momentum
group

Group Annual Financial Statements

Results for the year ended 30 June 2024

momentum METROPOLITAN GUARDRISK

MOMENTUM GROUP
Audited Annual Financial Statements

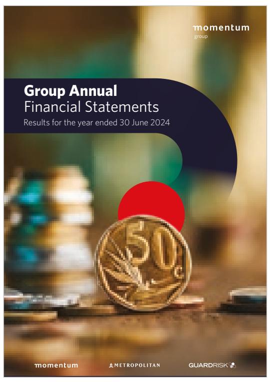
for the year ended 30 June 2024

CONTENTS

The preparation of the Group's audited consolidated results was supervised by the Group Finance Director, Risto Ketola (FIA, FASSA, CFA Charterholder).

OUR REPORTING FOR THE YEAR ENDED 30 JUNE 2024

Our Annual Financial Statements form part of our reporting suite which includes our Integrated Report and other supplementary reports accessible by clicking on the various reports below:



DIRECTORS' RESPONSIBILITY AND APPROVAL

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board takes responsibility for ensuring that these financial statements accurately and fairly represent the state of affairs of Momentum Group Ltd (or the Company) and its subsidiaries (collectively Momentum Group or the Group) at the end of the financial year and the profits and losses for the year. The Board is also responsible for the accuracy and consistency of other information included in the financial statements.

To enable the Board to meet these responsibilities:

- The Group and Company financial statements are prepared by management; opinions are obtained from the external auditors of the companies and also from the Heads of Actuarial Function (HAFs) of the insurance companies (life and non-life) regarding the statutory solvency of those entities.
- The Board is advised by the Audit Committee, comprising independent non-executive directors, and the Actuarial Committee. These committees meet regularly with the auditors, the Group HAF and the management of the Group to ensure that adequate internal controls are maintained, and that the financial information complies with International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board (IASB) and advisory practice notes issued by the Actuarial Society of South Africa (ASSA). The internal auditors, external auditors and the HAFs of the companies have unrestricted access to these committees or similar committees applicable at subsidiary level.

The Board is comfortable that the internal financial controls are effective and adequate to support the integrity of the preparation and presentation of the Annual Financial Statements (AFS).

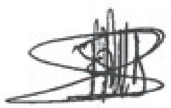
The financial statements have been prepared in accordance with the provisions of the South African Companies Act, 71 of 2008, as amended (Companies Act), the Long-term Insurance Act, 52 of 1998, the Short-term Insurance Act, 53 of 1998, and the Insurance Act, 18 of 2017, and in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board and guidelines issued by ASSA.

The Board is satisfied that the Group is a going concern and remains so for the foreseeable future, based on cash forecasts, liquidity, solvency and capital assessments.

It is the responsibility of the independent auditors to report on the financial statements. In order to do so, they were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of directors and committees of the Board. The independent auditor's report is presented on page 3.

APPROVAL OF AFS

The AFS, presented on pages 31 to 304, were approved by the Board of directors on 25 September 2024 and are signed on its behalf by:



Paul Baloyi
Chair

Centurion, 25 September 2024

Jeanette Marais (Cilliers)
Group Chief Executive Officer

Centurion, 25 September 2024

CEO AND FINANCE DIRECTOR CONFIRMATION OF FINANCIAL CONTROLS

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

a) The AFS set out on pages 31 to 304, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS Accounting Standards as issued by the IASB.

b) To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the AFS false or misleading.

c) 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 financial statements of the issuer.

d) The internal financial controls are adequate and effective and can be relied upon in compiling the AFS, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls.

e) Where we are not satisfied, we have disclosed to the 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.

f) We are not aware of any fraud involving directors.

Jeanette Marais (Cilliers)
Group Chief Executive Officer

Centurion, 25 September 2024

Risto Ketola
Group Finance Director

Centurion, 25 September 2024

CERTIFICATE BY THE GROUP COMPANY SECRETARY

In accordance with the provisions of section 88(2)(e) of the Companies Act, I certify that for the year ended 30 June 2024 the companies have lodged with the registrar of companies all such returns as are required of a company in terms of the Companies Act, and that all such returns are true, correct and up to date.

Gcobisa Tyusha
Group Company Secretary

Centurion, 25 September 2024

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MOMENTUM GROUP LTD

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Momentum Group Ltd and its subsidiaries ('the Group') and Company set out on pages 31 to 292, which comprise of the consolidated and separate statements of financial position as at 30 June 2024, and the consolidated and separate income statements, 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 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 the Group and Company 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 of the Group and Company and 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 of the Group and Company and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the consolidated and separate financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

INDEPENDENT AUDITOR'S REPORT CONTINUED

The Key Audit Matters applies to the audit of the consolidated financial statements as specified below.

Key Audit Matter	How the matter was addressed in the audit
1. VALUATION OF IFRS 17 INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES *This key audit matter applies to the audit of the consolidated financial statements.*	
The valuation of insurance contract and reinsurance contract assets and liabilities is inherently complex due to: • Unobserved assumptions, in particular non-economic assumptions including persistency, expenses, mortality and morbidity and the related high degree of estimation uncertainty relating to expected cashflows that is driven by assumptions. • Actuarial methodologies applied in the calculation of the Liability for Remaining Coverage (LRC) and the Liability for Incurred Claims (LIC), including techniques for measuring the Risk Adjustment (RA) for non-financial risk. • Modelling and data requirements related to initial recognition and subsequent measurement of the Contract Service Margin (CSM) under the General Measurement Model (GMM) and the Variable Fee Approach (VFA). The risk that these unobserved assumptions are not being set appropriately and the high degree of estimation uncertainty relating to expected cashflows, or actuarial methodology not being appropriate could result in: • A misstatement of the RA and Best Estimate Liability (BEL) for liability components; or an overstatement for asset components; or • A misstatement of CSM (leading to revenue being overstated in the year and subsequent years); or • Incorrect classification between profitable and onerous contracts on initial recognition; or • Incorrect timing of profit recognition.	In order to address the various aspects of significant risk our audit team, which includes internal actuarial specialists, challenge assumptions and methodologies applied through the following procedures: Assumptions: • Challenge and assess whether the methodology and assumptions applied are appropriate based on our knowledge of the Group, and segment, along with industry standards and regulatory requirements, as well as the requirements of IFRS 17. • Test the design and operating effectiveness of key controls over management's process for setting and updating key actuarial assumptions. • Review and challenge the results of management's experience analysis, including mortality, morbidity and persistency, to assess whether this analysis justified the adopted assumptions. • Assess the appropriateness of economic assumptions and their consistency with observable market variables, including discount rates (current and locked-in) and illiquidity premiums. • Assess the expense assumptions adopted by management with reference to the Group's underlying expense base and the relevant functional cost analysis, including the split of attributable and non-attributable expenses under IFRS 17. • Benchmark the demographic and economic assumptions against those of peers and internal experience. • Assess the appropriateness of stochastic modelling approaches and assumptions used in calculating the time value of guarantees (TVOG), where applicable. Modelling: • Obtain an understanding of management's process for developments to the core actuarial models and test the design and operating effectiveness of key controls over that process, and review the governance process around model changes. • Assess the results of model reviews carried out as part of the independent rolling model validation programme. • Challenge and evaluate the methodology, inputs and assumptions applied to model changes made during the year. Ensure that any model changes implemented over the year reflect correctly in the year-end balances and roll-forwards. • Perform an independent assessment of the level of aggregation across material portfolios including an assessment of onerous groups. • Stratify the components of reserves modelled outside the core actuarial system and focus our assessment on those that present a higher risk of material misstatement. In addition to the above we performed the following procedures: • Assessed the reasonability of the roll-forwards of different liability components (BEL, RA and CSM), based on our understanding of the business and other supporting information, including assessment of year-on-year movements and the impact of valuation basis changes. • Reviewed the methodology and calibration of the RA, including the expected release and changes at year-end. We independently recalculated the CSM, Loss Component (LC) and Loss Recovery Component (LoRC) for all groups of insurance and reinsurance, using EY's internal challenger model. For contracts measured under the Premium Allocation Approach (PAA), we either independently recalculated year-end balances and roll-forwards using EY's internal challenger model or assessed the appropriateness of management's valuation models.

Key Audit Matter continued

Transition from IFRS 4 to IFRS 17

IFRS 17 has been adopted with effect from the 2024 financial year, requiring retrospective application and the related restatement of policy liability balances to reflect the requirements of the new accounting standard. In doing so, has made certain key judgments and assumptions to develop its accounting policies.

The transition approach and its application may affect the transition Contractual Service Margin (CSM) and thus have a significant impact on the equity at transition and the recognition of profit in the subsequent periods.

The key judgements applied on transition were:

- The determination of the transition approach (fully retrospective or fair value approach) based on the required impracticability assessments performed.
- Where the fair value transition approach was selected, the key assumptions used in determining the fair value for the respective cohorts of policies included:
  - Solvency cover ratio;
  - Adjustment for diversification of required capital; and
  - Hurdle rate (or required rate of return);
- Determining the appropriate measurement models for insurance and investment contracts with discretionary participation features.
- Level of aggregation used for measuring and reporting on groups of contracts.

How the matter was addressed in the audit continued

To obtain sufficient audit evidence to address the risk over the transition from IFRS 4 to IFRS 17, we:

- Assess whether the Group's chosen accounting policies and methodologies were in compliance with IFRS 17 and that the nature and substance of the policies issued by the group supported the policy elections made on transition.
- Test the IFRS 17 transition models and methodologies for compliance with the requirements of IFRS 17.
- Evaluate the impracticability assessments made by management where the fully retrospective approach was not followed.
- Challenge the judgements applied by management in assessing whether contracts transferred significant insurance risk or whether they met the criteria to be classified as investment contracts with discretionary participation features.
- Assess and tested that the levels of aggregation used for measuring and reporting on groups of contracts was in compliance with IFRS17
- Assess the appropriateness of management's data and assumptions applied in calculating the CSM on the transition date (being 30 June 2022) including the appropriateness of the coverage units used to amortize the CSM and the impact of assumption changes unlocking the CSM were assessed for reasonability.
- Assess the appropriateness of the assumptions used in determining the CSM of cohorts where the fair value approach was selected, and correct application of these assumptions in the fair value calculations.

2. VALUATION OF COMPLEX AND ILLIQUID ASSETS

This key audit matter applies to the audit of the consolidated financial statements.

The extent of judgement applied by management in valuing the Group's investments varies with the nature of securities held, the markets in which they are traded, and the valuation methodology applied.

Observable inputs are not readily available for some of the Group's invested assets and a mark-to-model valuation is applied as a result.

The Level 3 assets amount to: R2 561 million of owner-occupied properties as disclosed in note 4; R9 177 million of investment properties as disclosed in note 5; and R5 867 million of financial assets as disclosed in note 7.

We consider the valuation of the diverse portfolio of Level 3 assets to be a key auditing matter given:

i) that the assumptions determined by management are largely based on non-observable inputs, are highly judgemental and consider a diverse range of sector information.

ii) the extent of effort required in assessing the completeness and accuracy of data utilised in the valuation models due to the diverse and large portfolio.

Our audit included the following procedures with the assistance of our internal valuation specialists:

- Obtained an understanding of management's process for determining the fair value of Level 3 assets and evaluated the design effectiveness of key controls (including IT general controls) relevant to the valuation of these Level 3 assets.
- Assessed the appropriateness of the valuation methodologies applied by management with reference to relevant accounting standards and industry guidance.
- Tested the completeness and accuracy of data inputs used in the valuation model by agreeing them on a sample basis to source (including the underlying contracts) or comparing them to available market benchmarks.
- Evaluated and challenged the key assumptions applied in determining fair value by making a comparison to our own understanding of the market, comparable evidence relied upon by management and to industry benchmarks.
- Involved our internal valuation specialist to perform independent valuations on a sample basis and we compare the output to the modelled valuations produced by management or third parties, as applicable.
- Considered the completeness and accuracy of valuation adjustments applied by management to exposures of leveraged entities that may be adversely affected by the economic uncertainty in terms of their ability to service interest and capital.
- With the assistance of our internal valuation specialists, we corroborated key inputs to models and validated significant assumptions on a sample basis with reference to relevant industry market valuation considerations, with a particular focus on discount rates and credit risk.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 305-page document titled "Momentum Group Annual Financial Statements – Results for the year ended 30 June 2024", which includes the Directors' report, the Report of the Audit Committee and the Certificate by the Company Secretary as required by the Companies Act of South Africa and the following:

- Directors' responsibility and approval
- CEO and Finance Director confirmation of financial controls
- Certificate by the Group Company Secretary
- Report on Group embedded value
- Directors' report
- Report of the Audit Committee
- Annexure A
- Annexure B
- Annexure C
- Shareholder profile
- Stock exchange performance
- Shareholder diary
- Administration
- Momentum Group Integrated Report 2024
- Application of King IV Summary Report 2024
- Momentum Group Financial Results Announcement Operating update and summarised annual financial statements
- Sustainability report 2024
- Stewardship report 2024
- Task Force on Climate-related Financial Disclosures Report 2024

The other information does not include the consolidated or the 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 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 identified above 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 and 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 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 and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 and 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 and separate 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 Ernst and Young Inc. has been the auditor of Momentum Group Ltd for 5 years.

Ernst & Young Inc.

Ernst and Young Inc.
Director: J.C. de Villiers
Registered Auditor

102 Rivonia Road
Sandton

27 September 2024

REVIEW REPORT ON GROUP EMBEDDED VALUE

OF MOMENTUM GROUP LIMITED AND ITS SUBSIDIARIES TO THE DIRECTORS OF MOMENTUM GROUP LIMITED

INTRODUCTION

We have reviewed the accompanying Report on Group embedded value ("the Report") of Momentum Group Limited for the year ended 30 June 2024, as set out on pages 9 to 23, and the basis of accounting as set out on page 9. Management is responsible for the preparation and fair presentation of the Report in accordance with the basis of accounting set out on page 9. Our responsibility is to express a conclusion on the Report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Report for the year ended 30 June 2024 is not prepared, in all material respects in accordance with the basis of accounting set out on page 9.

EMPHASIS OF MATTER – BASIS OF ACCOUNTING

Without modifying our conclusion, we draw attention to page 9 of the Report, which describes the basis of accounting. The Report is prepared to provide additional information in respect of the Group embedded value which is used by management in evaluating the performance of the Group. As a result, the Report may not be suitable for another purpose.

Ernst & Young Inc.

Ernst and Young Inc.
Director: J.C. de Villiers
Registered Auditor

102 Rivonia Road
Sandton

27 September 2024

REPORT ON GROUP EMBEDDED VALUE

AT 30 JUNE 2024

The report on Group embedded value sets out the diluted embedded value (EV), taking into account all shares issued by Momentum Group Ltd. This report has been prepared in accordance with the EV guidance from the Actuarial Society of South Africa (ASSA) – APN 107.

CHANGES IN EV REPORTING METHODOLOGY – ADOPTION OF IFRS 17

The Group has revised its EV valuation methodology for covered business following the transition to IFRS 17. Given that IFRS 17 is more closely related with realistic balance sheet reporting, the Group has revised its EV methodology to incorporate some of the features in IFRS 17, which also simplifies the translation from the IFRS balance sheet to what is reflected in EV reporting. The revised EV methodology retains the structure of the Group's current European Embedded Value (EEV) based reporting.

The prior period EV has not been restated for the changes introduced by IFRS 17 and subsequent revision of the EV methodology. The changes to the EV are reported as an opening methodology change and is shown under "Exceptional items" in the Analysis of Changes in the Group Embedded Value.

Although the prior period EV has not been restated and is as per IFRS 4, the Group has elected to make the following changes for presentational purposes to the layout of the Analysis of Changes in the Group Embedded Value and related tables:

1) Reallocation of Cost of required capital on "Operating assumption changes", "Investment variances", "Economic assumption changes" and "Exchange rate movements" into "Change in cost of capital".

2) Reallocation of "Credit risk variance" and "Economic assumption changes" to "Investment market related variances" (previously "Investment variances").

The principal changes under the revised EV methodology for covered business are as follows:

1) Investment return assumptions for all asset classes are set with reference to the market-related, risk-free yield curve used for IFRS reporting. Risk premiums are no longer added to the risk-free return when setting investment return assumptions for asset classes like equities, property, cash and other interest-bearing instruments.

2) Explicit allowance is made for non-financial risk in insurance contracts, which is taken as the IFRS 17 Risk Adjustment. For annual renewable insurance contracts in Momentum Corporate and all covered investment contracts, non-financial risk is allowed for implicitly through appropriate risk discount rates.

3) The value of in-force for long-term insurance contracts is determined as the aggregate of:
   - The IFRS 17 Contractual Service Margin (CSM), net of tax; and
   - The present value of future cash flows not measured and reported under IFRS 17, but that are attributable to the underlying insurance contracts, net of tax.

4) The cost of capital reflects the frictional costs expected to be incurred over the lifetime of the in-force business, and comprises the following components:
   - Expected taxes on investment returns generated by assets supporting required capital; and
   - Expected asset management costs on the assets supporting required capital and the CSM.

CHANGES IN EV REPORTING – SEGMENTATION CHANGES

The reporting segments in the report on Group embedded value has been aligned with the Group's updated internal operating structure. For more detail, refer to the segmental report (note 2).

COVERED AND NON-COVERED BUSINESS

All insurance business underwritten by regulated life insurance companies of the Group (except Guardrisk and Ghana) have been included as covered business. The off-balance sheet investment business written through the Momentum Wealth platform (both local and offshore) is included as covered business to be consistent with the on-balance sheet Wealth business. All underwritten health business (both local and in Africa) are classified as non-covered business.

MOMENTUM METROPOLITAN LIFE LTD REQUIRED CAPITAL

Momentum Metropolitan Life Ltd required capital is determined as the amount of assets required to support the internal capital targets of the covered business over the business planning horizon.

OTHER COVERED BUSINESS

A multiple of regulatory capital requirements applicable to those entities has been used.

ASSETS BACKING REQUIRED CAPITAL

The assumed composition of the assets backing the required capital has been determined with reference to the shareholder fund mandate.

REPORT ON GROUP EMBEDDED VALUE CONTINUED

AT 30 JUNE 2024

ASSUMPTIONS

Changes in bases and assumptions

The Group constantly reviews its EV methodologies to align them with evolving practice and to ensure consistency with current practices.

Economic Assumptions

The principal economic assumptions used in the EV calculations are described below. A view is also provided of what the principal assumptions would have been for the prior period under the revised EV methodology, following the transition to IFRS 17.

Principal assumptions (South Africa)[1]	30.06.2024 %	30.06.2023* %	30.06.2023 %
Pre-tax investment return[2]			
Equities	**13.0**	15.0	16.0
Properties	**10.5**	12.5	13.5
Government stock	**11.6**	11.5	12.5
Other fixed-interest stocks	**12.1**	12.0	13.0
Cash	**8.5**	8.5	11.5
Investment return (before tax) – balanced portfolio[2]	**12.0**	12.3	14.7
Risk-free return[3]	**12.3**	12.5	12.5
Renewal expense inflation rate[4]	**7.0**	7.3	7.1
Risk discount rate (RDR) – all covered business[5]	**N/A**	N/A	14.8
Risk discount rate (RDR) – annual renewable insurance business[6]	**14.8**	15.0	N/A
Risk discount rate (RDR) – investment business[6]	**13.8**	14.0	N/A
Cost of capital (CoC) rate[7]	**2.4**	2.5	5.4

* This provides a view of what the principal economic assumptions would have been following the revision of the EV methodology.

1 The principal assumptions relate only to the South African life insurance business. Assumptions relating to international life insurance businesses are based on local requirements and can differ from the South African assumptions. The assumptions quoted in the table are representative rates derived at the 10-year point of the yield curves, unless stated otherwise.

2 Before the EV methodology change, risk premiums were added to the risk-free yields in order to derive yields on other asset classes as shown for the prior comparative period above. Following the EV methodology change, asset returns are set with reference to real world expectations of asset returns. These real world expectations represent one-year expected returns and are only applied for the purposes of analysis and not capitalised in the EV result in any way. The expected investment return on balanced portfolio business was calculated by applying the above returns to an expected long-term asset distribution.
For the prior year the real world expected return assumptions were calculated with reference to the yield to maturity on RSA government bonds. In 2024 the approach was adjusted to reference the one-year expected return on cash in order to better reflect current expectations.

3 Risk-free returns are taken from an appropriate market-related, risk-free yield curve as at the valuation date that is also used for IFRS reporting.

4 For the retail businesses an inflation rate of 5.5% p.a. is used over the planning horizon (three years) where after the inflation rate is derived from market inputs as the difference between nominal and real yields across the term structure of these curves. An addition to the expense inflation is allowed for in some divisions to reflect the impact of closed books that are in run-off. The 7.0% above represents the 10-year point of the yield curves.

5 Before the revised EV methodology, the allowance for risk in future shareholder cash flows was determined with reference to a risk discount rate. The risk discount rate applied to covered business in South Africa was derived based on a weighted average cost of capital approach. After the revision of the EV methodology, appropriate risk discount rates are calculated for annual renewable insurance and covered investment contracts.

6 The risk discount rate applied to annual renewable insurance contracts is determined as the risk-free return + 2.50%. For covered investment contracts, the risk discount rate is determined as the risk-free return + 1.50%. The risk premiums added to the risk-free return allows for the expected non-financial risk in future shareholder cash flows.
For long-term insurance contracts measured under IFRS 17, non-financial risk is allowed for explicitly through the IFRS 17 Risk Adjustment as opposed to using a risk discount rate.

7 The cost of capital rate represents the annual expected frictional cost applicable to the assets supporting the required capital and the value of in-force. For the prior period, before the revision of the EV methodology, the cost of capital rate represented the opportunity cost for shareholders of holding required capital, which was calculated as the difference between the risk discount rate and net of tax investment return on assets supporting required capital.

Non-economic

The EV calculation uses the same best-estimate assumptions with respect to future experience as those used for IFRS reporting.

The Value of New Business (VNB) excludes premium increases during the current year resulting from premium indexation arrangements in respect of in-force business, but includes the expected value of future premium increases in respect of new policies written during the current financial year.

Embedded value results	2024 Rm	2023* Rm
Covered business		
Equity attributable to owners of the parent	**29 724**	26 764
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments[1]	**(87)**	(1 608)
Net assets – non-covered business within life insurance companies	**(3 751)**	(4 246)
Net assets – non-covered business outside life insurance companies	**(7 845)**	(7 362)
Diluted adjusted net worth – covered business	**18 041**	13 548
Net value of in-force business	**19 038**	22 152
Diluted embedded value – covered business	**37 079**	35 700
Non-covered business		
Net assets – non-covered business within life insurance companies	**3 751**	4 246
Net assets – non-covered business outside life insurance companies	**7 845**	7 362
Consolidation adjustments[2]	**(70)**	(956)
Adjustments for dilution[3]	**908**	1 541
Diluted adjusted net worth – non-covered business	**12 434**	12 193
Write-up to directors' value	**2 392**	1 142
Non-covered business	**5 866**	4 303
Holding company expenses[4]	**(1 972)**	(1 824)
International holding company expenses[4]	**(1 502)**	(1 337)
Diluted embedded value – non-covered business	**14 826**	13 335
Diluted adjusted net worth	**30 475**	25 741
Net value of in-force business	**19 038**	22 152
Write-up to directors' value	**2 392**	1 142
Diluted embedded value	**51 905**	49 035
Required capital – covered business (adjusted for qualifying debt)[5]	**10 146**	6 144
Free surplus – covered business[6]	**7 895**	7 404
Diluted embedded value per share (cents)	**3 694**	3 375
Diluted adjusted net worth per share (cents)	**2 169**	1 772
Diluted number of shares in issue (million)[7]	**1 405**	1 453
Return on embedded value (%) – annualised internal rate of return	**11.5**	14.1
Return on embedded value excluding Exceptional items (%) – annualised internal rate of return	**13.0**	14.1

* The opening position reflects the EV methodology at the time, which includes referencing the IFRS 4 liability basis. Equity attributable to owners of the parent will thus refer to the balance sheet position published in the June 2023 Annual Financial Statements. Refer to note 44 of the Annual Financial Statements which sets out how the 30 June 2022 financials would have changed with the adoption of IFRS 17, including items such as the "value of business acquired" derecognised under IFRS 17. The changes to the EV methodology (effective 1 July 2023) to incorporate IFRS 17 is analysed as an exceptional item applied to the opening embedded value. The embedded value result from this exceptional item references the balance sheet position as at 30 June 2023 applying IFRS 17.

1 The value of business acquired has been derecognised with the adoption of IFRS 17 resulting in the decrease noted.

2 Consolidation adjustments include mainly goodwill and intangibles in subsidiaries that are eliminated.

3 Adjustments for dilution are made up as follows:
- Treasury shares held on behalf of contract holders: Rnil million (30.06.2023: R453 million);
- Liabilities related to iSabelo transaction: R908 million (30.06.2023: R826 million); and
- Liability – Momentum Group Ltd convertible preference shares issued to KTH: Rnil million (30.06.2023: R262 million).

4 The holding company expenses reflect the present value of projected recurring head office expenses. The international holding company expenses reflect the allowance for support services to the international businesses.

5 The required capital for in-force covered business amounts to R14 470 million (30.06.2023: R10 443 million) and is adjusted for qualifying debt of R4 324 million (30.06.2023: R4 299 million). The implementation of IFRS 17 resulted in a reduction of policyholder liabilities and a commensurate increase to the IFRS NAV. However, the assets required to back internal targets for regulatory solvency are largely unaffected and the quantum of IFRS NAV allocated to support the affected businesses thus increases.

6 Included in the Free surplus are the assets supporting the qualifying debt.

7 The diluted number of shares in issue takes into account all issued shares and includes the treasury shares held on behalf of contract holders as well as the treasury shares held on behalf of employees. In the prior year, it also assumed the conversion of the convertible redeemable preference shares which converted into ordinary shares in the current year.

REPORT ON GROUP EMBEDDED VALUE CONTINUED

AT 30 JUNE 2024

Analysis of net value of in-force business	2024 Rm	2023* Rm
Momentum Retail	**7 571**	10 471
Gross value of in-force business	**8 253**	10 862
Less cost of required capital	**(682)**	(391)
Momentum Investments[1]	**3 597**	1 930
Gross value of in-force business	**3 618**	2 326
Less cost of required capital	**(21)**	(396)
Metropolitan Life	**2 435**	3 772
Gross value of in-force business	**2 688**	4 255
Less cost of required capital	**(253)**	(483)
Momentum Corporate	**3 622**	3 317
Gross value of in-force business	**4 217**	4 446
Less cost of required capital	**(595)**	(1 129)
Momentum Metropolitan Africa	**1 688**	2 662
Gross value of in-force business	**2 056**	3 045
Less cost of required capital	**(368)**	(383)
Shareholders[2]	**125**	–
Gross value of in-force business	**125**	–
Less cost of required capital	**–**	–
Net value of in-force business	**19 038**	22 152

* The prior period value of in-force has not been restated for the transition to IFRS 17 and revised EV methodology.
1 Included in covered business is Wealth business not deemed to be long-term insurance business with a value of in-force of R327 million (30.06.2023: R357 million).
2 The VIF relates to the expected time value placed on the deferred tax raised for the IFRS 17 phase-in amount and will run down over 6 years.

Embedded value detail	Adjusted net worth Rm	Net value of in-force Rm	2024 Rm	2023* Rm
Covered business				
Momentum Retail	**4 000**	**7 571**	**11 571**	12 421
Momentum Investments[1]	**793**	**3 597**	**4 390**	3 596
Metropolitan Life	**2 650**	**2 435**	**5 085**	5 522
Momentum Corporate	**4 025**	**3 622**	**7 647**	7 067
Momentum Metropolitan Africa	**3 002**	**1 688**	**4 690**	3 989
Operating segments	**14 470**	**18 913**	**33 383**	32 595
Qualifying Debt	**(4 324)**	**–**	**(4 324)**	(4 299)
Free Surplus[2]	**7 895**	**125**	**8 020**	7 404
Total covered business	**18 041**	**19 038**	**37 079**	35 700

* The prior period EV has not been restated for the transition to IFRS 17 and revised EV methodology.
1 Included in covered business is Wealth business not deemed to be long-term insurance business with a value of in-force of R327 million (30.06.2023: R357 million).
2 Included in the Free surplus are the assets supporting the qualifying debt.

Embedded value detail	Adjusted net worth Rm	Write-up to directors' value Rm	2024 Rm	2023* Rm
Non-covered business				
Momentum Retail	117	–	117	94
Other	117	–	117	94
Momentum Investments	1 763	831	2 594	2 428
Investment and savings	1 555	958	2 513	2 832
Multiply Money	208	(127)	81	(404)
Metropolitan Life	12	–	12	11
Other	12	–	12	11
Momentum Corporate	388	(253)	135	159
Other	388	(253)	135	159
Momentum Metropolitan Health	770	789	1 559	1 318
Health	700	1 089	1 789	1 318
Momentum Multiply	70	(300)	(230)	–
Guardrisk	2 825	2 906	5 731	4 675
Cell captives	2 825	2 906	5 731	4 675
Momentum Insure	1 831	109	1 940	1 708
Non-life insurance	1 831	109	1 940	1 708
Momentum Metropolitan Africa	446	(1 258)	(812)	(878)
Life insurance	80	(11)	69	73
Health	305	134	439	371
Non-life insurance	52	58	110	82
Other	9	63	72	(67)
International holding company expenses[1]	–	(1 502)	(1 502)	(1 337)
India	1 110	1 240	2 350	2 145
India	1 110	1 240	2 350	2 145
Shareholders	3 172	(1 972)	1 200	1 675
Other	3 172	–	3 172	3 499
Holding company expenses[1]	–	(1 972)	(1 972)	(1 824)
Total non-covered business	12 434	2 392	14 826	13 335
Total embedded value	30 475	21 430	51 905	49 035

* The prior period EV has not been restated for the transition to IFRS 17 and revised EV methodology.

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

REPORT ON GROUP EMBEDDED VALUE CONTINUED

AT 30 JUNE 2024

		Covered business				
Analysis of changes in Group embedded value	Notes	**Adjusted net worth (ANW) Rm**	**Gross value of in-force (VIF) Rm**	**Cost of required capital Rm**	**12 mths to 30.06.2024 Total EV Rm**	**12 mths to 30.06.2023* Total EV Rm**
Profit from new business	A	(863)	1 530	(78)	**589**	600
Profit from existing business		3 620	(587)	203	**3 236**	3 394
Expected return	B	–	2 446	(234)	**2 212**	2 058
Expected contribution from real world economic assumptions	C	332	467	–	**799**	–
Release of the cost of capital	D	–	–	457	**457**	513
Expected (or actual) net of tax profit transfer to net worth	E	3 392	(3 392)	–	**–**	–
Operating experience variances	F	219	75	–	**294**	772
Development expenses	G	(132)	–	–	**(132)**	(66)
Operating assumption changes	H	(191)	(183)	–	**(374)**	(372)
Change in cost of capital[1]		–	–	(20)	**(20)**	489
Embedded value profit/(loss) from operations		2 757	943	125	**3 825**	3 994
Investment return on adjusted net worth	I	1 234	–	–	**1 234**	903
Investment market related variances	J	189	1	–	**190**	1 819
Exchange rate movements	K	(13)	(21)	–	**(34)**	50
Exceptional items	L	3 427	(4 900)	738	**(735)**	–
Embedded value profit/(loss) – covered business		7 594	(3 977)	863	**4 480**	6 766
Transfer of business to non-covered business	M	138	–	–	**138**	–
Other capital transfers	N	454	–	–	**454**	(926)
Dividend paid		(3 693)	–	–	**(3 693)**	(3 370)
Change in embedded value – covered business		4 493	(3 977)	863	**1 379**	2 470
Non-covered business						
Change in directors' valuation and other items					**1 466**	(128)
Change in holding company expenses					**(313)**	(213)
Embedded value profit/(loss) – non-covered business					**1 153**	(341)
Transfer of business from covered business	M				**(138)**	–
Other capital transfers	N				**(454)**	926
Dividend received					**1 885**	1 776
Allowance for shareholder flows related to iSabelo transaction					**82**	63
Shares repurchased					**(1 000)**	(1 250)
Finance costs – preference shares					**(37)**	(37)
Change in embedded value – non-covered business					**1 491**	1 137
Total change in Group embedded value					**2 870**	3 607
Total embedded value profit					**5 633**	6 425
Return on embedded value (%) – annualised internal rate of return					**11.5%**	14.1%
Return on embedded value excluding Exceptional items (%) – annualised internal rate of return					**13.0%**	14.1%

* The prior period analysis of embedded value has not been restated for the transition to IFRS 17 and revised EV methodology.

1 The cost of required capital is not analysed in the same level of granularity as the other components of the embedded value. The Group only shows the unwind and expected release. The balance of the movement is shown in one line and forms part of the Embedded Value profit/(loss) from operations.

Analysis of changes in Group embedded value	Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of required capital Rm	12 mths to 30.06.2024 Rm	12 mths to 30.06.2023* Rm
Momentum Retail					
Profit from new business	(143)	159	(102)	**(86)**	(69)
Expected return	–	959	(71)	**888**	877
Expected contribution from real world economic assumptions	19	80	–	**99**	–
Release of the cost of capital	–	–	114	**114**	137
Expected (or actual) net of tax profit transfer to net worth	1 233	(1 233)	–	**–**	–
Operating experience variances	(35)	175	–	**140**	350
Development expenses	(116)	–	–	**(116)**	(34)
Operating assumption changes	(76)	164	–	**88**	311
Change in cost of capital	–	–	179	**179**	351
Embedded value profit/(loss) from operations	882	304	120	**1 306**	1 923
Investment return on adjusted net worth	201	–	–	**201**	102
Investment market related variances	75	10	–	**85**	694
Exceptional items	2 550	(2 922)	(411)	**(783)**	–
Embedded value profit/(loss) – covered business	3 708	(2 608)	(291)	**809**	2 719
Momentum Investments					
Profit from new business	(279)	942	81	**744**	466
Expected return	–	338	(3)	**335**	143
Expected contribution from real world economic assumptions	108	138	–	**246**	–
Release of the cost of capital	–	–	19	**19**	90
Expected (or actual) net of tax profit transfer to net worth	566	(566)	–	**–**	–
Operating experience variances	(72)	(61)	–	**(133)**	(63)
Development expenses	(10)	–	–	**(10)**	(9)
Operating assumption changes	(10)	(61)	–	**(71)**	(116)
Change in cost of capital	–	–	(86)	**(86)**	16
Embedded value profit/(loss) from operations	303	730	11	**1 044**	527
Investment return on adjusted net worth	23	–	–	**23**	183
Investment market related variances	53	(86)	–	**(33)**	489
Exceptional items	(925)	649	364	**88**	–
Embedded value profit/(loss) – covered business	(546)	1 293	375	**1 122**	1 199
Metropolitan Life					
Profit from new business	(132)	97	(6)	**(41)**	154
Expected return	–	344	(24)	**320**	390
Expected contribution from real world economic assumptions	106	136	–	**242**	–
Release of the cost of capital	–	–	71	**71**	96
Expected (or actual) net of tax profit transfer to net worth	554	(554)	–	**–**	–
Operating experience variances	(80)	66	–	**(14)**	(286)
Development expenses	(3)	–	–	**(3)**	(21)
Operating assumption changes	(10)	(104)	–	**(114)**	(382)
Change in cost of capital	–	–	(25)	**(25)**	(14)
Embedded value profit/(loss) from operations	435	(15)	16	**436**	(63)
Investment return on adjusted net worth	118	–	–	**118**	71
Investment market related variances	43	53	–	**96**	125
Exceptional items	900	(1 604)	215	**(489)**	–
Embedded value profit/(loss) – covered business	1 496	(1 566)	231	**161**	133

* The prior period analysis of embedded value has not been restated for the transition to IFRS 17 and revised EV methodology.

REPORT ON GROUP EMBEDDED VALUE CONTINUED

AT 30 JUNE 2024

Analysis of changes in Group embedded value	Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of required capital Rm	12 mths to 30.06.2024 Rm	12 mths to 30.06.2023* Rm
Momentum Corporate					
Profit from new business	(143)	190	(25)	**22**	67
Expected return	–	575	(93)	**482**	386
Expected contribution from real world economic assumptions	74	69	–	**143**	–
Release of the cost of capital	–	–	197	**197**	190
Expected (or actual) net of tax profit transfer to net worth	656	(656)	–	**–**	–
Operating experience variances	413	(88)	–	**325**	922
Development expenses	(3)	–	–	**(3)**	(2)
Operating assumption changes	(15)	(135)	–	**(150)**	(115)
Change in cost of capital	–	–	(30)	**(30)**	60
Embedded value profit/(loss) from operations	982	(45)	49	**986**	1 508
Investment return on adjusted net worth	180	–	–	**180**	142
Investment market related variances	42	(68)	–	**(26)**	(10)
Exceptional items	5	(117)	486	**374**	–
Embedded value profit/(loss) – covered business	1 209	(230)	535	**1 514**	1 640
Momentum Metropolitan Africa					
Profit from new business	(166)	142	(26)	**(50)**	(18)
Expected return	–	217	(43)	**174**	262
Expected contribution from real world economic assumptions	25	44	–	**69**	–
Release of the cost of capital	–	–	56	**56**	–
Expected (or actual) net of tax profit transfer to net worth	323	(323)	–	**–**	–
Operating experience variances	(40)	(17)	–	**(57)**	52
Operating assumption changes	(80)	(47)	–	**(127)**	(70)
Change in cost of capital	–	–	(58)	**(58)**	76
Embedded value profit/(loss) from operations	62	16	(71)	**7**	302
Investment return on adjusted net worth	390	–	–	**390**	150
Investment market related variances	(2)	102	–	**100**	476
Exchange rate movements	(13)	(21)	–	**(34)**	50
Exceptional items	1 084	(1 087)	84	**81**	–
Embedded value profit/(loss) – covered business	1 521	(990)	13	**544**	978
Shareholders					
Expected return	–	13	–	**13**	–
Expected (or actual) net of tax profit transfer to net worth	60	(60)	–	**–**	–
Operating experience variances	33	–	–	**33**	(203)
Embedded value profit/(loss) from operations	93	(47)	–	**46**	(203)
Investment return on adjusted net worth	322	–	–	**322**	255
Investment market related variances	(22)	(10)	–	**(32)**	45
Exceptional items	(187)	181	–	**(6)**	–
Embedded value profit/(loss) – covered business	206	124	–	**330**	97

* The prior period analysis of embedded value has not been restated for the transition to IFRS 17 and revised EV methodology.

A. VALUE OF NEW BUSINESS (VNB)

In determining the VNB for retail and traditional corporate business:

- Premium increases that have been allowed for in the value of in-force covered business are not included as new business at inception.
- The expected value of future premium increases, resulting from premium indexation on the new recurring premium business written during the financial year under review, is included in the VNB.
- Only client-initiated continuations of individual policies and deferrals of retirement annuity policies after the maturity dates of contracts not previously expected in the present valuation of in-force business, are allowed for.
- For corporate business, increases in business from new schemes or new benefits on existing schemes are included as new business, but new members or salary-related increases under existing schemes are allowed for in the value of in-force covered business.
- Renewable recurring premiums under existing group insurance contracts are treated as in-force covered business.

The VNB for long-term insurance business measured under IFRS 17 is measured as the aggregate of:

- New business earnings as reflected in the IFRS income statement, net of tax;
- The IFRS 17 Contractual Service Margin (CSM), net of tax;
- The present value of future cash flows not measured and reported under IFRS 17, but that are attributable to the underlying insurance contracts, net of tax;
- Any adjustments required for new business definition differences between IFRS and EV; and
- The cost of capital (CoC).

Following the revised EV methodology, the present value of new business premiums (PVNBP) is calculated at the risk-free discount rate. For the prior period, PVNBP was calculated at the risk discount rate.

