM from a Group perspective. Consequently, the Group removed the Property entities from the Life Insurance (formerly known as "Long-term insurance") and incorporated the Property entities as part of the Holding entity. The effect of the reconfiguration of the Group's reportable segments has been disclosed by restating the corresponding information for earlier periods.

## Segment Statement of Financial Position

June 2024 (R'000)	Life Insurance	Non-life Insurance	CBC Rewards, Mobile & Direct Rewards	Holding entity & Property*	Consoli- dation entries	Total
<b>Assets</b>						
Goodwill					8,412	8,412
Owner-occupied properties				435,372		435,372
Intangible assets	17,747	1,589	9,512	8		28,856
Property and equipment	133,921	42,568	138	11,557	(133,688)	54,496
Deferred tax	107,118	4,841	21,172		(8,526)	124,605
Insurance contract assets	3,173,456					3,173,456
Reinsurance contract assets	71,674					71,674
Financial assets at fair value through profit or loss	6,543,321	298,975		10,415		6,852,711
Financial assets at amortised cost	20,479					20,479
Deferred acquisition cost	123,499					123,499
Inventories	221		4,501			4,722
Investment in subsidiaries	106,621			311,640	(418,261)	-
Trade receivables	213,922	6,885	17,825	144,207	(325,252)	57,587
Current tax receivable	11,428	4,740	137	1,714		18,019
Cash and cash equivalents	247,317	45,957	9,577	14,199		317,050
<b>Total assets</b>	<b>10,770,724</b>	<b>405,555</b>	<b>62,862</b>	<b>929,112</b>	<b>(877,315)</b>	<b>11,290,938</b>
<b>Equity</b>						
Share capital	4,853	42,500	2,510	6,707	(49,863)	6,707
Share premium				389,261		389,261
Common control deficit					(220,273)	(220,273)
<b>Total equity</b>	<b>4,853</b>	<b>42,500</b>	<b>2,510</b>	<b>395,968</b>	<b>(270,136)</b>	<b>175,695</b>
Retained earnings	2,692,159	244,667	(51,057)	77,047	(107,387)	2,855,429
Bonus Rights Scheme Reserve	24,011	4,464		27,346	(28,474)	27,347
Non Controlling Interest: Direct Rewards					5,375	5,375
Non Distributable Reserve: Revaluation					68,311	68,311
Insurance Finance Reserve	150,706	(12)				150,694
<b>Total equity and reserves</b>	<b>2,871,729</b>	<b>291,619</b>	<b>(48,547)</b>	<b>500,361</b>	<b>(332,311)</b>	<b>3,282,851</b>
<b>Liabilities</b>						
Lease liabilities	189,194	71,676			(260,870)	-
Deferred tax	808,006			27,641		835,647
Financial liabilities held at amortised cost	119,481					119,481
Insurance contract liabilities	506,190	13,865				520,055
Investment contract liabilities	5,884,738					5,884,738
Loans at amortised cost				204,806		204,806
Financial Guarantee Liability				2,000		2,000
Deferred revenue	227,856					227,856
Employee benefits	84,519	11,681				96,200
Accruals and payables	77,675	16,714	17,889	5,027		117,304
Loans from Subsidiaries	1,336		93,520	189,278	(284,134)	-
Current tax						-
<b>Total liabilities</b>	<b>7,898,995</b>	<b>113,936</b>	<b>111,409</b>	<b>428,752</b>	<b>(545,004)</b>	<b>8,008,087</b>
<b>Total equity and liabilities</b>	<b>10,770,724</b>	<b>405,555</b>	<b>62,862</b>	<b>929,112</b>	<b>(877,315)</b>	<b>11,290,938</b>

\* In the current period, the Group made an assessment of the nature and financial effects of the business activities in which it engages. The Group also considered the manner in which operating results are reported to the chief operating decision maker ("CODM"). Having carried out the assessments, it became apparent that the Property entities are a separate segment whose transactions occur at Group level and for which financial reports are prepared and reviewed by the CODM from a Group perspective. Consequently, the Group removed the Property entities from the Life Insurance (formerly known as "Long-term insurance") and incorporated the Property entities as part of the Holding entity. The effect of the reconfiguration of the Group's reportable segments has been disclosed by restating the corresponding information for earlier periods.

## Segment Statement of Financial Position *continued*

June 2023 (R'000) Restated	Life Insurance	Non-life insurance	CBC Rewards, Mobile & Direct Rewards	Holding entity & property*	Consoli- dation entries	Total
<b>Assets</b>						
Goodwill					8,412	8,412
Owner-occupied properties				422,667		422,667
Intangible assets	20,448	1,618	10,648	12	(1)	32,725
Property and equipment	141,227	42,521	158	13,982	(153,017)	44,871
Deferred tax	181,460	7,325	11,003			199,788
Insurance contract assets	2,947,384					2,947,384
Reinsurance contract assets	73,298					73,298
Financial assets at fair value through profit or loss	10,635,161	265,290		52,646		10,953,097
Financial assets at amortised cost	272					272
Deferred acquisition cost	166,128					166,128
Inventories	105		4,215			4,320
Investment in associate						–
Investment in subsidiaries	94,558			312,376	(406,934)	–
Trade receivables	326,026	40,272	12,744	11,456	(332,740)	57,758
Current tax receivable	249	–	146	1,626	–	2,021
Cash and cash equivalents	180,619	34,043	5,593	29,285		249,540
<b>Total assets</b>	<b>14,766,935</b>	<b>391,069</b>	<b>44,507</b>	<b>844,050</b>	<b>(884,280)</b>	<b>15,162,281</b>
<b>Equity</b>						
Share capital	4,853	42,500	2,510	6,706	(49,863)	6,706
Share premium				389,135		389,135
Common control deficit					(220,273)	(220,273)
<b>Total equity</b>	<b>4,853</b>	<b>42,500</b>	<b>2,510</b>	<b>395,841</b>	<b>(270,136)</b>	<b>175,568</b>
Retained earnings	2,775,943	209,112	(28,528)	76,494	(87,660)	2,945,361
Bonus Rights Scheme Reserve	22,498	4,325		28,081	(27,610)	27,294
Non Controlling Interest: Direct Rewards					3,076	3,076
Non Distributable Reserve: Revaluation					60,598	60,598
Insurance Finance Reserve	(98)	4				(94)
<b>Total equity and reserves</b>	<b>2,803,196</b>	<b>255,941</b>	<b>(26,018)</b>	<b>500,416</b>	<b>(321,732)</b>	<b>3,211,803</b>
<b>Liabilities</b>						
Lease liabilities	192,456	72,839			(265,295)	–
Deferred tax	757,648			20,712	3,208	781,568
Financial liabilities held at amortised cost	150,742					150,742
Insurance contract liabilities	487,199	19,856				507,055
Investment contract liabilities	9,822,998					9,822,998
Loans at amortised cost				100,000		100,000
Financial Guarantee Liability				2,000		2,000
Deferred revenue	359,862					359,862
Employee benefits	74,930	13,870				88,800
Accruals and payables	114,257	26,151	70,525	220,922	(307,110)	124,745
Current tax	3,647	2,412	–	–	6,649	12,708
<b>Total liabilities</b>	<b>11,963,739</b>	<b>135,128</b>	<b>70,525</b>	<b>343,634</b>	<b>(562,548)</b>	<b>11,950,478</b>
<b>Total equity and liabilities</b>	<b>14,766,935</b>	<b>391,069</b>	<b>44,507</b>	<b>844,050</b>	<b>(884,280)</b>	<b>15,162,281</b>

