



Clientèle

2024

**INTEGRATED
ANNUAL REPORT**





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

Contents

Our Business

- 1** Our Purpose, Vision and Values
- 2** Group Structure
- 3** Seven Year Statistics
- 4** Chairman's Statement
- 7** Group Managing Director's Report

Governance report

- 12** Corporate Governance
- 36** Board Report on the Effectiveness of Internal Controls
- 37** Group Audit Committee Report on the Effectiveness of Internal Financial Controls
- 38** Group Remuneration Report
- 55** Group Social and Ethics Report

Financial statements

- 60** Statement of Group Embedded Value
- 67** Approval of the Annual Financial Statements
- 68** Certificate by the Company Secretary
- 68** Responsibility Statement and Internal Financial Controls sign-off by the Managing Director and Financial Director
- 69** Group Audit Committee Report
- 73** Report of the Directors
- 83** Independent Auditors' Report to the Shareholders of Clientèle Limited
- 88** Risk Management
- 99** Insurance and Financial Risk Management
- 123** Material Accounting Policies
- 149** Statements of Financial Position
- 150** Statements of Comprehensive Income
- 151** Statements of Changes in Equity
- 153** Statements of Cash Flows
- 154** Segment Information
- 159** Notes to the Annual Financial Statements
- 227** Notice of Annual General Meeting
- 234** Definitions and Interpretations
- 239** Form of Proxy
- ibc** Corporate Information

Our purpose, vision and values



Group Structure

The Group comprises the following operating companies:



Clientèle Life has the following investments in subsidiaries:



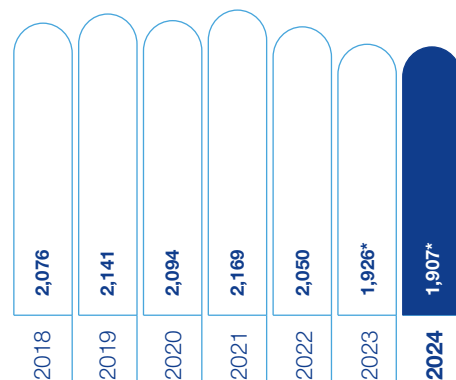
Clientèle General Insurance Limited, CBC Rewards (Pty) Ltd and Clientèle Mobile (Pty) Ltd do not have any subsidiaries.

Clientèle acquired 100% of the issued share capital of 1Life Insurance (RF) Limited post 30 June 2024 (refer to page 226 for more detail).

Seven Year Statistics

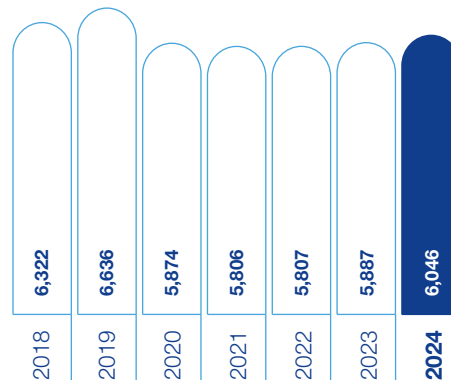
Insurance Revenue (Net of reinsurance contracts)

R'million



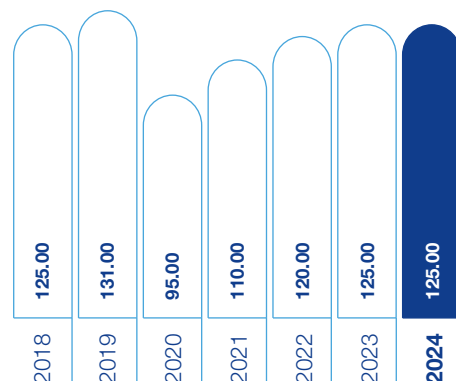
Embedded Value

R'million



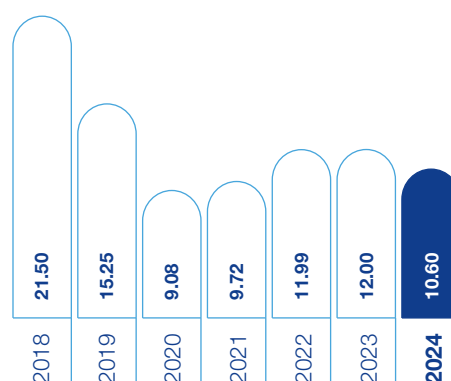
Dividend declared per share

Cents



Share price: 30 June

Rands



30 June	2018	2019	2020	2021	2022	2023	2024
Net profit for the year (R'000)	490,323	400,937	328,517	392,255	420,353	346,405*	333,909
Earnings per share (cents)	146.62	119.65	97.97	116.98	125.36	102.60*	98.39
Headline earnings per share (cents)	147.22	120.00	99.18	117.82	126.94	102.60*	98.39
EV per share (cents)	1,888.69	1,979.16	1,751.90	1,731.61	1,731.79	1,755.77	1,802.99
Total comprehensive income (R'million)	482.9	405.1	324.2	383.9	413.6	336.9*	492.4
Total distributions declared (R'million)	419	439	319	369	402	419	567
VNB (R'million)**	448	301	(91)	215	291	245	220
RRoEV (%)	18	8	**	12	13	12	12
REVE (R'million)	979	492	**	687	725	663	655

* Restated and reported in line with the adoption of IFRS 17 reporting.

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



Chairman's Statement

Gavin Routledge

2024 IN PERSPECTIVE

The past year has been a year of considerable change, not only in South Africa, but also globally with a rise in Nationalism and a significant shift to Conservatism in many countries in the world.

In my 2023 Chairman's Statement I spoke of respect and leadership being lacking in South Africa and committing Clientèle once again to its fundamental ethos of compassion for the people and South Africa, in particular our target market which includes the most vulnerable of those people, and our objective and corporate truth of "Safeguarding your world, with compassion." These topics and principles have remained front and centre in the past year.

The attention of the world has been focused on the upcoming elections in the United States as the outcome has such an effect on the world. Much of the world has been transfixed (and horrified) by the prospect of another 4 years of a Trump Presidency and it is a source of amazement that a country as advanced and powerful as the United States can allow itself to be faced with the choice of the current two candidates for President.

Two other global powers, France and the United Kingdom have also elected new governments in this period.

The war in the Ukraine continues unabated and continues to polarize the world. The support for the Ukraine seems to be waning, with a number of countries seeming inclined to spend the money going to the Ukraine effort in their own countries in the growing nationalist trend and questioning why they should be involved in a war "so far away".

Chairman's Statement continued

The world is being further polarized by the war in Gaza which now threatens to spill over into a broader war across the Middle East and it is difficult to see how peace can be negotiated when the conflict arises from the fundamental beliefs of nations which have been in conflict for thousands of years.

South Africa is also polarised on these issues with the two largest parties, the ANC and the DA, on opposite sides in terms of their support in respect of both the Ukraine and Gaza conflicts which makes the current political environment in South Africa even more challenging.

It would be true to say that the year ended 30 June 2024 was dominated in South Africa by first the prospect of the National Elections and thereafter the prospect of the future under a GNU, (Government of National Unity). Prior to the elections focus was on the risks inherent in the outcome, from potential violence, economic disaster and further decline in service delivery and the standard of living, to the only envisaged positive outcome of a future coalition between the ANC and the DA which many saw as unlikely but the only outcome which could save South Africa and place us on the road to economic growth.

What transpired proved again the truth of something said by Prime Minister Jan Smuts in 1949 – “in South Africa the best never happens and the worst never happens”.

The result of the elections we all know, the outcome was, however, remarkable. There were no serious Trump-like allegations of voter fraud, stolen elections and no attempted assault of the Union Buildings. For all that is sub-optimal and bad in South Africa, we can be proud of how the nation responded to the election results. A Government of National Unity has been formed and a new Cabinet has been constituted with some new faces and new energy, which is positive. There remain some old faces, again underlining what Jan Smuts said. However, there is no doubt that of all the possible outcomes from the elections, this is the best and we all need to give it a chance and play our part positively, proudly and proactively.

During the time prior to the election, much of business played a waiting game, few companies were brave enough to commit to new investments and many of the economically mobile citizens looked at options of emigration to safeguard their families' futures. During this time, despite the initiatives commenced to get private enterprise involved in the Energy, Logistics and Crime sectors, there was slow progress and load shedding remained an obstacle to growth, as did the ongoing decline of Transnet. The economy remained constrained, and our target market continued to suffer great financial strain with the result that our production remained below budget and withdrawals

grew as policyholders chose (or were forced) to cease payment of premiums in order to pay for food, education and other essential items.

Clientèle responded by introducing the “December is on us” program in terms of which we paid the December premiums of qualifying loyal policyholders in the amount of some R37 million which was hugely appreciated and valued by the policyholders affected and which made a significant positive contribution to their lives. This program will be repeated again in December 2024. Clientèle also extended its loyalty program in a very significant way. The program, now called Royalty, offers considerable value to policyholders throughout the term of their policy with Clientèle and has become both popular and highly regarded by policyholders. Royalty is expanding its reach and offerings and we are very excited about the potential that the program has to share value, assist our policyholders positively and to encourage persistency which is in the best interests of the policyholders and Clientèle. We have upheld our commitment to be a responsible corporate citizen and to constantly strive to improve the lives of our clients.

There is no doubt there will be bumps and potholes in the road. It will take longer for progress to be made than we would all like. Although there are green shoots in the economy, there has been no load shedding for an extended period and signs of progress at Transnet, all of these problems will take a long time to be fixed and unemployment will continue at the current unacceptably high levels for quite some time. This means that we at Clientèle have to keep running, we have to increase our effort level and be even more passionate about service, quality and understanding of our target market.

Competition in our target market is increasing which means that we have to constantly refine our approach and our value offering. It is also a truism that Insurance is sold – not bought, while this has its challenges it also offers the opportunity for Clientèle to differentiate itself. Clientèle has operated in our target segment for over 30 years and brings a claims service ethic of care, support and understanding that is not delivered by most of our competitors. This is an area of great focus and attention now and will always be in the future.

NOTABLE EVENTS

During the year, Clientèle acquired all the issued shares in 1Life Insurance (RF) Limited (“1Life”) for an issue of Clientèle shares and while this acquisition only became unconditional and effective in July 2024 after approval of the transaction by both the Competition Tribunal and the Prudential Authority, we are confident that this acquisition will deliver significant value to Clientèle in the years to come.

Chairman's Statement *continued*

We are very pleased to welcome Laurence Hillman, the Managing Director of 1Life, his executive team and all the employees of 1Life into the Clientèle family. This transaction, having taken the form of a share exchange, also resulted in TIH becoming a holder of 26% of the issued shares in Clientèle and we believe that TIH will add further value to Clientèle in the years to come. We also gained two further non-executive directors as a result, Tom Creamer and Murray Raisbeck, directors of TIH are now on the Board and we are certain that they will add significant value to Clientèle in the future.

Clientèle ranked Gold in both the Funeral Insurance category and in the Life Insurance category in the City Press awards in August 2024.

RESULTS

The results are fully dealt with in the Group Managing Director's Report. I am aware that these results will be difficult to compare to previous years due to the adoption of IFRS 17 and we have attempted to explain the key differences where possible.

FUTURE PROSPECTS

We believe that improved economic conditions will, in time, improve the financial position of our policyholders and potential policyholders which will create a fertile market for Clientèle products.

The demand for Clientèle products remains strong and we believe that our efforts to encourage sustainable loyalty will build long term value for Clientèle and all its stakeholders.

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

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

APPRECIATION

I would like to take this opportunity to thank Michael Cownie, our previous Group Finance Director and Nazeer Hoosen our previous Managing Director of Clientèle General for their hard work and commitment to the Group. We wish them well in their future endeavours.

Angela Pillay joined us as Group Finance Director during the year and has already demonstrated her worth to the Group in a difficult period as Clientèle adopted IFRS 17 for the first time. We look forward to a long and rewarding relationship with her.

During the year we were very fortunate to obtain the services of Emma Mashilwane as a non-executive director. Emma is a non-executive director at Tiger Brands Limited and a former non-executive director of Capitec Bank Limited. She is also founder and senior partner of MASA Auditors and we look forward to her contribution to the Group.

Shortly after the year end, Adrian Enthoven resigned as a non-executive director of the Group. Adrian has significant commitments in terms of his role at Business Leadership South Africa and as Chairman of the Hollard Insurance Group and the Yellowwoods Group and could no longer commit to spend the time that he had been spending on the Clientèle Group. He reluctantly tendered his resignation which was reluctantly accepted. Adrian has contributed huge value to the Group over the time he has sat on the Board and we are sorry to lose him. Gavin Chadwick, who was an alternate to Adrian Enthoven on the Board was appointed a non-executive director in his own right and we are extremely pleased that we will continue to enjoy the benefits of his knowledge and experience into the future.

I thank all of the management and staff of Clientèle for their continued effort and commitment, they have once again delivered way beyond expectation.

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

Thank you all.



Mr. GQ Routledge

09 October 2024



Group Managing Director's Report

Basil Reekie

THE YEAR IN PERSPECTIVE

This year has presented new and diverse challenges for 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 a 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.

Overlaid on this background, for Clientèle, was the pending approval by the Prudential Authority, of the Group's acquisition of 1Life 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.

The initial adoption of IFRS 17 resulted in a R2.2 billion increase in net asset value on transition date while no such increase would have occurred under IFRS 4. Despite the decline in net profit for the year, there has been a meaningful increase (46%) in the total comprehensive income. Furthermore, the Group remains in a sound solvency and liquidity position and continues to generate strong positive cash flows.

Against the backdrop of these financial results, the Group completed the acquisition of 1Life shortly after year end and launched a mass market customer loyalty program a few months before year end. These two initiatives are expected to feature in my future reports.

HIGHLIGHTS

Financial

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 the 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: R181.5 million) has accordingly been raised. In addition, in the prior year there was a revision of the underlying input estimates to quantify the deferred tax asset, resulting in a decrease in the tax charge of R120 million in the prior year in terms of IAS12. 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 (2023 restated: R14.7 million loss) 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).

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 on page 63.

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%.

NON-FINANCIAL

Vision and brand purpose

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

As South Africa navigates an increasingly complex economic and social landscape, our vision for the 2025 financial year is rooted in creating tangible added value for our customers. We recognise that our policyholders are facing unprecedented challenges, including economic instability, rising costs of living, and social uncertainties. In response, we are committed to innovating our product offerings to ensure that they are not only comprehensive but also adaptable to the evolving needs of our clients.

Equally crucial to our vision is the well-being of our employees, who are the cornerstone of our success. We understand that a motivated and engaged workforce is essential for delivering exceptional service and driving growth. To this end, we are dedicated to fostering a supportive and dynamic work environment that prioritises professional development, work-life balance, and inclusivity. Our goal is to empower our team with the tools and opportunities that they need to excel, thereby cultivating a culture of excellence and innovation that will benefit both our staff and our clients.

We fully appreciate the impact that the current economic and social challenges have on our clients and we are determined to address these issues with empathy and foresight. Our approach involves proactive engagement with our clients to understand their evolving needs and provide solutions that are both practical and supportive. By maintaining open lines of communication and offering targeted assistance, we strive to overcome obstacles and reinforce our commitment to the well-being of our clients and the stability of our Group.

GOVERNANCE AND KING IV

During the 2024 reporting period, the Group continued to practice good corporate governance, aimed at adding value to the business as well as facilitating the Group's sustainability while generating long-term stakeholder value for all stakeholders.

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

The Group's approach to corporate governance is to ensure it contributes to improved operational decision-making and corporate performance, thereby reducing the

Group Managing Director's Report continued

business risks. The Group's aim therefore is for the relevant governance policies, structures and processes, which initially may have been brought into existence to ensure compliance with applicable regulations and codes of conduct, to add value and ensure corporate sustainability.

During the 2024 financial year the Group has, to a large degree, applied all of the voluntary King IV principles and complied with all the mandatory corporate governance provisions thereof contained in the JSE Listings Requirements. A narrative of how the Group has applied the King IV principles and complied with the JSE Listings Requirements is set out in the Corporate Governance section of this Integrated Annual Report.

RISK MANAGEMENT

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

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

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

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

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

B-BBEE

Our transformation commitment goes beyond complying with the regulatory requirements of the B-BBEE Act. We believe in building long-term relationships that promote economic inclusivity and foster working environments that are representative of the country that we live and operate in.

Our B-BBEE status is now rated as a Level 3 Contributor and we continue to look for opportunities to improve our position. Over and above the improvement in the scorecard, we believe in collaborative partnerships to solve some of South Africa's socio-economic challenges, one initiative at a time. In collaboration with the Insurance SETA, we have been able to build internal skills and competencies through

the development programmes offered to our employees. Furthermore, our participation in the annual internship opportunities have enabled us to offer employment to unemployed graduates after completing the 12 month training and development programme.

We have recently entered our second year of participating in the Youth Employment Services ("YES") programme, through which have provided access to employment opportunities to over 250 unemployed youth (130 youth in the 2024 financial year).

The investment in our IFA network and other black business partners, is an important part of Clientèle's support to sustaining small black enterprises in this challenging economic environment. We remain committed to partnering with procurement suppliers that promote the economic empowerment and inclusion of previously marginalised sectors and people in South Africa.

The Group is continuously looking to improve its B-BBEE contribution status and remains committed to increasing the B-BBEE shareholding in Clientèle over time. The majority of our B-BBEE shares are held directly and indirectly by Yellowwoods Trust Investments (Proprietary) Limited ("YTI"), a wholly owned subsidiary of the Hollard Foundation Trust, a Broad-Based Black Economic Empowerment Trust. YTI's total shareholding, including the indirect holdings, amounted to approximately 11.34% as at the end of the 2024 financial year.

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

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

SHARED VALUE

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

1. Providing loyalty benefits to our loyal clients via the Clientèle Loyalty program, Clientèle Royalty (this included our "December is on Us" initiative, where we pay December premiums on behalf of loyal clients who have met certain criteria);
2. Environmental initiatives (e.g. the installation of solar panels at our office park);
3. Taking part in youth employment initiatives such as the YES program;
4. Consumer education;
5. Providing a regular income to thousands of South Africans via employment opportunities or as, field agents, broker intermediary agents, and many more;
6. Investing in South Africa (e.g. Government Bonds); and,
7. Various CSI initiatives (some of which are detailed on page 10).

CORPORATE SOCIAL INVESTMENTS

The focus of the Corporate Social Investment portfolio at Clientèle has always been aligned to the Group Purpose and playing an active role in providing sustainable support to our communities in South Africa.

For the 2024 year, our CSI initiatives focused on the following pillars:

1. Education

Now in its 15th year, the Clientèle bursary scheme has supported the children of our staff and IFA's with bursaries to enable them to complete tertiary studies. To date, this bursary scheme has sponsored around 155 graduates covering a wide range of disciplines including medicine, accounting, science, law and administrative management. The bursaries cover all costs relating to the beneficiaries' studies including tuition, books, meals and accommodation.

The mentorship engagements provided to the students, by the Clientèle's senior management team have proved to be a valuable part of the support structure to manage study workloads as well as other socio-psychological aspects of student life.

2. Community Support and Donations

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

- Sithabile Child and Youth Centre in Benoni. In addition to financial support, in celebration of Mandela Day, the CSI team spent the day at the Youth Centre and donated food parcels as well as non-perishable items; and,
- Donation of school bags to Grade 1 & 2 learners at Ditau Primary School in Soweto. This was in support of activities to get the young scholars ready for the school year in January 2024.

Furthermore, we partnered with certain of our business partners to support the charitable initiatives that they partake in.

3. Employee Giving and Volunteering

Our employees continue to share the same values of considering the underprivileged in the communities that they and our clients come from. The Employee Giving Campaign focused on the following worthy causes:

- Donation to Manger Care Centre to support initiatives in the fight against Gender based Violence in communities.
- The donation of over 2,600 sanitary packs to assist in alleviating female hygiene challenges for school going girls in Ivory Park, north of Johannesburg.

4. Consumer Education

In line with the Group's purpose of safeguarding your world with compassion, we have continued to provide basic financial literacy education to consumers in

South Africa, specifically targeting black communities in the markets in which we operate.

Together with Avo Vision (our financial literacy training partner), we have increased the number of consumers that have received financial literacy training to a total of 2,721 in 2024.

The demographic reach of the project was as follows:

- 51% of the participants were from rural areas;
- 100% of the participants were Black South Africans;
- 54% of the participants were young, black females; and,
- 98% of the participants fall within the LSM 1 – 8.

BUSINESS SEGMENTS

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 an 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%).

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%.

Group Managing Director's Report *continued*

CBC Rewards is responsible for, amongst other things:

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

DIVIDENDS

The Board has declared a dividend per ordinary share of 125 cents, remaining unchanged from the prior year.

OUTLOOK

As we look to the future, the Group is well-positioned for robust growth, both organically and through strategic acquisitions. Our forward-looking approach and commitment to Treating our Clients Well have laid a solid foundation that will enable us to expand our market presence and enhance our service offerings. We are actively exploring and pursuing opportunities that align with our vision, allowing us to capitalise on emerging trends and unlock new avenues for development.

In the midst of a challenging economic and social environment, we remain resolute and adaptable. The current South African landscape demands resilience and innovation, and we are embracing these demands with a proactive and strategic approach. Our focus on navigating these complexities with agility allows us to identify and capitalise on opportunities that arise, transforming potential challenges into avenues for growth and improvement.

Our commitment to fostering sustainable growth extends to our dedication to serving our customers, supporting our employees, and delivering value to all stakeholders. By continuously enhancing our customer service offering and investing in our workforce, we are building a resilient and agile organisation poised for long-term success.

Our strategic focus on sustainability and innovation ensures that we not only meet the immediate challenges but also create enduring value for everyone involved in our journey.

APPRECIATION AND BOARD COMPOSITION

Over the course of the year, we have had a number of exits from our Board and I would like to thank each of these individuals for their participation and the value that they have added to Clientèle over their tenure.

Ms. Pheladi Gwangwa resigned from the Board in August 2023 and Mr. Nazeer Hoosen resigned as Managing Director of Clientèle General in May 2024. In addition, Mr. Michael Cownie, who served as a member of the Executive team for over 10 years and was the follow-up Group Financial Director to Mr. Iain Hume, resigned from the Board in November 2023 and I thank him for his years of service and wish him all the best for his future endeavors.

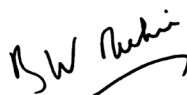
Having spent more than 15 years on the board of Clientèle, Dr. Adrian Enthoven tendered his resignation as a Non-Executive Director post the year end as a consequence of the growing demands on his time from other commitments. Dr. Enthoven added significant value during his tenure on the Board of Clientèle and his input at Board level will be sorely missed. We wish Dr. Enthoven everything of the best in terms of his future endeavours.

I also wish to express my gratitude to Mrs. Tiffany-Ann Boesch, who was appointed as the Group Chief Operating Officer in August 2023, for having acted as interim Group Chief Financial Officer from Mr. Cownie's resignation in November 2023 until the appointment of a permanent Group Financial Director in April 2024. Ms. Boesch not only successfully managed the Group's finance department during this time, but also played an integral part in finalising several crucial processes and documents required for Clientèle's successful acquisition of 1Life whilst having continued to effectively and proficiently manage and oversee the Group's operations.

The Group was also proud to welcome Ms. Emma Mashilwane (Independent Non-executive Director) and Ms. Angela Pillay (Group Financial Director) as new members of the Board during the course of the year and I am very excited about the wealth of expertise and experience that both members possess and they will undoubtedly add value to the Group into the future.

Furthermore and following their appointment as directors by shareholders during the special general shareholders' meeting held in March 2024, I wish to welcome Mr. Tom Creamer and Mr. Murray Raisbeck as new Non-executive Directors to the Board and know that their expertise and guidance will greatly aid the Board in achieving its strategic objectives.

Finally, I would like to extend my heartfelt gratitude to the Chairman of the Board, all the Directors, and our entire senior management team for their exceptional dedication and hard work throughout the financial year. Your unwavering commitment and tireless efforts have been instrumental in not only helping the Group navigate the complexities of a challenging economic and social environment but also in ensuring our continued resilience and success. The achievements that the Group has made this year would not have been possible without your leadership, strategic vision, and relentless pursuit of excellence. It is your collective expertise and perseverance that have positioned us to thrive and drive our company forward, and for this, I am profoundly thankful.



Mr. BW Reekie

09 October 2024

CORPORATE GOVERNANCE

1. INTRODUCTION

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

The Board confirms that the Group complied with the King Code on Corporate Governance as set out in King IV for the 2024 financial year, unless otherwise stated. The Board is confident that the application of these principles will not only ensure that all statutory governance requirements are met but will also ensure a special focus towards the achievement of the following governance outcomes:

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

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

The following report serves to provide information on the extent of compliance with the principles of sound governance, as provided by King IV, during the 2024 financial year:

Principle	Application
1 The Board should lead ethically and effectively.	The Board is obligated to act in accordance with the Companies Act (as per the company MOI) and section 76(3) which states that a Director of a company must exercise the powers and perform the functions of a Director in good faith, for a proper purpose, in the best interests of the Group and with a degree of care, skill and diligence. The Board's annual assessment of the performance of its Committees, Directors and Executives, incorporates a focus on ethical outcomes. The Board's Terms of Reference also outlines the policies and practices of the Board on matters such as Directors' dealings in the securities of the Company and declarations of conflicts of interest. The Directors have the necessary competence to discharge their responsibilities and provide strategic direction and control of the Group. Furthermore, the Directors are devoted to ensuring the sustainable success of the Group and therefore attend meetings as required and dedicate sufficient time and effort in preparation for such meetings.
2 The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The Board is mandated with the responsibility to review and approve the Group's policies on values and code of ethics. The Group Social and Ethics Committee assists and guides, as the conscience of the Group, on social and ethical matters and to ensure oversight over the implementation, reporting, training and awareness of the Group's code of ethics. In order to ensure that the Group's purpose is achieved it therefore becomes imperative that the Group's values and code of ethics form an integral part of the Group's strategy and the implementation thereof. Further details are available in the Group Social and Ethics Report, pages 55 to 59.

Corporate Governance continued

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

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

Corporate Governance continued

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

Principle	Application
13 The Board should govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the Group being ethical and a good corporate citizen.	The Board and its Committees and sub-committees ensure the adherence and monitoring of compliance with applicable laws, regulations, codes and standards. The Board makes use of external attorneys and external experts and advisors to review complex regulatory matters. A Group Compliance function is established within the Group and forms an integral part of the Group's regulatory and operational risk management process. The Group Audit Committee and the Board receive reports on compliance with applicable laws, rules, codes and standards at quarterly meetings. A suitably qualified Group Compliance Officer is appointed as well as the establishment of a Group Compliance Department. Compliance is achieved through integration with business/organisational processes, ethics and culture.
14 The Board should ensure that the Group remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term.	The Board has established a Group Remuneration Committee, consisting of Non-executive Directors, the majority of whom are Independent, who assist the Board in setting and administering a fair, equitable and responsible remuneration policy. The Group Remuneration Committee has an independent role, operating as an overseer, maker of decisions on remuneration and maker of recommendations to the shareholders for their consideration and final approval. The Group Remuneration Committee works according to a Terms of Reference. The Group Remuneration Committee does not assume the functions of management, which remain the responsibility of the Executive Directors, officers and other members of senior management. The role of the Group Remuneration Committee is to assist the Board in ensuring that: • The Group remunerates Directors, officers, members of senior management and staff fairly and responsibly; and, • The disclosure of remuneration is accurate, complete and transparent. The detailed Group Remuneration Report setting out the Policy and implementation thereof, is set out on pages 38 to 54.

Corporate Governance continued

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

1.1 Corporate Governance Framework

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

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

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

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

1.2 Stakeholder Communication

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

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

1.2.1 Government and Regulators

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

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

1.2.2 Shareholders

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

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

1.2.3 Clients (including Policyholders)

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

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

Corporate Governance continued

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

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

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

Also refer to the Group Social and Ethics Report on pages 55 to 59.

2. BOARD OF DIRECTORS

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

2.1 Role

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

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

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

2.2 Function of the Board

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

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

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

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

2.3 Composition of the Board

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

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

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

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

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

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

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

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

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

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

For the 30 June 2024 year, the Board had the following representation:

- 25.00% female representation. The female Directors also serve as Board members of the Subsidiaries of the Group.
- 33.33% black representation. The black Directors also serve as Board members of the Subsidiaries of the Group.

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

2.4 Subsidiary Boards

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

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

Corporate Governance continued

2.5 Responsibilities Include:

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

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

2.6 Independence of the Board

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

- At 30 June 2024 the Board had twelve Directors (including one Alternate Director), eight of whom were Non-executive Directors of which five were Independent Non-executive Directors. Included in the twelve Directors is Mr. Chadwick, the Alternate Director to Dr. Enthoven;
- The Board has considered the independence of the Non-executive Directors and has held discussions with them and is of the opinion that they are Independent in their actions, judgment and conduct: They have also been found Independent in fact and in perception by the Board;
- Clientèle has an Independent Non-executive Chairman;
- The roles of Chairman and Managing Director are separate; and,
- Independent Non-executive Directors' remuneration is not tied to the Group's financial performance.

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

The details of the Directors are provided on pages 76 to 81.

2.7 Criteria for Independence

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

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

An Independent Non-executive Director should be Independent in fact and in the perception of a reasonably informed outsider.

Corporate Governance continued

2.8 Group Chairman

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

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

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

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

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

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

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

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

2.9 Group Managing Director

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

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

2.10 Executive Directors

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

2.11 Group Company Secretary

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

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

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

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

2.12 Changes to the Board

The following changes were effected by the Board during the financial year ending 30 June 2024:

- Ms. PG Gwangwa resigned as Non-executive Director in August 2023;
- Mr. MG Cownie resigned as Executive Director in November 2023;
- Ms. TE Mashilwane was appointed as Non-executive Director in December 2023; and,
- Ms. AC Pillay was appointed as Executive Director in April 2024.

2.13 Directors' Interests

The shareholding of Directors appear on page 54 in the Group Remuneration Report.

2.14 Share Dealing by Directors and Senior Personnel

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

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

2.15 Political Party Support

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

3. SHAREHOLDER AND BOARD COMMITTEES

The Board and Non-Board Committees (referred to in the Corporate Governance Report on pages 12 to 35):

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

3.1 Group Audit Committee

Refer to the Group Audit Committee Report on pages 69 to 72.

Corporate Governance continued

3.2 Group Actuarial Committee

Members	Number of meetings held	Number attended
BW Reekie (Chairperson)	5	5
AC Pillay (appointed in April 2024)		2/2
MG Cownie (resigned in November 2023)		1/1
RD Williams		5
B Frodsham		4
JL Potgieter		5
H Louw		5
N Hoosen (resigned in May 2024)		4/4
HP Mayers		4
Appointed by: - Group Audit Committee and the Board Authority: - Group Audit Committee and the Board Other: - External Auditors and the Chairman of the Group Audit Committee attend the interim and year-end Group Actuarial Committee meetings - External Independent Actuaries have a standing invitation to attend all meetings		Assessment: - Annually - Satisfactory rating in November 2023 Conclusion: Satisfied that the Committee has fulfilled its responsibilities in accordance with the Terms of Reference for the reporting period.

2024 KEY FOCUS AREAS

During the year, various issues were addressed, including:

- Highlighting any policyholder reasonable benefit expectation issues, having specific regard to TCF and TCW;
- Reviewing and amending the format and content of actuarial reports;
- Reviewing the ALM position, cash flow management and capital requirements of the Group;
- Liaising with the External Actuaries and the External Auditor;
- Reviewing and approving the quarterly actuarial liability calculation;
- Considering and recommending to the Group Audit Committee and the Board the approval of bi-annual formal Actuarial Valuation and EV reports of the Head of the Actuarial Function;
- Annually reviewing the independence of the Head of the Actuarial Function;
- Reviewing and approving the monthly unit price calculation;
- Reviewing and discussing, annually, potential threats to External Actuaries’ independence;
- Reviewing the appropriateness of the experience, expertise and adequacy of the resources of the Actuarial Department and the Actuarial function;
- Reviewing the impacts of regulatory and industry changes on the Actuarial Valuation and EV;
- Reviewing findings relating to data accuracy and data integrity;
- Advising as to the viability of any proposed client underwriting; and,
- Reviewing and monitoring relevant items from an internal capital management and planning process.

Significant additional focus was placed on the challenging economic environment and the resultant effects on our clients and the economic, investment and business environment, as well as the appropriate actuarial assumptions.

The Committee is expected to make use of appointed experts, who specifically include the External Actuaries, to assist it in carrying out its responsibilities.

Refer to the Statement of Group EV on pages 60 to 66.

3.3 Group Risk Committee

Members	Number of meetings held	Number attended
BA Stott (Chairperson)	4	4
BW Reekie		4
TE Mashilwane (appointed in December 2023)		1/1
GQ Routledge		4
RD Williams		4
MG Cownie (resigned in November 2023)		2/2
AC Pillay (appointed in April 2024)		1/1
Appointed by: - The Board Authority: - The Board Other: - The Group Chief Risk Officer, Mr. JL Potgieter, the External Auditors and the CAE attend all meetings as invitees - The composition and responsibilities of this Committee are aligned to the Prudential Standard GOI 2 – Governance of Insurers		Assessment: - Annually - Satisfactory rating in November 2023 Conclusion: Satisfied that the Committee has fulfilled its responsibilities in accordance with the Terms of Reference for the reporting period.

2024 KEY FOCUS AREAS

During the year, various issues were addressed, including:

- Assisting the Board in ensuring that there are processes in place enabling:
 - complete;
 - timely;
 - relevant;
 - accurate; and,
 - accessible disclosure on risks to stakeholders.
- Disclosure of risks to stakeholders;
- Providing assurance relating to the effectiveness of the risk management process;
- Designing, implementing and monitoring the risk management plan;
- Performing continuous risk assessments, including consideration of new and emerging risks;
- Ensuring frameworks and methodologies are implemented to increase the probability of anticipating emerging risks;
- Ensuring that management considers and implements appropriate risk responses;
- Ensuring continuous risk monitoring by management;
- The annual review and approval of the Business Continuity Management Framework;
- Approving updated risk appetite and risk tolerance statements and risk rating scales;
- Receiving and considering feedback on compliance with SAM;
- Approving the “shock” scenarios for ORSA;
- Reviewing and approving the ORSA;
- Ensuring that all Operational Risk Incidents are reported and working with business on finding ways to mitigate the impact and reduce the probability of the recurrence of these incidents;
- Reviewing and approving of Capital Management Policies;
- Reviewing and approving of Risk Management Strategy Policy; and,
- Reviewing and discussing presentations on global and local economic conditions.

Significant focus was placed on management actions in order to ensure the welfare of the staff, compliance with new regulations and mitigation of the effects of the challenging economic environment.

Refer to the Risk Management section on pages 88 to 98 for more detail.

Corporate Governance continued

3.4 Group Investment Committee

Members	Number of meetings held	Number attended
AC Pillay (Chairperson) (appointed in April 2024)	4	2/2
MG Cownie (Chairperson) (resigned in November 2023)		1/1
BW Reekie		4
GQ Routledge		3
BA Stott		4
N Hoosen (resigned in May 2024)		4
H Louw		4
JL Potgieter		4
Appointed by: • The Board Authority: • The Board • The Group Audit Committee on taxation matters Other: • The Group Investment Committee reports to the Group Audit Committee on matters relating to taxation		Assessment: • Annually • Satisfactory rating in November 2023 Conclusion: Satisfied that the Committee has fulfilled its responsibilities in accordance with the Terms of Reference for the reporting period.

2024 KEY FOCUS AREAS

During the year, various issues were addressed, including:

- ALM, in conjunction with the investment manager and the Group Actuarial Committee;
- Overseeing that investment decisions are made in the best interests of policyholders (with regard to policyholder reasonable expectations);
- Overseeing the appropriate mix of shareholder investments on behalf of the Board;
- Ensuring that there are processes in place to:
 - continuously monitor and review the performance of existing investments; and,
 - report on the performance of existing investments, as and when necessary;
- Ensuring that there are processes in place to monitor the Group’s tax matters by:
 - Ensuring tax implications of new and existing insurance and investment products are identified and understood;
 - Reviewing processes implemented to ensure the Group follows the most effective tax route;
 - Ensuring that all tax returns are submitted timeously;
 - Ensuring that all SARS queries have been dealt with by persons with appropriate responsibility and expertise;
 - Ensuring that management keeps current with tax legislation; and,
 - Reporting to the Group Audit Committee and the Board on any significant tax matters.
- Monitoring the performance of the investment manager; and,
- Reviewing credit risk related to the Group’s investment assets to ensure an optimum mix of risk and return.

3.5 Group Remuneration Committee

Members	Number of meetings held	Number attended
BA Stott (Chairperson)	2	2
GQ Routledge		2
ADT Enthoven		2
Appointed by: - The Board Authority: - The Board - Shareholders by a non-binding advisory endorsement of the remuneration policy Other: - The Group Managing Director attends all meetings by invitation - The composition and responsibilities of this Committee are aligned to the Prudential Standard GOI 2 – Governance of Insurers		Assessment: - Annually - Satisfactory rating in November 2023 Conclusion: Satisfied that the Committee has fulfilled its responsibilities in accordance with the Terms of Reference for the reporting period.

2024 KEY FOCUS AREAS

- The Group Remuneration Committee assists the Board in ensuring that:
 - The Group remunerates Directors and Executives fairly and responsibly;
 - The levels of increases given to staff and management are appropriately reviewed; and,
 - The disclosure of remuneration is accurate, complete and transparent.
- Overseeing the remuneration policy and ensuring that it promotes the achievement of strategic objectives and Group targets;
- Reviewing the outcomes of implementation of the remuneration policy in terms of achievement of set objectives;
- Benchmarking Executive remuneration;
- Ensuring the mix of fixed and variable pay meets the Group’s strategic objectives and needs;
- Satisfying itself as to the accuracy of performance measures that govern vesting and payment of incentives and bonuses;
- Ensuring that all benefits are justified and correctly valued;
- Considering and evaluating the performance of the Group Managing Director, other Executive Directors, Heads of Control Functions and Executives when determining remuneration;
- Regularly reviewing Incentive Schemes to ensure continued contribution to shareholder value in addition to ensuring that these are administered in terms of the rules;
- Considering the appropriateness of early vesting of BRs at the end of employment and effecting relevant changes, at their discretion, in line with legislation, standards and regulatory requirements;
- Reviewing the performance of Non-executive Directors;
- Reviewing the performance of Executives;
- Advising on the remuneration of Non-executive Directors; and,
- Reviewing the Group’s remuneration report for Executives in the Integrated Annual Report and providing recommendations to the Board.

Refer to the Group Remuneration Report on pages 38 to 54.

Corporate Governance continued

3.6 Group Social and Ethics Committee

Members	Number of meetings held	Number attended
PR Gwangwa (Chairperson) (resigned in August 2023)	4	0/0
TE Mashilwane (Chairperson) (appointed in December 2023)		2/2
BW Reekie		4
RDT Zwane		4
RD Williams		4
Appointed by: - The Board Authority: - The Board - Report to shareholders through the Integrated Annual Report - Mr. R.D Williams acted as interim Chairman of the Group Social and Ethics Committee from Ms. Gwangwa's resignation until Ms. Mashilwane's appointment.		Assessment: - Annually - Satisfactory rating in November 2023 Conclusion: Satisfied that the Committee has fulfilled its responsibilities in accordance with the Terms of Reference for the reporting period.

2024 KEY FOCUS AREAS

- Social and economic development, including the Group's standing in terms of goals and purpose relating to:
 - The ten United Nations Global Compact Principles;
 - The OECD recommendations regarding corruption;
 - The B-BBEE Act; and,
 - The Employment Equity Act.
- Good corporate citizenship, including the Group's:
 - Promotion of equality, prevention of unfair discrimination and reduction of corruption;
 - Contribution to development of the communities in which its activities are predominantly conducted or within which its products/services are predominantly marketed;
 - Record of sponsorship, donations and charitable givings; and,
 - Impact on the environment, health and public safety, including the impact of the Group's activities and its products/services.
- Consumer relationships, including the Group's advertising, public relations and compliance with consumer protection laws;
- Labour and employment, including:
 - The Group's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and,
 - The Group's employment relationships, and its contribution towards the educational development of its employees.
- Monitoring that the Group conducts its activities in an ethical manner;
- Drawing matters within its mandate to the attention of the Board, as the occasion requires; and,
- Attending the AGM to report, through a member, to the shareholders on the matters within its mandate, if required.

Throughout the year, against the backdrop of the challenging economic environment, guiding Clientèle's continued adherence to the Group's Purpose and Values by Treating Clients Well and Treating Employees Well.

Refer to the Group Social and Ethics Report on pages 55 to 59.

3.7 Group Nominations Committee

Members	Number of meetings held	Number attended
BA Stott (Chairperson)	3	3
GQ Routledge		3
ADT Enthoven		3
BW Reekie		3
Appointed by: - The Board Authority: - The Board - Report to shareholders through the Integrated Annual Report - Refer to pages 76 to 78 for members' qualifications and experience		Assessment: - Annually - Satisfactory rating in November 2023 Conclusion: Satisfied that the Committee has fulfilled its responsibilities in accordance with the Terms of Reference for the reporting period.

2024 KEY FOCUS AREAS

- Ensuring that the process of nomination, election and appointment of members of the Board is formal, appropriate and transparent;
- Ensuring that any candidate for election as a Non-executive Director has sufficient time available to fulfill the responsibilities as a member of the Board by requesting details of professional commitments and a statement to the effect that the candidate has sufficient time available to fulfill such responsibilities;
- Ensuring that a process is in place for receipt of a declaration in respect of all relevant financial, economic and other interests held by each Director and any related parties on an annual basis;
- Ensuring that formal succession plans for the Board, Group Managing Director and Excom are developed and implemented;
- Recommending to the Board the continuation (or not) in service of any Director who has reached the age of 75;
- Considering, annually, the eligibility for re-election of those Directors who retire by rotation and recommending or advising otherwise such retiring Directors' re-appointments by shareholders at the AGM taking into account the results of their performance evaluation;
- Considering, annually, as part of the Board evaluation process, the independence of the Non-executive Directors. A separate annual review is undertaken for Independent Directors serving for longer than nine years, to ensure:
 - the member exercises objective judgment; and,
 - there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.
- Overseeing the formal induction programme for new Directors including the development and implementation of continuing professional development programmes for Directors and mentorship of Directors where required;
- Ensuring that Directors receive regular briefings on changes in risks, laws and the environment in which the Company operates;
- Co-ordinating the annual performance evaluation of the Board and Committees, independence assessment of Directors, peer reviews and assessment of the qualifications and competence of the Group Company Secretary;
- Ensuring the implementation of action plans emanating from the annual evaluations where required;
- Considering and recommending to the Board, for approval, policies relating to the Committee's mandate as set out in the Terms of Reference;
- Agreeing with the Group Managing Director (who is a member of this Committee) whether any additional professional positions may be taken up by the Group Managing Director;
- On an annual basis, discussing the need for a Lead Independent Director;
- Ensuring that there are adequate policies and procedures in place relating to the appointment, dismissal and succession of senior management and Heads of Control Functions; and,
- Recommending the appointment of the Chairman of the Board to the Board.