Reconciliation of lump sum inflows	12 mths to 30.06.2024 Rm	12 mths to 30.06.2023 Rm
Total lump sum inflows	**60 844**	46 817
Inflows not included in value of new business	**(12 703)**	(11 359)
Wealth off-balance sheet business	**12 235**	12 355
Term extensions on maturing policies	**157**	189
Automatically Continued Policies	**2 342**	1 577
Non-controlling interests and other adjustments	**(10)**	38
Single premiums included in value of new business	**62 865**	49 617

REPORT ON GROUP EMBEDDED VALUE CONTINUED

AT 30 JUNE 2024

A. VALUE OF NEW BUSINESS (VNB) CONTINUED

Value of new business[1, 2, 3]	Momentum Retail Rm	Momentum Investments[4] Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Africa Rm	Total Rm
12 mths to 30.06.2024						
Value of new business	**(86)**	**744**	**(41)**	**22**	**(50)**	**589**
Gross	**16**	**663**	**(35)**	**47**	**(24)**	**667**
Less cost of required capital	**(102)**	**81**	**(6)**	**(25)**	**(26)**	**(78)**
New business premiums	**3 605**	**47 654**	**3 877**	**10 429**	**1 450**	**67 015**
Recurring premiums	**1 080**	**258**	**1 659**	**726**	**427**	**4 150**
Protection	**474**	**–**	**1 132**	**271**	**164**	**2 041**
Long-term savings	**606**	**228**	**518**	**452**	**263**	**2 067**
Annuities	**–**	**30**	**9**	**3**	**–**	**42**
Single premiums	**2 525**	**47 396**	**2 218**	**9 703**	**1 023**	**62 865**
Protection	**–**	**–**	**–**	**–**	**71**	**71**
Long-term savings	**2 525**	**37 820**	**349**	**9 554**	**484**	**50 732**
Annuities	**–**	**9 576**	**1 869**	**149**	**468**	**12 062**
New business premiums (APE)	**1 333**	**4 998**	**1 881**	**1 696**	**529**	**10 437**
Protection	**474**	**–**	**1 132**	**271**	**171**	**2 048**
Long-term savings	**859**	**4 010**	**553**	**1 407**	**311**	**7 140**
Annuities	**–**	**988**	**196**	**18**	**47**	**1 249**
Present value of new business premiums (PVNBP)[5]	**8 461**	**48 546**	**6 901**	**15 393**	**2 840**	**82 141**
Profitability of new business as a percentage of APE	**(6.5)**	**14.9**	**(2.2)**	**1.3**	**(9.5)**	**5.6**
Profitability of new business as a percentage of PVNBP[5]	**(1.0)**	**1.5**	**(0.6)**	**0.1**	**(1.8)**	**0.7**
12 mths to 30.06.2023*						
Value of new business	(69)	466	154	67	(18)	600
Gross	(13)	549	200	143	8	887
Less cost of required capital	(56)	(83)	(46)	(76)	(26)	(287)
New business premiums	3 625	40 027	3 673	5 392	1 424	54 141
Recurring premiums	1 094	205	1 681	1 093	451	4 524
Protection	477	–	1 197	284	219	2 177
Long-term savings	617	181	477	436	232	1 943
Annuities	–	24	7	373	–	404
Single premiums	2 531	39 822	1 992	4 299	973	49 617
Protection	–	–	–	–	108	108
Long-term savings	2 531	32 960	406	3 669	325	39 891
Annuities	–	6 862	1 586	630	540	9 618
New business premiums (APE)	1 347	4 187	1 881	1 523	549	9 487
Protection	477	–	1 197	284	230	2 188
Long-term savings	870	3 477	518	803	265	5 933
Annuities	–	710	166	436	54	1 366
Present value of new business premiums (PVNBP)[5]	7 601	40 656	7 201	10 485	2 930	68 873
Profitability of new business as a percentage of APE	(5.1)	11.1	8.2	4.4	(3.3)	6.3
Profitability of new business as a percentage of PVNBP[5]	(0.9)	1.1	2.1	0.6	(0.6)	0.9

* The prior period value of new business has not been restated for the transition to IFRS 17 and revised EV methodology.

1 Value of new business and new business premiums are net of non-controlling interests.

2 The value of new business has been calculated using opening demographic and point of sale economic assumptions. Investment yields at the point of sale have been used for fixed annuity and guaranteed endowment business; for other business the implied economic assumptions at the start of the period have been used. The Group does not allow for marginal diversification benefits to be allocated to the value of new business for purposes of deriving the cost of required capital.

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

4 Included in covered business is Wealth business not deemed to be long-term insurance business with value of new business of R58 million (30.06.2023: R77 million).

5 Following the revised EV methodology, PVNBP is calculated at the risk-free discount rate. For the prior period, PVNBP was calculated at the risk discount rate.

B. EXPECTED RETURN

For annual renewable insurance contracts and covered investment contracts, the expected return is determined by applying the relevant risk discount rate applicable at the beginning of the reporting year to the present value of in-force covered business at the beginning of the reporting year. The expected return on new business is determined by applying the current risk discount rate to the value of new business from the point of sale to the end of the year.

For long-term insurance contracts measured under IFRS 17, the expected return is determined by calculating the expected risk-free investment return earned over the period on the opening value of in-force business. Where the value of in-force business is represented by the contractual service margin (CSM), the expected return is taken as the CSM interest accretion over the period. For new business a similar approach is taken whereby the expected return is calculated with reference to the value of new business at point of sale.

The expected return includes the expiry of risk as measured by the release of the IFRS 17 Risk Adjustment.

C. EXPECTED CONTRIBUTION FROM REAL WORLD ECONOMIC ASSUMPTIONS

In addition to the relevant risk-free investment return over the period the expected contribution from real world risk premiums are analysed in this item. The effect is quantified with regard to assets backing the contractual service margin (CSM), yield enhancement strategies and the effect on future asset-based revenue.

D. RELEASE OF THE COST OF CAPITAL

The release of the cost of capital represents the frictional cost incurred over the year on the assets backing required capital, consisting of the net of tax investment income generated by assets supporting required capital and asset management costs on the assets supporting required capital and the value of in-force.

For the prior period, before the revision of the embedded value methodology, the release from the cost of required capital represented the difference between the risk discount rate and the expected after tax investment return on the assets backing the required capital over the year.

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

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

REPORT ON GROUP EMBEDDED VALUE CONTINUED

AT 30 JUNE 2024

F. OPERATING EXPERIENCE VARIANCES

Operating experience variances	Notes	12 mths to 30.06.2024 ANW Rm	12 mths to 30.06.2024 Gross VIF Rm	12 mths to 30.06.2024 EV Rm	12 mths to 30.06.2023* EV Rm
Momentum Retail		(35)	175	140	350
Mortality and morbidity	1	138	8	146	147
Terminations, premium cessations and policy alterations		(1)	11	10	183
Expense variance		(5)	–	(5)	26
Change in Risk Adjustment		(18)	–	(18)	–
Other		11	(3)	8	(6)
Contractual Service Margin transfer		(160)	159	(1)	–
Momentum Investments		(72)	(61)	(133)	(63)
Mortality and morbidity	1	63	–	63	(15)
Terminations, premium cessations and policy alterations	2	14	(170)	(156)	(48)
Expense variance		(59)	–	(59)	(47)
Change in Risk Adjustment		(1)	–	(1)	–
Other		13	7	20	47
Contractual Service Margin transfer		(102)	102	–	–
Metropolitan Life		(80)	66	(14)	(286)
Mortality and morbidity	1	92	(1)	91	113
Terminations, premium cessations and policy alterations	3	(95)	52	(43)	(356)
Expense variance		(85)	–	(85)	(16)
Change in Risk Adjustment		23	–	23	–
Other		–	1	1	(27)
Contractual Service Margin transfer		(15)	14	(1)	–
Momentum Corporate		413	(88)	325	922
Mortality and morbidity	1	607	–	607	754
Terminations, premium cessations and policy alterations	4	(58)	(104)	(162)	225
Expense variance		(111)	–	(111)	(165)
Change in Risk Adjustment		(3)	–	(3)	–
Other		(9)	3	(6)	108
Contractual Service Margin transfer		(13)	13	–	–
Momentum Metropolitan Africa		(40)	(17)	(57)	52
Mortality and morbidity	1	69	–	69	73
Terminations, premium cessations and policy alterations	5	(68)	5	(63)	38
Expense variance		(60)	–	(60)	(68)
Change in Risk Adjustment		1	–	1	–
Other		3	(7)	(4)	9
Contractual Service Margin transfer		15	(15)	–	–
Shareholders		33	–	33	(203)
Total operating experience variances		219	75	294	772

* The prior period operating experience variances have not been restated for the transition to IFRS 17 and revised EV methodology.

Notes

1. Overall, mortality and morbidity experience for the 12 months were better compared to what was allowed for in the valuation basis.
2. Mainly due to negative alteration experience.
3. Termination experience was worse than expected.
4. Negative persistency experience was due to higher than expected terminations on Savings and Protection business. Negative alteration experience was observed on Myriad Continuation Assurance Option policies.
5. Impact due to adverse termination experience in all countries.

G. DEVELOPMENT EXPENSES

Business development expenses within segments.

H. OPERATING ASSUMPTION CHANGES

		12 mths to 30.06.2024			12 mths to 30.06.2023*
Operating assumption changes	Notes	**ANW Rm**	**Gross VIF Rm**	**EV Rm**	**EV Rm**
Momentum Life		**(76)**	**164**	**88**	311
Mortality and morbidity assumptions		**(9)**	**(9)**	**(18)**	52
Termination assumptions	1, 6	**358**	**(74)**	**284**	411
Renewal expense assumptions		**(193)**	**(10)**	**(203)**	(115)
Change in Risk Adjustment		**(30)**	**–**	**(30)**	–
Modelling, methodology and other changes	2	**50**	**10**	**60**	(37)
Contractual Service Margin transfer		**(252)**	**247**	**(5)**	–
Momentum Investments		**(10)**	**(61)**	**(71)**	(116)
Mortality and morbidity assumptions		**–**	**–**	**–**	–
Termination assumptions		**–**	**(7)**	**(7)**	(17)
Renewal expense assumptions		**6**	**(71)**	**(65)**	(212)
Change in Risk Adjustment		**3**	**–**	**3**	–
Modelling, methodology and other changes		**–**	**(2)**	**(2)**	113
Contractual Service Margin transfer		**(19)**	**19**	**–**	–
Metropolitan Life		**(10)**	**(104)**	**(114)**	(382)
Mortality and morbidity assumptions		**1**	**–**	**1**	332
Termination assumptions	3, 6	**(273)**	**5**	**(268)**	(286)
Renewal expense assumptions		**192**	**(87)**	**105**	(400)
Change in Risk Adjustment		**31**	**–**	**31**	–
Modelling, methodology and other changes		**(3)**	**21**	**18**	(28)
Contractual Service Margin transfer		**42**	**(43)**	**(1)**	–
Momentum Corporate		**(15)**	**(135)**	**(150)**	(115)
Mortality and morbidity assumptions	4	**77**	**187**	**264**	260
Termination assumptions	5, 6	**1**	**(20)**	**(19)**	(2)
Renewal expense assumptions		**(23)**	**(353)**	**(376)**	(272)
Change in Risk Adjustment		**–**	**–**	**–**	–
Modelling, methodology and other changes		**(22)**	**3**	**(19)**	(101)
Contractual Service Margin transfer		**(48)**	**48**	**–**	–
Momentum Metropolitan Africa		**(80)**	**(47)**	**(127)**	(70)
Mortality and morbidity assumptions		**53**	**(23)**	**30**	4
Termination assumptions		**17**	**7**	**24**	39
Renewal expense assumptions		**(226)**	**(21)**	**(247)**	(151)
Change in Risk Adjustment		**(14)**	**–**	**(14)**	–
Modelling, methodology and other changes	7	**60**	**20**	**80**	38
Contractual Service Margin transfer		**30**	**(30)**	**–**	–
Total operating assumption changes		**(191)**	**(183)**	**(374)**	(372)

* The prior period operating assumption changes have not been restated for the transition to IFRS 17 and revised EV methodology.

Notes

1. Mainly due to the increase in take-up rates assumed on Protection business, offset by the impact of the two-pot regulatory regime change on Long-term savings business.
2. Methodology changes implemented on Protection business.
3. Mostly due to the terminations basis updated in line with most recent experience as well as the impact of the two-pot regulatory regime change.
4. The ANW impact is due to the CPI annuitant mortality basis assumptions updated in line with experience. The VIF impact is due to changing the profit assumptions for Protection business.
5. The VIF impact was due to a new termination assumption on Savings business for the implementation of the two-pot regulatory regime.
6. Termination assumptions includes an allowance of R173 million for the expected impact of withdrawals following the implementation of the two-pot regulatory regime change in South Africa.
7. Modelling changes implemented on the Savings business.

REPORT ON GROUP EMBEDDED VALUE CONTINUED

AT 30 JUNE 2024

I. INVESTMENT RETURN ON ADJUSTED NET WORTH

Investment return on adjusted net worth	12 mths to 30.06.2024 Rm	12 mths to 30.06.2023* Rm
Investment income	**1 154**	823
Capital appreciation and other[1]	**80**	80
Investment return on adjusted net worth	**1 234**	903

* The prior period investment return on adjusted net worth has not been restated for the transition to IFRS 17 and revised EV methodology.
[1] This includes the revaluation of owner-occupied properties.

J. INVESTMENT MARKET RELATED VARIANCES

Investment market related variances represent the impact of higher/lower than assumed investment returns on current and expected future after tax profits from in-force business as well as the effect of the change in assumed rate of investment return, expense inflation rate and risk discount rate in respect of local and offshore business.

K. EXCHANGE RATE MOVEMENTS

The impact of foreign currency movements on International covered businesses.

L. EXCEPTIONAL ITEMS

This represents the impact of transitioning to IFRS 17 and the subsequent revision of the EV methodology. The key drivers of the change in the Group EV are as follows:

- Adjusted net worth increases following the net release of insurance contract liabilities on IFRS 17 transition.
- Value of in-force reduces in response to the net release in insurance contract liabilities (i.e. release of deferred margins previously included in the value of in-force) and the removal of risk premiums from the investment return assumptions.
- Cost of capital reduces mainly as a result of the reduction in the cost of capital rate, but the impact is partially offset by the increase in the level of required capital. Required capital increases as a result of the net increase in adjusted net worth following the transition to IFRS 17.

M. TRANSFER OF BUSINESS FROM/TO NON-COVERED BUSINESS

Transfer of business between covered and non-covered business.

N. OTHER CAPITAL TRANSFERS

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

SENSITIVITY OF THE IN-FORCE VALUE AND THE VNB

This section illustrates the effect of different assumptions on the adjusted net worth, the value of in-force business, the VNB and the cost of required capital. For each sensitivity illustrated, all other assumptions have been left unchanged.

The table below shows the impact on the EV (adjusted net worth, value of in-force and cost of required capital) and VNB (gross and net of the cost of required capital) of independent changes in a range of experience assumptions. The effect of an equivalent improvement in these experience assumptions would be to increase the base values by a percentage approximately equal to the reductions shown below.

Covered business: sensitivities – 30.06.2024	Adjusted net worth Rm	In-force business Net value Rm	In-force business Gross value Rm	In-force business Cost of required capital[3] Rm	New business written Net value Rm	New business written Gross value Rm	New business written Cost of required capital[3] Rm
Base value	18 041	19 038	20 957	(1 919)	589	667	(78)
10% decrease in future expenses		21 191	23 110	(1 919)	763	841	(78)
% change[1]		11	10	–	30	26	–
10% decrease in lapse, paid-up and surrender rates		19 547	21 466	(1 919)	764	842	(78)
% change		3	2	–	30	26	–
5% decrease in mortality and morbidity for assurance business		22 603	24 522	(1 919)	734	812	(78)
% change		19	17	–	25	22	–
5% decrease in mortality for annuity business		18 842	20 761	(1 919)	546	624	(78)
% change		(1)	(1)	–	(7)	(6)	–
1% reduction in expense inflation rate		20 574	22 493	(1 919)	683	761	(78)
% change		8	7	–	16	14	–
10% reduction in premium indexation take-up rate		18 431	20 350	(1 919)	552	630	(78)
% change		(3)	(3)	–	(6)	(6)	–
10% decrease in non-commission-related acquisition expenses					731	809	(78)
% change					24	21	–
1% reduction in gross investment return and inflation rate	18 070	18 568	20 475	(1 907)	629	707	(78)
% change[2]	–	(2)	(2)	(1)	7	6	–
10% fall in market value of equities and properties	17 912	18 110	20 029	(1 919)			
% change[2]	(1)	(5)	(4)	–			

1 No corresponding changes in variable policy charges are assumed, although in practice it is likely that these will be modified according to circumstances.
2 Bonus rates are assumed to change commensurately.
3 The change in the value of cost of required capital is disclosed as nil where the sensitivity test results in an insignificant change in the value.

DIRECTORS' REPORT

The Board is pleased to present the audited financial statements of Momentum Group Ltd (or the Company) and its subsidiaries (collectively Momentum Group or the Group) for the year ended 30 June 2024. The Board is of the opinion that the Group is in compliance with the Companies Act as well as the Company's Memorandum of Incorporation. The material risk factors applicable to the Group can be found in the Integrated Report which is available online in PDF format at *https://www.momentumgroupltd.co.za*.

NATURE OF ACTIVITIES

Momentum Group is a South African based financial services group that offers a comprehensive range of products and administration services, including life and non-life insurance, employee benefits, medical scheme and asset management to clients in selected African and other countries. Momentum Group Ltd is listed on the Johannesburg Stock Exchange (JSE) and A2X Markets (A2X) in South Africa, and the Namibian Stock Exchange (NSX) in Namibia.

CORPORATE EVENTS

Acquisitions

On 28 March 2024, the Company, through its wholly owned subsidiary, Momentum Metropolitan Strategic Investments (Pty) Ltd (MMSI), acquired the Investment Managers Group of companies. This entailed the acquisition of 100% of the shares in Investment Managers Group (Pty) Ltd (IMG) for a purchase consideration of R87 million in cash and R24 million in contingent consideration. As a result of this acquisition, MMSI acquired indirectly 100% of the shares in IMG Affiliates 2 (Pty) Ltd via a step-up acquisition which included 70% of the shares in IMG Affiliates 2B (Pty) Ltd.

This transaction has resulted in goodwill of R50 million being recognised. MMSI subsequently sold its investment in IMG Affiliates 2 (Pty) Ltd to IMG.

On 30 April 2024, the Group, through its 100% owned subsidiary, Guardrisk Group (Pty) Ltd (Guardrisk Group), acquired 100% of the shares in Zestlife Investments (Pty) Ltd (Zestlife) for a purchase consideration of R421 million. The purchase consideration consisted of an initial cash payment of R222 million and R199 million contingent consideration. This acquisition has resulted in goodwill of R157 million, brand of R13 million and broker network of R194 million being recognised.

These acquisitions provide an opportunity for growth, which is the Group's current focus.

Listed debt

On 16 October 2023, Momentum Metropolitan Life Ltd (MML) listed two subordinated debt instruments to the combined value of R750 million on the JSE. The proceeds of the issuance were used to refinance the subordinated debt instrument, MMIG06, which became callable on 19 October 2023.

Share buyback programme

The Group bought back a total of 48 million shares (for a cost of R1 billion including transaction costs) during the current year. These shares were cancelled prior to 30 June 2024.

PRESENTATION OF FINANCIAL STATEMENTS

The consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, as set out in these financial statements, have been prepared in accordance with:

- IFRS Accounting Standards as issued by the IASB.
- Interpretations by the IFRS Interpretations Committee (IFRIC) issued and effective at the time of preparing these statements.
- JSE Listings Requirements.
- Companies Act.
- Financial Pronouncements (as issued by the Financial Reporting Standards Council).
- South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides (as issued by the Accounting Practices Committee).

IFRS 17 – Insurance Contracts

The Group applied IFRS 17 for the financial year ended 30 June 2024. As part of the transition to IFRS 17, the Group restated comparative information for the financial year ended 30 June 2024 and opening balances at 1 July 2022. For further information on IFRS 17, refer to note 44.1.1 and various accounting policies included in note 44 regarding insurance contracts issued and reinsurance contracts held.

The accounting policies of the Group have been applied consistently to all years presented except specific restatements listed in notes 44.1.1 and 45 of the AFS. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates as well as the exercise of managerial judgement in the application of the Group's accounting policies. Such judgement, assumptions and estimates are disclosed in the Critical judgements and accounting estimates note on page 37 of the AFS, including changes in estimates that are an integral part of the insurance business.

SEGMENTAL REPORT

The Group has aligned the reporting segments with the updated internal operating structure. This enables the Group to report more meaningfully on the way the business is managed by the Group's leaders. The change in the operating structure had no impact on the current or prior year's reported earnings, diluted earnings or headline earnings per share, or on the net asset value (NAV) or net cash flow. Refer to Annexure C for more information.

SOLVENCY ASSESSMENT AND GOING CONCERN

The Board is satisfied of the Group's solvency, taking into account its ability to withstand impacts from the continuously evolving environment, and its ability to continue as a going concern.

CORPORATE GOVERNANCE

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

PROVISIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group is party to legal proceedings and appropriate provisions are made when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and that amount is measured reliably. The Group is not aware of capital commitments at 30 June 2024 that were not in the ordinary course of business other than what is disclosed in note 30.

RESULTS OF OPERATIONS

The operating results and the financial position of the Group are reflected in the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows, segmental report and the notes thereto.

Group earnings and headline earnings attributable to equity holders for the year under review were R3 847 million (Restated 2023: R3 104 million) and R4 061 million (Restated 2023: R3 041 million) respectively. Group normalised headline earnings were R4 438 million (Restated 2023: R3 491 million) and normalised headline earnings per share 309.7 cents (Restated 2023: 235.2 cents). Refer to note 1 for a reconciliation of earnings to normalised headline earnings.

Normalised headline earnings adjust the JSE definition of headline earnings for the impact of finance costs related to preference shares that can be converted into ordinary shares of the Group when it is anti-dilutive, the impact of treasury shares held by the iSabelo Trust, the amortisation of intangible assets arising from business combinations, Broad-based black economic empowerment (B-BBEE) costs and the impairment of loans to subsidiaries that were subsequently disinvested. Additionally, the iSabelo special purpose vehicle, which houses preference shares issued as part of the employee share ownership scheme's funding arrangement is deemed to be external from the Group and the discount at which the iSabelo Trust acquired the Momentum Group Ltd's treasury shares is amortised over a period of 10 years and recognised as a reduction to normalised headline earnings. Group normalised headline earnings are reported by segment and disclosed in note 2. For the current and prior year it is as follows:

	2024		Restated 2023[1]	
Analysis of normalised headline earnings	**Rm**	**% of total**	**Rm**	**% of total**
Momentum Retail	**1 109**	**25**	1 144	33
Momentum Investments	**533**	**12**	469	13
Metropolitan Life	**595**	**13**	313	9
Momentum Corporate	**1 182**	**27**	1 137	33
Momentum Metropolitan Health	**255**	**6**	245	7
Guardrisk	**653**	**15**	491	14
Momentum Insure	**192**	**4**	(309)	(9)
Momentum Metropolitan Africa	**376**	**8**	254	7
India	**(274)**	**(6)**	(222)	(6)
Shareholders	**(183)**	**(4)**	(31)	(1)
Total	**4 438**	**100**	3 491	100

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements. The prior year has also been restated based on a new operating model adopted by the Group. Refer to Annexure C for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of significant subsidiary companies are contained in note 40. Details of associates are contained in note 6 and 41. Details of joint ventures are contained in note 6.

SHARE CAPITAL

Share issue and repurchase

During the current year, all of the A3 preference shares were converted into ordinary shares. The Group concluded its share buyback programmes during the current financial year. Refer to note 16 for more details.

Share options

The Group awards units to employees as part of cash-settled share-based schemes. Refer to note 15.1.2 for more details.

The iSabelo Trust has been set up to hold and administer 3% of total issued Momentum Group Ltd's shares until such time as the shares are allocated to employees. At commencement of the programme, units in the iSabelo Trust were allocated to all current South African employees during April 2021. Units will also be allocated, on an annual basis, to new South African employees who joined after the commencement date. Vesting will occur as follows: 10% to vest in year one and 15% thereafter for years two to seven. The shares will be distributed to employees at the end of the 10th anniversary of their initial allocation. Refer to note 17.6 for more details.

DIRECTORS' REPORT CONTINUED

SHAREHOLDER DIVIDEND

Momentum Group Ltd – ordinary shares

During the current year, interim ordinary dividends of 60 cents per share were declared in March 2024 and a final ordinary dividend of 65 cents per share was declared on 25 September 2024 by the Board, resulting in a total ordinary dividend of 125 cents per share. In the prior year, an interim ordinary dividend of 50 cents per share was declared in March 2023 and a final ordinary dividend of 70 cents per share was declared in September 2023 by the Board.

The dividend is payable out of income reserves to all holders of ordinary shares recorded in the register of the Company at the close of business on Friday, 18 October 2024, and will be paid on Monday, 21 October 2024. The dividend will be subject to local dividend withholding tax (DWT) at a rate of 20% unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate. This will result in a net final dividend of 52 cents per ordinary share for those shareholders who are not exempt from paying dividend tax.

The last day to trade cum dividend will be Tuesday, 15 October 2024. The shares will trade ex dividend from the start of business on Wednesday, 16 October 2024. Share certificates may not be dematerialised or rematerialised between Wednesday, 16 October 2024 and Friday, 18 October 2024, both days inclusive. The number of ordinary shares in issue at the declaration date was 1 405 148 402. The Company's income tax number is 975 2050 147.

Where applicable, dividends in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on payment date. In the absence of specific mandates, dividend cheques will be posted to certificated shareholders on or about payment date. Shareholders who hold dematerialised shares will have their accounts with their Central Securities Depository Participant or broker credited on the payment date.

Preference shares

Dividends of R18.2 million (2023: R18.5 million) (132 cents per share p.a.) were declared on the unlisted A3 Momentum Group Ltd preference shares as determined by the Company's Memorandum of Incorporation.

Momentum Group Ltd convertible redeemable preference shares (issued to Kagiso Tiso Holdings (Pty) Ltd (KTH))

The A3 Momentum Group Ltd preference shares were redeemable on 30 June 2024 (after extending it by 9 months in the current year) at a redemption value of R9.18 per share unless converted into Momentum Group Ltd ordinary shares on a one-for-one basis prior to that date. The preference shares were converted into ordinary shares during the current year. Refer to note 13.2.3 for more details.

SHAREHOLDERS

Details of the Group's shareholders are provided in the Shareholder profile note of this report.

DIRECTORATE, SECRETARY AND AUDITOR

The Group had the following directors at 30 June 2024:

PC Baloyi (Chair)	Independent non-executive
JC Marais (Cilliers) (Group Chief Executive)	Executive
RS Ketola (Group Finance Director)	Executive
DM Mbethe (CEO: Momentum Corporate)	Executive
P Cooper	Independent non-executive
L de Beer	Independent non-executive
NJ Dunkley	Independent non-executive
T Gobalsamy	Independent non-executive
SC Jurisich	Independent non-executive
AF Leautier	Independent non-executive
P Matlakala	Independent non-executive
HP Meyer	Non-executive
DJ Park	Independent non-executive
S Rampeti	Independent non-executive
TD Soondarjee	Independent non-executive

The following represents a list of the new Board appointments and resignations or retirements during the year:

	Appointments	Resignations
HP Meyer[1]	1 April 2024	30 September 2023
DM Mbethe	22 November 2023	
S Rampeti	1 June 2024	
PJ Makosholo		30 June 2024

[1] HP Meyer retired as Group Chief Executive on 31 July 2023. JC Marais (Cilliers) was appointed as Group Chief Executive on 1 August 2023. HP Meyer formally retired as executive director on the Board on 30 September 2023. Subsequently, he was appointed as a non-executive director on the Board, effective 1 April 2024.

Detailed information regarding the directors and Group Company Secretary of the Company is provided in the Integrated Report which is available online in PDF format at *https://www.momentumgroupltd.co.za*.

Ernst & Young Inc. will continue in office as auditor in accordance with section 90(6) of the Companies Act. In addition, PricewaterhouseCoopers Inc. have been appointed as joint auditors for the coming year, subject to ratification at the annual general meeting on 21 November 2024.

DIRECTORS' INTEREST

No material contracts involving directors' interests were entered into by Group entities during the year.

DIRECTORS' SHAREHOLDING

The aggregate direct and indirect holdings in Momentum Group Ltd of the directors of the Company at 30 June 2024 are set out below:

	Direct Beneficial '000	Indirect Beneficial '000	Total 2024 '000	Total 2023 '000
Listed				
Executive directors	307	–	307	1 028
Non-executive directors	829	1 466	2 295	1 526
	1 136	1 466	2 602	2 554

The above directors' effective Momentum Group Ltd shareholding amounts to 0.19% (2023: 0.18%).

Refer to the Shareholder profile note for the percentage of issued shares held by directors.

All transactions in listed shares of the Company involving directors were disclosed on the Stock Exchange News Service as required.

No changes occurred between the reporting date and the date of approval of the financial statements. The detail in terms of the Listings Requirements of the JSE is set out in note 43.

DIRECTORS' REMUNERATION

The executive directors have standard employment contracts with the Company or its subsidiaries with a minimum of a one month notice period. The aggregate remuneration of the Momentum Group Ltd directors for the period ended 30 June 2024 is set out below. The detail in terms of the Listings Requirements of the JSE is set out in note 43.

	Fees R'000	Salary R'000	Short-term incentive payments[1] R'000	Retirement fund R'000	Medical aid R'000	Long-term incentive payment R'000	Total 2024 R'000	Total 2023 R'000
Executive	–	19 061	18 050	999	185	36 736	75 031	46 164
Non-executive	20 578	–	–	–	–	–	20 578	20 070
Total	20 578	19 061	18 050	999	185	36 736	95 609	66 234

[1] Bonus payments relate to the 2023 financial year's bonus.

BORROWING POWERS

In terms of the Company's Memorandum of Incorporation, directors have unlimited borrowing powers (subject to section 45 of the Companies Act); however, Prudential Authority (PA) approval is required for any borrowings within a South African life insurance company or the controlling company in the Group.

EVENTS AFTER THE REPORTING PERIOD

Following a thorough review of the Momentum Money proposition, the current savings landscape, and the Group's future strategy, Momentum Group has decided to discontinue with the Momentum Money product. Notification of the business closure has been communicated with the Financial Sector Conduct Authority (FSCA), PA and key third-party providers who will be critical in supporting a responsible wind down process.

On 18 September 2024, MML redeemed the subordinated debt instrument MMIG07 with a nominal amount of R750 million on the contractual call date of the bond.

In line with the Group's capital management framework and considering the strong capital and liquidity position, the Board has approved a further R1 billion for the buyback programme of the Group's ordinary shares.

Refer to note 32 for more details relating to these events. No other material events occurred between the reporting date and the date of approval of these results.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee (the Committee) of the Momentum Group herewith presents its report for the financial year ended 30 June 2024. The Group consists of Momentum Group Ltd (the Company) and its subsidiaries, which includes the Momentum Metropolitan Life Group.

FUNCTION OF THE COMMITTEE

The Committee had discharged its responsibilities as mandated by the Board, its statutory duties in compliance with the Companies Act, the JSE Listings Requirements, as well as best practices in corporate governance, set out in King IV.

The Committee's oversight responsibilities, delegated to the Committee by the Board include:

- The integrity of financial reporting.
- The internal audit function, including the annual internal audit plan as well as objectivity and performance of the function.
- Assessment of the internal control environment.
- Combined assurance.
- External audit, including independence and audit quality.

The Committee's terms of reference, which are regularly reviewed and are available on our website, are aligned with the above legislation, regulations and practices.

An overview of the Committee's responsibilities, focus areas for the current year and 2025 objectives are included on page 112 of the Group's 2024 Integrated Report. This report does not elaborate on the complete list of responsibilities of the Committee, as set out in its terms of reference, but instead, focuses on the more pertinent matters and required assessments, sign offs and attestations by the Committee.

COMMITTEE COMPOSITION, ATTENDEES AND MEETINGS

The Committee comprises only independent non-executive directors. The Chair of the Board of the Company is not a member of the Committee.

The Committee's composition during the year was as follows:
Linda de Beer (Chair)
David Park
Nigel Dunkley
Seelan Gobalsamy
Tyrone Soondarjee

A brief profile of the current members can be viewed on pages 103 to 107 of the 2024 Integrated Report and the Group's website at *www.momentumgroupltd.co.za*.

The Committee had five scheduled meetings during the year. Two meetings were held to consider information for purposes of trading updates. A further meeting was held to discuss matters pertaining to the regulations published by the Prudential Authority in respect of joint audits, and the proposed way forward in the implementation thereof. Member attendance is reflected on pages 103 to 107 of the 2024 Integrated Report, which is available on the Group's website.

Key members of management as well as the control functions, namely Risk, Compliance, Actuarial and Internal Audit attend meetings of the Committee by invitation. Closed sessions for Committee members only, as well as with internal audit, external audit and management are held on a regular basis.

KEY FOCUS AREAS OF THE COMMITTEE FOR THE YEAR

During the current year, the Committee, in addition to its regular agenda as per its terms of reference, paid specific attention to the following:

- IFRS 17 implementation, with specific focus on opening balances and disclosures.
- External audit transition to implement joint audits.
- Monitor enhancement of the technical finance skills and capacity within the business units.
- Focus on additional non-financial measurements and reporting such as environmental, social, and corporate governance.

These matters are elaborated on further in the Integrated Report.

ANNUAL CONFIRMATIONS BY THE COMMITTEE

On an annual basis the Committee assesses the following:

Group financial reporting practice processes and annual financial statements

As required by the JSE Listings Requirements, the Committee considered the appropriateness of financial reporting procedures and whether these are operational in all entities in the Group, to effectively prepare and report on the financial statements. This oversight by the Committee is supported by the combined assurance activities of the Group, as further explained below.

Furthermore, the Committee considered all related guidance and requirements issued by the JSE, including its 2023 Proactive Monitoring Report and the impact thereof on the Group.

The Committee recommended the Group Annual Financial Statements (AFS) to the Board for approval.

Going concern

The Committee considered management's assessment of the ability of the Group to continue as a going concern, including key assumptions, forecasts, current and future liquidity, solvency and capital adequacy and has made a recommendation to the Board in accordance with this assessment. The Board's statement on the going concern status is included on page 1 of the AFS.

Group Finance Director and finance function

The Committee considered and satisfied itself that Risto Ketola has the appropriate expertise and experience to fulfil the role of Group Finance Director, that the finance function is adequately skilled and experienced and that the finance function has established appropriate financial reporting procedures, which are operating effectively.

Integrated Report

The Committee reviewed the Group's 2024 Integrated Report to satisfy itself as to the integrity thereof, including an appropriate and consistent view of the Group's position and performance relative to operational and financial information known to the Committee. The Integrated Report was recommended to the Board for approval.

External audit quality and independence

The Committee assessed and is satisfied with the suitability of EY as the designated auditor. As 2024 was Cornea de Villiers' fifth year as engagement partner for the Group, the Committee followed a process with EY which resulted in it approving Christo du Toit as engagement partner for 2025. The Committee would like to express its sincere gratitude to Cornea, for her commitment and service to the Group, especially as her first year was in the midst of the Covid-19 pandemic.

For purposes of the 2025 audit, where the Group will implement the required joint audit arrangement for the first time, the Committee also considered the suitability of PwC as joint audit firm and Dilshad Khalfey, as joint engagement partner.

To support the above, all requirements in line with the JSE Listings Requirements and in accordance with section 94(8) of the Companies Act, were considered and the Committee was satisfied with the independence and objectivity of EY and PwC, as well as Christo du Toit and Dilshad Khalfey in carrying out their duties as external auditors.

External audit fees are disclosed on page 179 within note 24.5 to the AFS. All the non-audit services (disclosed on page 179, note 24.5 of the AFS) provided by the external auditors were approved by the Committee in accordance with the policy for the provision of non-audit services.

Internal audit

Otsile Sehularo, Chief Audit Executive (CAE), oversees the Group Internal Audit function and the internal audit co-sourced relationship with KPMG. The Committee annually assesses the performance of the CAE and Group Internal Audit and remains satisfied that the co-sourced internal audit model results in the appropriate independence of Group Internal Audit, provides access to subject matter assurance expertise and has the authority to fulfil its duties as per its mandate, which is outlined in the internal audit charter. During the prior year the Committee approved the renewal of KPMG's contract in this regard for a term of five years, ending 31 December 2027.

The charter and the risk-based internal audit plan are reviewed annually and approved by the Committee. Progress in terms of the internal audit plan is monitored by the Committee. Similarly, the Committee require business units where cause for concern findings in respect of specific internal controls are raised by Group Internal Audit, to report to the Committee to better understand the remedial action(s) put in place, and progress made to enhance internal controls.

Combined assurance and internal financial control assessment

The Group has a well-established combined assurance framework and practices to enable integrated planning, execution and reporting of the various assurance activities across the business. These assurance activities include both internal assurance functions, namely Compliance, Risk, Actuarial and Group Internal Audit as well as external assurance providers, most pertinently external audit. This integrated approach allows for improved understanding and coverage of risks by all relevant Group assurance providers.

The Committee has carried out its responsibilities with the support of the Combined Assurance Forums that represent the various operating structures within the Group. The Combined Assurance Forums report to the Committee every quarter.

As Chair of this Committee, I am a member of the Board's Risk, Capital and Compliance Committee and the chair of the Risk, Capital and Compliance Committee is also a member of this Committee. The dual membership ensures that the Committee is appropriately made aware of material matters that may impact the Group's financial reporting.

Details of the Group's combined assurance framework and the results of the assurance work in 2024 is provided on page 43 to 44 of the Integrated Report.

Through the work of the quarterly Combined Assurance Forums and the various assurance activities, the Committee was able to assess that the review of the design, implementation and effectiveness of the Group's internal controls, with specific focus on internal financial controls, was performed.

Based on the feedback from the Combined Assurance Forums, the annual self-assessments by the management of the various businesses, the work done to support the CEO and FD conclusion and sign off on the financial controls to support the accuracy of the financial statements, as well as the assurance provided by Group Internal Audit, the Committee concluded that internal financial controls are effective and adequate to support the integrity of the preparation and presentation of the AFS.

THE COMMITTEE'S RESPONSE TO KEY AUDIT MATTERS REPORTED BY THE EXTERNAL AUDITOR

Key audit matters (KAMs) are matters that, in the external auditor's professional judgement, were of most significance in the audit of the AFS for the current financial year.

The Committee considers these matters as follows:

Valuation of IFRS 17 insurance and reinsurance contract assets and liabilities

The valuation of IFRS 17 and reinsurance contract assets and liabilities is a critical focus area for the Committee. A specific subcomponent of the valuation of IFRS 17 insurance and reinsurance contract assets and liabilities considered the transition from IFRS 4 to IFRS 17.

The Committee considers the key judgements and assumptions applied, as well as other adjustments and changes to valuations methods and accounting policies, to understand the impact it would have on the valuations.

The Committee relies on the Board's Actuarial Committee to interrogate the consistency and appropriateness of the actuarial assumptions, methodology and modelling applied in determining the appropriate level of provisioning, and the reasonableness of basis changes, as these involve complex and significant judgements about future events, both internal and external to the business for which small changes can result in a material impact to the resultant valuation. Feedback from the Chair of the Actuarial Committee was given to the Committee.

Comfort on the accuracy and completeness of the actuarial data is obtained through the Group's combined assurance model, supported by the various assurance functions and service providers.

The Committee is satisfied that the valuation of IFRS 17 insurance and reinsurance contract assets and liabilities was adequately considered.

Valuation of complex and illiquid assets and liabilities

The Committee has considered the appropriateness and consistency of the methodology applied, as well as the assumptions and judgements made by management in order to determine the fair value of its property portfolio, investment in non-listed entities and credit exposure in respect of lending activities. In particular, the Committee spent time better understanding the investment philosophy as well as management judgements and assumptions in respect of venture capital investments and the valuation thereof. To this end, in compliance with the measurement requirements of IFRS, the Committee was comfortable with these valuations and that the related judgements in this regard are adequately considered and disclosed.

PLANNED KEY FOCUS AREAS OF THE COMMITTEE FOR 2025

In 2025, the Committee will focus on the following, in addition to its ongoing responsibilities in terms of the Committee terms of reference:

- Oversee the implementation of the joint audit regulation.
- Embedding IFRS 17 into reporting and business-as-usual processes.
- Embedding audit automation and data analytics in internal audit processes.
- Ongoing oversight over the maturity of processes and controls in respect of FICA.
- Monitor enhancements of technical finance skills and capacity within business units.