\* In the current period, the Group made an assessment of the nature and financial effects of the business activities in which it engages. The Group also considered the manner in which operating results are reported to the chief operating decision maker ("CODM"). Having carried out the assessments, it became apparent that the Property entities are a separate segment whose transactions occur at Group level and for which financial reports are prepared and reviewed by the CODM from a Group perspective. Consequently, the Group removed the Property entities from the Life Insurance (formerly known as "Long-term insurance") and incorporated the Property entities as part of the Holding entity. The effect of the reconfiguration of the Group's reportable segments has been disclosed by restating the corresponding information for earlier periods.

# Notes to the Condensed Consolidated Financial Statements

## ADOPTION OF NEW STANDARDS AND RESTATEMENTS

### Adoption of IFRS 17

The Group adopted IFRS 17 for the first time on 1 July 2022. IFRS 17 supersedes IFRS 4. In line with the transitional requirements, the Group applied IFRS 17 retrospectively as if it had always been applied unless it was impracticable to do so, in which case the fair value approach was applied, provided certain criteria have been met.

The product features of certain recurring premium savings policies are disaggregated between insurance risk and investment components. Insurance risk components are reported in line with IFRS 17, and investment components as financial liabilities as defined in IFRS 9. The DAC is calculated by capitalising commission paid on recurring premium savings policies and amortised over a three-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 in which the profits are recognised.

### 1. RESTATEMENT

The insurance entities that have been impacted by IFRS 17 within the Group are Clientèle Life and Clientèle General.

(R'000)	30 June 2023			30 June 2022		
	As previously reported	Re-statements	Restated	As previously reported	Re-statements	Restated
<b>Assets</b>						
Goodwill	8,412	–	8,412	–	–	–
Owner-occupied properties	422,667	–	422,667	412,318	–	412,318
Intangible assets	32,725	–	32,725	43,165	–	43,165
Property and equipment	44,871	–	44,871	43,689	–	43,689
Deferred tax	204,322	(4,534)	199,788	109,559	2,151	111,710
Insurance contract assets	–	2,947,384	2,947,384	–	2,860,400	2,860,400
Reinsurance contract assets	–	73,298	73,298	84,178	316	84,494
Financial assets at fair value through profit or loss	10,953,097	–	10,953,097	9,198,483	–	9,198,483
Financial assets at amortised cost	272	–	272	27,357	–	27,357
Deferred acquisition cost	164,930	1,198	166,128	109,559	1,431	110,990
Inventories	4,320	–	4,320	5,037	–	5,037
Investment in associate	–	–	–	5,837	–	5,837
Trade receivables	70,723	(12,965)	57,758	70,377	(25,648)	44,729
Current tax receivable	2,021	–	2,021	–	–	–
Cash and cash equivalents	249,540	–	249,540	502,000	–	502,000
<b>Total assets</b>	<b>12,157,900</b>	<b>3,004,381</b>	<b>15,162,281</b>	<b>10,611,559</b>	<b>2,838,650</b>	<b>13,450,209</b>
<b>Equity</b>						
Share capital	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)	(220,273)	–	(220,273)
Retained earnings	175,568	–	175,568	175,568	–	175,568
BR Scheme Reserve	906,426	2,038,935	2,945,361	821,112	2,182,578	3,003,690
NCI: Direct Rewards	27,294	–	27,294	25,362	–	25,362
NCI: Direct Rewards	3,076	–	3,076	–	–	–
NDR: Revaluation	60,598	–	60,598	55,422	–	55,422
Insurance Finance Reserve <sup>1</sup>	–	(94)	(94)	–	14,591	14,591
<b>Total equity</b>	<b>1,172,962</b>	<b>2,038,841</b>	<b>3,211,803</b>	<b>1,077,464</b>	<b>2,197,169</b>	<b>3,274,633</b>
<b>Liabilities</b>						
Deferred tax	31,976	749,592	781,568	16,962	814,804	831,766
Financial liabilities held at amortised cost	150,742	–	150,742	215,443	–	215,443
Insurance contract liabilities	482,061	24,994	507,055	773,662	(324,994)	448,668
Investment contract liabilities	9,613,919	209,079	9,822,998	7,962,867	186,301	8,149,168
Loans at amortised cost	100,000	–	100,000	100,000	–	100,000
Financial Guarantee Liability	2,000	–	2,000	2,000	–	2,000
Deferred revenue	359,862	–	359,862	210,491	–	210,491
Employee benefits	88,800	–	88,800	77,708	–	77,708
Accruals and payables	142,870	(18,125)	124,745	152,038	(34,630)	117,408
Current tax	12,708	–	12,708	22,924	–	22,924
<b>Total liabilities</b>	<b>10,984,938</b>	<b>965,540</b>	<b>11,950,478</b>	<b>9,534,095</b>	<b>641,481</b>	<b>10,175,576</b>
<b>Total equity and liabilities</b>	<b>12,157,900</b>	<b>3,004,381</b>	<b>15,162,281</b>	<b>10,611,559</b>	<b>2,838,650</b>	<b>13,450,209</b>

1. In the current financial reporting period, the Group elected to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income. The Insurance Finance Reserve reflects the changes to insurance contract assets and liabilities that are attributable to changes in the yield curve used to discount all cash flows.