Corporate Governance continued

4. NON-BOARD COMMITTEES

The following, *inter alia*, are non-board Committees in place as at 30 June 2024:

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

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

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

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

5.1 Members of Clientèle Board and Committees as at 30 June 2024

Directors and members	Description	Note	Clientèle Board	Group Audit	Group Actuarial	Group Remuneration	Group Social & Ethics	Group Risk	Group Investment	Group Nominations
DIRECTORS										
GQ Routledge	Chairperson, Independent Non-executive Director		✓	✓		✓		✓	✓	✓
BW Reekie	Group Managing Director	1	✓	I	✓	I	✓	✓	✓	✓
ADT Enthoven	Non-executive Director		✓			✓				✓
AC Pillay	Group Financial Director	2	✓	I	✓		I	✓	✓	
MG Cownie	Group Financial Director	3	✓	I	✓		I	✓	✓	
BA Stott	Independent Non-executive Director	4	✓	✓		✓		✓	✓	✓
PR Gwangwa	Independent Non-executive Director	5	✓				✓			
RD Williams	Independent Non-executive Director		✓	✓	✓		✓	✓		
PG Nkadameng	Non-executive Director		✓							
TE Mashilwane	Independent Non-executive Director	6	✓	✓			✓	✓		
GK Chadwick	Alternate Non-executive Director		✓							
H Louw	Executive Director		✓	I	✓		I	I	✓	
RDT Zwane	Executive Director		✓	I			✓	I		
HP Mayers	Independent Non-executive Director		✓		✓					
GROUP EXCOM										
JL Potgieter	Head of the Actuarial Function and Chief Risk Officer		I	I	✓		I	I	✓	
B Frodsham	Group Strategic Operations Executive		I	I	✓		I	I		
LA Botha	Group Marketing and Advertising Executive		I		I		I			
JWF Pretorius	Group Telesales Executive		I	I	I		I	I		
N Hoosen	Group Executive	7	I	I	✓			I	✓	
DT Habana	Group IT Executive		I	I	I			I		
TA Boesch	Group Chief Operating Officer	8	I	I	I			I	I	
M Thamanna	Group Strategy Executive	9	I	I	I			I		

(✓ = member, I = invitee)

1 Chairperson of Group Actuarial Committee.

2 Appointed as Group Financial Director in April 2024.

3 Resigned as Group Financial Director in November 2023.

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

5 Resigned as Independent Non-executive Director in August 2023.

6 Appointed as Independent Non-Executive Director in December 2023. Chairperson of Group Social and Ethics Committee.

7 Resigned as Group Excom Member in May 2024.

8 Appointed as Group Chief Operating Officer in August 2023.

9 Promoted to Group Strategy Executive in October 2023.

Corporate Governance continued

5.2 Attendance at Clientèle Board and Committee Meetings

Directors and members	Clientèle Board	Group Audit	Group Actuarial	Group Remuneration	Group Social & Ethics	Group Risk	Group Investment	Group Nominations
Meetings held	4	6	5	2	4	4	4	3
DIRECTORS								
GQ Routledge	4	6		2		4	3	3
BW Reekie	4	6	5	2	4	4	4	3
ADT Enthoven	1			2				3
AC Pillay ¹	0/1	1	2/2			1	1	
BA Stott	4	6		2		4	4	3
PR Gwangwa ²	0/0				0			
RD Williams	4	6	5		4	4		
MG Cownie ³	1	2	1		2	2	2	
PG Nkadimeng	2							
TE Mashilwane ⁴	1	3			2	1		
GK Chadwick	3							
H Louw	4	6	5		4	4	4	
RDT Zwane	4	5			4	4		
HP Mayers	4		4					
GROUP EXCOM								
JL Potgieter	4	5	5		4	4	4	
B Frodsham	4	4	4		3	4		
DT Habana	4	6	5			4		
LA Botha	4		1		4			
JWF Pretorius	4	5	4		4	4		
N Hoosen ⁵	4	6	4			4	4	
TA Boesch ⁶	3	4	2			3	1	
M Thamanna ⁷	4		4			2		

¹ Appointed as Group Financial Director in April 2024. Chairperson of Group Investment Committee.

² Resigned as Independent Non-executive Director in August 2023.

³ Resigned as Group Financial Director in November 2023.

⁴ Appointed as Independent Non-executive Director in December 2023. Chairperson of Social and Ethics Committee.

⁵ Resigned as Group Excom Member in May 2024.

⁶ Appointed as Group Excom Member in August 2023.

⁷ Promoted to Group Excom Member in October 2023.

6. INTERNAL FINANCIAL AND OPERATING CONTROLS

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

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

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

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

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

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

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

The Board has not been made aware of any issue that would constitute a material breakdown in the functioning of these controls up to the date of this report. The Board Report on the Effectiveness of Internal Controls is set out on page 36.

7. COMPLIANCE

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

8. GROUP INTERNAL AUDIT

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

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

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

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

9. ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

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

Corporate Governance continued

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

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

10. GROUP ANNUAL FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated and separate Annual Financial Statements of the Group, which have been prepared in accordance with IFRS. These Annual Financial Statements have been prepared from the accounting records and the use of appropriate policies supported by reasonable and prudent judgments and estimates and fairly present the state of affairs of the Group. The External Auditors are responsible for auditing and reporting on these Annual Financial Statements. The Annual Financial Statements have been audited in accordance with International Standards on Auditing. Details of the External Auditor's remuneration for audit and other services are provided in Note 33.1 on page 218 to the Group Annual Financial Statements. The Group is satisfied with the Independence of the External Auditors.

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

11. INTERNAL AND EXTERNAL ACTUARIES

Clientèle Life and Clientèle General

The Head of the Actuarial Function, Mr. Potgieter, is responsible for assisting the Board in actuarial matters. Mr. Potgieter attends all Clientèle Life and Clientèle General Board meetings.

Clientèle Group

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

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

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

12. THE GOVERNANCE OF INFORMATION TECHNOLOGY

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

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

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

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

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

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

13. ENVIRONMENTAL IMPACT

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

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

Also refer to the Group Social and Ethics Committee Report on pages 55 to 59.

BOARD REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS

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

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

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

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

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

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

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

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



Mr. GQ Routledge
Chairman of the Board

09 October 2024

GROUP AUDIT COMMITTEE REPORT ON THE EFFECTIVENESS OF INTERNAL FINANCIAL CONTROLS

The Group Audit Committee is pleased to present its report for the financial year ended 30 June 2024. Based on the review of the Group's system of internal financial controls and risk management, including a review of the:

- Design;
- Implementation; and,
- Effectiveness

of the controls conducted by GIA during the 2024 year, and considering:

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

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



Mr. BA Stott

Chairman of the Group Audit Committee

09 October 2024

GROUP REMUNERATION REPORT

The Board is pleased to present the Group's Remuneration Report for the year ended 30 June 2024. The Group Remuneration Report is a three-part report, as prescribed by King IV:

- **Part 1** is a summary of background information necessary to give perspective to parts 2 and 3;
- **Part 2** sets out the Group's remuneration policy, and,
- **Part 3** details the implementation of the policy in the 2024 financial year.

PART 1: BACKGROUND STATEMENT

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

At the AGM, shareholders are being requested to consider and approve, via non-binding advisory endorsements the Group's remuneration policy (Part 2 of this Group Remuneration Report) and the implementation of the policy in the 2024 year (Part 3 of this Group Remuneration Report).

The shareholder non-binding advisory endorsements and explanatory note are set out on page 230 in the Notice of the AGM. Shareholders are requested to offer their support by voting in favour of these non-binding advisory endorsements at the AGM.

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

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

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

Following on from a remuneration benchmarking exercise carried out during the year, certain executives' salaries and short-term incentive bonus potentials were increased by more than inflation for the new financial year, effective 1 July 2024. Similarly, the participation percentages used to calculate the medium-term incentive pools were changed with effect from 1 July 2024. More detail in this regard is provided later on in this report.

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

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

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

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

Group Remuneration Report continued

PART 2: REMUNERATION PHILOSOPHY AND POLICY

1. DEFINITION OF REMUNERATION

Remuneration includes:

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

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

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

2. SCOPE OF THE REMUNERATION POLICY

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

The Group Remuneration Committee ensures that:

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

3. GOVERNANCE AND THE GROUP REMUNERATION COMMITTEE

Role and Constitution of the Group Remuneration Committee

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

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

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

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

4. REMUNERATION MATRIX AS AT 30 JUNE 2024

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

Category	Number of employees	Basic Salary	Short-term Bonus Incentives	BR Scheme	EV Scheme	Goodwill Scheme
Group Excom	11	X	X		X	X
Balance of Excom	14	X	X	X	X	
Management and specialists ("management")	311	X	X	X	X	
Staff	2,996	X	X	X		
Total	3,332					

5. CORE PRINCIPLES OF REMUNERATION

5.1 Monthly Remuneration (Basic Salary)

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

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

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

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

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

Clientèle's salary system provides base income and the opportunity to earn additional remuneration through incentives (see 5.2, 5.4 and 5.5).

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

Group Remuneration Report continued

5.2 Short-term Bonus Incentives

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

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

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

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

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

5.3.1 Staff

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

- The core principles underlying Clientèle's approach to staff incentivisation are based on the assumption that behaviour that is rewarded is more likely to be repeated and behaviour that is not rewarded is less likely to be repeated. Employees are likely to be more highly motivated if they perceive that there is a direct relationship between their level of performance and the financial reward received;
- It also links Group objectives with employee output;
- It is department specific and amounts are determined by pay-level, responsibility, work environment, job pressure, market trends, level of sophistication, Group targets and objectives and motivational impact;
- The minimum salary payable to staff who can earn a significant portion of their earnings via incentives is set at R4,500 per month (R5,000 per month from 1 July 2024). In all cases, we would expect such staff to be able to earn R6,500 per month or more by meeting the basic requirements of their job description;
- The minimum salary payable to staff who cannot earn significant extras via additional incentives paid is set at R6,500 per month;
- Incentives are not guaranteed;
- Incentives are awarded based on proper and consistent evaluation and measurements that are equitable and measurable; and,
- Incentives are intended to reward above-average performance and work-related achievements.

5.3.2 Management

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

Core principles for management incentivisation include:

- Motivate, attract, reward, and retain key staff;
- Link Group objectives with managerial output;
- Provide the opportunity for key management to earn bonus pay-outs based on outputs within their control;
- Position-specific amounts are determined by pay level, responsibility, work environment, job pressure, market trends, level of sophistication, Group targets and objectives and motivational impact;
- 'Paying for the person' and not necessarily for the position can play a role especially where specific skills and experience are required;
- Blanket rules are not applied when setting bonus amount criteria but are determined by critical Group needs, skill sets required, market trends and job level. Clear guidelines are provided in this regard;
- Incentives rely on proper and consistent evaluation and measurement which is equitable and measurable;
- Performance is assessed on both financial and non-financial criteria;
- Incentives are intended to reward above average performance and work-related achievements. They are not intended for merely 'doing the job' or mediocrity; and,
- Individual members of management may participate in the EV Scheme Incentive pool (see 5.5.3), from time to time, based on outstanding performance.

5.4 BR Scheme

The BR Scheme exists for the purpose of retaining, motivating and rewarding all employees (excluding Group Excom, who participate in the Goodwill Scheme) who are able to influence the performance of Clientèle on a basis which aligns the interest of the participants with those of Clientèle and its shareholders (For additional detail on the Scheme refer to Note 17 on pages 198 to 200).

As at 30 June 2024, a total of 68,182,758 BRs have been issued to 7,302 participants. Up to date, 14,954,872 BRs have been exercised, resulting in the issue of 4,311,222 Clientèle shares to participants. As at 30 June 2024, a total of 38,986,660 BRs have been cancelled.

Salient features:

- The aggregate number of ordinary shares that may be allotted and issued to Bonus Participants under the BR Scheme will not exceed 32,350,000 ordinary shares less that number of ordinary shares issued to participants under the previous SAR Scheme. The allocation may be increased by ordinary resolution of the members of Clientèle;
- The maximum aggregate number of BRs which may be allocated to any one participant under the BR Scheme will be 647,000, namely 2% of the total number of BRs available under the BR Scheme and the SARs available under the SAR Scheme:
 - Notwithstanding that a Bonus Participant has been invited to participate in the BR Scheme, no rights will vest in the Bonus Participant until such time as BRs are exercised;
 - No amount will be payable by a Bonus Participant in order to participate in the BR Scheme.
- At any time after:
 - 3 years from the Invitation Date, up to 20% of the BRs may be exercised by a Bonus Participant;
 - 4 years from the Invitation Date, up to 50% of the BRs may be exercised by a Bonus Participant; and,
 - 5 years from the Invitation Date, up to 100% of the BRs may be exercised by a Bonus Participant, or on such earlier date or dates as may be agreed to or determined by the Directors in their discretion, provided that BRs may not be exercised during a closed period or any other period during which dealings in securities of the Company are prohibited;
- BRs not exercised within 7 years from the Invitation Date will be forfeited, except for any BRs allocated during the period 1 November 2013 to 31 December 2015, where the period was extended to 10 years from the Invitation Date;

Group Remuneration Report continued

- A BR Participant will be entitled to sell shares which he has acquired pursuant to the Exercise of a BR only after the vesting date, which is after the implementation in full of the transaction arising from the Exercise of the BR. The Bonus Participant will first be obliged to offer his shares in terms of the pre-emptive rights provisions of the BR Scheme and failing acceptance thereof, will be entitled to sell the relevant shares to a third party;
- The Board may amend the BRs Scheme, provided that no amendments affecting any of the following matters shall operate unless sanctioned by the shareholders in a general meeting:
 - the eligibility of Bonus Participants under the BR Scheme;
 - the maximum number of BRs which may be acquired by a single participant under the BR Scheme;
 - the total number of BRs which may be granted in terms of the BR Scheme;
 - the total number of shares which may be allotted and issued by the Company in terms of the BR Scheme;
 - the basis for determining the Initial Price;
 - the basis for determining the Terminal Price; and,
 - any other matter as may be prescribed by the Listings Requirements;
- The Company ensures compliance with all applicable laws including, but without limitation, the Listings Requirements;
- When BRs are due to be settled, the value of each BR is the difference between the volume weighted average price that the ordinary shares in Clientèle traded on the JSE during the thirty trading days immediately preceding the invitation date and the volume weighted average price that the ordinary shares in Clientèle traded on the JSE during the thirty trading days immediately preceding the exercise date less one and a half cents (“the Terminal Price”), as determined by the rules of the Scheme;
- The Board, in its discretion, may settle BRs either:
 - By means of the allotment and issue of new shares to the participant;
 - By way of a cash payment; or,
 - By way of a combination of the foregoing methods;
- It is not the intention that cash payments will be made. Only in exceptional circumstances, as considered by the Board in its discretion, will a cash payment be made to a BR participant; and,
- In determining the allocation of BRs, the following performance measures are used:

– Underperformers	= no allocation
– Low performers	= no allocation
– Average performers	= a minimal allocation per category
– Good performers	= an average allocation per category
– Excellent performers	= the maximum allocation per category

5.5 EV and Goodwill Schemes

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

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

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

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

Group Remuneration Report continued

The core principles of the Incentive Schemes are to:

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

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

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

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

5.5.1 Current Components of Group Excom Remuneration

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

Group Remuneration Report continued

5.5.2 Annual Short-term Incentive

Purpose	To encourage and reward delivery of the Group's strategic priorities and short-term goals.	
Participants	Group Excom, Excom and members of management.	
Operation	The short-term bonus potential is determined at the beginning of the year and the actual pay-out is based on Clientèle's performance in terms of DebiCheck success, profit, EV earnings and the individual key measurement factors tailored for the individual concerned which may include financial and non-financial elements. The Group Remuneration Committee looks at recommendations provided by the Managing Director and can change the payment upwards or downwards for individuals or all participants at its discretion.	
Performance measures	The award for all participants is determined on the basis of Clientèle's performance as well as individual performance assessments measured against key measurement factors determined at the beginning of the year. Key measurement factors considered for Group Excom include the following: • Group profits; • Managing Withdrawals; • Production and Quality of New Business; • Developing new distribution channels; • Lead creation; • Focus on Authenticated Collections (e.g. DebiCheck); • Building brand and other marketing activities; • Innovation; • Smooth functioning of relevant business areas; • Improving culture and level of client service; • Staff Management and Treating Employees Well; • Staff recruitment, development and stability; • Succession planning; • Expense management; • Strategic input and Executive contribution; • Fintech, automation, digital strategy and cyber security; • System stability; • IT Governance; • Hardware development and planning; • Attainment of appropriate B-BBEE certification; • Maintaining appropriate service levels and standards; • Transformation; • Compliance; • Living the values; • Key staff retention; and, • Diversification, transformation and future proofing the business. The key measurement factors are different in weight depending on the role of the participant and do not all apply to each and every participant. The key measurement factors also contribute to the final awards for the EV incentive.	
Key measurement scores of Group Excom for 2024	Ranged from 85% – 95%.	
Maximum potential value of annual incentive for 2024	6 Months (2023: 6 months)	Group Excom
	4 Months (2023: 4 months)	Excom
	3 Months (2023: 3 months)	Members of Management
	The amounts are expressed as multiples of the monthly salaries.	
Changes for 2024/2025	No changes relating to the current year. However, following on from a remuneration benchmarking exercise carried out during the year, certain executives' salaries and short-term incentive potential were increased by more than inflation for the new financial year, effective 1 July 2024.	

5.5.3 EV Scheme – Medium-term Incentive

Purpose	The medium-term incentive is calculated annually and paid via four annual cash payments. The aim is to maximise growth in the Group's EV.
Participants	Life Excom, General Excom, and Group Excom. A small portion of the pool is also allocated to members of management based on their strategic importance and performance during the year. This is done at the discretion of the Managing Director and subject to Group Remuneration Committee approval.
Operation	The EV incentive element incentivises participants over the medium term for performance over and above that for which they are remunerated and incentivised for under Clientèle's standard remuneration and short-term bonus policy. The EV Scheme is based on growth in EV, as certified by Clientèle's External Actuaries and approved by the Group Remuneration Committee, and vests and is payable via four annual cash payments. The EV Scheme is split into two pools. Pool 1 is calculated as a percentage of adjusted REVE (at a participation level of 5%). Pool 2 is based on out-performance of adjusted REVE over a defined hurdle rate at a participation level of 5.6%. Each participant's share in the pool is set at an initial level at the beginning of the year and then adjusted up or down based on individual performance during the year. The Group Remuneration Committee is entitled to allocate 100% of the pool to the participants; however, this has not been done to date with such a lesser amount allocated based on circumstances. Each participant's share in the pool is determined annually, it is then paid out in four equal annual payments with the first annual payment being at the time the amount of the pool is determined. There is a "clawback" if the pre-determined assumptions are not met, which is deducted from non-vested amounts earned but not yet paid.
Performance measures	Each participant's allocation within the pool is determined (on a provisional basis) at the beginning of the year. The ultimate allocation is expected to be similar to the initial allocation; however, it may be adjusted upwards or downwards based on the individual's performance during the year. Performance is assessed both on financial and non-financial elements.
Maximum value of annual incentive for 2024	There is no specific cap, however, the quantum of the bonus pool and the amounts per individual are approved by the Group Remuneration Committee.
Changes for 2024/2025	No changes relating to the current year. However, following on from a remuneration benchmarking exercise carried out during the year, the participation (percentage) levels used to calculate Pools 1 and 2 of the EV Scheme were increased to 5.5% and 6.2% respectively with effect from 1 July 2024.

Group Remuneration Report continued

5.5.4 Goodwill Scheme – Long-term Incentive

Purpose	The long-term incentive is calculated in five-year cycles and is paid via five annual incentive payments. This Scheme is aimed at the creation of Value of Future New Business (i.e. value in excess of EV).
Participants	Group Excom
Operation	The Scheme Goodwill element of the Scheme is intended to take account of long-term capital growth in Clientèle that is not adequately dealt with under the EV element of the Scheme. The Goodwill Scheme component recognises the creation of value in excess of EV. This is measured in five-year cycles. Amounts are payable via five annual payments and are subject to criteria included in the Incentive Scheme. The cycle where payments are currently being made commenced on 1 July 2022, and will end on 30 June 2027 with the first (of five) payments made in August 2022. The Goodwill Scheme results in a pool being created as a consequence of the growth in the Value of Future New Business. Participants in this Scheme currently receive a percentage of this pool based on their average percentage allocation to the EV Scheme pool over the five-year cycle. From the cycle that commenced on 1 July 2022 the Goodwill Scheme is based on a weighted average of the VNB created during the five-year Cycle in determining the pool, which is calculated as follows: Weighted average VNB = $[\text{VNB year 1} + (2 \times \text{VNB year 2}) + (3 \times \text{VNB year 3}) + (4 \times \text{VNB year 4}) + (5 \times \text{VNB year 5})] / 15$ There is an adjustment made to future payments under this Scheme, positive or negative, if actual experience differs by more than 10% from the non-economic assumptions used in calculating the Scheme Goodwill value. The adjustment is made to non-vested amounts earned but not yet paid. The Group Remuneration Committee is entitled to allocate 100% of the pool to the participants; however, this has not been done to date with such lesser amount allocated based on circumstances.
Performance measures	A Group Excom member's Goodwill allocation gets determined every fifth-year, and the ultimate allocation is only calculated at such time. The allocation, per participant, is calculated as the average EV Scheme allocation over the five years (or part thereof if the participant joined the Group Excom team during the five-year period). The EV Scheme performance is assessed on financial and non-financial factors.
Maximum value of annual incentive	There is no specific cap, however, the quantum of the bonus pool is approved by the Group Remuneration Committee.
Changes for 2024	No changes this year.

5.6 Excom Contracts of Service

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

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

Upon cessation of an Excom member's employment, the Group Remuneration Committee shall determine, in accordance with the EV and Goodwill Scheme rules and within its reasonable discretion, whether or not such Excom member will be paid any amount(s) in terms of the EV or Goodwill Scheme.

6. NON-EXECUTIVE DIRECTORS

6.1 Appointment of Non-executive Directors

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

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

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

6.2 Non-executive Director Fees

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

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

The performance of Non-executive Directors is assessed by the Board on an annual basis via the Group Nominations Committee as well as anonymous performance assessment questionnaires. The Non-executive Directors' fees are approved at the AGM.

7. NON-BINDING ADVISORY VOTE

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

Group Remuneration Report continued

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

1. GUARANTEED SALARY ANNUAL INCREASES

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

The average increase across all levels of employees (excluding Excom and Telesales consultants) amounted to 5.5%. The average increase in the basic salaries for Telesales consultants was 11.1%.

2. BRs

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

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

The strike price of the BRs available to exercise ranged from R7.69 to R19.96.

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

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

BRs	2024	2023
Total issued to date	68,182,758	61,618,478
Total exercised to date	14,954,872	14,903,377
Total terminated to date	38,986,660	29,695,167
Available to exercise*	14,241,226	17,019,934
Shares issued under the BR Scheme	4,311,222	4,299,371
Value created to date (Rand)	72,955,323	72,829,453

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

Category	2024	2023
Exceptional performers	1,098,055	1,703,991
Good performers	1,893,204	1,896,737
Average performers	3,573,021	1,968,796
Low performers and Underperformers	–	–
Total	6,564,280	5,569,524

* Also see Note 17 on pages 198 to 200 to the Annual Financial Statements.

3. EV SCHEME

The principal actuarial assumptions used for estimating the obligation that relates to the EV Scheme are based on the EV assumptions and calculations as outlined in the Statement of Group EV (refer to pages 60 to 66).

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

EV Scheme pool	2024	2023
Total pool (R'000)	30,940	25,133
Pool 1	30,940	25,133
Pool 2	–	–
Payment terms (years)	4	4
Hurdle rate (%) (only applicable to Pool 2)	14.10	13.80
Pool utilisation (%)*	96.07	84.30

* Including 4.96% (2023: 5%) allocated to select members of management.

4. GOODWILL SCHEME

(Refer to Note 24.1 on page 203).

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

Cycle 4 ended 30 June 2022	2024	2023
Experience adjustment to in-force business (%)*	1	(10)
VNB at the end of the cycle (R'000)	290,575	290,575
Total Pool (R'000)	33,256	33,256
Pool Utilisation %	78.90	78.90
VNB multiple	5	5
Payment term (years)	5	5

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

The principal parameters and estimates relating to the Goodwill Scheme cycle 5 are as follows:

Cycle 5 ending 30 June 2027	2024	2023
Weighted average VNB for the cycle (R'm)	343	540
Total Pool (R'm)	39	114
Pool Utilisation %	90.00	83.00
VNB multiple	5	5
Payment term (years)	5	5

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

Group Remuneration Report continued

5. REMUNERATION OF EXECUTIVE DIRECTORS, GROUP EXCOM AND EXCOM

The table below summarises the remuneration packages of Executives applicable for the 2024 financial year.

EARNED 2024

(R'000) Category	Number of individuals	Base salary ²	Short-term Incentive	EV Scheme	Goodwill Scheme ³	Total
Group Managing Director – BW Reekie ¹	1	8,893	6,002	5,731	–	20,626
Managing Director – Clientèle Life – H Louw ¹	1	5,335	2,348	2,374	–	10,057
Director – RDT Zwane ^{1,8}	1	2,797	1,273	1,226	–	5,296
Financial Director – MG Cownie ⁹	1	2,519	–	–	–	2,519
Financial Director – AC Pillay ⁷	1	1,050	1,995	1,384	–	4,429
Balance of Group Excom ⁵	8	23,434	11,338	11,518	–	46,290
Balance of Excom ⁶	16	27,729	6,461	5,955	–	40,145
Total	29	71,757	29,417	28,188	–	129,362

“Earned” amounts for the EV Scheme and the Goodwill Scheme will only be payable assuming the Group achieves certain performance metrics and contingent on further service of the relevant executives. Thus, this will only be fully earned over their respective vesting periods (4 years for the EV Scheme and 5 years for the Goodwill Scheme), which commenced as at 1 July 2024 and 1 July 2022 respectively.

(R'000)	Base salary ²	Short-term Incentive	EV Scheme	Goodwill Scheme ³	Total
Average for the Balance of Group Excom	2,929	1,417	1,440	–	5,786
Average for the Balance of Excom	1,733	404	372	–	2,509

PAID 2024

(R'000) Category	Number of individuals	Base salary ²	Short-term Incentive	EV Scheme ⁴	Goodwill Scheme ³	Total
Group Managing Director – BW Reekie ¹	1	8,893	6,002	5,065	1,404	21,364
Managing Director – Clientèle Life – H Louw ¹	1	5,335	2,348	2,932	760	11,375
Director – RDT Zwane ^{1,8}	1	2,797	1,273	1,393	364	5,827
Financial Director – MG Cownie ⁹	1	2,519	–	875	–	3,394
Financial Director – AC Pillay ⁷	1	1,050	1,995	346	–	3,391
Balance of Group Excom ⁵	8	23,434	11,338	10,886	2,437	48,095
Balance of Excom ⁶	16	27,729	6,461	5,737	–	39,927
Total	29	71,757	29,417	27,234	4,965	133,373

(R'000)	Base salary ²	Short-term Incentive	EV Scheme ⁴	Goodwill Scheme ³	Total
Average Balance of Group Excom	2,929	1,417	1,361	305	6,012
Average Balance of Excom	1,733	404	359	–	2,496

1 Months in office = 12.

2 Including retirement, medical and other benefits.

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

4 Includes Control Function Head bonuses.

5 One member joined, one member was promoted and one member was reclassified during the year, with 7 active members as at 30 June 2024.

6 Two members joined and two members left from this category during the year, with 14 active members as at 30 June 2024.

7 Months in office = 3.

8 Ms. RDT Tabane's surname change to Zwane during the year following her marriage.

9 Months in office = 5. Earning and payments relate to the full year.

Group Remuneration Report continued

EARNED 2023

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

(R'000)	Base salary ²	Short-term Incentive	EV Scheme ⁴	Goodwill Scheme ³	Total
Average for the Balance of Group Excom	2,710	1,254	1,136		5,100
Average for the Balance of Excom	1,756	481	351		2,588

PAID 2023

(R'000) Category	Number of individuals	Base salary ²	Short-term Incentive	EV Scheme ⁴	Goodwill Scheme ³	Total
Group Managing Director – BW Reekie ¹	1	8,365	3,806	3,633	1,404	17,209
Managing Director Clientèle Life – H Louw ¹	1	5,019	2,259	2,338	760	10,376
Financial Director – IB Hume ⁷	1	2,649	1,285	2,061	979	6,973
Financial Director – MG Cownie ⁸	1	2,842	1,208	875	–	4,924
Director – RDT Zwane ^{1,9}	1	2,632	1,158	1,087	364	5,240
Balance of Group Excom ⁵	6	16,259	7,526	6,939	1,739	32,463
Balance of Excom ⁶	15	26,344	7,218	5,092	–	38,654
Total	26	64,110	24,460	22,024	5,246	115,840

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

1 Months in office = 12.

2 Including retirement, medical and other benefits.

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

4 Includes Control Function Head bonuses.

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

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

7 Months in office = 6 (retirement).

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

9 Ms RDT Tabane's surname change to Zwane during the year following her marriage.

Group Remuneration Report continued

6. REMUNERATION OF NON-EXECUTIVE DIRECTORS**EARNED AND PAID 2024 – EXCLUSIVE OF VAT**

Name	Months in office	Directors' fees R'000	Total emoluments R'000
PR Gwangwa	1	73	73
TE Mashilwane	7	770	770
GQ Routledge	12	3,801	3,801
BA Stott	12	2,224	2,224
RD Williams	12	1,325	1,325
PG Nkademeng	12	–	–
ADT Enthoven	12	–	–
GK Chadwick	12	–	–
HP Mayers	12	1,094	1,094
Total		9,287	9,287

EARNED AND PAID 2023 – EXCLUSIVE OF VAT

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

7. INCREASE IN NON-EXECUTIVE DIRECTOR FEES

Refer to Special Resolution 1 in the Notice of AGM, detailing the increase in Non-executive Directors' fees (page 230).

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

2024

Name	Beneficial direct	Indirect	Associates	Total
GQ Routledge	300,000	2,611,020	61,404	2,972,424
BA Stott	20,000	45,000	32,000	97,000
H Louw	105,049	–	–	105,049
RDT Zwane	4,994	–	–	4,994
BW Reekie [#]	179,052	1,293,906	–	1,472,958
MG Cownie	13,334	–	5,203	18,537
Total	622,429	3,949,926	98,607	4,670,962

2023

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

[#] The Indirect shareholding is represented by the Director's shareholding in River Lily Investments Proprietary Limited, which in turn owns shares in Clientèle.

Name	2024	2023
BW Reekie	1,293,906	1,293,906

Directors' interests did not change between year-end and the date on which this integrated annual report was authorised for issue.

9. VOTING ON REMUNERATION

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

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



Mr. BA Stott
Chairman of the Group Remuneration Committee

09 October 2024

GROUP SOCIAL AND ETHICS REPORT

for the year ended 30 June 2024

1. INTRODUCTION

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

This report provides an overview of how Clientèle has lived its purpose of "Safeguarding Your World...with Compassion" through, amongst other things, its transformation agenda, treating various stakeholders well, creating shared value through lasting impactful initiatives and forming part of a responsible and responsive corporate South Africa.

2. TRANSFORMATION

From a B-BBEE scorecard perspective, the Group achieved a **Level Three Contributor** status in the last verification that was completed in February 2024. This improvement is a testament to the commitment to creating an economically inclusive society. The Group has implemented various initiatives including commencing participation in the Youth Employment Services ("YES") programme and supporting programmes for small and medium black enterprises, which have had a positive effect on the B-BBEE scorecard. Beyond the scorecard, the Group extends its support for sustainable social development by co-sponsoring initiatives with its partners in the communities that they serve.

The Group is making steady progress towards achieving the EE targets that have been set for the Life and Legal companies. For the Clientèle Group, the top management level is comprised of 44% ACI, 48% female and 22% African. This is an improvement on 39% ACI; 44% female and 17% African at the end of June 2023.

3. EMPLOYEES

Treating Employees Well is an ethos that emanates from our intention to make our employees feel valued, produce high-quality work and have a long-term view of their careers at Clientèle. This is captured in our Employee Value Proposition which encompasses:

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

The table below depicts the Group headcount as at 30 June 2024.

Occupational Categories	AM	AF	CM	CF	IM	IF	WM	WF	Foreign National		Total
									Male	Female	
Top Management	1	4	1	1	2	2	7	6	–	1	25
Senior Management	20	14	3	3	14	12	15	16	2	2	101
Professionally Qualified	14	20	4	6	4	4	9	5	1	1	68
Skilled	106	104	7	9	13	12	16	11	2	–	280
Semi-Skilled	861	1,895	15	22	5	3	3	5	2	–	2,811
Unskilled	13	12	–	–	–	–	–	–	–	–	25
Intern	12	10	–	–	–	–	–	–	–	–	22
Temporary	–	–	–	–	–	–	–	–	–	–	–
Total	1,027	2,059	30	41	38	33	50	43	7	4	3,332
Actual (%)	30.82	61.79	0.90	1.23	1.14	0.99	1.50	1.29	0.21	0.12	100
National EAP Targets (%)	43.40	36.70	5.00	4.30	1.70	0.90	4.30	3.60	–	–	100
Variance (%)	(12.58)	25.09	(4.10)	(3.07)	(0.56)	0.09	(2.80)	(2.31)	0.21	0.12	

Clientèle has continued to attract the best-skilled professionals in a highly competitive market, an indication of a strong employer brand. In the 2024 financial year, 20 senior resources were recruited mainly in the finance, actuarial and IT departments to bolster these areas. Our commitment to developing our people and delivering on the value proposition has seen 27 promotions to managerial positions across the various departments.

The staff surveys which are conducted three times a year, have provided management with feedback on staff morale throughout the year. With an average of a 75% participation rate, the overall sentiment from employees has been one of positive staff morale, commitment to servicing clients and a feeling of being valued and proud to work at Clientèle.

For the annual salary review, employees received above inflation increases across the board. In addition to the salary increases and performance-related incentives, Clientèle's non-management employees received discretionary bonuses in December 2023, which helped staff with the festive season and back-to-school expenses. The benefits offered to employees (at the Group's cost) through the Clientèle Perks programme have continued to be popular among staff. The annual staff awards allowed exceptional performers to be recognised in front of their peers and management. This platform is also used to align business strategies to employee and team performance.

Through its employee assistance programmes, Clientèle has continued to offer its employees wellness support in five areas: Physical, Mental/Emotional, Social, Financial and Intellectual wellbeing.



In addition, the Group also offers training initiatives to most staff as part of the Skills Development strategy through learnerships, internships, a tertiary studies bursary programme as well as via leadership and management development.

As part of the retention strategy for employees 6,564,280 (2023: 5,569,524) bonus rights were allocated to 1,065 (2023: 909) employees during the 2024 financial year.

With the Clientèle Group growing as a result of the merger with the 1Life team, a culture of community, navigating change and growing the business together will be a key focus area for the coming year.

4. TREATING CLIENTS WELL

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

- Customer research and segmentation – to inform product design, process design and communication strategies;
- DebiCheck and cashflow focus through the “December is on Us” campaign to assist clients with their festive period cash constraints;
- TCW Product Matrix ratings (TCF) – to measure products against the 6 TCF outcomes;
- Clientèle Royalty, a free loyalty programme for policyholders which launched during the year; and,
- Self-service enhancements, continuing with our strategy to develop integrated omni-channel solutions working towards our goal of one contact resolution.

The NPS measures brand perception while CSAT measures how satisfied customers are with our services and products. Clientèle scores on both metrics continue to improve above the industry average and benchmarks.

This culminated in Clientèle being recognized with Gold in both the Funeral and Life Insurance categories in the City Press Readers Awards.

Group Social and Ethics Report *continued*

5. STAKEHOLDERS & REPUTATION MANAGEMENT

Stakeholder engagement is considered regularly by the executive team and feedback is provided to the Social and Ethics Committee on, at least, a quarterly basis. This high-level consideration ensures that each stakeholder's impact, value and influence gets assessed and that relevant engagement strategies are devised and implemented. These strategies are designed to ensure timely, accurate, transparent and appropriate information is provided to and received from these stakeholders. They are also designed to ensure that we continually deliver on Clientèle's contractual and brand promises to its various stakeholders.

The Group's attitude towards all of its stakeholders is to take a pro-active approach in terms of building relationships. These strategies and levels of engagement have developed the relevant stakeholders' trust and confidence in Clientèle. The Committee's oversight of stakeholder and reputation management include making sure that the Clientèle representatives are senior, diverse and inclusive, and that they uphold the Clientèle values in all such engagements.

6. ESG – ENVIRONMENT, SOCIAL, GOVERNANCE

The Committee has borne witness to Clientèle's ongoing commitment to shared value and contributing positively to the ESG initiatives which are also an important strategic focus for its majority shareholder.

6.1. Environment

Significant progress has been made with respect to carbon emissions (baselining and measurement) and installation of solar panels within the Clientèle Office Park. The Committee will continue to monitor this, but is encouraged by the progress made, and is confident that Clientèle will continue to accelerate and improve its ESG practices and reporting into the future.

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

Clientèle used the Greenhouse Gas Inventory report, setting out the carbon emissions for the 2024 financial year and including scope 1 (direct emissions) and scope 2 (indirect emissions) using the 2019 financial year as the baseline. This process is repeated at each year-end to measure the reduction in the carbon footprint for the Clientèle Group. All reports were prepared using the GHG Protocol Corporate Accounting and Reporting Standard methodology.

Description	Baseline Year (2019)	FY2021	FY2022	FY2023	FY2024
Scope 1	78	63	56	690	366
Scope 2	4,260	2,863	3,004	2,518	2,758
Scope 1 and 2 as a % of the baseline		67%	71%	74%	72%
Scope 3	Not reported	372	1,073	1,194	954
Outside of scopes	25	25	136	283	283

The following are worth noting when comparing the current year to the previous year:

- Diesel consumption (for generators) decreased by 48% from FY2023 to FY2024 due to reduced loadshedding and the 63% increase in solar energy consumption;
- There was a 26% decrease in mobile fuel consumption in comparison to the last financial year;
- Fugitive emissions decreased by 50% year on year;
- There was an 11% increase in municipal water consumption and more than a 330% increase in rainwater consumption;
- Total waste sent to landfill decreased by 76% mostly due to a new policy to include biodegradable packaging at canteens; and,
- In terms of business travel, there was a decrease of 95% in car hire kilometres driven, a 31% decrease in kilometres flown, and a 31% decrease in nights away compared to FY2023.

6.2. Social

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

Youth Employment Services

More than 236 unemployed, young people entered the world of work as Clientèle inducted its inaugural cohort into the YES programme in June 2023. The YES candidates not only received work experience but were provided with technical sales skills coupled with mentoring to enable them to obtain the necessary business skills required to thrive. We have continued to see shared value in the YES programme's ability to uncover young talent, with the opportunity of finding permanent placements in the Group.

The YES initiative resonates with Clientèle's purpose of "safeguarding your world, with compassion". This is an opportunity to give South African youth a chance to acquire work experience and contribute towards reduction of the high levels of unemployment. It also serves as a platform which forms part of the solution in creating economic value that can be shared by individuals, households, businesses and society as a whole.

Clientèle Bursary Programme

The bursary programme is aimed at providing financial assistance to the children of the IFA business opportunity network, staff and clients on the higher tiers of Clientèle Royalty. The scheme is targeted at children who embark on tertiary studies and provides comprehensive funding for tuition, accommodation, textbooks and other requirements such as laptops. For the 2024 financial year, four students completed their studies in the fields of medicine, political science, and other sciences from universities across the country.

There are currently 13 students on the programme and all are progressing well with their courses. The fields of study include amongst others; law, engineering, commerce, actuarial, computer science and education. The mentorship programme that is in place to provide additional support and guidance to the recipients is an opportunity for a group of senior managers within Clientèle who work in various fields/departments to give back to the communities and contribute to the development of South African youth.

Consumer Education

For the 2024 year, focus was placed on increasing the number of consumers from low income households that receive the training. In partnership with Avo Vision, a recognised social partner in the consumer education field, a total of 2,721 (2023: 2,314) South African consumers received financial literacy training. These consumers were from rural and urban communities, with a focus on Gauteng, KwaZulu Natal and Eastern Cape.

The results of the assessment that was conducted to assess the impact on consumer behaviour after the first three years of training (2021-2023) has been taken into account for the 2024 year training to building more practical skills and introduce additional tools to the programme.

It is through these kinds of partnerships, that Clientèle will continue to empower and educate the communities that we operate in to build lasting social impact.

6.3. Governance

The Clientèle Group strives to maintain the highest standards of ethics and governance protocols in all its operations. All stakeholders are aware of their duty to report and/or take appropriate steps (either openly or anonymously through a whistleblowing mechanism) against actions and individuals that compromise or violate Clientèle's values, business principles or Code of Conduct. When required, investigations are carried out and findings reported, and appropriate sanctions are implemented. From the matters that were reported during the year under review, no critical matters were identified. In the main, complaints related to alleged unfair treatment, and favouritism and these have been dealt with appropriately.

Increasing employee awareness of the Group's whistleblowing policy and procedures has been prioritised and executed through various campaigns during the course of the year.

The Committee is satisfied that there is adequate oversight through various processes to promote a culture of good governance and ethics (including ethical leadership) and that being a socially responsible organisation is an ethos that is being embedded in the culture and operations of the Group.

Group Social and Ethics Report continued

7. REGULATORY COMPLIANCE

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

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

8. CONCLUSION

The Group Social and Ethics Committee is satisfied that, within the Clientèle Group, ethics are being managed effectively across the organisation. Delivering on shared value for all stakeholders is a journey that all Clientèlers' will keep growing on through our interactions.

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



Ms. TE Mashilwane

Chairperson of the Group Social and Ethics Committee

09 October 2024

STATEMENT OF GROUP EMBEDDED VALUE

for the year ended 30 June 2024

1. GROUP EMBEDDED VALUE

The Embedded valuation ("EV") calculation has been reviewed by the Group's Independent Actuaries, QED Actuaries & Consultants (Pty) Ltd.

Deloitte & Touche 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 business 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 RDR increased over the year to 14.3% (30 June 2023: 14.1%).

Statement of Group Embedded Value continued

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
EV of covered business	6,046,026	5,887,476
Risk Discount Rate ("RDR") % p.a.	14.3	14.1

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 (mainly 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).

2. 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
Total Equity on Management Accounting Basis	1,247,351	1,258,223
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 value 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)
ANW	1,331,510	1,335,183

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

3. VALUE OF NEW BUSINESS

The VNB 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
30 June 2024			
Single premium business	12,119	858,788	1.4%
Recurring premium and other business	208,217	1,600,509	13.0%
Total	220,336	2,459,298	9.0%
30 June 2023			
Single premium business	85,400	3,379,850	2.5%
Recurring premium and other business	159,473	1,705,807	9.3%
Total	244,873	5,085,657	4.8%

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.

4. LONG-TERM ECONOMIC ASSUMPTIONS

Year ended 30 June	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.).

Statement of Group Embedded Value continued

5. SENSITIVITIES – EV

The table below illustrates the effect of the different assumptions on the EV (net of company tax) at a RDR of 14.3% p.a. (unless otherwise specified):

(R'000)	ANW	Value of in-force Business	Cost of Capital	EV	% of Main Basis
Main Basis (RDR of 14.3%)	1,331,510	4,860,017	(145,501)	6,046,026	
RDR of 12.3%	1,331,510	5,530,464	(78,958)	6,783,016	112.2
RDR of 13.3%	1,331,510	5,170,620	(114,406)	6,387,724	105.7
RDR of 14.1% (June 2023 RDR)	1,331,510	4,918,811	(139,592)	6,110,729	101.1
RDR of 15.3%	1,331,510	4,588,036	(172,979)	5,746,567	95.0
RDR of 16.3%	1,331,510	4,350,193	(197,426)	5,484,277	90.7
Assuming a 10% decrease in the following:					
– Future expenses	1,331,510	4,947,382	(143,406)	6,135,486	101.5
– Policy discontinuance rate	1,331,510	5,319,717	(149,157)	6,502,070	107.5
Claims (and reinsurance rates) less 5%	1,331,510	4,942,656	(154,568)	6,119,598	101.2
Investment return less 1%	1,331,510	4,856,177	(139,309)	6,048,377	100.0
Inflation plus 1%	1,331,510	4,796,662	(139,120)	5,989,052	99.0
Assuming a once-off 10% reduction in the value of equity holdings	1,300,397	4,855,153	(144,101)	6,011,448	99.4

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

- Where we assume a once-off 10% reduction in the value of equity holdings.

6. SENSITIVITIES – VNB

The table below illustrates the effect of the different assumptions on the VNB at a RDR of 14.3% p.a. (unless otherwise specified):

(R'000)	VNB	% of Main Basis
Main Basis (RDR of 14.3%)	220,336	–
Initial expenses less 10%	280,873	127.5
Renewal expenses less 10%	241,713	109.7
Inflation plus 1%	214,646	97.4
Investment return less 1%	219,303	99.5
Claims (and reinsurance rates) less 5%	233,879	106.1
Withdrawals less 10%	414,445	188.1
RDR of 12.3%	290,042	131.6
RDR of 13.3%	252,964	114.8
RDR of 14.1% (June 2023 RDR)	226,546	102.8
RDR of 15.3%	191,384	86.9
RDR of 16.3%	165,502	75.1

7. 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

8. SEGMENT INFORMATION

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

(R'000)	ANW	PVIF	CoC	EV
30 June 2024				
Long-term insurance	988,259	3,414,424	(110,336)	4,292,347
Short-term insurance	317,843	1,291,115	(35,165)	1,573,792
CBC Rewards, Clientèle Mobile & Direct Rewards	(75,505)	154,478		78,973
Other*	100,913			100,913
Total	1,331,510	4,860,017	(145,501)	6,046,026
30 June 2023				
Long-term insurance	1,020,729	3,374,698	(92,021)	4,303,406
Short-term insurance	271,346	1,208,970	(29,389)	1,450,927
CBC Rewards, Clientèle Mobile & Direct Rewards	(64,500)	90,035		25,535
Other	107,608			107,608
Total	1,335,183	4,673,703	(121,410)	5,887,476

The VNB can be split between segments as follows:

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

* Includes Holding entity, Properties and Consolidation.