Linda de Beer
Chair: Audit Committee

25 September 2024

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE

	Notes	2024 Rm	Restated 2023[1] Rm	Restated 1 July 2022[1] Rm
Assets				
Intangible assets	3	**4 683**	4 818	5 441
Owner-occupied properties	4.1	**2 728**	3 049	3 016
Fixed assets	4.2	**591**	478	478
Investment properties	5	**9 188**	8 825	9 051
Properties under development		**267**	172	162
Investments in associates and joint ventures	6	**1 700**	1 732	1 248
Employee benefit assets	15.2	**431**	400	460
Financial assets at fair value through profit and loss (FVPL)	7.1	**621 452**	551 705	491 841
Financial assets at amortised cost	7.2	**7 628**	9 099	8 781
Insurance contract assets	9	**11 329**	9 495	8 368
Reinsurance contract assets	10	**9 246**	10 813	15 390
Deferred income tax	14	**1 168**	1 088	953
Other receivables	8	**1 420**	1 205	1 324
Non-current assets held for sale	46	**338**	56	14
Current income tax assets	27.2	**568**	82	81
Cash and cash equivalents	7.3	**33 898**	32 958	26 596
Total assets		**706 635**	635 975	573 204
Equity				
Equity attributable to owners of the parent		**29 724**	28 580	27 738
Share capital	16	**13 457**	13 192	13 192
Other components of equity	17	**842**	2 051	1 483
Retained earnings		**15 425**	13 337	13 063
Non-controlling interests		**333**	290	276
Total equity		**30 057**	28 870	28 014
Liabilities				
Insurance contract liabilities	9	**167 731**	152 631	146 830
Investment contracts designated at FVPL	11	**418 476**	373 297	318 176
Financial liabilities at FVPL	13.1	**53 546**	45 073	48 112
Financial liabilities at amortised cost	13.2	**3 678**	3 969	4 336
Reinsurance contract liabilities	10	**14 617**	13 197	11 545
Deferred income tax	14	**3 226**	2 775	3 138
Provisions	31	**404**	385	309
Employee benefit obligations	15.1	**2 111**	1 749	1 438
Other payables	13.3	**12 460**	12 857	11 090
Current income tax liabilities	27.2	**329**	1 172	216
Total liabilities		**676 578**	607 105	545 190
Total equity and liabilities		**706 635**	635 975	573 204

[1] The prior years have been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE

	Notes	2024 Rm	Restated 2023[1] Rm
Insurance revenue	2, 9, 18	**58 881**	56 132
Insurance service expenses	2, 9, 19	**(43 119)**	(42 858)
Allocation of reinsurance premiums	2, 20	**(18 365)**	(17 013)
Amounts recoverable from reinsurers for incurred claims	2, 21	**9 789**	9 628
Insurance service result		**7 186**	5 889
Investment income	2, 22.1	**35 279**	30 853
Amortised cost		**2 738**	1 964
Other investment income		**32 541**	28 889
Net realised and unrealised fair value gains	2, 22.2	**30 118**	40 540
Net impairment reversal/(loss) on financial assets	2, 22.3	**13**	(176)
Finance expenses from insurance contracts issued	2, 22.4	**(17 172)**	(11 798)
Finance expenses from reinsurance contracts held	2, 22.5	**(72)**	120
Investment returns due to third-party cell owner	2, 22	**(831)**	(596)
Fair value adjustments on investment contract liabilities	2, 11	**(37 799)**	(48 697)
Fair value adjustments on collective investment scheme (CIS) liabilities	2	**(3 210)**	(3 526)
Net insurance and investment result		**13 512**	12 609
Fee income	2, 2.5, 23	**9 206**	8 572
Contract administration		**3 929**	3 807
Health administration		**2 616**	2 425
Trust and fiduciary services		**1 517**	1 381
Cell captive commission		**241**	251
Other fee income		**903**	708
Other operating expenses	2, 24	**(12 245)**	(11 322)
Results of operations		**10 473**	9 859
Share of equity accounted loss on associates and joint ventures	2, 6	**(193)**	(120)
Other income/expenses related to associates and joint ventures	2, 6	**19**	584
Other finance costs	2, 25	**(1 906)**	(2 611)
Profit before tax		**8 393**	7 712
Income tax expense	2, 26	**(4 457)**	(4 521)
Earnings for the year		**3 936**	3 191
Attributable to:			
Owners of the parent	1, 2	**3 847**	3 104
Non-controlling interests	2	**89**	87
		3 936	3 191
Basic earnings per ordinary share (cents)	1	**282,9**	220,0
Diluted earnings per ordinary share (cents)	1	**276,0**	216,3

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE

	Notes	2024 Rm	Restated 2023[1] Rm
Earnings for the year		**3 936**	3 191
Other comprehensive (loss)/income, net of tax		**(212)**	491
Items that may subsequently be reclassified to income		**(271)**	446
Exchange differences on translating foreign operations[2,3]		**(176)**	353
Share of other comprehensive (loss)/income and translation of foreign associates		**(95)**	93
Items that will not be reclassified to income		**59**	45
Own credit losses on financial liabilities designated at FVPL	13	**(29)**	(6)
Land and building revaluation	17	**91**	39
Remeasurements of post-employee benefit funds	17	**18**	10
Income tax relating to items that will not be reclassified	17	**(21)**	2
Total comprehensive income for the year		**3 724**	3 682
Total comprehensive income attributable to:			
Owners of the parent		**3 636**	3 600
Non-controlling interests		**88**	82
		3 724	3 682

1 The prior year has been restated for the application of IFRS 17, refer to note 44.1.1 for more information.

2 Included in the prior year were the following:
- A loss of R32 million which represented the foreign currency translation reserve (FCTR) release on the sale of Metropolitan Cannon Life Assurance Ltd and Metropolitan Cannon General Insurance Ltd.
- A profit of R5 million (Restated) which represented the FCTR release on the dilution of the holding in Aditya Birla Health Insurance Company Ltd (ABHI).

As a result, a net income of R27 million (Restated) was recognised in the income statement.

3 The movement in the current year is primarily caused by the strengthening of the ZAR against the USD, GBP, EUR and INR. In the prior year, the movement was primarily caused by the weakening of the ZAR against the USD, GBP, EUR and INR but was offset by the strengthening of the ZAR against the GHS.

STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital Rm	Share premium Rm	Other components of equity Rm	Retained earnings Rm	Total attributable to owners of the parent Rm	Non-controlling interests Rm	Total equity Rm
Balance at 1 July 2022		9	12 760	1 409	10 399	24 577	365	24 942
IFRS 17 opening adjustment		–	423	74	2 614	3 111	(2)	3 109
Other restatements		–	–	–	50	50	(87)	(37)
Restated balance at 1 July 2022[1]		9	13 183	1 483	13 063	27 738	276	28 014
Total comprehensive income		–	–	502	3 098	3 600	82	3 682
Income statement		–	–	–	3 104	3 104	87	3 191
Other comprehensive income/(loss)		–	–	502	(6)	496	(5)	491
Dividend declared/paid		–	–	–	(1 629)	(1 629)	(73)	(1 702)
Equity-settled share-based payments	17.6	–	–	52	–	52	–	52
Business combinations	28	–	–	–	–	–	1	1
Transfer to other reserves from retained earnings		–	–	14	(14)	–	–	–
Increase relating to transactions with owners[2]		–	–	–	–	–	33	33
Decrease relating to transactions with non-controlling interests		–	–	–	(1)	(1)	–	(1)
Release of put option on minority interest[2]		–	–	–	70	70	–	70
Shares repurchased and cancelled		–	–	–	(1 250)	(1 250)	–	(1 250)
Sale of subsidiary		–	–	–	–	–	(29)	(29)
Restated balance at 1 July 2023[1]		**9**	**13 183**	**2 051**	**13 337**	**28 580**	**290**	**28 870**
Total comprehensive (loss)/income		**–**	**–**	**(182)**	**3 818**	**3 636**	**88**	**3 724**
Income statement		**–**	**–**	**–**	**3 847**	**3 847**	**89**	**3 936**
Other comprehensive loss		**–**	**–**	**(182)**	**(29)**	**(211)**	**(1)**	**(212)**
Dividend declared/paid		**–**	**–**	**–**	**(1 808)**	**(1 808)**	**(99)**	**(1 907)**
Equity-settled share-based payments	17.6	**–**	**–**	**39**	**–**	**39**	**–**	**39**
Business combinations	28	**–**	**–**	**–**	**–**	**–**	**44**	**44**
Conversion of preference shares		**–**	**265**	**–**	**–**	**265**	**–**	**265**
Transfer to retained earnings from other reserves		**–**	**–**	**(1 066)**	**1 066**	**–**	**–**	**–**
Increase relating to transactions with non-controlling interests/owners		**–**	**–**	**–**	**12**	**12**	**10**	**22**
Shares repurchased and cancelled		**–**	**–**	**–**	**(1 000)**	**(1 000)**	**–**	**(1 000)**
Balance at 30 June 2024		**9**	**13 448**	**842**	**15 425**	**29 724**	**333**	**30 057**

[1] The prior years have been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

[2] Related primarily to the put option liability in relation to Metropolitan Cannon Life Assurance Ltd and Metropolitan Cannon General Insurance Ltd. The put option lapsed unexercised during the prior year.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE

	Notes	2024 Rm	Restated 2023[1] Rm
Cash flow from operating activities			
Cash utilised in operations	27.1	**(22 948)**	(6 345)
Interest received		**23 217**	19 083
Dividends received		**5 491**	4 216
Income tax paid	27.2	**(5 487)**	(4 076)
Interest paid	27.3	**(2 075)**	(2 744)
Net cash (outflow)/inflow from operating activities		**(1 802)**	10 134
Cash flow from investing activities			
Net investments in subsidiaries	28	**(263)**	(18)
Contingent consideration paid relating to business combinations		**(7)**	–
Investment in associates and joint ventures		**(205)**	(9)
Net proceeds from disposal of subsidiary	27.5	**–**	(29)
Loans advanced to related parties		**(287)**	(364)
Loan repayments from related parties		**288**	2
Purchases of owner-occupied properties		**(6)**	(30)
Proceeds from disposal of owner-occupied properties		**32**	–
Purchase of fixed assets		**(316)**	(246)
Proceeds from disposal of fixed assets		**4**	21
Purchases of computer software		**(68)**	(104)
Dividends from associates		**57**	73
Net cash outflow from investing activities		**(771)**	(704)
Cash flow from financing activities			
Subordinated call notes issued	27.4.1	**750**	–
Subordinated call notes repaid	27.4.1	**(750)**	(980)
Proceeds from carry positions[2]	27.4.2	**201 528**	167 608
Repayment of carry positions[2]	27.4.2	**(194 917)**	(166 249)
Proceeds from other borrowings measured at fair value	27.4.4	**117**	30
Repayment of other borrowings measured at fair value	27.4.4	**(45)**	(801)
Proceeds from other borrowings measured at amortised cost	27.4.5	**295**	176
Repayment of other borrowings measured at amortised cost	27.4.5	**(375)**	(649)
Unilateral payment relating to cumulative redeemable preference shares		**(11)**	–
Dividends paid to equity holders		**(1 773)**	(1 594)
Dividends paid to non-controlling interest shareholders		**(99)**	(73)
Shares purchased from non-controlling interest shareholders		**–**	(1)
Shares issued to non-controlling interest shareholders		**22**	5
Shares repurchased		**(1 000)**	(1 250)
Net cash inflow/(outflow) from financing activities		**3 742**	(3 778)
Net cash flow		**1 169**	5 652
Cash resources and funds on deposit at beginning		**32 958**	26 596
Foreign currency translation		**(229)**	710
Cash resources and funds on deposit at end		**33 898**	32 958
Made up as follows:			
Cash and cash equivalents	7.3	**33 898**	32 958

1 The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

2 These line items were previously disclosed on a net basis and have subsequently been disaggregated to enhance comparability and usefulness.

BASIS OF PREPARATION

The financial statements, as set out below, have been prepared in accordance with IFRS Accounting Standards as issued by the IASB, IFRIC interpretations issued and effective at the time of preparing these statements, the SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee), Financial Pronouncements (as issued by the Financial Reporting Standards Council), the Listings Requirements of the JSE and the Companies Act. These statements have been prepared on the historical cost basis, except for the following items which are carried at fair value or valued using another measurement basis:

FAIR VALUE

- Owner-occupied and investment properties.
- Investments in associates at FVPL.
- Financial assets at FVPL.
- Investment contract liabilities designated at FVPL and financial liabilities at FVPL.
- Liabilities for cash and equity-settled share-based payment arrangements.

OTHER MEASUREMENT BASIS

- Insurance contracts issued and reinsurance contracts held. Refer to accounting policies for measurement basis.
- Employee benefit obligations measured using the projected unit credit method.
- Investments in associates and joint ventures measured using the equity method of accounting.
- Assets and liabilities relating to disposal groups held for sale measured at the lower of carrying value or fair value less cost to sell.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out in note 44. These policies have been consistently applied to all the years presented except specific restatements being listed in notes 44.1.1 and 45 of the AFS.

The preparation of financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. There are areas of complexity involving a higher degree of judgement and areas where assumptions and estimates are significant to the consolidated financial statements. These judgements, assumptions and estimates are disclosed in detail in the notes to the AFS and in a summary in the Critical judgements and accounting estimates note.

The Ghanaian entities are within the scope of IAS 29 – Financial reporting in hyperinflationary economies. The standard has not been applied due to materiality.

The preparation of the Group's consolidated results was supervised by the Group Finance Director, Risto Ketola (FIA, FASSA, CFA Charterholder) and have been audited by Ernst & Young Inc. in compliance with the requirements of the Companies Act.

PUBLISHED STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE FOR JUNE 2024 FINANCIAL PERIOD

The following published standards are mandatory for the Group's accounting period beginning on or after 1 July 2023 and have been implemented in accordance with the transitional provisions of these standards:

- Insurance contracts: IFRS 17.

The Group applied IFRS 17 for the financial year ended 30 June 2024. As part of the transition to IFRS 17, the Group restated comparative information to the financial year ended 30 June 2024 and opening balances at 1 July 2022. The implementation of IFRS 17 has had an impact on the Group's earnings and net asset value (NAV). For further information on IFRS 17, refer to note 44.1.1 and various accounting policies included in note 44 regarding insurance contracts issued and reinsurance contracts held.

The remaining amendments detailed below had no material impact on the Group's earnings or NAV:

- Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.
- Definition of accounting estimates: Amendments to IAS 8.
- Deferred tax related to assets and liabilities arising from a single transaction: Amendments to IAS 12.
- International Tax Reform – Pillar Two model rules: Amendments to IAS 12.

The amendments were effective immediately upon issuance during May 2023. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation was effective are required for annual reporting periods beginning on or after 1 January 2023 but were not required for any interim period ending on or before 31 December 2023. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates. In South Africa the Minister of Finance announced the implementation of the global top-up tax legislation in the budget speech on 21 February 2024. Draft legislation has been released which notes that, if enacted in its present form, the legislation will be effective for the Group's financial year beginning 1 July 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes. Certain countries within the Group's footprint have enacted legislation in this regard.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the constituent entities in the Group. Based on the assessment, most of the jurisdictions in which the Group operates, the transitional safe harbour and de minimis relief applies. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions which the relief does not apply. It must be noted that there still remains uncertainty with respect to certain aspects of the South African draft legislation and the implementation thereof, these matters have been raised with the correct counterparties and will be coordinated accordingly.

CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES

PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements are prepared on the going concern basis of accounting. The statement of financial position is presented based on liquidity. The income statement is presented on the nature of expense method. In the statement of cash flows, the cash flows from operating activities are reported on the indirect method. The consolidated financial statements are presented in South African Rand, which is the functional currency of the parent.

APPLICATION OF ACCOUNTING POLICIES

Estimates and assumptions are an integral part of financial reporting and as such have an impact on the assets and liabilities of the Group. Management applies judgement in determining best estimates of future experience. Judgements are based on historical experience and management's best-estimate expectations of future events. Estimates and assumptions are regularly updated to reflect actual experience. Actual experience in future financial years can be materially different from the current assumptions and judgements and could require adjustments to the carrying amount of the affected assets and liabilities. The critical judgements and estimates made in applying the Group's accounting policies are detailed in the notes to the AFS, as listed below:

- Impairment testing of intangible assets – note 3.
- Valuation assumptions for both owner-occupied and investment properties – notes 4 and 5.
- Valuation of financial assets – note 7.
- Assessment of control over CISs – note 7.
- Assumptions and estimates of contract holder liabilities (also applicable to reinsurance contracts) – note 12.
- Provision for deferred tax – note 14.
- Business combinations – note 28.
- Assessment of the principles of IFRS 15 – Revenue from contracts with customers around the timing of revenue recognition – note 44.
- Valuation assumptions for financial instruments – note 42.
- Valuation assumptions for cash and equity-settled arrangements – note 43.

NOTES TO THE FINANCIAL STATEMENTS

1 EARNINGS

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

	Basic earnings[1]		Diluted earnings	
Group earnings per ordinary share attributable to owners of the parent	**2024**	**Restated 2023[2]**	**2024**	**Restated 2023[2]**
Earnings (cents per share)	**282.9**	220.0	**276.0**	216.3
Headline earnings (cents per share)	**298.6**	215.5	**291.3**	212.0
Normalised headline earnings (cents per share)			**309.7**	235.2

	Basic earnings		Diluted earnings	
	2024	**Restated 2023[2]**	**2024**	**Restated 2023[2]**
Weighted average number of ordinary shares in issue (million)[1]	**1 360**	1 411	**1 360**	1 411
Adjustments for				
Employee share scheme[3]			**19**	13
Conversion (2023: Assumed conversion) of 28 million preference shares (weighted)			**28**	28
Weighted average – earnings and headline earnings (million)[1]			**1 407**	1 452
Employee share scheme[3]			**(19)**	(13)
Treasury shares held on behalf of employees			**45**	45
Weighted average – normalised headline earnings (million)[4]			**1 433**	1 484

	Basic earnings		Diluted earnings	
Reconciliation of headline earnings attributable to owners of the parent	**2024**	**Restated 2023[2]**	**2024**	**Restated 2023[2]**
Earnings – equity holders of the Group	**3 847**	3 104	**3 847**	3 104
Finance costs – convertible preference shares			**37**	37
Diluted earnings			**3 884**	3 141
Adjustments within equity-accounted earnings	**–**	3	**–**	3
Profit on dilution of associate[5]	**–**	(584)	**–**	(584)
Gain on step-up of associate[6]	**(30)**	–	**(30)**	–
Intangible asset impairments[7]	**249**	478	**249**	478
Tax on intangible asset impairments	**(9)**	–	**(9)**	–
Investment in associate impairment	**11**	–	**11**	–
Loss on sale of subsidiaries[8]	**–**	112	**–**	112
FCTR reversal on dilution of associate[5]	**–**	5	**–**	5
FCTR reversal on sale of foreign subsidiaries[8]	**–**	(32)	**–**	(32)
(Profit)/Loss on sale of fixed assets	**(3)**	1	**(3)**	1
Tax on (profit)/loss on sale of fixed assets	**(1)**	–	**(1)**	–
Net reversal of impairment of owner-occupied property below cost[9]	**(3)**	(46)	**(3)**	(46)
Headline earnings[10]	**4 061**	3 041	**4 098**	3 078
B-BBEE costs			**32**	16
Adjustments for iSabelo[11,12]			**114**	101
Fair value movement on preference shares issued to iSabelo special purpose vehicle[12]			**40**	99
Amortisation of intangible assets relating to business combinations			**154**	159
Impairment of loans to subsidiaries following the Group's disinvestment			**–**	38
Normalised headline earnings[13]			**4 438**	3 491

1 EARNINGS CONTINUED

[1] For basic and diluted earnings and headline earnings per share, treasury shares held by a subsidiary on behalf of employees are deemed to be cancelled.
[2] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.
[3] The diluted number of shares in issue includes the dilutive potential ordinary shares from the iSabelo employee scheme. The diluted number of shares in issue for normalised headline earnings does not include this adjustment as these shares are deemed to be issued.
[4] For normalised headline earnings per share, treasury shares held by a subsidiary on behalf of employees are deemed to be issued.
[5] The prior year related to the dilution of the Group's shareholding in ABHI from 49% to 44.1% in the India segment.
[6] This relates to the step-up acquisition of the RMI Investment Managers Affiliates 2 (Pty) Ltd associate (Momentum Investments segment).
[7] The current year impairments relate to:

- Goodwill and broker network recognised as part of the acquisition of Momentum Global Investment Management Ltd (MGIM) (Momentum Investments segment). Following an assessment of the near-term revenue outlook, and considering current valuations of its peer group, the recoverable amount of the MGIM cash-generating unit (CGU) at 30 June 2024 was downwardly adjusted, to reflect lower earnings expectations over the short to medium term. This led to an impairment of R206 million and associated deferred tax of R8 million, resulting in a net impairment of R198 million. R174 million of the gross impairment was allocated to goodwill and the remaining R32 million was allocated to broker network. The impairment is not directly attributable to recent acquisitions (Seneca Investment Managers Ltd (Seneca) and Crown Agents Investment Management Ltd (CAIM)), but rather is reflective of prevalent macroeconomic and trading conditions. Plans to restore earnings to prior levels within the next two to three years have not been taken into account in the valuation at 30 June 2024.
- The implementation of a new insurance policy administration system in Momentum Metropolitan Africa was ceased during the year due to cost overruns and project delays, as such the balance was fully impaired.

The prior year impairment related to:

- Goodwill recognised as part of the acquisition of the Alexander Forbes Short-term Insurance business (Momentum Insure segment). The business was subsequently integrated with Momentum Short-term Insurance and referred to as Momentum Insure. The recoverable amount (R1 708 million) of the CGU was determined based on value-in-use calculations with reference to directors' valuations (DVs). The impairment was a consequence of a revision to the five-year earnings forecast that reflected a weaker medium-term growth outlook. This followed a challenging year in terms of claims experience, which will take some time to normalise. The remaining goodwill balance after the impairment was Rnil.

[8] Related to the sale of Metropolitan Cannon Life Assurance Ltd and Metropolitan Cannon General Insurance Ltd in the Momentum Metropolitan Africa segment.
[9] The reversal of impairment in the prior year mainly related to the Marc, Tower 2 due to improvements in the market. This resulted in a partial reversal of the previous impairment recognised.
[10] The long-term insurance industry exemption which allows that net realised and unrealised fair value gains on investment properties not being excluded from headline earnings has been applied.
[11] This mainly includes the add back of the IFRS 2 – Share-based payment expense incurred as a result of the employee share ownership scheme, as well as the investment income earned on the preference shares.
[12] These line items were previously disclosed on a net basis and have subsequently been disaggregated to enhance comparability and usefulness.
[13] Refer to note 2 for an analysis of normalised headline earnings per segment.

2 SEGMENTAL REPORT

The Group's reporting view reflects the following segments:

- **Momentum Retail:** Momentum Retail includes protection and savings products focused on the middle and affluent client segments.
- **Momentum Investments:** Momentum Investments consists of wealth platform management, retail annuities and guaranteed investment products, local and offshore asset management and investment solutions, stockbroking solutions and property development and management. Momentum Money is included in this portfolio.
- **Metropolitan Life:** Metropolitan Life focuses on the lower and middle income retail market segment, with a range of protection, savings and annuity products.
- **Momentum Corporate:** Momentum Corporate offers group risk, annuities, pension savings and umbrella fund (FundsAtWork) products.
- **Momentum Metropolitan Health:** Provides healthcare solutions to individuals, corporates and the public sector within a range of structures and products, including Momentum Multiply, an incentivised wellness product.
- **Guardrisk:** Guardrisk offers cell captive insurance and risk solutions to corporate and commercial entities.
- **Momentum Insure:** Provides retail non-life insurance to the middle, upper and high-net-worth market segments and small to medium businesses.
- **Momentum Metropolitan Africa:** This segment includes the Group's operations within other African countries. This includes life and non-life insurance, healthcare, asset management and pension administration.
- **India:** This segment mainly consists of the Group's investment in ABHI, a health insurance business in India.
- **Shareholders:** The Shareholders segment houses the venture capital fund investments, a proportion of the investment returns from MML and the head office costs not allocated to operating segments (e.g. certain holding company expenses).

The Group has aligned the reporting segments with the updated internal operating structure. This enables the Group to report more meaningfully on the way the business is managed by the Group's leaders. The change in the operating structure had no impact on the current or prior year's reported earnings, diluted earnings or headline earnings per share, or on the NAV or net cash flow. Refer to Annexure C for more information.

Intergroup fees are charged at market-related rates. Corporate costs are allocated on a usage or time spent basis. Intergroup charges are eliminated in the "Reconciling items" column. No individual customer generates more than 10% of revenue for the Group.

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

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

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

Reconciliation of management information to IFRS Accounting Standards

The segmental information is reconciled to the IFRS Accounting Standards income statement results. The "Reconciling items" column represents the IFRS Accounting Standards accounting reclassifications and adjustments that are required to reconcile management information to the IFRS Accounting Standards financial statements. More information has been provided in note 2.1.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 SEGMENTAL REPORT CONTINUED

	Notes	Momentum Retail Rm	Momentum Investments Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Guardrisk Rm	Momentum Insure Rm	Momentum Metropolitan Africa Rm	India Rm	Shareholders Rm	Segmental total Rm	Reconciling items[1] Rm	Total[2] Rm
2024														
Insurance revenue	2.6	8 353	2 744	6 201	7 884	1 440	25 709	3 272	3 278	–	–	58 881	–	58 881
Insurance service expenses		(6 656)	(2 485)	(5 253)	(6 211)	(1 182)	(15 388)	(2 954)	(2 990)	–	–	(43 119)	–	(43 119)
Contract holder tax[3]		(172)	–	(240)	(1)	–	(1 835)	–	(6)	–	–	(2 254)	2 254	–
Allocation of reinsurance premiums		(2 470)	–	(30)	(856)	–	(14 569)	(73)	(367)	–	–	(18 365)	–	(18 365)
Amounts recoverable from reinsurers for incurred claims		2 685	–	45	454	–	6 368	4	233	–	–	9 789	–	9 789
Insurance service result		1 740	259	723	1 270	258	285	249	148	–	–	4 932	2 254	7 186
Investment income, net realised and unrealised fair value gains and net impairment loss on financial assets		7 007	24 330	4 744	14 352	93	4 050	65	2 402	2	322	57 367	8 043	65 410
Finance expenses from insurance contracts issued		(3 137)	(4 614)	(4 509)	(3 037)	(2)	(328)	(4)	(1 541)	–	–	(17 172)	–	(17 172)
Finance income/(expense) from reinsurance contracts held		275	–	–	190	–	(551)	–	14	–	–	(72)	–	(72)
Investment returns due to third-party cell owner		–	–	–	–	–	(831)	–	–	–	–	(831)	–	(831)
Fair value adjustments on investment contract liabilities		(4 430)	(19 381)	(97)	(11 308)	–	(2 182)	–	(453)	–	52	(37 799)	–	(37 799)
Fair value adjustments on CIS liabilities		–	–	–	–	–	–	–	(202)	–	(39)	(241)	(2 969)	(3 210)
Net insurance and investment result		1 455	594	861	1 467	349	443	310	368	2	335	6 184	7 328	13 512
Fee income		1 167	4 373	14	1 263	2 872	714	10	209	164	1 014	11 800	(2 594)	9 206
Fee income	2.5, 2.6	1 143	3 473	11	1 260	2 798	719	10	210	29	13	9 666	(460)	9 206
Intergroup fee income		24	900	3	3	74	(5)	–	(1)	135	1 001	2 134	(2 134)	–
Other operating expenses		(1 413)	(4 629)	(303)	(1 375)	(2 793)	(341)	(390)	(580)	(173)	(1 471)	(13 468)	1 223	(12 245)
Results of operations		1 209	338	572	1 355	428	816	(70)	(3)	(7)	(122)	4 516	5 957	10 473
Shareholder investment return[4]		259	101	153	240	–	(15)	178	436	1	(281)	1 072	(1 072)	–
Share of equity accounted profit/(loss) on associates and joint ventures		–	20	–	–	24	–	–	29	(269)	3	(193)	–	(193)
Other income/expenses related to associates and joint ventures		–	36	–	–	–	–	–	(11)	–	(6)	19	–	19
Other finance costs		–	–	–	–	–	–	–	–	–	–	–	(1 906)	(1 906)
Profit/(Loss) before tax		1 468	495	725	1 595	452	801	108	451	(275)	(406)	5 414	2 979	8 393
Income tax expense		(359)	(128)	(130)	(413)	(135)	(191)	62	(117)	1	(68)	(1 478)	(2 979)	(4 457)
Earnings for the year		1 109	367	595	1 182	317	610	170	334	(274)	(474)	3 936	–	3 936

1 Refer to note 2.1 for information on the reconciling items.

2 The total of non-current assets (other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts) located in South Africa is R17 426 million, and the total of such non-current assets located in other countries is R1 731 million.

3 Contract holder tax is reallocated from the Income tax expense line. This represents the following taxes:
Contract holder taxes that are directly chargeable to insurance contracts and paid on behalf of contract holders to the revenue authority. The corresponding tax charges that are deducted from contract holder fund values are included within the Insurance revenue line.
For Guardrisk this represents tax on earnings in third-party cells that are paid on behalf of the cell owner to the revenue authority. The corresponding tax charges to the cell owner are included within the Allocation of reinsurance premiums line.

4 Shareholder investment return relates to investment return on excess assets. It is separately disclosed for segmental reporting, but is disclosed as investment income, net realised and unrealised fair value gains, certain expenses incurred relating to excess assets and other finance costs in the consolidated income statement.

2 SEGMENTAL REPORT CONTINUED

	Notes	Momentum Retail Rm	Momentum Investments Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Guardrisk Rm	Momentum Insure Rm	Momentum Metropolitan Africa Rm	India Rm	Shareholders Rm	Segmental total Rm	Reconciling items[1] Rm	Total Rm
2024														
Earnings for the year		1 109	367	595	1 182	317	610	170	334	(274)	(474)	3 936	–	3 936
Non-controlling interests		–	(9)	–	–	(66)	–	–	(16)	–	2	(89)	–	(89)
Earnings – equity holders of the Group		1 109	358	595	1 182	251	610	170	318	(274)	(472)	3 847	–	3 847
Finance costs – convertible preference shares		–	–	–	–	–	–	–	–	–	37	37	–	37
Diluted earnings		1 109	358	595	1 182	251	610	170	318	(274)	(435)	3 884	–	3 884
(Gain)/Loss on step-up of associate		–	(36)	–	–	–	–	–	–	–	6	(30)	–	(30)
Intangible asset impairments		–	206	–	–	–	–	–	43	–	–	249	–	249
Tax on intangible asset impairments		–	(9)	–	–	–	–	–	–	–	–	(9)	–	(9)
Investment in associate impairment		–	–	–	–	–	–	–	11	–	–	11	–	11
Profit on sale of fixed assets		–	–	–	–	–	–	–	–	–	(3)	(3)	–	(3)
Tax on profit on sale of fixed assets		–	–	–	–	–	–	–	–	–	(1)	(1)	–	(1)
Net reversal of impairment of owner-occupied property below cost		–	–	–	–	–	–	–	–	–	(3)	(3)	–	(3)
Headline earnings		1 109	519	595	1 182	251	610	170	372	(274)	(436)	4 098	–	4 098
B-BBEE costs		–	–	–	–	–	–	–	–	–	32	32	–	32
Adjustments for iSabelo		–	2	–	–	4	2	2	–	–	104	114	–	114
Fair value movement on preference shares issued to iSabelo special purpose vehicle		–	–	–	–	–	–	–	–	–	40	40	–	40
Amortisation of intangible assets relating to business combinations		–	12	–	–	–	41	20	4	–	77	154	–	154
Normalised headline earnings		1 109	533	595	1 182	255	653	192	376	(274)	(183)	4 438	–	4 438
Normalised headline earnings	2.3	1 109	533	595	1 182	255	653	192	376	(274)	(183)	4 438	–	4 438
Operating profit/(loss)[2]		1 267	625	656	1 363	360	887	(41)	26	(276)	145	5 012	–	5 012
Tax on operating profit/(loss)		(360)	(175)	(180)	(367)	(105)	(219)	100	(53)	1	(46)	(1 404)	–	(1 404)
Investment return		259	101	153	240	–	(15)	178	436	1	(281)	1 072	–	1 072
Tax on investment return		(57)	(18)	(34)	(54)	–	–	(45)	(33)	–	(1)	(242)	–	(242)
Covered	2.4	1 157	387	595	1 201	–	–	–	408	–	252	4 000	–	4 000
Non-covered	2.4	(48)	146	–	(19)	255	653	192	(32)	(274)	(435)	438	–	438
		1 109	533	595	1 182	255	653	192	376	(274)	(183)	4 438	–	4 438

1 Refer to note 2.1 for information on the reconciling items.
2 Operating profit/(loss) is normalised headline earnings gross of tax less investment return.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 SEGMENTAL REPORT CONTINUED

	Notes	Momentum Retail Rm	Momentum Investments Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Guardrisk Rm	Momentum Insure Rm	Momentum Metropolitan Africa Rm	India Rm	Shareholders Rm	Segmental total Rm	Reconciling items[1] Rm	Total[2] Rm
Restated 2023[3]														
Insurance revenue	2.6	7 784	2 298	6 022	8 020	1 258	24 703	3 070	2 977	–	–	56 132	–	56 132
Insurance service expenses		(6 665)	(2 149)	(5 320)	(6 322)	(969)	(15 210)	(3 303)	(2 920)	–	–	(42 858)	–	(42 858)
Contract holder tax[4]		(201)	–	(320)	(1)	–	(1 705)	–	(6)	–	–	(2 233)	2 233	–
Allocation of reinsurance premiums		(2 269)	–	25	(1 149)	–	(13 186)	(65)	(369)	–	–	(17 013)	–	(17 013)
Amounts recoverable from reinsurers for incurred claims		2 809	–	43	577	–	5 682	228	289	–	–	9 628	–	9 628
Insurance service result		1 458	149	450	1 125	289	284	(70)	(29)	–	–	3 656	2 233	5 889
Investment income, net realised and unrealised fair value gains and net impairment loss on financial assets		9 928	28 781	3 864	14 463	45	3 213	71	1 805	(5)	313	62 478	8 739	71 217
Finance expenses from insurance contracts issued		(2 743)	(1 679)	(3 704)	(1 809)	(1)	(844)	(2)	(1 016)	–	–	(11 798)	–	(11 798)
Finance (expenses)/income from reinsurance contracts held		(197)	–	(1)	62	–	244	–	12	–	–	120	–	120
Investment returns due to third-party cell owner		–	–	–	–	–	(596)	–	–	–	–	(596)	–	(596)
Fair value adjustments on investment contract liabilities		(6 830)	(26 822)	(85)	(12 550)	–	(1 892)	–	(556)	–	38	(48 697)	–	(48 697)
Fair value adjustments on CIS liabilities		–	–	–	–	–	–	–	(173)	–	(12)	(185)	(3 341)	(3 526)
Net insurance and investment result		1 616	429	524	1 291	333	409	(1)	43	(5)	339	4 978	7 631	12 609
Fee income		1 111	4 042	18	1 564	2 573	493	6	101	112	616	10 636	(2 064)	8 572
Fee income	2.5, 2.6	1 102	3 201	18	1 563	2 498	500	6	102	18	44	9 052	(480)	8 572
Intergroup fee income		9	841	–	1	75	(7)	–	(1)	94	572	1 584	(1 584)	–
Other operating expenses		(1 336)	(4 058)	(256)	(1 455)	(2 463)	(316)	(843)	(376)	(139)	(891)	(12 133)	811	(11 322)
Results of operations		1 391	413	286	1 400	443	586	(838)	(232)	(32)	64	3 481	6 378	9 859
Shareholder investment return[5]		175	156	100	141	9	3	47	430	1	(203)	859	(859)	–
Share of equity accounted profit/(loss) on associates and joint ventures		–	27	–	–	23	–	–	28	(197)	(1)	(120)	–	(120)
Other income/expenses related to associates and joint ventures		–	–	–	–	–	–	–	–	584	–	584	–	584
Other finance costs		–	–	–	–	–	–	–	–	–	–	–	(2 611)	(2 611)
Profit before tax		1 566	596	386	1 541	475	589	(791)	226	356	(140)	4 804	2 908	7 712
Income tax expense		(424)	(133)	(73)	(404)	(138)	(152)	(19)	(100)	1	(171)	(1 613)	(2 908)	(4 521)
Earnings for the year		1 142	463	313	1 137	337	437	(810)	126	357	(311)	3 191	–	3 191

1 Refer to note 2.1 for information on the reconciling items.

2 The total of non-current assets (other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts) located in South Africa is R16 992 million, and the total of such non-current assets located in other countries is R2 082 million.

3 The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements. The prior year has also been restated based on a new operating model adopted by the Group. Refer to Annexure C for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.

4 Contract holder tax is reallocated from the Income tax expense line. This represents the following taxes:
Contract holder taxes that are directly chargeable to insurance contracts and paid on behalf of contract holders to the revenue authority. The corresponding tax charges that are deducted from contract holder fund values are included within the Insurance revenue line.
For Guardrisk this represents tax on earnings in third-party cells that are paid on behalf of the cell owner to the revenue authority. The corresponding tax charges to the cell owner are included within the Allocation of reinsurance premiums line.

5 Shareholder investment return relates to investment return on excess assets. It is separately disclosed for segmental reporting, but is disclosed as investment income, net realised and unrealised fair value gains, certain expenses incurred relating to excess assets and other finance costs in the consolidated income statement.

2 SEGMENTAL REPORT CONTINUED

	Notes	Momentum Retail Rm	Momentum Investments Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Guardrisk Rm	Momentum Insure Rm	Momentum Metropolitan Africa Rm	India Rm	Shareholders Rm	Segmental total Rm	Reconciling items[1] Rm	Total Rm
Restated 2023[2]														
Earnings for the year		1 142	463	313	1 137	337	437	(810)	126	357	(311)	3 191	–	3 191
Non-controlling interests		–	(10)	–	–	(97)	(2)	–	8	–	14	(87)	–	(87)
Earnings – equity holders of the Group		1 142	453	313	1 137	240	435	(810)	134	357	(297)	3 104	–	3 104
Finance costs – convertible preference shares		–	–	–	–	–	–	–	–	–	37	37	–	37
Diluted earnings		1 142	453	313	1 137	240	435	(810)	134	357	(260)	3 141	–	3 141
Adjustments within equity-accounted earnings		–	3	–	–	–	–	–	–	–	–	3	–	3
Profit on dilution of associate		–	–	–	–	–	–	–	–	(584)	–	(584)	–	(584)
Intangible asset impairments		–	–	–	–	–	–	478	–	–	–	478	–	478
Loss on sale of subsidiaries		–	–	–	–	–	–	–	112	–	–	112	–	112
FCTR reversal on dilution of associate		–	–	–	–	–	–	–	–	5	–	5	–	5
FCTR reversal on sale of foreign subsidiaries		–	–	–	–	–	–	–	(32)	–	–	(32)	–	(32)
Loss on sale of fixed assets		–	–	–	–	–	–	–	–	–	1	1	–	1
Net reversal of impairment of owner-occupied property below cost		–	–	–	–	–	–	–	–	–	(46)	(46)	–	(46)
Headline earnings		1 142	456	313	1 137	240	435	(332)	214	(222)	(305)	3 078	–	3 078
B-BBEE costs		–	–	–	–	–	–	–	–	–	16	16	–	16
Adjustments for iSabelo		2	2	–	–	5	2	1	–	–	89	101	–	101
Fair value movement on preference shares issued to iSabelo special purpose vehicle		–	–	–	–	–	–	–	–	–	99	99	–	99
Amortisation of intangible assets relating to business combinations		–	11	–	–	–	54	22	2	–	70	159	–	159
Impairment of loans to subsidiaries following the Group's disinvestment		–	–	–	–	–	–	–	38	–	–	38	–	38
Normalised headline earnings		1 144	469	313	1 137	245	491	(309)	254	(222)	(31)	3 491	–	3 491
Normalised headline earnings	2.3	1 144	469	313	1 137	245	491	(309)	254	(222)	(31)	3 491	–	3 491
Operating profit/(loss)[3]		1 399	469	326	1 408	347	673	(329)	(123)	(224)	354	4 300	–	4 300
Tax on operating profit/(loss)		(390)	(125)	(90)	(380)	(111)	(185)	(16)	(27)	1	(222)	(1 545)	–	(1 545)
Investment return		175	156	100	141	9	3	47	430	1	(203)	859	–	859
Tax on investment return		(40)	(31)	(23)	(32)	–	–	(11)	(26)	–	40	(123)	–	(123)
Covered	2.4	1 218	297	311	1 137	–	–	–	377	–	134	3 474	–	3 474
Non-covered	2.4	(74)	172	2	–	245	491	(309)	(123)	(222)	(165)	17	–	17
		1 144	469	313	1 137	245	491	(309)	254	(222)	(31)	3 491	–	3 491

[1] Refer to note 2.1 for information on the reconciling items.

[2] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements. The prior year has also been restated based on a new operating model adopted by the Group. Refer to Annexure C for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.