## Restatement of IFRS 17 attribution costs

In the preparation of the interim financial statements for the six months ended 31 December 2023, and in the first-time application of IFRS 17, Clientèle Life set rules for the method to be applied when allocating fixed and variable overheads that are directly attributable to the fulfilment of insurance contracts, to groups of insurance contracts (“attribution method”).

In the current reporting period, Management has, through a process of achieving greater accuracy and quality of reporting, refined the attribution method and identified errors in the allocation of expenses in the prior reporting period.

To correct this error, the prior year has been amended by restating each of the financial statement line items impacted by the error.

The extent to which this amendment has impacted the Statement of Financial Position is set out in the table below:

<b>(R'000)</b>	2023	2022
Effect on Statement of Financial Position		
Increase/(decrease) in insurance contract assets	(405,878)	(21,900)
Increase/(decrease) in reinsurance contract assets	13,784	19,524
Increase/(decrease) in deferred tax assets		(18,727)
(Increase)/decrease in insurance contract liabilities	(33,210)	(40,272)
(Increase)/decrease in reinsurance contract liabilities	4,270	480
(Increase)/decrease in accruals and payables	(1,449)	(3,669)
(Increase)/decrease in deferred tax liabilities	114,047	31,103
(Increase)/decrease in current tax liabilities	89	–
Increase/(decrease) in retained earnings	(308,347)	(33,461)

## Change in accounting policy

In the current financial reporting period, the Group elected to apply the IFRS 17 accounting policy choice to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income.

To account for this change in accounting policy, the prior years have been amended by restating each of the financial statement line items impacted.

The extent to which this amendment has impacted the Statement of Financial Position is set out in the table below:

<b>(R'000)</b>	2023	2022
Effect on Statement of Financial Position		
Increase/(decrease) in retained earnings	(98)	(14,603)
Increase/(decrease) in insurance finance reserve	98	14,603

## Restatement of investment contract liabilities

In the preparation of the interim financial statements for the six months ended 31 December 2023, and in the first-time application of IFRS 17, Clientèle Life inaccurately separated the investment components of insurance contracts with both insurance and investment components. In the current reporting period, Management has, through a process of achieving greater accuracy and quality of reporting, reviewed the componentisation of host insurance contracts into insurance and investment components, and identified this error that occurred in the prior reporting period.

To correct this error, the prior year has been amended by restating each of the financial statement line items impacted.

The extent to which this amendment has impacted the Statement of Financial Position is set out in the table below:

<b>Effect on Statement of Financial Position</b>	2023	2022
(Increase)/decrease in investment contract liabilities	(19,788)	(55,776)
(Increase)/decrease in deferred tax liabilities	5,343	15,060
Increase/(decrease) in retained earnings	(14,445)	(40,716)

**2. ANALYSIS OF NET INSURANCE CONTRACT CARRYING AMOUNT**

30 June 2024 (R'000)	Liability for remaining coverage				
	Total	Subtotal	Best estimate of future cash flows	Risk adjustment	Contractual service margin
Life insurance – Risk business	3,173,110	3,205,923	5,091,886	(518,343)	(1,367,620)
Premium allocation approach	(346)	(204)	1,776	(1,980)	
General measurement model	3,173,456	3,206,127	5,090,110	(516,363)	(1,367,620)
Life insurance – Savings business					
Variable fee approach	(505,844)	(505,036)	(398,491)	(25,786)	(80,759)
Short-term insurance					
Premium allocation approach	(13,865)	(7,331)	(7,331)		
<b>Net insurance contract carrying amount</b>	<b>2,653,401</b>	<b>2,693,556</b>	<b>4,686,064</b>	<b>(544,129)</b>	<b>(1,448,379)</b>
Premium allocation approach	(14,211)	(7,535)	(5,555)	(1,980)	–
General measurement model	3,173,456	3,206,127	5,090,110	(516,363)	(1,367,620)
Variable fee approach	(505,844)	(505,036)	(398,491)	(25,786)	(80,759)
<b>Net insurance contract carrying amount</b>	<b>2,653,401</b>	<b>2,693,556</b>	<b>4,686,064</b>	<b>(544,129)</b>	<b>(1,448,379)</b>
Insurance contract assets	3,173,456	3,206,127	5,090,110	(516,363)	(1,367,620)
Insurance contract liabilities	(520,055)	(512,571)	(404,046)	(27,766)	(80,759)
<b>Net insurance contract carrying amount</b>	<b>2,653,401</b>	<b>2,693,556</b>	<b>4,686,064</b>	<b>(544,129)</b>	<b>(1,448,379)</b>

30 June 2023 (R'000) Restated	Liability for remaining coverage				
	Total	Subtotal	Best estimate of future cash flows	Risk adjustment	Contractual service margin
Life insurance – Risk business	2,947,192	2,985,405	4,905,924	(490,219)	(1,430,300)
Premium allocation approach	(192)	(12)	(12)		
General measurement model	2,947,384	2,985,417	4,905,936	(490,219)	(1,430,300)
Life insurance – Savings business					
Variable fee approach	(487,007)	(486,052)	(414,559)	(28,759)	(42,734)
Short-term insurance					
Premium allocation approach	(19,856)	(12,363)	(12,363)		
<b>Net insurance contract carrying amount</b>	<b>2,440,329</b>	<b>2,486,990</b>	<b>4,479,002</b>	<b>(518,978)</b>	<b>(1,473,034)</b>
Premium allocation approach	(20,048)	(12,375)	(12,375)		
General measurement model	2,947,384	2,985,417	4,905,936	(490,219)	(1,430,300)
Variable fee approach	(487,007)	(486,052)	(414,559)	(28,759)	(42,734)
<b>Net insurance contract carrying amount</b>	<b>2,440,329</b>	<b>2,486,990</b>	<b>4,479,002</b>	<b>(518,978)</b>	<b>(1,473,034)</b>
Insurance contract assets	2,947,384	2,985,417	4,905,936	(490,219)	(1,430,300)
Insurance contract liabilities	(507,055)	(498,427)	(426,934)	(28,759)	(42,734)
<b>Net insurance contract carrying amount</b>	<b>2,440,329</b>	<b>2,486,990</b>	<b>4,479,002</b>	<b>(518,978)</b>	<b>(1,473,034)</b>