Statement of Group Embedded Value continued

9. EV EARNINGS ANALYSIS

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

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

9. EV EARNINGS ANALYSIS (continued)

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.

10. CONCLUSION

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



Mr. AA Fauré, FASSA

Consulting Actuary

Fellow of the Actuarial Society of South Africa

09 October 2024

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

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

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

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

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

Systems and controls are monitored throughout the Group. More detail, including the operation of GIA, is provided in the Corporate Governance section of the Integrated Annual Report on pages 12 to 35.

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

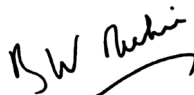
The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Annual Financial Statements.

The Integrated Annual Report, including the Annual Financial Statements for the year ended 30 June 2024 (prepared in accordance with IFRS, the JSE Listing Requirements and the Companies Act), were approved by the Board on 09 October 2024 and signed on its behalf by:



Mr. GQ Routledge
Chairman of the Board

09 October 2024



Mr. BW Reekie
Group Managing Director

CERTIFICATE BY THE COMPANY SECRETARY

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



Mr. EJ Smit
Group Company Secretary

09 October 2024

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

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

1. The Annual Financial Statements, set out on pages 60 to 226, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
2. To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
3. Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the Annual Financial Statements of the issuer;
4. The internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function as Executive Directors with primary responsibility for implementation and execution of controls;
5. Where we are not satisfied, we have disclosed to the Group Audit Committee and the Auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and,
6. We are not aware of any fraud involving Directors.



Mr. BW Reekie
Group Managing Director

09 October 2024



Ms. AC Pillay
Group Financial Director

GROUP AUDIT COMMITTEE REPORT

for the year ended 30 June 2024

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

The Group Audit Committee is a shareholder Committee. The members of the Group Audit Committee were appointed at the AGM held on 31 October 2023. Further duties are delegated to the Group Audit Committee by the Boards of the Companies in the Group. This report covers these sets of duties and responsibilities.

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

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

1. GROUP AUDIT COMMITTEE TERMS OF REFERENCE

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

2. GROUP AUDIT COMMITTEE MEMBERS, MEETINGS AND ASSESSMENT

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

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

During the year; six meetings were held. The additional meetings over the normal four, as required by the Terms of Reference, were to monitor and review positioning papers for the implementation of International Financial Reporting Standard IFRS 17 "Insurance Contracts".

Members	Number of meetings held	Number attended
BA Stott (Chairperson)	6	6
RD Williams		6
GQ Routledge		6
TE Mashilwane (Appointed by the Board in December 2023)		3/3
Appointed by: - Shareholders at the AGM - Appointed by the Board in the event of vacancies arising during the course of the year, and retiring at the first subsequent AGM Authority: - Shareholders - Report to shareholders through the Integrated Annual Report and at the AGM		Assessment: - Annually - Satisfactory rating in November 2023

The experience and qualifications of the members of the Group Audit Committee are set out on pages 76 to 78.

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

3. ROLES, RESPONSIBILITIES AND FULFILMENT THEREOF

3.1 Statutory Duties

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

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

External Auditor

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

As required by paragraph 3,84(g) of the Listings Requirements, the Group Audit Committee has received from the external audit firm, Deloitte & Touche, the latest inspection reports and accompanying correspondence on inspections performed by IRBA on Deloitte & Touche, and the individual designated auditor, Mr. John Leon Preston Kruger. The Group Audit Committee has reviewed such reports and was satisfied that there were no findings which would impair the quality of the audits.

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

The Group Audit Committee approved the Group engagement letter, the budgeted fees for the 2024 financial year and actual audit fees for the 2023 financial year.

There is a formal procedure that governs the process whereby the External Auditor is considered for non-audit services. The policy governs the approval process, nature and scope of non-audit services that the external auditors are able to perform for the Group. The Group has approved a policy relating to non-audit services performed by the External Auditor, which is reviewed on an annual basis.

The Group Audit Committee has nominated, for election at the next AGM, Deloitte & Touche as the External Audit firm and Mr. John Leon Preston Kruger as the designated External Auditor responsible for performing the functions of External Auditor for the 2025 financial year. In terms of section 92 of the Companies Act, the designated auditor is required to rotate every five years. The Group Audit Committee has satisfied itself to the external auditor suitability in terms of paragraph 3,84(g)(ii) of the JSE Listings requirements.

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

Group and Company Annual Financial Statements, Group Condensed Results and Accounting Practices

The Group Audit Committee has reviewed the accounting policies, the condensed Group results for the six months to 31 December 2023, the condensed Group results for the year ended 30 June 2024 and the Group Annual Financial Statements for the year ended 30 June 2024 and is satisfied that they are appropriate and comply with IFRS. A formal written report to the Committee on estimates and judgments used in the preparation of the Group Annual Financial Statements was reviewed and approved.

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

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

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

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

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

Internal Controls and Internal Financial Controls

The Group Audit Committee has overseen a process by which GIA was requested to provide a written assessment of the effectiveness of the Group's system of internal control and risk management, including internal financial controls. This written assessment by GIA formed the basis for the Group Audit Committee's recommendation in this regard to the Board, in order for the Board to report thereon. During the year under review the committee considered control issues identified from various reports reviewed by the committee. An area that received particular focus related to the IFRS 17 transition including a significant deficiency relating to the restatement measurement of financial instruments at the prior year end. This matter together with the restatement of the separate company cashflow statement, was addressed in the financial reporting process and the committee has evaluated the remediation plans on the control issues and were satisfied that any potential material impact on the group's annual financial statements has been appropriately mitigated by management. The Group Audit Committee Report on the Effectiveness of Internal Financial Controls is included on page 37. The Board Report on the Effectiveness of Internal Controls is included on page 36.

The Group Audit Committee oversees the processes implemented for the sign-off on the internal financial controls by the Group Managing Director and the Group Financial Director, included on page 68.

Group Audit Committee Report *continued*

3.2 Duties Assigned by the Board

In addition to the statutory duties of the Group Audit Committee as reported above (3.1), the Board has determined further functions for the Group Audit Committee to perform, as set out in the Group Audit Committee's Terms of Reference. These functions include the following:

Integrated Reporting

The Group Audit Committee fulfils an oversight role regarding the Group's Integrated Annual Report. The Group's Integrated Annual Report for the year ended 30 June 2024 was reviewed and approved by a sub-committee appointed by the Group Audit Committee and recommended to the Board for approval.

Going Concern Review

The Group Audit Committee has reviewed a documented assessment, including key assumptions, prepared by management on the going concern status of the companies within the Group and has made recommendations to the Board to enable the Board to report on the going concern status as set out on page 67.

Governance of Risk

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

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

Governance of Compliance

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

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

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

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

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

Actuarial Function

The Actuarial Committee has been established as a sub-committee of the Group Audit Committee and reports to the Group Audit Committee quarterly on embedded value reporting, actuarial content of the insurance results included in the financial statements (interim and annual), Economical and Regulatory Capital (including the Own Risk and Solvency Assessment) Reinsurance and ALM.

The independence of the Head of the Actuarial Function and his performance is reviewed on an annual basis.

The Group Audit Committee appoints the chairman of the actuarial committee and reviews experience, expertise and adequacy of resources annually.

GIA

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

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

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

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

Group Audit Committee Report *continued*

Ms. Bipath was appointed CAE in November 2022. The CAE has direct access to the Group Audit Committee, primarily through its Chairman.

The Group Audit Committee has assessed, and is satisfied with the performance of the CAE and the GIA function. During the year, the Group Audit Committee met with the CAE without management being present.

External Auditor

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

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

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

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

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

Combined Assurance

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

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

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

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

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

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

IT Governance and Information

The Group Audit Committee acknowledges its responsibility for the oversight of IT Governance and Information controls as far as these impact financial reporting. The Clientèle Group Chief Technology Officer reports at each Group Audit Committee meeting on matters such as IT cyber security, disaster recovery and business continuity, and mitigation on control issues reported by GIA and External Audit.

General

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

The members of the Group Audit Committee formally declare any conflicts of interest in respect of any matters to be discussed at each meeting.

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



Mr. BA Stott

Chairman of the Group Audit Committee

09 October 2024

REPORT OF THE DIRECTORS

for the year ended 30 June 2024

The Directors have pleasure in submitting their Directors' Report, which forms part of the Integrated Annual Report for the year ended 30 June 2024.

1. NATURE OF BUSINESS

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

Clientèle, through CBC Rewards and Direct Rewards, also offers rewards benefits to its clients from a number of retailers and service providers. During the current year, CBC Rewards launched the "Clientèle Royalty" customer loyalty program which is a tiered loyalty program that rewards customers for DebiChecking their premium collection mandates and giving them access to several value added products and benefits as well as the ability to win cash prizes via a "Spin and Win" feature on the Clientèle mobile application.

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

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

2. FINANCIAL RESULTS AND DIVIDEND

The Group has transitioned to IFRS 17 reporting and the applicable accounting policies and detail on the restatement can be found on pages 222 to 225.

The full operating results and the state of affairs of the Company and the Group are set out in the Annual Financial Statements and Notes thereto on page 123. An ordinary dividend of 125.00 cents per share (2023: 125.00 cents per share) was declared on Friday, 20 September 2024. The dividend will be paid on Monday, 14 October 2024.

To comply with the procedures of Strate Limited, the last day to trade in the shares for purposes of entitlement to the dividend is Tuesday, 08 October 2024. The shares commence trading ex-dividend on Wednesday, 09 October 2024 and the record date will be Friday, 11 October 2024.

Share certificates cannot be dematerialised or rematerialised between Wednesday, 09 October 2024 and Friday, 11 October 2024, both days inclusive.

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

	30 June 2024	Restated* 30 June 2023	% change
Financial position			
Total assets (R'm)	11,291	15,162	(26)
Net asset value per share (cents)	979	957.83	2
Operating results			
Insurance Revenue (net of re-insurance contracts) (R'm)	1,907	1,926	(1)
Profit before tax (R'm)	550	375	47
Tax (R'm)	216	28	>100
Net profit attributable to ordinary shareholders of the Group (R'm)	330	344	(4)
Total comprehensive income for the year (R'm)	492	337	46
Diluted EPS (cents)	98.27	102.52	(4)
Diluted headline EPS (cents)	98.27	102.52	(4)
Dividend per share: Declared (cents)	125.00	125.00	0

* Restated in line with the adoption of IFRS 17 reporting.

Headline earnings per share

Headline earnings per share decreased by 4% from 102.60 cents to 98.39 cents.

(R'000)	Group	
	2024	Restated* 2023
Reconciliation of earnings to headline earnings Net profit attributable to ordinary shareholders	329,937	344,046
Headline earnings	329,937	344,038
Diluted weighted ordinary shares in issue		
Ordinary shares in issue ('000)	335,334	335,322
Weighted average ordinary shares in issue ('000)	335,326	335,322
Diluted weighted average ordinary shares ('000)	335,741	335,595
Diluted earnings per share (cents)	98.27	102.52
Diluted headline earnings per share (cents)	98.27	102.52

* Refer to restatement note 39 on page 222.

3. SHARE CAPITAL

11,851 shares were issued (2023: Nil) during the year. The share capital as at 30 June 2024 was as follows:

(R'000)	Group	
	2024	2023
Authorised:		
750,000,000 (2023: 750,000,000) ordinary shares of 2 cents each	15,000	15,000
Issued:		
335,333,619 (2023: 335,321,768) ordinary shares of 2 cents each	6,707	6,706

Report of the Directors continued

Shareholders analysis

Ordinary shareholders analysis as at 30 June 2024

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued Capital
1 – 1,000	9,653	90.83	349,332	0.10
1,001 – 10,000	660	6.21	2,753,757	0.82
10,001 – 100,000	262	2.47	8,130,340	2.42
100,001 – 1,000,000	38	0.36	10,497,200	3.13
Over 1,000,000	14	0.13	313,602,990	93.52
Totals	10,627	100.00	335,333,619	100.00

Distribution of shareholders	Number of shareholdings	%	Number of shares	%
Assurance Companies	4	0.04	28,389,294	8.47
Close Corporations	13	0.12	314,489	0.09
Collective Investment Schemes	7	0.07	2,059,833	0.61
Custodians	5	0.05	224,970	0.07
Foundations & Charitable Funds	4	0.04	174,305	0.05
Hedge Funds	5	0.05	2,515,689	0.75
Insurance Companies	2	0.02	34,584,769	10.31
Investment Partnerships	11	0.10	235,224	0.07
Managed Funds	3	0.03	2,684,469	0.80
Private Companies	86	0.81	210,791,047	62.86
Public Companies	1	0.01	6	0.00
Retail Shareholders	10,381	97.69	18,418,509	5.49
Retirement Benefit Funds	4	0.04	44,939	0.01
Scrip Lending	1	0.01	1,047,814	0.31
Stockbrokers & Nominees	7	0.07	348,328	0.10
Trusts	93	0.88	33,499,934	9.99
Total	10,627	100.00	335,333,619	100.00

Public/non-public shareholders as at 30 June 2024

Shareholder type	Number of shareholdings	%	Number of shares	%
Non-Public Shareholders	15	0.14	4,670,962	1.39
Directors and Associates	15	0.14	4,670,962	1.39
Public Shareholders	10,612	99.86	330,662,657	98.61
Totals	10,627	100.00	335,333,619	100.00

Beneficial shareholders holding 5% or more

	Number of shares	%
Friedshelf 1577 (Pty) Ltd	205,229,190	61.20
Hollard Group	65,330,502	19.48
YTI	30,094,688	8.97
Totals	300,654,380	89.65

4. PARENT COMPANY

Clientèle's Parent Company is Friedshelf 1577 Proprietary Limited, which is incorporated in South Africa, through the holding of voting rights (indirectly) of 61.20% (2023: 61.20%) of the issued share capital (refer to Note 16 on page 198: Share capital and premium).

5. DIRECTORS

The following people acted as Directors during the year:

Name and qualification	Appointed as Director of Clientèle
Gavin Quentin Routledge – BA, LLB	31 January 2008
Adrian Domonic't Hooft Enthoven – BA Hons in Politics, Philosophy and Economics, PhD (Political Science)**	5 March 2008
Angela Colleen Pillay – CA(SA), MCom	1 April 2024
Michael George Cownie – CA(SA) (Resigned in November 2023)	1 January 2023
Basil William Reekie – BSc(Hons), FASSA	31 January 2008
Barry Anthony Stott – CA(SA)	4 January 2010
Pheladi Raesibe Gwangwa – BProc, LLB, LLM (Resigned in August 2023)	4 January 2010
Robert Donald Williams – BBusSc(Hons), FASSA	1 January 2013
Phethedi Gideon Nkademeng – BSc (Statistics and Economics)	1 March 2017
Thetele Emmarancia Mashilwane – CA(SA), RA, MBA	1 December 2023
Gavin Chadwick – MBA MAg*	2 October 2019
Herschel Philip Mayers – BSc(Hons), FASSA	1 May 2023
Hugo Louw – BCom(Hons), FASSA	1 March 2021
Ramaesela Dorcas Tshepisho Zwane – BA, MBA, M.Phil	1 March 2021

* Alternate to Dr. Adrian Domonic't Hooft Enthoven. Appointed after the year end as Non-executive Director of the Company.

** Resigned after the year end.

Report of the Directors continued

Gavin Quentin Routledge, 68, (Independent Non-executive Chairman), BA, LLB

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

Basil William Reekie, 51, (Group Managing Director), BSc(Hons), FASSA

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

Michael George Cownie, 48, (Former Group Financial Director), CA(SA)

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

Adrian Domonic't Hooft Enthoven, 55, (Non-executive Director), BA Hons in Politics, Philosophy and Economics, PhD in Political Science.

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

Barry Anthony Stott, 76, (Independent Non-executive Director), CA(SA)

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

Pheladi Raesibe Gwangwa, 51, (Former Independent Non-executive Director), BProc, LLB, LLM

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

Robert Donald Williams, 68, (Independent Non-executive Director), BBusSc(Hons), FASSA

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

Gavin Knighton Chadwick, 67, (Alternate Non-executive Director), Masters in Agricultural Management, MBA

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

Phethedi Gideon Nkadimeng, 52, (Non-executive Director), BSc (Statistics and Economics)

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

Herschel Philip Mayers, 64, (*Independent Non-executive Director*), BSc(Hons), FASSA

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

Hugo Louw, 51, (*Executive Director*), BCom(Hons), FASSA

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

Ramaesela Dorcas Tshepisho Zwane, 46, (*Executive Director*), BA, MBA, M. Phil

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

Thetele Emmarancia Mashilwane, 48, (*Independent Non-executive Director*), CA(SA)

Ms. Mashilwane is a qualified Chartered Accountant (South Africa), Registered Auditor and the co-founder and CEO of MASA Auditors who boasts a wealth of financial services experience. Ms. Mashilwane previously served as a non-executive director on the board of directors of, amongst others, Capitec Bank Limited as well as Murray & Roberts Holdings Limited and currently also serves as a non-executive director on the board of directors of Tiger Brands Limited. Ms. Mashilwane was appointed to the Board on 1 December 2023.

Angela Colleen Pillay, 50, (*Group Financial Director*), CA(SA), MCom

Ms. Pillay is a qualified Chartered Accountant (South Africa) and holds a Master's Degree in Financial Services. Ms. Pillay boasts more than 20 years' of financial services experience and previously served as the Financial Director of Sasfin Holdings Limited and most recently as the Head of Group Reporting at FirstRand Bank Limited as well as a director of First National Bank Zambia. Ms. Pillay was appointed as Group Financial Director on 1 April 2024.

Report of the Directors continued

Other Directorships and Professional Commitments held by the Directors as at 30 June 2024

Name	Other Directorships/Partnerships	Other Professional Commitments
ADT Enthoven	And Beyond Holdings Proprietary Limited	Employee of Yellowwoods Ventures Investments Proprietary Limited
	Business Leadership South Africa	
	Citizens ZA Movement	
	Clientèle Life Assurance Company Limited	
	Harambee Academy NPC	
	Harambee Youth Employment Accelerator NPC	
	Hollard Holdings Proprietary Limited	
	Hollard Business Associates Proprietary Limited	
	Hollard Fundco (RF)	
	Solidarity Response Fund	
	Youth Employment Service (RF)	
GQ Routledge	Clientèle Life Assurance Company Limited	None
	Clientèle General Insurance Limited	
	Haven Sandown One Proprietary Limited	
BW Reekie	Clientèle Life Assurance Company Limited	None
	Clientèle General Insurance Limited	
	Clientèle Direct Proprietary Limited (dormant)	
	Clientèle Mobile Proprietary Limited	
	Clientèle Properties East Proprietary Limited	
	Clientèle Properties North Proprietary Limited	
	Clientèle Properties South Proprietary Limited	
	Direct Rewards Proprietary Limited	
	CBC Rewards Proprietary Limited	
	Reekie Family Investments Proprietary Limited	
AC Pillay	Clientèle Life Assurance Company Limited	None
	Clientèle General Insurance Limited	
TE Mashilwane	Clientèle Life Assurance Company Limited	Deputy Chair of St Stithians College Council
	Clientèle General Insurance Limited	MASA Auditors Chief Executive Officer
	Tiger Brands Limited	
	Vector Logistics Proprietary Limited	
	MASA Chartered Accountants Incorporated	
	MASA Risk Advisory Services Pty Ltd	

Report of the Directors continued

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

Report of the Directors continued

Name	Other Directorships/Partnerships	Other Professional Commitments
GK Chadwick	Clientèle General Insurance Limited	Executive at Yellowwoods Ventures Investments Proprietary Limited
	Capricorn Royal Company Proprietary Limited	Chairman of the Board of Hollard International
	Chadwick Investments	Chairman of ProFibre Products Proprietary Limited
	Clientèle Life Assurance Company Limited	
	Hollard International Proprietary Limited	
	Isitali Consortium Proprietary Limited	
	Isitali PrefCo Proprietary Limited	
	Profibre Investment Holdings Proprietary Limited	
	Profibre Products Proprietary Limited	
	Yellowwoods Ventures Investments Proprietary Limited	
H Louw	Clientèle Life Assurance Company Limited	None
	Clientèle Mobile Proprietary Limited	
	CBC Rewards Proprietary Limited	
	Direct Rewards Proprietary Limited	
	Clientèle Properties East Proprietary Limited	
	Clientèle Properties North Proprietary Limited	
	Clientèle Properties South Proprietary Limited	
RDT Zwane	Clientèle Life Assurance Company Limited	None

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

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

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

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

Postal address:
PO Box 1316
Rivonia
2128

6. DIRECTORS' SHAREHOLDINGS

The Directors' interests in Clientèle (held directly, indirectly or via associates) are shown on page 54 of the Group Remuneration Report.

7. EXTERNAL AUDITORS

In accordance with section 94(7)(a) of the Companies Act, the Group Audit Committee, on behalf of the Board, nominated Mr. JLP Kruger of Deloitte & Touche for appointment as External Auditor. This appointment will be subject to approval by a majority of shareholders at the AGM on 13 November 2024.

8. DIRECTORS' EMOLUMENTS

Details of Directors' emoluments are set out in Note 32 on pages 215 to 216 to the Group Annual Financial Statements. Details of Directors' service contracts are set out in section 2.3 on page 20 of the Integrated Annual Report.

9. DIRECTORS' INTERESTS IN CONTRACTS

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

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

10. LAWS OF INCORPORATION AND MOI

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

11. NOTABLE EVENTS

During the year, Clientèle entered into an agreement to acquire all the issued shares in 1Life for an issue of Clientèle shares. This acquisition only became unconditional and effective in July 2024 after approval of the transaction by both the Competition Tribunal and the Prudential Authority. Refer to Note 41 on page 226 of the annual financial statements.



Mr. GQ Routledge
Chairman of the Board

09 October 2024



PO Box 578
Cape Town 8000
South Africa

Deloitte & Touche
Registered Auditors
Audit & Assurance -
Cape Town
The Ridge
6 Marina Road
Portwood District
V&A Waterfront
Cape Town 8000
Docex 5 Claremont

Tel: +27 (0)21 427 5300
Fax: +27 (0)21 425 7651
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Clientèle Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Clientèle Limited (the Group and Company) set out on pages 99 to 226, which comprise the consolidated and separate statements of financial position as at 30 June 2024, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Clientèle Limited and its subsidiaries as at 30 June 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There were no key audit matters identified for the separate financial statements.



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

Regional Leader: MN Alberts

A full list of partners and directors is available on request

* Partner and Registered Auditor

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

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

Key audit matter	How the matter was addressed in the audit
Initial adoption of IFRS 17	
For the year ended 30 June 2024, the consolidated financial statements are presented applying the requirements of IFRS 17 Insurance Contracts ('IFRS 17'), which replaced IFRS 4 Insurance Contracts. In line with the transition and implementation requirements of IFRS 17, the Group adopted the standard from 1 July 2023 and restated comparative amounts and the opening balances as at 1 July 2022. The IFRS 17 implementation and accounting policies applied are described in Note 10 of the consolidated financial statements. As a consequence of the implementation of IFRS 17, the Group's total equity as at 1 July 2022 increased by R2.0 billion, net of adjustments relating to consequential impacts from other accounting standards. The implementation of IFRS 17 requires Director's judgement in the selection and application of certain accounting policies and methodologies, including the decisions in respect of transition. The Group has applied the fair value approach for contracts that existed prior to 1 July 2018 and fully retrospective approach for contracts written after that date. The critical accounting judgements and impact of the initial application of IFRS 17 are set out in Note 1 to the consolidated financial statements. Complex valuation models and assumptions are applied to measure groups of insurance contracts in line with IFRS 17, which are the total of estimates of present value of future cash flows ('PVFCF'), plus a risk adjustment for non-financial risk ('RA') and a contractual service margin ('CSM'). The CSM component is only relevant for groups of insurance contracts measured using the general measurement approach ('GMM') and the variable fee approach ('VFA'). Due to the judgements in determining the assumptions detailed above and the complexity of the initial application as it related to the transition and measurement of the Group's life insurance contract assets and liabilities, we determined the implementation of IFRS 17 as a key audit matter. This required the application of significant auditor judgement and involved specialised actuarial skills and knowledge to assist in evaluating the audit evidence obtained and to assess the Director's judgements in respect of the transition approach and policy and methodology decisions for the measurement of life insurance contract assets and liabilities.	In evaluating the application of IFRS 17 our procedures included, amongst others: • Obtaining an understanding and evaluating the design and implementation of management's controls (no control reliance placed) over the adoption of IFRS 17 accounting policies and the significant estimates and assumptions used in the determination of the Group's insurance contracts. • Evaluating the Group's accounting policies and actuarial methodology to assess compliance with IFRS 17. • Evaluating the analysis of contracts prepared by the Group for the purposes of classification according to the different measurement approaches and tested the compliance with IFRS 17 to the underlying contracts on a sample basis. • Evaluating the Group's assessments in respect of the Group's transition approach and inspecting available supporting evidence to support the decisions. • Assessing the appropriateness and consistency of key actuarial assumptions and supporting policyholder data for the prior years presented. • Our actuarial audit specialists assisting by testing the methodology and calculations of the IFRS 17 insurance contracts assets and liabilities, including the transition CSM, primarily through calculating an independent estimate of the component of insurance contract assets and liabilities for a sample of contracts and comparing our recalculation to the Group's results. • Considering whether the associated transition disclosures are compliant with IFRS 17 and with the methodologies and assumptions approved by the Directors. The results of our procedures indicate that overall, the initial transition of IFRS 17 and associated disclosure is appropriate and consistent with the standard's principles and the Group's accounting policy elections.

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

Key audit matter	How our audit addressed the key audit matter
Valuation of the Group Life insurance contract assets and liabilities as at 30 June 2024	
As disclosed in Note 7, the carrying value of Life insurance contract assets is R3,173 million and liabilities is R506 million. Life insurance contract assets and liabilities measured under the GMM or VFA model are determined with reference to the PVFCF plus a risk adjustment for non-financial risk ('RA') and a significant judgement is required by the Directors in assessing key assumptions used in valuing these contracts in line with IFRS 17. The key assumptions with the most impact for the current year were associated with persistency and mortality. Amongst other inputs, the determination of the valuation of life insurance contracts is also dependent on accurate underlying policyholder data, historical experience data and appropriate valuation methodologies consistent IFRS 17. Due to the significant judgements and estimation uncertainty associated with persistency and mortality, we determined that the measurement of life insurance contract assets and liabilities is a key audit matter.	In evaluating the valuation of the Group Life insurance contract assets and liabilities, with the assistance of our actuarial audit specialists, our procedures included evaluating the valuation of life insurance contract assets and liabilities. The following procedures with regards to the data, assumptions and models were performed: Data This included underlying policyholder data for in-force policies at the year end and historical data used in experience investigations. • Evaluating the design and implementation of key internal controls deployed by management in ensuring data accuracy; • Reconciling data used in valuation models to underlying policyholder administration systems; • Substantive tests of detail agreeing on a sample basis, key data points used in the valuation to underlying policyholder contract information; • Reconciling premiums, claims and expense cash flows to the accounting records; and • Reconciling on a sample basis, the data applied in determining the CSM to the underlying source systems, including the consistency of the profitability groupings. Assumptions • Evaluating the design and implementation of key internal controls deployed by management in ensuring persistency and mortality assumptions are supported by valid experience analysis; and • Independently assessing the experience investigations of persistency and mortality and considering management's conclusions on associated long-term persistency and mortality valuation assumptions, ensuring conclusions were aligned with experience and appropriately supported; and • We assessed the appropriateness of management's assumptions applied in determining the CSM, including expense attribution and the coverage units for reasonability. Models • Evaluating the design and implementation of key internal controls deployed by management in ensuring valuation models are appropriate; • On a sample basis and using consistent data inputs, we assessed the results of management's valuation models for profitability groupings, PVFCF and CSM against the results of our independent valuation model to ensure the model is consistent with our expectations; and • Independently assessed the results of managements valuation models against our own expectations based on the relevant data and assumptions. We assessed the associated disclosure in Note 17 for compliance with the requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board. Based on our procedures, the valuation of insurance contract assets and liabilities and associated disclosures is appropriate.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Clientèle 2024 Integrated annual report", which includes the Group Audit Committee Report, the Report of the Directors, and the Certificate by the Company Secretary as required by the Companies Act of South Africa, the Risk Management and the Statement of Embedded Value and the Integrated Annual Report which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

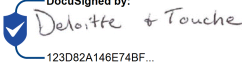
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

DocuSigned by:

123D82A146E74BF...

Deloitte & Touche

Registered Auditor

Per: John Kruger

Partner

The Ridge

6 Marina Road

V&A Waterfront

Cape Town, 8000

09 October 2024

RISK MANAGEMENT

for the year ended 30 June 2024

1. FRAMEWORK AND OBJECTIVES

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

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

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

1.1 Responsibility for Risk Management

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

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

1.2 Key Focus Areas during the Year

• IFRS 17

IFRS 17 is an International Financial Reporting Standard that was issued by the International Accounting Standards Board in 2017 and has replaced the IFRS 4 International Financial Reporting Standard for the current financial year and future financial years. The Group established an IFRS 17 Committee comprising of several individuals with the requisite accounting and/or actuarial expertise and experience, and mandated this Committee to oversee and manage the successful implementation of IFRS 17 across the Group in conjunction with the Group's external actuarial consultants: QED Actuaries and Consultants. The IFRS 17 Committee, in collaboration with the Group Risk Function, has created a special IFRS 17 risk register and a summary of the main risks are as follows:

- Sourcing and retaining appropriately skilled and experienced staff. This risk has, however, been mitigated by promoting internal resources and cross skilling within the Finance and Actuarial departments;
- The expenses related to the implementation of IFRS 17 being higher than anticipated; and,
- Historical policy(holder) data from the Group's legacy systems not being detailed enough to meet the requirements of IFRS 17.

A detailed and comprehensive IFRS 17 implementation project plan has been put in place and makes provision for the IFRS 17 Committee providing IFRS 17 training to the Board and Group Audit Committee at regular intervals. IFRS 17 has been successfully implemented as part of the year end process for the financial year ending 30 June 2024.

• Clientèle Royalty

The Clientèle Royalty loyalty program was launched in February 2024 with the intention of enhancing the Group's customer value proposition and improving customer persistency.

Risk Management *continued*

- **Risk culture**

Providing ongoing training to management in order to increase their awareness of, and focus on, effective risk management and emphasising the importance of understanding and implementing the Group's risk processes.

- **Operational Risk Management**

An Operational Risk Management Policy was implemented in order to improve the Group's overall operational risk management processes, and relevant policy training has been provided to all members of management.

- **Third party risk assessment**

A Group-wide third party risk assessment was undertaken to identify the risks that the Group is exposed to from a third party, contract management, data sharing, fraud and cyber risk perspective.

- **Risk Culture survey**

A Risk Culture survey was done which focused on gauging management's awareness, understanding and reporting of Operational Risk Incidents (ORI) as well as their perception of the most significant risks facing the Group.

- **Business Continuity Management ("BCM") Framework**

The Group's BCM Framework was expanded to make provision for a Total Grid Failure and includes mitigating actions and plans in case of a Total Grid Failure occurring.

- **Risk Universe**

The Risk Universe was broadened to include the following risk categories: Strategic & Sustainability, Operational, Insurance, Finance and Compliance. Risk sub-categories were also more aligned to industry standards as well as to represent the risk environment that the Group is operating in.

2. RISK APPETITE

The Group defines its risk appetite as the aggregate level of risk that the Group is willing to assume within its risk capacity in order to achieve its strategic objectives and business plans, while giving adequate consideration to the interests of shareholders and policyholders in relation to both financial and non-financial risks.

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

- Financial soundness (Prudential and Published Reporting basis);
- Profit on management accounts (IFRS 4); and,
- Recurring Embedded Value Earnings (REVE).

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

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

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

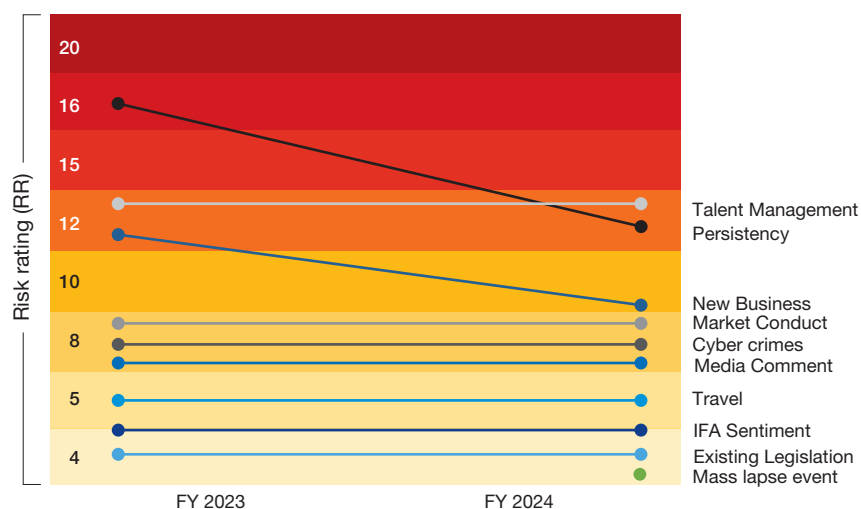
3. SIGNIFICANT AND WATCHLIST RISKS

All risks are rated using a risk rating scale. The risk rating is obtained by multiplying the “impact” rating (scale 1-5) with the “likelihood” rating (scale 1-5).

Significant risks are classified as any risk where the risk rating is above 12 (e.g. the impact of the risk is high and the likelihood of the risk materialising is possible). WatchList risks are classified as any risk where the “impact” rating is 4 or 5, however, the “likelihood” rating is low (1 or 2)).

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

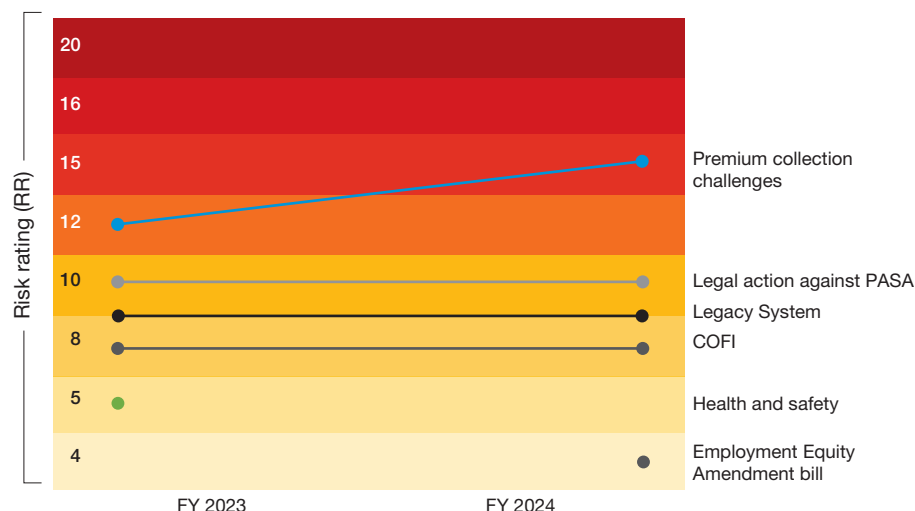
Long-term significant and watchlist risks



Long-term risks refer to risks that the Group expects to remain on its risk radar for the foreseeable future.

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

Short-term significant and watchlist risks



Short-term risks refer to risks that can potentially affect the Group within the next 3 years, whereafter these risks are expected to either have disappeared completely, have materialised or have been mitigated by internal or external controls or actions taken to mitigate such risks.

Risk Management *continued*

4. STRATEGIC AND SUSTAINABILITY RISK

4.1 New Product/Channel

New Product or Channel risk refers to the risk of not achieving the budgeted production numbers and expected quality of sales from new products or channels. The overall risk relating to new business production is categorised as a “medium” risk.

Factors potentially affecting this risk

- A product being inadequately designed for its intended target market;
- Incorrect premium rates;
- A product design which exposes the Group to instances of third party fraud;
- A product not being perceived by its intended target market as being value for money; and,
- Clients not understanding the benefits of a product.

Risk mitigation

- Product Committee sign-off;
- New business volumes and quality are monitored by various Committees on a regular basis;
- Various initiatives to better understand clients’ needs to ensure that the Group designs products that achieve budgeted production targets;
- Products being designed in such a way as to reduce new business risks and increase new business volumes; and,
- The introduction and/or launching of new distribution channels.

4.2 Existing Products/Channels

Factors potentially affecting this risk

- New business volumes across all distribution channels being lower than expected;
- Quality of new business across all distribution channels being lower than expected;
- Initial expenses (per policy) being higher than anticipated;
- Risk Discount Rate (RDR) being higher than allowed for in the budget;
- Competitor product offerings being perceived by customers as more attractive/a better offering;
- Political instability;
- Increases in food and transport costs leaving potential customers with less disposable income at the end of each month;
- Increase in the repo rate; and,
- Load shedding negatively affecting the economy and potential policyholders’ ability to pay their insurance premiums.

Risk mitigation

- Frequent updates are received from various key members of management to ensure that new business related risks are actively and continuously monitored and assessed;
- The Group’s management incentive structures being linked to, *inter alia*, new business volumes and quality of new business;
- New business volumes are monitored by various Committees on a regular basis;
- Products are designed in such a way as to reduce new business risks and increase new business volumes;
- Limiting the number of policies per bank account to ensure customer affordability and increased quality of sales;
- Generators, solar panels and UPS systems are in place to ensure uninterrupted sales during electricity disruptions; and,
- A Business Continuity Plan is in place which ensures that policy sales can continue in the event that one or more of the on-site sales floors cannot be accessed for any reason.

4.3 Acquisition Opportunities

Any acquisition opportunity presents unique risks and hence a bespoke risk management process is established where an acquisition is being considered by the Group. The Group successfully acquired 1Life during July 2024.

Factors potentially affecting this risk:

- IT integration;
- Company culture;
- Retention of 1Life key staff; and,
- Managing cost savings.

4.4 Talent Management and Company Culture (TCW & TEW)

Talent Management risk is classified as a Significant risk while low staff morale as well as Group Excom and Non-executive Directors travelling together are classified as WatchList risks.

Factors potentially affecting this risk

- Low staff morale leading to under performance by staff;
- Increased staff turnover causing staff members to be overworked or certain vacant positions to not be filled within an acceptable period of time;
- Appropriate succession planning not being in place in all business areas;
- Change management not being appropriately applied resulting in low staff morale;
- Increased staff emigration;
- Limited pool of suitable Non-executive Directors; and,
- The worsening of the South African economy resulting in (real or perceived) socio-economic challenges for employees.

Risk mitigation

- Ensuring adequate succession planning within all business areas;
- Enforcing a Group Excom and Non-executive Director Travel Risk Policy which regulates the manner in which senior personnel travel together;
- Establishing and maintaining staff focus groups;
- Mentoring and coaching staff as part of the Group's employee development programs;
- Maintaining a Clientèle Life and Clientèle General Employment Equity Committee which receives feedback and grievances from staff directly;
- Professional Employee Assistance Programmes form part of the Group's employee value proposition and include mental and physical health assistance services provided by an external service provider: Life Health Solutions;
- Successfully building on the Group's GROW (Growth, Retention, Optimisation and Wellness) strategy across all business areas;
- The Group Hazardous Biological Agents Committee monitors and reports on the safety of employees at the Group's office park in relation to pandemics; and,
- The Clientèle Life and Clientèle General Employment Equity Committees ensure transparency of the Group's transformation processes for all staff levels.

4.5 Climate Change

Although the Group recognises Climate Change risk as part of its Risk Universe, the Group's exposure to Climate Change risk is very low.

Notwithstanding the above, the Group appreciates the significant risks that climate change poses both internationally as well as locally and consequently, to the extent possible and practical, the Group has implemented measures to reduce the risks associated with climate change.

Factors potentially affecting this risk

- Global warming;
- Natural disasters including rising sea levels, earthquakes, pandemics, wildfires, droughts etc.; and,
- Not fully appreciating the socio-economic impacts of climate risks and how such consequences impact economic risks.

Risk mitigation

- The Group Risk Function monitors all climate related disasters; and,
- Solar panels have been installed across the Office Park which caused a reduction in the Group's electricity demand from the grid of approximately 30%.

4.6 Mass Lapse Persistency

This risk focuses on mass lapse events impacting persistency on existing business, and predominantly group- or grouped-individual business. This risk is classified as a WatchList risk.

Factors potentially affecting this risk

- Dependency on third party intermediaries; and,
- Negative sentiment within the various networks.

Risk mitigation

- Transferring all intermediary business onto Clientèle's policy administration- and premium collection systems;
- Supporting charities and social initiatives within the communities where the Group's larger intermediaries are based; and,
- Constantly assessing various business models to lessen the potential impact of mass negative sentiment.

Risk Management *continued*

5. OPERATIONAL RISK

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

5.1 External events/changes that impact operational processes

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

This risk also includes the impact of the increasingly challenging economic conditions in which local businesses have to operate.

Factors potentially affecting this risk

- Changes brought about by the banking industry, for example changes to premium collection rules and regulations which negatively impact the Group's successful collection of premiums from its policyholders;
- Overall instability in the debit order environment;
- Loadshedding and the effect that power interruptions have on numerous business areas (leads, sales, facilities etc.);
- Negative media/social media comments (irrespective of whether it is factual or false); and,
- The impact of external economic conditions (including transport costs and inflation) on staff morale as well as on policyholders' financial strength and morale.

Risk mitigation

- Business Disaster risks together with their relevant controls as well as any possible future risk mitigation that may be considered, are discussed and documented on an annual basis by the Group Risk Committee;
- A Business Continuity Management Framework is in place that outlines the way in which business will continue to operate should access to one or more building across the Office Park be impaired;
- Active involvement in lobbying regulatory or legislative changes to the extent that such changes would impact or limit the way in which the Group conducts business;
- The Group Risk Committee reviews and discusses, on a quarterly basis, prevailing trends and external events and makes allowance for members to discuss scenarios and suggestions on how best to deal with such external events;
- All ORIs are reported to the Group Risk Function on a monthly basis;
- A close working relationship is maintained between GIA and the Group Risk Function to ensure that adequate focus is placed on specific operational areas;
- Numerous Committees and business areas throughout the Group are responsible for managing and reporting on operational risks within their areas; and,
- The Hazardous Biological Agents Committee ensures that all applicable legislation and regulations are complied with and that applicable internal policies and procedures are adhered to by all employees in relation to pandemics.

5.2 Systems/Technology

This risk includes all systems and information technology associated risks across the Group. None of these risks are classified as Significant or WatchList risks.

Factors potentially affecting this risk

- Legacy IT system changes affecting existing processes;
- Systems not operating as expected or being unable to comply with business requirements;
- The Group IT department covers an extremely broad spectrum of ever-changing tasks and technologies;
- Service availability (both internal- and external service);
- Potential disconnect between IT and business in terms of requirements, capacity, timelines and delivery;
- Scarcity of appropriately qualified IT resources;
- External risk of the Group's IT systems being infiltrated and damaged, stolen or destroyed by a third party; and,
- Executive continuity within the IT environment.

Risk mitigation

- Specific policies (e.g. Disaster Recovery Framework, Internet Policy, Backup Policy, Software Acquisition Policy etc.) and processes deal with the operational risks arising from system or technology failures;
- Penetration tests are performed on a regular basis;
- An IT Service Continuity Plan is in place and tested regularly;
- A dedicated IT risk resource forms part of the Group Risk Function;
- Risk management forms part of the Group's DNA and is a standing agenda item for each IT Steerco and IT Manco meeting;
- Email and web-link protection is in place; and,
- All ORIs are reported to the Group Risk Function on a monthly basis.

5.3 Process

The risk of losses resulting from inadequate or failed processes.

Factors potentially affecting this risk

- Any business area having inadequate processes in place could lead to a breakdown of controls.

Risk mitigation

- Where applicable, all operational areas have Standard Operating Procedures (SOPs) in place to mitigate risk;
- The ICC and IFCC oversee the identification and improvement of internal controls and internal financial controls respectively; and,
- All ORIs are reported to the Group Risk Function on a monthly basis.

5.4 Contract and Litigation

Factors potentially affecting this risk

- Written, detailed, contracts not being in place between the Group and third party suppliers; and,
- Terms of a contract not being adhered to by the Group or its third party suppliers.

Risk mitigation

- All signed contracts are stored by the Group Legal Department on a Contract Management System;
- All contracts are reviewed by the Group Legal Department prior to signature;
- Where appropriate, matters are referred to external legal counsel for opinion; and,
- All ORIs are reported to the Group Risk Function on a monthly basis.