[3] Operating profit/(loss) is normalised headline earnings gross of tax less investment return.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 SEGMENTAL REPORT CONTINUED

2.1 Reconciling items

	Notes	Contract holder tax Rm	Shareholder investment return Rm	Property subsidiaries not allocated to a reporting segment Rm	CIS subsidiaries not allocated to a reporting segment Rm	Intercompany fees and expenses Rm	Intercompany finance income and costs Rm	Allocation of finance expense Rm	Total reconciling items Rm
2024									
Contract holder tax		2 254	–	–	–	–	–	–	2 254
Insurance service result		2 254	–	–	–	–	–	–	2 254
Investment income, net realised and unrealised fair value gains and net impairment loss on financial assets		539	1 533	730	3 975	–	(75)	1 341	8 043
Fair value adjustments on CIS liabilities		–	–	(130)	(2 839)	–	–	–	(2 969)
Net insurance and investment result		2 793	1 533	600	1 136	–	(75)	1 341	7 328
Fee income		–	–	–	(460)	(2 134)	–	–	(2 594)
Fee income	2.5, 2.6	–	–	–	(460)	–	–	–	(460)
Intergroup fee income		–	–	–	–	(2 134)	–	–	(2 134)
Other operating expenses		–	(17)	(602)	(381)	2 134	–	89	1 223
Results of operations		2 793	1 516	(2)	295	–	(75)	1 430	5 957
Shareholder investment return		–	(1 072)	–	–	–	–	–	(1 072)
Other finance costs		–	(419)	–	(132)	–	75	(1 430)	(1 906)
Profit/(Loss) before tax		2 793	25	(2)	163	–	–	–	2 979
Income tax expense		(2 793)	(25)	2	(163)	–	–	–	(2 979)
Earnings for the year		–	–	–	–	–	–	–	–
Restated 2023[1]									
Contract holder tax		2 233	–	–	–	–	–	–	2 233
Insurance service result		2 233	–	–	–	–	–	–	2 233
Investment income, net realised and unrealised fair value gains and net impairment loss on financial assets		555	1 304	502	5 594	–	(59)	843	8 739
Fair value adjustments on CIS liabilities		–	–	(33)	(3 308)	–	–	–	(3 341)
Net insurance and investment result		2 788	1 304	469	2 286	–	(59)	843	7 631
Fee income		–	–	–	(480)	(1 584)	–	–	(2 064)
Fee income	2.5, 2.6	–	–	–	(480)	–	–	–	(480)
Intergroup fee income		–	–	–	–	(1 584)	–	–	(1 584)
Other operating expenses		–	(44)	(512)	(285)	1 584	–	68	811
Results of operations		2 788	1 260	(43)	1 521	–	(59)	911	6 378
Shareholder investment return		–	(859)	–	–	–	–	–	(859)
Other finance costs		–	(383)	(1)	(1 375)	–	59	(911)	(2 611)
Profit/(Loss) before tax		2 788	18	(44)	146	–	–	–	2 908
Income tax expense		(2 788)	(18)	44	(146)	–	–	–	(2 908)
Earnings for the year		–	–	–	–	–	–	–	–

[1] The prior year has been restated for the application of IFRS 17, refer to note 44.1.1 for more information. The prior year has also been restated based on a new operating model adopted by the Group. Refer to Annexure C for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.

2 SEGMENTAL REPORT CONTINUED

2.2 India[1]

	2024 Rm	Restated 2023[2] Rm
Gross written premiums	**8 316**	5 941
Combined ratio	**110%**	110%
Claims ratio	**68%**	65%
Loss before and after tax	**(423)**	(474)
Momentum Group share of results[3]	**(269)**	(197)
Group support costs	**(34)**	(40)
Group IT and IT services	**28**	14
Other	**1**	1
Normalised headline earnings	**(274)**	(222)
Number of lives	**18 712 303**	20 853 206

1 The India results have been reported with a three-month lag.
2 The prior year has been restated for the application of IFRS 17, refer to note 44.1.1 for more information.
3 During October 2022, the Group's holding in ABHI was diluted from 49% to 44.1% with the introduction of a new shareholder as a partner in the business.

2.3 Change in normalised headline earnings

	Notes	Change %	2024 Rm	Restated 2023[1] Rm
Momentum Retail		**(3)**	**1 109**	1 144
Momentum Investments		**14**	**533**	469
Metropolitan Life		**90**	**595**	313
Momentum Corporate		**4**	**1 182**	1 137
Momentum Metropolitan Health		**4**	**255**	245
Guardrisk		**33**	**653**	491
Momentum Insure		**>100**	**192**	(309)
Momentum Metropolitan Africa		**48**	**376**	254
India		**(23)**	**(274)**	(222)
Normalised headline earnings from operating segments		**31**	**4 621**	3 522
Shareholders		**<(100)**	**(183)**	(31)
Total normalised headline earnings	2	**27**	**4 438**	3 491

1 The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements. The prior year has also been restated based on a new operating model adopted by the Group. Refer to Annexure C for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 SEGMENTAL REPORT CONTINUED

2.4 Segmental analysis

	Notes	Momentum Retail Rm	Momentum Investments Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Guardrisk Rm	Momentum Insure Rm	Momentum Metropolitan Africa Rm	India Rm	Shareholders Rm	Total Rm
2024												
Covered												
Protection		801	–	232	822	–	–	–	29	–	–	1 884
Long-term savings		90	(30)	(13)	94	–	–	–	2	–	–	143
Annuities and structured products		–	371	236	114	–	–	–	2	–	–	723
Traditional		63	–	29	–	–	–	–	4	–	–	96
Other[1]		1	11	(8)	(8)	–	–	–	38	–	17	51
Investment return[2]		202	35	119	179	–	–	–	333	–	235	1 103
Total	2	1 157	387	595	1 201	–	–	–	408	–	252	4 000
Non-covered												
Investment and savings		–	171	–	–	–	–	–	–	–	–	171
Life insurance		–	–	–	–	–	–	–	3	–	–	3
Health		–	–	–	–	291	–	–	75	–	–	366
Momentum Multiply		–	–	–	–	(49)	–	–	–	–	–	(49)
Cell captives		–	–	–	–	–	652	–	–	–	–	652
Non-life insurance		–	–	–	–	–	–	55	–	–	–	55
Holding company expenses		–	–	–	–	–	–	–	(168)	–	(176)	(344)
India		–	–	–	–	–	–	–	–	(276)	–	(276)
Momentum Money		–	(85)	–	–	–	–	–	–	–	–	(85)
Other[3]		(48)	12	–	(26)	13	16	4	(12)	1	258	218
Investment return		–	48	–	7	–	(15)	133	70	1	(517)	(273)
Total	2	(48)	146	–	(19)	255	653	192	(32)	(274)	(435)	438
Normalised headline earnings		1 109	533	595	1 182	255	653	192	376	(274)	(183)	4 438

1 Included in Other are once-off items that are not linked to a specific product as well as earnings that are not contract holder related.
2 For covered business, this is only the return on shareholder assets.
3 Included in Other is mainly earnings that are not contract holder related.

2 SEGMENTAL REPORT CONTINUED

2.4 Segmental analysis continued

	Notes	Momentum Retail Rm	Momentum Investments Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Guardrisk Rm	Momentum Insure Rm	Momentum Metropolitan Africa Rm	India Rm	Shareholders Rm	Total Rm
Restated 2023[1]												
Covered												
Protection		710	–	151	803	–	–	–	89	–	–	1 753
Long-term savings		120	(42)	(33)	190	–	–	–	(122)	–	–	113
Annuities and structured products		–	255	80	57	–	–	–	4	–	–	396
Traditional		189	–	40	–	–	–	–	5	–	–	234
Other[2]		64	(13)	(4)	(22)	–	–	–	(17)	–	(13)	(5)
Investment return[3]		135	97	77	109	–	–	–	418	–	147	983
Total	2	1 218	297	311	1 137	–	–	–	377	–	134	3 474
Non-covered												
Investment and savings		–	242	–	–	–	–	–	–	–	–	242
Life insurance		–	–	–	–	–	–	–	(4)	–	–	(4)
Health		–	–	–	–	287	–	–	(13)	–	–	274
Momentum Multiply		–	–	–	–	(54)	–	–	–	–	–	(54)
Cell captives		–	–	–	–	–	483	–	–	–	–	483
Non-life insurance		–	–	–	–	–	–	(346)	19	–	–	(327)
Holding company expenses		–	–	–	–	–	–	–	(104)	–	(167)	(271)
India		–	–	–	–	–	–	–	–	(224)	–	(224)
Momentum Money		–	(103)	–	–	–	–	–	–	–	–	(103)
Other[4]		(74)	5	2	–	3	5	1	(7)	1	312	248
Investment return		–	28	–	–	9	3	36	(14)	1	(310)	(247)
Total	2	(74)	172	2	–	245	491	(309)	(123)	(222)	(165)	17
Normalised headline earnings		1 144	469	313	1 137	245	491	(309)	254	(222)	(31)	3 491

1 The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements. The prior year has also been restated based on a new operating model adopted by the Group. Refer to Annexure C for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.
2 Included in Other are once-off items that are not linked to a specific product as well as earnings that are not contract holder related.
3 For covered business, this is only the return on shareholder assets.
4 Included in Other is mainly earnings that are not contract holder related.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 SEGMENTAL REPORT CONTINUED

2.5 Segment IFRS 15 – Revenue from contracts with customers

	Notes	Total revenue in scope of IFRS 15					
		Contract admini-stration Rm	Trust and fiduciary services Rm	Health admini-stration Rm	Cell captive commission Rm	Other fee income Rm	Total fee income Rm
2024							
Momentum Retail		**1 020**	**36**	**–**	**–**	**87**	**1 143**
Momentum Investments		**1 871**	**1 412**	**–**	**–**	**190**	**3 473**
Metropolitan Life		**8**	**–**	**–**	**–**	**3**	**11**
Momentum Corporate		**720**	**490**	**–**	**–**	**50**	**1 260**
Momentum Metropolitan Health		**1**	**–**	**2 616**	**–**	**181**	**2 798**
Guardrisk		**176**	**–**	**–**	**241**	**302**	**719**
Momentum Insure		**–**	**–**	**–**	**–**	**10**	**10**
Momentum Metropolitan Africa		**133**	**42**	**–**	**–**	**35**	**210**
India		**–**	**–**	**–**	**–**	**29**	**29**
Shareholders		**–**	**–**	**–**	**–**	**13**	**13**
Segmental total		**3 929**	**1 980**	**2 616**	**241**	**900**	**9 666**
Reconciling items	2.1	**–**	**(463)**	**–**	**–**	**3**	**(460)**
Total	2	**3 929**	**1 517**	**2 616**	**241**	**903**	**9 206**
Restated 2023[1]							
Momentum Retail		912	73	–	–	117	1 102
Momentum Investments		1 646	1 268	–	–	287	3 201
Metropolitan Life		10	–	–	–	8	18
Momentum Corporate		1 022	486	–	–	55	1 563
Momentum Metropolitan Health		1	–	2 425	–	72	2 498
Guardrisk		173	–	–	251	76	500
Momentum Insure		–	–	–	–	6	6
Momentum Metropolitan Africa		44	33	–	–	25	102
India		–	–	–	–	18	18
Shareholders		–	–	–	–	44	44
Segmental total		3 808	1 860	2 425	251	708	9 052
Reconciling items	2.1	(1)	(479)	–	–	–	(480)
Total	2	3 807	1 381	2 425	251	708	8 572

[1] The prior year has been restated for the application of IFRS 17, refer to note 44.1.1 for more information. The prior year has also been restated based on a new operating model adopted by the Group.

2 SEGMENTAL REPORT CONTINUED

2.6 Segment revenue per geographical basis

	Notes	SA Rm	Non-SA Rm	Total revenue Rm
2024				
Momentum Retail		**9 496**	**–**	**9 496**
Momentum Investments		**5 552**	**665**	**6 217**
Metropolitan Life		**6 212**	**–**	**6 212**
Momentum Corporate		**9 144**	**–**	**9 144**
Momentum Metropolitan Health		**4 238**	**–**	**4 238**
Guardrisk		**23 988**	**2 440**	**26 428**
Momentum Insure		**3 282**	**–**	**3 282**
Momentum Metropolitan Africa		**–**	**3 488**	**3 488**
India		**–**	**29**	**29**
Shareholders		**13**	**–**	**13**
Segmental total		**61 925**	**6 622**	**68 547**
Reconciling items	2.1	**(317)**	**(143)**	**(460)**
Total	2	**61 608**	**6 479**	**68 087**
Restated 2023[1]				
Momentum Retail		8 886	–	8 886
Momentum Investments		4 927	572	5 499
Metropolitan Life		6 040	–	6 040
Momentum Corporate		9 583	–	9 583
Momentum Metropolitan Health		3 756	–	3 756
Guardrisk		22 771	2 432	25 203
Momentum Insure		3 076	–	3 076
Momentum Metropolitan Africa		–	3 079	3 079
India		–	18	18
Shareholders		44	–	44
Segmental total		59 083	6 101	65 184
Reconciling items	2.1	(353)	(127)	(480)
Total	2	58 730	5 974	64 704

[1] The prior year has been restated for the application of IFRS 17, refer to note 44.1.1 for more information. The prior year has also been restated based on a new operating model adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 SEGMENTAL REPORT CONTINUED

	Notes	Other operating expenses		Other finance cost	
		Covered Rm	Non-covered Rm	Covered Rm	Non-covered Rm
2.7 Additional segment information					
2.7.1 Covered and non-covered additional detail					
2024					
Momentum Retail		**(1 637)**	**(187)**	**(174)**	**–**
Momentum Investments		**(2 814)**	**(1 784)**	**(435)**	**(52)**
Metropolitan Life		**(301)**	**(6)**	**(433)**	**–**
Momentum Corporate		**(1 095)**	**(285)**	**(237)**	**(13)**
Momentum Metropolitan Health		**–**	**(2 805)**	**–**	**(4)**
Guardrisk		**–**	**(323)**	**–**	**(41)**
Momentum Insure		**–**	**(389)**	**–**	**(1)**
Momentum Metropolitan Africa		**(269)**	**(264)**	**(2)**	**(3)**
India		**–**	**(173)**	**–**	**–**
Shareholders		**(99)**	**(1 351)**	**(110)**	**(235)**
Segmental total		**(6 215)**	**(7 567)**	**(1 391)**	**(349)**
Reconciling items		**(102)**	**1 639**	**(108)**	**(58)**
Total	2	**(6 317)**	**(5 928)**	**(1 499)**	**(407)**
Restated 2023[1]					
Momentum Retail		(1 532)	(226)	(163)	–
Momentum Investments		(2 310)	(1 702)	(244)	(49)
Metropolitan Life		(253)	(6)	(258)	–
Momentum Corporate		(1 396)	(49)	(129)	(7)
Momentum Metropolitan Health		–	(2 471)	–	(3)
Guardrisk		–	(299)	–	(32)
Momentum Insure		–	(841)	–	(1)
Momentum Metropolitan Africa		(183)	(150)	(2)	(1)
India		–	(138)	–	–
Shareholders		(115)	(843)	(107)	(225)
Segmental total		(5 789)	(6 725)	(903)	(318)
Reconciling items		(87)	1 279	(73)	(1 317)
Total	2	(5 876)	(5 446)	(976)	(1 635)

[1] The prior year has been restated for the application of IFRS 17, refer to note 44.1.1 for more information. The prior year has also been restated based on a new operating model adopted by the Group.

	2024	2023
2.7.2 Additional segment metrics		
Momentum Insure		
Gross written premiums (Rm)	**3 270**	3 108
Momentum Metropolitan Africa		
Number of lives (Health)	**428 319**	417 159
Momentum Metropolitan Health		
Principal members	**1 263 231**	1 240 225

3 INTANGIBLE ASSETS

Refer to note 44.4 for the accounting policies relating to this note.

		2024 Rm	Restated 2023[1] Rm
3.1	**Goodwill**	**1 325**	1 305
3.2	**Customer relationships**	**397**	488
3.3	**Brands**	**448**	500
3.4	**Broker network**	**385**	266
3.6	**Deferred acquisition costs (DAC) on long-term investment business**	**1 866**	1 948
3.7	**Computer software**	**262**	311
		4 683	4 818

3.1 Goodwill

	2024 Rm	Restated 2023[1] Rm
Cost	**3 181**	2 987
Accumulated impairment	**(1 856)**	(1 682)
Carrying amount	**1 325**	1 305
Carrying amount at beginning	**1 305**	1 716
Business combinations (refer to note 28)	**207**	18
Impairment charges[2]	**(174)**	(478)
Exchange differences	**(13)**	49
Carrying amount at end	**1 325**	1 305
Cash-generating units (CGUs)		
Guardrisk – Guardrisk	**831**	674
Eris Property Group – Momentum Investments	**191**	191
Ex-Metropolitan Group – Metropolitan Life (Metropolitan/Momentum merger)	**111**	111
MGIM – Momentum Investments	**–**	187
Momentum Health Solutions (Pty) Ltd (MHS) – Momentum Metropolitan Health	**116**	116
Other	**76**	26
	1 325	1 305

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.

[2] The current year relates to goodwill recognised as part of the acquisition of MGIM (Momentum Investments segment). Following an assessment of the near-term revenue outlook, and considering current valuations of its peer group, the recoverable amount of the MGIM CGU at 30 June 2024 was downwardly adjusted, to reflect lower earnings expectations over the short to medium term. Plans to restore earnings to prior levels within the next two to three years have not been taken into account in the valuation at 30 June 2024. The remaining goodwill balance after the impairment is Rnil. The prior year impairment related to the goodwill recognised as part of the acquisition of the Alexander Forbes Short-term Insurance business (Momentum Insure segment). The remaining goodwill balance after the impairment was Rnil.

Critical accounting estimates and judgements

Goodwill is allocated to CGUs and impairment testing is performed at the level of individual CGUs.

The recoverable value of these CGUs is determined based on value-in-use calculations with reference to DVs. The value-in-use calculations use risk-adjusted cash flow projections, which include projected new business based on financial forecasts approved by management covering a five-year period. These cash flow projections take account of entity-specific risks and are subject to a revenue ceiling and an expense floor to ensure that the earnings projections lie within boundaries that are deemed appropriate. The financial forecasts are informed by past experience as well as management's best estimate of the future. Appropriate allowance is also made for terminations risk where a CGU has concentrated exposure to large clients.

The other assumption that is subject to judgement is the determination of an appropriate discount rate. The approach to setting the discount rate is to reference the yield on long-dated government bonds and add an equity risk premium plus an additional margin for entity-specific risk. The assessment of the risk discount rate (RDR) takes into account the risk adjustments already made in the cash flow projection.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 INTANGIBLE ASSETS CONTINUED

3.1 Goodwill continued

The central RDR assumption for most of the strategic subsidiaries resident in South Africa has been derived as follows:

	2024	2023
Risk-free rate (long-term)	**12.3%**	12.5%
Equity risk premium	**3.5%**	3.5%
Risk premium applied to unlisted equity investments	**2.3%**	2.3%
Total (central rate)	**18.1%**	18.3%

The long-term risk-free rate is set with reference to the 10-year RSA government bond yield.

For CGUs where the range of possible outcomes remain wide, the RDR is adjusted to allow for the risk characteristics of the entity under consideration. For entities with risk characteristics above the norm, additions of 2% – 4% to the central rate are made, based on the maturity of the CGU under consideration, as well as the perceived degree of certainty in the cash flow projections.

	2024		2023	
	RDR %	Long-term growth rate %	RDR %	Long-term growth rate %
Assumptions				
Guardrisk	**18.0**	**6.3**	18.3	6.5
Eris Property Group	**18.0**	**6.3**	18.3	6.5
Ex-Metropolitan Group	**14.8**	**7.0**	14.8	7.1
MGIM	**12.5**	**2.5**	12.5	3.5
MHS	**18.0**	**6.3**	18.3	6.5

MGIM has a lower RDR, commensurate with lower United Kingdom (UK) interest rates, but with a premium for currency risk, compared to South Africa.

Guardrisk, Eris Property Group and MHS have a history of sustainable profits and with the inclusion of limits to revenue and margin growth have relatively less uncertainty associated with their cash flows. As such, the central rate is deemed appropriate.

The discount rate for the ex-Metropolitan Group is based on the run-off of in-force insurance liabilities and thus its valuation employed a lower RDR, in line with the discount rate used for “covered business” in the Group embedded value calculation.

3.2 Customer relationships

		2024 Rm	Restated 2023[1] Rm
Cost[1]		**1 458**	1 766
Accumulated amortisation[1]		**(1 031)**	(1 248)
Accumulated impairment		**(30)**	(30)
Carrying amount		**397**	488
Carrying amount at beginning		**488**	577
Business combinations (refer to note 28)		**–**	14
Amortisation charges		**(91)**	(104)
Exchange differences		**–**	1
Carrying amount at end		**397**	488
The carrying amount is made up as follows:	**To be fully amortised by year:**		
Metropolitan/Momentum merger			
Investment contracts – Momentum Corporate	2030	**233**	278
Guardrisk – Guardrisk	2024	**–**	20
Momentum Insure – Momentum Insure	2030	**72**	85
MGIM – Momentum Investments	2031	**82**	94
Other		**10**	11
		397	488

[1] The prior year cost and accumulated amortisation has been restated as a result of fully amortised assets being written off.

Customer relationships represent the fair value of customer relationships in place immediately before a business combination took place. The recoverable value is based on DVs (see note 3.1).

3 INTANGIBLE ASSETS CONTINUED

3.3 Brands

		2024 Rm	2023 Rm
Cost		**1 273**	1 260
Accumulated amortisation		**(817)**	(752)
Accumulated impairment		**(8)**	(8)
Carrying amount		**448**	500
Carrying amount at beginning		**500**	562
Business combinations (refer to note 28)		**13**	3
Amortisation charges		**(65)**	(65)
Carrying amount at end		**448**	500
The carrying amount is made up as follows:	**To be fully amortised by year:**		
Metropolitan brand – Metropolitan Life (Metropolitan/Momentum merger)	2031	**346**	400
Guardrisk – Guardrisk	2034	**51**	42
Momentum Insure – Momentum Insure	2035	**33**	34
Momentum Insurance (Namibia) brand – Momentum Metropolitan Africa	2031	**12**	14
Other		**6**	10
		448	500

Brands represent the fair value of Brands acquired as part of various acquisitions of the Group. The recoverable value is based on DVs (see note 3.1).

3.4 Broker network

		2024 Rm	2023 Rm
Cost		**754**	560
Accumulated amortisation		**(314)**	(271)
Accumulated impairment		**(55)**	(23)
Carrying amount		**385**	266
Carrying amount at beginning		**266**	310
Business combinations (refer to note 28)		**194**	–
Amortisation charges		**(43)**	(44)
Impairment charges[1]		**(32)**	–
Carrying amount at end		**385**	266
The carrying amount is made up as follows:	**To be fully amortised by year:**		
Guardrisk (non-life) – Guardrisk	2029	**85**	103
Momentum Insure – Momentum Insure	2030	**79**	91
Guardrisk (life) – Guardrisk	2029	**221**	36
MGIM – Momentum Investments	2041	**–**	34
Other		**–**	2
		385	266

[1] Broker network relating to MGIM (Momentum Investments segment) was impaired during the year due to a decline in the recoverable amount (R32 million).

Broker network represents the fair value of Broker network acquired as part of various acquisitions of the Group. The recoverable value is determined based on DVs which is disclosed in note 3.1.

3.5 Sensitivity analysis of intangible assets acquired in business combinations

Management performed sensitivity analysis on intangible assets acquired as part of business combinations to assess how sensitive these assets are to changes in the recoverable amounts, i.e. how much headroom exists in these recoverability tests. The significant items are discussed below:

The Group recognises goodwill, customer relationships and brands relating to the Metropolitan/Momentum merger. The current recoverable amount of these assets is R67 million (2023: R72 million) higher than the carrying amount and has 9% (2023: 8%) headroom available before the Group would need to consider impairing any of the associated goodwill.

For Momentum Insure, the Group recognises intangible assets including customer relationships, broker network and brands on the statement of financial position. The current recoverable amount of these assets is R82 million (2023: Rnil) higher than the carrying amount and has 4% (2023: 0%) headroom available before the Group would need to consider impairing any of the intangible assets. Future revenue and expenses included in the risk-adjusted cash flow projections will need to decrease by 1% (2023: 0%) and increase by 1% (2023: 0%) respectively, for the recoverable amount to equate the carrying amount. Further, 0.6% (2023: not applicable) increase in RDR or a 0.75% (2023: not applicable) decrease in long-term growth for the recoverable amount to equate the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 INTANGIBLE ASSETS CONTINUED

3.5 Sensitivity analysis of intangible assets acquired in business combinations continued

For Guardrisk, the Group recognises goodwill, customer relationships and brands on the statement of financial position. The current recoverable amount of these assets is R2 299 million (2023: R1 625 million) higher than the carrying amount and has 40% (2023: 35%) headroom available before the Group would need to consider impairing any of the associated goodwill. Future revenue and expenses included in the risk-adjusted cash flow projections will need to decrease by 16% (2023: 15%) or increase by 33% (2023: 29%) respectively, for the recoverable amount to equate the carrying amount.

In aggregate, if the recoverable amounts of all the CGUs under consideration were to decrease by 10%, it would result in a potential impairment of intangible assets of R117 million (2023: R175 million). Should the recoverable amounts decrease by 20%, an impairment of R219 million (2023: R268 million) will be required, with R135 million (2023: R155 million) of this relating to Momentum Insure intangible assets, R83 million (2023: R111 million) relating to intangibles raised on the Metropolitan/Momentum merger and Rnil million (2023: R2 million) relating to Momentum Short-term Insurance (Namibia) broker network.

3.6 DAC on investment contracts

	2024 Rm	2023 Rm
Carrying amount at beginning	**1 948**	1 992
Additions	**357**	354
Derecognition[1]	**(94)**	–
Amortisation charges	**(343)**	(402)
Exchange differences	**(2)**	4
Carrying amount at end	**1 866**	1 948

[1] Derecognition of investment contracts due to amended features on existing contracts that resulted in the recognition of insurance contracts.

An impairment test is conducted annually at reporting date on the DAC balance to ensure that the amount will be recovered from future revenue generated by the applicable remaining investment management contract. DAC is reviewed for impairment losses through the liability adequacy test and written down for impairment if necessary. Refer to assumptions in note 12.

3.7 Computer software

	2024 Rm	Restated 2023[1] Rm
Cost[1]	**946**	972
Accumulated amortisation[1]	**(640)**	(660)
Accumulated impairment[1]	**(44)**	(1)
Carrying amount	**262**	311
Carrying amount at beginning	**311**	283
Additions	**68**	104
Sale of business	**–**	(1)
Amortisation charges	**(76)**	(75)
Impairment charges	**(43)**	–
Business combinations (refer to note 28)	**2**	–
Carrying amount at end	**262**	311

[1] The prior year cost and accumulated amortisation has been restated as a result of fully amortised assets being written off.

Internally developed software

Included in computer software is a carrying amount of R54 million (2023: R42 million) representing internally developed software. The increase in internally developed software mainly relates to additions of R30 million, which is offset by R17 million (2023: R14 million) amortisation charges.

Material computer software

The Momentum Insure segment has computer software of R166 million (2023: R166 million) relating to Momentum Insure's line of business system, which will be fully amortised by 2031. For impairment testing purposes, a RDR of 15% (2023: 14%) and a growth rate of 6% (2023: 6%) was used to present value the future economic benefits of the software. No impairment was required.

The Momentum Metropolitan Health segment has computer software of R27 million (2023: R34 million) relating to the wellness and rewards platform, which will be fully amortised by 2028. No impairment was required.

Momentum Metropolitan Africa segment has Rnil (2023: R30 million) computer software following the impairment of a new insurance policy administration system.

Computer software of R22 million (2023: R27 million) is used as a reporting tool for capturing trades, treasury and risk management by various segments. This will be fully amortised by 2028. No impairment was required.

4 OWNER-OCCUPIED PROPERTIES AND FIXED ASSETS

Refer to note 44.5 and 44.6 for the accounting policies relating to this note.

		2024 Rm	2023 Rm
4.1	**Owned owner-occupied properties**	2 561	2 885
	Right-of-use assets	167	164
		2 728	3 049
4.1	**Owned owner-occupied properties**		
	Owner-occupied properties – at fair value	2 561	2 885
	Historical carrying amount – cost model	1 230	1 782
	Fair value at beginning	2 885	2 870
	Additions	6	30
	Disposals	(32)	–
	Sale of business	–	(27)
	Revaluations	91	39
	Depreciation charges	(48)	(51)
	Net impairment reversals to income statement	3	46
	Transfer to investment properties	(345)	(22)
	Exchange differences	1	–
	Fair value at end	2 561	2 885

In the current year, the revaluation increase mainly relates to a revaluation gains within the Shareholders segment of R33 million on Parc du Cap 6, R31 million on Parc du Cap 7 and 8, R12 million on Cornubia building and R11 million on the Centurion Head Office. These are market-related movements in the fair value of the properties.

Net impairment reversals in the prior year of positive R43 million, relates to the Marc, Tower 2 (Shareholders segment). This was largely attributed to the decline in market rental rates for office property in Sandton, as well as the weak property market outlook as a result of the Covid-19 pandemic. The prior year valuation further took the expected vacancy into account. In the current year, there has been a slight recovery to the property market.

A register of owner-occupied properties is available for inspection at the Company's registered office.

Owner-occupied properties are classified as level 3.

Critical accounting estimates and judgements

All properties are valued using a DCF method or the income capitalisation approach based on the aggregate contractual or market-related rent receivable less associated costs. The DCF takes projected cash flows and discounts them at a rate that is consistent with comparable market transactions. Increases in the carrying amount arising on revaluation of owner-occupied buildings are credited to a land and building revaluation reserve in other comprehensive income, except to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase shall be recognised in profit or loss. Decreases that offset previous increases in respect of the same asset are charged against the revaluation reserve, and all other decreases are charged to the income statement. All owner-occupied properties were externally valued at 30 June 2024. Valuations are performed semi-annually.

				Change in fair value	
Assumptions	**Valuation technique**	Base assumption	Change in assumption	Decrease in assumption Rm	Increase in assumption Rm
2024					
Capitalisation rate					
Office buildings	DCF & income capitalisation	8.27% – 9.04%	100bps	342	(296)
Parkade	Income capitalisation	8.00% – 10.00%	100bps	9	(7)
Discount rate					
Office buildings	DCF	9.11% – 9.27%	100bps	70	(66)
2023					
Capitalisation rate					
Office buildings	DCF & income capitalisation	8.72% – 9.10%	100bps	259	(207)
Parkade	Income capitalisation	9.25%	100bps	9	(7)
Discount rate					
Office buildings	DCF	13.06% – 13.36%	100bps	86	(81)

Capitalisation and discount rates are based on a number of factors, including but not limited to the following: the current risk-free rate, the risk associated with the income stream flowing from the property, the real estate cycle, current economic conditions at both the micro- and macroeconomic level and the yield that an investor would require in order to make the property an attractive investment. For valuation purposes, existing lease agreements and subsequent expected market-related rentals are used to determine the net income stream on which the fair value of each building is based. Furthermore, the internal valuers performed a sensitivity analysis by adjusting the capitalisation rate and discount rate up and down by 100 basis points.

The property market is still in a recovery phase post-Covid-19 and remains impacted by low economic growth. Further impacting the office sector is the hybrid work model now adopted by most employers and the current electricity crisis. Although load shedding has reduced, uncertainty still remains. Therefore, a conservative take-up of the vacant space has been assumed, likewise a conservative view has been taken on achievable market rentals. Assumed market rental growth is in the range of 4.5% to 5%.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4 OWNER-OCCUPIED PROPERTIES AND FIXED ASSETS CONTINUED

	2024 Rm	2023 Rm
4.2 Fixed assets		
Equipment and leasehold improvement		
Cost	**2 193**	1 864
Accumulated depreciation	**(1 583)**	(1 369)
Accumulated impairment	**(19)**	(17)
Carrying amount	**591**	478
Equipment comprises furniture and fittings, computer equipment and motor vehicles.		
Additions	**337**	248
Disposals	**(4)**	(23)
Depreciation	**(221)**	(221)
Exchange differences	**(2)**	3
Other	**3**	(3)
Carrying amount at end	**591**	478

Fixed assets are measured at cost less accumulated depreciation and accumulated impairment. In respect of leasehold properties, assets are depreciated over the shorter of their respective lease periods and estimated useful lives. The remainder of fixed assets are depreciated using the straight-line method to allocate their costs, less their residual values, over their estimated useful lives, as follows:

Furniture and fittings	3 – 5 years
Computer equipment	3 years
Motor vehicles	5 years

The residual values and useful lives of the assets are reviewed at each reporting date and adjusted if appropriate.

5 INVESTMENT PROPERTIES

Refer to note 44.5 and 44.6 for the accounting policies relating to this note.

	2024 Rm	2023 Rm
5.1 Owned investment properties	**9 177**	8 807
Right-of-use assets	**11**	18
	9 188	8 825
At 30 June, investment properties comprised the following property types:		
Shopping malls	**4 216**	3 950
Office buildings	**3 916**	3 858
Industrial	**791**	759
Hotels	**293**	260
Vacant land	**225**	231
Other	**118**	128
Property at valuation	**9 559**	9 186
Accelerated rental income (refer to note 8)	**(382)**	(379)
	9 177	8 807
Investment properties under development		
Fair value at beginning	**198**	–
Capitalised development expenditure	**–**	198
Transfer to completed properties[1]	**(198)**	–
Fair value at end	**–**	198
Completed properties		
Fair value at beginning	**8 609**	9 031
Capitalised subsequent expenditure	**335**	44
Additions	**34**	5
Disposals	**(92)**	(64)
Revaluations charged to income statement	**102**	(264)
Change in accelerated rental income	**(3)**	1
Transfer from owner-occupied properties[1]	**345**	22
Transfer from investment properties under development[1]	**198**	–
Transfer to Non-current assets held for sale (refer to note 46)	**(338)**	(56)
Sale of business	**–**	(122)
Exchange differences	**(9)**	12
Other	**(4)**	–
Fair value at end	**9 177**	8 609

[1] The current year relates to Momentum Umhlanga (Pty) Ltd due to a new external tenant occupying a portion of the Cornubia building, as well as the transfer of Parc Du Cap 4 and 5 as both properties are now fully leased out to external parties. The prior year related to changes in tenancy of the Marc, Tower 2 (only a portion of the building), the property in Umhlanga, the Pietersburg Metropolitan Centre and the Riverwalk Shopping Centre.

A register of investment properties is available for inspection at the Company's registered office.

Investment properties are classified as level 3.

5 INVESTMENT PROPERTIES CONTINUED

5.1 Owned investment properties continued

Critical accounting estimates and judgements

In both the current and prior year all properties were internally valued using an income capitalisation approach or a DCF method based on contractual or market-related rent receivable less associated costs. The internal valuers hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

The valuation input is focused on "headline" assumptions including capital and discount rates however the underlying cash flow is based on contractual arrangements where applicable and appropriate market norms. Each valuation is carried out in isolation, and tested in each individual case by looking at factors including current tenant retention, potential market rentals and potential of long-term vacancies as well as necessary changes in the capitalisation and discount rates. The valuers carried out extensive market research and also collaborated with their professional peers.

				Change in fair value	
Assumptions	Valuation technique	Base assumption	Change in assumption	Decrease in assumption Rm	Increase in assumption Rm
2024					
Capitalisation rate				**628**	**(491)**
Shopping malls	DCF	**7.93% – 9.92%**	**100bps**	**310**	**(244)**
Office buildings	DCF & income capitalisation	**8.15% – 9.73%**	**100bps**	**260**	**(201)**
Industrial	DCF	**8.10%**	**100bps**	**33**	**(26)**
Hotels	DCF	**9.00%**	**100bps**	**25**	**(20)**
Discount rate				**438**	**(410)**
Shopping malls	DCF	**12.62% – 14.60%**	**100bps**	**206**	**(192)**
Office buildings	DCF & income capitalisation	**12.82% – 14.34%**	**100bps**	**197**	**(184)**
Industrial	DCF	**12.26% – 12.63%**	**100bps**	**24**	**(23)**
Hotels	DCF	**13.00%**	**100bps**	**11**	**(11)**
Vacancy rate				**65**	**(66)**
Shopping malls	DCF	**1.81% – 4.61%**	**100bps**	**32**	**(32)**
Office buildings	DCF & income capitalisation	**1.24% – 9.78%**	**100bps**	**28**	**(29)**
Industrial	DCF	**1.68% – 2.05%**	**100bps**	**3**	**(3)**
Hotels	DCF	**1.00%**	**100bps**	**2**	**(2)**
2023					
Capitalisation rate				637	(510)
Shopping malls	DCF	8.69% – 9.81%	100bps	298	(235)
Office buildings	DCF & income capitalisation	8.70% – 9.27%	100bps	291	(232)
Industrial	DCF	9.15% – 9.71%	100bps	31	(30)
Hotels	DCF	8.50%	100bps	17	(13)
Discount rate				410	(391)
Shopping malls	DCF	13.04% – 14.30%	100bps	199	(186)
Office buildings	DCF	13.19% – 14.00%	100bps	170	(161)
Industrial	DCF	13.18% – 13.59%	100bps	24	(28)
Hotels	DCF	13.00%	100bps	17	(16)
Vacancy rate				63	(70)
Shopping malls	DCF	1.53% – 3.33%	100bps	30	(31)
Office buildings	DCF & income capitalisation	1.40% – 3.51%	100bps	32	(32)
Industrial	DCF	1.76% – 2.17%	100bps	–	(6)
Hotels	DCF	1.00%	100bps	1	(1)

Capitalisation and discount rates are based on a number of factors, including but not limited to the following: market transactions, the current risk-free rate, the risk associated with the income stream flowing from the property, the real estate cycle, current economic conditions at both the micro- and macroeconomic level and the yield that an investor would require in order to make the property an attractive investment. For valuation purposes, existing lease agreements and subsequent expected market-related rentals are used to determine the net income stream on which the fair value of each building is based.

Office sector – Higher vacancies (due to tenant fall-off as well as downsizing) has been experienced, resulting in a continued oversupply of office space. The decrease in demand has put pressure on rentals, and together with persistent vacancies, this has inevitably led to an associated drop in valuations. The exception has been the Cape Town market where demand is stronger and market rentals have risen as vacancies are beginning to reduce.

Retail sector – Rural retail had a strong year-on-year performance and is continuing to perform well. Urban retail experienced some lease fall-off but this was mostly attributable to tenants who were already experiencing difficulties prior to Covid-19. The ability to re-let has somewhat improved over last year. Capitalisation rates and discount rates have remained stable due to nodal performance and rentals achieved.

Industrial – The industrial sector is still a strong performer with distribution centres, large warehousing and multi-parks showing the strongest total return by property type across all sectors. This resulted in more robust market rentals and a low vacancy rate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Refer to note 44.2.2 and 44.2.3 for the accounting policies relating to this note.

	2024 Rm	Restated 2023[1] Rm
Carrying amount at beginning	**1 732**	1 248
Additions[2]	**261**	9
Disposals	**–**	–
Business combination (refer to note 28)	**147**	–
Gain on dilution of associate[3]	**–**	584
Transfer to subsidiary (refer to note 28)	**(109)**	(7)
Share of equity accounted loss	**(193)**	(120)
Share of other comprehensive income	**(33)**	–
Dividends declared	**(57)**	(73)
Impairment charges	**(11)**	–
Sale of business	**–**	(2)
Gain on Step-Up of Associate[4]	**30**	–
Exchange differences	**(62)**	93
Other	**(5)**	–
Carrying amount at end – non-current	**1 700**	1 732

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.

[2] The current year includes:
- MMSI made capital injections to ABHI for R153 million in cash and to Adity Bila Wellness for R15 million.
- MMSI converted a loan with RMIA into equity prior to the step-up acquisition of this investment in associate (R39 million).
- MMSI acquired 50% of the shares in RIM for a purchase consideration of R27 million in cash and R17 million in contingent consideration. The investment was subsequently sold to IMG.
- MML made capital injections to South African Student Accommodation Impact Investments (Pty) Ltd (SASAII) for R10 million in cash.

[3] This relates to the dilution of the Group's shareholding in ABHI from 49% to 44.1% that occurred in the prior year. A further dilution to 44.08% occurred in the current year resulting in a nil gain or loss.

[4] This relates to the step-up acquisition of the RMI Investment Managers Affiliates 2 (Pty) Ltd associate. Refer to note 28 for further information. The gain has been included in the line item Other income/expenses related to associates and joint ventures on the Income Statement.

The DVs of investment in associates and joint ventures exceed the carrying amounts.

Equity-accounted associates and joint ventures*	%**	Carrying amount Rm	Assets# Rm	Liabilities# Rm	(Loss)/ profit for the year# Rm	Earnings^ Rm
2024						
ABHI[2]	**44.08%**	**1 029**	**8 475**	**(6 124)**	**(412)**	**(264)**
Methealth Namibia Administrators (Pty) Ltd (MHNA)	**49%**	**172**	**107**	**(40)**	**59**	**29**
SASAII[3]	**11.86%**	**87**	**1 506**	**(794)**	**16**	**3**
2Cana Solutions (Pty) Ltd (2Cana)	**30%**	**68**	**146**	**(17)**	**33**	**10**
Other[4, 5]		**344**	*******	*******	**82**	**29**
		1 700				**(193)**
Restated 2023[1]						
ABHI[2]	44.1%	1 233	7 774	(4 889)	(478)	(196)
MHNA	49%	177	84	(28)	57	28
SASAII[3]	17%	74	1 021	(398)	(8)	(1)
2Cana	30%	69	251	(22)	34	10
RMIA[4]	49%	56	355	(73)	46	23
Other[5]		123	***	***	42	16
		1 732				(120)

* All entities' principal place of business is in South Africa unless otherwise stated.