Liability for incurred claims			Analysis of liability for remaining coverage		
Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Excluding loss component	Loss Component
(32,813)	(34,769)	1,956	3,205,923	3,995,096	(789,173)
(142)	(2,098)	1,956	(204)	(204)	-
(32,671)	(32,671)		3,206,127	3,995,300	(789,173)
(808)	(808)		(505,036)	(480,004)	(25,032)
(6,534)	(6,171)	(363)	(7,331)	(7,331)	-
(40,155)	(41,748)	1,593	2,693,556	3,507,761	(814,205)
(6,676)	(8,269)	1,593	(7,535)	(7,535)	-
(32,671)	(32,671)		3,206,127	3,995,300	(789,173)
(808)	(808)		(505,036)	(480,004)	(25,032)
(40,155)	(41,748)	1,593	2,693,556	3,507,761	(814,205)
(32,671)	(32,671)		3,206,127	3,995,300	(789,173)
(7,484)	(9,077)	1,593	(512,571)	(487,539)	(25,032)
(40,155)	(41,748)	1,593	2,693,556	3,507,761	(814,205)

Liability for incurred claims			Analysis of liability for remaining coverage		
Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Excluding loss component	Loss Component
(38,213)	(38,183)	(30)	2,985,405	3,658,826	(673,421)
(180)	(150)	(30)	(12)	(12)	-
(38,033)	(38,033)		2,985,417	3,658,838	(673,421)
(955)	(955)		(486,052)	(456,215)	(29,837)
(7,493)	(7,072)	(421)	(12,363)	(12,363)	-
(46,661)	(46,210)	(451)	2,486,990	3,190,248	(703,258)
(7,673)	(7,222)	(451)	(12,375)	(12,375)	-
(38,033)	(38,033)		2,985,417	3,658,838	(673,421)
(955)	(955)		(486,052)	(456,215)	(29,837)
(46,661)	(46,210)	(451)	2,486,990	3,190,248	(703,258)
(38,033)	(38,033)		2,985,417	3,658,838	(673,421)
(8,628)	(8,177)	(451)	(498,427)	(468,590)	(29,837)
(46,661)	(46,210)	(451)	2,486,990	3,190,248	(703,258)

**3. ANALYSIS OF NET REINSURANCE CONTRACT CARRYING AMOUNT**

30 June 2024 (R'000)	Assets for remaining coverage				
	Total	Subtotal	Best estimate of future cash flows	Risk adjustment	Contractual service margin
Life insurance (Risk business General measurement model)	71,674	80,536	(159,293)	80,362	159,467
<b>Net reinsurance contract carrying amount</b>	<b>71,674</b>	<b>80,536</b>	<b>(159,293)</b>	<b>80,362</b>	<b>159,467</b>
General measurement model	71,674	80,536	(159,293)	80,362	159,467
<b>Net reinsurance contract carrying amount</b>	<b>71,674</b>	<b>80,536</b>	<b>(159,293)</b>	<b>80,362</b>	<b>159,467</b>
Reinsurance contract assets	71,674	80,536	(159,293)	80,362	159,467
<b>Net reinsurance contract carrying amount</b>	<b>71,674</b>	<b>80,536</b>	<b>(159,293)</b>	<b>80,362</b>	<b>159,467</b>

30 June 2023 (R'000) Restated	Assets for remaining coverage				
	Total	Subtotal	Best estimate of future cash flows	Risk adjustment	Contractual service margin
Life insurance (Risk business General measurement model)	73,298	73,886	(144,749)	69,967	148,668
<b>Net reinsurance contract carrying amount</b>	<b>73,298</b>	<b>73,886</b>	<b>(144,749)</b>	<b>69,967</b>	<b>148,668</b>
General measurement model	73,298	73,886	(144,749)	69,967	148,668
<b>Net reinsurance contract carrying amount</b>	<b>73,298</b>	<b>73,886</b>	<b>(144,749)</b>	<b>69,967</b>	<b>148,668</b>
Reinsurance contract assets	73,298	73,886	(144,749)	69,967	148,668
<b>Net reinsurance contract carrying amount</b>	<b>73,298</b>	<b>73,886</b>	<b>(144,749)</b>	<b>69,967</b>	<b>148,668</b>

Assets for incurred claims			Analysis of assets for remaining coverage		
Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Excluding loss component	Loss Component
(8,862)	(8,862)	–	80,536	22,958	57,578
(8,862)	(8,862)	–	80,536	22,958	57,578
(8,862)	(8,862)	–	80,536	22,958	57,578
(8,862)	(8,862)	–	80,536	22,958	57,578
(8,862)	(8,862)	–	80,536	22,958	57,578
(8,862)	(8,862)	–	80,536	22,958	57,578

Assets for incurred claims			Analysis of assets for remaining coverage		
Subtotal	Best estimate of future cash flows	Risk adjustment	Total	Excluding loss component	Loss Component
(588)	(588)	–	73,886	28,737	45,149
(588)	(588)	–	73,886	28,737	45,149
(588)	(588)	–	73,886	28,737	45,149
(588)	(588)	–	73,886	28,737	45,149
(588)	(588)	–	73,886	28,737	45,149
(588)	(588)	–	73,886	28,737	45,149

#### 4. ANALYSIS OF RESULT FROM INSURANCE OPERATIONS

(R'000)	June 2024	Restated June 2023
<b>Insurance Revenue</b>		
CSM recognized for services provided	359,154	384,231
Change in risk adjustment for non-financial risk for risk expired	33,240	44,778
Expected insurance service expenses incurred	377,814	391,302
Claims	235,489	252,689
Expenses	142,325	138,613
Recovery of insurance acquisition cash flows	732,649	693,550
Experience adjustments not related to future service	(79,928)	(56,897)
Insurance revenue from contracts not measured under the PAA	1,422,929	1,456,964
Insurance revenue from contracts measured under the PAA	508,202	497,183
<b>Total insurance revenue</b>	<b>1,931,131</b>	<b>1,954,147</b>
<b>Insurance Service Expenses</b>		
Incurring insurance service expenses	(532,236)	(566,345)
Claims	(267,604)	(316,802)
Expenses	(268,201)	(252,811)
Other movements related to current service	3,569	3,267
Insurance acquisition cash flows expensed when incurred	(83)	(20)
Amortisation of insurance acquisition cash flows	(975,616)	(954,584)
<b>Changes that relate to past service:</b>	<b>(7,795)</b>	<b>(22,062)</b>
Changes in estimates in LIC fulfilment cash flows	921	1,458
Experience adjustments in claims and other insurance service expenses in LIC	(8,716)	(23,520)
<b>Changes that relate to future service:</b>	<b>(220,165)</b>	<b>(217,806)</b>
Losses for the net outflow recognized on initial recognition	(129,728)	(112,927)
Losses and reversal of losses on onerous contracts – subsequent measurement	(90,437)	(104,879)
<b>Total Insurance Service Expenses</b>	<b>(1,735,895)</b>	<b>(1,760,818)</b>