5.5 Fraud

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

Factors potentially affecting this risk

- Economic conditions worsening and making both employees and policyholders more susceptible to fraud;
- Fraud syndicates targeting the Group;
- Internal fraud at sales stage across the Group's different distribution channels;
- Employees not following relevant procedures and sign-off processes;
- Employees from different departments colluding to commit fraud or working with an external fraud syndicate;
- Employees sending out commercially sensitive and personal information via email without detection; and,
- Employees downloading policyholder information onto their personal mobile devices without detection.

Risk Management *continued*

Risk mitigation

- A Group Fraud policy is in place;
- USB lockdown is in place on all company computers and laptops;
- For the Clientèle Life Claims area, claims are tracked and monitored closely on a per channel and per product basis to identify any potential fraud;
- A fraud risk scoring model and internal fraud data base is used in the Clientèle Life Claims area;
- South African Insurance Crime Bureau (SAICB) membership ensures that the Group stays abreast of industry trends and potential fraud is escalated and subjected to further investigation;
- Bank account verification at sales and claims stage;
- Wherever possible, the Group masks any personal information of policyholders so that employees can only see a portion of any information that may potentially be used to commit fraud;
- Appropriate sign-off processes and segregation of duties are in place in instances of financial benefit to policyholders;
- The Group Market Conduct Department monitors a sample of all sales calls/recordings;
- Whistle blowing boxes are available across the Office Park for employees to lodge anonymous complaints;
- Enforcing the Group Finance Department's adherence to their SOP and monitoring sign-off procedures to mitigate against internal fraud;
- All ORIs are reported to the Group Risk Function on a monthly basis;
- A close working relationship is maintained between GIA and the Group Risk Function to ensure that the correct amount of focus is placed on specific operational areas; and,
- Numerous committees and business functions throughout the Group are responsible for managing and reporting on operational risks within their areas.

5.6 Cyber

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

Factors potentially affecting this risk

- Phishing;
- System downtime due to a cyber attack;
- Industry-wide increase in frequency and impact of cyber activity and attacks; and,
- The unauthorised transfer of personal information.

Risk mitigation

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

5.7 Human error

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

Factors potentially affecting this risk

- Employee negligence;
- Manual intensive processes may lead to an increase in errors;
- Low staff morale;
- Worsening of the economic environment (loadshedding, water cuts, increased transport costs, etc.); and,
- Employee fatigue resulting from increased work responsibilities.

Risk mitigation

- SOPs are kept by all departments and updated on an annual basis;
- Induction training is provided to all employees upon commencement of employment;
- Ensuring that GIA conducts regular Internal Audits; and,
- Creating a corporate culture where staff feel comfortable reporting any issues or concerns.

5.8 Third Party Relations

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

Factors potentially affecting this risk

- Correct procurement process not being followed when contracting with a third party;
- No contract or measurable service levels having been put in place;
- Unauthorised third party access to the Clientèle network;
- Unauthorised third party access to Clientèle owned data (including policyholder details and employee data);
- Policyholder data being compromised as a result of a cyber attack on a third party service provider;
- Insufficient cyber security controls at third parties; and,
- A lack of disaster recovery and business continuity testing.

Risk mitigation

- Vendor risk assessments are conducted to establish any gaps in the third party risk management process;
- A detailed procurement process is followed before contracting with a new vendor/supplier;
- Where appropriate, a Service Level Agreement is put in place and gets monitored on a regular basis; and,
- Third party budgets are closely reviewed and approved by the relevant members of management.

6. COMPLIANCE RISK

6.1 Regulatory Compliance

The Regulatory Compliance risk entails the risk of the Group not complying with applicable regulatory requirements.

The WatchList risk of non-compliance with applicable legislation and regulations is the main component of this risk.

Factors potentially affecting this risk

- Increased number of laws and regulations that are applicable to the Group's business and products; and,
- Differing interpretations of legislation or regulations.

Risk mitigation

- The Group has a zero tolerance approach to non-compliance with applicable laws, regulations, rules, codes and standards;
- The Group has a qualified and experienced Compliance Officer;
- Compliance training is provided on an ongoing basis to various areas within the Group;
- A Regulatory Compliance Risk Universe has been compiled and approved by the Board which details all the applicable laws, regulations, standards and best practices;
- Bespoke compliance management software is used to manage the top 20 identified laws and regulations that apply to the Group and its business; and,
- A close and combined assurance working relationship exists between the Group's distinct control functions and these parties ensure that, *inter alia*, new applicable laws and regulations are properly understood and implemented across the Group.

Risk Management *continued*

6.2 Regulatory

Regulatory risk includes the risk that proposed new legislation, which is not yet in force, may negatively affect the Group's business processes or the way in which the Group conducts its business in future.

The WatchList risks relating to the Conduct of Financial Institutions Bill (COFI) and Employment Equity Amendment Bill (EEA) form part of this risk.

Factors potentially affecting this risk

- Increased number of laws and regulations that are applicable to the Group's business and products; and,
- Differing interpretations of new legislation or regulations.

Risk mitigation

- Weekly regulatory scanning is performed to identify any upcoming legislation, regulations or enforcement trends that may have an impact on the Group's business;
- Any new legislation and regulations that may apply to the Group is communicated to the relevant business units;
- Where any potential, future, non-compliance with proposed legislation or regulations is identified, remedial actions are taken in advance to ensure compliance;
- In some instances, dedicated focus groups may be established to focus on the Group's compliance with proposed laws or regulations that could have a material impact on the Group; and,
- Proactive interaction with applicable Regulators and other role players as well as lobbying changes during the finalisation and implementation of new laws and regulations.

6.3 Market Conduct

The Group Market Conduct risk is the risk of the Group's employees or sales representatives interacting with clients in a non-compliant or unacceptable manner which is either in breach of relevant laws or regulations or not aligned to the Group's corporate values or TCW philosophy.

Factors potentially affecting this risk

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

Risk mitigation

- A risk-based compliance plan is followed;
- A compliance culture, which values responsible conduct and compliance with internal processes and procedures and external obligations in terms of laws, regulations, standards and best practices, is continuously promoted;
- The confidential reporting by employees of concerns, shortcomings or potential non-compliance in respect of the Group's policies, legal and regulatory obligations, or ethical considerations is promoted;
- The Group Market Conduct department monitors sales and service phone calls to ensure that an acceptable quality benchmark is maintained and that appropriate actions are taken against sales representatives and employees whom fail to adhere to the Group's quality processes and procedures;
- The Group Market Conduct department is responsible for sales complaint resolution;
- The Group Internal Arbitration Department is responsible for investigating and resolving customer complaints that have been escalated to it, as well as Ombudsman complaints; and,
- All ORIs are reported to the Group Risk Function on a monthly basis.

7. SOLVENCY

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

As at 30 June 2024, the Group SCR amounted to R2.81 billion (2023: R2.69 billion) and was covered 1.17 times (2023: 1.28 times) by the excess of assets over liabilities after allowing for the expected dividend payment following year-end.

7.1 Long-term Insurance

The solvency of the long-term insurance business is monitored based on the principles and calculations outlined under FSI (Financial Soundness Standards for Insurers), which follows a risk-based approach.

As at 30 June 2024, the SCR of Clientèle Life amounted to R2.62 billion (2023: R2.39 billion). This translated into an SCR cover ratio of 1.37 (2023: 1.53) assuming that no dividend is paid and 1.24 (2023: 1.38) after allowing for the expected dividend payment following year-end, assuming that the dividend was paid immediately (1 July 2024).

7.2 Short-term Insurance

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

As at 30 June 2024, the SCR for Clientèle General amounted to R180.2 million (2023: R176.0 million). This translated into an SCR cover ratio of 1.61 (2023: 1.48) assuming that no dividend is paid and 1.08 (2023: 1.05) after allowing for the expected dividend payment following year-end, assuming that the dividend was paid immediately (1 July 2024) but before allowing for the reduction in the Market risk component of the SCR following the Dividend payment. When the Dividend is paid, the assets of Clientèle General will reduce, resulting in a lower Market risk component and the SCR cover ratio would still exceed 1.1, immediately after the dividend payment, assuming that the payment was made immediately at year end.

8. FOCUS AREAS FOR 2025

- The successful integration of 1Life into the Group;
- Reviewing and aligning 1Life's risk management framework and processes with those of the Group;
- Identifying business areas across the Group where internal controls can be enhanced;
- Identifying additional ways in which risk management could create more value throughout the Group; and,
- Continuously focusing on Cyber and Information Technology (IT) risk categories and ensuring that related risks are adequately managed by the relevant management team.

INSURANCE AND FINANCIAL RISK MANAGEMENT

for the year ended 30 June 2024

1. INSURANCE RISK

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

1.1 Persistency Risk

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

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

Factors with the potential to affect this risk

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

Risk mitigation

- The Clientèle App makes it easier for clients to manage their policies;
- Persistency rates are measured on a monthly basis and resources are directed towards the sale of business with higher persistency, understanding our policyholders' payment abilities and improved mechanisms of collecting premiums;
- Authenticated Collection systems are used and actively encouraged where possible;
- Various initiatives to better understand our clients' needs in order to provide policy benefits that encourage persistency;
- Discussion and participation in meetings of industry committees (e.g. ASISA, PASA, and ASSA);
- Products are designed in such a way as to increase persistency by providing policy benefits which encourage persistency and reduce the risk of early withdrawal;
- To encourage policyholders to pay their monthly premium, the Group introduced the "December is on Us" campaign which first benefited clients in December 2023. Existing clients who pay their premiums via DebiCheck from February 2024 until 30 November 2024 will qualify for this promotion and have their December premium paid by Clientèle;
- Limiting the number of new sales per individual bank account; and,
- Clientèle "Royalty" incorporates additional benefits for loyal clients and is used to reward loyalty.

1.2 Client Payments and Benefits

1.2.1 Mortality and Morbidity (Clientèle Life)

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

Factors with the potential to affect this risk

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

Risk mitigation

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

1.2.2 Frequency and Severity of Claims (Clientèle General)

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

Factors with the potential to affect this risk

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

Risk mitigation

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

Insurance and Financial Risk Management *continued*

1.3 Expenses and Commission

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

Factors with the potential to affect this risk

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

Risk mitigation

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

1.4 Model (Data and Assumptions)

1.4.1 Data

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

Factors with the potential to affect this risk

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

Risk mitigation

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

1.4.2 Assumptions

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

Factors with the potential to affect this risk

Adverse actual experience or the use of incorrect assumptions.

Risk mitigation

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

1.5 Solvency (Prudential and PRB)

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

1.5.1 Insurance Group

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

Risk mitigation

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

1.5.2 Life Insurance

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

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

Risk mitigation

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

1.5.3 Non-life Insurance

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

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

Risk mitigation

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

2. FINANCIAL RISK

2.1 ALM and Liquidity Risk

2.1.1 ALM Risk

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

Factors with the potential to affect this risk

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

Risk mitigation

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

Insurance and Financial Risk Management *continued*

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

2.1.2 Liquidity Risk

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

Factors with the potential to affect this risk

- Poor cash flow management within the Group;
- Third party defaults on obligations; and,
- Depfin calling on the financial guarantee (refer to Note 40 on page 225).

Risk mitigation

- Cash flow management: Active liquidity and funding management is an integrated effort across a number of functional areas, which is monitored by management. Active liquidity and cash flow management happens on a monthly basis;
- Appropriate assets back and match the Group's liabilities and it has sufficient liquid resources;
- Insurance business: The expected and contractual maturities of insurance liabilities are monitored on a monthly basis. This ensures that the assets are appropriate to cover expected insurance obligations (both life insurance and short-term insurance) when due. The Group Investment Committee ensures that the mix of investments is appropriate to ensure that sufficient cash will be available to meet insurance obligations when due;
- The SOCI and performance versus monthly budgets is tabled and reviewed at monthly management meetings;
- Investment business: The liability relating to contractual maturities of single premium endowment investment products are matched by purchasing appropriate assets of the same maturity profile. This ensures that cash is available on maturity of the policyholder obligations. Policyholders carry interest rate risk if there is an early surrender. The single premium liabilities are matched with appropriate A1 – or above-grade bank paper with an appropriate maturity profile. The maturity profile of the shareholder and policyholder linked zero coupon fixed deposits is detailed in the tables in Risk Management Note 2.1.2 on pages 104 to 106; and,
- Financial Guarantee: Clientèle has provided a guarantee to YTI, amounting to R374 million (2023: R374 million). This is partially covered by a back-to-back guarantee provided by HSBC of R174 million thus resulting in a net exposure through guarantees of R200 million for the purchase of approximately 9% of Clientèle's issued ordinary shares by YTI in 2018. The 12 month stage is used in the calculation of the ECL. Refer to Note 40: Commitments on page 225 for further details.

Insurance and Financial Risk Management continued

The following table summarises the overall maturity profile of financial assets and liabilities of the Company:

(R'000)	Contractual cash flows for financial instruments (undiscounted)			Open ended	Total
	<1 year	1 – 5 years	>5 years		
2024					
Financial assets at fair value through profit or loss:					
Equity securities (Refer Note 8 on page 194)	–	–	–	10,415	10,415
Unlisted equity securities	–	–	–	10,415	10,415
Loans to subsidiaries				86,056	86,056
Trade receivables	–	900			900
Cash and cash equivalents	3,183				3,183
Total assets	3,183	900	–	96,471	100,554
Financial guarantee liability				2,000	2,000
Loans from subsidiaries				10,240	10,240
Accruals and payables	1,157				1,157
Total liabilities	1,157	–	–	12,240	13,397
Excess/(shortfall) of assets over liabilities	2,026	900	–	84,231	87,157

(R'000) Restated	Contractual cash flows for financial instruments (undiscounted)			Open ended	Dis-counting effect**	Total
	<1 year	1 – 5 years	>5 years			
2023						
Financial assets at fair value through profit or loss:						
Debt securities (Refer Note 8 on page 194)	960	5,699	16,183	1,388	(11,203)	13,027
Funds on deposit		1,112			(92)	1,020
Foreign bond fund				1,388		1,388
Government and public authority bond	960	4,587	16,183		(11,111)	10,619
Equity securities (Refer Note 8 on page 194)	–	–	–	39,889	–	39,889
Listed equity securities				24,402		24,402
Foreign listed equity securities				4,322		4,322
Unlisted equity securities				11,165		11,165
Loans to subsidiaries				49,453		49,453
Trade receivables	1,073					1,073
Cash and cash equivalents	4,415					4,415
Total assets	6,448	5,699	16,183	90,730	(11,203)	107,857
Financial guarantee liability				2,000		2,000
Accruals and payables	6,562					6,562
Total liabilities	6,562	–	–	2,000	–	8,562
Excess/(shortfall) of assets over liabilities	(114)	5,699	16,183	88,730	(11,203)	99,295

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

** This column is included to reconcile the cashflow to the SOFP and does not result in an actual shortfall of assets over liabilities.

Insurance and Financial Risk Management continued

The following table summarises the overall maturity profile of financial assets and liabilities of the Group's long-term insurance and investment contract business:

(R'000)	Contractual cash flows for financial instruments (undiscounted)			Open ended	Dis-counting and ECL effect*	Total
	<1 year	1 – 5 years	>5 years			
2024						
Financial assets at amortised cost	10,856	10,883			(1,260)	20,479
Financial assets at fair value through profit or loss:						
Debt securities (Refer Note Refer Note 8 on page 194)	837,145	6,558,060	606,702	1	(2,068,492)	5,933,416
Promissory notes and fixed deposits						
– Assets backing guaranteed endowment investment contracts	277,543	785,357			(307,462)	755,438
– Assets backing linked endowment investment contracts	375,711	5,597,880			(1,383,281)	4,590,310
Funds on deposit	144,612					144,612
Fixed interest securities				1		1
Government and public authority bond	39,279	174,823	606,702		(377,749)	443,055
Equity securities (Refer Note Refer Note 8 on page 194)				919,295		919,295
Listed equity securities				682,380		682,380
Foreign listed equity securities				197,932		197,932
Unlisted equity securities				38,983		38,983
Trade receivables	12,664	900				13,564
Cash and cash equivalents	317,050					317,050
Total assets	1,177,715	6,569,843	606,702	919,296	(2,069,752)	7,203,804
Investment contract liabilities	641,751	6,287,404		439,270	(1,483,687)	5,884,738
Financial liabilities at amortised cost	15,106	116,032			(11,657)	119,481
Loans at amortised cost		297,576			(92,770)	204,806
Financial guarantee liability				2,000		2,000
Payables	117,304					117,304
Total liabilities	774,161	6,701,012	–	441,270	(1,588,114)	6,328,329
Excess/(shortfall) of assets over liabilities	403,554	(131,069)	606,702	478,026	(481,638)	875,475

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

The following table summarises the undiscounted cash flows relating to insurance and reinsurance contracts.

(R'000) (Assets)/Liabilities	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Year ended 30 June 2024							
Insurance contract cash flows	(606,301)	(439,385)	(600,887)	(566,150)	(554,146)	(15,015,101)	(17,781,970)
Life insurance – Risk business (GMM)	(737,578)	(675,234)	(603,055)	(571,956)	(560,382)	(15,429,061)	(18,577,266)
Life insurance – Savings business (VFA)	131,277	235,849	2,168	5,806	6,236	413,960	795,296
Reinsurance contract cashflows							
Life insurance – Risk business (GMM)	20,989	18,643	17,009	16,385	15,974	514,080	603,080

Insurance and Financial Risk Management continued

(R'000) Restated	Contractual cash flows for financial instruments (undiscounted)			Open ended	Dis- counting effect*	Total
	<1 year	1 – 5 years	>5 years			
2023						
Financial assets at amortised cost	302				(30)	272
Financial assets at fair value through profit or loss:						
Debt securities (Refer Note 8 on page 194)	5,173,931	6,589,560	552,362	48,736	(2,347,605)	10,016,984
Promissory notes and fixed deposits						
– Assets backing guaranteed endowment investment contracts	288,389	809,569			(173,004)	924,954
– Assets backing linked endowment investment contracts	4,639,336	5,559,812			(1,777,550)	8,421,598
Funds on deposit	211,154	30,002			(2,571)	238,585
Fixed interest securities				1		1
Foreign bond fund				48,735		48,735
Government and public authority bond	35,052	190,177	552,362		(394,480)	383,111
Equity securities (Refer Note 8 on page 194)				936,112		936,112
Listed equity securities				757,357		757,357
Foreign listed equity securities				137,164		137,164
Unlisted equity securities				41,591		41,591
Trade receivables	57,758					57,758
Cash and cash equivalents	249,540					249,540
Total assets	5,481,531	6,589,560	552,362	984,848	(2,347,635)	11,260,666
Investment contract liabilities	5,117,793	6,475,956		209,079	(1,979,830)	9,822,998
Financial liabilities at amortised cost	40,460	131,138			(20,856)	150,742
Loans at amortised cost	100,000					100,000
Financial guarantee liability				2,000		2,000
Payables	124,745					124,745
Total liabilities	5,382,998	6,607,094	–	211,079	(2,000,686)	10,200,485
Excess/(shortfall) of assets over liabilities	98,533	(17,534)	552,362	773,769	(346,949)	1,060,181

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

The following table summarises the undiscounted cash flows relating to insurance and reinsurance contracts.

(R'000)	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
(Assets)/Liabilities							
Year ended 30 June 2023							
Insurance contract cash flows	(699,566)	(503,721)	(632,383)	(575,880)	(540,677)	(13,432,280)	(16,384,507)
Life insurance – Risk business (GMM)	(783,992)	(700,820)	(634,585)	(569,053)	(539,405)	(13,741,619)	(16,969,474)
Life insurance – Savings business (VFA)	84,426	197,099	2,202	(6,827)	(1,272)	309,339	584,967
Reinsurance contract cashflows							
Life insurance – Risk business (GMM)	20,885	18,432	16,476	15,520	14,947	442,409	528,669

Insurance and Financial Risk Management *continued*

The following table summarises the liabilities and surrender values for investment and insurance business held in Clientèle Life:

(R'000)	2024		2023	
	Carrying value for policies with a surrender value	Surrender value	Carrying value for policies with a surrender value (restated)	Surrender value (restated)
Insurance business	505,845	615,499	487,007	619,612
Investment business	6,004,219	5,793,757	9,973,740	9,590,414
Total	6,510,064	6,409,256	10,460,747	10,210,026

2.2 Market Risk

2.2.1 Concentration of risk

The Group's primary lines of business include long-term (Life) insurance and short-term (Non-life) insurance, within the South African market in the lower income demographic. The Group manages concentration risk, associated with the Life and Non-Life insurance businesses through a series of mechanisms and monitors the opportunities for mitigating actions.

In mitigation of concentration risk, the Group makes use of mechanisms inclusive of: product pricing procedures, reinsurance and the diversification of non-insurance business (e.g., white labelling, Perks and Royalty programme which are housed in CBC Rewards).

Refer to Segment Information on page 154 for the carrying amounts of the Group's insurance contracts (and reinsurance contracts) by line of business.

2.2.2 Equity Risk

Equity risk is the risk that the fair value of equity instruments will fluctuate as a result of changes in the market-place. This includes Equities invested in both South African equities as well as global equities.

Equity investments are made on behalf of policyholders and shareholders. The vast majority of Clientèle's equity investments are listed. Equities are reflected at market values, which are susceptible to fluctuations. Global equities are also impacted by changes in foreign exchange rates.

Factors with the potential to affect this risk

- The equity content in investment portfolios;
- Foreign currency exchange rates on Global equities;
- The categories of equities invested in (sectoral spread);
- Market sentiment; and,
- Market performance of equities in general.

Risk mitigation

- The equities selection and investment analysis process is outsourced to Melville Douglas, who invest within the mandates set by the Group Investment Committee;
- Asset allocations are monitored on a daily basis by Melville Douglas and reviewed on a quarterly basis by the Group Investment Committee;
- A conservative investment strategy, with an appropriate mix of assets, which avoids undue concentration in riskier asset classes, is adopted;
- Investments in assets which are not admitted to trading on a regulated financial market are limited to agreed prudent levels;
- Assets are properly diversified in a manner that avoids excessive reliance on any particular asset, issuer, group of companies or geographical area and excessive concentration of risk in the portfolio as a whole thus avoiding the risk of contagion between concentrated exposures;
- Factors that may materially affect the sustainable long-term performance of assets or asset classes, including factors of an environmental, social and governance nature are considered; and,
- The Group's exposure to the various banking institutions is reviewed on a quarterly basis, both in Rand terms as well as by percentage concentration, giving focus to the SAM capital charge relating to investment concentration.

2.2.3 Property Risk

Property risk is the risk that the value of properties will fluctuate as a result of changes in the property market.

The Group is exposed to property risk through its ownership of the three property subsidiaries of Clientèle Life, which, together, own the Clientèle Office Park, as reflected in the SOFP, as well as to listed real estate exposure in the Melville Douglas portfolios.

Factors with the potential to affect this risk

- Changes in interest rates (fixed and floating interest rates apply to owner occupied properties);
- Occupancy levels in the Sandton, Morningside and Rivonia areas and general occupancy levels of commercial property in South Africa;
- The condition of the buildings and surrounds of the office park; and,
- The state of the South African property market.

Risk mitigation

- The office park is continually maintained and improved to enhance its value;
- Management believes that the Sandton, Morningside and Rivonia areas have an attractive long-term investment future for property, which is continually reviewed and assessed by management;
- Management ensures that appropriate insurance cover is in place to protect against property damage;
- The exposure to listed property is kept at acceptable levels and is reviewed monthly by management and Melville Douglas;
- The office park is occupied by Clientèle Life and Clientèle General who have entered into long term leases; and,
- The investment property is valued annually by Broll Valuation and Advisory Services Proprietary Limited (part of the CB Richard Ellis Proprietary Limited network), an independent valuator.

2.3 Economic Assumptions (including interest rate risk, RDR and inflation)

Interest rate risk is the risk that the value of, or cash flows from, a financial instrument will fluctuate as a result of changes in interest rates. In addition, policyholders' liabilities will be affected by changes in interest rates.

Financial liabilities held at fair value through profit or loss consist of non-linked investment contracts (Single Premium) that are exposed to interest rate risk and linked investment contracts that are not exposed to interest rate risk.

Factors with the potential to affect this risk

- Changes in market interest rates have a direct effect on the contractually determined cash flows associated with floating rate financial assets and financial liabilities, and on the fair value of other investments;
- Fair values of fixed maturity investments included in the Group's investment portfolios are subject to changes in the prevailing market interest rates;
- Our RDR is based on the long-term zero coupon government bond yield curve and, as a result, any movement in the yield curve will impact the actuarial liabilities and (unaudited) EV of the Group; and,
- Withdrawals by policyholders can result in the fair values of the asset at the date of the withdrawal being lower than the original purchase price of the contract.

Risk mitigation

- The ongoing market expectations assessment by Melville Douglas within the South African interest rate environment, in conjunction with consultation with the Group Investment Committee, drives the process of asset allocation in this category;
- The majority of financial assets and financial liabilities are negotiated on a fixed interest basis as a result the exposure to interest rate risk is largely mitigated;
- Interest rate risk is minimised by matching the profile of the financial liabilities of the long term investment contract with similar assets at contract inception;
- Policyholder contracts provide that, in the event of an early withdrawal by the policyholder, the interest rate risk is carried by the policyholder; and,
- For most Single Premium contracts, the lower of market value or original investment value plus accrued interest is paid out to policyholders after deducting a surrender fee on an early withdrawal.

Insurance and Financial Risk Management *continued*

2.4 Credit Risk

Credit risk is the risk that a counterparty will fail to discharge an obligation on an asset held or agreement entered into and cause the Group to incur a financial loss.

Balances where the Group has exposure to credit risk include financial assets, amounts receivable from insurance policyholders, amounts due from reinsurers and cash and cash equivalents.

In terms of IFRS 9, an assessment of ECL is necessary for assets that are held at amortised cost.

ECLs were calculated on the following balances that are exposed to credit risk (excluding insurance receivables) and include:

- Trade receivables;
- Cash and cash equivalents; and,
- Financial guarantees.

The following methodology was applied in calculating the ECLs:

(i) Trade receivables

The simplified approach is adopted for calculating a potential ECL provision. The provision matrix is based on the entities' historical default rates over the expected life of the trade receivable. There have been no material historical defaults on this category of assets. Additionally, forecast of forward-looking information have been considered in calculating the ECL provision. The identified ECL was immaterial as the majority of receivables is in respect of prepayments for goods and services to be delivered over the course of the 2024 financial year. Furthermore, prepayments are not in the scope of IFRS 9.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Trade receivables are presented net of ECLs. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Cash and cash equivalents

Cash and cash equivalents are also subject to the ECL requirements of IFRS 9, however the identified ECL was immaterial as the counterparties are considered to have good credit quality based on the external credit ratings of the counterparties, and the assets are liquid.

(iii) **Financial Guarantees**

Financial Guarantee in favour of Depfin

A loan was provided by Depfin to YTI for the purchase of shares in Clientèle. A financial Guarantee was provided to Depfin for the loan between Depfin and YTI. Clientèle has provided a guarantee to YTI, amounting to R374 million (2023: R374 million). This is partially covered by a back-to-back guarantee provided by HSBC of R174 million (2023: R174 million). The net credit exposure to this guarantee as at 30 June 2024 is R200 million (2023: R200 million).

Clientèle issued a guarantee amounting to R2 million (2023: R2 million) in favour of Nedbank in relation with the YTI preference share funding arrangement with 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).

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.

(iv) **Reinsurance contracts**

The maximum exposure to credit risk from reinsurance contracts is R3,358,638 (2023: R6,095,771).

Insurance and Financial Risk Management *continued***Reconciliation of expected credit losses**

Expected credit loss for the Group's financial assets at amortised cost reconciliation:

(R'000)	Financial* assets at amortised cost	Financial guarantees	Total
Credit loss allowance as at 30 June 2023	30	2,000	2,030
Increase in allowance recognised in profit or loss	1,230		1,230
Credit loss allowance as at 30 June 2024	1,260	2,000	3,260

(R'000)	Financial* assets at amortised cost	Financial guarantees	Total
Credit loss allowance as at 30 June 2022	5,061	2,000	7,061
Increase in allowance recognised in profit or loss	(5,031)		(5,031)
Credit loss allowance as at 30 June 2023	30	2,000	2,030

* Excludes trade receivables.

Expected credit loss for the Company's financial assets at amortised cost reconciliation:

(R'000)	Loans to subsidiaries	Financial guarantees	Total
Credit loss allowance as at 30 June 2023	5,495	2,000	7,495
Increase in allowance recognised in profit or loss	(3,403)		(3,403)
Credit loss allowance as at 30 June 2024	2,092	2,000	4,092

(R'000)	Loans to subsidiaries	Financial guarantees	Total
Credit loss allowance as at 30 June 2022	4,965	2,000	6,965
Increase in allowance recognised in profit or loss	530		530
Credit loss allowance as at 30 June 2023	5,495	2,000	7,495

Factors with the potential to affect this risk

- Fair values of investments may be affected by the creditworthiness of the issuer of securities;
- Changes in interest rates; and,
- Deteriorating economic environment.

Risk mitigation

- Spreading of assets in terms of the provisions of the FSI's for Clientèle Life and Clientèle General respectively has the effect of limiting exposure to individual issuers due to the capital required as part of the SCR for assets if specified limits are breached;
- Cash equivalents, financial assets and reinsurance cover are placed with reputable companies. The credit rating of the counterparty is assessed when placing the business and when there is a decrease in the credit rating of the counterparty. The counterparties for assets backing financial liabilities at fair value, through profit or loss in respect of guaranteed single premium investment contract business are rated at least A1- by international rating agencies;
- The Group places business with at least A1+ rated reinsurers (refer to the internal debt rating scale on page 114);
- An ECL is determined on the financial assets at amortised cost on a biannual basis or more regularly when indicators require; and,
- Credit ratings of debt instruments are monitored quarterly by the Group Investment Committee.

Insurance and Financial Risk Management continued

The following table provides information regarding the aggregated credit risk exposure for the assets relating to the Group's long-term insurance and Investment Contract business at 30 June:

(R'000)	A1+	A1	A1-	B	Not rated	Total carrying value
2024						
Financial assets at fair value through profit or loss	5,490,361	1	443,054	–	–	5,933,416
Promissory notes and deposits	5,345,749					5,345,749
Funds on deposit	144,612					144,612
Fixed interest securities		1				1
Foreign bond fund			–			–
Government and public authority bonds			443,054			443,054
Financial assets at amortised cost					20,479	20,479
Trade receivables					13,564	13,564
Cash and cash equivalents	317,050					317,050
Total assets bearing credit risk	5,807,411	1	443,054	–	34,043	6,284,509

(R'000)	A1+	A1	A1-	B	Not rated	Total carrying value
2023						
Financial assets at fair value through profit or loss	9,585,137	1	431,846	–	–	10,016,984
Promissory notes and deposits	9,346,551					9,346,551
Funds on deposit	238,586					238,586
Fixed interest securities	–	1				1
Foreign bond fund			48,735			48,735
Government and public authority bonds			383,111			383,111
Financial assets at amortised cost					272	272
Trade receivables*					57,758	57,758
Cash and cash equivalents	249,540					249,540
Total assets bearing credit risk	9,834,677	1	431,846	–	58,030	10,324,554

* Refer to restatement note 39 on page 222.

Insurance and Financial Risk Management *continued***Off balance sheet credit exposure**

Clientèle has, in prior years, provided financial assistance resulting in a gross exposure of R374 million and a net exposure after guarantees of R200 million for the purchase of approximately 9% of Clientèle's issued shares (ordinary Shares) by YTI. Clientèle is exposed to YTI's credit risk. YTI is classified as "not rated" as YTI does not have a credit rating. HSBC has a Long-term counter party risk rating of Aa3 (Moody's) (Refer to Note 40: Commitments for further details).

The following table provides information regarding the aggregated credit risk exposure for the assets relating to the Company's business at 30 June:

(R'000)	A1+	A1	A1-	B	Not rated	Total carrying value
2024						
Loans and receivables	–	–	–	–	87,056	87,056
Cash and cash equivalents	3,183	–	–	–	–	3,183
Total assets bearing credit risk	3,183	–	–	–	87,056	90,239
2023						
Financial assets at fair value through profit or loss	1,020	–	10,619	–	1,388	13,027
Funds on deposit	1,020					1,020
Fixed interest securities					1,388	1,388
Government and public authority bonds			10,619			10,619
Loans and receivables					50,526	50,526
Cash and cash equivalents	4,415					4,415
Total assets bearing credit risk	5,435	–	10,619	–	51,914	67,968

Internal debt rating scale

The Group has developed its own internal debt rating scale to categorise the credit quality of its financial and reinsurance assets. The Group uses the long-term national credit ratings of the ratings agencies as set out below to classify the Group's financial assets (Due to the unavailability of a national scale rating for government bonds and foreign bonds an international rating scale was used). Where discrepancies exist between Moody's and Fitch ratings, preference is given to the Moody's ratings.

		Moody's Long-term	Fitch Long-term
A1+	Financial assets rated A1+ are considered to be upper-medium grade to highest quality and subject to low to minimal credit risk	Aaa/Aa	AAA
A1	Financial assets rated A1 are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics	A	AA/A/BBB
A1-	Financial assets rated A1- are considered speculative and subject to high credit risk	Baa/Ba	BB/B
B	Financial assets rated B are of poor standing and subject to very high credit risk	Caa	CCC

Not rated

The Group considers and reviews credit risk on all financial asset exposures, however, in certain categories a formal investment grade is not available. The financial assets in the "not rated" category comprise mainly prepaid expenses (trade receivables including insurance receivables and financial assets at amortised cost) to usual third parties, which are managed via contractual agreements. An internal analysis of these items is performed to assess the riskiness thereof.

3. FAIR VALUE HIERARCHY

3.1 Introduction

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arms-length transaction.

The Group establishes fair value by using a valuation technique if the market for a financial instrument is not quoted in an active market. Valuation techniques include using transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Group uses that technique. Fair value is estimated on the basis of the results of a valuation technique that makes maximum use of market inputs, and relies as little as possible on entity – specific inputs.

The fair value hierarchy categorises assets and liabilities into three levels based on the following criteria:

- Level 1:** Values are determined using readily and regularly available quoted prices in an active market for identical assets or liabilities.
- Level 2:** Values are determined using valuation techniques or models, based on assumptions supported by observable market prices or rates either directly (that is, as prices) or indirectly (that is, derived from prices) prevailing at the SOFP date.
- Level 3:** Values are estimated indirectly using valuation techniques or models for which one or more of the significant inputs are assumptions (based on unobservable market inputs).

Insurance and Financial Risk Management continued

3.2 Asset Hierarchy

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

(R'000)	Group			
	Level 1	Level 2	Level 3	Total
2024				
Assets				
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
Total assets	1,323,365	5,490,362	38,984	6,852,711

The following table presents the Group's financial assets that are measured at fair value through profit or loss at 30 June 2023 (Restated):

(R'000)	Level 1	Level 2	Level 3	Total
2023				
Assets				
Listed equity securities	757,357			757,357
Foreign Listed equity securities	137,164			137,164
Unlisted equity securities		3,850	37,741	41,591
Promissory notes and fixed deposits		9,346,551		9,346,551
Funds on deposit		238,586		238,586
Fixed interest securities			1	1
Government and public authority bonds*	383,111			383,111
Foreign bonds*	48,735			48,735
Total assets	1,326,367	9,588,987	37,742	10,953,097

* 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.

Refer to Note 3 on page 168 for the fair value hierarchy disclosure of owner-occupied properties.

Fair values for level 2 financial assets are determined using the rates from the zero coupon risk free yield curve, based on the term to maturity of the instrument. These interest rates range between 9.0% and 14.3% (2023: 5.7% and 10.1%) per annum. A discounted cash flow model is then applied using the determined yield after adjusting for credit risk, in order to calculate the market value.

Level 3 unlisted equity securities consist of the following:

- YTI preference shares purchased as part of the financing mechanism for a B-BBEE transaction and are valued using a Monte Carlo simulation with primary inputs consisting of the Clientèle share price, the dividend yield and interest at 77% of the prime interest rate; and,
- Rights to the Kruger Park Lodge.

Insurance and Financial Risk Management continued

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

(R'000)	Level 1	Level 2	Level 3	Total
Assets				
Unlisted equity securities			10,415	10,415
Total assets	–	–	10,415	10,415

The following table presents the Company's financial assets that are measured at fair value through profit or loss at 30 June 2023:

(R'000)	Level 1	Level 2	Level 3	Total
Assets				
Listed equity securities	24,402			24,402
Foreign Listed equity securities	4,322			4,322
Unlisted equity securities			11,165	11,165
Funds on deposit		1,020		1,020
Government and public authority bonds		10,619		10,619
Foreign bonds		1,388		1,388
Total assets	28,724	13,027	11,165	52,916

3.3 Liability Hierarchy

(R'000)	Group			
	Level 1	Level 2	Level 3	Total
2024				
Investment contract liabilities		5,884,738		5,884,738
Liabilities subject to fair value hierarchy analysis	–	5,884,738	–	5,884,738
2023				
Investment contract liabilities*		9,822,998		9,822,998
Liabilities subject to fair value hierarchy analysis	–	9,822,998	–	9,822,998

* Restated, refer to restatement Note 39 on page 222.

Fair values for level 2 financial liabilities are determined using the rates from the zero coupon risk free yield curve, based on the term to maturity of the instrument. These interest rates range between 3.6% and 10.84% (2023: 9.0% and 14.3%) per annum. A discounted cash flow model is then applied using the determined yield after adjusting for credit risk, in order to calculate the market value.

Insurance and Financial Risk Management *continued*

3.4 Reconciliation of Level 3 Financial Instruments

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

(R'000)	30 June 2024			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 liabilities at fair value through profit or loss	Financial Assets at fair value through profit or loss Fixed interest securities	Financial Assets at fair value through profit or loss unlisted equity securities	Financial liabilities at fair value through profit or loss
Opening balances	1	37,742		28,633	30,728	9,637
Transfer in from level 2		3,850				
Fair value Gain/(Loss)		(2,902)			6,000	(510)
Interest raised during the year		4,723		1,140	4,127	607
Repayments		(4,430)		(29,771)	(3,113)	(9,734)
Closing balance	1	38,983	–	1	37,742	–

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

(R'000)	30 June 2024	30 June 2023
	Financial Assets at fair value through profit or loss unlisted equity securities	Financial Assets at fair value through profit or loss unlisted equity securities
Opening balances	11,165	9,062
Purchases		
Fair value Gain/(Loss)	(839)	1,800
Interest raised during the year	1,417	1,237
Repayments	(1,328)	(934)
Closing balance	10,415	11,165

4. SENSITIVITY ANALYSIS

The Group's profitability and capital base, through its insurance and investment contract operations and financial assets held, are exposed to both financial and insurance risks.

In order to interpret the tables on pages 118 to 122 users are encouraged to understand the basis on which the variables were set and combine this information with other components of the Group Annual Financial Statements. The sensitivities provided are not amounts that can be simply extrapolated to determine prospective earnings forecasts and caution is advised to any user doing this. They do, however, provide insight into the impact that changes in these risks can have on insurance contract liabilities, where applicable, and attributable profit after tax.

Sensitivity ranges

The sensitivity ranges, i.e. the upper and lower limits, are indicative of the range of possible changes as at the reporting date 30 June 2024. The sensitivity analysis below does not include the investment contract business as these liabilities have been exactly matched to assets and the impact of the maturities on profit is immaterial.

Sensitivities provided are as follows:

Financial risk variables

Equity price:	Possible price movements in equities held based on changes in the JSE ALSI.
Interest rate:	Based on a parallel shift in the prevailing interest rate yield curves.
Default:	Where issuers of financial instruments fail to honour their obligations either in part or in full.

4.1 Life Insurance

Life Insurance Risk Variables

Assurance mortality/morbidity: Where actual death or disability rates by age category vary to those assumed on measurement of policies that offer death or disability benefits.

Renewal expenses: Where actual expenses incurred differ to those assumed for maintaining and servicing the in-force contracts.

Withdrawals: The possible change in the expected number of policyholders withdrawing or lapsing benefits prior to the expiry of the contract or the assumed duration of the contract.

Inflation: A shift in the prevailing inflation rate.

The table below summarises the impact of each change to the risk variables outlined above.

Positive numbers represent a decrease in insurance contract liabilities or profit after tax/equity and, correspondingly, negative numbers indicate an increase in insurance contract liabilities or profit after tax/equity.

June 2024 (R'000)	CSM		Profit or loss		Equity	
	Gross	Net	Gross	Net	Gross	Net
Life insurance						
– Risk business						
Claims (and reinsurance)						
– 5% decrease	127,361	127,617	56,211	56,242	56,211	56,242
Lapse/surrender rates						
– 10% decrease	242,837	238,968	179,322	178,203	179,322	178,203
Expenses – 10% decrease	68,476	68,476	43,515	43,515	43,515	43,515
Life insurance						
– Savings business						
Claims (and reinsurance)						
– 5% decrease	4,029	4,022	2,385	2,382	2,385	2,382
Lapse/surrender rates						
– 10% decrease	7,193	7,199	3,474	3,477	3,474	3,477
Expenses – 10% decrease	3,937	3,937	1,927	1,927	1,927	1,927
Life insurance						
– Risk business						
Claims (and reinsurance)						
– 5% increase	(86,960)	(87,155)	(24,140)	(24,159)	(24,140)	(24,159)
Lapse/surrender rates						
– 10% increase	(184,704)	(181,251)	(119,015)	(118,044)	(119,015)	(118,044)
Expenses – 10% increase	(41,928)	(41,927)	(6,235)	(6,235)	(6,235)	(6,235)
Life insurance						
– Savings business						
Claims (and reinsurance)						
– 5% increase	(3,794)	(3,788)	(1,930)	(1,928)	(1,930)	(1,928)
Lapse/surrender rates						
– 10% increase	(6,321)	(6,326)	(2,825)	(2,827)	(2,825)	(2,827)
Expenses – 10% increase	(3,937)	(3,937)	(1,800)	(1,800)	(1,800)	(1,800)

Insurance and Financial Risk Management continued

4.1 Life Insurance (continued)

(R'000)	1% increase in interest rates impact on:		1% decrease in interest rates impact on:	
	Profit or loss	Equity	Profit or loss	Equity
Life insurance – Risk business				
Insurance contracts (net of reinsurance contracts)	(14,694)	(245,327)	16,323	276,746
Life insurance – Savings business				
Insurance contracts (net of reinsurance contracts)	3,467	3,460	(3,791)	(3,783)
(R'000)	1% increase in inflation rates impact on:		1% decrease in inflation rates impact on:	
	Profit or loss	Equity	Profit or loss	Equity
Life insurance – Risk business				
Insurance contracts (net of reinsurance contracts)	(13,719)	(15,299)	72,865	74,522
Life insurance – Savings business				
Insurance contracts (net of reinsurance contracts)	(207)	(207)	447	447
(R'000)	10% increase in equity prices impact on:		10% decrease in equity prices impact on:	
	Profit or loss	Equity	Profit or loss	Equity
Life insurance – Risk business				
Insurance contracts (net of reinsurance contracts)				
Life insurance – Savings business				
Insurance contracts (net of reinsurance contracts)	(12,465)	(12,465)	12,638	12,638

4.1 Life Insurance (continued)

June 2023 (R'000)	CSM		Profit or loss		Equity	
	Gross	Net	Gross	Net	Gross	Net
Life insurance – Risk business						
Claims (and reinsurance) – 5% decrease	111,017	110,886	42,894	42,814	42,894	42,814
Lapse/surrender rates – 10% decrease	298,386	293,849	195,761	194,373	195,761	194,373
Expenses – 10% decrease	58,806	58,806	32,436	32,436	32,436	32,436
Life insurance – Savings business						
Claims (and reinsurance) – 5% decrease	3,171	3,159	2,811	2,807	2,811	2,807
Lapse/surrender rates – 10% decrease	5,421	5,434	9,055	9,063	9,055	9,063
Expenses – 10% decrease	3,235	3,235	2,471	2,471	2,471	2,471
Life insurance – Risk business						
Insurance contracts (net of reinsurance contracts)	(81,113)	(80,963)	(16,584)	(16,515)	(16,584)	(16,515)
Life insurance – Savings business	(216,649)	(212,729)	(126,161)	(125,011)	(126,161)	(125,011)
Insurance contracts (net of reinsurance contracts)	(36,102)	(36,105)	(7,183)	(7,184)	(7,183)	(7,184)
Life insurance – Risk business						
Insurance contracts (net of reinsurance contracts)	(1,838)	(1,828)	(3,731)	(3,727)	(3,731)	(3,727)
Life insurance – Savings business	(1,983)	(1,999)	(5,854)	(5,860)	(5,854)	(5,860)
Insurance contracts (net of reinsurance contracts)	(1,577)	(1,577)	(4,122)	(4,122)	(4,122)	(4,122)

Insurance and Financial Risk Management continued

4.1 Life Insurance (continued)

(R'000)	1% increase in interest rates impact on:		1% decrease in interest rates impact on:	
	Profit or loss	Equity	Profit or loss	Equity
Life insurance – Risk business				
Insurance contracts (net of reinsurance contracts)	(14,461)	(218,508)	16,039	244,868
Life insurance – Savings business				
Insurance contracts (net of reinsurance contracts)	6,025	6,014	(11,107)	(11,095)

(R'000)	1% increase in inflation rates impact on:		1% decrease in inflation rates impact on:	
	Profit or loss	Equity	Profit or loss	Equity
Life insurance – Risk business				
Insurance contracts (net of reinsurance contracts)	(11,781)	(10,453)	56,238	55,013
Life insurance – Savings business				
Insurance contracts (net of reinsurance contracts)	(582)	(582)	429	429

(R'000)	10% increase in equity prices impact on:		10% decrease in equity prices impact on:	
	Profit or loss	Equity	Profit or loss	Equity
Life insurance – Risk business				
Insurance contracts (net of reinsurance contracts)				
Life insurance – Savings business				
Insurance contracts (net of reinsurance contracts)	(12,605)	(12,605)	12,780	12,780

4.2 Non-life Insurance

Non-life Insurance Risk Variables

Value of claims: Where actual claims incurred differ from historical claims incurred.