** Effective group percentage held.

*** This amount consists of various associates' financial information.

This represents the actual assets, liabilities, revenue and profit or loss of the associate or joint venture at the end of the financial year. ABHI has a financial year end of 31 March and as such the summarised financial information disclosed for ABHI represents the financial information at 31 March 2024.

^ Group's share of equity accounted earnings recognised through profit/loss.

[1] The prior period has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.

[2] The Group's share of equity accounted earnings takes into account adjustments to the associates net asset value to align the accounting policies of the investment with the rest of the Group, including the application of IFRS 17.

[3] Despite the Group holding less than 20% of the ordinary shares, the Group exerts significant influence as a result of decision-making rights to which the Group remains entitled.

[4] Dividends received, which reduces the carrying amount of the investment in associate, of R37 million was incorrectly included as part of Other and should have been included as part of RMIA. The prior period has been restated.

[5] Other includes the associates and joint venture acquired in the current year with a total carrying value of R200 million as a result of the acquisition of IMG Group.

6 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES CONTINUED

- ABHI is a health insurance business and was formed by MMSI, which held 49% of ordinary shares, and Aditya Birla Capital Ltd (incorporated in India), which held 51% of ordinary shares. Voting rights are proportional to ordinary shareholding, with Aditya Birla Capital Ltd being able to outvote MMSI, appoint the CEO of ABHI, who in turn appoints the executive team and therefore directing the relevant activities of the business. MMSI does not have control over this entity. During the previous financial year, the Group's holding in ABHI was diluted from 49% to 44.1% with the introduction of a new shareholder as a partner in the business. As a result a gain on deemed disposal has been recognised. A further dilution to 44.08% was effected in the current financial year. The carrying amount of the associate includes further capital injections advanced to the Company in addition to the capital acquired. The principal place of business is in India.
- MHNA is an entity engaged in the administration of medical aid schemes and operates principally in Namibia.
- SASAII is a fund that will engage in the development of student accommodation and the purchase and refurbishment of existing student accommodation. This will either be done directly by the fund or by the fund investing in another proprietary limited company. MML holds 11.86% in this fund and does not have control over this fund, as the relevant activities of the fund are not under the direction of MML.
- 2Cana has been responsible for the development of the MHS IT platform which maintains its data on the Oracle system. MHS identified this outsourced function as a potential strategic risk and viewed the acquisition of 2Cana as a way to secure the protection of the intellectual property maintained in the system.
- RMIA is an investment company that invests in asset management business held by MMSI. In the prior year, MMSI did not have control over this entity, as the relevant activities of the entity were not under the direction of MMSI. This associate became a subsidiary during the current year. Refer to note 28 for more information.

6.1 Detail of investment in ABHI

	2024 Rm	Restated 2023[1] Rm
ABHI		
Summarised financial information		
Revenue	**5 842**	4 019
Loss after taxation	**(412)**	(478)
Assets		
Non-current assets	**7 623**	7 134
Current assets	**850**	643
Liabilities		
Non-current liabilities	**(3 110)**	(2 501)
Current liabilities	**(3 016)**	(2 386)
Net asset value	**2 347**	2 890
Adjustments to net asset value[2]	**(654)**	(405)
Adjusted net asset value	**1 693**	2 485
Effective holding[3]	**44.08%**	44.1%
Calculated carrying amount	**746**	1 096
Capital contributions[4]	**153**	–
Goodwill	**130**	137
Carrying amount of investment in associate	**1 029**	1 233

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.
[2] Includes adjustments to the associates net asset value to align the accounting policies of the investment with the rest of the Group, including the application of IFRS 17.
[3] During October 2022, the Group's holding was diluted from 49% to 44.1% with the introduction of a new shareholder as a partner in the business. In the current year, the holding was further diluted to 44.08%.
[4] Capital contributions made to ABHI are recognised by the Group as and when contributions occur. As a result of the three-month lag applied to the results of ABHI, the NAV of ABHI does not reflect capital contributions made by the Group during the last three months of the financial year and as such is disclosed as a reconciling item.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 FINANCIAL ASSETS

Refer to note 44.7, 44.8 and 44.9 for the accounting policies relating to this note.

The Group classifies its financial assets into the following categories:

- Financial assets at FVPL.
- Financial assets at amortised cost.

The classification is based on contractual cash flows characteristics and models through which financial instruments are managed (business model). Management determines the classification of its financial assets at initial recognition.

Critical judgements and estimates

Management applies judgement to the valuation of certain level 2 and level 3 financial assets, which include the Group's venture capital investments, where the market is inactive. Refer to note 42 for more information.

The assessment of significant increase in credit risk to calculate the expected credit loss for assets carried at amortised cost is performed by determining the risk of default over the expected lifetime of an instrument. Management applies judgement to the probability of default and loss given default. Refer to note 7.5 for more information.

In determining the requirements of IFRS 10 – Consolidated financial statements, the Group considers control over the fund manager to be a key aspect in determining whether a CIS is controlled by the Group or not. Where the funds are managed by Group owned fund managers and the Group holds 20% or more in these funds, it is viewed to have control of the fund. Where the control criteria are not met, the criteria for joint control and significant influence are considered.

		2024 Rm	Restated 2023[1] Rm
	The Group's financial assets are summarised below:		
7.1	**Financial assets at FVPL**	**621 452**	551 705
7.2	**Financial assets at amortised cost**	**7 628**	9 099
7.3	**Cash and cash equivalents**	**33 898**	32 958
	Total financial assets	**662 978**	593 762
7.1	**Financial assets at FVPL**		
	Unit-linked investments	**247 368**	216 300
	Debt securities[1, 2]	**212 014**	184 617
	Equity securities	**125 214**	114 692
	Carry positions	**15**	56
	Funds on deposit and other money market instruments	**34 639**	33 695
	Derivative financial assets	**2 202**	2 345
		621 452	551 705
	Open-ended	**325 555**	288 199
	Current[3]	**119 101**	110 564
	Non-current	**176 796**	152 942
	1 to 5 years[3]	**64 827**	62 733
	5 to 10 years	**29 448**	22 292
	> 10 years	**82 521**	67 917
		621 452	551 705

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

[2] Refer to note 37.2 for more information on the global transition to alternative benchmark rates.

[3] The maturity disclosed for 30 June 2023 was restated to reallocated R896 million from Non-current 1 to 5 years to Current.

7 FINANCIAL ASSETS CONTINUED

7.1 Financial assets at FVPL continued

General

The open-ended maturity category includes investment assets such as listed and unlisted equities, unit-linked investments and other non-term instruments. For these instruments, management is unable to provide a reliable estimate of maturity, given factors such as the volatility of the respective markets and policyholder behaviour.

A schedule of equity securities is available for inspection at the Company's registered office.

	2024		Restated 2023[1]	
Derivative financial instruments	**Assets Rm**	**Liabilities Rm**	**Assets Rm**	**Liabilities Rm**
Held for trading	**2 202**	**2 752**	2 345	3 354

[1] The prior year has been restated. Refer to note 45 for more information.

As part of its asset and liability management, the Group purchases derivative financial instruments to reduce the exposure of policyholder and shareholder assets to market risks and to match the liabilities arising on insurance contracts.

Under no circumstances are derivative contracts entered into for speculative purposes.

The following table shows the fair value of derivative financial instruments recorded as assets or liabilities, together with their effective exposure. Effective exposure is the exposure of a derivative financial contract or instrument to the underlying asset by also taking delta (the ratio comparing the change in the price of the underlying asset to the corresponding change in the price of a derivative) into account, where applicable.

The mark-to-market value of a derivative does not give an indication of the effective exposure of portfolios to changes in market values of that derivative position. The effective exposure of a derivative position reflects the equivalent amount of the underlying security that would provide the same profit or loss as the derivative position, given an incremental change in the price of the underlying security. A derivative position is translated into the equivalent physical holding, or its market value, which provides a meaningful measure in respect of asset allocation. For example:

- The market value for swaps, such as interest rate swaps.
- The underlying market value represented by futures contracts.
- The delta adjusted effective exposure derived from an option position.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 FINANCIAL ASSETS CONTINUED

7.1 Financial assets at FVPL continued

	2024			Restated 2023[1]		
	Effective exposure Rm	Assets Rm	Liabilities Rm	Effective exposure Rm	Assets Rm	Liabilities Rm
Derivatives held for trading						
Equity derivatives		547	41		421	44
Options, OTC	–	1	3	–	12	12
Options, exchange traded	97	379	–	596	389	–
Futures, OTC	1 365	1	8	395	–	–
Futures, exchange traded[2]	1 991	17	20	1 589	9	1
Swaps, OTC	139	149	10	(21)	11	31
CFD, OTC	1 166	–	–	504	–	–
Interest rate derivatives		1 346	1 739		1 828	2 081
Options, OTC	–	–	–	1	3	2
Futures, exchange traded	–	–	2	–	–	–
Swaps, OTC	(435)	1 344	1 737	(262)	1 819	2 066
Forward rate agreement, OTC	1	2	–	(7)	6	13
Bonds		275	88		45	131
Options, exchange traded	29	–	–	149	–	–
Futures, OTC	6 448	272	88	(3 809)	40	130
Futures, exchange traded[2]	6 506	3	–	6 465	5	1
Credit derivatives		–	9		–	17
Swaps, OTC	(9)	–	9	(17)	–	17
Currency derivatives		34	875		51	1 081
Options, OTC	–	12	12	(281)	46	82
Futures, OTC	56 897	22	15	695	7	–
Futures, exchange traded	(1 250)	–	5	(786)	–	25
Swaps, OTC	(843)	–	843	(971)	(1)	972
CFD, OTC	–	–	–	–	(1)	2
Options, exchange traded	(100)	–	–	(233)	–	–
Total derivative financial instruments		**2 202**	**2 752**		2 345	3 354

1 The prior year has been restated. Refer to note 45 for more information.
2 Upon further investigation it was concluded that equity derivatives (futures, exchange traded) effective exposure was understated by R91 million. June 2023 has been restated accordingly. Upon further investigation it was concluded that commodity derivatives (futures, exchange traded) incorrectly disclosed an effective exposure R548 334 million, that should have been disclosed as bonds (futures, exchange traded) with an exposure of R439 million. June 2023 has been restated accordingly.

At their inception, derivatives often involve only a mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Group.

Over-the-counter (OTC) derivatives may expose the Group to the risks associated with the absence of an exchange market on which to close out an open position.

The Group's exposure under derivative contracts is closely monitored as part of the overall management of the Group's market risk.

7 FINANCIAL ASSETS CONTINUED

7.1 Financial assets at FVPL continued

Offsetting

The following financial instruments are subject to offsetting, enforceable master netting arrangements and similar agreements:

	2024 Rm	Restated 2023[1] Rm
Derivative financial assets		
Gross and net amounts of recognised financial assets	**2 202**	2 345
Related amounts not set off in the statement of financial position		
Financial instruments	**(1 093)**	(1 434)
Cash collateral received	**(1 170)**	(385)
Net amount	**(61)**	526
Derivative financial liabilities		
Gross and net amounts of recognised financial liabilities	**2 752**	3 354
Related amounts not set off in the statement of financial position		
Financial instruments	**(1 093)**	(1 430)
Cash collateral issued	**(469)**	(677)
Net amount	**1 190**	1 247

[1] The prior year has been restated. Refer to note 45 for more information.

7.2 Financial assets at amortised cost

	2024 Rm	Restated 2023[1] Rm
Unsettled trades	**1 167**	2 280
Accounts receivable	**5 227**	5 133
Less: provision for impairment	**(148)**	(155)
Debt securities[2]	**332**	411
Less: provision for impairment	**(70)**	(106)
Funds on deposit and other money market instruments[2]	**227**	234
Less: provision for impairment	**(46)**	(53)
Loans	**939**	1 355
Related party loans		
Empowerment partners	**–**	264
Loans due from associates	**15**	53
Preference shares[2]	**36**	36
Staff loans	**46**	61
Other related party loans	**192**	189
Less: provision for impairment	**(94)**	(87)
Other loans		
Policy loans related to investment contracts	**29**	31
Due from agents, brokers and intermediaries	**303**	250
Less: provision for impairment	**(92)**	(71)
Other[3]	**504**	629
Total financial assets at amortised cost	**7 628**	9 099
Open-ended	**–**	90
Current	**6 991**	8 302
Non-current	**637**	707
	7 628	9 099

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

[2] Refer to note 37.2 for more information on the global transition to alternative benchmark rates.

[3] Includes loans advanced of R32 million (2023: R157 million) of which R112 million (2023: R139 million) relates to drawdowns made from an account to fund a property development by a subsidiary, R269 million (2023: R272 million) in respect of underlying assets in a credit fund classified as a CIS, and R68 million (2023: R76 million) relates to fully secured loans advanced to clients with investment holdings.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 FINANCIAL ASSETS CONTINUED

7.2 Financial assets at amortised cost continued

Unsettled trades result from transactions that Portfolio Managers enter into on behalf of the various subsidiaries in the Group in accordance with discretionary portfolio management agreements. The Group's accounting policy is to recognise purchases and sales of financial assets on the trade date, i.e. the date on which the Group commits to purchase or sell the financial asset. All trade transactions that the Group enters into before the last day of the reporting period, i.e. 30 June, but where the settlement will only occur after the reporting period, are reported as unsettled trades. This is applied to both purchases and sales across all entities in the Group. As a result of the nature of these type of transactions, the unsettled trades balances can fluctuate significantly year-on-year.

Reconciliation of expected credit losses	Accounts receivable Rm	Debt securities Rm	Funds on deposit and other money market instruments Rm	Other related party loans Rm	Due from agents, brokers and inter-mediaries Rm	Total Rm
2024						
Balance at beginning	**(155)**	**(106)**	**(53)**	**(87)**	**(71)**	**(472)**
Additional provision	**(22)**	**–**	**–**	**(4)**	**(12)**	**(38)**
Reversed to the income statement	**29**	**8**	**2**	**–**	**1**	**40**
Other[1]	**–**	**28**	**5**	**(3)**	**(10)**	**20**
Balance at end	**(148)**	**(70)**	**(46)**	**(94)**	**(92)**	**(450)**
2023						
Balance at beginning	(143)	–	(31)	(51)	(84)	(309)
Additional provision	(21)	(101)	(20)	(40)	–	(182)
Reversed to the income statement	5	–	–	1	18	24
Sale of business	10	–	–	–	–	10
Other[1]	(6)	(5)	(2)	3	(5)	(15)
Balance at end	(155)	(106)	(53)	(87)	(71)	(472)

[1] Includes FCTR movements, foreign exchange gains/losses, and amounts written off as bad debt.

Terms and conditions of material loans

- The loan to empowerment partners of R264 million in the prior year related to A3 preference shares acquired on 2 December 2011 in Off the Shelf Investments 108 (Pty) Ltd (OTSI 108) (a KTH subsidiary) for R316 million. Given the financial substance of the KTH subsidiary and the commercial terms attached to the funding arrangement, there was sufficient security in the Company that the Group had not carried the risks and rewards of the shares that were funded by the loan. The loan was therefore not accounted for as an option under IFRS 2 and was recognised as a receivable carried at amortised cost. Interest was charged at 85% of the prime interest rate of South Africa and the preference shares had a repayment date of 30 June 2024 (after extending the terms for a further 9 months in the current year).

  In 2019, the Company subscribed for a cumulative, redeemable preference share in OTSI 108 for a nominal value of R100. This is linked to the A3 preference shares, first acquired in 2011. This was accounted for as a financial asset at FVPL. The fair value at the end of the prior year was Rnil.

  In the current year, the A3 preference shares were converted to Momentum Group Ltd ordinary shares. The cumulative, redeemable preference share in OTSI 108 was also redeemed. As a result, the loan to empowerment partners was settled.

Refer to note 7.5 for the split of the credit risk and expected credit loss allowances into stages.

	2024 Rm	Restated 2023[1] Rm
7.3 Cash and cash equivalents		
Bank and other cash balances	**18 714**	15 929
Funds on deposit and other money market instruments – maturity < 90 days	**15 184**	17 029
	33 898	32 958

[1] The prior year has been restated. Refer to note 45 for more information.

Expected credit loss on cash and cash equivalents is immaterial.

The Group has access to a R400 million committed preference share facility concluded in the prior year. No drawdowns have been effected in the current year.

7 FINANCIAL ASSETS CONTINUED

Financial assets summarised by measurement category in terms of IFRS 9 – Financial instruments	FVPL Mandatorily Rm	FVPL Designated[1] Rm	FVPL Total fair value Rm	Amortised cost Rm	Total Rm
7.4 Financial assets measurement					
2024					
Unit-linked investments	**247 368**	**–**	**247 368**	**–**	**247 368**
Debt securities	**43 112**	**168 902**	**212 014**	**262**	**212 276**
Equity securities[2]	**125 214**	**–**	**125 214**	**–**	**125 214**
Carry positions	**–**	**15**	**15**	**–**	**15**
Funds on deposit and other money market instruments	**20 235**	**14 404**	**34 639**	**181**	**34 820**
Derivative financial assets	**2 202**	**–**	**2 202**	**–**	**2 202**
Financial assets at amortised cost	**–**	**–**	**–**	**7 185**	**7 185**
Cash and cash equivalents	**–**	**–**	**–**	**33 898**	**33 898**
Total financial assets	**438 131**	**183 321**	**621 452**	**41 526**	**662 978**
Restated 2023[3]					
Unit-linked investments	216 300	–	216 300	–	216 300
Debt securities	40 948	143 669	184 617	305	184 922
Equity securities[2]	114 692	–	114 692	–	114 692
Carry positions	–	56	56	–	56
Funds on deposit and other money market instruments	15 814	17 881	33 695	181	33 876
Derivative financial assets	2 345	–	2 345	–	2 345
Financial assets at amortised cost	–	–	–	8 613	8 613
Cash and cash equivalents	–	–	–	32 958	32 958
Total financial assets	390 099	161 606	551 705	42 057	593 762

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

2 Equity securities are classified as FVPL at inception. The Group has elected to apply IAS 32.33A. Included in Equity securities at FVPL are Momentum Group Ltd shares of R614 million (2023: R340 million).

3 The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

Business model assessment

The Group's financial asset classification is determined based on the contractual cash flows characteristics and models through which financial instruments are managed (business model). The Group has a number of subsidiaries which range from life companies, non-life companies and CISs which are consolidated. The level at which the business model assessment is done is determined by Group and is on a portfolio level.

Life insurance companies

Financial assets mandatorily at FVPL
All shareholder assets are managed to maximise shareholder value creation on a long-term sustainable basis through the optimised taking or minimising of market risk borne by shareholders, across the Group. Shareholder value creation is measured on a basis that is risk adjusted, i.e. returns achieved must fully compensate their associated risk profile, taking into account the earnings at risk, economic value at risk and solvency at risk perspectives. These assets are managed on a fair value basis and are classified mandatorily at FVPL.

Financial assets designated at FVPL
Debt securities and funds on deposit and other money market instruments that back policyholder liabilities are designated at FVPL to eliminate or reduce accounting mismatch.

- Certain policyholder fixed income assets follow an enhanced immunisation strategy which implies that while the inherent risk is well managed the cash flows would not be strictly matched. The strategy therefore involves buying and selling securities to keep the risks within risk limits and to meet contractual liability flows.
- Other policyholder fixed income assets are managed in accordance with an Investment Management Agreement (IMA) that does not allow fund managers to enter into activities which are deemed to be speculative or profit-taking in nature. These fixed income instruments are purchased with the intent of achieving stated investment return objectives through capital return and interest income. Portfolio managers sell these assets from time to time to honour contractual liabilities or to manage inherent market risk factors.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 FINANCIAL ASSETS CONTINUED

7.4 Financial assets measurement continued

Business model assessment continued

Other companies

The rest of the Group's operating activities include non-life, health and asset management services. The business model assessments on the financial assets were done within the individual entities, using Group methodology.

Consolidated CISs

A number of CISs are consolidated into the Group. Refer to note 40 for a list of significant schemes. The majority of these funds are held with an objective of capital growth. For those funds not held for capital growth, a look-through basis is applied to determine the business model. The majority of the underlying assets are sold before maturity and the fund's performance and management fee is based on the fair value of the underlying assets and therefore have been classified mandatorily at FVPL.

Impairment

The impairment of financial assets is based on assumptions about risk of default and expected loss rates, which include the estimation of future cash flows and the significant increase in credit risk. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculations, based on the Group's history, existing market conditions, as well as forward-looking estimates at the end of each reporting period. Refer to note 7.2 and 7.5 for more detail.

7.5 Credit risk

Refer to note 38 for detail on the credit risk management.

Credit risk exposure arising from financial assets

The Group's maximum exposure to credit risk, without considering any collateral or credit enhancements, is through the following classes of assets, and is equal to their carrying amounts:

	2024 Rm	Restated 2023[1] Rm
Financial assets at FVPL		
Debt securities	**212 014**	184 617
Stock and loans to government and other public bodies	**109 677**	91 834
Other debt instruments[2]	**102 337**	92 783
Funds on deposit and other money market instruments[2]	**34 639**	33 695
Unit-linked investments (categorised as interest-bearing and money market – refer to note 41)	**26 302**	14 703
CISs	**24 711**	13 192
Other unit-linked investments	**1 591**	1 511
Derivative financial assets – held for trading	**2 202**	2 345
Carry positions	**15**	56
Financial assets at amortised cost	**7 628**	9 099
Unsettled trades	**1 167**	2 280
Accounts receivable	**5 079**	4 978
Debt securities	**262**	305
Funds on deposit and other money market instruments	**181**	181
Loans	**939**	1 355
Cash and cash equivalents	**33 898**	32 958
Total financial assets bearing credit risk	**316 698**	277 473

1 The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

2 Amandla Renewable Energy Fund (RF) (Pty) Ltd holds collateral in respect of preference shares held by the associated special purpose vehicle, Amandla Ilanga SPV (RF) (Pty) Ltd ("Amandla Ilanga SPV"). The security has subsequently been ceded to the holder of the senior preference shares issued by the special purpose vehicle as part of initially securing the senior funding. The material terms of the security cession include that the bare dominium in respect of the asset remains with the cedent and the cessionary only receives the right to sell the security upon default as well as only to the extent that value is owed by the cedent in terms of the cession agreement. The fair value of the security ceded is R662 million (2023: R606 million).

7 FINANCIAL ASSETS CONTINUED

7.5 Credit risk continued

Staging definitions

Stage	Unsettled trades and accounts receivable	Debt securities and funds on deposit and other money market instruments	Loans	Due from agents, brokers and intermediaries	Basis for recognition of expected credit loss provision
Stage 1	• Low risk of default • Strong capability to meet contractual payments	• Low risk of default • Strong capability to meet contractual payments	• Loans are recoverable • Low risk of default • Strong capability to meet contractual payments • Repayment of interest and capital payments in line with terms of agreements • No restructuring of the loan has occurred	• Low risk of default • Strong capability to meet contractual payments	12 months expected losses
Stage 2	• Significant increase in credit risk • Repayments are more than 30 days and less than 90 days past due	• Financial assets move to stage 2 if the instruments' investment grade falls with two rating grades	• Loans are recoverable • Repayment of interest and capital not in line with the terms of agreements, i.e. more than 30 days past due • Loans have been restructured due to the inability to repay interest and capital. The requirement for a restructure of this nature indicates deterioration of credit quality, which results in the loan being classified as stage 2 • Deterioration of credit quality	• Significant increase in credit risk • Repayments are more than 30 days and less than 90 days past due	Lifetime expected losses
Stage 3	• Significant increase in credit risk • Repayments are more than 90 days past due	• Financial assets move to stage 3 if the instruments' investment grade falls an additional two rating grades since classified as stage 2	• Loans are partially recoverable • Loan is in default, i.e. repayment of interest and capital payments are not in line with the terms of the agreement and default relates to amounts 90 days past due • Significant deterioration in credit quality	• Broker balances are more than 90 days past due or where legal action has been taken • Out-of-service brokers and financial planners	Lifetime expected losses
Written off	Long outstanding amounts due are evaluated on a case by case basis and would generally be written off when there is no alternative for the debtor to return to solvency and/or legal action taken was unsuccessful.				

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 FINANCIAL ASSETS CONTINUED

7.5 Credit risk continued

Significant increase in credit risk	Criteria
Unsettled trades, accounts receivable, due from agents, broker and intermediaries and loans	To determine a significant change in credit risk both historical data and forward-looking information is taken into account. This includes existing or expected adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations, a breach of contract, significant changes in the value of any collateral supporting the obligation and reductions in financial support from a parent entity.
Debt securities and funds on deposit and other money market instruments	Significant increase in credit risk means that the credit rating of the instrument has dropped by two ratings.

Financial asset	Impairment information
Unsettled trades and accounts receivable	Impairment of accounts receivable is based on the recoverability of balances grouped together based on shared credit risk characteristics, e.g. instrument type. Balances generally relate to amounts where the timing of settlement is within one month. Historic payments as well as forward-looking information is also taken into account.
Debt securities and funds on deposit and other money market instruments	The expected credit loss is calculated using information extracted from the reports published by the rating agencies annually.
Loans	For related party loans the solvency of the counterparty is taken into account as well as any collateral held. Policy loans are collateralised by the insurance policy and therefore the expected credit loss is negligible.
Due from agents, brokers and intermediaries	Impairment of amounts due from agents, brokers and intermediaries is mainly due to intermediaries moving to out-of-service status and unproductive agent accounts.

7 FINANCIAL ASSETS CONTINUED

7.5 Credit risk continued

Credit risk balances – expected credit loss	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Total Rm
2024				
Financial assets at amortised cost				
Unsettled trades	**1 167**	**–**	**–**	**1 167**
Accounts receivable	**5 076**	**45**	**106**	**5 227**
Provision for impairment	**(77)**	**(6)**	**(65)**	**(148)**
Debt securities	**–**	**–**	**332**	**332**
Provision for impairment	**–**	**–**	**(70)**	**(70)**
Funds on deposit and other money market instruments	**97**	**20**	**110**	**227**
Provision for impairment	**(12)**	**(3)**	**(31)**	**(46)**
Policy loans related to investment contracts	**29**	**–**	**–**	**29**
Due from agents, brokers and intermediaries	**114**	**–**	**189**	**303**
Provision for impairment	**(8)**	**–**	**(84)**	**(92)**
Related party loans and other	**633**	**22**	**138**	**793**
Provision for impairment	**(1)**	**–**	**(93)**	**(94)**
	7 018	**78**	**532**	**7 628**
Restated 2023[1]				
Financial assets at amortised cost				
Unsettled trades	2 280	–	–	2 280
Accounts receivable	4 860	79	194	5 133
Provision for impairment	(62)	(1)	(92)	(155)
Debt securities	75	–	336	411
Provision for impairment	–	–	(106)	(106)
Funds on deposit and other money market instruments	43	–	191	234
Provision for impairment	–	–	(53)	(53)
Policy loans related to investment contracts	31	–	–	31
Due from agents, brokers and intermediaries	59	1	190	250
Provision for impairment	(23)	–	(48)	(71)
Related party loans and other	1 100	1	131	1 232
Provision for impairment	–	–	(87)	(87)
	8 363	80	656	9 099

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

The Group's maximum exposure to credit risk balances for financial assets at amortised cost relate to unrated counterparties, except for:

- Funds on deposit and other money market instruments totalling R110 million (2023: R114 million), included in stage 3, and associated impairment of R31 million (2023: R31 million), issued by a B-rated counterparty.
- Funds on deposit and other money market instruments totalling Rnil (2023: R78 million), included in stage 3, and associated impairment of Rnil (2023: R22 million), issued by a CCC-rated counterparty.
- Funds on deposit and other money market instruments totalling R20 million (2023: Rnil), included in stage 2, and associated impairment of R3 million (2023: Rnil), issued by a CCC-rated counterparty.
- Funds on deposit and other money market instruments totalling R15 million (2023: R14 million), included in stage 1, issued by a B-rated counterparty.
- Funds on deposit and other money market instruments totalling R82 million (2023: R28 million), included in stage 1, and associated impairment of R12 million (2023: Rnil) issued by a CCC-rated counterparty.
- Debt securities totalling R332 million (2023: R336 million), included in stage 3, and associated impairment of R70 million (2023: R106 million), which relates to government stock issued by a country with a sovereign rating of CCC.
- Debt securities totalling Rnil (2023: R75 million), included in stage 1, which relates to government stock issued by a country with a sovereign rating of CCC.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 FINANCIAL ASSETS CONTINUED

7.5 Credit risk continued

Reconciliation of expected credit losses	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Total Rm
2024				
Accounts receivable				
Opening balance	**(62)**	**(1)**	**(92)**	**(155)**
Transfer between stages	**–**	**–**	**–**	**–**
Movement recognised in the income statement	**(18)**	**–**	**25**	**7**
Other	**3**	**(5)**	**2**	**–**
Closing balance	**(77)**	**(6)**	**(65)**	**(148)**
Debt securities				
Opening balance	**–**	**–**	**(106)**	**(106)**
Transfer between stages	**–**	**–**	**–**	**–**
Movement recognised in the income statement	**–**	**–**	**8**	**8**
Other	**–**	**–**	**28**	**28**
Closing balance	**–**	**–**	**(70)**	**(70)**
Funds on deposit and other money market instruments				
Opening balance	**–**	**–**	**(53)**	**(53)**
Movement recognised in the income statement	**–**	**–**	**2**	**2**
Transfer between stages	**(14)**	**(3)**	**17**	**–**
Other	**2**	**–**	**3**	**5**
Closing balance	**(12)**	**(3)**	**(31)**	**(46)**
Due from agents, brokers and intermediaries				
Opening balance	**(23)**	**–**	**(48)**	**(71)**
Movement recognised in the income statement	**24**	**–**	**(35)**	**(11)**
Other	**(9)**	**–**	**(1)**	**(10)**
Closing balance	**(8)**	**–**	**(84)**	**(92)**
Related party loans and other				
Opening balance	**–**	**–**	**(87)**	**(87)**
Movement recognised in the income statement	**(4)**	**–**	**–**	**(4)**
Other	**3**	**–**	**(6)**	**(3)**
Closing balance	**(1)**	**–**	**(93)**	**(94)**
Restated 2023[1]				
Accounts receivable				
Opening balance	(51)	(2)	(90)	(143)
Transfer between stages	10	(1)	(9)	–
Movement recognised in the income statement	(21)	2	3	(16)
Other	–	–	4	4
Closing balance	(62)	(1)	(92)	(155)
Debt securities				
Opening balance	–	–	–	–
Movement recognised in the income statement	–	–	(101)	(101)
Other	–	–	(5)	(5)
Closing balance	–	–	(106)	(106)
Funds on deposit and other money market instruments				
Opening balance	–	–	(31)	(31)
Movement recognised in the income statement	–	–	(20)	(20)
Other	–	–	(2)	(2)
Closing balance	–	–	(53)	(53)
Due from agents, brokers and intermediaries				
Opening balance	(76)	–	(8)	(84)
Movement recognised in the income statement	47	–	(29)	18
Other	6	–	(11)	(5)
Closing balance	(23)	–	(48)	(71)
Related party loans and other				
Opening balance	–	–	(51)	(51)
Transfer between stages	–	–	3	3
Movement recognised in the income statement	–	–	(39)	(39)
Closing balance	–	–	(87)	(87)

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1 for more information.

There were no significant changes to the gross carrying amounts of the financial assets during the current and prior year that resulted in changes in the expected credit loss allowances due to significant increases in credit risk.

7 FINANCIAL ASSETS CONTINUED

7.5 Credit risk continued

Sensitivities

Accounts receivable and due from agents, brokers and intermediaries	As most of the balances in stage 1 are short-term in nature and majority of the balance in stage 3 has been provided for, the impairment amount for stages 1 and 3 are not considered to be sensitive to changes in the forward-looking information. A deterioration of the forward-looking information for balances in stage 2 is also not expected to be material as the gross amounts are not material.
Debt securities and funds on deposit and other money market instruments	Considered to have low credit risk and therefore the expected credit loss is not considered to be sensitive.
Loans	Most of the loan balances outstanding are considered to have low credit risk as the borrower has a strong capacity to meet its obligations and has a low risk of default. The expected credit loss is therefore not considered to be sensitive to changes in forward-looking information.

Credit quality of financial assets

The assets in the Group's maximum exposure table on the previous page are analysed in the table below, using national scale long-term credit ratings issued by rating agencies, or national scale ratings generated by an internal model where rating agency ratings are not available. The internal rating scale is based on internal definitions and influenced by definitions published by external rating agencies including Moody's, Standard & Poor's (S&P) and Global Credit Rating (GCR). Refer to Annexure A for the definitions used in this section.

	AAA Rm	AA Rm	A Rm	BBB Rm	BB Rm	B Rm	CCC Rm	CC Rm	C Rm	Unrated Rm	Total Rm
2024											
Financial assets at FVPL											
Debt securities											
Stock and loans to government and other public bodies	95 908	3 941	4 999	–	1 095	382	121	–	–	3 231	109 677
Other debt instruments	33 514	55 813	7 360	2 686	182	25	97	–	2	2 658	102 337
Derivative financial assets	146	1 699	24	–	–	–	–	–	–	333	2 202
Carry positions	–	–	–	–	–	–	–	–	–	15	15
Debt securities and funds on deposit and other money market instruments at amortised cost	–	–	–	–	–	95	348	–	–	–	443
Cash and cash equivalents and funds on deposit and money market instruments	16 862	43 856	5 288	1 181	542	–	17	300	–	491	68 537
Other unrated instruments											
Other financial assets at amortised cost	–	–	–	–	–	–	–	–	–	7 185	7 185
Unit-linked investments	–	–	–	–	–	–	–	–	–	26 302	26 302
	146 430	105 309	17 671	3 867	1 819	502	583	300	2	40 215	316 698
Restated 2023[1]											
Financial assets at FVPL											
Debt securities											
Stock and loans to government and other public bodies	77 807	6 210	4 831	228	982	477	155	–	97	1 047	91 834
Other debt instruments	24 773	54 272	8 381	2 006	53	188	101	–	–	3 009	92 783
Derivative financial assets	206	1 736	18	7	23	–	–	–	–	355	2 345
Carry positions	–	–	–	–	–	–	–	–	–	56	56
Debt securities and funds on deposit and other money market instruments at amortised cost	–	–	–	–	–	97	389	–	–	–	486
Cash and cash equivalents and funds on deposit and money market instruments	14 391	44 667	5 045	1 272	117	52	–	–	–	1 109	66 653
Other unrated instruments											
Other financial assets at amortised cost	–	–	–	–	–	–	–	–	–	8 613	8 613
Unit-linked investments	–	–	–	–	–	–	–	–	–	14 703	14 703
	117 177	106 885	18 275	3 513	1 175	814	645	–	97	28 892	277 473

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 FINANCIAL ASSETS CONTINUED

7.6 Financial assets hierarchy

Refer to note 42 for the valuation techniques relating to this note.

The following table provides an analysis of the assets at fair value into the various levels:

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
2024				
Securities at FVPL	446 897	168 688	5 867	621 452
Unit-linked investments				
CISs[1]				
Local unlisted or listed quoted	145 101	525	–	145 626
Local unlisted unquoted	–	117	–	117
Foreign unlisted or listed quoted	81 398	412	31	81 841
Foreign unlisted unquoted	–	1 524	74	1 598
Other unit-linked investments				
Local unlisted or listed quoted	4 587	13	–	4 600
Local unlisted unquoted	–	9 345	2 432	11 777
Foreign unlisted or listed quoted	542	–	–	542
Foreign unlisted unquoted	–	20	1 247	1 267
Debt securities				
Stock and loans to government and other public bodies				
Local listed	87 671	7 950	–	95 621
Foreign listed	3 531	5 198	–	8 729
Unlisted	–	3 981	1 345	5 326
Other debt instruments				
Local listed	11	43 335	37	43 383
Foreign listed	6	16 304	64	16 374
Unlisted	–	42 368	213	42 581
Equity securities				
Local listed	69 951	–	4	69 955
Foreign listed	54 009	917	74	55 000
Unlisted	–	52	207	259
Funds on deposit and other money market instruments	1	34 638	–	34 639
Carry positions	–	15	–	15
Derivative financial assets – held for trading	89	1 974	139	2 202
	446 897	168 688	5 867	621 452

[1] CISs are classified as level 1 when there is an active market of transactions between investors and CISs based on a published price.

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

7 FINANCIAL ASSETS CONTINUED

7.6 Financial assets hierarchy continued

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Restated 2023[1]				
Securities at FVPL	387 594	158 178	5 933	551 705
Unit-linked investments				
CISs[2]				
Local unlisted or listed quoted	126 990	1 525	–	128 515
Local unlisted unquoted	–	98	–	98
Foreign unlisted or listed quoted	69 729	361	66	70 156
Foreign unlisted unquoted	–	1 645	43	1 688
Other unit-linked investments				
Local unlisted or listed quoted[3]	3 987	–	–	3 987
Local unlisted unquoted[3]	–	7 508	2 621	10 129
Foreign unlisted or listed quoted	469	–	–	469
Foreign unlisted unquoted	–	20	1 238	1 258
Debt securities				
Stock and loans to government and other public bodies				
Local listed	69 911	8 819	–	78 730
Foreign listed	2 722	4 697	–	7 419
Unlisted	–	4 236	1 449	5 685
Other debt instruments				
Local listed	–	42 003	43	42 046
Foreign listed[4]	36	10 561	64	10 661
Unlisted[4, 5]	–	40 006	70	40 076
Equity securities				
Local listed	69 028	–	2	69 030
Foreign listed	44 639	772	36	45 447
Unlisted	–	38	177	215
Funds on deposit and other money market instruments	6	33 689	–	33 695
Carry positions	–	56	–	56
Derivative financial assets – held for trading	77	2 144	124	2 345
	387 594	158 178	5 933	551 705

1 The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

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

3 R372 million Other unit-linked investments were incorrectly classified as Local unlisted unquoted instead of Local unlisted or listed quoted. 30 June 2023 has been restated accordingly.

4 a) Inward listed instruments are deemed foreign by the SARB, as such the Group also classifies these instruments as foreign for reporting purposes. R1 063 million Other debt instruments were previously incorrectly classified as Local unlisted and should have been classified as Foreign listed. 30 June 2023 has been restated accordingly.
b) Upon further investigation it was concluded that R62 million was incorrectly classified as Other debt instruments Unlisted included in level 2, which should have been included in level 3. 30 June 2023 has been restated accordingly.

5 R39 million Other debt instruments Unlisted were incorrectly classified as level 3 and should have been classified as level 2. 30 June 2023 has been restated accordingly.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 FINANCIAL ASSETS CONTINUED

7.6 Financial assets hierarchy continued

The following table provides a reconciliation of the fair value of the level 3 assets:

	At FVPL				
	Unit-linked investments Rm	Debt securities Rm	Equity securities Rm	Derivative financial assets Rm	Total Rm
2024					
Opening balance	**3 968**	**1 626**	**215**	**124**	**5 933**
Total (losses)/gains in net realised and unrealised fair value gains in the income statement					
Realised gains/(losses)	**80**	**(2)**	**3**	**–**	**81**
Unrealised (losses)/gains	**(361)**	**(575)**	**9**	**20**	**(907)**
Foreign exchange adjustments	**(2)**	**–**	**(2)**	**(5)**	**(9)**
Accrued interest in investment income in the income statement	**–**	**139**	**–**	**–**	**139**
Business combinations	**–**	**–**	**22**	**–**	**22**
Purchases	**344**	**883**	**9**	**–**	**1 236**
Sales	**(228)**	**(341)**	**(37)**	**–**	**(606)**
Settlements	**(17)**	**(97)**	**–**	**–**	**(114)**
Transfers into level 3 from level 1[1]	**–**	**–**	**34**	**–**	**34**
Transfers into level 3 from level 2[2]	**–**	**26**	**35**	**–**	**61**
Transfers out to level 2	**–**	**–**	**(3)**	**–**	**(3)**
Closing balance	**3 784**	**1 659**	**285**	**139**	**5 867**
Restated 2023					
Opening balance[3]	3 809	1 846	306	171	6 132
Total gains/(losses) in net realised and unrealised fair value gains in the income statement					
Realised gains/(losses)	26	29	(56)	–	(1)
Unrealised gains/(losses)[4]	292	(59)	49	(74)	208
Foreign exchange adjustments	10	–	4	27	41
Accrued interest in investment income in the income statement[4]	–	80	–	–	80
Purchases[3]	479	502	59	–	1 040
Sales	(611)	(827)	(32)	–	(1 470)
Settlements[4]	(37)	(154)	–	–	(191)
Transfers into level 3 from level 1	–	–	1	–	1
Transfers into level 3 from level 2[2, 4]	–	215	7	–	222
Transfers out to level 2[5]	–	(6)	(123)	–	(129)
Closing balance	3 968	1 626	215	124	5 933

1 Transfers into level 3 from level 1 relates mainly to assets with stale prices in the current year.
2 Transfers into level 3 from level 2 relates mainly to assets with stale prices in both the current and prior years.
3 Debt securities of R39 million were incorrectly classified as level 3 and should have been classified as level 2. June 2023 has been restated accordingly.
4 Upon further investigation it was concluded that R62 million was incorrectly classified as Other debt instruments Unlisted included in level 2, which should have been included in level 3. June 2023 has been restated accordingly.
5 Transfers out to level 2 relates mainly to assets with inputs to valuation techniques that are no longer stale.