(R'000)	June 2024	Restated June 2023
<b>Net Expenses from Reinsurance Contracts</b>		
Allocation of the premiums paid	(195,833)	(223,500)
<b>Amounts recovered from reinsurance:</b>		
Incurred insurance service expenses	135,069	153,591
Claims	157,246	173,304
Expenses	(22,177)	(19,713)
<b>Changes that relate to past service (changes in fulfilment cash flows LIC)</b>	(5,731)	(3,132)
Changes in estimates in LIC fulfilment cash flows	–	155
Experience adjustments in claims and other insurance service expenses in LIC	(5,731)	(3,287)
<b>Changes that relate to future service</b>	42,809	44,905
Loss recovery related to losses on underlying insurance contracts at initial recognition	84,798	74,723
Loss recovery and reversals of recoveries related to underlying insurance contracts losses – subsequent measurement	(41,989)	(29,818)
<b>Total income (expense) from Reinsurance Contracts</b>	(23,686)	(28,136)
<b>Total net insurance service result</b>	171,550	165,193

(R'000)	June 2024	Restated June 2023
<b>Insurance Finance Income (Expense) from Insurance Contracts</b>		
<b>The effect of time value of money and changes in the time value of money, based on the locked-in interest rates</b>	229,661	184 840
Interest accreted on the carrying amount of the CSM	(126,753)	(114 146)
Interest accreted on present value cash flows	402,250	340 832
Interest accreted on risk adjustment	(45,836)	(41 846)
The effect of financial risk and changes in financial risk	(1,676)	15 454
Changes in fair value of underlying items of direct participating contracts	(33,822)	(37 071)
<b>Total insurance finance income (expense)</b>	194,163	163 223

(R'000)	June 2024	Restated June 2023
<b>Insurance Finance Income or Expense from Reinsurance Contracts</b>		
<b>The effect of time value of money and changes in the time value of money, based on the locked-in interest rates</b>	13,189	11 235
Interest accreted on the carrying amount of the CSM	17,844	14 580
Interest accreted on present value cash flows	(10,467)	(9 854)
Interest accreted on risk adjustment	5,812	6 509
The effect of financial risk and changes in financial risk	(13)	56
<b>Total reinsurance finance income (expense)</b>	13,176	11 291
<b>Total net insurance finance income (expense)</b>	207,339	174 514

## Notes to the Condensed Consolidated Financial Statements *continued*

### 5. TAX

(R'000)	Year ended 30 June	
	2024	Restated 2023
Current and deferred tax	(168,151)	(163,394)
Policyholder deferred tax raised/(recognised) in terms of IAS12*	(74,341)	120,111
Normal tax – IPF	(19,255)	(32,607)
IFRS 17 tax adjustment	45,626	47,760
<b>Tax</b>	<b>(216,120)</b>	<b>(28,130)</b>

\* The Individual Policyholder Fund has an estimated tax loss of R817 million (2023: R904 million).

### 6. RECONCILIATION OF NET PROFIT TO HEADLINE EARNINGS

(R'000)	Year ended 30 June	
	2024	Restated 2023
Net profit for the period attributable to equity holders of the Group	329,937	344,046
Profit on disposal of property and equipment	–	(8)
<b>Headline earnings for the year</b>	<b>329,937</b>	<b>344,038</b>

#### 6.1 Ratios per Share

(Cents)	Year ended 30 June		
	2024	Restated 2023	% Change
Headline earnings per share	98.39	102.60	(4)
Diluted headline earnings per share	98.27	102.49	(4)
Earnings per share	98.39	102.60	(4)
Diluted earnings per share	98.27	102.49	(4)
Net asset value per share	979.26	974.28	1
Diluted net asset value per share	978.05	973.26	0
Dividends per share – paid	125.00	125.00	0
Dividends per share – declared			
Ordinary shares in issue ('000)	335,334	335,322	
Weighted average ordinary shares ('000)	335,326	335,322	
Diluted average ordinary shares ('000)	335,741	335,674	

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

The following table presents the Group's financial assets and liabilities that are measured at fair value through profit or loss at 30 June 2024:

(R'000)	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Listed equity securities	682,380			682,380
Foreign Listed equity securities	197,932			197,932
Unlisted equity securities		–	38,983	38,983
Promissory notes and fixed deposits		5,345,749		5,345,749
Funds on deposit		144,613		144,613
Fixed interest securities			1	1
Government and public authority bonds	443,053			443,053
<b>Total assets</b>	<b>1,323,365</b>	<b>5,490,362</b>	<b>38,984</b>	<b>6,852,711</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit of loss		5,884,738		5,884,738
<b>Total Liabilities</b>	<b>–</b>	<b>5,884,738</b>	<b>–</b>	<b>5,884,738</b>

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) Restated	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
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 <sup>1</sup>	383,111			383,111
Foreign bonds <sup>1</sup>	48,735			48,735
<b>Total assets</b>	<b>1,326,368</b>	<b>9,588,987</b>	<b>37,742</b>	<b>10,953,097</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit of loss		9,822,998		9,822,998
<b>Total Liabilities</b>	<b>–</b>	<b>9,822,998</b>	<b>–</b>	<b>9,822,998</b>

1. Following a reassessment of the accounting treatment applied to the Group's financial assets and liabilities that are measured at fair value through profit and loss, it was apparent that the classification of Government and public authority bonds into level 2 of the fair value hierarchy was incorrect in the prior financial period. This is due to the fact that these bonds are directly held by the Group and are traded in the open market where quoted prices are obtainable. This presentation error has been corrected by reclassifying the Government and public authority bonds from level 2 to level 1 of the fair value hierarchy in the current period, and restating the prior period's classification.

Level 2 instruments are measured by using a zero coupon risk-free rate curve, adjusted for the appropriate credit spread, over the remaining lifetime of the instruments.

Level 3 unlisted equity securities of R38.9 million as at 30 June 2024 (2023: R41.6 million) consist of preference shares, valued using a Monte Carlo simulation with primary inputs consisting of the Clientèle Limited share price, the dividend yield and 77% of the prime interest rate.