Duration of settlement: Where actual time taken to settle claims varies.

The table below summarises the impact of each change to the risk variables outlined above.

Positive numbers represent a decrease in insurance contract liabilities or profit after tax/equity and, correspondingly, negative numbers indicate an increase in insurance contract liabilities or profit after tax/equity.

In each sensitivity calculation, all other assumptions remain unchanged.

June 2024 (R'000)	Profit or loss		Equity	
	Gross	Net	Gross	Net
Non Life insurance				
Net Claims: 5% decrease	233	233	233	233
Non Life insurance				
Net Claims: 5% increase	(245)	(245)	(245)	(245)

June 2024 (R'000)	1% increase in interest rates impact on:		1% decrease in interest rates impact on:	
	Profit or loss	Equity	Profit or loss	Equity
Non Life insurance				
Insurance contracts (net of reinsurance contracts)	40	40	(41)	(41)

4.2 Non-life Insurance (continued)

June 2023 (R'000)	Profit or loss		Equity	
	Gross	Net	Gross	Net
Non Life insurance				
Net Claims: 5% decrease	271	271	271	271
Non Life insurance				
Net Claims: 5% increase	(285)	(285)	(285)	(285)

June 2023 (R'000)	1% increase in interest rates impact on:		1% decrease in interest rates impact on:	
	Profit or loss	Equity	Profit or loss	Equity
Non Life insurance				
Insurance contracts (net of reinsurance contracts)	37	37	(38)	(38)

Group Non-insurance related sensitivity analysis

June 2024 (R'000)	Impact on liabilities	Impact on profit after tax
Equity price -10% decrease		(424,773)
Equity price +10% increase		409,270
Interest rate -1% decrease*	942	667
Interest rate +1% decrease*	(942)	(667)

June 2023 (R'000)	Impact on liabilities	Impact on profit after tax
Equity price -10% decrease		(364,740)
Equity price +10% increase		409,405
Interest rate -1% decrease*	14	(10)
Interest rate +1% decrease*	(14)	10

* Includes non-life only, as the Life sensitivity on interest rates is implicit in the insurance contracts.

MATERIAL ACCOUNTING POLICIES

for the year ended 30 June 2024

1. INTRODUCTION

The Group adopted the following policies in preparing its consolidated and separate Annual Financial Statements.

2. BASIS OF PREPARATION OF THE STATEMENTS

The consolidated and separate Annual Financial Statements (hereafter referred to as Annual Financial Statements) have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the Listing Requirements and the Companies Act. These consolidated and separate Annual Financial Statements have been prepared on the historical cost basis, as modified by the revaluation of owner-occupied properties, financial assets (except for financial assets at amortised cost), financial liabilities and the valuation of insurance and reinsurance contracts. The Directors are of the opinion that the Group is financially sound and operates as a going concern. The Group and Company Annual Financial Statements have, accordingly, been prepared on this basis.

The preparation of consolidated and separate Annual Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. There are areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated and separate Annual Financial Statements.

The accounting policies and basis of preparation for the 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.

All amounts in the notes are shown in thousands of Rand, rounded to the nearest thousand, unless otherwise stated.

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)
- Amendments to IAS 7 – Statement of Cash Flows
- IFRS 18 – Presentation and Disclosure in Financial Statements

Apart from IFRS 17, the Group was not materially impacted by Standards and amendments that are effective 1 January 2023.

The Group does not expect the 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.

3. BASIS OF CONSOLIDATION

The Group Annual Financial Statements consolidate the Annual Financial Statements of the Company and its subsidiaries.

Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

3.1 Investment in Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of an acquisition transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets and liabilities acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as Goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the SOCI.

Material Accounting Policies continued

The Group recognises any non-controlling interest either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Total comprehensive income is attributed to the equityholders of the Group and to the non-controlling interest shareholders based on their percentage shareholding, even if this results in the non-controlling interest shareholders having a deficit balance.

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated.

Interest in subsidiaries in the Company's Annual Financial Statements are valued at cost less any impairments. When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in Other Comprehensive Income are reclassified to profit or loss.

3.1.1 Goodwill and Goodwill impairment

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). After initial measurement, goodwill is carried at cost less accumulated impairment losses.

Goodwill is not amortised but is reviewed for impairments at least once annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

An impairment loss is recognised when the carrying amount of the cash-generating unit (CGU) exceeds its recoverable amount, being the higher of value in use and the fair value less costs to sell. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to a CGU and then to reduce the carrying amount of other assets on a pro rata basis. Impairment losses are recognised in operating expenses in the SOCI and are not subsequently reversed.

3.2 Investment in Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies.

If the Group holds, directly or indirectly (e.g. through subsidiaries), 20 per cent or more of the voting power of the entity, it is presumed that the Group has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the Group holds, directly or indirectly (e.g. through subsidiaries), less than 20 per cent of the voting power of the entity, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence.

The Group applies the equity method as per IAS 28 Investments in Associates and Joint Ventures, to account for an investment in associate. Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's share of the associate's profit or loss is recognised in the Group's profit or loss. Distributions received from an associate reduce the carrying amount of the investment.

3.3 Accounting for Transactions under Common Control

Common control transactions are business combinations in which all of the combining entities (subsidiaries) are ultimately controlled by the same party before and after the transaction, and the control is not transitory. These transactions are accounted for at predecessor values. Predecessor values are considered to be the book value of assets and liabilities acquired as accounted for in the Annual Financial Statements of the highest entity under common control and the Group does not restate assets and liabilities to their fair values. Instead the Group incorporates the assets and liabilities at the amounts recorded in the books of the combined entities.

The cost of an acquisition of a subsidiary under common control is measured as the book value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are recognised in profit or loss. No goodwill arises in predecessor accounting. The difference between the cost of the acquisition and the predecessor value of the net assets acquired is taken to equity and disclosed as a common control reserve or deficit.

The Annual Financial Statements incorporate the combined companies' results as if the companies had always been combined. Consequently under predecessor accounting, the Annual Financial Statements reflect both companies' full year results even though the business combination may have occurred part way through the year.

Material Accounting Policies *continued*

4. FOREIGN CURRENCIES

The Group's presentation and functional currency is South African Rand (ZAR).

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies different to the functional currency at the SOFP date are translated into the functional currency at the SOFP date at the ruling rate at that date. Foreign exchange differences are recognised in profit or loss.

5. INTANGIBLE ASSETS

Research costs – being the investigation undertaken with the prospect of gaining new knowledge and understanding, are recognised in profit or loss as they are incurred. Development costs – costs that are clearly associated with an identifiable system, which will be controlled by the Group and have a probable benefit exceeding the cost beyond one year, are recognised as an asset. Development expenditure is capitalised only if the development costs can be measured reliably, completion of the development of the software is technically and commercially feasible, the Group intends to demonstrate that the intangible asset will be used to generate future economic benefits, the Group intends to and has sufficient resources to complete development and to use the asset and the Group can demonstrate the ability to use or sell the intangible asset. These costs comprise all directly attributable costs necessary to create, produce and prepare the asset for its intended use, such as costs of materials and employee services used or consumed in generating the intangible asset.

5.1 Amortisation

Computer software development costs are amortised in the SOCI on a straight-line basis at rates appropriate to the expected life of the asset. Amortisation of computer software commences from the date the intangible asset becomes available for use. As the software costs are proprietary and specific to the Group operations, no residual value is estimated. The useful lives are assessed on an annual basis.

Computer software costs recognised as intangible assets are amortised over the useful lives, which do not exceed 5 years.

5.2 Impairment

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

6. PROPERTY AND EQUIPMENT

Equipment is stated at cost less accumulated depreciation and impairment losses. Repairs and maintenance, which neither materially adds to the value of assets nor appreciably prolong their useful lives, are recognised in the SOCI.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the SOCI during the financial period in which they are incurred.

When significant components of equipment have different useful lives, those components are accounted for and depreciated as separate items.

Land and buildings held for use for administrative purposes are classified as owner-occupied properties and stated at fair value, determined from market-based evidence by appraisals which for material properties is undertaken by professional valuers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed at least once every year to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the SOFP date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the SOCI.

Material Accounting Policies *continued*

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the SOCI in other operating income or operating expenses. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

6.1 Depreciation

Depreciation is recognised in the SOCI on a straight-line basis at rates appropriate to allocate their costs or revalued amounts to their residual values over their estimated expected useful lives. Depreciation is calculated on the cost less any impairment and taking into account expected residual value. The estimated useful lives result in the depreciation rates applied which are as follows:

Computer equipment and purchased computer software	20% – 33.33%
Furniture and equipment	10% – 50%
Motor vehicles	25%
Leasehold improvements	The lease term or useful life, whichever is the shorter period
Buildings	2.5%
Solar panels	5%

The residual values and useful lives are reassessed on an annual basis. Land is not depreciated.

Where the estimated residual value (based on historical trends and future expectations with regard to property values) exceeds the current carrying amount, the assets' depreciation charge for the period is zero.

6.2 Impairment

Property and equipment which is subject to depreciation is assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

7. INVENTORIES

Inventories (which include vouchers, sim cards and IFA marketing materials) are measured at the lower of cost and net realisable value. The cost of inventory is determined using the weighted average method. Cost comprises direct materials and, where applicable, overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

8. FINANCIAL INSTRUMENTS

8.1 Financial Assets

8.1.1 Classification

The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss; and,
- those to be measured at amortised cost.

(i) Classification of financial assets at amortised cost:

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows; and,
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Material Accounting Policies continued

(ii) Classification of financial assets at fair value through profit or loss.

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- Debt investments that do not qualify for measurement at either amortised cost or Fair Value through Other Comprehensive Income (FVOCI);
- Equity investments;
- Assets designated at FVPL; and,
- Debt instruments that are held for trading.

Under these criteria, the main classes of financial assets at FVPL are promissory notes and fixed deposits, funds on deposit, fixed interest securities, government and public authority bonds, listed equity securities and unlisted equity securities.

For promissory notes backing guaranteed and linked investment contracts an accounting mismatch between the financial assets and the financial liabilities is avoided through the designation of these assets as fair value through profit or loss in terms of paragraph 4.1.5 of IFRS 9. The liability is designated at fair value through profit or loss in line with the basis on which these are managed.

Assets included in the Melville Douglas Portfolios include listed Equities, Exchange Traded Funds, Fixed Interest Instruments, Money Market Instruments and Mutual Funds. Neither the criteria for measurement at “amortised cost” (“business model” and “SPPI” tests) nor the criteria for “fair value measurement through other comprehensive income” have been met for the assets held within the Melville Douglas Portfolios backing the unitised Investment Policies. These assets within the Melville Douglas Portfolio are held for sale and are therefore measured at fair value through profit or loss.

(iii) Classification of trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore classified as current. Trade receivables are initially recognised at the amount of consideration that is unconditional, unless they contain significant financing components, subject to which they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in the credit risk note as part of Risk Management on pages 109 to 114.

8.1.2 Initial measurement

Purchases and sales of financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised as follows:

- Fair value through profit or loss – at fair value. Transaction costs are expensed;
- Amortised cost – measured initially at its fair value, net of transaction costs incurred; and,
- Trade receivables – at fair value plus transaction costs that are directly attributable to their acquisition.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or where they have been transferred and the Group has also transferred substantially all the risks and rewards of ownership.

8.1.3 Subsequent measurement

Financial assets at fair value through profit or loss

Financial assets which are designated or mandatorily classified at fair value through profit or loss are subsequently measured at fair value and the fair value adjustments are recognised in profit or loss.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. Fair values for quoted financial assets are based on the quoted closing prices at the close of business on the last trading day on or before the SOFP date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions. If a quoted price is not available in an active market the fair value is estimated using the repurchase price for unit trusts or discounted cash flow techniques for other financial instruments.

Financial assets held at amortised cost

Subsequent to initial recognition financial assets are carried at amortised cost using the effective interest rate method less any required ECL.

Trade receivables

Subsequent to initial recognition trade receivables, are held with the objective to collect contractual cash flows and are therefore measured at amortised cost using the effective interest rate method less any required ECL.

8.1.4 Impairment model (Expected credit losses)

The Group assesses the expected credit losses associated with its debt instruments carried at amortised cost and financial guarantees incorporating forward looking information. The impairment methodology applied depends on whether there has been a significant increase in credit risk, which is indicated by, *inter alia* a deterioration in the counterparty risk or a repayment default by a counterparty. "The probability of default and the loss given default factors are used to determine the ECL".

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the receivables.

8.2 Financial liabilities

8.2.1 Financial liabilities at fair value through profit or loss

The Group issues contracts with guaranteed terms which include a guaranteed endowment policy with a term of five years with a guaranteed value at maturity ("Guaranteed Growth Plan") and a guaranteed annuity product with 60 equal monthly payments and a guaranteed value at maturity ("Income Plan"). The Group also issues linked endowment contracts with terms of five years where the value at maturity is linked to the underlying investment performance. These contracts are recognised on initial recognition at fair value. Subsequently, these contracts are measured at fair value which is determined by discounting the monthly payments and maturity values. The monthly payments and maturity values are discounted at the risk-free rate with an adjustment for credit risk where appropriate. Any initial profit on recognition is subsequently recognised as costs to provide investment management services are incurred.

The Group at initial recognition irrevocably chose to measure these liabilities at fair value through profit or loss as these liabilities are managed and their performance evaluated on a fair value basis as it significantly reduces the measurement and/or recognition inconsistency that would arise from measuring the financial assets on a different basis. The liability is therefore measured at fair value through profit and loss in order to match the asset.

The Group further issues recurring premium savings policies, which are distributed via the Telesales channel. This contract is recognised on initial recognition at fair value, which is the transaction price. Subsequently, these contracts are measured at fair value which is determined by the discounted expected future cash flows, but where higher, limited to be no less than the on-demand surrender value.

Material Accounting Policies *continued*

8.2.2 Financial liabilities at amortised cost

Financial liabilities are carried at amortised cost using the effective interest method.

8.2.3 Loans at amortised cost

Loans at amortised cost are initially measured at fair value, net of transaction costs incurred. Loans are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the SOCI over the period of the loan using the effective interest method.

Financial liabilities are derecognised when the obligation to settle the liabilities has expired.

8.2.4 Contract modifications

Where an existing financial liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the rerecognition of a new liability at fair value, with the difference in the respective carrying amounts being recognised as a movement in ECL in profit or loss.

In assessing whether a financial liability was substantially modified, the Group performs a quantitative assessment to determine if the terms were substantially modified.

9. DIVIDEND DISTRIBUTION

Dividend distributions to the Group's shareholders are recognised in the Statement of Changes in Equity when declared and, if not paid then, as a liability in the Group's consolidated and separate Annual Financial Statements in the period in which the dividends are approved by the Group's Directors.

10. IFRS 17 'INSURANCE CONTRACTS'

10.1 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.

10.2 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.

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.

Material Accounting Policies *continued*

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.

Material Accounting Policies *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.

10.2.1. 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.

10.2.2. 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:

- contracts that are onerous at initial recognition;
- contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and,
- 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.

Material Accounting Policies *continued*

10.3 Explanation of recognised insurance amounts in profit or loss

This section describes how amounts related to insurance contracts are presented and disclosed in the annual 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.

10.3.1 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.

10.3.2 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.

10.3.3 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.

10.3.4 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.

Material Accounting Policies continued

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.

10.3.5 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.

10.4 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).

10.4.1 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.

10.4.2 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.

Material Accounting Policies *continued*

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	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. 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.
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.

10.4.3. 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.

Material Accounting Policies *continued*

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.

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 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 with 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 costs is calculated on a systematic and rational basis to allocate the costs to portfolios 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.

Material Accounting Policies *continued*

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.

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.

Material Accounting Policies *continued*

10.4.4 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.

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).

Material Accounting Policies continued

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 and 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.

Material Accounting Policies *continued*

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.

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.

10.4.5 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.

10.4.6 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.

10.5. 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 IFRS 17 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.

Material Accounting Policies *continued*

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.

11. INTEREST INCOME AND EXPENSES

The Group recognises interest income and expenses in the SOCI for all interest-bearing financial instruments based on amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and allocating the interest income or expense over the average expected life of the financial instrument.

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised either over time or at a point in time, as or when the Group satisfies performance obligations and transfers control of goods or services to its customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for these goods or services, allocated to each specific performance obligation. Revenue is measured at the fair value of the consideration received or receivable.

12.1 IFA annuity fee

The monthly annuity fees received from IFA members in respect of services provided to them over time.

The Group recognises revenue over time.

12.2 Loyalty Benefits

Fee income received in respect of loyalty benefits is recognised as the service is rendered. Services are rendered over the expected duration of the contract at a fixed contract price.

The Group recognises revenue over time.

12.3 Non – Insurance Benefits

Fee income received from other non-insurance benefits is recognised as the service is rendered. Services are rendered over the expected duration of the contract at a fixed contract price.

The Group recognises revenue over time.

12.4 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.

12.5 December is on Us Liability

CBC Rewards has raised a "December is on Us" Liability which relates to a campaign initiated to fund customers' monthly fee for the month of December. The monthly fee will be paid for customers who are both Debi-Checked and pay their monthly fee continuously until the month of November. This reserve allows for the assumed fee amount that is expected to be funded for the next December.

13. OTHER INCOME

Other income is measured based on the consideration specified in a contract and excludes amounts collected on behalf of third parties. The Group recognises other income when it transfers control over a product or service to a customer.

14. DIVIDEND REVENUE

Dividends are recognised in the Annual Financial Statements when the right to receive payment is established.

15. TAXATION

The tax charge comprises current tax, deferred tax and DWT. The income tax expense is recognised in the profit and loss component of the SOCI, except to the extent that it relates to items recognised directly in Other Comprehensive Income, in which case it is recognised in Other Comprehensive Income.

15.1 Current Tax

Current tax, including capital gains tax, is the expected tax payable, using tax rates enacted at the SOFP date, including any prior year over- or under-provision. The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

15.2 Deferred Tax

Deferred tax is provided in full using the liability method. Provision is made for deferred tax attributable to temporary differences in the accounting and tax treatment of items in the Group consolidated and separate Annual Financial Statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss then it is not recognised. Deferred tax is recognised for all temporary differences, at enacted or substantially enacted rates of tax at the SOFP date. A deferred tax asset is recognised for the carry forward of unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which it can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

15.3 Dividend withholding Tax

Shareholders are subject to DWT on dividends received, unless they are exempt in terms of the current tax law. DWT is levied at 20% of the dividend received. The DWT is categorised as a withholding tax, as the tax is withheld and paid to the tax authorities by the company paying the dividend or by a regulated intermediary and not the beneficial owner of the dividend.

15.4 Other indirect taxes

Other indirect taxes include various other taxes paid to central and local governments, including Value Added Tax. Indirect taxes are recognised as part of operating expenditure for the long-term insurance business.

16. ACCRUALS AND PAYABLES

Accruals and payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accruals and payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Material Accounting Policies *continued*

17. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation of uncertain timing or amount, as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. When the effect of discounting is material, provisions are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money. Provisions are reviewed at the end of each financial year and are adjusted to reflect current best estimates of expenditure required to settle the obligations.

18. EMPLOYEE BENEFITS

18.1 Incentive Bonus Schemes

The Group provides an Incentive Scheme for Excom, which is based on individual performance, linked to and dependent upon profitability and, in particular, growth in the Group's EV and the creation of Goodwill. The Scheme comprises two elements, namely an EV element (which all of Excom participates in) and a Goodwill element (which Group Excom participates in).

EV Scheme

The EV Scheme component is based on growth in EV, as confirmed by the Group's External Actuaries and approved by the Group Remuneration Committee, and is payable over a four year period. Two pools are created based on achievement of certain criteria. There is a "clawback" on Pool 1 if the pre-determined assumptions are not met, which is deducted from non-vested amounts earned but not yet paid.

The vested amount (payable after year-end) in respect of employed scheme participants as well as the "guaranteed portion" in respect of retired employees are provided for at the balance sheet date. The payment of the vested portion is taken against the provision, and any shortfall or excess is realised through profit or loss.

Goodwill Scheme

The Goodwill Scheme component recognises the creation of value in excess of EV.

The Group recognises a provision and an expense for the Goodwill Scheme component based on a formula that takes into consideration the conditions of the Bonus Scheme.

The Goodwill element created is measured in five year cycles.

The Goodwill element created is determined with reference to the VNB (as certified by the Group's External Actuaries) in the fifth year of a cycle and by applying a multiple, as approved by the Board on recommendation of the Group Remuneration Committee having regard to criteria included in the Incentive Scheme rules. An adjustment is made, positive or negative, if actual experience differs by a pre-determined percentage compared to the assumptions used in calculating the Goodwill element. The fourth cycle commenced on 1 July 2017 and ended on 30 June 2022.

The fifth cycle commenced on 1 July 2022 and ends on 30 June 2027, is measured over a 5 year period and is based on a weighted average of the VNB created during the five-year cycle in determining the pool.

A provision is recognised in the SOFP and an expense in the SOCI in respect of the Goodwill Scheme component at the present value of the obligation at the SOFP date together with adjustments for unrecognised actuarial gains or losses and past service costs. The Goodwill Scheme component obligation is calculated annually using the projected unit credit method. The present value of the Goodwill Scheme component obligation is determined by discounting the estimated future cash outflows using a risk-free interest rate.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit or loss as they arise each year.

Past-service costs are charged against profit or loss in the period in which they arise.

18.2 Retirement Benefits

The majority of the Group's employees are members of the Clientèle Life Provident Fund.

The Group operates a defined contribution provident fund for its employees, the assets of which are held in a separate trustee administered fund. The Clientèle Life Provident Fund is governed by the Pension Fund Act of 1956. The fund is funded by contributions by the Group which are charged to profit or loss in the year to which they relate.

The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

18.3 Share-Based Payments

The Group operates an equity-settled share-based compensation plan in the form of the BR Scheme.

The fair value of the employee services received in exchange for the grant of BRs are recognised as an expense and calculated at the grant date using the Black-Scholes model.

The grant by the Company of BRs to the employees of the subsidiaries in the Group is treated as a capital contribution to the subsidiary. The fair value of the employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to the investment in the subsidiaries, in the holding company, with a corresponding credit to equity (BR Scheme Reserve) in the Group consolidated and separate Annual Financial Statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the BRs granted, excluding the impact of any non-market vesting conditions. Non-market performance vesting conditions are included in assumptions about the number of BRs that are expected to become exercisable.

At each SOFP date, the entity revises its estimates of the number of BRs that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the SOCI, and a corresponding adjustment to equity over the remaining vesting period.

When the BRs vest and are exercised, the Company issues new shares. The fair value of the shares issued at exercise date is credited to share capital (nominal value) and share premium, with a debit to the BR Scheme Reserve (equity) for the grant date fair value. Any difference between the grant date fair value and the exercise date fair value is debited/credited to retained earnings.

The exercising by employees of their rights results in a realisation of the investment for which there is a recharge to the subsidiaries. The recharge is a repayment arrangement which requires the subsidiaries to repay the Company for the provision of the equity settled share-based payments to the suppliers of goods and services (being the employees of the subsidiaries). The recharge is determined by reference to the fair value at exercise date.

The investment in the subsidiary is accordingly reduced by the corresponding cumulative grant date fair value in respect of the BRs exercised in that period, and the amount by which the recharge exceeds the cumulative grant date fair value in respect of the BRs exercised is considered a deemed distribution and credited to the SOCI in the Company.

The cash received in respect of the recharge is reflected in the Group consolidated and separate Annual Financial Statement of cash flows as follows:

- The cash received in respect of the grant date fair value is included in investment activities as proceeds from receiving a capital repayment by the subsidiary in respect of the issue of share capital.
- The cash in respect of the amount by which the recharge exceeds the cumulative grant date fair value is included under cash generated by operations.

This transaction is eliminated in the Statement of Cash Flows on consolidation.

19. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker that makes strategic decisions and who is responsible for allocating resources and assessing performance of the operating segments has been identified as Group Excom.

The Group's operations are analysed across four reportable operating segments. The Group Excom, with the support of the Board, was responsible for the assessment of performance and the allocation of resources for the continuing business operations during the year under review. The Group's operating segments have been identified based on the internal management reporting structure which reflects the nature of products and services within each of the Group's business lines. This is consistent with the way the Group manages the business. The four reportable operating segments, based on the four principal lines of business from which the Group generates revenue are Life Insurance, Non-Life Insurance, CBC Rewards, Clientèle Mobile and Direct Rewards, and Holding Entity and Properties.

Segment information is prepared in conformity with the measure that is reported to Group Excom. These values have been reconciled to the Group consolidated and separate Annual Financial Statements. The measure reported by the Group is in accordance with the accounting policies adopted for preparing and presenting the Group consolidated and separate Annual Financial Statements.

The segment assets, liabilities, revenue and expenses comprise of all assets, liabilities, revenue and expenses which are directly attributable to the segment, or can be allocated to the segment on a reasonable basis. The Group accounts for inter-segment revenues and transfers as if the transactions were with third parties at current market prices.

Capital expenditure on property and equipment and intangible assets has been allocated to the segments to which it relates.

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2024

Group					Company	
(R'000)	Notes	2024	Restated* 2023	Restated* 2022	2024	2023
Assets						
Goodwill ¹	2	8,412	8,412	–	–	–
Owner-occupied properties ²	3	435,372	422,667	412,318	–	–
Intangible assets	4	28,856	32,725	43,165	–	–
Property and equipment	5	54,496	44,871	43,689	–	–
Deferred tax ³	6	124,605	199,788	111,710	1,413	2,388
Insurance contract assets	7	3,173,456	2,947,384	2,860,400	–	–
Reinsurance contract assets	7	71,674	73,298	84,494	–	–
Financial assets at fair value through profit or loss	8	6,852,711	10,953,097	9,198,483	10,415	52,916
Financial assets at amortised cost	9	20,479	272	27,357	–	–
Deferred acquisition cost	10	123,499	166,128	110,990	–	–
Inventories		4,722	4,320	5,037	–	–
Investment in subsidiaries	11				311,640	312,375
Investment in associate	12	–	–	5,837	–	–
Loans to subsidiaries	13				86,056	49,453
Trade receivables	14	57,587	57,758	44,729	977	1,073
Current tax receivable		18,019	2,021	–	674	913
Cash and cash equivalents	15	317,050	249,540	502,000	3,183	4,415
Total assets		11,290,938	15,162,281	13,450,209	414,358	423,533
Equity						
Share capital	16	6,707	6,706	6,706	6,707	6,706
Share premium	16	389,261	389,135	389,135	389,261	389,135
Common control deficit	16	(220,273)	(220,273)	(220,273)		
Total equity		175,695	175,568	175,568	395,968	395,841
Retained earnings (loss)		2,855,429	2,945,361	3,003,690	(22,353)	(8,164)
Bonus Rights Scheme Reserve	17	27,347	27,294	25,362	27,347	27,294
Non controlling interest: Direct Rewards		5,375	3,076	–	–	
Non distributable reserve: Revaluation	18	68,311	60,598	55,422		
Insurance finance reserve		150,694	(94)	14,591		
Total equity and reserves		3,282,851	3,211,803	3,274,633	400,962	414,971
Liabilities						
Deferred tax	6	835,647	781,568	831,766	–	–
Financial liabilities held at amortised cost	19	119,481	150,742	215,443	–	–
Insurance contract liabilities	7	520,055	507,055	448,668	–	–
Investment contract liabilities	20	5,884,738	9,822,998	8,149,168	–	–
Loans at amortised cost	21	204,806	100,000	100,000	–	–
Financial guarantee liability ⁴	22	2,000	2,000	2,000	2,000	2,000
Deferred revenue	23	227,856	359,862	210,491	–	–
Employee benefits	24	96,200	88,800	77,708	–	–
Loans from subsidiaries					10,240	–
Accruals and payables	25	117,304	124,745	117,408	1,156	6,562
Current tax		–	12,708	22,924	–	–
Total liabilities		8,008,087	11,950,478	10,175,576	13,396	8,562
Total equity and liabilities		11,290,938	15,162,281	13,450,209	414,358	423,533

* Refer to restatement note 39 on page 222.

1. 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.
2. Owner-occupied properties are disclosed at level 3 in the fair value measurement hierarchy.
3. 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 15 and the tax note 39 on page 218).
4. The financial guarantee liability is in respect of guarantees issued. (Refer to the Capital and Other Commitments note 40 on page 225).

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2024

(R'000)	Notes	Group		Company	
		2024	Restated* 2023	2024	2023
Insurance service result					
Insurance revenue	26	1,931,131	1,954,147	–	–
Insurance service expenses	26	(1,735,895)	(1,760,818)	–	–
Income/(expense) from reinsurance contracts	26	(23,686)	(28,136)	–	–
Total insurance service result		171,550	165,193	–	–
Net investment result					
Fair value adjustments to financial assets at fair value through profit or loss	27	843,601	765,677	1,312	8,374
Change in investment contract liabilities		(579,536)	(625,748)	–	–
Finance cost on financial liabilities at amortised cost	19	(9,199)	(15,107)	–	–
Total net investment result		254,866	124,822	1,312	8,374
Net insurance finance income (expense)					
Insurance finance income (expense)	26	194,163	163,223	–	–
Reinsurance finance income (expense)	26	13,176	11,291	–	–
Total net insurance finance income (expense)		207,339	174,514	–	–
Net insurance and investment result¹		633,755	464,529	1,312	8,374
Revenue from contracts with customers ²	28	380,438	341,976	–	–
Cost of Sales		(40,541)	(24,849)	–	–
Dividend Revenue				420,682	403,889
Other income	30	1,597	5,728	–	37
Interest income	31	16,323	15,135	285	396
Interest income on financial assets at amortised cost	31	644	440	–	–
Movement in expected credit loss		2,477	654	3,303	–
Interest Expense		(23,968)	(10,326)	–	–
Operating expenses	33	(420,696)	(418,752)	(19,405)	(11,265)
Net Profit before tax		550,029	374,535	406,177	401,431
Tax	34	(216,120)	(28,130)	(1,215)	(320)
Net Profit for the year		333,909	346,405	404,963	401,111
Attributable to:					
Non-Controlling interest		3,972	2,359	–	–
Equity holders of the Group – ordinary shareholders		329,937	344,046	404,963	401,111
Net Profit for the year		333,909	346,405	404,963	401,111
Other Comprehensive Income					
Items that will be reclassified subsequently to profit or loss					
Profit/(loss) on property revaluation		10,489	6,746	–	–
Income tax relating to property revaluation		(2,776)	(1,569)	–	–
Items that will not be reclassified subsequently to profit or loss					
Movement in insurance finance reserve		206,559	(20,117)	–	–
Tax on movement in insurance finance reserve		(55,771)	5,431	–	–
Total comprehensive income for the year		492,410	336,896	404,963	401,111
Earnings per share (cents)	36	98.39	102.60		
Diluted Earnings per share (cents)	36	98.27	102.52		

* Refer to restatement note 39 on page 222.

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 213.

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2024

(R'000)	Share capital	Share premium	Common control deficit	Sub-total
Balance as at 1 July 2022	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				–
Balance as at 30 June 2023	6,706	389,135	(220,273)	175,568
Balance as at 1 July 2023	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 ¹	1	126		127
Bonus Rights Scheme allocated				–
Non-controlling interest – Direct Rewards				–
Balance as at 30 June 2024	6,707	389,261	(220,273)	175,695

(R'000)	Retained earnings	Bonus Rights Scheme Reserve ¹	Non-controlling interest	Non-distributable reserves: revaluation	Insurance finance reserve	Total
Balance as at 1 July 2022	821,112	25,362	–	55,422	–	1,077,464
IFRS 17 Transition Adjustment²	2,182,578	–	–	–	14,591	2,197,169
Restated Balance as at 1 July 2022	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
Balance as at 30 June 2023 restated	2,945,361	27,294	3,076	60,598	(94)	3,211,803
Restated Balance as at 1 July 2023	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)
Balance as at 30 June 2024	2,855,429	27,347	5,375	68,311	150,694	3,282,851

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

2. Refer to restatement note 39 on page 222.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2024

(R'000)	Share capital	Share premium	Retained earnings/(loss)	Scheme reserve	Total
Balance as at 1 July 2022	6,706	389,135	(6,438)	25,362	414,765
Ordinary dividends			(402,386)		(402,386)
Net profit for the year			400,661		400,661
BR scheme allocated				1,932	1,932
Balance as at 30 June 2023	6,706	389,135	(8,164)	27,294	414,971
Balance as at 1 July 2023	6,706	389,135	(8,163)	27,294	414,971
Ordinary dividends			(419,152)		(419,152)
Net profit for the year			404,963		404,963
Shares issued	1	126			127
BR scheme allocated				53	53
Balance as at 30 June 2024	6,707	389,261	(22,353)	27,347	400,962

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2024

(R'000)	Notes	Group		Company	
		2024	Restated 2023*	2024	Restated 2023 ⁴
Net profit before tax		550,029	374,535	406,177	401,431
Adjusted for non-cash items ¹	37	(680,151)	(511,909)	(4,615)	(7,844)
Separately disclosable items ^{4,5}	37	(92,032)	(109,840)	(422,975)	(407,598)
Working capital changes	37	359,910	434,135	(4,622)	5,619
Acquisition of financial assets	8	(1,526,926)	(3,538,799)	(315)	(9,170)
Disposal of financial assets	8	6,470,913	2,548,577	44,128	12,634
Increase in financial liabilities	19,20	816,175	3,649,205	–	–
Decrease in financial liabilities	19,20	(5,359,845)	(2,589,186)	–	–
Cash generated from operations		538,073	256,718	17,778	(4,928)
Interest received		65,362	74,933	664	2,043
Dividends received ⁴		26,670	34,907	422,311	405,555
Dividends paid	29	(420,622)	(404,208)	(419,152)	(402,261)
Taxation paid	35	(174,110)	(174,627)	–	–
Cash flows from operating activities		35,373	(212,277)	21,601	409
Acquisition of intangible assets	4	(10,031)	(10,923)	–	–
Acquisition of property and equipment	5	(24,479)	(14,236)	–	–
Acquisition of owner-occupied properties	3	(2,216)	(3,603)	–	–
Proceeds from disposal of property and equipment, and intangible assets	4,5	–	13	–	–
Additions to financial assets at amortised cost	9	(20,000)	(300)	–	–
Repayment of financial assets at amortised cost	9	420	–	–	–
Repayment of loans to/(from) subsidiaries				1,800	1,400
Increase in loans to subsidiaries				(35,000)	(6,700)
Net cash from acquisition of subsidiary		–	(808)	–	(3,218)
Cash flows from investing activities		(56,306)	(29,857)	(33,200)	(8,518)
Proceeds from issuing of shares		127	–	127	–
Increase in loans from subsidiaries				10,240	–
Proceeds from loans at amortised cost ²		204,806	–	–	–
Repayment of loans at amortised cost ³	21	(116,490)	(10,326)	–	–
Cash inflows/(outflows) from financing activities		88,443	(10,326)	10,367	–
Increase/(decrease) in cash and cash equivalents		67,510	(252,460)	(1,232)	(8,109)
Cash and cash equivalents at beginning of year		249,540	502,000	4,415	12,524
Cash and cash equivalents at end of the year		317,050	249,540	3,183	4,415

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

2 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.

3 Repayment of external loans for the property entities.

4 The Company amounts have been restated. Refer to the restated disclosure in Note 37.

5 Include interest and dividends received.

* Refer to restatement note 39 on pages 222 to 224.

SEGMENT INFORMATION

as at 30 June 2024

BASIS OF SEGMENTATION

The Group's operations are analysed across four reportable operating segments, based on the four principal lines of business from which the Group generates revenue, being Life Insurance, Non-Life Insurance, CBC Rewards, Clientèle Mobile and Direct Rewards, and Holding Entity & Properties.

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.

The Life insurance segment incorporates the sale and administration of long-term insurance risk policies (Refer to Insurance and Financial Risk Management Note 4.1 on page 118).

The Non-Life insurance segment incorporates the sale and administration of legal advice policies concluded under the short-term insurance license (Refer to Insurance and Financial Risk Management Note 4.2 on page 121).

The CBC Rewards, Clientèle Mobile and Direct Rewards segment incorporates the sale and administration of loyalty rewards contracts as well as cellular sim cards, mobile data and airtime to clients.

Clientèle is the Holding Company of the Group. The property entities incorporate transactions associated with owner-occupied properties (which transactions occur at Group level).

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
Assets						
Goodwill ¹					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
Total assets	10,770,724	405,555	62,862	929,112	(877,315)	11,290,938

1. 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.

Segment Information continued

Segment Statement of Financial Position continued

June 2024 (R'000)	Life Insurance	Non-life Insurance	CBC Rewards, Mobile & Direct Rewards	Holding entity & Property	Consoli- dation entries	Total
Equity						
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)
Total equity	4,853	42,500	2,510	395,968	(270,136)	175,695
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
Total equity and reserves	2,871,729	291,619	(48,547)	500,361	(332,311)	3,282,851
Liabilities						
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						–
Total liabilities	7,898,995	113,936	111,409	428,752	(545,004)	8,008,087
Total equity and liabilities	10,770,724	405,555	62,862	929,112	(877,315)	11,290,938

Segment Information continued

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
Assets						
Goodwill ¹					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
Total assets	14,766,935	391,069	44,507	844,050	(884,280)	15,162,281
Equity						
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)
Total equity	4,853	42,500	2,510	395,841	(270,136)	175,568
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)
Total equity and reserves	2,803,196	255,941	(26,018)	500,416	(321,732)	3,211,803
Liabilities						
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
Total liabilities	11,963,739	135,128	70,525	343,634	(562,548)	11,950,478
Total equity and liabilities	14,766,935	391,069	44,507	844,050	(884,280)	15,162,281

1. 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.

Segment Information continued

Statement 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
Insurance service result						
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)
Total insurance service result	25,189	146,361	–	–	–	171,550
Net investment result						
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)
Total net investment result	238,636	27,319	–	1,312	(12,401)	254,866
Net insurance finance expenses/income						
Insurance finance income (expense)	194,685	(522)				194,163
Reinsurance finance income (expense)	13,176					13,176
Total net insurance finance income (expense)	207,861	(522)	–	–	–	207,339
Net insurance and investment result	471,686	173,158	–	1,312	(12,401)	633,755
Revenue from contracts with customers ¹	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)
Net Profit before tax	438,912	141,230	(26,896)	426,622	(429,839)	550,029
Tax	(186,306)	(35,658)	7,475	(6,918)	5,287	(216,120)
Net Profit for the year	252,606	105,572	(19,421)	419,704	(424,552)	333,909
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
Net Profit for the year	252,606	105,572	(19,421)	419,704	(424,552)	333,909
Other comprehensive income:						
Items that will not be reclassified subsequently to profit/loss						
Profit/(Loss) on property revaluation					10,489	10,489
Income tax relating property revaluation					(2,776)	(2,776)
Items that will be reclassified subsequently to profit/loss						
Movement in insurance finance reserve before tax	206,581	(22)			–	206,559
Tax on movement in insurance finance reserve	(55,777)	6			–	(55,771)
Total comprehensive income for the year	403,410	105,556	(19,421)	419,704	(416,839)	492,410

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 Information continued

Statement 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
Insurance service result						
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)
Total insurance service result	49,088	116,105	–	–	–	165,193
Net investment result						
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)
Total net investment result	124,633	28,117	–	8,374	(36,302)	124,822
Net insurance finance expenses/income						
Insurance finance income (expense)	164,061	(838)				163,223
Reinsurance finance income (expense)	11,291					11,291
Total net insurance finance expenses/income	175,352	(838)	–	–	–	174,514
Net insurance and investment result	349,073	143,384	–	8,374	(36,302)	464,529
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)
Net Profit before tax	274,874	107,189	(5,486)	420,020	(422,062)	374,535
Tax	1,135	(25,493)	1,358	(5,251)	121	(28,130)
Net Profit for the year	276,009	81,696	(4,128)	414,769	(421,941)	346,405
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
Net Profit for the year	276,009	81,696	(4,128)	414,769	(421,941)	346,405
Other comprehensive income:						
Items that will not be reclassified subsequently to profit/loss						
Profit/(Loss) on property revaluation					6,746	6,746
Income tax relating property revaluation					(1,569)	(1,569)
Items that will be reclassified subsequently to profit/loss						
Movement in insurance finance reserve before tax	(20,139)	22				(20,117)
Tax on movement in insurance finance reserve	5,437	(6)				5,431
Total comprehensive income for the year	261,307	81,712	(4,128)	414,769	(416,764)	336,896

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2024

1. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS USED IN APPLYING ACCOUNTING POLICIES

The Group makes use of estimates and assumptions that affect the reported amounts of its insurance and reinsurance contracts, owner-occupied properties, employee benefit obligations, 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 the 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 will be 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.

Notes to the Annual Financial Statements continued

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).

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.

Notes to the Annual Financial Statements continued**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.

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 company. For further information on methods used to distinguish between profit or loss and other comprehensive income, see accounting policies.

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.

Below are the yield curves applied for the cashflows:

30 June 2024 (%)	1 year	5 years	10 years	20 years	30 years
Insurance contract cash flows					
Life insurance – Risk business (GMM)	8.0%	12.4%	16.0%	10.9%	15.0%
Life insurance – Savings business (VFA)	8.0%	12.4%	16.0%	10.9%	15.0%
Reinsurance contract cash flows					
Life insurance – Risk business (GMM)	8.0%	12.4%	16.0%	10.9%	15.0%

30 June 2023 (%)	1 year	5 years	10 years	20 years	30 years
Insurance contract cash flows					
Life insurance – Risk business (GMM)	8.8%	12.8%	16.0%	14.3%	12.2%
Life insurance – Savings business (VFA)	8.8%	12.8%	16.0%	14.3%	12.2%
Reinsurance contract cash flows					
Life insurance – Risk business (GMM)	8.8%	12.8%	16.0%	14.3%	12.2%

Notes to the Annual Financial Statements continued**1.2 Employee Benefits**

The determination of the liabilities in respect of the Goodwill Scheme component of the Group's Bonus Scheme is dependent on estimates made by the Group. Estimates are made as to the expected VNB generated in the each of the years of a five year cycle of the Scheme, the multiple used in the formula and the expected number of participants in the Scheme. From the Cycle that commenced on 1 July 2022 onwards, the Goodwill Scheme will be based on a weighted average of the VNB created during the five-year Cycle in determining the pool.

The determination of the liabilities in respect of the EV component of the Group's Bonus Scheme is dependent on estimates made by the Group. Factors affecting the calculation are the Recurring EV earnings, the hurdle rate and the expected pool utilisation. (Refer to Note 24 on pages 203 to 204).

1.3 Deferred tax assets

The calculation of the deferred tax asset in respect of 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), of which R0.4 billion can be utilised.

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.

Notes to the Annual Financial Statements continued

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,
- 77% of the prime interest rate.

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.

(R'000)	Group		Company	
	2024	2023	2024	2023
2. GOODWILL				
Gross amount	8,412	8,412	–	–
Balance at end of year	8,412	8,412	–	–

(R'000)	Group					
	2024			2023		
	Land	Buildings	Total	Land	Buildings	Total
3. OWNER-OCCUPIED PROPERTIES						
At Valuation at beginning of year	82,703	339,964	422,667	78,021	334,297	412,318
Additions at cost (buildings 1 to 7)	–	2,216	2,216		3,603	3,603
Revaluation	1,039	9,450	10,489	4,683	2,064	6,746
At Valuation at end of year	83,742	351,630	435,372	82,704	339,964	422,667

The land and buildings for material properties are valued annually on 30 June, at fair value by an independent valuator, Broll Valuation and Advisory Services Proprietary Limited (part of the CB Richard Ellis Proprietary Limited Network).