The amount of total gains and losses for the year included in net realised and unrealised fair value gains in the income statement for assets held at the end of the period is R826 million loss (Restated 30.06.2023: R207 million) for the Group.

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

7 FINANCIAL ASSETS CONTINUED

7.6 Financial assets hierarchy continued

Sensitivity of significant level 3 financial assets measured at fair value to changes in key assumptions:

	At FVPL	
	Unit-linked investments Rm	**Debt securities Rm**
2024		
Carrying amount	**3 784**	**1 659**
Assumption change	**10% increase/ (decrease) in unit price**	**1% increase/ (decrease) in discount rates**
Effect of increase in assumption	**378**	**13**
Effect of decrease in assumption	**(378)**	**(18)**
2023		
Carrying amount	3 968	1 626
Assumption change	10% increase/ (decrease) in unit price	1% (increase)/ decrease in discount rates
Effect of increase in assumption	397	(12)
Effect of decrease in assumption	(397)	16

The following table provides an analysis of the fair value of financial assets not carried at fair value in the statement of financial position:

	2024		Restated 2023[1]	
	Carrying amount Rm	**Fair value Rm**	**Carrying amount Rm**	**Fair value Rm**
Financial assets at amortised cost	**7 628**	**7 628**	9 099	9 099
Unsettled trades	**1 167**	**1 167**	2 280	2 280
Accounts receivable	**5 079**	**5 079**	4 978	4 978
Debt securities	**262**	**262**	305	305
Funds on deposit and other money market instruments	**181**	**181**	181	181
Loans	**939**	**939**	1 355	1 355
Cash and cash equivalents	**33 898**	**33 898**	32 958	32 958
	41 526	**41 526**	42 057	42 057

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

Calculation of fair value

- For unsettled trades, accounts receivable, debt securities, funds on deposit and other money market instruments, loans and cash and cash equivalents, the carrying amount approximates fair value due to their short-term nature.
- The fair values in the above table are level 2.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8 OTHER RECEIVABLES

	2024 Rm	Restated 2023[1] Rm
Accelerated rental income	**382**	379
Prepayments	**507**	471
Other[2]	**531**	355
Total other receivables	**1 420**	1 205
Current	**873**	688
Non-current	**547**	517
	1 420	1 205

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.

[2] Other receivables comprise R589 million (2023: R407 million) relating to floats given to intermediaries to pay claims and an impairment provision of R58 million (2023: R52 million) raised for cells with negative net asset values.

9 INSURANCE CONTRACTS

Portfolios of insurance contract assets and liabilities

An analysis of the amounts presented on the consolidated statement of financial position for insurance contracts issued is included in the table below, along with the presentation of current and non-current portions of the net balances:

	2024			2023		
Insurance contracts issued	**Assets Rm**	**Liabilities Rm**	**Net liabilities Rm**	**Assets Rm**	**Liabilities Rm**	**Net liabilities Rm**
General measurement model	**(11 223)**	**71 376**	**60 153**	(9 391)	57 579	48 188
Variable fee approach	**(2)**	**69 610**	**69 608**	(17)	67 543	67 526
Premium allocation approach	**(104)**	**26 745**	**26 641**	(87)	27 509	27 422
Total	**(11 329)**	**167 731**	**156 402**	(9 495)	152 631	143 136
Segmental split						
Momentum Retail	**(1 438)**	**28 199**	**26 761**	(1 310)	27 876	26 566
Momentum Investments	**–**	**38 645**	**38 645**	–	29 006	29 006
Metropolitan Life	**(3 126)**	**42 399**	**39 273**	(2 905)	39 059	36 154
Momentum Corporate	**–**	**29 460**	**29 460**	–	28 410	28 410
Momentum Metropolitan Health	**(63)**	**44**	**(19)**	(60)	40	(20)
Guardrisk	**(6 444)**	**13 830**	**7 386**	(5 036)	15 216	10 180
Momentum Insure	**(30)**	**929**	**899**	(28)	1 048	1 020
Momentum Metropolitan Africa	**(228)**	**14 225**	**13 997**	(156)	11 976	11 820
Total	**(11 329)**	**167 731**	**156 402**	(9 495)	152 631	143 136
Current	**(2 482)**	**36 753**	**34 271**	(2 186)	35 133	32 947
Non-current	**(8 847)**	**130 978**	**122 131**	(7 309)	117 498	110 189
Total	**(11 329)**	**167 731**	**156 402**	(9 495)	152 631	143 136

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims, is disclosed in the tables below:

9.1.1 Total reconciliation

	Liability for remaining coverage			Liability for incurred claims for contracts under the PAA			
	Excluding loss component Rm	Loss component Rm	Liability for incurred claims for contracts not under the PAA Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Assets for insurance acquisition cash flows under the PAA Rm	Total Rm
2024							
Opening insurance contract liabilities	122 490	5 491	6 643	17 230	777	–	152 631
Opening insurance contract assets	(12 961)	2 239	1 254	–	–	(27)	(9 495)
Net opening balance	**109 529**	**7 730**	**7 897**	**17 230**	**777**	**(27)**	**143 136**
Cash flows							
Premiums received	73 240	–	–	–	–	–	73 240
Claims and other directly attributable expenses paid	–	–	(26 889)	(26 143)	–	–	(53 032)
Insurance acquisition cash flows	(8 494)	–	–	(399)	–	(28)	(8 921)
Net cash flows	**64 746**	**–**	**(26 889)**	**(26 542)**	**–**	**(28)**	**11 287**
Changes in the income statement							
Insurance revenue	(58 881)	–	–	–	–	–	(58 881)
Contracts under the fair value approach	(4 898)	–	–	–	–	–	(4 898)
Other contracts	(53 983)	–	–	–	–	–	(53 983)
Insurance service expenses	5 514	(236)	17 886	20 202	(247)	–	43 119
Incurred claims and other directly attributable expenses	–	(1 148)	17 707	18 828	(69)	–	35 318
Changes that relate to past service – adjustments to the LIC	–	–	179	975	(178)	–	976
Losses on onerous contracts and reversal of those losses	–	912	–	–	–	–	912
Insurance acquisition cash flows amortisation	5 514	–	–	–	–	–	5 514
Insurance acquisition cash flows recognised when incurred	–	–	–	399	–	–	399
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	(12 737)	–	9 333	3 402	2	–	–
Insurance service result	**(66 104)**	**(236)**	**27 219**	**23 604**	**(245)**	**–**	**(15 762)**
Finance expenses from insurance contracts issued	14 491	846	570	1 220	45	–	17 172
Other changes	(24)	–	–	–	–	–	(24)
Total changes in the income statement	**(51 637)**	**610**	**27 789**	**24 824**	**(200)**	**–**	**1 386**
Other movements	**620**	**(26)**	**–**	**(25)**	**(3)**	**27**	**593**
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	(27)	–	–	–	–	27	–
Elimination of intercompany following business combination[1]	(56)	–	–	–	–	–	(56)
Exchange rate differences	(217)	(26)	–	(22)	(3)	–	(268)
Other movements[2]	920	–	–	(3)	–	–	917
Net closing balance	**123 258**	**8 314**	**8 797**	**15 487**	**574**	**(28)**	**156 402**
Closing insurance contract liabilities	138 378	6 064	7 221	15 494	574	–	167 731
Closing insurance contract assets	(15 120)	2 250	1 576	(7)	–	(28)	(11 329)
Net closing balance	**123 258**	**8 314**	**8 797**	**15 487**	**574**	**(28)**	**156 402**

[1] The acquisition of Zestlife within the Guardrisk segment in the current year resulted in the elimination of existing contracts classified as intercompany following the consolidation of the entity.

[2] Includes the recognition of insurance contracts due to amended features on existing contracts (R911 million).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.1 Total reconciliation continued

	Liability for remaining coverage		Liability for incurred claims for contracts not under the PAA	Liability for incurred claims for contracts under the PAA		Assets for insurance acquisition cash flows under the PAA	
	Excluding loss component Rm	Loss component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Rm	Total Rm
2023							
Opening insurance contract liabilities	113 508	4 758	6 612	20 799	1 153	–	146 830
Opening insurance contract assets	(11 560)	1 749	1 447	27	1	(32)	(8 368)
Net opening balance	101 948	6 507	8 059	20 826	1 154	(32)	138 462
Cash flows							
Premiums received	68 184	–	–	–	–	–	68 184
Claims and other directly attributable expenses paid	–	–	(25 705)	(28 060)	–	–	(53 765)
Insurance acquisition cash flows	(7 660)	–	–	(351)	–	(27)	(8 038)
Net cash flows	60 524	–	(25 705)	(28 411)	–	(27)	6 381
Changes in the income statement							
Insurance revenue	(56 132)	–	–	–	–	–	(56 132)
Contracts under the fair value approach	(5 390)	–	–	–	–	–	(5 390)
Other contracts	(50 742)	–	–	–	–	–	(50 742)
Insurance service expenses	4 673	967	16 440	21 211	(433)	–	42 858
Incurred claims and other directly attributable expenses	–	(983)	16 711	20 803	(199)	–	36 332
Changes that relate to past service – adjustments to the LIC	–	–	(271)	57	(234)	–	(448)
Losses on onerous contracts and reversal of those losses	–	1 950	–	–	–	–	1 950
Insurance acquisition cash flows amortisation	4 673	–	–	–	–	–	4 673
Insurance acquisition cash flows recognised when incurred	–	–	–	351	–	–	351
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	(11 884)	–	8 716	3 154	14	–	–
Insurance service result	(63 343)	967	25 156	24 365	(419)	–	(13 274)
Finance expenses from insurance contracts issued	10 462	241	416	639	40	–	11 798
Other changes	–	–	–	–	–	–	–
Total changes in the income statement	(52 881)	1 208	25 572	25 004	(379)	–	(1 476)
Other movements	(62)	15	(29)	(189)	2	32	(231)
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	(32)	–	–	–	–	32	–
Contracts transferred on disposal of subsidiary (refer to note 27.5)	(157)	–	(33)	(209)	–	–	(399)
Exchange rate differences	127	15	4	20	2	–	168
Other movements	–	–	–	–	–	–	–
Net closing balance	109 529	7 730	7 897	17 230	777	(27)	143 136
Closing insurance contract liabilities	122 490	5 491	6 643	17 230	777	–	152 631
Closing insurance contract assets	(12 961)	2 239	1 254	–	–	(27)	(9 495)
Net closing balance	109 529	7 730	7 897	17 230	777	(27)	143 136

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.2 General measurement model reconciliation

	Liability for remaining coverage		Liability for incurred claims for contracts not under the PAA	
	Excluding loss component Rm	Loss component Rm	Rm	Total Rm
2024				
Opening insurance contract liabilities	50 396	5 164	2 019	57 579
Opening insurance contract assets	(12 892)	2 239	1 262	(9 391)
Net opening balance	37 504	7 403	3 281	48 188
Cash flows				
Premiums received	29 096	–	–	29 096
Claims and other directly attributable expenses paid	–	–	(16 476)	(16 476)
Insurance acquisition cash flows	(4 965)	–	–	(4 965)
Net cash flows	24 131	–	(16 476)	7 655
Changes in the income statement				
Insurance revenue	(20 177)	–	–	(20 177)
Contracts under the fair value approach	(2 533)	–	–	(2 533)
Other contracts	(17 644)	–	–	(17 644)
Insurance service expenses	2 497	(489)	14 859	16 867
Incurred claims and other directly attributable expenses	–	(881)	14 526	13 645
Changes that relate to past service – adjustments to the LIC	–	–	333	333
Losses on onerous contracts and reversal of those losses	–	392	–	392
Insurance acquisition cash flows amortisation	2 497	–	–	2 497
Insurance acquisition cash flows recognised when incurred	–	–	–	–
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–
Investment components	(1 923)	–	1 923	–
Insurance service result	(19 603)	(489)	16 782	(3 310)
Finance expenses from insurance contracts issued	6 619	846	203	7 668
Other changes	–	–	–	–
Total changes in the income statement	(12 984)	357	16 985	4 358
Other movements	(37)	(10)	(1)	(48)
Exchange rate differences	(37)	(10)	(1)	(48)
Other movements	–	–	–	–
Net closing balance	48 614	7 750	3 789	60 153
Closing insurance contract liabilities	63 662	5 501	2 213	71 376
Closing insurance contract assets	(15 048)	2 249	1 576	(11 223)
Net closing balance	48 614	7 750	3 789	60 153

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.2 General measurement model reconciliation continued

	Liability for remaining coverage		Liability for incurred claims for contracts not under the PAA Rm	Total Rm
	Excluding loss component Rm	Loss component Rm		
2023				
Opening insurance contract liabilities	44 175	4 639	2 011	50 825
Opening insurance contract assets	(11 514)	1 749	1 447	(8 318)
Net opening balance	32 661	6 388	3 458	42 507
Cash flows				
Premiums received	24 748	–	–	24 748
Claims and other directly attributable expenses paid	–	–	(15 408)	(15 408)
Insurance acquisition cash flows	(4 551)	–	–	(4 551)
Net cash flows	20 197	–	(15 408)	4 789
Changes in the income statement				
Insurance revenue	(18 280)	–	–	(18 280)
Contracts under the fair value approach	(2 836)	–	–	(2 836)
Other contracts	(15 444)	–	–	(15 444)
Insurance service expenses	1 996	765	13 759	16 520
Incurred claims and other directly attributable expenses	–	(636)	13 662	13 026
Changes that relate to past service – adjustments to the LIC	–	–	97	97
Losses on onerous contracts and reversal of those losses	–	1 401	–	1 401
Insurance acquisition cash flows amortisation	1 996	–	–	1 996
Insurance acquisition cash flows recognised when incurred	–	–	–	–
Impairment of assets for insurance acquisition cash flows and reversal of those impairments	–	–	–	–
Investment components	(1 360)	–	1 360	–
Insurance service result	(17 644)	765	15 119	(1 760)
Finance expenses from insurance contracts issued	2 249	241	110	2 600
Other changes	–	–	–	–
Total changes in the income statement	(15 395)	1 006	15 229	840
Other movements	41	9	2	52
Exchange rate differences	41	9	2	52
Other movements	–	–	–	–
Net closing balance	37 504	7 403	3 281	48 188
Closing insurance contract liabilities	50 396	5 164	2 019	57 579
Closing insurance contract assets	(12 892)	2 239	1 262	(9 391)
Net closing balance	37 504	7 403	3 281	48 188

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

	Liability for remaining coverage		Liability for incurred claims for contracts not under the PAA Rm	Total Rm
	Excluding loss component Rm	Loss component Rm		
9.1.3 Variable fee approach reconciliation				
2024				
Opening insurance contract liabilities	62 668	251	4 624	67 543
Opening insurance contract assets	(9)	–	(8)	(17)
Net opening balance	62 659	251	4 616	67 526
Cash flows				
Premiums received	5 413	–	–	5 413
Claims and other directly attributable expenses paid	–	–	(10 413)	(10 413)
Insurance acquisition cash flows	(561)	–	–	(561)
Net cash flows	4 852	–	(10 413)	(5 561)
Changes in the income statement				
Insurance revenue	(3 949)	–	–	(3 949)
Contracts under the fair value approach	(2 365)	–	–	(2 365)
Other contracts	(1 584)	–	–	(1 584)
Insurance service expenses	135	255	3 027	3 417
Incurred claims and other directly attributable expenses	–	(63)	3 181	3 118
Changes that relate to past service – adjustments to the LIC	–	–	(154)	(154)
Losses on onerous contracts and reversal of those losses	–	318	–	318
Insurance acquisition cash flows amortisation	135	–	–	135
Insurance acquisition cash flows recognised when incurred	–	–	–	–
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–
Investment components	(7 410)	–	7 410	–
Insurance service result	(11 224)	255	10 437	(532)
Finance expenses from insurance contracts issued	7 069	–	367	7 436
Other changes	–	–	–	–
Total changes in the income statement	(4 155)	255	10 804	6 904
Other movements	748	(10)	1	739
Exchange rate differences	(163)	(10)	1	(172)
Other movements[1]	911	–	–	911
Net closing balance	64 104	496	5 008	69 608
Closing insurance contract liabilities	64 107	495	5 008	69 610
Closing insurance contract assets	(3)	1	–	(2)
Net closing balance	64 104	496	5 008	69 608

[1] Recognition of insurance contracts due to amended features on existing contracts.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.3 Variable fee approach reconciliation continued

	Liability for remaining coverage			
	Excluding loss component Rm	Loss component Rm	Liability for incurred claims for contracts not under the PAA Rm	Total Rm
2023				
Opening insurance contract liabilities	61 155	11	4 601	65 767
Opening insurance contract assets	(5)	–	–	(5)
Net opening balance	61 150	11	4 601	65 762
Cash flows				
Premiums received	5 597	–	–	5 597
Claims and other directly attributable expenses paid	–	–	(10 297)	(10 297)
Insurance acquisition cash flows	(474)	–	–	(474)
Net cash flows	5 123	–	(10 297)	(5 174)
Changes in the income statement				
Insurance revenue	(3 970)	–	–	(3 970)
Contracts under the fair value approach	(2 554)	–	–	(2 554)
Other contracts	(1 416)	–	–	(1 416)
Insurance service expenses	65	238	2 681	2 984
Incurred claims and other directly attributable expenses	–	(13)	3 049	3 036
Changes that relate to past service – adjustments to the LIC	–	–	(368)	(368)
Losses on onerous contracts and reversal of those losses	–	251	–	251
Insurance acquisition cash flows amortisation	65	–	–	65
Insurance acquisition cash flows recognised when incurred	–	–	–	–
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–
Investment components	(7 356)	–	7 356	–
Insurance service result	(11 261)	238	10 037	(986)
Finance expenses from insurance contracts issued	7 658	–	306	7 964
Other changes	–	–	–	–
Total changes in the income statement	(3 603)	238	10 343	6 978
Other movements	(11)	2	(31)	(40)
Contracts transferred on disposal of subsidiary	(79)	–	(33)	(112)
Exchange rate differences	68	2	2	72
Other movements	–	–	–	–
Net closing balance	62 659	251	4 616	67 526
Closing insurance contract liabilities	62 668	251	4 624	67 543
Closing insurance contract assets	(9)	–	(8)	(17)
Net closing balance	62 659	251	4 616	67 526

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.4 Premium allocation approach reconciliation

	Liability for remaining coverage		Liability for incurred claims			
	Excluding loss component Rm	Loss component Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Assets for insurance acquisition cash flows Rm	Total Rm
2024						
Opening insurance contract liabilities	9 426	76	17 230	777	–	27 509
Opening insurance contract assets	(60)	–	–	–	(27)	(87)
Net opening balance	9 366	76	17 230	777	(27)	27 422
Cash flows						
Premiums received	38 731	–	–	–	–	38 731
Claims and other directly attributable expenses paid	–	–	(26 143)	–	–	(26 143)
Insurance acquisition cash flows	(2 968)	–	(399)	–	(28)	(3 395)
Net cash flows	35 763	–	(26 542)	–	(28)	9 193
Changes in the income statement						
Insurance revenue	(34 755)	–	–	–	–	(34 755)
Contracts under the fair value approach	–	–	–	–	–	–
Other contracts	(34 755)	–	–	–	–	(34 755)
Insurance service expenses	2 882	(2)	20 202	(247)	–	22 835
Incurred claims and other directly attributable expenses	–	(204)	18 828	(69)	–	18 555
Changes that relate to past service – adjustments to the LIC	–	–	975	(178)	–	797
Losses on onerous contracts and reversal of those losses	–	202	–	–	–	202
Insurance acquisition cash flows amortisation	2 882	–	–	–	–	2 882
Insurance acquisition cash flows recognised when incurred	–	–	399	–	–	399
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–
Investment components	(3 404)	–	3 402	2	–	–
Insurance service result	(35 277)	(2)	23 604	(245)	–	(11 920)
Finance expenses from insurance contracts issued	803	–	1 220	45	–	2 068
Other changes	(24)	–	–	–	–	(24)
Total changes in the income statement	(34 498)	(2)	24 824	(200)	–	(9 876)
Other movements	(91)	(6)	(25)	(3)	27	(98)
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	(27)	–	–	–	27	–
Elimination of intercompany following business combination[1]	(56)	–	–	–	–	(56)
Exchange rate differences	(17)	(6)	(22)	(3)	–	(48)
Other movements	9	–	(3)	–	–	6
Net closing balance	10 540	68	15 487	574	(28)	26 641
Closing insurance contract liabilities	10 609	68	15 494	574	–	26 745
Closing insurance contract assets	(69)	–	(7)	–	(28)	(104)
Net closing balance	10 540	68	15 487	574	(28)	26 641

[1] The acquisition of Zestlife within the Guardrisk segment in the current year resulted in the elimination of existing contracts classified as intercompany following the consolidation of the entity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.4 Premium allocation approach reconciliation continued

	Liability for remaining coverage		Liability for incurred claims			
	Excluding loss component Rm	Loss component Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Assets for insurance acquisition cash flows Rm	Total Rm
2023						
Opening insurance contract liabilities	8 178	108	20 799	1 153	–	30 238
Opening insurance contract assets	(41)	–	27	1	(32)	(45)
Net opening balance	8 137	108	20 826	1 154	(32)	30 193
Cash flows						
Premiums received	37 839	–	–	–	–	37 839
Claims and other directly attributable expenses paid	–	–	(28 060)	–	–	(28 060)
Insurance acquisition cash flows	(2 635)	–	(351)	–	(27)	(3 013)
Net cash flows	35 204	–	(28 411)	–	(27)	6 766
Changes in the income statement						
Insurance revenue	(33 882)	–	–	–	–	(33 882)
Contracts under the fair value approach	–	–	–	–	–	–
Other contracts	(33 882)	–	–	–	–	(33 882)
Insurance service expenses	2 612	(36)	21 211	(433)	–	23 354
Incurred claims and other directly attributable expenses	–	(334)	20 803	(199)	–	20 270
Changes that relate to past service – adjustments to the LIC	–	–	57	(234)	–	(177)
Losses on onerous contracts and reversal of those losses	–	298	–	–	–	298
Insurance acquisition cash flows amortisation	2 612	–	–	–	–	2 612
Insurance acquisition cash flows recognised when incurred	–	–	351	–	–	351
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–
Investment components	(3 168)	–	3 154	14	–	–
Insurance service result	(34 438)	(36)	24 365	(419)	–	(10 528)
Finance expenses from insurance contracts issued	555	–	639	40	–	1 234
Other changes	–	–	–	–	–	–
Total changes in the income statement	(33 883)	(36)	25 004	(379)	–	(9 294)
Other movements	(92)	4	(189)	2	32	(243)
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	(32)	–	–	–	32	–
Contracts transferred on disposal of subsidiary	(78)	–	(209)	–	–	(287)
Exchange rate differences	18	4	20	2	–	44
Other movements	–	–	–	–	–	–
Net closing balance	9 366	76	17 230	777	(27)	27 422
Closing insurance contract liabilities	9 426	76	17 230	777	–	27 509
Closing insurance contract assets	(60)	–	–	–	(27)	(87)
Net closing balance	9 366	76	17 230	777	(27)	27 422

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

	Liability for remaining coverage		Liability for incurred claims for contracts not under the PAA	Liability for incurred claims for contracts under the PAA		Assets for insurance acquisition cash flows under the PAA	Total
	Excluding loss component Rm	Loss component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Rm	Rm
9.1.5 Total reconciliation: Momentum Retail							
2024							
Opening insurance contract liabilities	21 649	3 233	2 994	–	–	–	27 876
Opening insurance contract assets	(2 975)	866	799	–	–	–	(1 310)
Net opening balance	18 674	4 099	3 793	–	–	–	26 566
Cash flows							
Premiums received	9 654	–	–	–	–	–	9 654
Claims and other directly attributable expenses paid	–	–	(9 377)	–	–	–	(9 377)
Insurance acquisition cash flows	(1 522)	–	–	–	–	–	(1 522)
Net cash flows	8 132	–	(9 377)	–	–	–	(1 245)
Changes in the income statement							
Insurance revenue	(8 353)	–	–	–	–	–	(8 353)
Contracts under the fair value approach	(1 319)	–	–	–	–	–	(1 319)
Other contracts	(7 034)	–	–	–	–	–	(7 034)
Insurance service expenses	244	(498)	6 910	–	–	–	6 656
Incurred claims and other directly attributable expenses	–	(380)	6 668	–	–	–	6 288
Changes that relate to past service – adjustments to the LIC	–	–	242	–	–	–	242
Losses on onerous contracts and reversal of those losses	–	(118)	–	–	–	–	(118)
Insurance acquisition cash flows amortisation	244	–	–	–	–	–	244
Insurance acquisition cash flows recognised when incurred	–	–	–	–	–	–	–
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	(2 615)	–	2 615	–	–	–	–
Insurance service result	(10 724)	(498)	9 525	–	–	–	(1 697)
Finance expenses from insurance contracts issued	2 340	468	329	–	–	–	3 137
Other changes	–	–	–	–	–	–	–
Total changes in the income statement	(8 384)	(30)	9 854	–	–	–	1 440
Other movements	–	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–
Net closing balance	18 422	4 069	4 270	–	–	–	26 761
Closing insurance contract liabilities	21 727	3 246	3 226	–	–	–	28 199
Closing insurance contract assets	(3 305)	823	1 044	–	–	–	(1 438)
Net closing balance	18 422	4 069	4 270	–	–	–	26 761

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.5 Total reconciliation: Momentum Retail continued

	Liability for remaining coverage			Liability for incurred claims for contracts under the PAA			
	Excluding loss component Rm	Loss component Rm	Liability for incurred claims for contracts not under the PAA Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Assets for insurance acquisition cash flows under the PAA Rm	Total Rm
2023							
Opening insurance contract liabilities	21 761	3 101	2 833	–	–	–	27 695
Opening insurance contract assets	(2 688)	823	956	–	–	–	(909)
Net opening balance	19 073	3 924	3 789	–	–	–	26 786
Cash flows							
Premiums received	9 076	–	–	–	–	–	9 076
Claims and other directly attributable expenses paid	–	–	(9 421)	–	–	–	(9 421)
Insurance acquisition cash flows	(1 499)	–	–	–	–	–	(1 499)
Net cash flows	7 577	–	(9 421)	–	–	–	(1 844)
Changes in the income statement							
Insurance revenue	(7 784)	–	–	–	–	–	(7 784)
Contracts under the fair value approach	(1 387)	–	–	–	–	–	(1 387)
Other contracts	(6 397)	–	–	–	–	–	(6 397)
Insurance service expenses	200	(30)	6 495	–	–	–	6 665
Incurred claims and other directly attributable expenses	–	(354)	6 361	–	–	–	6 007
Changes that relate to past service – adjustments to the LIC	–	–	134	–	–	–	134
Losses on onerous contracts and reversal of those losses	–	324	–	–	–	–	324
Insurance acquisition cash flows amortisation	200	–	–	–	–	–	200
Insurance acquisition cash flows recognised when incurred	–	–	–	–	–	–	–
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	(2 716)	–	2 716	–	–	–	–
Insurance service result	(10 300)	(30)	9 211	–	–	–	(1 119)
Finance expenses from insurance contracts issued	2 324	205	214	–	–	–	2 743
Other changes	–	–	–	–	–	–	–
Total changes in the income statement	(7 976)	175	9 425	–	–	–	1 624
Other movements	–	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–
Net closing balance	18 674	4 099	3 793	–	–	–	26 566
Closing insurance contract liabilities	21 649	3 233	2 994	–	–	–	27 876
Closing insurance contract assets	(2 975)	866	799	–	–	–	(1 310)
Net closing balance	18 674	4 099	3 793	–	–	–	26 566

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.6 Total reconciliation: Momentum Investments

	Liability for remaining coverage			Liability for incurred claims for contracts under the PAA			
	Excluding loss component Rm	Loss component Rm	Liability for incurred claims for contracts not under the PAA Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Assets for insurance acquisition cash flows under the PAA Rm	Total Rm
2024							
Opening insurance contract liabilities	28 328	427	251	–	–	–	29 006
Opening insurance contract assets	–	–	–	–	–	–	–
Net opening balance	28 328	427	251	–	–	–	29 006
Cash flows							
Premiums received	9 282	–	–	–	–	–	9 282
Claims and other directly attributable expenses paid	–	–	(3 811)	–	–	–	(3 811)
Insurance acquisition cash flows	(187)	–	–	–	–	–	(187)
Net cash flows	9 095	–	(3 811)	–	–	–	5 284
Changes in the income statement							
Insurance revenue	(2 744)	–	–	–	–	–	(2 744)
Contracts under the fair value approach	(1 230)	–	–	–	–	–	(1 230)
Other contracts	(1 514)	–	–	–	–	–	(1 514)
Insurance service expenses	30	126	2 329	–	–	–	2 485
Incurred claims and other directly attributable expenses	–	(51)	2 314	–	–	–	2 263
Changes that relate to past service – adjustments to the LIC	–	–	15	–	–	–	15
Losses on onerous contracts and reversal of those losses	–	177	–	–	–	–	177
Insurance acquisition cash flows amortisation	30	–	–	–	–	–	30
Insurance acquisition cash flows recognised when incurred	–	–	–	–	–	–	–
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	(1 505)	–	1 505	–	–	–	–
Insurance service result	(4 219)	126	3 834	–	–	–	(259)
Finance expenses from insurance contracts issued	4 543	68	3	–	–	–	4 614
Other changes	–	–	–	–	–	–	–
Total changes in the income statement	324	194	3 837	–	–	–	4 355
Other movements	–	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–
Net closing balance	37 747	621	277	–	–	–	38 645
Closing insurance contract liabilities	37 747	621	277	–	–	–	38 645
Closing insurance contract assets	–	–	–	–	–	–	–
Net closing balance	37 747	621	277	–	–	–	38 645

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.6 Total reconciliation: Momentum Investments continued

	Liability for remaining coverage		Liability for incurred claims for contracts not under the PAA	Liability for incurred claims for contracts under the PAA		Assets for insurance acquisition cash flows under the PAA	Total
	Excluding loss component Rm	Loss component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Rm	Rm
2023							
Opening insurance contract liabilities	23 660	249	269	–	–	–	24 178
Opening insurance contract assets	–	–	–	–	–	–	–
Net opening balance	23 660	249	269	–	–	–	24 178
Cash flows							
Premiums received	6 504	–	–	–	–	–	6 504
Claims and other directly attributable expenses paid	–	–	(3 082)	–	–	–	(3 082)
Insurance acquisition cash flows	(124)	–	–	–	–	–	(124)
Net cash flows	6 380	–	(3 082)	–	–	–	3 298
Changes in the income statement							
Insurance revenue	(2 298)	–	–	–	–	–	(2 298)
Contracts under the fair value approach	(1 238)	–	–	–	–	–	(1 238)
Other contracts	(1 060)	–	–	–	–	–	(1 060)
Insurance service expenses	22	161	1 966	–	–	–	2 149
Incurred claims and other directly attributable expenses	–	(32)	1 974	–	–	–	1 942
Changes that relate to past service – adjustments to the LIC	–	–	(8)	–	–	–	(8)
Losses on onerous contracts and reversal of those losses	–	193	–	–	–	–	193
Insurance acquisition cash flows amortisation	22	–	–	–	–	–	22
Insurance acquisition cash flows recognised when incurred	–	–	–	–	–	–	–
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	(1 096)	–	1 096	–	–	–	–
Insurance service result	(3 372)	161	3 062	–	–	–	(149)
Finance expenses from insurance contracts issued	1 660	17	2	–	–	–	1 679
Other changes	–	–	–	–	–	–	–
Total changes in the income statement	(1 712)	178	3 064	–	–	–	1 530
Other movements	–	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–
Net closing balance	28 328	427	251	–	–	–	29 006
Closing insurance contract liabilities	28 328	427	251	–	–	–	29 006
Closing insurance contract assets	–	–	–	–	–	–	–
Net closing balance	28 328	427	251	–	–	–	29 006

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.7 Total reconciliation: Metropolitan Life

	Liability for remaining coverage			Liability for incurred claims for contracts under the PAA			
	Excluding loss component Rm	Loss component Rm	Liability for incurred claims for contracts not under the PAA Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Assets for insurance acquisition cash flows under the PAA Rm	Total Rm
2024							
Opening insurance contract liabilities	35 694	628	2 737	–	–	–	39 059
Opening insurance contract assets	(4 242)	1 085	252	–	–	–	(2 905)
Net opening balance	**31 452**	**1 713**	**2 989**	**–**	**–**	**–**	**36 154**
Cash flows							
Premiums received	8 891	–	–	–	–	–	8 891
Claims and other directly attributable expenses paid	–	–	(7 612)	–	–	–	(7 612)
Insurance acquisition cash flows	(1 721)	–	–	–	–	–	(1 721)
Net cash flows	**7 170**	**–**	**(7 612)**	**–**	**–**	**–**	**(442)**
Changes in the income statement							
Insurance revenue	(6 201)	–	–	–	–	–	(6 201)
Contracts under the fair value approach	(1 704)	–	–	–	–	–	(1 704)
Other contracts	(4 497)	–	–	–	–	–	(4 497)
Insurance service expenses	1 582	(115)	3 786	–	–	–	5 253
Incurred claims and other directly attributable expenses	–	(270)	3 914	–	–	–	3 644
Changes that relate to past service	–	–	(128)	–	–	–	(128)
Losses on onerous contracts and reversal of those losses	–	155	–	–	–	–	155
Insurance acquisition cash flows amortisation	1 582	–	–	–	–	–	1 582
Insurance acquisition cash flows recognised when incurred	–	–	–	–	–	–	–
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	(3 961)	–	3 961	–	–	–	–
Insurance service result	**(8 580)**	**(115)**	**7 747**	**–**	**–**	**–**	**(948)**
Finance expenses from insurance contracts issued	4 133	148	228	–	–	–	4 509
Other changes	–	–	–	–	–	–	–
Total changes in the income statement	**(4 447)**	**33**	**7 975**	**–**	**–**	**–**	**3 561**
Other movements	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Exchange rate differences	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–
Net closing balance	**34 175**	**1 746**	**3 352**	**–**	**–**	**–**	**39 273**
Closing insurance contract liabilities	38 654	709	3 036	–	–	–	42 399
Closing insurance contract assets	(4 479)	1 037	316	–	–	–	(3 126)
Net closing balance	**34 175**	**1 746**	**3 352**	**–**	**–**	**–**	**39 273**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.7 Total reconciliation: Metropolitan Life continued

	Liability for remaining coverage		Liability for incurred claims for contracts not under the PAA	Liability for incurred claims for contracts under the PAA		Assets for insurance acquisition cash flows under the PAA	Total
	Excluding loss component Rm	Loss component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Rm	Rm
2023							
Opening insurance contract liabilities	33 131	468	2 720	–	–	–	36 319
Opening insurance contract assets	(3 467)	491	317	–	–	–	(2 659)
Net opening balance	29 664	959	3 037	–	–	–	33 660
Cash flows							
Premiums received	8 540	–	–	–	–	–	8 540
Claims and other directly attributable expenses paid	–	–	(7 293)	–	–	–	(7 293)
Insurance acquisition cash flows	(1 755)	–	–	–	–	–	(1 755)
Net cash flows	6 785	–	(7 293)	–	–	–	(508)
Changes in the income statement							
Insurance revenue	(6 022)	–	–	–	–	–	(6 022)
Contracts under the fair value approach	(1 967)	–	–	–	–	–	(1 967)
Other contracts	(4 055)	–	–	–	–	–	(4 055)
Insurance service expenses	1 241	713	3 366	–	–	–	5 320
Incurred claims and other directly attributable expenses	–	(146)	3 810	–	–	–	3 664
Changes that relate to past service – adjustments to the LIC	–	–	(444)	–	–	–	(444)
Losses on onerous contracts and reversal of those losses	–	859	–	–	–	–	859
Insurance acquisition cash flows amortisation	1 241	–	–	–	–	–	1 241
Insurance acquisition cash flows recognised when incurred	–	–	–	–	–	–	–
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	(3 685)	–	3 685	–	–	–	–
Insurance service result	(8 466)	713	7 051	–	–	–	(702)
Finance expenses from insurance contracts issued	3 469	41	194	–	–	–	3 704
Other changes	–	–	–	–	–	–	–
Total changes in the income statement	(4 997)	754	7 245	–	–	–	3 002
Other movements	–	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–
Net closing balance	31 452	1 713	2 989	–	–	–	36 154
Closing insurance contract liabilities	35 694	628	2 737	–	–	–	39 059
Closing insurance contract assets	(4 242)	1 085	252	–	–	–	(2 905)
Net closing balance	31 452	1 713	2 989	–	–	–	36 154

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

	Liability for remaining coverage		Liability for incurred claims for contracts not under the PAA	Liability for incurred claims for contracts under the PAA		Assets for insurance acquisition cash flows under the PAA	Total
	Excluding loss component Rm	Loss component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Rm	Rm
9.1.8 Total reconciliation: Momentum Corporate							
2024							
Opening insurance contract liabilities	17 523	388	98	10 158	243	–	28 410
Opening insurance contract assets	–	–	–	–	–	–	–
Net opening balance	17 523	388	98	10 158	243	–	28 410
Cash flows							
Premiums received	6 391	–	–	–	–	–	6 391
Claims and other directly attributable expenses paid	–	–	(2 268)	(4 245)	–	–	(6 513)
Insurance acquisition cash flows	(53)	–	–	(139)	–	–	(192)
Net cash flows	6 338	–	(2 268)	(4 384)	–	–	(314)
Changes in the income statement							
Insurance revenue	(7 884)	–	–	–	–	–	(7 884)
Contracts under the fair value approach	(586)	–	–	–	–	–	(586)
Other contracts	(7 298)	–	–	–	–	–	(7 298)
Insurance service expenses	31	29	2 184	3 983	(16)	–	6 211
Incurred claims and other directly attributable expenses	–	(160)	2 174	4 633	56	–	6 703
Changes that relate to past service	–	–	10	(789)	(72)	–	(851)
Losses on onerous contracts and reversal of those losses	–	189	–	–	–	–	189
Insurance acquisition cash flows amortisation	31	–	–	–	–	–	31
Insurance acquisition cash flows recognised when incurred	–	–	–	139	–	–	139
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	(121)	–	121	–	–	–	–
Insurance service result	(7 974)	29	2 305	3 983	(16)	–	(1 673)
Finance expenses from insurance contracts issued	1 946	42	9	1 011	29	–	3 037
Other changes	–	–	–	–	–	–	–
Total changes in the income statement	(6 028)	71	2 314	4 994	13	–	1 364
Other movements	–	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–
Net closing balance	17 833	459	144	10 768	256	–	29 460
Closing insurance contract liabilities	17 833	459	144	10 768	256	–	29 460
Closing insurance contract assets	–	–	–	–	–	–	–
Net closing balance	17 833	459	144	10 768	256	–	29 460

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.8 Total reconciliation: Momentum Corporate continued

	Liability for remaining coverage		Liability for incurred claims for contracts not under the PAA	Liability for incurred claims for contracts under the PAA		Assets for insurance acquisition cash flows under the PAA	
	Excluding loss component Rm	Loss component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Rm	Total Rm
2023							
Opening insurance contract liabilities	17 862	354	146	10 063	271	–	28 696
Opening insurance contract assets	–	–	–	–	–	–	–
Net opening balance	17 862	354	146	10 063	271	–	28 696
Cash flows							
Premiums received	6 465	–	–	–	–	–	6 465
Claims and other directly attributable expenses paid	–	–	(2 342)	(4 332)	–	–	(6 674)
Insurance acquisition cash flows	(44)	–	–	(144)	–	–	(188)
Net cash flows	6 421	–	(2 342)	(4 476)	–	–	(397)
Changes in the income statement							
Insurance revenue	(8 020)	–	–	–	–	–	(8 020)
Contracts under the fair value approach	(576)	–	–	–	–	–	(576)
Other contracts	(7 444)	–	–	–	–	–	(7 444)
Insurance service expenses	34	17	2 157	4 162	(48)	–	6 322
Incurred claims and other directly attributable expenses	–	(267)	2 152	4 404	29	–	6 318
Changes that relate to past service – adjustments to the LIC	–	–	5	(386)	(77)	–	(458)
Losses on onerous contracts and reversal of those losses	–	284	–	–	–	–	284
Insurance acquisition cash flows amortisation	34	–	–	–	–	–	34
Insurance acquisition cash flows recognised when incurred	–	–	–	144	–	–	144
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	(131)	–	131	–	–	–	–
Insurance service result	(8 117)	17	2 288	4 162	(48)	–	(1 698)
Finance expenses from insurance contracts issued	1 357	17	6	409	20	–	1 809
Other changes	–	–	–	–	–	–	–
Total changes in the income statement	(6 760)	34	2 294	4 571	(28)	–	111
Other movements	–	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–
Net closing balance	17 523	388	98	10 158	243	–	28 410
Closing insurance contract liabilities	17 523	388	98	10 158	243	–	28 410
Closing insurance contract assets	–	–	–	–	–	–	–
Net closing balance	17 523	388	98	10 158	243	–	28 410