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

**LEVEL 3 FINANCIAL INSTRUMENTS**

The following table presents the changes in level 3 financial instruments for the year ended 30 June 2024:

(R'000)	30 June 2024		
	Financial assets at fair value through profit or loss: fixed interest securities	Financial assets at fair value through profit or loss: unlisted equity securities	Financial liability at fair value through profit or loss
Opening balances	1	37,741	
Transfer in from level 2		3,850	
Fair value Gain/(Loss)		(2,902)	
Interest raised during the year		4,723	
Repayments		(4,430)	
<b>Closing balance</b>	<b>1</b>	<b>38,983</b>	

(R'000)	30 June 2023		
	Financial assets at fair value through profit or loss: fixed interest securities	Financial assets at fair value through profit or loss: unlisted equity securities	Financial liability at fair value through profit or loss
Opening balances	28,633	30,729	9,637
Purchases			
Fair value Gain/(Loss)		6,000	(510)
Interest raised during the year	1,140	4,128	607
Repayments	(29,771)	(3,116)	(9,734)
<b>Closing balance</b>	<b>1</b>	<b>37,741</b>	<b>-</b>

## Changes to the Board

- Ms. Pheladi Raesibe Gwangwa resigned as Non-Executive Director, effective 02 August 2023;
- Mr. Michael George Cownie resigned as Group Financial Director, effective 10 November 2023;
- Ms. Thetele Emmarancia Mashilwane was appointed as Non-Executive Director, effective 01 December 2023; and,
- Ms. Angela Colleen Pillay was appointed as Group Financial Director, effective 1 April 2024.

## Changes to issued share capital

- Following the allocation of bonus rights to staff as at 30 June 2024, Clientèle Limited's issued share capital was increased from 335,321,768 to 335,333,619.

## Bonus rights

- 7,452 bonus rights were issued to staff in December 2023 and 4,399 issued in June 2024.

## Capital and Other Commitments

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

A preference share funding arrangement was entered into in the 2021 financial year with Depfin Investment (Pty) Ltd (a subsidiary of Nedbank Limited) which includes an Embedded Value per share covenant and a Market Value per share covenant. There were no breaches in either covenant during the period.

Clientèle Limited has further provided a financial guarantee to Nedbank Ltd on behalf of Property East (Pty) Ltd and Property North (Pty) Ltd which are subsidiaries of Clientèle Life Assurance Company Limited.

The financial guarantees amount to R100 million and R105 million respectively.

The Group has further recognised the loans as loans at amortised cost with no financial liability guarantee based on an assessment done.

## Events after the Reporting Date

The Group entered into an exchange of shares agreement with Telesure Investment Holdings Proprietary Limited ("TIH") in respect of which it acquired 3,022,447 ordinary shares of 1Life Insurance Limited ("1Life") from TIH. The shares acquired from TIH constitute 100% of all the issued voting ordinary shares of 1Life. In accordance with the exchange of shares agreement, the Group transferred 117,815,756 of Clientèle Limited's listed, dematerialised shares to TIH, thus making TIH a 26% shareholder in Clientèle Limited immediately after the exchange transaction.

The Clientèle Limited share price was valued at R16.25 per share for this transaction which is above the listed share price of R11.00 per share on 1 July 2024.

The principal reason for this acquisition was to increase the Group's diversification and to leverage off the improved scale that will arise from the combined expertise of both the Group and 1Life in the mass market segment, thus enhancing future value creation for all customers, employees, shareholders and other stakeholders.

All conditions precedent to the acquisition of 1Life were fulfilled after the reporting date (i.e., 12 July 2024) and accordingly, the acquisition became unconditional after the reporting date. The Group consolidates 1Life into its financial statements as of 01 July 2024.

The following details could not be disclosed as the initial accounting for the business combination was incomplete at the time these condensed consolidated financial statements were authorised for issue:

- the fair value of identifiable assets and liabilities acquired;
- the purchase consideration; and,
- the goodwill/bargain purchase gain arising from the business combination.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report that may require adjustment or disclosure in these condensed consolidated financial statements.

## Related Party Transactions

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

# Group Embedded Value Results (Not Reviewed)

## GROUP EMBEDDED VALUE

The Embedded valuation ("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 comprises:

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

The PVIF is the present value of future after-tax profits (on the Management Accounts Basis) arising from covered business in force as at 30 June 2024.

The Management Accounts Basis is defined as the published accounts basis adjusted as follows:

- Including a prospective liability for Investment contracts accounted for under IFRS 9, to align the methodology for these contracts with that used for other savings contracts included under insurance contracts;
- Elimination of insurance contracts assets recognised in terms of IFRS 17, as the PVIF includes the release of future profits on these insurance contracts; and,
- Adjusting the required capital as a result of the above two adjustments, including the removal of the risk adjustment under IFRS 17 related to the insurance contract assets for consistency.

This is broadly equivalent to the previous published accounts basis (IFRS 4) allowing for the elimination of negatives reserves at individual policy level for all policies with the exception of funeral parlour business. The Management Accounts Basis was used for projecting the profits in the PVIF calculation as it is representative of the basis used to determine the dividend paying ability of the Group.

All material business written by the Group has been covered by EV Methodology as outlined in Advisory Practice Notice, APN 107 of 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 14.3% (30 June 2023: 14.1%).

The EV can be summarised as follows:

(R'000)	Year ended 30 June	
	2024	2023
Required Economic Capital	656,246	616,042
Free Surplus	675,264	719,141
Adjusted Net Worth ("ANW") of covered business	1,331,510	1,335,183
CoC	(145,501)	(121,410)
PVIF	4,860,017	4,673,703
<b>EV of covered business</b>	<b>6,046,026</b>	<b>5,887,476</b>
<b>Risk Discount Rate ("RDR") % p.a.</b>	<b>14.3</b>	<b>14.1</b>

The Required Economic Capital is based on the Management Accounts Basis and has been set at one times the Economic Capital Requirement for the Life Company (R476 million) and for the General Company (R180.2 million) as at 30 June 2024.

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 Economic Capital attributed to covered business.

The CoC is the opportunity cost of having to hold the Required Economic Capital of R656.2 million as at 30 June 2024 (30 June 2023: R616.0 million).

The PVIF is the present value of future after-tax profits (on the Management Accounts Basis) arising from covered business in force as at 30 June 2024.