In arriving at the open market value of the lettable properties, the discounted cash flow methodology is adopted and estimated gross income is projected in line with the lease term.

Forecast expenses are then deducted from the estimated gross annual income projections to arrive at the net annual income stream throughout the cash flow period. This net annual income stream is then discounted and aggregated to determine an estimated net present value of the cash flows. A discounted end of lease terminal value is added to the net present value of the cash flow.

The valuation of material properties assumes the continuation of existing use, and includes the intergroup lease agreement rates of between R178 and R212 per square meter per month and an annual escalation of 7% until the end of the lease term (2031), thereafter reverting to market related rates, which are determined with reference to current market rentals of between R125 and R165 (2023: between R125 and R165) per square meter per month. This has been capitalised into perpetuity at the following yields for the following buildings:

- Building 7: 8.25% (2023: 8.75%)
- Building 1 to 4: 9.00% (2023: 9.50%)
- Building 5 and 6: 9.00% (2023: 9.50%)

The residual value exceeds the carrying amount therefore there is no depreciation charge.

Notes to the Annual Financial Statements continued

Sensitivity Analysis

The effect of changes in the discount and terminal cap rate, will have the following effect on the fair value of the properties and corresponding effect on equity:

	% change	2024 R'000	2023 R'000
Change in discount rate	+0.5	(11,089)	(10,549)
Change in discount rate	-0.5	11,530	10,968
Change in terminal Cap rate	+0.5	(6,339)	(6,215)
Change in terminal Cap rate	-0.5	7,078	6,939

The properties consist of seven contiguous office buildings and a parking structure situated on Erf 1725, Morningside Extension 71, Erf 1731, Morningside Extension 42, Portions 1, 2 and 3 of Erf 1502, Morningside Extension 71, Sandton, Gauteng. The buildings and parking structure are leased by Group companies. The properties balance also includes a property in the Zebula Golf Estate and Spa situated 093, SS Mabalingwe 12, Bela-Bela in the Limpopo province.

Register of Owner-Occupied Properties

A register containing the details of all owner-occupied properties is available for inspection at the registered office of Clientèle.

If the owner-occupied properties were stated on the historical cost basis, the net book value or historical cost would be R340.90 million at 30 June 2024 (2023: R338.7 million).

(R'000)	Group					
	2024			2023		
	Computer Software	Video production	Total	Computer software	Video production	Total
4. INTANGIBLE ASSETS						
Cost at beginning of year	87,481	–	87,481	78,400	23,787	102,187
Additions/(Disposals)	10,031	–	10,031	10,024	899	10,923
Assets written off ¹	(734)	–	(734)	(943)	(24,686)	(25,629)
Cost at end of year	96,778	–	96,778	87,481	–	87,481
Accumulated amortisation at beginning of year	(54,756)	–	(54,756)	(45,282)	(13,740)	(59,022)
Amortisation charge for the year	(13,900)	–	(13,900)	(11,376)	(11,016)	(22,392)
Assets written off*	734	–	734	1,902	24,756	26,658
Accumulated amortisation at end of year	(67,922)	–	(67,922)	(54,756)	–	(54,756)
Net carrying amount at end of year	28,856	–	28,856	32,725	–	32,725

1. Fully amortised/depreciated assets that were not in use, as well as video production were written off by the Group. Future video production will be expensed as it is incurred.

(R'000)	Group					
	Leasehold improvements	Furniture and equipment	Solar plant	Computer equipment	Motor vehicles	Total
5. PROPERTY AND EQUIPMENT						
Year ended 30 June 2024						
Cost at beginning of year	8,663	29,825	10,843	75,813	1,163	126,305
Additions	254	4,276	16,584	3,136	230	24,479
Assets written off*	(3)	(167)	–	(201)	–	(371)
Reclassification Adjustment	–	–	(1,581)	–	(181)	(1,763)
Cost at end of year	8,914	33,934	25,846	78,748	1,212	148,650
Accumulated depreciation at beginning of year	(5,519)	(24,392)	(784)	(49,867)	(874)	(81,434)
Depreciation charge for the year	(1,103)	(2,706)	(643)	(8,682)	(138)	(13,272)
Assets written off*	3	167	–	201	–	371
Reversal/reclassification adjustment	–	–	–	–	181	181
Accumulated depreciation at end of year	(6,619)	(26,931)	(1,427)	(58,348)	(831)	(94,154)
Net carrying amount at end of year	2,295	7,003	24,419	20,400	381	54,496
* Fully amortised/depreciated assets that were not in use were written off by the Group.						

(R'000)	Group					
	Leasehold improvements	Furniture and equipment	Solar plant	Computer equipment	Motor vehicles	Total
Year ended 30 June 2023						
Cost at beginning of year	6,407	33,532	9,187	61,915	1,163	112,202
Additions	927	3,793	1,656	7,860	–	14,236
Assets written off*	–	(79)	–	(54)	–	(133)
Disposals	1,329	(7,421)	–	6,092	–	–
Cost at end of year	8,663	29,825	10,843	75,813	1,163	126,305
Accumulated depreciation at beginning of year	(3,218)	(22,985)	(318)	(41,207)	(787)	(68,513)
Depreciation charge for the year	(851)	(2,624)	(466)	(8,961)	(162)	(13,063)
Assets written off*	–	62	–	22	–	84
Reclassification Adjustment	(1,450)	1,155	–	279	16	–
Accumulated depreciation at end of year	(5,519)	(24,392)	(784)	(49,867)	(874)	(81,434)
Net carrying amount at end of year	3,144	5,433	10,059	25,946	289	44,871
* Fully amortised/depreciated assets that were not in use were written off by the Group.						

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2024	Restated* 2023	2024	2023
6. DEFERRED TAX				
Assets				
Balance at beginning of the year	199,788	111,029	2,388	3,215
Charge to the Statement of Comprehensive Income	(75,183)	88,759	(976)	(827)
Tax losses and credits	4,611	56,921		
Tax losses in respect of IPF assessed losses	(74,342)	120,111		
Fair value gains/losses on Financial Assets	(2,994)	(8,796)	(1,433)	(686)
Trade receivables	386	(1,132)	1,403	(141)
PPE & Intangibles	(985)	(67)		
Provisions & Accruals	1,181	1,000		
Bonus Rights Scheme	323	383	1,006	
Phase-in to IFRS 17	27	14		
Transfer to liability	3,614	(81,059)		
Other	(7,005)	1,385		
Balance at end of year	124,605	199,788	1,413	2,388
Liability				
Balance at beginning of the year	781,568	827,394	–	–
Charge to the Statement of Comprehensive Income	(4,475)	(54,632)	–	–
Tax losses and credits	(2,923)	518		
Trade receivables	1,499	126		
PPE & Intangibles	–	(2,493)		
Fair value gains/losses on Financial Assets	(2,469)	(3,324)		
Disregarded assets for tax purposes	(20,633)	34,351		
Phase-in to IFRS 17	2,243	(12,842)		
Bonus Rights Scheme	1,006	–		
Net negatives zeroised (RPF)	10,296	3,108		
Transfer from asset	6,230	(81,060)		
Other	276	6,983		
Charge to Other Comprehensive Income	58,554	8,807	–	–
Tax on movement in insurance finance reserve	55,777	5,437		
PPE & Intangibles	2,777	3,370		
Balance at end of year	835,647	781,568	–	–

* Refer to restatement note 39 on page 222.

** As part of the Group's continued disclosure enhancement efforts, we have aggregated items of a similar nature. This aggregation has been applied retrospectively with the movements reported in the financial year ended 30 June 2023 having been aggregated to derive the above note disclosure.

(R'000)	Group		Company	
	2024	Restated* 2023	2024	2023
6. DEFERRED TAX continued				
Analysis of deferred tax balances:				
Assets				
Tax losses and credits	18,469	10,479		
Tax losses in respect of IPF assessed losses	107,770	182,113		
Fair value gains/losses on Financial Assets	(7,504)	(5,760)	2,439	(416)
Trade receivables	(49)	(49)	(21)	2,804
PPE & Intangibles	(1,638)	(653)		
Bonus Rights Scheme	1,205	1,168	(1,006)	
Provisions & Accruals	5,300	4,029		
Phase-in to IFRS 17	27	14		
Other	1,025	8,447		
Deferred tax asset at end of the year	124,605	199,788	1,413	2,388
Liability				
Tax losses and credits	(121,766)	(122,546)		
PPE & Intangibles	46,347	40,955		
Trade receivables	165	(2,371)		
Fair value gains/losses on Financial Assets	(6)	2,592		
Disregarded assets for tax purposes	32,085	52,718		
Net negatives zeroised (RPF)	831,557	800,740		
Bonus Rights Scheme	(3,532)	(4,252)		
Provisions & Accruals	(4,230)	(4,454)		
Phase-in to IFRS 17	(10,599)	7,677		
Tax on movement in insurance finance reserve	55,741	(36)		
Other	9,885	10,545		
Deferred tax liability at end of the year	835,647	781,568	–	–

Policyholder taxation funds are separate tax entities which have differing tax rules applied in the South African taxation legislation for insurance companies. There are three separate policyholder funds applicable to Clientèle Life, defined as the untaxed, IPF and risk funds. The IPF has an estimated tax loss of R0,8 billion (2023: R1.0 billion). It is currently probable that future taxable profits in the IPF will be available against which the assessed loss can be utilised. The current assessed loss of R0.8 billion is expected to be released in 5 years. There is currently an unrecognised deferred tax asset of R113.5m.

Notes to the Annual Financial Statements continued

7. INSURANCE AND REINSURANCE CONTRACTS**7.1 Summary of insurance contract assets and liabilities issued and reinsurance contracts held**

(R'000) (Assets)/Liabilities	Group				Total
	Life insurance – Risk business (GMM)	Life insurance – Risk business (PAA)	Life insurance – Savings business (VFA)	Short-term insurance (PAA)	
Year ended 30 June 2024					
Insurance contracts issued	(3,173,456)	345	505,845	13,865	(2,653,401)
Reinsurance contracts held	(71,674)	–	–	–	(71,674)
Total	(3,245,130)	345	505,845	13,865	(2,725,075)
Insurance contracts issued					
Insurance contract assets	(3,173,456)	–	–	–	(3,173,456)
Insurance contract liabilities	–	345	505,845	13,865	520,055
Total	(3,173,456)	345	505,845	13,865	(2,653,401)
Reinsurance contracts held					
Reinsurance contract assets	(71,674)	–	–	–	(71,674)
Total	(71,674)	–	–	–	(71,674)
Year ended 30 June 2023 – Restated*					
Insurance contracts issued	(2,947,384)	192	487,007	19,856	(2,440,329)
Reinsurance contracts held	(73,298)	–	–	–	(73,298)
Total	(3,020,682)	192	487,007	19,856	(2,513,627)
Insurance contracts issued					
Insurance contract assets	(2,947,384)	–	–	–	(2,947,384)
Insurance contract liabilities	–	192	487,007	19,856	507,055
Total	(2,947,384)	192	487,007	19,856	(2,440,329)
Reinsurance contracts held					
Reinsurance contract assets	(73,298)	–	–	–	(73,298)
Total	(73,298)	–	–	–	(73,298)

* Refer to restatement note 39 on page 222.

7. INSURANCE AND REINSURANCE CONTRACTS continued**7.2 Reconciliation of insurance contracts (GMM)****7.2.1 Life insurance – Risk business (GMM)**

Analysis by remaining coverage and incurred claims (R'000) (Assets)/Liabilities	Group			
	2024			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Opening insurance contract assets	(3,688,308)	702,890	38,034	(2,947,384)
Net opening balance at the beginning of the year	(3,688,308)	702,890	38,034	(2,947,384)
Changes in statement of profit and loss and OCI				
Insurance revenue	(1,352,390)	–	–	(1,352,390)
Contracts under the fair value transition approach	(370,026)	–	–	(370,026)
Other contracts	(982,364)	–	–	(982,364)
Insurance service expenses	709,796	85,965	535,552	1,227,887
Changes that relate to past and current services	709,796	(137,548)	535,552	1,107,800
Incurred insurance service expenses and claims	–	(137,548)	535,684	398,136
Insurance acquisition cash flows expensed when incurred				
Amortisation of insurance acquisition cash flows	709,796	–	–	709,796
Adjustment to liabilities for incurred claims	–	–	(132)	(132)
Changes that relate to future services	–	223,513	–	223,513
Losses for the net outflow recognized on initial recognition	–	120,087	–	120,087
Losses and reversal of losses on onerous contracts – subsequent measurement		103,426		103,426
Insurance service result	(642,594)	85,965	535,552	(21,077)
Insurance contracts finance (income)/expenses through profit and loss	(287,518)	59,011	–	(228,507)
Insurance contracts finance (income)/expenses through OCI	(209,107)	–	–	(209,107)
Total changes in statement of profit and loss and OCI	(1,139,219)	144,976	535,552	(458,691)
Cash flows				
Premiums and premium tax received	1,404,560	–	–	1,404,560
Insurance acquisition cash flows	(631,027)	–	–	(631,027)
Claims and other insurance service expenses paid, including investment components	–	–	(540,914)	(540,914)
Total cash flows	773,533	–	(540,914)	232,619
Net closing balance at the end of the year	(4,053,994)	847,866	32,672	(3,173,456)
Closing insurance contract assets	(4,053,994)	847,866	32,672	(3,173,456)
Net closing balance at the end of the year	(4,053,994)	847,866	32,672	(3,173,456)

* Refer to restatement note 39 on page 222.

Notes to the Annual Financial Statements continued

Group			
2023 Restated*			
Liabilities for remaining coverage		Liabilities for incurred claims	Total
Excluding loss component	Loss component		
(3,423,759)	543,302	20,057	(2,860,400)
(3,423,759)	543,302	20,057	(2,860,400)
(1,406,477)	–	–	(1,406,477)
(378,544)	–	–	(378,544)
(1,027,933)	–	–	(1,027,933)
666,566	116,585	560,712	1,343,863
666,566	(111,523)	560,712	1,115,755
–	(111,523)	545,449	433,926
666,566	–	–	666,566
–	–	15,263	15,263
–	228,108	–	228,108
–	228,108	–	228,108
(739,911)	116,585	560,712	(62,614)
(244,135)	43,003	–	(201,132)
19,962	–	–	19,962
(964,084)	159,588	560,712	(243,784)
1,461,826	–	–	1,461,826
(762,291)	–	–	(762,291)
–	–	(542,735)	(542,735)
699,535	–	(542,735)	156,800
(3,688,308)	702,890	38,034	(2,947,384)
(3,688,308)	702,890	38,034	(2,947,384)
(3,688,308)	702,890	38,034	(2,947,384)

7. INSURANCE AND REINSURANCE CONTRACTS continued**7.3 Movement in insurance contract balances (GMM)****7.3.1 Life insurance – Risk business (GMM)**

	Group	
	2024	
Analysis by measurement component		
(R'000) (Assets)/Liabilities	Estimates of present value of future cash flows	Non-finance risk adjustment
Opening insurance contract assets	(4,867,903)	490,219
Net opening balance at the beginning of the year	(4,867,903)	490,219
Changes in statement of profit and loss and OCI		
Changes that relate to current services	112,591	(59,478)
CSM recognised for services provided	–	–
Change in risk adjustment for non-financial risk for risk expired	–	(59,478)
Experience adjustments	112,591	–
Changes that relate to future services	74,797	9,553
Contracts initially recognised in the year	(105,332)	116,314
Changes in estimates that adjust the CSM	19,293	(49,351)
Changes in estimates that relate to losses and reversal of losses on underlying onerous contracts	160,836	(57,410)
Changes that relate to past services		
Experience adjustments in claims and other insurance service expenses in LIC	30,892	–
Insurance service result	218,280	(49,925)
Insurance contracts finance (income)/expenses through profit and loss	(400,413)	45,153
Insurance contracts finance (income)/expenses through OCI	(240,025)	30,918
Total changes in statement of profit and loss and OCI	(422,158)	26,146
Cash flows		
Premiums and premium tax received	1,404,560	
Insurance acquisition cash flows	(601,802)	
Claims and other insurance service expenses paid, including investment components	(570,139)	
Total cash flows	232,619	–
Net closing balance at the end of the year	(5,057,442)	516,365
Closing insurance contract assets	(5,057,442)	516,365
Net closing balance at the end of the year	(5,057,442)	516,365

* Refer to restatement note 39 on page 222.

Notes to the Annual Financial Statements continued

Group

2024			2023 Restated*					
Contractual Service Margin			Contractual Service Margin					
Contracts under fair value transition approach	Other contracts	Total	Estimates of present value of future cash flows	Non-finance risk adjustment	Contracts under fair value transition approach	Other contracts	Total	
801,712	628,588	(2,947,384)	(4,931,367)	548,964	1,065,336	456,667	(2,860,400)	
801,712	628,588	(2,947,384)	(4,931,367)	548,964	1,065,336	456,667	(2,860,400)	
(147,986)	(180,611)	(275,484)	95,179	(73,318)	(165,510)	(200,155)	(343,804)	
(147,986)	(180,611)	(328,597)	–	–	(165,510)	(200,155)	(365,665)	
–	–	(59,478)	–	(73,318)	–	–	(73,318)	
–	–	112,591	95,179	–	–	–	95,179	
15,915	123,250	223,515	84,461	(16,168)	(172,087)	331,902	228,108	
–	109,107	120,089	(120,337)	103,727	–	126,610	110,000	
15,915	14,143	–	5,324	(38,529)	(172,087)	205,292	–	
–	–	103,426	199,474	(81,366)	–	–	118,108	
–	–	30,892	53,082				53,082	
(132,071)	(57,361)	(21,077)	232,722	(89,486)	(337,597)	131,747	(62,614)	
66,559	60,194	(228,507)	(357,605)	42,326	73,973	40,174	(201,132)	
–	–	(209,107)	31,547	(11,585)	–	–	19,962	
(65,512)	2,833	(458,691)	(93,336)	(58,745)	(263,624)	171,921	(243,784)	
		1,404,560	1,461,826	–	–	–	1,461,826	
		(601,802)	(732,822)	–	–	–	(732,822)	
		(570,139)	(572,204)	–	–	–	(572,204)	
–	–	232,619	156,800	–	–	–	156,800	
736,200	631,421	(3,173,456)	(4,867,903)	490,219	801,712	628,588	(2,947,384)	
736,200	631,421	(3,173,456)	(4,867,903)	490,219	801,712	628,588	(2,947,384)	
736,200	631,421	(3,173,456)	(4,867,903)	490,219	801,712	628,588	(2,947,384)	

7. INSURANCE AND REINSURANCE CONTRACTS continued**7.4 Reconciliation of insurance contracts: VFA****7.4.1 Life insurance – Savings business (VFA)**

Analysis by remaining coverage and incurred claims	Group			
	2024			
	Liabilities for remaining coverage		Liabilities for incurred claims	Total
(R'000) (Assets)/Liabilities	Excluding loss component	Loss component		
Opening insurance contract liabilities	456,215	29,837	955	487,007
Net opening balance at the beginning of the year	456,215	29,837	955	487,007
Changes in statement of profit and loss and OCI				
Insurance revenue	(70,539)	–	–	(70,539)
Contracts under the fair value transition approach	(25,313)	–	–	(25,313)
Other contracts	(45,226)	–	–	(45,226)
Insurance service expenses	22,855	(3,916)	24,872	43,811
Changes that relate to past and current services	22,855	(570)	24,872	47,157
Incurred claims and other insurance service expenses	–	(570)	24,925	24,355
Amortisation of insurance acquisition cash flows	22,855	–	–	22,855
Changes that relate to past service (changes in fulfilment cash flows re LIC)	–	–	(53)	(53)
Changes that relate to future services	–	(3,346)	–	(3,346)
Losses for the net outflow recognized on initial recognition	–	(3,346)	–	(3,346)
Losses and reversal of losses on onerous contracts – subsequent measurement				
Investment components	(115,669)	–	115,669	–
Insurance service result	(163,353)	(3,916)	140,541	(26,728)
Insurance contracts finance (income)/expenses through profit and loss	33,822	–	–	33,822
Total changes in statement of profit and loss and OCI	(129,531)	(3,916)	140,541	7,094
Cash flows				
Premiums and premium tax received	170,596	–	–	170,596
Insurance acquisition cash flows	(18,164)	–	–	(18,164)
Claims and other insurance service expenses paid, including investment components	–	–	(140,688)	(140,688)
Total cash flows	152,432	–	(140,688)	11,744
Net closing balance at the end of the year	479,116	25,921	808	505,845
Closing insurance contract liabilities	479,116	25,921	808	505,845
Net closing balance at the end of the year	479,116	25,921	808	505,845

* Refer to restatement note 39 on page 222.

Notes to the Annual Financial Statements continued

Group			
2023 Restated*			
Liabilities for remaining coverage		Liabilities for incurred claims	Total
Excluding loss component	Loss component		
397,614	39,565	615	437,794
397,614	39,565	615	437,794
(50,486)	–	–	(50,486)
(4,649)	–	–	(4,649)
(45,837)	–	–	(45,837)
26,983	(9,728)	19,230	36,485
26,983	574	19,230	46,787
–	574	19,027	19,601
26,983	–	–	26,983
–	–	203	203
–	(10,302)	–	(10,302)
–	(10,302)	–	(10,302)
(118,928)	–	118,928	–
(142,431)	(9,728)	138,158	(14,001)
37,071	–	–	37,071
(105,360)	(9,728)	138,158	23,070
187,895	–	–	187,895
(23,934)	–	–	(23,934)
–	–	(137,818)	(137,818)
163,961	–	(137,818)	26,143
456,215	29,837	955	487,007
456,215	29,837	955	487,007
456,215	29,837	955	487,007

7. INSURANCE AND REINSURANCE CONTRACTS continued**7.5 Movement in insurance contract balances: VFA****7.5.1 Life insurance – Savings business (VFA)**

	Group	
	2024	
Analysis by measurement component		
(R'000) (Assets)/Liabilities	Estimates of present value of future cash flows	Non-finance risk adjustment
Opening insurance contract liabilities	415,513	28,759
Net opening balance at the beginning of the year	415,513	28,759
Changes in statement of profit and loss and OCI		
Changes that relate to current services	8,593	(2,741)
CSM recognised for services provided	–	–
Change in risk adjustment for non-financial risk for risk expired	–	(2,741)
Experience adjustments	8,593	–
Changes that relate to future services	(71,697)	(232)
Contracts initially recognised in the year	5,233	3,998
Changes in estimates that adjust the CSM	(65,390)	(2,781)
Changes in estimates that relate to losses and reversal of losses on onerous contracts	(11,540)	(1,449)
Changes that relate to past services		
Experience adjustments in claims and other insurance service expenses in LIC	1,325	–
Insurance service result	(61,779)	(2,973)
Insurance contracts finance (income)/expenses through profit and loss	33,822	–
Total changes in statement of profit and loss and OCI	(27,957)	(2,973)
Cash flows		
Premiums and premium tax received	170,596	–
Insurance acquisition cash flows	(18,164)	–
Claims and other insurance service expenses paid, including investment components	(140,688)	–
Total cash flows	11,744	–
Net closing balance at the end of the year	399,300	25,786
Closing insurance contract liabilities	399,300	25,786
Net closing balance at the end of the year	399,300	25,786

* Refer to restatement note 39 on page 222.

Notes to the Annual Financial Statements continued

Group

2024			2023 Restated*					
Contractual Service Margin			Contractual Service Margin					
Contracts under fair value transition approach	Other contracts	Total	Estimates of present value of future cash flows	Non-finance risk adjustment	Contracts under fair value transition approach	Other contracts	Total	
7,019	35,716	487,007	364,834	35,894	3,742	33,324	437,794	
7,019	35,716	487,007	364,834	35,894	3,742	33,324	437,794	
(12,917)	(17,640)	(24,705)	15,435	(2,161)	(2,028)	(16,539)	(5,293)	
(12,917)	(17,640)	(30,557)	–	–	(2,028)	(16,539)	(18,567)	
–	–	(2,741)	–	(2,161)	–	–	(2,161)	
–	–	8,593	15,435	–	–	–	15,435	
45,511	23,070	(3,348)	(29,563)	(4,974)	5,305	18,931	(10,301)	
–	410	9,641	(3,360)	5,377	–	909	2,926	
45,511	22,660	–	(19,746)	(3,581)	5,305	18,022	–	
–	–	(12,989)	(6,457)	(6,770)	–	–	(13,227)	
–	–	1,325	1,593	–	–	–	1,593	
32,594	5,430	(26,728)	(12,535)	(7,135)	3,277	2,392	(14,001)	
–	–	33,822	37,071	–	–	–	37,071	
32,594	5,430	7,094	24,536	(7,135)	3,277	2,392	23,070	
–	–	170,596	187,895	–	–	–	187,895	
–	–	(18,164)	(23,046)	–	–	–	(23,046)	
–	–	(140,688)	(138,706)	–	–	–	(138,706)	
–	–	11,744	26,143	–	–	–	26,143	
39,613	41,146	505,845	415,513	28,759	7,019	35,716	487,007	
39,613	41,146	505,845	415,513	28,759	7,019	35,716	487,007	
39,613	41,146	505,845	415,513	28,759	7,019	35,716	487,007	

7. INSURANCE AND REINSURANCE CONTRACTS continued**7.6 Reconciliation of insurance contracts: PAA****7.6.1 Life insurance – Risk business (PAA)**

Analysis by remaining coverage and incurred claims	Group			
	2024			
	Liability for incurred claims			
(R'000) (Assets)/Liabilities	Liabilities for remaining coverage	Estimate of present value of future cash flows	Risk Adjustment	Total
Opening insurance contract liabilities	12	150	30	192
Net opening balance at the beginning of the year	12	150	30	192
Insurance revenue				
Other contracts	(3,094)	–	–	(3,094)
Insurance service expenses	–	1,947	(6)	1,941
Incurred claims	–	1,363	–	1,363
Other insurance service expenses	–	616	–	616
Other movements related to current service	–	–	–	–
Amortisation of insurance acquisition cash flows	–	–	–	–
Adjustments to liabilities for incurred claims	–	(32)	(6)	(38)
Insurance service result	(3,094)	1,947	(6)	(1,153)
Total changes in statement of profit and loss and OCI	(3,094)	1,947	(6)	(1,153)
Cash flows				
Premiums and premium tax received	3,286	–	–	3,286
Claims and other insurance service expenses paid, including investment components	–	(1,980)	–	(1,980)
Insurance acquisition cash flows	–	–	–	–
Total cash flows	3,286	(1,980)	–	1,306
Net closing balance at the end of the year	204	117	24	345
Closing insurance contract liabilities	204	117	24	345
Net closing balance at the end of the year	204	117	24	345

* Refer to restatement note 39 on page 222.

Notes to the Annual Financial Statements continued

Group

2023 Restated*

Liabilities for remaining coverage	Liability for incurred claims		Total
	Estimate of present value of future cash flows	Risk Adjustment	
–	235	47	282
–	235	47	282
(4,347)	–	–	(4,347)
–	3,735	(17)	3,718
–	3,311	–	3,311
–	509	–	509
–	–	–	–
–	–	–	–
–	(85)	(17)	(102)
(4,347)	3,735	(17)	(629)
(4,347)	3,735	(17)	(629)
4,359	–	–	4,359
–	(3,820)	–	(3,820)
–	–	–	–
4,359	(3,820)	–	539
12	150	30	192
12	150	30	192
12	150	30	192

7. INSURANCE AND REINSURANCE CONTRACTS continued**7.6 Reconciliation of insurance contracts: PAA** continued**7.6.2 Short-term insurance (PAA)**

Analysis by remaining coverage and incurred claims	Group			
	2024			
	Liability for incurred claims			
(R'000) (Assets)/Liabilities	Liabilities for remaining coverage	Estimate of present value of future cash flows	Risk Adjustment	Total
Opening insurance contract liabilities	12,363	7,072	421	19,856
Net opening balance at the beginning of the year	12,363	7,072	421	19,856
Insurance revenue				
Other contracts	(505,108)	–	–	(505,108)
Insurance service expenses	242,966	115,860	(79)	358,747
Incurred claims	–	37,360	3,872	41,232
Other insurance service expenses	–	70,098	–	70,098
Other movements related to current service	–	–	(3,569)	(3,569)
Amortisation of insurance acquisition cash flows	242,966	–	–	242,966
Adjustments to liabilities for incurred claims	–	8,402	(382)	8,020
Insurance service result	(262,142)	115,860	(79)	(146,361)
Insurance contracts finance expenses through profit and loss	–	503	19	522
Insurance contracts finance (income)/expenses through OCI	–	21	2	23
Total changes in statement of profit and loss and OCI	(262,142)	116,384	(58)	(145,816)
Cash flows				
Premiums and premium tax received	500,076	–	–	500,076
Claims and other insurance service expenses paid, including investment components	–	(117,285)	–	(117,285)
Insurance acquisition cash flows	(242,966)	–	–	(242,966)
Total cash flows	257,110	(117,285)	–	139,825
Net closing balance at the end of the year	7,331	6,171	363	13,865
Closing insurance contract liabilities	7,331	6,171	363	13,865
Net closing balance at the end of the year	7,331	6,171	363	13,865

* Refer to restatement note 39 on page 222.

Claims Development

The table alongside illustrates how estimates of cumulative claims for the Group's non-life segment have developed over time on a gross and net of reinsurance basis. Each table shows how the Group's estimates of total claims for each year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position.

Notes to the Annual Financial Statements continued

Group

2023 Restated*

Liabilities for remaining coverage	Liability for incurred claims		Total
	Estimate of present value of future cash flows	Risk Adjustment	
1,242	8,836	514	10,592
1,242	8,836	514	10,592
(492,837)	–	–	(492,837)
261,034	115,826	(129)	376,731
–	39,889	3,612	43,501
–	68,764	–	68,764
–	–	(3,267)	(3,267)
261,034	–	–	261,034
–	7,173	(474)	6,699
(231,803)	115,826	(129)	(116,106)
–	800	38	838
–	(20)	(2)	(22)
(231,803)	116,606	(93)	(115,290)
503,959	–	–	503,959
–	(118,370)	–	(118,370)
(261,035)	–	–	(261,035)
242,924	(118,370)	–	124,554
12,363	7,072	421	19,856
12,363	7,072	421	19,856
12,363	7,072	421	19,856

(R'000) – Undiscounted

	2024 Expected claims payments	Restated 2023* Expected claims payments
<1 year	5,726	6,718
1 – 2 years	602	507
2 – 3 years	206	216
Cumulative gross claims paid	6,534	7,441
Effect of discounting	(373)	(370)
Gross liabilities for incurred claims included in the statement of financial position	6,161	7,071

* Refer to restatement note 39 on page 222.

7. INSURANCE AND REINSURANCE CONTRACTS continued**7.7 Reconciliation of reinsurance contracts: GMM****7.7.1 Life insurance – Risk business (GMM)**

Analysis by remaining coverage and incurred claims (R'000) (Assets)/Liabilities	Group			
	2024			
	Assets for remaining coverage		Assets for incurred claims	Total
	Excluding loss recovery component	Loss recovery component		
Opening reinsurance contract assets	(28,737)	(45,149)	588	(73,298)
Net opening balance at the beginning of the year	(28,737)	(45,149)	588	(73,298)
Changes in statement of profit and loss and OCI				
Allocation of reinsurance premiums paid	195,833	–	–	195,833
CSM recognized for services received	59,506	–	–	59,506
Change in risk adjustment for non-financial risk for risk transferred	(2,492)	–	–	(2,492)
Expected recoveries of incurred claims and other insurance service expense	136,794	–	–	136,794
Experience adjustments	913	–	–	913
Restatement and other changes	1,112	–	–	1,112
Amounts recoverable from reinsurers	–	(3,859)	(168,288)	(172,147)
Changes that relate to past and current services	–	38,950	(168,288)	(129,338)
Recoveries of incurred claims and other insurance service expenses	–	38,950	(174,019)	(135,069)
Adjustments to assets for incurred claims	–	–	5,731	5,731
Changes that relate to future services	–	(42,809)	–	(42,809)
Recoveries of losses on onerous underlying contracts on initial recognition	–	(84,798)	–	(84,798)
Recoveries and reversals of recoveries of losses on onerous underlying contracts – subsequent measurement	–	41,989	–	41,989
Net (income)/expenses from reinsurance contracts held	195,833	(3,859)	(168,288)	23,686
Reinsurance contracts finance income through profit and loss	(4,605)	(8,570)	–	(13,175)
Reinsurance contracts finance expenses through OCI	2,525	–	–	2,525
Total changes in statement of profit and loss and OCI	193,753	(12,429)	(168,288)	13,036
Cash flows				
Reinsurance premiums and premium tax paid	(187,974)	–	–	(187,974)
Amounts received from reinsurers relating to incurred claims	–	–	176,562	176,562
Total cash flows	(187,974)	–	176,562	(11,412)
Net closing balance at the end of the year	(22,958)	(57,578)	8,862	(71,674)
Closing insurance contract assets	(22,958)	(57,578)	8,862	(71,674)
Net closing balance at the end of the year	(22,958)	(57,578)	8,862	(71,674)

* Refer to restatement note 39 on page 222.

Notes to the Annual Financial Statements continued

Group

2023 Restated*

Assets for remaining coverage		Assets for incurred claims	Total
Excluding loss recovery component	Loss recovery component		
(43,894)	(31,935)	(8,665)	(84,494)
(43,894)	(31,935)	(8,665)	(84,494)
223,509	–	–	223,509
62,015	–	–	62,015
6,716	–	–	6,716
140,863	–	–	140,863
12,259	–	–	12,259
1,656	–	–	1,656
–	(5,997)	(189,376)	(195,373)
–	38,908	(189,376)	(150,468)
–	38,908	(192,508)	(153,600)
–	–	3,132	3,132
–	(44,905)	–	(44,905)
–	(74,723)	–	(74,723)
–	29,818	–	29,818
223,509	(5,997)	(189,376)	28,136
(4,075)	(7,217)	–	(11,292)
177	–	–	177
219,611	(13,214)	(189,376)	17,021
(204,454)	–	–	(204,454)
–	–	198,629	198,629
(204,454)	–	198,629	(5,825)
(28,737)	(45,149)	588	(73,298)
(28,737)	(45,149)	588	(73,298)
(28,737)	(45,149)	588	(73,298)

7. INSURANCE AND REINSURANCE CONTRACTS continued**7.8 Movement in reinsurance contract balances: GMM****7.8.1 Life insurance – Risk business (GMM)**

	Group	
	2024	
Analysis by measurement component		
(R'000) (Assets)/Liabilities	Estimates of present value of future cash flows	Non-finance risk adjustment
Opening reinsurance contract assets	145,338	(69,967)
Net opening balance at the beginning of the year	145,338	(69,967)
Changes in statement of profit and loss and OCI		
Changes that relate to current services	(9,438)	8,442
CSM recognised for services received	–	–
Change in risk adjustment for non-financial risk for risk expired	–	8,442
Experience adjustments	(9,438)	–
Changes that relate to future services	17,585	(7,933)
Contracts initially recognised in the year	8,992	(5,559)
Changes in estimates that adjust the CSM	(195,470)	(16,098)
Changes in estimates that adjust recoveries of losses on onerous underlying contracts	204,063	13,724
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–
Changes that relate to past services		
Experience adjustments in claims and other insurance service expenses in LIC	7,984	–
Net (income)/expenses from reinsurance contracts held	16,131	509
Reinsurance contracts finance (income)/expenses through profit and loss	10,468	(5,799)
Reinsurance contracts finance (income)/expenses through OCI	7,630	(5,105)
Total changes in statement of profit and loss and OCI	34,229	(10,395)
Cash flows		
Reinsurance premiums and premium tax paid	(187,974)	–
Amounts received from reinsurers relating to incurred claims	176,562	–
Total cash flows	(11,412)	–
Net closing balance at the end of the year	168,155	(80,362)
Closing reinsurance contract assets	168,155	(80,362)
Net closing balance at the end of the year	168,155	(80,362)

* Refer to restatement note 39 on page 222.

Notes to the Annual Financial Statements continued

Group								
2024				2023 Restated*				
Contractual Service Margin				Contractual Service Margin				
Contracts under fair value transition approach	Other contracts	Total		Estimates of present value of future cash flows	Non-finance risk adjustment	Contracts under fair value transition approach	Other contracts	Total
(25,071)	(123,598)	(73,298)		155,066	(101,083)	(33,300)	(105,177)	(84,494)
(25,071)	(123,598)	(73,298)		155,066	(101,083)	(33,300)	(105,177)	(84,494)
4,237	55,270	58,511		(14,363)	19,500	4,736	57,279	67,152
4,237	55,270	59,507		–	–	4,736	57,279	62,015
–	–	8,442		–	19,500	–	–	19,500
–	–	(9,438)		(14,363)	–	–	–	(14,363)
(2,252)	(50,209)	(42,809)		(3,684)	16,406	5,804	(63,431)	(44,905)
–	(88,230)	(84,797)		5,779	(2,432)	–	(78,070)	(74,723)
(2,626)	(31,517)	(245,711)		(164,591)	8,005	4,067	(43,375)	(195,894)
–	–	217,787		155,128	10,833	–	–	165,961
374	69,538	69,912		–	–	1,737	58,014	59,751
–	–	7,984		5,889	–	–	–	5,889
1,985	5,061	23,686		(12,158)	35,906	10,540	(6,152)	28,136
(2,076)	(15,768)	(13,175)		9,853	(6,565)	(2,311)	(12,269)	(11,292)
–	–	2,525		(1,598)	1,775	–	–	177
(91)	(10,707)	13,036		(3,903)	31,116	8,229	(18,421)	17,021
–	–	(187,974)		(204,454)	–	–	–	(204,454)
–	–	176,562		198,629	–	–	–	198,629
–	–	(11,412)		(5,825)	–	–	–	(5,825)
(25,162)	(134,305)	(71,674)		145,338	(69,967)	(25,071)	(123,598)	(73,298)
(25,162)	(134,305)	(71,674)		145,338	(69,967)	(25,071)	(123,598)	(73,298)
(25,162)	(134,305)	(71,674)		145,338	(69,967)	(25,071)	(123,598)	(73,298)

7. INSURANCE AND REINSURANCE CONTRACTS continued**7.9 Effect of insurance contracts initially recognised in the year**

(R'000) (Assets)/Liabilities	Group		
	Profitable contracts issued		
	Life insurance – Risk business (GMM)	Life insurance – Savings business (VFA)	Total
Year ended 30 June 2024			
Estimates of the present value of future cashflows			
Insurance acquisition cashflows	195,962	1,323	197,285
Claims and other insurance service expenses payable	145,195	3,104	148,299
Estimates of the present value of future cash outflows	341,157	4,427	345,584
Estimates of the present value of future cash inflows	(505,537)	(5,381)	(510,918)
Risk adjustment for non-financial risk	55,274	544	55,818
CSM	109,106	410	109,516
Increase in insurance contract liabilities from contracts recognised in the period	–	–	–
Year ended 30 June 2023			
Estimates of the present value of future cashflows			
Insurance acquisition cashflows	234,908	2,224	237,132
Claims and other insurance service expenses payable	126,138	5,386	131,524
Estimates of the present value of future cash outflows	361,046	7,610	368,656
Estimates of the present value of future cash inflows	(550,299)	(9,485)	(559,784)
Risk adjustment for non-financial risk	62,643	966	63,609
CSM	126,610	909	127,519
Increase in insurance contract liabilities from contracts recognised in the period	–	–	–

Notes to the Annual Financial Statements continued

Group

Onerous contracts issued			
	Life insurance – Risk business (GMM)	Life insurance – Savings business (VFA)	Total
	373,852	18,486	392,338
	106,239	24,401	130,640
	480,091	42,887	522,978
	(421,042)	(36,700)	(457,742)
	61,040	3,454	64,494
	–	–	–
	120,089	9,641	129,730
	300,427	15,270	315,697
	55,836	29,544	85,380
	356,263	44,814	401,077
	(287,348)	(46,299)	(333,647)
	41,085	4,411	45,496
	–	–	–
	110,000	2,926	112,926

7. INSURANCE AND REINSURANCE CONTRACTS continued**7.10 Effects of reinsurance contracts initially recognised in the year**

(R'000) (Assets)/Liabilities	Group		
	Life insurance – Risk business (GMM)		Total
	Without loss-recovery component	With loss-recovery component	
Year ended 30 June 2024			
Estimates of present value of future cash flows	(8,992)	–	(8,992)
Risk adjustment for non-financial risk	5,559	–	5,559
Loss recovery related to losses on underlying insurance contracts at initial recognition	–	(84,797)	(84,797)
Contractual service margin	(3,433)	(84,797)	(88,230)
Year ended 30 June 2023 – Restated			
Estimates of present value of future cash flows	(5,779)	–	(5,779)
Risk adjustment for non-financial risk	2,432	–	2,432
Loss recovery related to losses on underlying insurance contracts at initial recognition	–	(74,723)	(74,723)
Contractual service margin	(3,347)	(74,723)	(78,070)

7.11 Contractual service margin: insurance contracts issued

(R'000) (Assets)/Liabilities	Group		
	<1 year	1 – 2 years	2 – 3 years
Year ended 30 June 2024			
Insurance contracts issued			
Life insurance – Risk business (GMM)	251,467	198,038	159,626
Life insurance – Savings business (VFA)	22,062	15,151	11,142
	273,529	213,189	170,768
Year ended 30 June 2023 – Restated			
Insurance contracts issued			
Life insurance – Risk business (GMM)	284,283	217,302	172,513
Life insurance – Savings business (VFA)	12,632	8,332	5,779
	296,915	225,634	178,292

7.12 Contractual service margin: reinsurance contracts issued

(R'000) (Assets)/Liabilities	Group		
	<1 year	1 – 2 years	2 – 3 years
Year ended 30 June 2024			
Reinsurance contracts issued			
Life insurance – Risk business (GMM)	(35,562)	(24,498)	(18,666)
Year ended 30 June 2023 – Restated			
Reinsurance contracts issued			
Life insurance – Risk business (GMM)	(35,793)	(23,676)	(17,747)

Notes to the Annual Financial Statements continued

Group

3 – 4 years	4 – 5 years	5 – 10 years	>10 years	Total
130,614	107,711	314,385	205,780	1,367,621
8,371	6,356	14,536	3,141	80,759
138,985	114,067	328,921	208,921	1,448,380

139,533	113,254	318,490	184,925	1,430,300
4,148	3,042	7,014	1,788	42,735
143,681	116,296	325,504	186,713	1,473,035

Group

3 – 4 years	4 – 5 years	5 – 10 years	>10 years	Total
(14,733)	(11,815)	(32,966)	(21,227)	(159,467)
(13,855)	(10,954)	(29,544)	(17,100)	(148,669)

7. INSURANCE AND REINSURANCE CONTRACTS continued**7.13 Composition of the investment assets backing the net**

(R'000)	Group			
	2024		2023	
Underlying items for contracts with direct participating features				
Domestic bonds	241,884		209,156	
Domestic cash	106,663		106,311	
Domestic equity	415,225		424,190	
International equity	122,602		77,051	
International bonds	–		25,560	
	886,374		842,268	

(R'000)	Group		Company	
	2024	2023	2024	2023
8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Balance at beginning of the year – mandatory	1,606,545	1,362,830	52,916	48,006
Balance at beginning of the year – designated	9,346,552	7,835,653	–	–
Movements for the year	–	–	–	–
– Fair value adjustments – mandatory	154,238	171,630	1,312	8,374
– Fair value adjustments – designated	689,363	593,040	–	–
– Additions – mandatory	179,677	412,370	315	9,170
– Additions – designated	1,347,249	3,126,152	–	–
– Disposals – mandatory	(430,124)	(340,284)	(44,128)	(12,634)
– Disposals – designated	(6,040,788)	(2,208,294)	–	–
Balance at the end of year – mandatory	1,510,336	1,606,545	10,415	52,916
Balance at end of year – designated	5,342,376	9,346,552	–	–
Total debt securities	5,933,416	10,016,985	–	13,027
Promissory notes and deposits (unquoted)	5,345,749	9,346,552	–	–
Funds on deposit	144,612	238,586	–	1,020
Fixed interest securities (quoted)	1	1	–	–
Government and public authority bonds (quoted)	443,054	431,846	–	12,007
Total equity securities	919,295	936,112	–	39,889
Listed on the JSE	682,380	757,357	–	24,402
Unlisted equities	38,983	41,591	10,415	11,165
Foreign equity fund*	197,932	137,164	–	4,322
Total instruments	6,852,711	10,953,097	10,415	52,916

* This comprises of a fund managed by the Group's fund managers which invests in foreign equities with exposure to the United States of America, Great Britain, Hong Kong and Japan as at 30 June 2024.