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

	Liability for remaining coverage		Liability for incurred claims for contracts not under the PAA	Liability for incurred claims for contracts under the PAA		Assets for insurance acquisition cash flows under the PAA	
	Excluding loss component Rm	Loss component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Rm	Total Rm
9.1.9 Total reconciliation: Momentum Metropolitan Health							
2024							
Opening insurance contract liabilities	(25)	–	–	64	1	–	40
Opening insurance contract assets	(60)	–	–	–	–	–	(60)
Net opening balance	(85)	–	–	64	1	–	(20)
Cash flows							
Premiums received	1 435	–	–	–	–	–	1 435
Claims and other directly attributable expenses paid	–	–	–	(1 074)	–	–	(1 074)
Insurance acquisition cash flows	–	–	–	(104)	–	–	(104)
Net cash flows	1 435	–	–	(1 178)	–	–	257
Changes in the income statement							
Insurance revenue	(1 440)	–	–	–	–	–	(1 440)
Contracts under the fair value approach	–	–	–	–	–	–	–
Other contracts	(1 440)	–	–	–	–	–	(1 440)
Insurance service expenses	–	–	–	1 181	1	–	1 182
Incurred claims and other directly attributable expenses	–	–	–	1 062	2	–	1 064
Changes that relate to past service – adjustments to the LIC	–	–	–	15	(1)	–	14
Losses on onerous contracts and reversal of those losses	–	–	–	–	–	–	–
Insurance acquisition cash flows amortisation	–	–	–	–	–	–	–
Insurance acquisition cash flows recognised when incurred	–	–	–	104	–	–	104
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	–	–	–	–	–	–	–
Insurance service result	(1 440)	–	–	1 181	1	–	(258)
Finance expenses from insurance contracts issued	–	–	–	2	–	–	2
Other changes	–	–	–	–	–	–	–
Total changes in the income statement	(1 440)	–	–	1 183	1	–	(256)
Other movements	–	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–
Net closing balance	(90)	–	–	69	2	–	(19)
Closing insurance contract liabilities	(27)	–	–	69	2	–	44
Closing insurance contract assets	(63)	–	–	–	–	–	(63)
Net closing balance	(90)	–	–	69	2	–	(19)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.9 Total reconciliation: Momentum Metropolitan Health continued

	Liability for remaining coverage		Liability for incurred claims for contracts not under the PAA	Liability for incurred claims for contracts under the PAA		Assets for insurance acquisition cash flows under the PAA	
	Excluding loss component Rm	Loss component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Rm	Total Rm
2023							
Opening insurance contract liabilities	–	–	–	8	–	–	8
Opening insurance contract assets	(38)	–	–	27	1	–	(10)
Net opening balance	(38)	–	–	35	1	–	(2)
Cash flows							
Premiums received	1 211	–	–	–	–	–	1 211
Claims and other directly attributable expenses paid	–	–	–	(862)	–	–	(862)
Insurance acquisition cash flows	–	–	–	(79)	–	–	(79)
Net cash flows	1 211	–	–	(941)	–	–	270
Changes in the income statement							
Insurance revenue	(1 258)	–	–	–	–	–	(1 258)
Contracts under the fair value approach	–	–	–	–	–	–	–
Other contracts	(1 258)	–	–	–	–	–	(1 258)
Insurance service expenses	–	–	–	969	–	–	969
Incurred claims and other directly attributable expenses	–	–	–	894	2	–	896
Changes that relate to past service – adjustments to the LIC	–	–	–	(4)	(2)	–	(6)
Losses on onerous contracts and reversal of those losses	–	–	–	–	–	–	–
Insurance acquisition cash flows amortisation	–	–	–	–	–	–	–
Insurance acquisition cash flows recognised when incurred	–	–	–	79	–	–	79
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	–	–	–	–	–	–	–
Insurance service result	(1 258)	–	–	969	–	–	(289)
Finance expenses from insurance contracts issued	–	–	–	1	–	–	1
Other changes	–	–	–	–	–	–	–
Total changes in the income statement	(1 258)	–	–	970	–	–	(288)
Other movements	–	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–
Net closing balance	(85)	–	–	64	1	–	(20)
Closing insurance contract liabilities	(25)	–	–	64	1	–	40
Closing insurance contract assets	(60)	–	–	–	–	–	(60)
Net closing balance	(85)	–	–	64	1	–	(20)

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.10 Total reconciliation: Guardrisk

	Liability for remaining coverage		Liability for incurred claims for contracts not under the PAA	Liability for incurred claims for contracts under the PAA		Assets for insurance acquisition cash flows under the PAA	Total
	Excluding loss component Rm	Loss component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Rm	Rm
2024							
Opening insurance contract liabilities	9 067	44	71	5 532	502	–	15 216
Opening insurance contract assets	(5 373)	157	180	–	–	–	(5 036)
Net opening balance	3 694	201	251	5 532	502	–	10 180
Cash flows							
Premiums received	29 669	–	–	–	–	–	29 669
Claims and other directly attributable expenses paid	–	–	(1 763)	(16 443)	–	–	(18 206)
Insurance acquisition cash flows	(4 172)	–	–	–	–	–	(4 172)
Net cash flows	25 497	–	(1 763)	(16 443)	–	–	7 291
Changes in the income statement							
Insurance revenue	(25 709)	–	–	–	–	–	(25 709)
Contracts under the fair value approach	368	–	–	–	–	–	368
Other contracts	(26 077)	–	–	–	–	–	(26 077)
Insurance service expenses	2 981	61	1 735	10 853	(242)	–	15 388
Incurred claims and other directly attributable expenses	–	(67)	1 704	9 169	(130)	–	10 676
Changes that relate to past service – adjustments to the LIC	–	–	31	1 684	(112)	–	1 603
Losses on onerous contracts and reversal of those losses	–	128	–	–	–	–	128
Insurance acquisition cash flows amortisation	2 981	–	–	–	–	–	2 981
Insurance acquisition cash flows recognised when incurred	–	–	–	–	–	–	–
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	(3 190)	–	–	3 188	2	–	–
Insurance service result	(25 918)	61	1 735	14 041	(240)	–	(10 321)
Finance expenses/(income) from insurance contracts issued	92	47	(7)	181	15	–	328
Other changes	(24)	–	–	–	–	–	(24)
Total changes in the income statement	(25 850)	108	1 728	14 222	(225)	–	(10 017)
Other movements	(51)	(3)	–	(12)	(2)	–	(68)
Elimination of intercompany following business combination[1]	(56)	–	–	–	–	–	(56)
Exchange rate differences	(6)	(3)	–	(9)	(2)	–	(20)
Other movements	11	–	–	(3)	–	–	8
Net closing balance	3 290	306	216	3 299	275	–	7 386
Closing insurance contract liabilities	10 191	54	11	3 299	275	–	13 830
Closing insurance contract assets	(6 901)	252	205	–	–	–	(6 444)
Net closing balance	3 290	306	216	3 299	275	–	7 386

[1] The acquisition of Zestlife in the current year resulted in the elimination of existing contracts classified as intercompany following the consolidation of the entity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.10 Total reconciliation: Guardrisk continued

	Liability for remaining coverage		Liability for incurred claims for contracts not under the PAA	Liability for incurred claims for contracts under the PAA		Assets for insurance acquisition cash flows under the PAA	Total
	Excluding loss component Rm	Loss component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Rm	Rm
2023							
Opening insurance contract liabilities	7 713	40	87	9 399	852	–	18 091
Opening insurance contract assets	(5 129)	379	153	–	–	–	(4 597)
Net opening balance	2 584	419	240	9 399	852	–	13 494
Cash flows							
Premiums received	28 982	–	–	–	–	–	28 982
Claims and other directly attributable expenses paid	–	–	(1 493)	(18 736)	–	–	(20 229)
Insurance acquisition cash flows	(3 472)	–	–	–	–	–	(3 472)
Net cash flows	25 510	–	(1 493)	(18 736)	–	–	5 281
Changes in the income statement							
Insurance revenue	(24 703)	–	–	–	–	–	(24 703)
Contracts under the fair value approach	208	–	–	–	–	–	208
Other contracts	(24 911)	–	–	–	–	–	(24 911)
Insurance service expenses	2 634	(131)	1 504	11 585	(382)	–	15 210
Incurred claims and other directly attributable expenses	–	1	1 468	11 182	(239)	–	12 412
Changes that relate to past service – adjustments to the LIC	–	–	36	403	(143)	–	296
Losses on onerous contracts and reversal of those losses	–	(132)	–	–	–	–	(132)
Insurance acquisition cash flows amortisation	2 634	–	–	–	–	–	2 634
Insurance acquisition cash flows recognised when incurred	–	–	–	–	–	–	–
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	(3 076)	–	–	3 062	14	–	–
Insurance service result	(25 145)	(131)	1 504	14 647	(368)	–	(9 493)
Finance expenses/(income) from insurance contracts issued	712	(92)	–	207	17	–	844
Other charges	–	–	–	–	–	–	–
Total changes in the income statement	(24 433)	(223)	1 504	14 854	(351)	–	(8 649)
Other movements	33	5	–	15	1	–	54
Exchange rate differences	33	5	–	15	1	–	54
Other movements	–	–	–	–	–	–	–
Net closing balance	3 694	201	251	5 532	502	–	10 180
Closing insurance contract liabilities	9 067	44	71	5 532	502	–	15 216
Closing insurance contract assets	(5 373)	157	180	–	–	–	(5 036)
Net closing balance	3 694	201	251	5 532	502	–	10 180

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.11 Total reconciliation: Momentum Insure

	Liability for remaining coverage		Liability for incurred claims for contracts not under the PAA Rm	Liability for incurred claims for contracts under the PAA		Assets for insurance acquisition cash flows under the PAA Rm	Total Rm
	Excluding loss component Rm	Loss component Rm		Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm		
2024							
Opening insurance contract liabilities	88	–	–	949	11	–	1 048
Opening insurance contract assets	(1)	–	–	–	–	(27)	(28)
Net opening balance	87	–	–	949	11	(27)	1 020
Cash flows							
Premiums received	3 260	–	–	–	–	–	3 260
Claims and other directly attributable expenses paid	–	–	–	(2 743)	–	–	(2 743)
Insurance acquisition cash flows	(294)	–	–	–	–	(28)	(322)
Net cash flows	2 966	–	–	(2 743)	–	(28)	195
Changes in the income statement							
Insurance revenue	(3 272)	–	–	–	–	–	(3 272)
Contracts under fair value approach	–	–	–	–	–	–	–
Other contracts	(3 272)	–	–	–	–	–	(3 272)
Insurance service expenses	323	–	–	2 622	9	–	2 954
Incurred claims and other directly attributable expenses	–	(35)	–	2 621	(2)	–	2 584
Changes that relate to past service – adjustments to the LIC	–	–	–	1	11	–	12
Losses on onerous contracts and reversal of those losses	–	35	–	–	–	–	35
Insurance acquisition cash flows amortisation	323	–	–	–	–	–	323
Insurance acquisition cash flows recognised when incurred	–	–	–	–	–	–	–
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	–	–	–	–	–	–	–
Insurance service result	(2 949)	–	–	2 622	9	–	(318)
Finance expenses from insurance contracts issued	–	–	–	4	–	–	4
Other changes	–	–	–	–	–	–	–
Total changes in the income statement	(2 949)	–	–	2 626	9	–	(314)
Other movements	(29)	–	–	–	–	27	(2)
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	(27)	–	–	–	–	27	–
Exchange rate differences	–	–	–	–	–	–	–
Other movements	(2)	–	–	–	–	–	(2)
Net closing balance	75	–	–	832	20	(28)	899
Closing insurance contract liabilities	77	–	–	832	20	–	929
Closing insurance contract assets	(2)	–	–	–	–	(28)	(30)
Net closing balance	75	–	–	832	20	(28)	899

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.11 Total reconciliation: Momentum Insure continued

	Liability for remaining coverage			Liability for incurred claims for contracts under the PAA			
	Excluding loss component Rm	Loss component Rm	Liability for incurred claims for contracts not under the PAA Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Assets for insurance acquisition cash flows under the PAA Rm	Total Rm
2023							
Opening insurance contract liabilities	51	–	–	689	12	–	752
Opening insurance contract assets	(1)	–	–	–	–	(32)	(33)
Net opening balance	50	–	–	689	12	(32)	719
Cash flows							
Premiums received	3 106	–	–	–	–	–	3 106
Claims and other directly attributable expenses paid	–	–	–	(2 746)	–	–	(2 746)
Insurance acquisition cash flows	(267)	–	–	–	–	(27)	(294)
Net cash flows	2 839	–	–	(2 746)	–	(27)	66
Changes in the income statement							
Insurance revenue	(3 070)	–	–	–	–	–	(3 070)
Contracts under the fair value approach	–	–	–	–	–	–	–
Other contracts	(3 070)	–	–	–	–	–	(3 070)
Insurance service expenses	300	–	–	3 004	(1)	–	3 303
Incurred claims and other directly attributable expenses	–	(49)	–	2 973	3	–	2 927
Changes that relate to past service – adjustments to the LIC	–	–	–	31	(4)	–	27
Losses on onerous contracts and reversal of those losses	–	49	–	–	–	–	49
Insurance acquisition cash flows amortisation	300	–	–	–	–	–	300
Insurance acquisition cash flows recognised when incurred	–	–	–	–	–	–	–
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	–	–	–	–	–	–	–
Insurance service result	(2 770)	–	–	3 004	(1)	–	233
Finance expenses from insurance contracts issued	–	–	–	2	–	–	2
Other changes	–	–	–	–	–	–	–
Total changes in the income statement	(2 770)	–	–	3 006	(1)	–	235
Other movements	(32)	–	–	–	–	32	–
Allocation from assets for insurance acquisition cash flows to groups of insurance contracts	(32)	–	–	–	–	32	–
Exchange rate differences	–	–	–	–	–	–	–
Other movements	–	–	–	–	–	–	–
Net closing balance	87	–	–	949	11	(27)	1 020
Closing insurance contract liabilities	88	–	–	949	11	–	1 048
Closing insurance contract assets	(1)	–	–	–	–	(27)	(28)
Net closing balance	87	–	–	949	11	(27)	1 020

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.12 Total reconciliation: Momentum Metropolitan Africa

	Liability for remaining coverage		Liability for incurred claims for contracts not under the PAA	Liability for incurred claims for contracts under the PAA		Assets for insurance acquisition cash flows under the PAA	Total
	Excluding loss component Rm	Loss component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Rm	Rm
2024							
Opening insurance contract liabilities	10 166	771	492	527	20	–	11 976
Opening insurance contract assets	(310)	131	23	–	–	–	(156)
Net opening balance	9 856	902	515	527	20	–	11 820
Cash flows							
Premiums received	4 658	–	–	–	–	–	4 658
Claims and other directly attributable expenses paid	–	–	(2 058)	(1 638)	–	–	(3 696)
Insurance acquisition cash flows	(545)	–	–	(156)	–	–	(701)
Net cash flows	4 113	–	(2 058)	(1 794)	–	–	261
Changes in the income statement							
Insurance revenue	(3 278)	–	–	–	–	–	(3 278)
Contracts under the fair value approach	(427)	–	–	–	–	–	(427)
Other contracts	(2 851)	–	–	–	–	–	(2 851)
Insurance service expenses	323	161	942	1 563	1	–	2 990
Incurred claims and other directly attributable expenses	–	(185)	933	1 343	5	–	2 096
Changes that relate to past service – adjustments to the LIC	–	–	9	64	(4)	–	69
Losses on onerous contracts and reversal of those losses	–	346	–	–	–	–	346
Insurance acquisition cash flows amortisation	323	–	–	–	–	–	323
Insurance acquisition cash flows recognised when incurred	–	–	–	156	–	–	156
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	(1 345)	–	1 131	214	–	–	–
Insurance service result	(4 300)	161	2 073	1 777	1	–	(288)
Finance expenses from insurance contracts issued	1 437	73	8	22	1	–	1 541
Other changes	–	–	–	–	–	–	–
Total changes in the income statement	(2 863)	234	2 081	1 799	2	–	1 253
Other movements	700	(23)	–	(13)	(1)	–	663
Exchange rate differences	(211)	(23)	–	(13)	(1)	–	(248)
Other movements[1]	911	–	–	–	–	–	911
Net closing balance	11 806	1 113	538	519	21	–	13 997
Closing insurance contract liabilities	12 176	975	527	526	21	–	14 225
Closing insurance contract assets	(370)	138	11	(7)	–	–	(228)
Net closing balance	11 806	1 113	538	519	21	–	13 997

[1] Recognition of insurance contracts due to amended features on existing contracts.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.1 Reconciliation of the liability for remaining coverage and the liability for incurred claims components of insurance contract balances continued

9.1.12 Total reconciliation: Momentum Metropolitan Africa continued

	Liability for remaining coverage		Liability for incurred claims for contracts not under the PAA	Liability for incurred claims for contracts under the PAA		Assets for insurance acquisition cash flows under the PAA	Total
	Excluding loss component Rm	Loss component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Rm	Rm
2023							
Opening insurance contract liabilities	9 330	546	557	640	18	–	11 091
Opening insurance contract assets	(237)	56	21	–	–	–	(160)
Net opening balance	9 093	602	578	640	18	–	10 931
Cash flows							
Premiums received	4 300	–	–	–	–	–	4 300
Claims and other directly attributable expenses paid	–	–	(2 074)	(1 384)	–	–	(3 458)
Insurance acquisition cash flows	(499)	–	–	(128)	–	–	(627)
Net cash flows	3 801	–	(2 074)	(1 512)	–	–	215
Changes in the income statement							
Insurance revenue	(2 977)	–	–	–	–	–	(2 977)
Contracts under the fair value approach	(430)	–	–	–	–	–	(430)
Other contracts	(2 547)	–	–	–	–	–	(2 547)
Insurance service expenses	242	237	952	1 491	(2)	–	2 920
Incurred claims and other directly attributable expenses	–	(136)	946	1 350	6	–	2 166
Changes that relate to past service – adjustments to the LIC	–	–	6	13	(8)	–	11
Losses on onerous contracts and reversal of those losses	–	373	–	–	–	–	373
Insurance acquisition cash flows amortisation	242	–	–	–	–	–	242
Insurance acquisition cash flows recognised when incurred	–	–	–	128	–	–	128
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–	–	–
Investment components	(1 180)	–	1 088	92	–	–	–
Insurance service result	(3 915)	237	2 040	1 583	(2)	–	(57)
Finance expenses from insurance contracts issued	940	53	–	20	3	–	1 016
Other changes	–	–	–	–	–	–	–
Total changes in the income statement	(2 975)	290	2 040	1 603	1	–	959
Other movements	(63)	10	(29)	(204)	1	–	(285)
Contracts transferred on disposal of subsidiary (refer to note 27.5)	(157)	–	(33)	(209)	–	–	(399)
Exchange rate differences	94	10	4	5	1	–	114
Other movements	–	–	–	–	–	–	–
Net closing balance	9 856	902	515	527	20	–	11 820
Closing insurance contract liabilities	10 166	771	492	527	20	–	11 976
Closing insurance contract assets	(310)	131	23	–	–	–	(156)
Net closing balance	9 856	902	515	527	20	–	11 820

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances

The tables below present a roll-forward of the net asset or liability for insurance contracts issued showing estimates of the present value of future cash flows, risk adjustment for non-financial risk and contractual service margin. These tables do not apply to contracts measured under the PAA:

9.2.1 Total reconciliation

			CSM		
	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Contracts under fair value approach Rm	Other contracts Rm	Total Rm
2024					
Opening insurance contract liabilities	111 855	2 049	4 301	6 917	125 122
Opening insurance contract assets	(22 300)	2 999	242	9 651	(9 408)
Net opening balance	89 555	5 048	4 543	16 568	115 714
Cash flows					
Premiums received	34 509	–	–	–	34 509
Claims and other directly attributable expenses paid	(26 889)	–	–	–	(26 889)
Insurance acquisition cash flows	(5 526)	–	–	–	(5 526)
Net cash flows	2 094	–	–	–	2 094
Changes in the income statement					
Changes that relate to current service	(887)	(1 026)	(650)	(2 168)	(4 731)
CSM recognised in profit or loss for the services provided	–	–	(650)	(2 168)	(2 818)
Change in the risk adjustment for non-financial risk for the risk expired	–	(1 030)	–	–	(1 030)
Experience adjustments	(887)	4	–	–	(883)
Changes that relate to future service	(4 224)	996	69	3 869	710
Changes in estimates that adjust the CSM	(2 558)	253	69	2 236	–
Change in estimates that result in (reversal of losses)/losses on onerous contracts	(848)	42	–	–	(806)
Contracts initially recognised in the year	(818)	701	–	1 633	1 516
Changes that relate to past service	182	(3)	–	–	179
Adjustments to the LIC	182	(3)	–	–	179
Insurance service result	(4 929)	(33)	(581)	1 701	(3 842)
Finance expenses from insurance contracts issued	12 595	631	166	1 712	15 104
Other changes	–	–	–	–	–
Total changes in the income statement	7 666	598	(415)	3 413	11 262
Other movements	725	(8)	(15)	(11)	691
Exchange rate differences	(186)	(8)	(15)	(11)	(220)
Other movements[1]	911	–	–	–	911
Net closing balance	100 040	5 638	4 113	19 970	129 761
Closing insurance contract liabilities	126 363	2 203	3 923	8 497	140 986
Closing insurance contract assets	(26 323)	3 435	190	11 473	(11 225)
Net closing balance	100 040	5 638	4 113	19 970	129 761

[1] Recognition of insurance contracts due to amended features on existing contracts.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.1 Total reconciliation continued

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM		Total Rm
			Contracts under fair value approach Rm	Other contracts Rm	
2023					
Opening insurance contract liabilities	104 182	2 017	4 308	6 085	116 592
Opening insurance contract assets	(20 019)	2 676	206	8 814	(8 323)
Net opening balance	84 163	4 693	4 514	14 899	108 269
Cash flows					
Premiums received	30 345	–	–	–	30 345
Claims and other directly attributable expenses paid	(25 705)	–	–	–	(25 705)
Insurance acquisition cash flows	(5 025)	–	–	–	(5 025)
Net cash flows	(385)	–	–	–	(385)
Changes in the income statement					
Changes that relate to current service	(976)	(409)	(721)	(2 021)	(4 127)
CSM recognised in profit or loss for the services provided	–	–	(721)	(2 021)	(2 742)
Change in the risk adjustment for non-financial risk for the risk expired	–	(414)	–	–	(414)
Experience adjustments	(976)	5	–	–	(971)
Changes that relate to future service	(2 252)	1 051	614	2 239	1 652
Changes in estimates that adjust the CSM	(961)	256	614	91	–
Change in estimates that result in losses on onerous contracts	480	97	–	–	577
Contracts initially recognised in the year	(1 771)	698	–	2 148	1 075
Changes that relate to past service	(271)	–	–	–	(271)
Adjustments to the LIC	(271)	–	–	–	(271)
Insurance service result	(3 499)	642	(107)	218	(2 746)
Finance expense/(income) from insurance contracts issued	9 317	(298)	125	1 420	10 564
Other changes	–	–	–	–	–
Total changes in the income statement	5 818	344	18	1 638	7 818
Other movements	(41)	11	11	31	12
Contracts transferred on disposal of subsidiary	(112)	–	–	–	(112)
Exchange rate differences	71	11	11	31	124
Other movements	–	–	–	–	–
Net closing balance	89 555	5 048	4 543	16 568	115 714
Closing insurance contract liabilities	111 855	2 049	4 301	6 917	125 122
Closing insurance contract assets	(22 300)	2 999	242	9 651	(9 408)
Net closing balance	89 555	5 048	4 543	16 568	115 714

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.2 General measurement model reconciliation

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM: Contracts under fair value approach Rm	CSM: Other contracts Rm	Total Rm
2024					
Opening insurance contract liabilities	47 938	1 445	1 686	6 510	57 579
Opening insurance contract assets	(22 283)	2 999	242	9 651	(9 391)
Net opening balance	**25 655**	**4 444**	**1 928**	**16 161**	**48 188**
Cash flows					
Premiums received	29 096	–	–	–	29 096
Claims and other directly attributable expenses paid	(16 476)	–	–	–	(16 476)
Insurance acquisition cash flows	(4 965)	–	–	–	(4 965)
Net cash flows	**7 655**	**–**	**–**	**–**	**7 655**
Changes in the income statement					
Changes that relate to current service	(679)	(919)	(326)	(2 111)	(4 035)
CSM recognised in profit or loss for the services provided	–	–	(326)	(2 111)	(2 437)
Change in the risk adjustment for non-financial risk for the risk expired	–	(923)	–	–	(923)
Experience adjustments	(679)	4	–	–	(675)
Changes that relate to future service	(4 237)	867	80	3 682	392
Changes in estimates that adjust the CSM	(2 508)	189	80	2 239	–
Change in estimates that result in (reversal of losses)/losses on onerous contracts	(923)	27	–	–	(896)
Contracts initially recognised in the year	(806)	651	–	1 443	1 288
Changes that relate to past service	336	(3)	–	–	333
Adjustments to the LIC	336	(3)	–	–	333
Insurance service result	**(4 580)**	**(55)**	**(246)**	**1 571**	**(3 310)**
Finance expenses from insurance contracts issued	5 159	631	166	1 712	7 668
Other changes	–	–	–	–	–
Total changes in the income statement	**579**	**576**	**(80)**	**3 283**	**4 358**
Other movements	**(33)**	**(4)**	**–**	**(11)**	**(48)**
Exchange rate differences	(33)	(4)	–	(11)	(48)
Other	–	–	–	–	–
Net closing balance	**33 856**	**5 016**	**1 848**	**19 433**	**60 153**
Closing insurance contract liabilities	60 177	1 581	1 658	7 960	71 376
Closing insurance contract assets	(26 321)	3 435	190	11 473	(11 233)
Net closing balance	**33 856**	**5 016**	**1 848**	**19 433**	**60 153**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.2 General measurement model reconciliation continued

			CSM		
	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Contracts under fair value approach Rm	Other contracts Rm	Total Rm
2023					
Opening insurance contract liabilities	42 070	1 396	1 674	5 685	50 825
Opening insurance contract assets	(20 014)	2 676	206	8 814	(8 318)
Net opening balance	22 056	4 072	1 880	14 499	42 507
Cash flows					
Premiums received	24 748	–	–	–	24 748
Claims and other directly attributable expenses paid	(15 408)	–	–	–	(15 408)
Insurance acquisition cash flows	(4 551)	–	–	–	(4 551)
Net cash flows	4 789	–	–	–	4 789
Changes in the income statement					
Changes that relate to current service	(658)	(299)	(331)	(1 970)	(3 258)
CSM recognised in profit or loss for the services provided	–	–	(331)	(1 970)	(2 301)
Change in the risk adjustment for non-financial risk for the risk expired	–	(304)	–	–	(304)
Experience adjustments	(658)	5	–	–	(653)
Changes that relate to future service	(1 996)	962	254	2 181	1 401
Changes in estimates that adjust the CSM	(581)	204	254	123	–
Change in estimates that result in losses on onerous contracts	339	95	–	–	434
Contracts initially recognised in the year	(1 754)	663	–	2 058	967
Changes that relate to past service	97	–	–	–	97
Adjustments to the LIC	97	–	–	–	97
Insurance service result	(2 557)	663	(77)	211	(1 760)
Finance expense/(income) from insurance contracts issued	1 353	(298)	125	1 420	2 600
Other changes	–	–	–	–	–
Total changes in the income statement	(1 204)	365	48	1 631	840
Other movements	14	7	–	31	52
Exchange rate differences	14	7	–	31	52
Other	–	–	–	–	–
Net closing balance	25 655	4 444	1 928	16 161	48 188
Closing insurance contract liabilities	47 938	1 445	1 686	6 510	57 579
Closing insurance contract assets	(22 283)	2 999	242	9 651	(9 391)
Net closing balance	25 655	4 444	1 928	16 161	48 188

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.3 Variable fee approach reconciliation

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM: Contracts under fair value approach Rm	CSM: Other contracts Rm	Total Rm
2024					
Opening insurance contract liabilities	63 917	604	2 615	407	67 543
Opening insurance contract assets	(17)	–	–	–	(17)
Net opening balance	63 900	604	2 615	407	67 526
Cash flows					
Premiums received	5 413	–	–	–	5 413
Claims and other directly attributable expenses paid	(10 413)	–	–	–	(10 413)
Insurance acquisition cash flows	(561)	–	–	–	(561)
Net cash flows	(5 561)	–	–	–	(5 561)
Changes in the income statement					
Changes that relate to current service	(208)	(107)	(324)	(57)	(696)
CSM recognised in profit or loss for the services provided	–	–	(324)	(57)	(381)
Change in the risk adjustment for non-financial risk for the risk expired	–	(107)	–	–	(107)
Experience adjustments	(208)	–	–	–	(208)
Changes that relate to future service	13	129	(11)	187	318
Changes in estimates that adjust the CSM	(50)	64	(11)	(3)	–
Change in estimates that result in losses on onerous contracts	75	15	–	–	90
Contracts initially recognised in the year	(12)	50	–	190	228
Changes that relate to past service	(154)	–	–	–	(154)
Adjustments to the LIC	(154)	–	–	–	(154)
Insurance service result	(349)	22	(335)	130	(532)
Finance expenses from insurance contracts issued	7 436	–	–	–	7 436
Other changes	–	–	–	–	–
Total changes in the income statement	7 087	22	(335)	130	6 904
Other movements	758	(4)	(15)	–	739
Exchange rate differences	(153)	(4)	(15)	–	(172)
Other[1]	911	–	–	–	911
Net closing balance	66 184	622	2 265	537	69 608
Closing insurance contract liabilities	66 186	622	2 265	537	69 610
Closing insurance contract assets	(2)	–	–	–	(2)
Net closing balance	66 184	622	2 265	537	69 608

[1] Recognition of insurance contracts due to amended features on existing contracts.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.3 Variable fee approach reconciliation continued

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM: Contracts under fair value approach Rm	CSM: Other contracts Rm	Total Rm
2023					
Opening insurance contract liabilities	62 112	621	2 634	400	65 767
Opening insurance contract assets	(5)	–	–	–	(5)
Net opening balance	62 107	621	2 634	400	65 762
Cash flows					
Premiums received	5 597	–	–	–	5 597
Claims and other directly attributable expenses paid	(10 297)	–	–	–	(10 297)
Insurance acquisition cash flows	(474)	–	–	–	(474)
Net cash flows	(5 174)	–	–	–	(5 174)
Changes in the income statement					
Changes that relate to current service	(318)	(110)	(390)	(51)	(869)
CSM recognised in profit or loss for the services provided	–	–	(390)	(51)	(441)
Change in the risk adjustment for non-financial risk for the risk expired	–	(110)	–	–	(110)
Experience adjustments	(318)	–	–	–	(318)
Changes that relate to future service	(256)	89	360	58	251
Changes in estimates that adjust the CSM	(380)	52	360	(32)	–
Change in estimates that result in losses on onerous contracts	141	2	–	–	143
Contracts initially recognised in the year	(17)	35	–	90	108
Changes that relate to past service	(368)	–	–	–	(368)
Adjustments to the LIC	(368)	–	–	–	(368)
Insurance service result	(942)	(21)	(30)	7	(986)
Finance expenses from insurance contracts issued	7 964	–	–	–	7 964
Other changes	–	–	–	–	–
Total changes in the income statement	7 022	(21)	(30)	7	6 978
Other movements	(55)	4	11	–	(40)
Contracts transferred on disposal of subsidiary	(112)	–	–	–	(112)
Exchange rate differences	57	4	11	–	72
Other movements	–	–	–	–	–
Net closing balance	63 900	604	2 615	407	67 526
Closing insurance contract liabilities	63 917	604	2 615	407	67 543
Closing insurance contract assets	(17)	–	–	–	(17)
Net closing balance	63 900	604	2 615	407	67 526

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.4 Total reconciliation: Momentum Retail

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM: Contracts under fair value approach Rm	CSM: Other contracts Rm	Total Rm
2024					
Opening insurance contract liabilities	24 093	1 028	1 057	1 701	27 879
Opening insurance contract assets	(7 382)	1 312	7	4 754	(1 309)
Net opening balance	16 711	2 340	1 064	6 455	26 570
Cash flows					
Premiums received	9 654	–	–	–	9 654
Claims and other directly attributable expenses paid	(9 376)	–	–	–	(9 376)
Insurance acquisition cash flows	(1 522)	–	–	–	(1 522)
Net cash flows	(1 244)	–	–	–	(1 244)
Changes in the income statement					
Changes that relate to current service	(467)	(293)	(151)	(911)	(1 822)
CSM recognised in profit or loss for services provided	–	–	(151)	(911)	(1 062)
Change in risk adjustment for non-financial risk for risk expired	–	(297)	–	–	(297)
Experience adjustments	(467)	4	–	–	(463)
Changes that relate to future service	(883)	210	(219)	772	(120)
Change in estimates that adjust the CSM	(410)	79	(219)	549	(1)
Change in estimates that result in (reversal of losses)/losses on onerous contracts	(250)	25	–	–	(225)
Contracts initially recognised in the year	(223)	106	–	223	106
Changes that relates to past service	248	(5)	–	–	243
Adjustments to the LIC	248	(5)	–	–	243
Insurance service result	(1 102)	(88)	(370)	(139)	(1 699)
Finance expenses from insurance contracts issued	2 145	282	25	686	3 138
Other changes	–	–	–	–	–
Total changes in the income statement	1 043	194	(345)	547	1 439
Other movements	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Other movements	–	–	–	–	–
Net closing balance	16 510	2 534	719	7 002	26 765
Closing insurance contract liabilities	24 423	1 086	716	1 977	28 202
Closing insurance contract assets	(7 913)	1 448	3	5 025	(1 437)
Net closing balance	16 510	2 534	719	7 002	26 765

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.4 Total reconciliation: Momentum Retail continued

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM		Total Rm
			Contracts under fair value approach Rm	Other contracts Rm	
2023					
Opening insurance contract liabilities	23 852	1 018	934	1 890	27 694
Opening insurance contract assets	(7 099)	1 289	8	4 892	(910)
Net opening balance	16 753	2 307	942	6 782	26 784
Cash flows					
Premiums received	9 076	–	–	–	9 076
Claims and other directly attributable expenses paid	(9 420)	–	–	–	(9 420)
Insurance acquisition cash flows	(1 499)	–	–	–	(1 499)
Net cash flows	(1 843)	–	–	–	(1 843)
Changes in the income statement					
Changes that relate to current service	(219)	(286)	(226)	(844)	(1 575)
CSM recognised in profit or loss for services provided	–	–	(226)	(844)	(1 070)
Change in risk adjustment for non-financial risk for risk expired	–	(291)	–	–	(291)
Experience adjustments	(219)	5	–	–	(214)
Changes that relate to future service	(128)	270	328	(143)	327
Change in estimates that adjust the CSM	(168)	152	328	(313)	(1)
Change in estimates that result in (reversal of losses)/losses on onerous contracts	107	22	–	–	129
Contracts initially recognised in the year	(67)	96	–	170	199
Changes that relates to past service	138	(4)	–	–	134
Adjustments to the LIC	138	(4)	–	–	134
Insurance service result	(209)	(20)	102	(987)	(1 114)
Finance expenses from insurance contracts issued	2 010	53	20	660	2 743
Other changes	–	–	–	–	–
Total changes in the income statement	1 801	33	122	(327)	1 629
Other movements	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Other movements	–	–	–	–	–
Net closing balance	16 711	2 340	1 064	6 455	26 570
Closing insurance contract liabilities	24 093	1 028	1 057	1 701	27 879
Closing insurance contract assets	(7 382)	1 312	7	4 754	(1 309)
Net closing balance	16 711	2 340	1 064	6 455	26 570

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.5 Total reconciliation: Momentum Investments

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM: Contracts under fair value approach Rm	CSM: Other contracts Rm	Total Rm
2024					
Opening insurance contract liabilities	26 024	224	669	2 088	29 005
Opening insurance contract assets	–	–	–	–	–
Net opening balance	26 024	224	669	2 088	29 005
Cash flows					
Premiums received	9 282	–	–	–	9 282
Claims and other directly attributable expenses paid	(3 811)	–	–	–	(3 811)
Insurance acquisition cash flows	(187)	–	–	–	(187)
Net cash flows	5 284	–	–	–	5 284
Changes in the income statement					
Changes that relate to current service	13	(25)	(122)	(315)	(449)
CSM recognised in profit or loss for services provided	–	–	(122)	(315)	(437)
Change in risk adjustment for non-financial risk for risk expired	–	(25)	–	–	(25)
Experience adjustments	13	–	–	–	13
Changes that relate to future service	(960)	38	125	972	175
Change in estimates that adjust the CSM	(147)	(5)	125	27	–
Change in estimates that result in reversal of losses on onerous contracts	(10)	(1)	–	–	(11)
Contracts initially recognised in the year	(803)	44	–	945	186
Changes that relates to past service	15	–	–	–	15
Adjustments to the liability for incurred claims	15	–	–	–	15
Insurance service result	(932)	13	3	657	(259)
Finance expenses from insurance contracts issued	4 277	36	57	244	4 614
Other changes	–	–	–	–	–
Total changes in the income statement	3 345	49	60	901	4 355
Other movements	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Other movements	–	–	–	–	–
Net closing balance	34 653	273	729	2 989	38 644
Closing insurance contract liabilities	34 653	273	729	2 989	38 644
Closing insurance contract assets	–	–	–	–	–
Net closing balance	34 653	273	729	2 989	38 644

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.5 Total reconciliation: Momentum Investments continued

			CSM		
	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Contracts under fair value approach Rm	Other contracts Rm	Total Rm
2023					
Opening insurance contract liabilities	21 740	208	732	1 498	24 178
Opening insurance contract assets	–	–	–	–	–
Net opening balance	21 740	208	732	1 498	24 178
Cash flows					
Premiums received	6 504	–	–	–	6 504
Claims and other directly attributable expenses paid	(3 082)	–	–	–	(3 082)
Insurance acquisition cash flows	(124)	–	–	–	(124)
Net cash flows	3 298	–	–	–	3 298
Changes in the income statement					
Changes that relate to current service	18	(23)	(107)	(221)	(333)
CSM recognised in profit or loss for services provided	–	–	(107)	(221)	(328)
Change in risk adjustment for non-financial risk for risk expired	–	(23)	–	–	(23)
Experience adjustments	18	–	–	–	18
Changes that relate to future service	(513)	31	(2)	675	191
Change in estimates that adjust the CSM	(11)	(1)	(2)	14	–
Change in estimates that result in (reversal of losses)/losses on onerous contracts	67	(4)	–	–	63
Contracts initially recognised in the year	(569)	36	–	661	128
Changes that relates to past service	(8)	–	–	–	(8)
Adjustments to the LIC	(8)	–	–	–	(8)
Insurance service result	(503)	8	(109)	454	(150)
Finance expenses from insurance contracts issued	1 489	8	46	136	1 679
Other changes					–
Total changes in the income statement	986	16	(63)	590	1 529
Other movements	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Other movements	–	–	–	–	–
Net closing balance	26 024	224	669	2 088	29 005
Closing insurance contract liabilities	26 024	224	669	2 088	29 005
Closing insurance contract assets	–	–	–	–	–
Net closing balance	26 024	224	669	2 088	29 005

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.6 Total reconciliation: Metropolitan Life

			CSM		
	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Contracts under fair value approach Rm	Other contracts Rm	Total Rm
2024					
Opening insurance contract liabilities	35 315	402	1 578	1 764	39 059
Opening insurance contract assets	(3 890)	593	235	157	(2 905)
Net opening balance	31 425	995	1 813	1 921	36 154
Cash flows					
Premiums received	8 891	–	–	–	8 891
Claims and other directly attributable expenses paid	(7 612)	–	–	–	(7 612)
Insurance acquisition cash flows	(1 722)	–	–	–	(1 722)
Net cash flows	(443)	–	–	–	(443)
Changes in the income statement					
Changes that relate to current service	(141)	(257)	(244)	(332)	(974)
CSM recognised in profit or loss for services provided	–	–	(244)	(332)	(576)
Change in risk adjustment for non-financial risk for risk expired	–	(257)	–	–	(257)
Experience adjustments	(141)	–	–	–	(141)
Changes that relate to future service	(382)	130	(41)	448	155
Change in estimates that adjust the CSM	(210)	(10)	(41)	261	–
Change in estimates that result in reversal of losses on onerous contracts	(93)	(30)	–	–	(123)
Contracts initially recognised in the year	(79)	170	–	187	278
Changes that relates to past service	(128)	–	–	–	(128)
Adjustments to the liability for incurred claims	(128)	–	–	–	(128)
Insurance service result	(651)	(127)	(285)	116	(947)
Finance expenses from insurance contracts issued	4 169	111	39	190	4 509
Other changes	–	–	–	–	–
Total changes in the income statement	3 518	(16)	(246)	306	3 562
Other movements	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Other movements	–	–	–	–	–
Net closing balance	34 500	979	1 567	2 227	39 273
Closing insurance contract liabilities	38 649	401	1 381	1 968	42 399
Closing insurance contract assets	(4 149)	578	186	259	(3 126)
Net closing balance	34 500	979	1 567	2 227	39 273