The Group EV increased from R5.887 billion at 30 June 2023 (RDR: 14.1%) to R6.046 billion as at 30 June 2024 (RDR: 14.3%), after the payment of the annual dividend of R420.7 million in September 2023. This was negatively impacted by adverse withdrawal experience as well as economic and demographic assumptions changes.

The ANW is net of the once-off project costs of the 1Life acquisition and other due diligence projects (R19.6 million), no future expense allowances for 1Life are included in the EV.

The EV earnings of R579.2 million (10.6% annualised return on EV) includes a negative impact from changes in economic assumptions (mainly RDR) as well as other once-off items (primarily pertaining to the due diligence and acquisition project costs referred to above). The REVE of R654.6 million which translates into an annualised RRoEV of 12.0% gives a more accurate reflection of EV growth over the year (ignoring the change in economic assumptions and other once-off items).

## RECONCILIATION OF TOTAL EQUITY TO ANW

(R'000)	Year ended 30 June	
	2024	2023
Total equity and reserves per the Statement of Financial Position (IFRS 17)	3,282,851	3,211,803
Elimination of insurance contracts assets recognised in terms of IFRS 17	(2,120,761)	(2,145,198)
Adjusting IFRS recurring premium savings policies' liability to allow for negative rand reserves	85,261	191,618
<b>Total Equity on Management Accounting Basis</b>	<b>1,247,351</b>	<b>1,258,223</b>
Adjusted for deferred profits on investment business	57,591	75,639
Adjusting non-financial assets to fair value	61,350	42,564
Reversal of carrying amount of investment in Direct Rewards	(13,787)	(11,331)
Bonus Rights Scheme adjustment	(11,152)	(11,310)
Net of tax impact of adjusting Single Premium business to market value	(9,844)	(18,602)
<b>ANW</b>	<b>1,331,510</b>	<b>1,335,183</b>

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

## VALUE OF NEW BUSINESS (“VNB”)

The VNB represents the present value of projected after-tax profits (on the Management Accounts Basis) at the point of sale on new covered business commencing during the year ended 30 June 2024, less the CoC pertaining to this business. The assumptions used in the VNB calculations were consistent with the VIF assumptions as at 30 June 2024, and the actual cash flows in the year are from projections on the Management Accounts 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)	VNB	Present Value of New Business Premiums	New Business profit margin
<b>30 June 2024</b>			
Single premium business	12,119	858,788	1.4%
Recurring premium and other business	208,217	1,600,509	13.0%
<b>Total</b>	<b>220,336</b>	<b>2,459,298</b>	<b>9.0%</b>
<b>30 June 2023</b>			
Single premium business	85,400	3,379,850	2.5%
Recurring premium and other business	159,473	1,705,807	9.3%
<b>Total</b>	<b>244,873</b>	<b>5,085,657</b>	<b>4.8%</b>

The Present Value of New Business premiums from Single Premium investment business for the year ending 30 June 2024 decreased from the comparative prior-year period. The decreased volumes from relatively low profit margin on this block of business combined with a higher profit margin on the recurring premium business has resulted in an increase (to 9.0%) in the overall New Business profit margin.

## Group Embedded Value Results *continued*

### LONG-TERM ECONOMIC ASSUMPTIONS

(%)	Year ended 30 June	
	2024	2023
RDR	14.3	14.1
Non-unit investment return	10.8	10.6
Unit Investment return	12.3	12.1
Expense inflation	5.9	6.1
Corporate tax	27.0	27.0
Gross of tax Equity return	13.3	13.1
Gross of tax Cash return	8.8	8.6
Gross of tax Bond return	10.8	10.6
Gross of tax Risk Free return	10.8	10.6

The RDR has been determined using a top-down weighted average cost of capital approach, with the equity return calculated using the Capital Asset Pricing Model ("CAPM") theory. In terms of current actuarial guidance, the RDR has been set as the risk free rate plus a beta multiplied by the assumed equity risk premium. It has been assumed that the equity risk premium is 3.5% (30 June 2023: 3.5%). The beta pertaining to the Clientèle share price is normally relatively low, which is partially a consequence of the relatively small free-float of shares. After careful consideration, the Board has decided to continue to use a more conservative beta of 1, as opposed to Clientèle's actual beta of 0.23, 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 2024 was 14.3% p.a. (30 June 2023: 14.1% p.a.).

### SENSITIVITIES – EV

The table below illustrates the effect of the different assumptions on the EV (net of company tax):

#### RDR Sensitivities

(R'000)	EV	VNB
RDR 12.3%	6,783,016	290,042
RDR 13.3%	6,387,724	252,964
RDR 14.1% (as at June 2023)	6,110,729	226,546
<b>RDR 14.3% (as at June 2024)</b>	<b>6,046,026</b>	<b>220,336</b>
RDR 15.3%	5,746,567	191,384
RDR 16.3%	5,484,277	165,502

The sensitivity analyses have assumed that the ANW will remain static.

### EV PER SHARE

(Cents)	Year ended 30 June	
	2024	2023
EV per share	1,802.99	1,755.77
Diluted EV per share	1,800.80	1,754.34

## SEGMENT INFORMATION

The table below shows the EV split between segments for the years ended 30 June 2024 and 30 June 2023:

(R'000)	ANW	PVIF	CoC	EV
<b>30 June 2024</b>				
Long-term insurance	988,259	3,414,424	(110,336)	<b>4,292,347</b>
Short-term insurance	317,843	1,291,115	(35,165)	<b>1,573,792</b>
CBC Rewards, Clientèle Mobile & Direct Rewards	(75,505)	154,478		<b>78,973</b>
Other	100,913			<b>100,913</b>
<b>Total</b>	<b>1,331,510</b>	<b>4,860,017</b>	<b>(145,501)</b>	<b>6,046,026</b>
<b>30 June 2023</b>				
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 & Direct Rewards	(64,500)	90,035		25,535
Other	107,608			107,608
<b>Total</b>	<b>1,335,183</b>	<b>4,673,703</b>	<b>(121,410)</b>	<b>5,887,476</b>

The VNB can be split between segments as follows:

(R'000)	Year ended 30 June	
	2024	2023
Long-term insurance	<b>104,825</b>	157,485
Short-term insurance	<b>73,077</b>	67,854
CBC Rewards, Clientèle Mobile & Direct Rewards	<b>42,434</b>	19,534
<b>Total</b>	<b>220,336</b>	244,873