	%	%	%	%
Spread of equities listed on the JSE by sector				
Industrials	32.8	31.1	32.8	31.1
Resources	15.9	19.6	15.9	19.6
Financials	33.4	30.2	33.4	30.2
Real estate	5.8	4.7	5.8	4.7
Technology	12.1	14.4	12.1	14.4
	100	100.0	100.0	100.0
Current	460,026	4,977,478	–	–
Non-current	6,392,684	5,975,619	10,415	52,916
	6,852,711	10,953,097	10,415	52,916

A register of listed and unlisted investments is available for inspection at the Company's registered office in terms of the provisions of section 113 of the Companies Act.

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2024	2023	2024	2023
9. FINANCIAL ASSETS AT AMORTISED COST				
Balance at beginning of the year	302	32,418	–	–
Movements for the year				
– Interest income	644	440		
– Additions	23,800	300		
– Repayments	(3,007)	(32,856)		
Balance at end of year before ECL provision	21,739	302	–	–
ECL provision	(1,260)	(30)		
Balance at end of year*	20,479	272	–	–
Current	9,596	272		
Non-current	10,883			
	20,479	272	–	–
Maturity analysis				
Due within one year	10,856	302		
Due within two to five years	10,883			
Less: ECL	(1,260)	(30)		
Balance at end of year	20,479	272	–	–

* The carrying amount of financial assets at amortised cost approximates their fair value. This is due to the interest charged and calculated being linked to the prime lending rate.

(R'000)	Group		Company	
	2024	Restated* 2023	2024	2023
10. DEFERRED ACQUISITION COST				
Deferred acquisition cost	123,499	166,128		
Current	40,827	48,658		
Non-Current	82,671	117,470		
	123,499	166,128		
Movements for the year				
– Balance at the beginning of the year	166,128	110,990		
– Recognised	15,898	132,853		
– Realised during the year	(58,527)	(77,715)		
Balance at the end of the year	123,499	166,128		

* Refer to restatement note 39 on page 222.

Deferred acquisition costs relate to costs to obtain contracts that are incremental commission and outsourced administration fees paid to intermediaries as a result of obtaining investment contracts.

These costs are amortised over a period of 3 years for the recurring premium saving policies and over a period of 5 years for the single premium business.

11. INVESTMENT IN SUBSIDIARIES

(R'000)	Company		
	Amount of issued share capital and share premium R	Percentage of issued share capital %	Shares held at cost R'000
2024			
Direct holdings			
Unlisted subsidiaries			
Clientèle Life**	4,853,000	100	251,896 [#]
Clientèle General Insurance	42,500,000	100	46,802 [#]
CBC Rewards (Pty) Ltd	8,610	100	3887
Clientèle Mobile (Pty) Ltd	1	100	*
Direct Rewards (Pty) Ltd	2,501	51	9055
			311,640
2023			
Direct holdings			
Unlisted subsidiaries			
Clientèle Life**	4,853,000	100	252,426 [#]
Clientèle General Insurance	42,500,000	100	47,008 [#]
CBC Rewards (Pty) Ltd	8,610	100	3,887
Clientèle Mobile (Pty) Ltd	1	100	*
Direct Rewards (Pty) Ltd ¹	2,501	51	9,055
			312,375

* Less than R1,000.

** Clientèle Properties North, Clientèle Properties South and Clientèle Properties East are fully owned subsidiaries of Clientèle Life. Refer to page 2 for the group structure.

[#] The decrease relates to the recharge arrangement described in accounting policy 18.3.¹ Direct Rewards is now accounted for as a subsidiary with effect from 1 July 2022 at a shareholding of 51%, with a goodwill value of R8.4 million. This investment was previously disclosed under "investment in associate". Direct Rewards generated revenue amounting to R49.9 million (2023: R37 million) and total expenses (excluding cost of sales) amounting to R12 million (2023: R11 million).

A register of unlisted investments is available for inspection at the Company's registered office in terms of the provisions of section 113 of the Companies Act.

(R'000)	Group		Company	
	2024	2023	2024	2023
12. INVESTMENT IN ASSOCIATE				
Investment at beginning of year	–	5,837	–	5,837
Equity-accounted profit				
Reversal of impairment of investment in associate				
Derecognition of the investment in associate	–	(5,837)	–	(5,837)
Balance at end of year	–	–	–	–

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2024	2023	2024	2023
13. LOANS TO SUBSIDIARIES				
Opening balance	–	–	49,453	44,682
Advances			33,500	6,701
Payments			(300)	(1,400)
Movement in ECL			3,403	(530)
Closing balance*	–	–	86,056	49,453
Gross loans to subsidiaries			88,148	54,948
ECL closing balance	–	–	(2,092)	(5,495)
ECL opening balance			(5,495)	(4,965)
Movement in ECL			3,403	(530)
Closing balance	–	–	86,056	49,453

* The loans are payable on demand. Therefore, the carrying amount approximates the fair value.

(R'000)	Group		Company	
	2024	Restated 2023*	2024	2023
14. TRADE RECEIVABLES				
Trade receivables	13,564	20,086	900	1,000
Prepayments	44,023	37,672	77	73
	57,587	57,758	977	1,073
Current	56,587	57,758	77	73
Non-current	1,000		900	1,000
	57,587	57,758	977	1,073
The carrying value amounts approximate the fair value of these amounts				
Maturity analysis				
Due within one year	56,587	57,758	77	73
Due within two to five years	1,000	–	900	1,000
	57,587	57,758	977	1,073

* Refer to restatement note 39 on page 222.

(R'000)	Group		Company	
	2024	2023	2024	2023
15. CASH AND CASH EQUIVALENTS				
Cash in bank and at hand	317,050	249,540	3,183	4,415

(R'000)	Group		Company	
	2024	2023	2024	2023
16. SHARE CAPITAL AND PREMIUM				
Authorised share capital				
750,000,000 ordinary shares of 2 cents each	15,000	15,000	15,000	15,000
Issued share capital				
2024: 335,333,619 (2023: 335,321,768) ordinary shares of 2 cents each	6,707	6,706	6,707	6,706
Share premium	389,261	389,135	389,261	389,135
Common control deficit*	(220,273)	(220,273)		
	175,695	175,568	395,968	395,841

* Clientèle acquired the shares in Clientèle Life and its subsidiaries with effect from 19 May 2008. As there were no changes in the beneficial shareholders, this transaction was treated as a common control transaction. This treatment resulted in a common control deficit of R220.3 million, which was the difference between the net asset value of Clientèle Life at the date of transfer and the par value of the shares issued.

11,851 shares (2023: Nil) were issued during the period in terms of the Bonus Rights Scheme. All issued shares are fully paid. The unissued ordinary shares have been placed under the control of the Directors of the Group until the forthcoming AGM of shareholders.

(R'000)	Group		Company	
	2024	2023	2024	2023
17. BONUS RIGHTS SCHEME RESERVE				
BR Scheme Reserve	27,347	27,294	27,347	27,294

Bonus rights are granted to qualifying employees, excluding Group Excom. The initial price of the bonus rights is the volume weighted average price that the ordinary share traded at on the JSE during the 30 (thirty) trading days immediately preceding the invitation date. Bonus rights are conditional on the employee staying in the employ of the Group for the vesting period. The bonus rights are exercisable starting three years from the invitation date. All bonus rights not exercised on the seventh anniversary of the invitation date will lapse, except for any bonus rights allocated for the period 1 November 2013 to 31 December 2015, where the period was extended to 10 years from the Invitation Date.

Notes to the Annual Financial Statements continued

17. BONUS RIGHTS SCHEME RESERVE continued

	2024		2023	
	Volume weighted average price on grant date (Rands)	Number of BRs granted	Volume weighted average price on grant date (Rands)	Number BRs granted
At beginning of year		17,019,934		14,563,866
Allotment				
Allotment				
Allotment				
Allotment	10.63	1,583,400	10.34	2,741,975
Allotment	10.95	1,608,600	10.75	597,100
Allotment	11.09	1,892,625	11.42	692,300
Allotment	11.59	1,479,655	11.83	813,789
Allotment	13.14	(719,845)	17.47	3,576
Forfeited	14.78	(17,316)	7.69	(42,500)
Forfeited	14.36	(110,000)	8.35	(354,590)
Forfeited	14.27	–	9.34	(76,250)
Forfeited	17	(283,169)	9.49	(100,450)
Forfeited	17.27	(410,896)	9.51	(51,450)
Forfeited	18.21	(435,309)	9.94	(21,000)
Forfeited	14.94	–	10.20	(38,920)
Forfeited	16.01	(318,293)	10.39	(181,196)
Forfeited	17.47	(618,072)	13.14	(122,220)
Forfeited	16.36	(75,627)	14.18	(18,500)
Forfeited	17.24	(152,500)	14.78	(2,940)
Forfeited	19.71	(103,500)	14.89	(44,100)
Forfeited	19.71	–	14.90	(159,500)
Forfeited	20.01	(100,000)	14.94	(639,941)
Forfeited	19.96	(102,500)	15.87	(16,500)
Forfeited	16.93	(73,000)	16.01	(119,244)
Forfeited	16.51	(288,075)	16.36	(119,385)
Forfeited	14.89	(192,575)	16.51	(27,600)
Forfeited	15.87	(169,500)	16.93	(23,800)
Forfeited	14.9	(398,000)	17.00	(37,389)
Forfeited	14.18	(137,500)	17.24	(52,450)
Forfeited	7.69	(379,000)	17.27	(40,816)
Forfeited	9.34	(165,750)	17.47	–
Forfeited	8.35	(536,115)	18.21	(57,931)
Forfeited	9.51	(174,200)	19.71	(27,600)
Forfeited	9.49	(314,600)	19.96	(16,400)
Forfeited	10.2	(187,475)		
Forfeited	9.94	(146,300)		
Forfeited	10.39	(176,295)		
Forfeited	11.61	(182,700)		
Forfeited	11.84	(240,240)		
Forfeited	10.84	(308,000)		
Forfeited	10.34	(514,231)		
Forfeited	10.95	(392,000)		
Forfeited	11.59	(276,850)		
Forfeited	10.63	(396,900)		
Forfeited	11.09	(195,160)		
Exercised		(51,495)		
At end of year		14,241,226		17,019,934

6.05 million (2023: 5.98 million) of the 14.2 million (2023: 17.0 million) outstanding Bonus Rights were exercisable.

17. BONUS RIGHTS SCHEME RESERVE continued

Bonus Rights granted have the following vesting dates at the end of the year:

	2024		2023	
	Average Grant Price (Rands)	Number of BRs	Average Grant Price (Rands)	Number of BRs
1 September 2024	17.00	–	17.00	283,169
31 March 2023				
1 November 2023	13.14	–	13.14	719,845
3 January 2024	14.78	–	14.78	17,316
18 February 2024	14.36	–	14.36	110,000
30 March 2025	17.27	–	17.27	410,896
30 September 2025	18.21	–	18.21	435,309
30 September 2023	16.01	–	16.01	318,293
31 March 2024	17.47	–	17.47	618,072
30 September 2024	16.36	237,976	16.36	313,603
1 April 2025	17.24	263,100	17.24	415,600
30 June 2025	19.71	210,250	19.71	313,750
30 June 2025	19.71	40,000	19.71	40,000
27 August 2025	20.01	–	20.01	100,000
1 October 2025	19.96	103,447	19.96	205,947
1 December 2025	16.93	54,500	16.93	127,500
1 March 2026	16.51	102,600	16.51	390,675
1 July 2026	14.89	211,500	14.89	404,075
1 October 2026	15.87	323,500	15.87	493,000
1 December 2026	14.9	360,500	14.90	758,500
1 March 2027	14.18	238,600	14.18	376,100
1 June 2027	7.69	415,600	7.69	815,500
1 September 2027	9.34	223,561	9.34	391,701
1 December 2027	8.35	1,244,703	8.35	1,809,023
1 March 2028	9.51	150,350	9.51	324,550
1 July 2028	9.49	302,505	9.49	617,105
30 September 2028	10.2	298,608	10.20	486,083
1 December 2028	9.94	79,150	9.94	225,450
31 March 2029	10.39	477,413	10.39	653,708
1 July 2029	11.61	509,600	11.42	692,300
1 September 2029	11.84	573,549	11.83	813,789
1 December 2029	10.84	289,100	10.75	597,100
1 April 2030	10.34	2,227,744	10.34	2,741,975
1 July 2030	10.95	1,216,600		
1 September 2030	11.59	1,202,805		
1 December 2030	10.63	1,186,500		
31 March 2031	11.09	1,697,465		
At end of year		14,241,226		17,019,934

The Statement of Comprehensive Income (SOI) charge was determined using the Black Scholes model. The IFRS 2: Share based payments cost relating to the BR Scheme amounted to R1.6 million (2023: R1.9 million). Significant inputs into the model include grant prices of Bonus Rights, the assumed dividend yield of 5% p.a., and the risk-free yield depending on the term until the assumed exercised date, assumed employee turnover of 18.76% (2023: 28.3%), contractual life of 1 to 7 years (2023: 1 to 7 years) and the potential share price growth.

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2024	2023	2024	2023
18. NDR				
NDR: Revaluation	68,311	60,598	–	–

The revaluation reserve relates to owner-occupied land and buildings owned by the subsidiaries, Clientèle Properties North, Clientèle Properties South and Clientèle Properties East referred to in Note 3 on page 168. The land and buildings have been revalued to market value through equity. Deferred tax (Refer to Note 6 on pages 171 to 172) has been provided at rates appropriate to the land and buildings and resulted in a net increase of R2.08 million to the deferred tax liability (2023: R1.6 million increase).

(R'000)	Group		Company	
	2024	2023	2024	2023
19. FINANCIAL LIABILITIES AT AMORTISED COST				
Balance at beginning of the year	150,742	215,442		
– Interest	9,199	15,107		
– Additions	–			
– Repayments	(40,460)	(79,807)		
Balance at end of the year*	119,481	150,742		–
Current	14,000	39,002		
Non-current	105,481	111,740		
	119,481	150,742		–
Maturity analysis				
Due within one year	15,106	40,461		
Due within two to five years	116,032	131,138		
Less: Discounting	(11,657)	(20,857)		
Balance at end of year*	119,481	150,742		–

Financial liabilities at amortised cost comprise single premium endowment investment product liabilities. These liabilities have not been designated at fair value through profit or loss as the corresponding assets relate to inter-company balances eliminated on consolidation.

The carrying amount of financial liabilities at amortised cost approximates fair value.

(R'000)	Group		Company	
	2024	Restated 2023*	2024	2023
20. INVESTMENT CONTRACT LIABILITIES				
Balance at beginning of the year	9,822,998	8,149,168		
Movements for the year				
– Fair value adjustments ¹	579,536	633,434		
– Reduction in financial liability due to the recognition of deferred fiduciary tax	(14,587)	(99,430)		
– Deposits	816,175	3,649,205		
– Withdrawals and maturities	(5,319,384)	(2,509,379)		
Balance at end of the year	5,884,738	9,822,998	–	–

* Refer to restatement note 39 on page 222.

1. The Company issues contracts that are classified as financial liabilities at fair value through profit or loss. These financial instruments are not quoted in active markets, and their fair values are determined by using Valuation techniques. All models are validated before they are used and calibrated to ensure that outputs reflect actual experience and comparable market prices. A variety of factors are considered in the Company's Valuation techniques, including time value of money, credit risk (both own and counter-party), and activity in similar instruments. Changes in assumptions relating to these factors could affect the reported fair value of these financial liabilities. The extent that actual surrenders are different from the Company's estimates is a critical factor in the fair Valuation process, as additional fair value gains or losses would have been recognised in the fair value of liabilities associated with these contracts. These financial liabilities are, however, matched with assets with similar features, removing the risk of significant mismatches when surrenders are earlier than expected.

(R'000)	Group		Company	
	2024	2023	2024	2023
21. LOANS AT AMORTISED COST				
Nedbank				
Balance at beginning of the year	100,000	100,000		
Advances	204,806			
Interest	16,490	9,222		
Repayments	(116,490)	(9,222)		
	204,806	100,000	–	–
Current		100,000		
Non-current	204,806			
	204,806	100,000	–	–
Maturity analysis				
Due within one year		104,839		
Due within two to five years	297,576			
Less: Discounting	(92,770)	(4,839)		
Balance at end of year	204,806	100,000	–	–

The loan comprises of a revolving credit facilities granted by Nedbank to Clientèle Properties East (R100 million) and Clientèle Properties North (R104.8 million) and are secured by a guarantee issued in favour of Nedbank from Clientèle Limited. The carrying value approximates the fair value of these amounts.

The loan is unsecured with interest charged at the aggregate of the base rate and the applicable margin. The base rate for the facility is the 3 month JIBAR rate. The margin is 1.9% (190 basis points) and the term of the facility is 60 months. The revolving credit facilities are repayable in November 2028.

(R'000)	Group		Company	
	2024	2023	2024	2023
22. FINANCIAL GUARANTEE LIABILITY				
Balance at beginning of the year	2,000	2,000	2,000	2,000
Balance at end of year	2,000	2,000	2,000	2,000

(R'000)	Group		Company	
	2024	2023	2024	2023
23. DEFERRED REVENUE				
Deferred revenue	227,856	359,862	–	–
Current	86,438	106,903		
Non-Current	141,418	252,959		
	227,856	359,862	–	–
Movements for the year				
– Balance at the beginning of the year	359,862	210,491		
– Increase in deferred revenue	26,579	320,028		
– Realised during the year	(158,585)	(170,657)		
Balance at the end of the year	227,856	359,862	–	–

Revenue relating to investment management services of single premium policies is recognised over time although the customer pays up-front for these services. A contract liability is recognised for revenue relating to the investment management services at the time of the initial sales transaction and is released over the service period.

The increase in the contract liability balances during the reporting period is as a result of high production of co-branded single premium policies.

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2024	2023	2024	2023
24. EMPLOYEE BENEFITS				
Goodwill scheme (refer to Note 24.1)	13,228	16,005		
Embedded value scheme (refer to Note 24.2)	32,362	31,723		
Short-term bonuses (Refer to Note 24.3)	50,610	41,072		
	96,200	88,800		–
Current	81,506	68,654		
Non-current	14,694	20,146		
	96,200	88,800		–
24.1 Goodwill Scheme				
Balance at beginning of year	16,005	14,383		
Payment during the year	(5,246)	(5,246)		
Provision raised/(released) (refer to Note 36)	2,469	6,868		
Interest cost	1,137	719		
Service cost	5,319	8,442		
Net actuarial loss/(gain)	(3,987)	(2,293)		
Balance at end of year	13,228	16,005		

The above relates to the goodwill element of the incentive bonus scheme as discussed in the Group Remuneration Report (page 38) and the accounting policies (Note 18 on page 147) to the Annual Financial Statements.

The principle actuarial assumptions used for estimating the obligation that relates to the Goodwill Scheme are as follows:

	Cycle 4 (ended 30 June 2022)	
	2024	2023
VNB at end of cycle (R million)	291	291
VNB multiple	5	5
Risk free rate (%)	9.83	9.83
Pool utilisation (%)	78.90	78.90
Payment term (years)	5	5

	Cycle 5 (ending 30 June 2027)	
	2024	2023
Expected weighted VNB during the cycle (R million)	343	540
VNB multiple	5	5
Risk free rate (%)	10.38	10.45
Expected pool utilisation (%)	90.00	83.00
Payment term (years)	5	5

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

24. EMPLOYEE BENEFITS continued**24.2 EV Scheme**

The build-up of the EV Scheme liability is as follows:

(R'000)	Group		Company	
	2024	2023	2024	2023
Balance at beginning of year	31,723	25,423	–	–
Provision raised (refer to Note 36)	24,448	30,746		
Payment during the year	(23,809)	(24,446)		
Executives	(22,023)	(22,632)		
Management	(1,786)	(1,815)		
Balance end of year	32,362	31,723	–	–
The principle actuarial assumptions used for estimating the obligation that relates to the EV Scheme are as follows:				
Payment terms (years)	4	4		
Hurdle rate (%) (only applicable to Pool 2)	14.10	13.80		–
In-force participants (%)	96.07	84.30		

EV earnings are based on the EV assumptions and calculations outlined in the statement of Group EV (page 60 to 68).

(R'000)	Group		Company	
	2024	2023	2024	2023
24.3 Short-term bonuses				
The build-up of the liability in respect of short-term bonuses is as follows:				
Balance at beginning of year	41,072	37,902		
Provision raised (refer to Note 36)	46,183	38,888		
Payments during the year	(36,645)	(35,718)		
Balance end of year	50,610	41,072	–	–

(R'000)	Group		Company	
	2024	Restated 2023*	2024	2023
25. ACCRUALS AND PAYABLES				
Trade payables ¹	64,196	38,163		
Accruals	39,287	75,284	675	5,901
Other payables	13,820	11,298	482	660
	117,304	124,745	1,157	6,562
Maturity analysis				
Due within one year	117,304	124,745	1,157	6,562
Due within two to five years				
	117,304	124,745	1,157	6,562

* Refer to restatement note 39 on page 222.

1. The carrying amount of trade payables is an approximation of their fair value.

Notes to the Annual Financial Statements continued

26. INSURANCE SERVICE RESULTS

26.1 Insurance revenue

(R'000) Income/(expenses)	Life insurance – Risk business (GMM)	Life insurance – Risk business (PAA)	Life insurance – Savings business (VFA)	Short-term insurance (PAA)	Total
Year ended 30 June 2024					
Insurance revenue from contracts not measured under the PAA					
Amounts relating to changes in liabilities for remaining coverage	642,595	–	47,684	–	690,279
CSM recognised for services provided	328,596	–	30,558	–	359,154
Change in risk adjustment for non-financial risk for risk expired	30,925	–	2,315	–	33,240
Expected incurred claims and other insurance service expenses	363,002	–	14,811	–	377,813
Experience adjustments not related to future service	(79,928)	–	–	–	(79,928)
Recovery of insurance acquisition cash flows	709,795	–	22,855	–	732,650
Insurance revenue from contracts not measured under the PAA	1,352,390	–	70,539	–	1,422,929
Insurance revenue from contracts measured under the PAA	–	3,094	–	505,108	508,202
Total insurance revenue	1,352,390	3,094	70,539	505,108	1,931,131
Year ended 30 June 2023					
Insurance revenue from contracts not measured under the PAA					
Amounts relating to changes in liabilities for remaining coverage	739,910	–	23,503	–	763,413
CSM recognised for services provided	365,665	–	18,566	–	384,231
Change in risk adjustment for non-financial risk for risk expired	42,921	–	1,857	–	44,778
Expected incurred claims and other insurance service expenses	388,221	–	3,080	–	391,301
Experience adjustments not related to future service	(56,897)	–	–	–	(56,897)
Recovery of insurance acquisition cash flows	666,567	–	26,983	–	693,550
Insurance revenue from contracts not measured under the PAA	1,406,477	–	50,486	–	1,456,963
Insurance revenue from contracts measured under the PAA	–	4,347	–	492,837	497,184
Total insurance revenue	1,406,477	4,347	50,486	492,837	1,954,147

26. INSURANCE SERVICE RESULTS continued**26.2 Insurance service expenses**

Group (R'000) Income/(expenses)	Life insurance – Risk business (GMM)	Life insurance – Risk business (PAA)	Life insurance – Savings business (VFA)	Short-term insurance (PAA)	Total
Year ended 30 June 2024					
Incurred insurance service expenses	(398,136)	(1,979)	(24,355)	(107,761)	(532,231)
Claims	(220,924)	(1,363)	(4,080)	(41,232)	(267,599)
Expenses	(177,212)	(616)	(20,275)	(70,098)	(268,201)
Other expenses under the VFA	–	–	–	–	–
Other movements related to current service	–	–	–	3,569	3,569
Insurance acquisition cash flows expensed when incurred	–	(83)	–	–	(83)
Amortisation of insurance acquisition cash flows	(709,796)	–	(22,855)	(242,966)	(975,617)
Impairment Loss on Assets for Insurance Acquisition Cash Flow	132	38	53	(8,020)	(7,797)
Reversal of Impairment Loss on Assets for Insurance Acquisition Cash Flow	–	–	–	–	–
Changes that relate to past service:	132	38	53	(8,020)	(7,797)
Changes in estimates in LIC fulfilment cash flows	–	38	–	882	920
Experience adjustments in claims and other insurance service expenses in LIC	132	–	53	(8,902)	(8,717)
Changes that relate to future service:	(223,511)	–	3,346	–	(220,165)
Losses for the net outflow recognised on initial recognition	(120,087)	–	(9,641)	–	(129,728)
Losses and reversal of losses on onerous contracts – subsequent measurement	(103,424)	–	12,987	–	(90,437)
Total Insurance Service Expenses	(1,331,313)	(2,024)	(43,811)	(358,747)	(1,735,895)

Notes to the Annual Financial Statements continued

26. INSURANCE SERVICE RESULTS continued

26.2 Insurance service expenses continued

Group (R'000) Income/(expenses)	Life insurance – Risk business (GMM)	Life insurance – Risk business (PAA)	Life insurance – Savings business (VFA)	Short-term insurance (PAA)	Total
Year ended 30 June 2023					
Incurred insurance service expenses	(433,926)	(3,820)	(19,601)	(108,998)	(566,345)
Claims	(266,164)	(3,311)	(3,825)	(43,501)	(316,801)
Expenses	(167,762)	(509)	(15,776)	(68,764)	(252,811)
Other expenses under the VFA	–	–	–	–	–
Other movements related to current service	–	–	–	3,267	3,267
Insurance acquisition cash flows expensed when incurred	–	(21)	–	–	(21)
Amortisation of insurance acquisition cash flows	(666,566)	–	(26,983)	(261,034)	(954,583)
Impairment Loss on Assets for Insurance Acquisition Cash Flow	(15,263)	102	(203)	(6,699)	(22,063)
Reversal of Impairment Loss on Assets for Insurance Acquisition Cash Flow	–	–	–	–	–
Changes that relate to past service:	(15,263)	102	(203)	(6,699)	(22,063)
Changes in estimates in LIC fulfilment cash flows	–	102	–	1,356	1,458
Experience adjustments in claims and other insurance service expenses in LIC	(15,263)	–	(203)	(8,055)	(23,521)
Changes that relate to future service:	(228,108)	–	10,302	–	(217,806)
Losses for the net outflow recognised on initial recognition	(110,001)	–	(2,926)	–	(112,927)
Losses and reversal of losses on onerous contracts – subsequent measurement	(118,107)	–	13,228	–	(104,879)
Total Insurance Service Expenses	(1,343,863)	(3,739)	(36,485)	(376,731)	(1,760,818)

26. INSURANCE SERVICE RESULTS continued**26.3 Income/(expense) from reinsurance contracts**

(R'000)	Life insurance – Risk business (GMM)
Year ended 30 June 2024	
Allocation of the premiums paid	(195,833)
Amounts recovered from reinsurance:	
Incurred insurance service expenses	135,069
Claims	157,246
Expenses	(22,177)
Changes that relate to past service (changes in fulfilment cash flows re LIC)	(5,731)
Changes in estimates in LIC fulfilment cash flows	–
Experience adjustments in claims and other insurance service expenses in LIC	(5,731)
Changes that relate to future service	42,809
Loss recovery related to losses on underlying insurance contracts at initial recognition	84,798
Loss recovery and reversals of recoveries related to underlying insurance contracts losses – subsequent measurement	(41,989)
Total Net Expenses from Reinsurance Contracts	(23,686)
Year ended 30 June 2023 – Restated	
Allocation of the premiums paid	(223,500)
Amounts recovered from reinsurance:	
Incurred insurance service expenses	153,591
Claims	173,304
Expenses	(19,713)
Changes that relate to past service (changes in fulfilment cash flows re LIC)	(3,132)
Changes in estimates in LIC fulfilment cash flows	155
Experience adjustments in claims and other insurance service expenses in LIC	(3,287)
Changes that relate to future service	44,905
Loss recovery related to losses on underlying insurance contracts at initial recognition	74,723
Loss recovery and reversals of recoveries related to underlying insurance contracts losses – subsequent measurement	(29,818)
Total Net Expenses from Reinsurance Contracts	(28,136)

Notes to the Annual Financial Statements continued

26. INSURANCE SERVICE RESULTS continued

26.4 Net investment result

Group (R'000) Income/(expenses)	Group				
	Life insurance – Risk business (GMM)	Life insurance – Savings business (VFA)	Short-term insurance (PAA)	Other	Total
Year ended 30 June 2024					
Investment income/expense on underlying assets					
Fair value adjustments to financial assets at fair value through profit or loss	–	50,258	–	793,343	843,601
Total net investment income	–	50,258	–	793,343	843,601
Insurance finance income/ expense from insurance contracts					
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates	257,442	–	(514)	–	256,928
Interest accreted on the carrying amount of the CSM	(126,753)	–	–	–	(126,753)
Interest accreted on present value cash flows	432,527	–	(495)	–	432,032
Interest accreted on risk adjustment	(48,332)	–	(19)	–	(48,351)
Interest accreted on LRC for contracts measured under the PAA	–	–	–	–	–
The effect of financial risk and changes in financial risk	192,450	–	(31)	–	192,419
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(12,278)	–	–	–	(12,278)
Changes in fair value of underlying items of direct participating contracts	–	(33,822)	–	–	(33,822)
Total insurance finance income/ (expense) from insurance contracts	437,614	(33,822)	(545)	–	403,247

26. INSURANCE SERVICE RESULTS continued**26.4 Net investment result** continued

Group (R'000) Income/(expenses)	Group				Total
	Life insurance – Risk business (GMM)	Life insurance – Savings business (VFA)	Short-term insurance (PAA)	Other	
Insurance finance income/ expense from reinsurance contracts					
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates	12,797	–	–	–	12,797
Interest accreted on the carrying amount of the CSM	17,844	–	–	–	17,844
Interest accreted on present value cash flows	(11,291)	–	–	–	(11,291)
Interest accreted on risk adjustment	6,244	–	–	–	6,244
The effect of financial risk and changes in financial risk	(2,185)	–	–	–	(2,185)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	39	–	–	–	39
Total insurance finance income from reinsurance contracts	10,651	–	–	–	10,651
	448,265	(33,822)	(545)	–	413,898
Insurance finance income and expenses					
Net insurance finance income/ (expense) from insurance contracts	437,614	(33,822)	(545)	–	403,247
Amounts recognised in statement of profit or loss	228,507	(33,822)	(522)	–	194,163
Amounts recognised in OCI	209,107	–	(23)	–	209,084
	437,614	(33,822)	(545)	–	403,247
Net insurance finance income/ (expense) from reinsurance contracts	10,651	–	–	–	10,651
Amounts recognised in statement of profit or loss	13,176	–	–	–	13,176
Amounts recognised in OCI	(2,525)	–	–	–	(2,525)
	10,651	–	–	–	10,651

Notes to the Annual Financial Statements continued

26. INSURANCE SERVICE RESULTS continued

26.4 Net investment result continued

Group (R'000) Income/(expenses)	Group				
	Life insurance – Risk business (GMM)	Life insurance – Savings business (VFA)	Short-term insurance (PAA)	Other	Total
Year ended 30 June 2023					
Investment income/expense on underlying assets					
Fair value adjustments to financial assets at fair value through profit or loss	–	52,202	–	762,961	815,163
Total net investment income/ expenses	–	52,202	–	762,961	815,163
Insurance finance income/ expense from insurance contracts					
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates	177,721	–	(863)	–	176,858
Interest accreted on the carrying amount of the CSM	(114,146)	–	–	–	(114,146)
Interest accreted on present value cash flows	332,647	–	(824)	–	331,823
Interest accreted on risk adjustment	(40,780)	–	(39)	–	(40,819)
Interest accreted on LRC for contracts measured under the PAA	–	–	–	–	–
The effect of financial risk and changes in financial risk	(1,747)	–	46	–	(1,701)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	5,197	–	–	–	5,197
Changes in fair value of underlying items of direct participating contracts	–	(37,071)	–	–	(37,071)
Total insurance finance income/ (expense) from insurance contracts	181,171	(37,071)	(817)	–	143,283

26. INSURANCE SERVICE RESULTS continued**26.4 Net investment result** continued

Group (R'000) Income/(expenses)	Group				
	Life insurance – Risk business (GMM)	Life insurance – Savings business (VFA)	Short-term insurance (PAA)	Other	Total
Insurance finance income/ expense from reinsurance contracts					
The effect of time value of money and changes in the time value of money, based on the locked-in interest rates	11,318	–	–	–	11,318
Interest accreted on the carrying amount of the CSM	14,580	–	–	–	14,580
Interest accreted on present value cash flows	(9,634)	–	–	–	(9,634)
Interest accreted on risk adjustment	6,372	–	–	–	6,372
The effect of financial risk and changes in financial risk	(87)	–	–	–	(87)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(117)	–	–	–	(117)
Total insurance finance income/ (expense) from reinsurance contracts	11,114	–	–	–	11,114
	192,285	(37,071)	(817)	–	154,397
Insurance finance income and expenses					
Net insurance finance income/ (expense) from insurance contracts	181,171	(37,071)	(817)	–	143,283
Amounts recognised in statement of profit or loss	201,133	(37,071)	(839)	–	163,223
Amounts recognised in OCI	(19,962)	–	22	–	(19,940)
	181,171	(37,071)	(817)	–	143,283
Net insurance finance income/ (expense) from reinsurance contracts	11,114	–	–	–	11,114
Amounts recognised in statement of profit or loss	11,291	–	–	–	11,291
Amounts recognised in OCI	(177)	–	–	–	(177)
	11,114	–	–	–	11,114

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2024	2023	2024	2023
27. FAIR VALUE ADJUSTMENT TO FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS				
(Refer to Note 8 on page 194)				
Fair value adjustment – mandatory	154,238	171,630		
Fair value adjustment – designated	689,363	593,040	1,312	8,374
	843,601	764,670	1,312	8,374
The above fair value adjustments includes:				
– Fair value (losses)/gains	177,332	(117,569)	(785)	4,307
– Interest (unlisted)	634,877	846,054	380	1,647
– Dividends (listed)	31,392	36,185	1,717	2,420
	843,601	764,670	1,312	8,374
Adjustment for non-cash amounts included in the fair value expenses				
Dividend tax paid	(91)	(292)	–	–
Net non-cash amount	146,304	(110,120)	(785)	1,800

(R'000)	Group		Company	
	2024	Restated 2023	2024	2023
28. REVENUE FROM CONTRACTS WITH CUSTOMERS				
IFA annuity fee	83,212	89,169		
Rewards benefits	110,539	66,860		
Non-insurance revenue	15,449	15,291		
Deferred revenue ¹	171,238	170,657		
	380,438	341,976	–	–

1. The deferred revenue relates to the single premium products, where the revenue is deferred in line with investment management expenses.

(R'000)	Group		Company	
	2024	2023	2024	2023
29. DIVIDENDS PAID				
Balance owing at the beginning of the year	488	363	488	363
Amount declared for the year	419,152	402,386	419,152	402,386
	419,640	402,749	419,640	402,749
Dividends paid to NCI (49.0%)	1,470	1,947		
Balance owing at the end of the year	(488)	(488)	(488)	(488)
Amount paid during the year	420,622	404,208	419,152	402,261

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2024	Restated 2023	2024	2023
30. OTHER INCOME				
Other income*	(2,355)	1,690		37
INSETA grants	2,943	1,763		
Profit on sale of assets	–	10		
Rental income (external)	1,009	1,212		
Gain from revaluation of Investment in Associate	–	1,053		
	1,597	5,728		37

* Included in other income are all non-insurance and core business related income Gym membership fee income, airtime, sim and data income, discounts and income from claim admin fees and other income.

(R'000)	Group		Company	
	2024	Restated 2023	2024	2023
31. INTEREST INCOME				
Financial assets at amortised cost	644	440		
Cash and cash equivalents	16,323	15,135	285	396
	16,967	15,575	285	396

Notes to the Annual Financial Statements continued

32. DIRECTORS REMUNERATION

Year ended 30 June 2024

Non-executive Directors Group Remuneration	Months in office	Directors' fees and total emoluments Excluding VAT R'000	Directors' fees and total emoluments Including VAT R'000
GQ Routledge*	12	3,801	4,371
BA Stott*	12	2,224	2,557
PR Gwangwa [#]	1	73	73
HP Mayers*	12	1,094	1,259
RD Williams*	12	1,325	1,523
E Mashilwane*	7	770	886
Total emoluments		9,287	10,669

* Registered for VAT for the year.

[#] Not registered for VAT.

Executive Directors Group Remuneration	Months in office	Basic salary R'000	Bonuses and performance related payments R'000	Retirement, medical and other benefits R'000	Total emoluments R'000
BW Reekie*	12	8,034	12,471	859	21,364
H Louw	12	4,969	6,040	366	11,375
RDT Zwane	12	2,623	3,030	174	5,827
AC Pillay	3	971	2,341	79	3,391
MG Cownie	5	2,473	875	46	3,394
Total emoluments		19,070	24,757	1,524	45,351

* BW Reekie has an indirect shareholding in RiverLily Investments Proprietary Limited, which in turn owns shares in Clientèle: The total value at 30 June 2024 is R1.2 million. (2023: R1.2 million).

Bonuses and performance related payments include incentive bonus scheme payments and amounts payable. No BRs have been issued to Directors.

32. DIRECTORS REMUNERATION continued

Year ended 30 June 2023

Non-executive Directors Group Remuneration	Months in office	Directors' fees and total emoluments Excluding VAT R'000	Directors' fees and total emoluments Including VAT R'000
GQ Routledge*	12	3,576	4,112
BA Stott*	12	2,092	2,406
PR Gwangwa [#]	12	872	872
HP Mayers*	2	171	197
LED Hlatshwayo*	6	292	336
RD Williams*	12	1,264	1,433
Total emoluments		8,248	9,356

* Registered for VAT for the year.

[#] Not registered for VAT.

Executive Directors Group Remuneration	Months in office	Basic salary R'000	Bonuses and performance related payments R'000	Retirement, medical and other benefits R'000	Total emoluments R'000
BW Reekie	12	7,543	8,843	822	17,208
IB Hume	6	2,488	4,324	161	6,973
H Louw	12	4,676	5,357	343	10,376
RDT Tabane	12	2,448	2,608	184	5,240
MG Cownie	6	1,357	1,041	64	2,462
Total emoluments		18,512	22,173	1,574	42,259

Bonuses and performance related payments include incentive bonus scheme payments and vested amounts payable. No BRs have been issued to Directors.

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2024	Restated 2023	2024	2023
33. OPERATING EXPENSES				
Acquisition and administration expenses by nature are as follows:				
Total auditors' remuneration	14,105	9,022		
Audit fees*	13,714	8,589	2,393	2,777
Other services	391	433		
Actuarial fees	1,249	1,213		
Computer expenses	29,818	51,513		
Consultancy fees	46,333	30,260	14,630	5,798
Employee benefits	620,153	611,243		
Salaries and other short-term benefits	527,729	517,320		
Defined contribution provident fund				
Current service cost	17,735	15,488		
Goodwill Scheme (release)/expense	2,469	6,868		
EV Scheme expense	24,448	30,746		
Short-term bonuses	46,183	38,888		
BR Scheme expense	1,589	1,932		
Amortisation of intangible assets	13,900	22,392		
Depreciation	13,272	13,063		
Computer equipment	8,682	8,961		
Solar	643	466		
Furniture and equipment	2,706	2,624		–
Leasehold improvements	1,103	851		
Motor vehicles	138	162		
Local travel costs	2,232	3,665		
Administration and marketing	446,302	511,035		
Agency, Broker, Funeral parlour and outsourced sales	263,533	290,982		
IFA referral fees and bonuses paid	43,128	53,852		
Property expenses	1,473	24,642		
Rewards expenses		269		
Movement in ECL on intergroup loans				530
B-BBEE guarantee costs	1,617	909		
Secretarial fees	2,324	7,078	859	746
Single Premium deferred expenses	52,393	77,033		
Other	39,805	24,945	1,522	1,414
	1,591,637	1,733,116	19,405	11,265
Comprising:				
Insurance service expenses	1,170,941	1,314,364		
Other operating expenses	420,696	418,752	19,405	11,265
	1,591,637	1,733,116	19,405	11,265

* Refer to Note 33.1 for a breakdown of audit fees.

33. OPERATING EXPENSES continued**33.1 Audit Fees***

(R'000)	2024	2023
Audit of the Group's annual consolidated and separate financial statements	11,197	6,887
Regulatory related audit services	2,467	1,702
Other assurance related services performed under the standard as issued by the IAASB	50	
	13,714	8,589

Note: all audit fees were paid to the group Auditors – Deloitte & Touche.

* Audit fee disclosures have been enhanced in terms of the requirements contained in the IESBA code for Public Interest Entities. As a result, the comparatives have been reclassified and aligned to this enhanced disclosure.

(R'000)	Group		Company	
	2024	Restated 2023	2024	2023
34. TAX				
South African normal tax	137,345	145,330	1,215	320
– Current year tax	150,787	160,277	239	(508)
– Deferred tax	(13,442)	(14,947)	976	828
– Policyholder deferred tax on assessed loss in the IPF (IAS 12)	74,342	(120,111)		
South African capital gains tax	4,433	2,910		
– Current year tax	2,691	–		–
– Deferred tax	1,742	2,910		
Total tax expense	216,120	28,129	1,215	320
Taxation rate reconciliation				
Profit before tax	550,029	374,533	406,177	401,111
Tax	(216,120)	(28,129)	(1,215)	(320)
	%	%	%	%
Effective tax rate	39.29	7.51	0.3	0.08
Adjustments in respect of prior year	0.42	0.65	–	–
Capital gains tax	0.30	1.71	0.06	(0.18)
Exempt income	0.47	1.01	28.08	27.3
Non-deductible items	(0.48)	(1.35)	(1.44)	–
Policyholder deferred tax asset raised in respect of IPF assessed loss	(13.52)	32.07	–	–
Deferred tax due to assets disregarded in terms of S29A(16)	3.65	(8.66)	–	–
Deferred policyholder capital gains tax	(3.50)	0.00	–	–
Policyholder tax: I – E tax	0.95	(8.71)	–	–
Transfer tax impact of IPF I-E allowed as a tax deduction	–	2.35	–	–
Other	(0.60)	0.4	–	(0.22)
	27.00	27.00	27.00	27.00

Policyholder taxation funds are separate tax entities which have differing tax rules as applied in the South African taxation legislation for life insurance companies.

There are separate funds applicable to the Company, defined as untaxed, individual and risk. The IPF has an estimated tax loss of R0.8 billion (2023: R1.0 billion). It is currently probable that future taxable profits in the Clientèle Life IPF will be available against which the assessed loss can be utilised.

Notes to the Annual Financial Statements continued

(R'000)	Group		Company	
	2024	2023	2024	2023
35. TAXATION PAID				
Balance owing/(receivable) at the beginning of the year	10,687	22,924	(913)	(405)
Including Direct Rewards opening balance	–	1,018		
Amount provided for the year	145,404	164,352	239	(508)
	156,091	188,294	(674)	(913)
Prior year provision adjustments	–	(2,980)		
Balance (owing)/receivable at the end of the year	18,019	(10,687)	(674)	(913)
Amount paid during the year	174,110	174,627	–	–

(R'000)	Group	
	2024	Restated 2023
36. EARNINGS PER SHARE		
Continuing operations		
Net profit for the year attributable to equity holders of the Group	329,937	344,046
Impairment of intangible assets		
Reversal of Impairment of investment in associate		
Profit on disposal of property and equipment		(8)
Headline earnings for the year	329,937	344,038
Ordinary shares in issue ('000)	335,334	335,322
Weighted ordinary shares in issue ('000)	335,326	335,322
Diluted average ordinary shares in issue ('000)	335,741	335,595
	Cents	Cents
Earnings per share	98.39	102.60
Headline earnings per share	98.39	102.60
Diluted earnings per share	98.27	102.52
Diluted headline earnings per share	98.27	102.52

Diluted earnings per share

Diluted basic earnings per share is calculated on the same basis as earnings per share, except that the weighted average number of ordinary shares in issue during the year is adjusted for the dilutive effect of the BR scheme. This potential dilutive effect is calculated using the average Clientèle share price less the sum of the estimated fair value of goods and services to be rendered by employees per BR and the strike price at grant date. This difference gives the value per share of the benefit accruing to the BR participant. The value is multiplied by the number of BRs and divided by the average Clientèle share price to measure the value as the notional number of shares.

(R'000)	2024	Restated 2023	2024	Restated 2023*
37. CASH GENERATED BY OPERATIONS				
Net profit for operations	550,029	374,535	406,177	401,431
Adjusted for non-cash items:	(680,151)	(511,909)	(4,615)	(7,844)
– Depreciation	13,580	13,063		
– Amortisation of intangible assets	13,900	22,392		
– Impairments/reclassification of assets	1,275			
– Estimated credit losses	1,361	(654)	(3,303)	530
– Interest on financial liabilities at amortised cost	9,199	15,106		
– Fair Value Adjustment on Financial Assets	(843,601)	(764,670)	(1,312)	(8,374)
– Fair Value Adjustment on Financial Liabilities	579,535	633,434		
– Reduction in financial liability due to the recognition of deferred profit – fiduciary tax	(14,587)	(99,430)		
– Deferred acquisition costs	58,527	63,574		
– Deferred revenue	(158,585)	(170,073)		
– Insurance contract assets/liabilities	(375,879)	(366,023)		
– Reinsurance contract assets/liabilities	13,036	17,185		
– Interest on financial assets at amortised cost	(644)	(440)		
– Interest expense	16,490	10,326		
– Non-cash repayment from funeral parlours	(1,213)	26,650		
– Profit on disposal of PPE/Intangibles		(13)		
– Employee benefits	7,402	86,358		
– Non-controlling interests		(626)		
– BR Scheme Reserve	53	1,932		
	(130,122)	(137,374)	401,562	393,587
Separately disclosable items:	(92,032)	(109,840)	(422,975)	(407,598)
– Interest received	(65,362)	(74,933)	(664)	(2,043)
– Dividends received	(26,670)	(34,907)	(422,311)	(405,555)
Working capital changes:	359,910	434,135	(4,622)	5,619
– Decrease in inventories	(402)	2,298		
– Increase in receivables	38	(12,375)	(4)	(4)
Insurance contract assets/liabilities	369,366	317,309		
Reinsurance contract assets/liabilities	(11,412)	(5,989)		
– Decrease in provisions, accruals, payables and employee benefits	(8,360)	(67,607)	(4,618)	5,623
– Increase/(decrease) in deferred revenue not recognised	26,579	333,351		
– Increase/(decrease) in deferred commission and expenses not recognised	(15,899)	(132,852)		
– Increase in financial liabilities	816,175	3,649,205		
– Decrease in financial liabilities	(5,359,845)	(2,589,186)		
– Acquisition of financial assets	(1,526,926)	(3,538,799)	(315)	(9,170)
– Disposal of financial assets	6,470,913	2,548,577	44,128	12,634
Cash generated by operations	538,073	256,718	17,778	(4,928)

* In the prior financial year, "dividends received" (preserved on the face of the Statement of Cash Flows) were incorrectly understated as a result of having been offset against "separately disclosable items". To correct this misstatement, the line items were restated to include the full dividends received from subsidiaries. The restatement amounted to R402 million. There was a Rnil impact to Cash generated by operations.

Notes to the Annual Financial Statements continued

38. RELATED PARTIES DISCLOSURE

The Clientèle Group defines related parties as:

- The parent company;
- Subsidiaries and fellow subsidiaries;
- Associates; and,
- Key management personnel.

38.1 The parent company

Friedshelf 1577 Proprietary Limited is the Parent Company of Clientèle and controls 61.20% (2023: 61.20%) of the issued ordinary shares via its Group companies (Refer to the Report of the Directors on page 73).

38.2 Subsidiaries and fellow subsidiaries

The Group Structure has been set out on page 2 of this report. Inter-company loans between the Company and its subsidiaries have been eliminated on consolidation and are disclosed in this note.

	Company	
(R'000)	2024	2023
Balance sheet information		
The following are the transactions and balances in respect of subsidiaries:		
– Inter company loan to CBC Rewards (Pty) Limited from Clientèle*		
Opening balance	47,097	41,397
Advances	35,000	5,700
Repayments	(1,500)	
Closing balance before ECL	80,597	47,097
ECL	(1,344)	(4,710)
Closing balance after ECL	79,253	42,387
– Inter company loan to Clientèle Mobile from Clientèle Limited		
Opening balance	7,850	8,250
Advances	–	1,000
Repayments	(300)	(1,400)
Closing balance before ECL	7,550	7,850
ECL	(747)	(785)
Closing balance after ECL	6,803	7,065
– Inter company loan from East (Pty) Ltd to Clientèle		
Opening balance	–	–
Advances	10,240	–
Repayments	–	–
Closing balance [#]	10,240	–

* The loan does not bear interest and has no fixed terms of repayment.

[#] The carrying amount approximates the fair value.

38.3 Transactions with key management personnel, remuneration and other compensation:

For the purposes of IAS 24 'related party disclosures', key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Group. Details of Directors' remuneration are disclosed in Note 32 to the Annual Financial Statements. No Director had a material interest in any contract of significance with the Company or any of its subsidiaries during 2024. The Directors interests in the Group are disclosed in the Group Remuneration Report on page 37.

39. RESTATEMENT

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

Statements of financial position

as at 30 June 2024

(R'000)	30 June 2023			30 June 2022		
	As previously reported	Restatements	Restated	As previously reported	Restatements	Restated
Assets						
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
Total assets	12,157,900	3,004,381	15,162,281	10,611,559	2,838,650	13,450,209

Notes to the Annual Financial Statements continued

39. RESTATEMENT continued

(R'000)	June 2023			June 2022		
	As previously reported	Restatements	Restated	As previously reported	Restatements	Restated
Equity						
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)
	175,568	–	175,568	175,568	–	175,568
Retained earnings	906,426	2,038,935	2,945,361	821,112	2,182,578	3,003,690
BR Scheme Reserve	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 ¹	–	(94)	(94)	–	14,591	14,591
Total equity	1,172,962	2,038,841	3,211,803	1,077,464	2,197,169	3,274,633
Liabilities						
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
Total liabilities	10,984,938	965,540	11,950,478	9,534,095	641,481	10,175,576
Total equity and liabilities	12,157,900	3,004,381	15,162,281	10,611,559	2,838,650	13,450,209

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.

39. RESTATEMENT continued**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:

(R'000)	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:

(R'000)	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

Notes to the Annual Financial Statements continued

39. RESTATEMENT continued**Restatement of investment contract liabilities**

In the preparation of the unreviewed 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:

(R'000)

Effect on Statement of Financial Position	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)

40. 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.

41. EVENTS AFTER REPORTING DATE

Dividend

The Board declared a final gross dividend of 125.00 cents per share on 20 September 2024 for the year ended 30 June 2024. The dividend is subject to DWT.

Changes to the board

Dr. ADT Enthoven resigned as a Non-executive director on 2 July 2024.

Mr. G.K Chadwick was appointed as a Non-executive director on 2 July 2024.

Mr. T.J Creamer and Mr. M.A Raisbeck were appointed as Non-executive directors on 19 July 2024.

1 Life Acquisition

The Group entered into an exchange of shares agreement with TIH in respect of which it acquired 3,022,447 ordinary shares of 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 annual financial statements.

NOTICE OF ANNUAL GENERAL MEETING

for the year ended 30 June 2024

MEETING DATE: 13 NOVEMBER 2024

The Companies Act requires that a Record Date be determined by the Board for the purposes of determining who is entitled to attend and to vote at the relevant AGM.

Accordingly, for purposes of the 17th AGM of Clientèle, the Record Date is hereby set as close of business on 1 November 2024. For AGM attendance purposes, the last day to trade in the shares of Clientèle on the JSE is Tuesday, 29 October 2024.

The holders of Clientèle shares (the “shareholders”) and any persons who are not shareholders but who are entitled to exercise any voting rights in relation to the resolutions to be proposed at the AGM (irrespective of the form, title or nature of the securities to which those voting rights are attached), (collectively the “holders”) as at the Record Date are entitled to participate in and vote at the AGM in person or by proxy/ies, and may appoint a proxy to exercise voting rights attached to different securities held by the person entitled to vote. A proxy need not be a person entitled to vote at the meeting. A beneficial holder of certificated Clientèle securities may attend and vote at the AGM if:

- a. the beneficial interest includes the right to vote on the matters in this document; and,
- b. the person’s name is on the Company’s register of disclosures as the holder of the beneficial interest, or a person holds a proxy appointment in respect of the matters in this document from the registered holder of those securities.

Notice is hereby given that the 17th AGM of Clientèle will be held in the Yellowwood Boardroom, Building 7, Clientèle Office Park, corner Rivonia and Alon Roads, Morningside on 13 November 2024 at 08:00 for the following business to be transacted and for the following resolutions to be proposed, and if deemed fit, to be passed with or without modification, at the AGM or at such adjournment thereof in the manner required by the Companies Act, as read with the Listings Requirements:

ORDINARY RESOLUTION 1 – PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

To present the Annual Financial Statements of the Company and the Group for the year ended 30 June 2024 as per the attached pages 60 to 226. A copy of the Annual Financial Statements of the Company relating to the preceding financial year can be obtained from the Group Company Secretary.

ORDINARY RESOLUTION 2 – ROTATION OF A DIRECTOR – BW REEKIE

“RESOLVED that Mr. Basil William Reekie be and is hereby re-elected as a Director of the Company with effect from 13 November 2024.”

Mr. Reekie, who retired in terms of the provisions of the MOI, is eligible and offers himself for re-election.

Basil William Reekie, 51, Group Managing Director, BSc(Hons), FASSA.

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

Having taken into account the Director’s performance, attendance at Board and Committee meetings and having reviewed the composition of the Board against corporate governance requirements, the Board recommends the re-election of this Director. It is the view of the Board that the re-election of this candidate would enable the Company to effectively maintain a diversity of academic qualifications, technical expertise, industry knowledge and business skills relevant to the Company and balance the requirements of continuity and succession planning.

ORDINARY RESOLUTION 3 – ROTATION OF A DIRECTOR – H LOUW

“RESOLVED that Mr. Hugo Louw be and is hereby re-elected as a Director of the Company with effect from 13 November 2024.”

Mr. Louw who retired in terms of the provisions of the MOI, is eligible and offers himself for re-election.

Hugo Louw, 51, Executive Director, BCom(Hons), FASSA.

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

Having taken into account the Director's performance, attendance at Board and Committee meetings and having reviewed the composition of the Board against corporate governance requirements, the Board recommends the re-election of this Director. It is the view of the Board that the re-election of this candidate would enable the Company to effectively maintain a diversity of academic qualifications, technical expertise, industry knowledge and business skills relevant to the Company and balance the requirements of continuity and succession planning.

ORDINARY RESOLUTION 4 – ROTATION OF A DIRECTOR – RDT ZWANE

“RESOLVED that Ms. Ramaesela Dorcas Tshepisho Zwane be and is hereby re-elected as a Director of the Company with effect from 13 November 2024.”

Ms. Zwane, who retired in terms of the provisions of the MOI, is eligible and offers herself for re-election.

Ramaesela Dorcas Tshepisho Zwane, 46, Executive Director BA, MBA, M. Phil.

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

Having taken into account the Director's performance, attendance at Board and Committee meetings and having reviewed the composition of the Board against corporate governance requirements, the Board recommends the re-election of this Director. It is the view of the Board that the re-election of this candidate would enable the Company to effectively maintain a diversity of academic qualifications, technical expertise, industry knowledge and business skills relevant to the Company and balance the requirements of continuity and succession planning.

ORDINARY RESOLUTION 5 – ELECTION OF A DIRECTOR – TE MASHILWANE

“RESOLVED that Ms. Thetele Emmarancia Mashilwane be and is hereby elected as a Director of the Company with effect from 13 November 2024.”

Ms. Mashilwane who was appointed as an Independent Non-executive Director by the Board during the course of the year and consequently, in terms of the MOI, shall cease to hold office at the end of the AGM unless elected by shareholders as a Director, is eligible and offers herself for election.

Thetele Emmarancia Mashilwane, 48, Independent Non-executive Director, CA(SA).

Ms. Mashilwane is a qualified Chartered Accountant (South Africa), Registered Auditor and the co-founder and CEO of MASA Auditors and boasts a wealth of financial services experience. Ms. Mashilwane previously served as a non-executive director on the board of directors of, amongst others, Capitec Bank Limited as well as Murray & Roberts Holdings Limited and currently also serves as a non-executive director on the board of directors of Tiger Brands Limited.

Having taken into account the Director's performance, attendance at Board and Committee meetings and having reviewed the composition of the Board against corporate governance requirements, the Board recommends the election of this Director. It is the view of the Board that the election of this candidate would enable the Company to effectively maintain a diversity of academic qualifications, technical expertise, industry knowledge and business skills relevant to the Company and balance the requirements of continuity and succession planning.

ORDINARY RESOLUTION 6 – ELECTION OF A DIRECTOR – AC PILLAY

“RESOLVED that Ms. Angela Colleen Pillay be and is hereby elected as a Director of the Company with effect from 13 November 2024.”

Ms. Pillay who was appointed as an Executive Director by the Board during the course of the year and consequently, in terms of the MOI, shall cease to hold office at the end of the AGM unless elected by shareholders as a Director, is eligible and offers herself for election.

Angela Colleen Pillay, 50, Group Financial Director, CA(SA), MCom.

Ms. Pillay is a qualified Chartered Accountant (South Africa) and holds a Master's Degree in Financial Services. Ms. Pillay boasts more than 20 years' of financial services experience and previously served as the Financial Director of Sasfin Holdings Limited and more recently as the Head of Group Reporting at FirstRand Bank Limited as well as being a director of First National Bank Zambia.

Having taken into account the Director's performance, attendance at Board and Committee meetings and having reviewed the composition of the Board against corporate governance requirements, the Board recommends the election of this Director. It is the view of the Board that the election of this candidate would enable the Company to effectively maintain a diversity of academic qualifications, technical expertise, industry knowledge and business skills relevant to the Company and balance the requirements of continuity and succession planning.

Notice of Annual General Meeting *continued*

ORDINARY RESOLUTION 7 – ELECTION OF A DIRECTOR – GK CHADWICK

“RESOLVED that Mr. Gavin Knighton Chadwick be and is hereby elected as a Director of the Company with effect from 13 November 2024.”

Mr. Chadwick who was appointed as a Non-executive Director by the Board shortly after the year end and consequently, in terms of the MOI, shall cease to hold office at the end of the AGM unless elected by shareholders as a Director, is eligible and offers himself for election.

Gavin Knighton Chadwick, 67, Non-independent, Non-executive Director, M. Agri, MBA.

Mr. Gavin Chadwick served on the Board of Clientèle as an alternate Director to Dr. ADT Enthoven from 2 October 2019 until 1 July 2024. Mr. Chadwick is currently the Head of Investments for Yellowwoods Ventures Investments SA (Pty) Ltd and has more than three decades of experience in the financial services industry.

ORDINARY RESOLUTION 8 – RE-APPOINTMENT OF THE EXTERNAL AUDITORS

“RESOLVED that the External Auditors be re-appointed as Independent Auditors for the financial year ending 30 June 2025 and their concomitant remuneration be approved.”

To re-appoint the External Auditors, Deloitte & Touche, (as nominated by Clientèle’s Group Audit Committee, which has concluded that the re-appointment of Deloitte & Touche will comply with the requirements of the Companies Act and the Listings Requirements), as Independent Auditors for the financial year ending 30 June 2025 and their concomitant remuneration. The Designated Auditor for the year ending 30 June 2025 will be Mr. John Leon Preston Kruger, who meets the requirements of section 90(2) of the Companies Act. The Group Audit Committee has evaluated the independence, experience, and effectiveness of both Deloitte & Touche and Mr. Kruger and has concluded that both the firm and the individual Designated Auditor are independent of the Group in accordance with section 94(8) of the Companies Act. In compliance with the Listings Requirements (paragraph 3.94(h) (iii)) the Group Audit Committee obtained and considered all information listed in 22.15(h) of the Listings Requirements in its assessment of the suitability of Deloitte & Touche and Mr. Kruger for re-appointment.

ORDINARY RESOLUTION 9 – ELECTION TO THE GROUP AUDIT COMMITTEE

“RESOLVED that, Mr. Robert Donald Williams, who is an Independent Non-executive Director of Clientèle, be and is hereby re-elected as a member of the Group Audit Committee effective 13 November 2024 until the conclusion of the next AGM.”

ORDINARY RESOLUTION 10 – ELECTION TO THE GROUP AUDIT COMMITTEE

“RESOLVED that, Mr. Barry Anthony Stott, who is an Independent Non-executive Director of Clientèle, be and is hereby re-elected as a member of the Group Audit Committee effective 13 November 2024 until the conclusion of the next AGM.”

ORDINARY RESOLUTION 11 – ELECTION TO THE GROUP AUDIT COMMITTEE

“RESOLVED that Mr. Gavin Quentin Routledge, who is an Independent Non-executive Director of Clientèle and also the Chairman of the Board of Clientèle, be and is hereby re-elected as a member of the Group Audit Committee effective 13 November 2024 until the conclusion of the next AGM.”

ORDINARY RESOLUTION 12 – ELECTION TO THE GROUP AUDIT COMMITTEE

“RESOLVED that, subject to the passing of Ordinary Resolution 5, Ms. Thetele Emmarancia Mashilwane, who is an Independent Non-executive Director of Clientèle, be and is hereby elected as a member of the Group Audit Committee effective 13 November 2024 until the conclusion of the next AGM.”

Reason for and effect of Ordinary Resolutions Numbers 9 to 12

In terms of the Companies Act, the Group Audit Committee is a Committee elected by the shareholders and those entitled to exercise votes at the meeting when the election takes place at each AGM. In terms of the Companies Regulations, 2011, for the purposes contemplated in section 94 (5) of the Companies Act, at least one-third of the members of a Company’s Audit Committee at any particular time must have academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

As can be seen from the condensed curriculum vitae of the proposed members (refer to pages 76 to 78 in the Report of the Directors), the proposed members have relevant experience in audit, accounting, and the insurance industry, amongst others.

ORDINARY RESOLUTION 13 – GENERAL APPROVAL FOR THE ISSUE OF AUTHORISED BUT UNISSUED ORDINARY SHARES

“RESOLVED that, in terms of section 38 of the Companies Act as read with Schedule 10.1 of the Listing Requirements, the entire authorised but unissued ordinary share capital of Clientèle, be and is hereby placed under the control of the Directors to allot and issue such shares on such terms and conditions as they may deem fit, but subject always to the provisions of the Companies Act and the Listings Requirements.”

Reason for and effect of Ordinary Resolution Number 13

Section 38 of the Companies Act provides that the Board has the authority to issue authorised shares of the Company except in certain circumstances and save to the extent that a Company's MOI provides otherwise. In this regard, the Company's MOI provides that the prior approval of shareholders at an AGM and the JSE is required.

This resolution is proposed in order to place the authorised but unissued ordinary shares of the Company under the control of the Board, in compliance with the requirements of the MOI and the Listings Requirements.

Ordinary resolution number 13 authorises the Board to issue authorised but unissued shares in accordance with the provisions of section 38 of the Companies Act, but subject always to the provisions of the Company's MOI, the Companies Act and the Listings Requirements.

ORDINARY RESOLUTION 14 – BR SCHEME SHARE ISSUE

"RESOLVED that, the Board is authorised to allot and issue, pursuant to the provisions of the Clientèle Bonus Rights Scheme rules (as approved by the shareholders of the Group on 30 October 2012), the allowable maximum number of ordinary shares as provided thereunder and subject to the terms and conditions included in the scheme allocation limits as set out in the Scheme rules is placed under the control of the Board."

Reason for and effect of Ordinary Resolution Number 14

In order to comply with the BR Scheme Rules, which require ordinary shares to be issued to participants of the BR Scheme.

NON-BINDING ADVISORY ENDORSEMENT 1 – ADVISORY OF THE REMUNERATION POLICY

"RESOLVED that the Company's remuneration policy be and is hereby approved by way of a non-binding advisory vote, as recommended in King IV."

NON-BINDING ADVISORY ENDORSEMENT 2 – ADVISORY OF THE IMPLEMENTATION OF THE REMUNERATION POLICY

"RESOLVED that the implementation of the Company's remuneration policy be and is hereby approved by way of a non-binding advisory vote, as recommended in King IV."

Explanatory note on Advisory Endorsement

In accordance with King IV, shareholder approval is sought for the Company's remuneration policy and implementation thereof by way of separate non-binding advisory votes. The non-binding votes enable shareholders to express their views on the Company's Remuneration Policy and the implementation thereof.

The detailed Group Remuneration Policy and the implementation thereof, for which approval is being sought, is set out on pages 38 to 54 of the Integrated Annual Report.

SPECIAL RESOLUTION NUMBER 1 – REMUNERATION OF NON-EXECUTIVE DIRECTORS FOR THE YEAR 1 JULY 2024 TO 30 JUNE 2025 AND 1 JULY 2025 TO 30 JUNE 2026

"RESOLVED that, in accordance with sections 65(11)(h) of the Companies Act, read with sections 66(8) and 66(9) of the Companies Act, the remuneration payable to the Non-executive Directors for their services as Directors for the period 1 July 2024 to 30 June 2025, on the basis set out hereunder, be approved."

Non-executive Directors' Fees (R)	VAT exclusive	VAT@ 15%	Year ending 30 June 2025
GQ Routledge*	3,994,696	599,204	4,593,900
BA Stott*	2,337,175	350,576	2,687,751
TE Mashilwane	1,387,320	208,098	1,595,418
RD Williams*	1,392,218	208,833	1,601,051
PG Nkadameng	NIL	NIL	NIL
TJ Creamer	NIL	NIL	NIL
M Raisbeck	NIL	NIL	NIL
GK Chadwick	NIL	NIL	NIL
HP Mayers*	1,150,283	172,542	1,322,825
	10,261,692	1,539,253	11,800,945

* Directors registered for VAT for the full year.

This represents an increase of 5.1% on the June 2024 fees.

The remuneration of the Non-executive Directors, for their services as Directors, for the period 1 July 2025 to 30 June 2026 will also be increased at the higher of:

- 5%; or,
- the change in the CPI index over the year from 1 July 2025 to 30 June 2026.

The remuneration of any Non-executive Director(s) to be appointed during the period 1 July 2025 to 30 June 2026 would be determined by the Group Remuneration Committee and ratified at the next AGM.

Notice of Annual General Meeting *continued*

Reason for and effect of Special Resolution Number 1

In terms of section 66(8) and (9) of the Companies Act, which took effect on 1 May 2011, remuneration may only be paid to Directors for their services as Directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of the Company's MOI. Therefore the reason and effect of this special resolution is to approve the payment of remuneration of the Non-executive Directors for their services as Directors for the years ending 30 June 2025 and 30 June 2026, in accordance with the requirements of section 66(9) of the Companies Act.

SPECIAL RESOLUTION NUMBER 2 – RATIFICATION OF REMUNERATION OF NON-EXECUTIVE DIRECTORS APPOINTED DURING THE YEAR 1 JULY 2023 TO 30 JUNE 2024

“RESOLVED that, in accordance with sections 65(11)(h) of the Companies Act, read with sections 66(8) and 66(9) of the Companies Act, the remuneration paid to Ms. Thetele Emmarancia Mashilwane, as approved by the Group Remuneration Committee, as a Non-executive Director during the period 1 December 2023 to 30 June 2024 in the amount of R885,500.00 (including VAT), be ratified.”

Reason for and effect of Special Resolution Number 2

In terms of section 66(8) and (9) of the Companies Act, which took effect on 1 May 2011, remuneration may only be paid to Directors for their services as Directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of the Company's MOI. Therefore the reason and effect of this special resolution is to ratify the payment of remuneration, as approved by the Group Remunerations Committee, of the Non-executive Director appointed during the period 1 July 2023 to 30 June 2024 for her services as Director for the year ending 30 June 2024, in accordance with the requirements of section 66(9) of the Companies Act.

SPECIAL RESOLUTION NUMBER 3 – FINANCIAL ASSISTANCE IN TERMS OF SECTION 45 OF THE COMPANIES ACT

“RESOLVED that, to the extent required in terms of, and subject to the provisions of, section 45 of the Companies Act, the Board (or any person/s authorised by the Board to do so) is authorised from time to time during the period of 2 (two) years commencing on the date of this special resolution, to provide any direct or indirect financial assistance as contemplated in such section of the Companies Act to any 1 (one) or more related or inter-related companies of the Company and/or to any 1 (one) or more members of any such related or inter-related company and/or to any 1 (one) or more persons related to any such company, on such terms and conditions as the Board, or any one or more persons authorised by the Board from time to time for such purpose, deems fit, subject to the following:

Any such financial assistance shall not, in the aggregate for any particular financial year, exceed R500 million.

The Board will, before making any such financial assistance available, satisfy itself that:

- Immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity tests as referred to in section 45(3)(b)(i) of the Companies Act; and,
- The terms under which the financial assistance is proposed to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act.”

Reason and effect of special resolution Number 3

The reason for and effect of this special resolution is to grant the Board the authority to provide, at any time and from time to time during the period of 2 (two) years commencing on the date on which this special resolution number is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Act to any one or more related or inter-related companies of the Company and/or to any one or more members of any such related or inter-related company and/or to any one or more persons related to any such company.

The section 45 Resolution will be effective only if and to the extent that:

- (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity tests as referred to in section 45(3)(b)(i) of the Companies Act; and,
- (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act.

SPECIAL RESOLUTION NUMBER 4 – GENERAL AUTHORITY TO REPURCHASE SECURITIES ("GENERAL AUTHORITY")

"RESOLVED that, in terms of clause 4 of the Company's MOI that the Company be and it is hereby authorised, by way of a general authority, to repurchase up to 20% of the shares in the capital of the Company as contemplated by and in accordance with Section 48 of the Companies Act and subject to the Listings Requirements."

So as to comply with the Companies Act and the Listings Requirements the approval of Shareholders by way of a special resolution at this AGM is required for the general authority to become effective.

Reason and effect of special resolution Number 4

The reason for this special resolution is to facilitate the repurchase, by the Company, of shares in its capital, thus allowing the Directors to effect repurchases from time to time if they believe such to be in the best interests of the Company. The effect of the special resolution is to authorise the Board to act accordingly subject to compliance with the Listings Requirements and the Companies Act.

The Listings Requirements provide *inter alia* that:

- a) any such share repurchase of the Company will be effected through the order book operated by the JSE trading system and done without prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- b) this general authority will only be valid until the Company's next AGM, provided that it does not extend beyond 15 months from the date of passing this special resolution;
- c) the repurchases may not be made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected;
- d) the general repurchase by the Company shall not, in the aggregate in any one financial year exceed 20% of the issued share capital of that class in that financial year;
- e) at any point, the Company may only appoint one agent to effect any repurchase/s on its behalf;
- f) a resolution by the Board of Directors be passed that it has authorised the repurchase, that the Company and its subsidiary/ies have passed the solvency and liquidity tests and that, since the tests were performed, there have been no material changes to the financial position of the Group;

- g) The Company may not repurchase its own shares during a prohibited period as defined in the Listings Requirements unless it has a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the start of the prohibited period; and,
- h) An announcement will be published as soon as the Company has acquired shares constituting, cumulatively, 3% of the number of Company shares in issue at the time the authority is granted and for each subsequent 3% purchased, containing full details of such acquisition.

The resolution will be effective only if and to the extent that:

- (i) The Company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of this Integrated Annual Report;
- (ii) The assets of the Company and the Group will exceed the liabilities of the Company and the Group for a period of 12 months after the date of this Integrated Annual Report; and,
- (iii) The working capital, share capital and reserves of the Company and the Group will be adequate for a period of 12 months after the date of this Integrated Annual Report.

Other than the facts and developments noted in this Integrated Annual Report, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signing the audit report and up to the date of this notice of AGM.

The Listings Requirements require the following disclosures, which appear elsewhere in this Integrated Annual Report:

- Beneficial shareholders on page 76; and,
- Share capital of the Company on page 74.

Directors' responsibility statement

The Directors of the Company, collectively and individually, accept full responsibility for the accuracy of information relating to these special resolutions and certify that, to the best of their knowledge, no facts have been omitted that would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that these special resolutions contain all information required by law and by the Listings Requirements.

Notice of Annual General Meeting *continued*

VOTING AND PROXIES

A holder is entitled to appoint a proxy or proxies to attend, speak and vote or abstain from voting in his/her stead. A proxy need not be a holder.

Proxy forms must be returned to the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Ave, Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold, 2132).

The form of proxy is to be completed only by those holders who are:

- Holding shares in certificated form; or,
- Recorded on sub-register in electronic form in "own name".

Before any person may attend or participate in the AGM, the person must, in terms of section 63(1) of the Companies Act, present reasonably satisfactory identification. Without limiting the generality thereof, the Company will accept the following as satisfactory means of identification:

- South African Identification document;
- Passport; and,
- Driver's licence.

Beneficial owners of dematerialised securities who wish to attend the AGM, or to be represented thereat, must contact their CSDP or broker who will furnish them with the necessary authority to attend the AGM or alternatively, should you not wish to attend the AGM, you should provide your broker or CSDP with your voting instructions.

If you have disposed of all of your securities, this document should be handed to the purchaser of such securities or to the broker, CSDP, banker, attorney, accountant or other person through whom the disposal was effected.

By order of the Board.



Mr. EJ Smit
Group Company Secretary

09 October 2024

DEFINITIONS AND INTERPRETATIONS

“Actuarial Valuation”	An Actuarial Valuation is an appraisal which requires making economic and demographic assumptions in order to estimate the present value of future policyholder liabilities. The assumptions are typically based on statistical analysis
“AGM”	Annual General Meeting
“ALM”	Asset and Liability Matching
“ALSI”	All Share Index
“ANW”	Adjusted Net Worth
“APN”	Advisory Practice Notes of the Actuarial Society of South Africa
“ASISA”	The Association for Savings and Investment South Africa
“ASSA”	The Actuarial Society of South Africa
“B-BBEE”	Broad-based Black Economic Empowerment
“BCM”	Business Continuity Management Framework
“BLSA”	Business Leadership South Africa
“the Board”	The Directors of Clientèle
“BR Scheme”	The Clientèle Limited Bonus Rights Scheme, approved by shareholders at the AGM on 30 October 2012
“BR”	Bonus Right
“CAE”	The Chief Audit Executive, the head of GIA
“CAPM”	Capital Asset Pricing Model
“CBC Rewards”	CBC Rewards Proprietary Limited (Registration number 2016/195907/07), a private company incorporated in South Africa, previously known as Clientèle Benefits Company Proprietary Limited
“CGU”	Cash-generating unit
“CIS”	Center for Internet Security
“Clientèle” or “the Company”	Clientèle Limited (Registration number 2007/023806/06), a public company incorporated in South Africa
“the Clientèle App”	The Clientèle Mobile Application
“Clientèle General”	Clientèle General Insurance Limited (Registration number 2007/023821/06), a public company incorporated in South Africa
“Clientèle Group” or “the Group”	Clientèle and its subsidiaries
“Clientèle Legal”	A division of Clientèle General Insurance Limited
“Clientèle Life”	Clientèle Life Assurance Company Limited (Registration number 1973/016606/06), a public company incorporated in South Africa
“Clientèle Mobile”	Clientèle Mobile Proprietary Limited (Registration number 2007/026058/07), a private company incorporated in South Africa
“Clientèle Properties East”	Clientèle Properties East Proprietary Limited (Registration number 1992/001651/07), a private company incorporated in South Africa
“Clientèle Properties North”	Clientèle Properties North Proprietary Limited (Registration number 2001/029155/07), a private company incorporated in South Africa
“Clientèle Properties South”	Clientèle Properties South Proprietary Limited (Registration number 2005/030653/07), a private company incorporated in South Africa

Definitions and Interpretations *continued*

“CoC”	Cost of Required Capital. The Cost of Required Capital reflects the opportunity cost of restricted capital given the difference between the assumed future investment earnings rate on surplus capital and the interest rate at which this income and future capital releases are discounted to the present in the EV calculation
“CODM”	Chief Operating Decision Maker
“COFI”	Conduct of Financial Institutions
“Companies Act”	The Companies Act, Act 71 of 2008, including the Regulations
“COVID-19”	An infectious disease caused by a newly discovered coronavirus disease in 2019, a severe acute respiratory syndrome
“CPI”	Consumer Price Index
“CSAT”	Customer Satisfaction
“CSDP”	Central Securities Depository Participant
“CSI”	Corporate Social Investment
“CSM”	Contractual Service Margin
“CTC”	Cost to Company
“DAC”	Deferred Acquisition Cost
“DebiCheck”	Authenticated debit order collection mechanism
“Depfin”	Depfin Proprietary Limited, a wholly-owned subsidiary of Nedbank Limited
“Direct Rewards”	Direct Rewards Proprietary Limited (Registration number 2014/076232/07), a private company incorporated in South Africa
“DWT”	Dividend Withholding Tax
“EAD”	Exposure at Default
“ECL”	Expected Credit Loss
“EE”	Employment Equity
“EPS”	Earnings per Share
“ESG”	Environmental, Social and Governance
“EV”	Embedded Value
“EV Scheme”	The Embedded Value Scheme of Clientèle, a medium-term incentive scheme, in which Excom and members of management participate. Participation is based on individual performance linked to, and dependent upon, growth in Clientèle’s EV over time
“EVP”	Employee Value Proposition
“Excom”	The Executive Committee of the Group, including Life Excom and General Excom
“Executive”	Member of Excom
“EA”	External Auditors
“FASSA”	Fellow of the Actuarial Society of South Africa
“FCF”	Fulfillment Cash Flows
“FSCA”	Financial Sector Conduct Authority
“FSI”	Financial Soundness Standards for Insurers
“FVOCI”	Fair Value through Other Comprehensive Income
“FVPL”	Fair value through profit or loss

Definitions and Interpretations *continued*

“General Excom”	The Executive Committee of Clientèle General Insurance
“GHG”	Green House Gas
“GIA”	Group Internal Audit
“GMM”	General Measurement Model
“GOI”	Governance and Operational Standards for Insurers
“Group Excom”	The Group Executive Committee of Clientèle
“Goodwill Scheme”	A management incentive scheme based on the Scheme Goodwill created
“Head of the Actuarial Function”	The Internal Actuary who reviews all the Group actuarial calculations and also acts as the Head of the Actuarial Function of Clientèle Life and Clientèle General, appointed in terms of the Insurance Act
“HELP”	Health Event Life Plans
“HSBC”	HSBC Private Bank (Suisse) S.A., Geneva
“IAASB”	International Auditing and Assurance Standards Board
“IACF”	Insurance acquisition cashflows
“IAS”	International Accounting Standards
“ICC”	The Internal Controls Committee of the Group
“IESBA”	International Ethics Standards Board for Accountants
“IFA/IFAs”	Independent Field Advertisers, independent contractors to Clientèle Life
“IFCC”	The Internal Financial Controls Committee of the Group
“IFRS”	International Financial Reporting Standards as issued by the International Accounting Standards Board
“INSETA”	Insurance Sector Education and Training Authority
“Insurance Act”	Insurance Act, Act 18 of 2017
“Investment contract business”	Policies which provide, in consideration for a premium, a series of benefit payments for a defined period or which provide benefits that are fixed contractually e.g. linked or fixed benefit policies
“IPF”	Individual Policyholders Fund
“IRBA”	The Independent Regulatory Board for Auditors
“ISA”	International Standards on Auditing
“IT”	Information Technology
“JIBAR”	Johannesburg Interbank Average Rate
“JSE”	JSE Limited (Registration number 2005/022939/06), a South African incorporated public company and licensed as an exchange under the Financial Markets Act, Act 19 of 2012
“King IV”	King IV Report on Corporate Governance for South Africa, 2016, effective in respect of financial years starting on or after 1 April 2017
“LC”	Loss component
“LGD”	Loss Given Default
“LIC”	Liability for incurred claims and expenses
“Life Excom”	The Executive Committee of Clientèle Life
“Listings Requirements”	The Listings Requirements of JSE Limited
“Long-term Insurance Act”	Long-term Insurance Act, Act 52 of 1998
“LRC”	Liability for remaining coverage

Definitions and Interpretations *continued*

“LRECC”	Loss recovery component
“LRP”	Liquidity risk premium
“Melville Douglas”	Melville Douglas Investment Management Proprietary Limited, a subsidiary of the Standard Bank Group Limited
“MOI”	Memorandum of Incorporation
“NAEDO”	Non-authenticated early debit-order
“NCI”	Non-Controlling Interest
“NDR”	Non-distributable Reserves
“NPC”	Non-Profit Company
“NPO”	Non-Profit Organisation
“NPS”	Net Promoter Score, a measurement of client satisfaction in terms of agent interaction and the client’s overall perception of Clientèle
“OECD”	Organisation for Economic Co-operation and Development
“ORI”	Operational Risk Incidents
“ORSA”	Own Risk and Solvency Assessment
“PA”	Prudential Authority
“PAA”	Premium Allocation Approach
“PASA”	Payments Association of South Africa
“PD”	Probability of Default
“POPIA”	Protection of Personal Information Act, Act 4 of 2013
“PPE”	Property, plant and equipment
“PRB”	Published reporting basis
“PVIF”	Present Value of In-force business
“QED”	QED Actuaries Consultants (Pty) Ltd
“RA”	Risk adjustment
“RDR”	Risk Discount Rate
“REVE”	Recurring Embedded Value Earnings is set as the EV earnings excluding the impact of assumptions changes outside of management control (Economic, tax etc.) and other once-off items. Once-off items are defined as any genuinely extraordinary expenses (e.g. approved new venture costs and the impact of discontinued operations) plus any other item that will not recur in the following year(s). For items not expected to recur in the following year, the probability should be similar to the probability of a SCR event. For example, a SCR event for listed equities would be a 43% drop in the equity value. As such, a market crash of a 43% drop in equities could be considered a once-off item. Equally an increase in 43% of the market should be treated as a once-off item
“RF”	Risk-free rate of return
“RMS”	Registered Mandate Service, as approved by the Payments Regulator during December 2019
“ROEV”	Return on EV
“RPF”	Risk Policyholders’ Fund
“RRoEV”	Recurring Return on Embedded Value is the REVE expressed as an annual rate of return on the EV or annual REVE divided by opening EV
“SAICA”	South African Institute of Chartered Accountants
“SAM”	Solvency Assessment and Management

Definitions and Interpretations continued

“SARS”	The South African Revenue Service
“Scheme Goodwill”	The amount derived by applying a multiple of 5 to the weighted average VNB over a 5-year period as defined in the Goodwill Scheme
“SCR”	Solvency Capital Requirement
“SENS”	Securities Exchange News Service
“Short-term Insurance Act”	Short-term Insurance Act, Act 53 of 1998
“SMME”	Small, Medium and Micro-sized Enterprises
“SOCl”	Statement of Comprehensive Income
“SOFp”	Statement of Financial Position
“SPPI”	Solely Payments of Principal and Interest
“TCF”	Treating Customers Fairly
“TCW”	Treating Clients Well
“TEW”	Treating Employees Well
“TIH”	Telesure Investment Holdings Proprietary Limited
“UNSDG”	United Nations Sustainable Development Goals
“UPS”	Uninterrupted Power Supply
“VFA”	Variable Fee Approach
“VIF”	Value of In-force
“VNB”	Value of New Business
“YTI”	Yellowwoods Trust Investments Proprietary Limited, a 100% subsidiary of the Hollard Foundation Trust, a B-BBEE Trust

FORM OF PROXY

(For use only by certificated and own name dematerialised shareholders)

Please use block letters

I/We of

being a member/s of the Company and the registered owner/s of

ordinary shares in the Company hereby appoint

or failing him/her

the Chairman of the meeting to vote for me/us and on my/our behalf at the AGM of the Company to be held at 08:00 on 13 November 2024 and at any adjournment thereof and to speak and act for me/us and on a poll, vote on my/our behalf.

My/Our proxy shall vote as follows:

(Indicate with a cross how you wish your votes to be cast. If you do not do so, the proxy may vote or abstain at his/her discretion.)

(One vote per ordinary share)

	In favour of	Against	Abstain
Ordinary resolutions:			
1. Presentation of the Annual Financial Statements			
2. Rotation of a Director: Basil William Reekie			
3. Rotation of a Director: Hugo Louw			
4. Rotation of a Director: Ramaesela Dorcas Tshepisho Zwane			
5. Election of a Director: Thetele Emmarancia Mashilwane			
6. Election of a Director: Angela Colleen Pillay			
7. Election of a Director: Gavin Knighton Chadwick			
8. Re-appointment of the External Auditors			
9. Election to the Group Audit Committee: Robert Donald Williams			
10. Election to the Group Audit Committee: Barry Anthony Stott			
11. Election to the Group Audit Committee: Gavin Quentin Routledge			
12. Election to the Group Audit Committee: Thetele Emmarancia Mashilwane			
13. General approval for the issue of authorised but unissued shares			
14. Approval of the Bonus Rights Scheme share issue			
Endorsements:			
1. Advisory endorsement of the remuneration policy			
2. Advisory endorsement of the implementation of the remuneration policy			
Special resolutions:			
1. Approval of the remuneration of Non-executive Directors for the year ending 30 June 2025 and 30 June 2026			
2. Ratification of the remuneration of Non-executive Directors for the period 1 July 2023 to 30 June 2024			
3. Approval of section 45 loans or other financial assistance to related or inter-related companies			
4. Approval of general authority to repurchase securities			

Dated this day of

2024

Signature

NOTES TO THE FORM OF PROXY

Please refer to section 58 of the Companies Act

1. A form of proxy is only to be completed by those shareholders ("holders") who are:

- Holding securities in certificated form; or,
- Recorded on sub-register electronic form in "own name".

All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM, must instruct their CSDP or broker to provide them with the required Letter of Representation.

Beneficial owners who have dematerialised their shares through a CSDP or broker who do not wish to attend the AGM, must provide the CSDP or broker by the time of the commencement of the AGM with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

2. A holder entitled to attend and vote may insert the name of a proxy or the names of two alternative proxies of the holder's choice in the space provided, with or without deleting "the Chairman of the AGM".

A proxy need not be a holder of Company securities. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.

3. A holder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held in terms of section 58 of the Companies Act. A holder's instructions to the proxy must be indicated by inserting a cross in the appropriate box(es). Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he deems fit in respect of all of the holder's votes.

A vote given in terms of an instrument of proxy shall be valid in relation to the general meeting notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the vote is given.

4. If a holder does not indicate on this form that the holder or his/her proxy is to vote in favour or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may be properly put before the general meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.

5. The Chairman of the general meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

6. The completion and lodging of this form of proxy will not preclude the relevant holder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such holder wish to do so.

7. Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company or unless this requirement is waived by the Chairman of the AGM.

8. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered with the Company.

9. Where there are joint holders of ordinary securities: Any one holder may sign the form of proxy;

The vote(s) of the most senior (for that purpose seniority will be determined by the order in which the names of shareholders appear in the Company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s).

10. Forms of proxy should be lodged with, or posted, to the Company's transfer secretaries, Computershare Investor Services Proprietary Limited:

Hand deliveries:
Rosebank Towers
15 Biermann Ave
Rosebank
Johannesburg
2196

Postal deliveries:
Private Bag X9000
Saxonwold
2132

Corporate information

COMPANY REGISTRATION NUMBER

2007/023806/06

REGISTERED OFFICE

Clientèle Office Park
Corner Rivonia and Alon Roads
Morningside, 2196
Telephone: (011) 320-3333
Website: www.Clientele.co.za
E-mail: info@Clientele.co.za

TRANSFER SECRETARIES

Computershare Investor Services
Proprietary Limited
First floor, Rosebank Towers,
Biermann Avenue, Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)

AUDITORS

Deloitte & Touche
5 Magwa Crescent
Waterfall City, Waterfall, 2090
(Private Bag X6, Gallo Manor, 2052)

SPONSORS

PricewaterhouseCoopers Corporate Finance
Proprietary Limited
4 Lisbon Lane
Waterfall City, Jukskei View, 2090
(Private Bag X36, Sunninghill, 2157)

CLIENTÈLE HEAD OFFICE

Telephone: +27 (0)11 320 3000
Fax: +27 (0)11 320 3133
E-mail: services@Clientele.co.za

Physical Address

Clientèle Office Park
Corner Rivonia and Alon Roads
Morningside, 2196

COMPANY SECRETARY

Eben Johan Smit
E-mail: esmit@Clientele.co.za
Telephone: +27 (0)11 320 3015

Shareholders' calendar

30

**JUNE
2024**

Financial
year-end

14

**OCTOBER
2024**

Dividend
payment date

20

**SEPTEMBER
2024**

Dividend
declaration

15

**OCTOBER
2024**

Publication of
Integrated
Annual Report

20

**SEPTEMBER
2024**

Final results
announcement

1

**NOVEMBER
2024**

AGM record
date

11

**OCTOBER
2024**

Dividend record
date

13

**NOVEMBER
2024**

AGM

Safeguarding our World with **Compassion**

2024 Clientèle Integrated Annual Report

011 320 3000

services@clientele.co.za

Cnr Alon and Rivonia Road, Morningside, 2196

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.