## Group Embedded Value Results *continued*

### EMBEDDED VALUE EARNINGS ANALYSIS

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

(R'000)	Notes	Year ended 30 June 2024				30 June ended 2023 EV
		ANW	VIF	CoC	EV	
Closing EV		1,331,510	4,860,017	(145,501)	<b>6,046,026</b>	5,887,476
Opening EV		1,335,183	4,673,703	(121,410)	<b>5,887,476</b>	5,807,067
Dividends		(420,682)			<b>(420,682)</b>	(402,386)
<b>Adjusted EV at the beginning of the year</b>		914,501	4,673,703	(121,410)	<b>5,466,794</b>	5,404,681
EV earnings		417,009	186,314	(24,091)	<b>579,232</b>	482,795
Reversal of impact of economic assumption changes		(5,029)	44,532	1,478	<b>40,981</b>	21,949
Reversal of change in treatment of reinstatements and other once off impacts	1	34,352			<b>34,352</b>	158,347
Recurring EV Earnings		446,333	230,846	(22,613)	<b>654,565</b>	663,091
<b>Annualised Recurring Return on EV</b>					<b>12.0%</b>	12.3%
<b>Annualised Return on EV</b>					<b>10.6%</b>	8.9%
<b>Components of EV earnings</b>						
VNB		(395,745)	625,281	(9,200)	<b>220,336</b>	244,873
Expected return on covered business			638,796	762	<b>639,558</b>	600,809
Expected profit transfer		945,903	(945,903)		<b>-</b>	-
Expected return on ANW		76,438			<b>76,438</b>	58,818
Withdrawal and unpaid premium experience variance	2	(112,610)	(84,605)	(6,094)	<b>(203,308)</b>	(245,369)
Impact of instability and errors within the collections environment						(57,743)
Changes in non-economic assumptions and modelling		(20,349)	(12,518)	(9,083)	<b>(41,950)</b>	96,005
Impact of change in treatment of reinstatements and other once-off experience variance	1				<b>-</b>	(158,347)
Claims and reinsurance experience variance		3,676			<b>3,676</b>	2,854
Once-off project costs		(42,423)			<b>(42,423)</b>	(12,410)
YTI guarantee cost in respect of B-BBEE share financing		(1,180)			<b>(1,180)</b>	(1,149)
Fair value adjustment to non-financial assets		-			<b>-</b>	11,180
Bonus Rights Scheme		1,664			<b>1,664</b>	(226)
Goodwill and Medium-term Incentive scheme	3	(19,500)	9,370		<b>(10,130)</b>	(13,482)
Sundry experience variance		(24,077)	424		<b>(23,654)</b>	(21,789)
<b>EV operating return</b>		411,797	230,846	(23,616)	<b>619,027</b>	504,025
Investment return variances on ANW		183		1,003	<b>1,186</b>	6,221
Impact of economic assumption changes		5,029	(44,532)	(1,478)	<b>(40,981)</b>	(21,949)
Intangible assets and inventory write-off						(5,502)
<b>EV earnings</b>		417,009	186,314	(24,091)	<b>579,232</b>	482,795

## NOTES

### Note 1

June 2023: In line with the rest of the industry, reinstatements have been moved from new business and treated as “negative withdrawals” from June 2023 onwards. 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 as at 30 June 2023. Furthermore, a correction was made (by one of the reinsurers) to the shape of the reinsurance rates curve during the year ending 30 June 2023. The impact of these once-off changes on existing business were excluded from the REVE.

June 2024: Primarily pertaining to the reversal of once-off project expenses (e.g. costs pertaining to the 1Life Acquisition and other due diligence exercises).

### Note 2

The challenges in the collections environment, particularly when it comes to the stability thereof, have persisted. The Group also continues to operate in an extremely tough environment. Withdrawal experience for the year was still above assumption.

### Note 3

This item excludes the expected portion of the incentive pool already included in the expense assumptions.

## Definitions and Interpretations: IFRS 17

“CSM”	Contractual Service Margin
“DAC”	Deferred Acquisition Cost
“FCF”	Fulfilment Cash Flows
“GMM”	General Measurement Model
“IACF”	Insurance acquisition cash flows
“LC”	Loss component
“LIC”	Liability for incurred claims and expenses
“LRC”	Liability for remaining coverage
“LRECC”	Loss recovery component
“LRP”	Liquidity Risk Premium
“PAA”	Premium Allocation Approach
“PVIF”	Present Value of In-force business
“RA”	Risk Adjustment
“RDR”	Risk Discount Rate
“VFA”	Variable Fee Approach

Sponsor:



**pwc**

PricewaterhouseCoopers  
Corporate Finance Proprietary Limited

## Clientèle Limited

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

**Registered office:** Clientèle Office Park, Cnr Rivonia and Alon Roads, Morningside,  
Johannesburg 2196, South Africa  
PO Box 1316, Rivonia 2128, South Africa

**Transfer secretaries:** Computershare Investor Services Proprietary Limited,  
First floor, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2106, South Africa  
PO Box 61051, Marshalltown 2107, South Africa

**Directors:** GQ Routledge BA, LLB (Chairman); BW Reekie BSc(Hons), FASSA\* (Managing Director);  
GK Chadwick MBA MAg; H Louw BCom(Hons), FASSA\*; PG Nkadimeng BSc Statistics and Economics;  
BA Stott CA(SA); RDT Zwane BA, M.Phil, MBA\*; RD Williams BBusSc(Hons), FASSA; TE Mashilwane CA(SA);  
HP Mayers BSc(Hons), FASSA; AC Pillay CA(SA)\*; MA Raisbeck BSc(Hons) Agricultural Economics,  
CA(England and Wales); TJ Creamer Cert. Leadership for Senior Executives.  
\* Executive Director

**Company secretary:** EJ Smit LLB



website: [www.Clientèle.co.za](http://www.Clientèle.co.za) • e-mail: [results@Clientèle.co.za](mailto:results@Clientèle.co.za)

# Safeguarding our World with **Compassion**

## **Clientèle Condensed Group Results**

For the year ended 30 June 2024

**011 320 3000**

**services@clientele.co.za**

**Cnr Alon and Rivonia Road, Morningside, 2196**

**[www.clientele.co.za](http://www.clientele.co.za)**

Clientèle Limited is a licensed controlling company of the Clientèle Insurance Group.  
Clientèle Life Assurance Company Limited is a licensed life insurer and an authorised Financial Services Provider, FSP no. 15268.  
Clientèle General Insurance Limited is a licensed non-life insurer and an authorised Financial Services Provider, FSP no. 34655.