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.6 Total reconciliation: Metropolitan Life continued

			CSM		
	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Contracts under fair value approach Rm	Other contracts Rm	Total Rm
2023					
Opening insurance contract liabilities	32 750	420	1 604	1 547	36 321
Opening insurance contract assets	(3 920)	498	193	570	(2 659)
Net opening balance	28 830	918	1 797	2 117	33 662
Cash flows					
Premiums received	8 540	–	–	–	8 540
Claims and other directly attributable expenses paid	(7 293)	–	–	–	(7 293)
Insurance acquisition cash flows	(1 755)	–	–	–	(1 755)
Net cash flows	(508)	–	–	–	(508)
Changes in the income statement					
Changes that relate to current service	(305)	(233)	(265)	(315)	(1 118)
CSM recognised in profit or loss for services provided	–	–	(265)	(315)	(580)
Change in risk adjustment for non-financial risk for risk expired	–	(233)	–	–	(233)
Experience adjustments	(305)	–	–	–	(305)
Changes that relate to future service	428	252	254	(75)	859
Change in estimates that adjust the CSM	(12)	57	254	(299)	–
Change in estimates that result in losses on onerous contracts	648	20	–	–	668
Contracts initially recognised in the year	(208)	175	–	224	191
Changes that relates to past service	(444)	–	–	–	(444)
Adjustments to the liability for incurred claims	(444)	–	–	–	(444)
Insurance service result	(321)	19	(11)	(390)	(703)
Finance expenses from insurance contracts issued	3 424	58	27	194	3 703
Other changes					–
Total changes in the income statement	3 103	77	16	(196)	3 000
Other movements	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Other movements	–	–	–	–	–
Net closing balance	31 425	995	1 813	1 921	36 154
Closing insurance contract liabilities	35 315	402	1 578	1 764	39 059
Closing insurance contract assets	(3 890)	593	235	157	(2 905)
Net closing balance	31 425	995	1 813	1 921	36 154

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.7 Total reconciliation: Momentum Corporate

			CSM		
	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Contracts under fair value approach Rm	Other contracts Rm	Total Rm
2024					
Opening insurance contract liabilities	17 073	109	463	498	18 143
Opening insurance contract assets	–	–	–	–	–
Net opening balance	17 073	109	463	498	18 143
Cash flows					
Premiums received	837	–	–	–	837
Claims and other directly attributable expenses paid	(2 267)	–	–	–	(2 267)
Insurance acquisition cash flows	(56)	–	–	–	(56)
Net cash flows	(1 486)	–	–	–	(1 486)
Changes in the income statement					
Changes that relate to current service	(46)	(13)	(69)	(71)	(199)
CSM recognised in profit or loss for services provided	–	–	(69)	(71)	(140)
Change in risk adjustment for non-financial risk for risk expired	–	(13)	–	–	(13)
Experience adjustments	(46)	–	–	–	(46)
Changes that relate to future service	(82)	3	75	88	84
Change in estimates that adjust the CSM	(161)	1	75	85	–
Change in estimates that result in (reversal of losses)/losses on onerous contracts	6	(1)	–	–	5
Contracts initially recognised in the year	73	3	–	3	79
Changes that relates to past service	10	–	–	–	10
Adjustments to the liability for incurred claims	10	–	–	–	10
Insurance service result	(118)	(10)	6	17	(105)
Finance expenses from insurance contracts issued	1 932	10	39	17	1 998
Other changes	–	–	–	–	–
Total changes in the income statement	1 814	–	45	34	1 893
Other movements	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Other movements	–	–	–	–	–
Net closing balance	17 401	109	508	532	18 550
Closing insurance contract liabilities	17 401	109	508	532	18 550
Closing insurance contract assets	–	–	–	–	–
Net closing balance	17 401	109	508	532	18 550

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.7 Total reconciliation: Momentum Corporate continued

			CSM		
	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Contracts under fair value approach Rm	Other contracts Rm	Total Rm
2023					
Opening insurance contract liabilities	17 418	103	420	509	18 450
Opening insurance contract assets	–	–	–	–	–
Net opening balance	17 418	103	420	509	18 450
Cash flows					
Premiums received	744	–	–	–	744
Claims and other directly attributable expenses paid	(2 342)	–	–	–	(2 342)
Insurance acquisition cash flows	(44)	–	–	–	(44)
Net cash flows	(1 642)	–	–	–	(1 642)
Changes in the income statement					
Changes that relate to current service	(7)	(14)	(61)	(66)	(148)
CSM recognised in profit or loss for services provided	–	–	(61)	(66)	(127)
Change in risk adjustment for non-financial risk for risk expired	–	(14)	–	–	(14)
Experience adjustments	(7)	–	–	–	(7)
Changes that relate to future service	(36)	19	76	40	99
Change in estimates that adjust the CSM	(52)	4	76	(28)	–
Change in estimates that result in losses on onerous contracts	52	2	–	–	54
Contracts initially recognised in the year	(36)	13	–	68	45
Changes that relates to past service	5	–	–	–	5
Adjustments to the liability for incurred claims	5	–	–	–	5
Insurance service result	(38)	5	15	(26)	(44)
Finance expenses from insurance contracts issued	1 335	1	28	15	1 379
Other changes					–
Total changes in the income statement	1 297	6	43	(11)	1 335
Other movements	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Other movements	–	–	–	–	–
Net closing balance	17 073	109	463	498	18 143
Closing insurance contract liabilities	17 073	109	463	498	18 143
Closing insurance contract assets	–	–	–	–	–
Net closing balance	17 073	109	463	498	18 143

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.8 Total reconciliation: Guardrisk

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM: Contracts under fair value approach Rm	CSM: Other contracts Rm	Total Rm
2024					
Opening insurance contract liabilities	314	48	–	226	588
Opening insurance contract assets	(10 631)	1 026	–	4 568	(5 037)
Net opening balance	(10 317)	1 074	–	4 794	(4 449)
Cash flows					
Premiums received	3 251	–	–	–	3 251
Claims and other directly attributable expenses paid	(1 764)	–	–	–	(1 764)
Insurance acquisition cash flows	(1 540)	–	–	–	(1 540)
Net cash flows	(53)	–	–	–	(53)
Changes in the income statement					
Changes that relate to current service	(114)	(399)	–	(412)	(925)
CSM recognised in profit or loss for services provided	–	–	–	(412)	(412)
Change in risk adjustment for non-financial risk for risk expired	–	(399)	–	–	(399)
Experience adjustments	(114)	–	–	–	(114)
Changes that relate to future service	(1 809)	538	–	1 399	128
Change in estimates that adjust the CSM	(1 530)	172	–	1 358	–
Change in estimates that result in (reversal of losses)/losses on onerous contracts	(581)	35	–	–	(546)
Contracts initially recognised in the year	302	331	–	41	674
Changes that relates to past services	29	2	–	–	31
Adjustments to the liability for incurred claims	29	2	–	–	31
Insurance service result	(1 894)	141	–	987	(766)
Finance expense/(income) from insurance contracts issued	(1 276)	171	–	497	(608)
Other changes	–	–	–	–	–
Total changes in the income statement	(3 170)	312	–	1 484	(1 374)
Other movements	5	(2)	–	(7)	(4)
Exchange rate differences	5	(2)	–	(7)	(4)
Other movements	–	–	–	–	–
Net closing balance	(13 535)	1 384	–	6 271	(5 880)
Closing insurance contract liabilities	283	56	–	229	568
Closing insurance contract assets	(13 818)	1 328	–	6 042	(6 448)
Net closing balance	(13 535)	1 384	–	6 271	(5 880)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.8 Total reconciliation: Guardrisk continued

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM		Total Rm
			Contracts under fair value approach Rm	Other contracts Rm	
2023					
Opening insurance contract liabilities	387	41	–	195	623
Opening insurance contract assets	(8 620)	841	–	3 181	(4 598)
Net opening balance	(8 233)	882	–	3 376	(3 975)
Cash flows					
Premiums received	2 847	–	–	–	2 847
Claims and other directly attributable expenses paid	(1 493)	–	–	–	(1 493)
Insurance acquisition cash flows	(1 140)	–	–	–	(1 140)
Net cash flows	214	–	–	–	214
Changes in the income statement					
Changes that relate to current service	(442)	180	–	(454)	(716)
CSM recognised in profit or loss for services provided	–	–	–	(454)	(454)
Change in risk adjustment for non-financial risk for risk expired	–	180	–	–	180
Experience adjustments	(442)	–	–	–	(442)
Changes that relate to future service	(2 075)	449	–	1 493	(133)
Change in estimates that adjust the CSM	(622)	26	–	597	1
Change in estimates that result in (reversal of losses)/losses on onerous contracts	(548)	70	–	–	(478)
Contracts initially recognised in the year	(905)	353	–	896	344
Changes that relates to past service	32	4	–	–	36
Adjustments to the liability for incurred claims	32	4	–	–	36
Insurance service result	(2 485)	633	–	1 039	(813)
Finance expense/(income) from insurance contracts issued	209	(448)	–	354	115
Other changes	–	–	–	–	–
Total changes in the income statement	(2 276)	185	–	1 393	(698)
Other movements	(22)	7	–	25	10
Exchange rate differences	(22)	7	–	25	10
Other movements	–	–	–	–	–
Net closing balance	(10 317)	1 074	–	4 794	(4 449)
Closing insurance contract liabilities	314	48	–	226	588
Closing insurance contract assets	(10 631)	1 026	–	4 568	(5 037)
Net closing balance	(10 317)	1 074	–	4 794	(4 449)

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.9 Total reconciliation: Momentum Metropolitan Africa

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM: Contracts under fair value approach Rm	CSM: Other contracts Rm	Total Rm
2024					
Opening insurance contract liabilities	9 036	238	534	640	10 448
Opening insurance contract assets	(397)	68	–	172	(157)
Net opening balance	**8 639**	**306**	**534**	**812**	**10 291**
Cash flows					
Premiums received	2 594	–	–	–	2 594
Claims and other directly attributable expenses paid	(2 059)	–	–	–	(2 059)
Insurance acquisition cash flows	(499)	–	–	–	(499)
Net cash flows	**36**	**–**	**–**	**–**	**36**
Changes in the income statement					
Changes that relate to current service	(132)	(39)	(64)	(127)	(362)
CSM recognised in profit or loss for services provided	–	–	(64)	(127)	(191)
Change in risk adjustment for non-financial risk for risk expired	–	(39)	–	–	(39)
Experience adjustments	(132)	–	–	–	(132)
Changes that relate to future service	(108)	77	129	190	288
Change in estimates that adjust the CSM	(100)	16	129	(44)	1
Change in estimates that result in losses on onerous contracts	80	14	–	–	94
Contracts initially recognised in the year	(88)	47	–	234	193
Changes that relates to past service	8	–	–	–	8
Adjustments to the liability for incurred claims	8	–	–	–	8
Insurance service result	(232)	38	65	63	(66)
Finance expenses from insurance contracts issued	1 348	21	6	78	1 453
Other changes	–	–	–	–	–
Total changes in the income statement	**1 116**	**59**	**71**	**141**	**1 387**
Other movements	720	(6)	(15)	(4)	695
Exchange rate differences	(191)	(6)	(15)	(4)	(216)
Other movements[1]	911	–	–	–	911
Net closing balance	**10 511**	**359**	**590**	**949**	**12 409**
Closing insurance contract liabilities	10 954	278	589	802	12 623
Closing insurance contract assets	(443)	81	1	147	(214)
Net closing balance	**10 511**	**359**	**590**	**949**	**12 409**

[1] Recognition of insurance contracts due to amended features on existing contracts.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.2 Reconciliation of the measurement components of insurance contract balances continued

9.2.9 Total reconciliation: Momentum Metropolitan Africa continued

			CSM		
	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Contracts under fair value approach Rm	Other contracts Rm	Total Rm
2023					
Opening insurance contract liabilities	8 035	227	618	446	9 326
Opening insurance contract assets	(380)	48	5	171	(156)
Net opening balance	7 655	275	623	617	9 170
Cash flows					
Premiums received	2 634	–	–	–	2 634
Claims and other directly attributable expenses paid	(2 075)	–	–	–	(2 075)
Insurance acquisition cash flows	(463)	–	–	–	(463)
Net cash flows	96	–	–	–	96
Changes in the income statement					
Changes that relate to current service	(21)	(33)	(62)	(121)	(237)
CSM recognised in profit or loss for services provided	–	–	(62)	(121)	(183)
Change in risk adjustment for non-financial risk for risk expired	–	(33)	–	–	(33)
Experience adjustments	(21)	–	–	–	(21)
Changes that relate to future service	72	30	(42)	249	309
Change in estimates that adjust the CSM	(96)	18	(42)	120	–
Change in estimates that result in (reversal of losses)/losses on onerous contracts	154	(13)	–	–	141
Contracts initially recognised in the year	14	25	–	129	168
Changes that relates to past service	6	–	–	–	6
Adjustments to the liability for incurred claims	6	–	–	–	6
Impairment/(reversal of impairment) of assets for insurance acquisition cash flows	–	–	–	–	–
Insurance service result	57	(3)	(104)	128	78
Finance expenses from insurance contracts issued	850	30	4	61	945
Other changes					–
Total changes in the income statement	907	27	(100)	189	1 023
Other movements	(19)	4	11	6	2
Contracts transferred on disposal of subsidiary	(112)	–	–	–	(112)
Exchange rate differences	93	4	11	6	114
Other movements	–	–	–	–	–
Net closing balance	8 639	306	534	812	10 291
Closing insurance contract liabilities	9 036	238	534	640	10 448
Closing insurance contract assets	(397)	68	–	172	(157)
Net closing balance	8 639	306	534	812	10 291

9 INSURANCE CONTRACTS CONTINUED

9.3 Impact of contracts recognised in the year for insurance contracts issued

The components of new business for insurance contracts issued is disclosed in the tables below:

	2024			2023		
	Non-onerous contracts issued Rm	**Onerous contracts issued Rm**	**Total Rm**	**Non-onerous contracts issued Rm**	**Onerous contracts issued Rm**	**Total Rm**
9.3.1 Total						
Estimates of the present value of future cash outflows	13 167	7 999	21 166	16 566	7 296	23 862
Insurance acquisition cash flows	819	2 691	3 510	3 078	2 360	5 438
Claims and other directly attributable expenses	12 348	5 308	17 656	13 488	4 936	18 424
Estimates of the present value of future cash inflows	(14 947)	(7 037)	(21 984)	(19 204)	(6 429)	(25 633)
Risk adjustment for non-financial risk	147	554	701	490	208	698
CSM	1 633	–	1 633	2 148	–	2 148
Losses recognised on initial recognition	–	1 516	1 516	–	1 075	1 075
9.3.2 General measurement model						
Estimates of the present value of future cash outflows	13 092	5 018	18 110	15 769	4 636	20 405
Insurance acquisition cash flows	810	2 187	2 997	3 034	1 983	5 017
Claims and other directly attributable expenses	12 282	2 831	15 113	12 735	2 653	15 388
Estimates of the present value of future cash inflows	(14 661)	(4 255)	(18 916)	(18 306)	(3 853)	(22 159)
Risk adjustment for non-financial risk	126	525	651	479	184	663
CSM	1 443	–	1 443	2 058	–	2 058
Losses recognised on initial recognition	–	1 288	1 288	–	967	967
9.3.3 Variable fee approach						
Estimates of the present value of future cash outflows	75	2 981	3 056	797	2 660	3 457
Insurance acquisition cash flows	9	504	513	44	377	421
Claims and other directly attributable expenses	66	2 477	2 543	753	2 283	3 036
Estimates of the present value of future cash inflows	(286)	(2 782)	(3 068)	(898)	(2 576)	(3 474)
Risk adjustment for non-financial risk	21	29	50	11	24	35
CSM	190	–	190	90	–	90
Losses recognised on initial recognition	–	228	228	–	108	108
9.3.4 Total: Momentum Retail						
Estimates of the present value of future cash outflows	2 232	1 222	3 454	1 576	1 789	3 365
Insurance acquisition cash flows	538	316	854	352	505	857
Claims and other directly attributable expenses	1 694	906	2 600	1 224	1 284	2 508
Estimates of the present value of future cash inflows	(2 532)	(1 144)	(3 676)	(1 802)	(1 630)	(3 432)
Risk adjustment for non-financial risk	77	29	106	56	38	94
CSM	223	–	223	170	–	170
Losses recognised on initial recognition	–	107	107	–	197	197
9.3.5 Total: Momentum Investments						
Estimates of the present value of future cash outflows	8 232	391	8 623	5 741	268	6 009
Insurance acquisition cash flows	169	13	182	111	10	121
Claims and other directly attributable expenses	8 063	378	8 441	5 630	258	5 888
Estimates of the present value of future cash inflows	(9 208)	(218)	(9 426)	(6 426)	(152)	(6 578)
Risk adjustment for non-financial risk	31	13	44	24	12	36
CSM	945	–	945	661	–	661
Losses recognised on initial recognition	–	186	186	–	128	128

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 INSURANCE CONTRACTS CONTINUED

9.3 Impact of contracts recognised in the year for insurance contracts issued continued

		2024			2023		
		Non-onerous contracts issued Rm	Onerous contracts issued Rm	Total Rm	Non-onerous contracts issued Rm	Onerous contracts issued Rm	Total Rm
9.3.6	**Total: Metropolitan Life**						
	Estimates of the present value of future cash outflows	2 085	4 250	6 335	4 348	2 585	6 933
	Insurance acquisition cash flows	55	1 905	1 960	1 544	558	2 102
	Claims and other directly attributable expenses	2 030	2 345	4 375	2 804	2 027	4 831
	Estimates of the present value of future cash inflows	(2 282)	(4 132)	(6 414)	(4 719)	(2 423)	(7 142)
	Risk adjustment for non-financial risk	10	160	170	147	29	176
	CSM	187	–	187	224	–	224
	Losses recognised on initial recognition	–	278	278	–	191	191
9.3.7	**Total: Momentum Corporate**						
	Estimates of the present value of future cash outflows	36	446	482	1 101	262	1 363
	Insurance acquisition cash flows	3	46	49	11	28	39
	Claims and other directly attributable expenses	33	400	433	1 090	234	1 324
	Estimates of the present value of future cash inflows	(39)	(370)	(409)	(1 180)	(218)	(1 398)
	Risk adjustment for non-financial risk	–	2	2	12	1	13
	CSM	3	–	3	67	–	67
	Losses recognised on initial recognition	–	78	78	–	45	45
9.3.8	**Total: Guardrisk**						
	Estimates of the present value of future cash outflows	140	191	331	2 807	1 397	4 204
	Insurance acquisition cash flows	–	–	–	975	936	1 911
	Claims and other directly attributable expenses	140	191	331	1 832	461	2 293
	Estimates of the present value of future cash inflows	(186)	157	(29)	(3 944)	(1 165)	(5 109)
	Risk adjustment for non-financial risk	5	326	331	240	114	354
	CSM	41	–	41	897	–	897
	Losses recognised on initial recognition	–	674	674	–	346	346
9.3.9	**Total: Momentum Metropolitan Africa**						
	Estimates of the present value of future cash outflows	442	1 499	1 941	993	995	1 988
	Insurance acquisition cash flows	54	411	465	85	323	408
	Claims and other directly attributable expenses	388	1 088	1 476	908	672	1 580
	Estimates of the present value of future cash inflows	(700)	(1 330)	(2 030)	(1 133)	(841)	(1 974)
	Risk adjustment for non-financial risk	24	24	48	11	14	25
	CSM	234	–	234	129	–	129
	Losses recognised on initial recognition	–	193	193	–	168	168

9 INSURANCE CONTRACTS CONTINUED

9.4 CSM recognition in profit or loss for insurance contracts issued

An analysis of the expected recognition of the CSM in profit or loss in future periods is provided in the following table:

	0 to 1 year Rm	1 to 2 years Rm	2 to 3 years Rm	3 to 4 years Rm	4 to 5 years Rm	5 to 10 years Rm	10 to 15 years Rm	15 to 20 years Rm	> 20 years Rm	Total Rm
2024										
General measurement model	**1 852**	**1 711**	**1 504**	**1 308**	**1 138**	**3 836**	**1 912**	**934**	**841**	**15 036**
Variable fee approach	**350**	**342**	**300**	**263**	**228**	**749**	**342**	**144**	**84**	**2 802**
Total	**2 202**	**2 053**	**1 804**	**1 571**	**1 366**	**4 585**	**2 254**	**1 078**	**925**	**17 838**
2023										
General measurement model	1 689	1 489	1 315	1 158	1 009	3 398	1 701	834	728	13 321
Variable fee approach	399	352	313	275	244	811	368	159	101	3 022
Total	2 088	1 841	1 628	1 433	1 253	4 209	2 069	993	829	16 343

The CSM carrying values at the reporting date were allocated to future reporting periods on the basis of discounted, expected coverage units to be released in the relevant period. For Guardrisk, total CSM balance at the reporting date and the allocation of the balance to future reporting periods include the CSM balances linked to insurance and reinsurance contracts that Guardrisk promotor cells are exposed to.

9.5 Derecognition of insurance acquisition cash flow assets

The expected timing of when assets for insurance acquisition cash flows will be derecognised and included in the measurement of the group of insurance contracts to which they are allocated is disclosed in the table below:

	0 to 1 year Rm	1 to 2 years Rm	2 to 3 years Rm	3 to 4 years Rm	4 to 5 years Rm	5 to 10 years Rm	10 to 15 years Rm	15 to 20 years Rm	> 20 years Rm	Total Rm
2024										
General measurement model	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Variable fee approach	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Premium allocation approach	**(28)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(28)**
Total	**(28)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(28)**
2023										
General measurement model	–	–	–	–	–	–	–	–	–	–
Variable fee approach	–	–	–	–	–	–	–	–	–	–
Premium allocation approach	(27)	–	–	–	–	–	–	–	–	(27)
Total	(27)	–	–	–	–	–	–	–	–	(27)

10 REINSURANCE CONTRACTS

Portfolios of reinsurance contract assets and liabilities

An analysis of the amounts presented on the consolidated statement of financial position for reinsurance contracts held is included in the table below, along with the presentation of current and non-current portions of the net balances:

	2024			2023		
	Assets Rm	Liabilities Rm	Net assets Rm	Assets Rm	Liabilities Rm	Net assets Rm
General measurement model	**4 460**	**(4 454)**	**6**	3 693	(3 619)	74
Premium allocation approach	**4 786**	**(10 163)**	**(5 377)**	7 120	(9 578)	(2 458)
Total	**9 246**	**(14 617)**	**(5 371)**	10 813	(13 197)	(2 384)
Segmental split						
Momentum Retail	**3 799**	**(9)**	**3 790**	3 261	(7)	3 254
Metropolitan Life	**51**	**(24)**	**27**	50	(27)	23
Momentum Corporate	**1 551**	**–**	**1 551**	1 457	(1)	1 456
Momentum Metropolitan Health	**–**	**–**	**–**	–	–	–
Guardrisk	**3 328**	**(14 533)**	**(11 205)**	5 557	(13 105)	(7 548)
Momentum Insure	**256**	**–**	**256**	232	–	232
Momentum Metropolitan Africa	**261**	**(51)**	**210**	256	(57)	199
Total	**9 246**	**(14 617)**	**(5 371)**	10 813	(13 197)	(2 384)
Current	**(2 725)**	**4 308**	**1 583**	(20 256)	24 722	4 466
Non-current	**11 971**	**(18 925)**	**(6 954)**	31 069	(37 919)	(6 850)
Total	**9 246**	**(14 617)**	**(5 371)**	10 813	(13 197)	(2 384)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances

The roll-forward of the net asset or liability for reinsurance contracts held showing assets for remaining coverage and amounts recoverable on incurred claims is disclosed in the tables below:

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts not under the PAA	Amounts recoverable on incurred claims for contracts under the PAA		
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total Rm
10.1.1 Total reconciliation						
2024						
Opening reinsurance contract assets	882	1 893	1 513	6 150	375	10 813
Opening reinsurance contract liabilities	(13 329)	30	102	–	–	(13 197)
Net opening balance	(12 447)	1 923	1 615	6 150	375	(2 384)
Cash flows						
Reinsurance premiums paid	9 633	–	–	–	–	9 633
Reinsurance recoveries received	–	–	(3 193)	(5 536)	–	(8 729)
Capital balances and related transactions with third-party cell owners – share capital and dividends	5 585	–	–	(4)	–	5 581
Net cash flows	15 218	–	(3 193)	(5 540)	–	6 485
Changes in the income statement						
Allocation of reinsurance premiums	(18 365)	–	–	–	–	(18 365)
Contracts under the fair value approach	(315)	–	–	–	–	(315)
Other contracts	(18 050)	–	–	–	–	(18 050)
Amounts recoverable from reinsurers for incurred claims	(4)	(27)	3 526	6 553	(259)	9 789
Amounts recoverable for incurred claims and other expenses	–	(172)	3 293	6 137	(119)	9 139
Changes that relate to past service – adjustments to the AIC	–	–	233	416	(140)	509
Changes in the loss-recovery component	–	145	–	–	–	145
Effect of changes in non-performance risk of reinsurers	(4)	–	–	–	–	(4)
Investment components	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(18 369)	(27)	3 526	6 553	(259)	(8 576)
Finance (expense)/income from reinsurance contracts held	(612)	193	60	273	14	(72)
Investment returns due to third-party cell owner	(831)	–	–	–	–	(831)
Other changes	–	–	–	–	–	–
Total changes in the income statement	(19 812)	166	3 586	6 826	(245)	(9 479)
Other movements	3 462	–	–	(3 456)	1	7
Capital balances and related transactions with third-party cell owners – settlement	3 427	–	–	(3 427)	–	–
Contracts transferred on acquisition of subsidiary (refer to note 28)	104	–	–	–	–	104
Exchange rate differences	18	–	–	(5)	–	13
Other movements	(87)	–	–	(24)	1	(110)
Net closing balance	(13 579)	2 089	2 008	3 980	131	(5 371)
Closing reinsurance contract assets	1 370	1 926	1 839	3 980	131	9 246
Closing reinsurance contract liabilities	(14 949)	163	169	–	–	(14 617)
Net closing balance	(13 579)	2 089	2 008	3 980	131	(5 371)
Reinsurance contract assets consist of:						
Reinsurance asset relating to amounts due from cell owners						93
Other reinsurance contract assets						9 153
Reinsurance contract assets						9 246
Reinsurance contract liabilities consist of:						
Reinsurance liability relating to amounts due to cell owners						(8 300)
Other reinsurance contract liabilities						(6 317)
Reinsurance contract liabilities						(14 617)

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

10.1.1 Total reconciliation continued

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts not under the PAA	Amounts recoverable on incurred claims for contracts under the PAA		
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total Rm
2023						
Opening reinsurance contract assets	1 018	1 773	1 643	10 235	721	15 390
Opening reinsurance contract liabilities	(11 616)	20	42	9	–	(11 545)
Net opening balance	(10 598)	1 793	1 685	10 244	721	3 845
Cash flows						
Reinsurance premiums paid	9 893	–	–	–	–	9 893
Reinsurance recoveries received	–	–	(3 465)	(8 933)	–	(12 398)
Capital balances and related transactions with third-party cell owners – share capital and dividends	4 362	–	–	4	–	4 366
Net cash flows	14 255	–	(3 465)	(8 929)	–	1 861
Changes in the income statement						
Allocation of reinsurance premiums	(17 013)	–	–	–	–	(17 013)
Contracts under the fair value approach	(263)	–	–	–	–	(263)
Other contracts	(16 750)	–	–	–	–	(16 750)
Amounts recoverable from reinsurers for incurred claims	–	15	3 366	6 607	(360)	9 628
Amounts recoverable for incurred claims and other expenses	–	(169)	3 239	7 075	(273)	9 872
Changes that relate to past service – adjustments to the AIC	–	–	127	(468)	(87)	(428)
Changes in the loss-recovery component	–	184	–	–	–	184
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–	–
Investment components	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(17 013)	15	3 366	6 607	(360)	(7 385)
Finance (expense)/income from reinsurance contracts held	(221)	112	29	187	13	120
Investment returns due to third-party cell owner	(596)	–	–	–	–	(596)
Other changes	–	–	–	–	–	–
Total changes in the income statement	(17 830)	127	3 395	6 794	(347)	(7 861)
Other movements	1 726	3	–	(1 959)	1	(229)
Capital balances and related transactions with third-party cell owners – settlement	1 757	–	–	(1 757)	–	–
Contracts transferred on disposal of subsidiary (refer to note 27.5)	(19)	–	(2)	(147)	–	(168)
Exchange rate differences	(73)	3	2	9	1	(58)
Other movements	61	–	–	(64)	–	(3)
Net closing balance	(12 447)	1 923	1 615	6 150	375	(2 384)
Closing reinsurance contract assets	882	1 893	1 513	6 150	375	10 813
Closing reinsurance contract liabilities	(13 329)	30	102	–	–	(13 197)
Net closing balance	(12 447)	1 923	1 615	6 150	375	(2 384)
Reinsurance contract assets consist of:						
Reinsurance asset relating to amounts due from cell owners						127
Other reinsurance contract assets						10 686
Reinsurance contract assets						10 813
Reinsurance contract liabilities consist of:						
Reinsurance liability relating to amounts due to cell owners						(8 327)
Other reinsurance contract liabilities						(4 870)
Reinsurance contract liabilities						(13 197)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

	Assets for remaining coverage			
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Amounts recoverable on incurred claims for contracts not under the PAA Rm	Total Rm
10.1.2 General measurement model reconciliation				
2024				
Opening reinsurance contract assets	287	1 893	1 513	3 693
Opening reinsurance contract liabilities	(3 751)	30	102	(3 619)
Net opening balance	(3 464)	1 923	1 615	74
Cash flows				
Reinsurance premiums paid	2 916	–	–	2 916
Reinsurance recoveries received	–	–	(3 193)	(3 193)
Net cash flows	2 916	–	(3 193)	(277)
Changes in the income statement				
Allocation of reinsurance premiums	(3 151)	–	–	(3 151)
Contracts under the fair value approach	(315)	–	–	(315)
Other contracts	(2 836)	–	–	(2 836)
Amounts recoverable from reinsurers for incurred claims	–	(27)	3 526	3 499
Amounts recoverable for incurred claims and other expenses	–	(172)	3 293	3 121
Changes that relate to past service – adjustments to the AIC	–	–	233	233
Changes in the loss-recovery component	–	145	–	145
Effect of changes in non-performance risk of reinsurers	–	–	–	–
Investment components	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(3 151)	(27)	3 526	348
Finance (expense)/income from reinsurance contracts held	(392)	193	60	(139)
Investment returns due to third-party cell owner	–	–	–	–
Other changes	–	–	–	–
Total changes in the income statement	(3 543)	166	3 586	209
Other movements	–	–	–	–
Exchange rate differences	–	–	–	–
Other movements	–	–	–	–
Net closing balance	(4 091)	2 089	2 008	6
Closing reinsurance contract assets	695	1 926	1 839	4 460
Closing reinsurance contract liabilities	(4 786)	163	169	(4 454)
Net closing balance	(4 091)	2 089	2 008	6

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

10.1.2 General measurement model reconciliation continued

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts not under the PAA Rm	Total Rm
	Excluding loss-recovery component Rm	Loss-recovery component Rm		
2023				
Opening reinsurance contract assets	295	1 765	1 643	3 703
Opening reinsurance contract liabilities	(3 695)	20	42	(3 633)
Net opening balance	(3 400)	1 785	1 685	70
Cash flows				
Reinsurance premiums paid	2 918	–	–	2 918
Reinsurance recoveries received	–	–	(3 465)	(3 465)
Net cash flows	2 918	–	(3 465)	(547)
Changes in the income statement				
Allocation of reinsurance premiums	(2 384)	–	–	(2 384)
Contracts under the fair value approach	(263)	–	–	(263)
Other contracts	(2 121)	–	–	(2 121)
Amounts recoverable from reinsurers for incurred claims	–	23	3 366	3 389
Amounts recoverable for incurred claims and other expenses	–	(150)	3 239	3 089
Changes that relate to past service – adjustments to the AIC	–	–	127	127
Changes in the loss-recovery component	–	173	–	173
Effect of changes in non-performance risk of reinsurers	–	–	–	–
Investment components	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(2 384)	23	3 366	1 005
Finance (expense)/income from reinsurance contracts held	(579)	112	29	(438)
Investment returns due to third-party cell owner	–	–	–	–
Other changes	–	–	–	–
Total changes in the income statement	(2 963)	135	3 395	567
Other movements	(19)	3	–	(16)
Contracts transferred on disposal of subsidiary	(19)	-	(2)	(21)
Exchange rate differences	–	3	2	5
Other movements	–	–	–	–
Net closing balance	(3 464)	1 923	1 615	74
Closing reinsurance contract assets	287	1 893	1 513	3 693
Closing reinsurance contract liabilities	(3 751)	30	102	(3 619)
Net closing balance	(3 464)	1 923	1 615	74

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts under the PAA		
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total Rm
10.1.3 Premium allocation approach reconciliation					
2024					
Opening reinsurance contract assets	595	–	6 150	375	7 120
Opening reinsurance contract liabilities	(9 578)	–	–	–	(9 578)
Net opening balance	**(8 983)**	**–**	**6 150**	**375**	**(2 458)**
Cash flows					
Reinsurance premiums paid	6 717	–	–	–	6 717
Reinsurance recoveries received	–	–	(5 536)	–	(5 536)
Capital balances and related transactions with third-party cell owners – share capital and dividends	5 585	–	(4)	–	5 581
Net cash flows	**12 302**	**–**	**(5 540)**	**–**	**6 762**
Changes in the income statement					
Allocation of reinsurance premiums	(15 214)	–	–	–	(15 214)
Contracts under the fair value approach	–	–	–	–	–
Other contracts	(15 214)	–	–	–	(15 214)
Amounts recoverable from reinsurers for incurred claims	(4)	–	6 553	(259)	6 290
Amounts recoverable for incurred claims and other expenses	–	–	6 137	(119)	6 018
Changes that relate to past service – adjustments to the AIC	–	–	416	(140)	276
Changes in the loss-recovery component	–	–	–	–	–
Effect of changes in non-performance risk of reinsurers	(4)	–	–	–	(4)
Investment components	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	**(15 218)**	**–**	**6 553**	**(259)**	**(8 924)**
Finance (expense)/income from reinsurance contracts held	(220)	–	273	14	67
Investment returns due to third-party cell owner	(831)	–	–	–	(831)
Other changes	–	–	–	–	–
Total changes in the income statement	**(16 269)**	**–**	**6 826**	**(245)**	**(9 688)**
Other movements	**3 462**	**–**	**(3 456)**	**1**	**7**
Capital balances and related transactions with third-party cell owners – settlement	3 427	–	(3 427)	–	–
Contracts transferred on acquisition of subsidiary (refer to note 28)	104	–	–	–	104
Exchange rate differences	18	–	(5)	–	13
Other movements[1]	(87)	–	(24)	1	(110)
Net closing balance	**(9 488)**	**–**	**3 980**	**131**	**(5 377)**
Closing reinsurance contract assets	675	–	3 980	131	4 786
Closing reinsurance contract liabilities	(10 163)	–	–	–	(10 163)
Net closing balance	**(9 488)**	**–**	**3 980**	**131**	**(5 377)**
Reinsurance contract assets consist of:					
Reinsurance asset relating to amounts due from cell owners					93
Other reinsurance contract assets					4 693
Reinsurance contract assets					**4 786**
Reinsurance contract liabilities consist of:					
Reinsurance liability relating to amounts due to cell owners					(8 300)
Other reinsurance contract liabilities					(1 863)
Reinsurance contract liabilities					**(10 163)**

[1] The acquisition of Zestlife within the Guardrisk segment in the current year resulted in the elimination of existing contracts classified as intercompany following the consolidation of the entity.

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

10.1.3 Premium allocation approach reconciliation continued

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts under the PAA		
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total Rm
2023					
Opening reinsurance contract assets	723	8	10 235	721	11 687
Opening reinsurance contract liabilities	(7 921)	–	9	–	(7 912)
Net opening balance	(7 198)	8	10 244	721	3 775
Cash flows					
Reinsurance premiums paid	6 975	–	–	–	6 975
Reinsurance recoveries received	–	–	(8 933)	–	(8 933)
Capital balances and related transactions with third-party cell owners – share capital and dividends	4 362	–	4	–	4 366
Net cash flows	11 337	–	(8 929)	–	2 408
Changes in the income statement					
Allocation of reinsurance premiums	(14 629)	–	–	–	(14 629)
Contracts under the modified retrospective approach	–	–	–	–	–
Contracts under the fair value approach	–	–	–	–	–
Other contracts	(14 629)	–	–	–	(14 629)
Amounts recoverable from reinsurers for incurred claims	–	(8)	6 607	(360)	6 239
Amounts recoverable for incurred claims and other expenses	–	(19)	7 075	(273)	6 783
Changes that relate to past service – adjustments to the AIC	–	–	(468)	(87)	(555)
Changes in the loss-recovery component	–	11	–	–	11
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–
Investment components	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(14 629)	(8)	6 607	(360)	(8 390)
Finance (expense)/income from reinsurance contracts held	358	–	187	13	558
Investment returns due to third-party cell owner	(596)	–	–	–	(596)
Other changes					–
Total changes in the income statement	(14 867)	(8)	6 794	(347)	(8 428)
Other movements	1 745	–	(1 959)	1	(213)
Capital balances and related transactions with third-party cell owners – settlement	1 757	–	(1 757)	–	–
Contracts transferred on disposal of subsidiary	–	–	(147)	–	(147)
Exchange rate differences	(73)	–	9	1	(63)
Other movements	61	–	(64)	–	(3)
Net closing balance	(8 983)	–	6 150	375	(2 458)
Closing reinsurance contract assets	595	–	6 150	375	7 120
Closing reinsurance contract liabilities	(9 578)	–	–	–	(9 578)
Net closing balance	(8 983)	–	6 150	375	(2 458)
Reinsurance contract assets consist of:					
Reinsurance asset relating to amounts due from cell owners					127
Other reinsurance contract assets					6 993
Reinsurance contract assets					7 120
Reinsurance contract liabilities consist of:					
Reinsurance liability relating to amounts due to cell owners					(8 327)
Other reinsurance contract liabilities					(1 251)
Reinsurance contract liabilities					(9 578)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts not under the PAA	Amounts recoverable on incurred claims for contracts under the PAA		
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total Rm
10.1.4 Total reconciliation: Momentum Retail						
2024						
Opening reinsurance contract assets	182	1 750	1 329	–	–	3 261
Opening reinsurance contract liabilities	(10)	–	3	–	–	(7)
Net opening balance	172	1 750	1 332	–	–	3 254
Cash flows						
Reinsurance premiums paid	2 688	–	–	–	–	2 688
Reinsurance recoveries received	–	–	(2 642)	–	–	(2 642)
Capital balances and related transactions with third-party cell owners – share capital and dividends	–	–	–	–	–	–
Net cash flows	2 688	–	(2 642)	–	–	46
Changes in the income statement						
Allocation of reinsurance premiums	(2 470)	–	–	–	–	(2 470)
Contracts under the fair value approach	(264)	–	–	–	–	(264)
Other contracts	(2 206)	–	–	–	–	(2 206)
Amounts recoverable from reinsurers for incurred claims	–	(148)	2 833	–	–	2 685
Amounts recoverable for incurred claims and other expenses	–	(158)	2 738	–	–	2 580
Changes that relate to past service – adjustments to the AIC	–	–	95	–	–	95
Changes in the loss-recovery component	–	10	–	–	–	10
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–	–
Investment components	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(2 470)	(148)	2 833	–	–	215
Finance income from reinsurance contracts held	46	169	60	–	–	275
Investment returns due to third-party cell owner	–	–	–	–	–	–
Other changes	–	–	–	–	–	–
Total changes in the income statement	(2 424)	21	2 893	–	–	490
Other movements	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Other movements	–	–	–	–	–	–
Net closing balance	436	1 771	1 583	–	–	3 790
Closing reinsurance contract assets	453	1 771	1 575	–	–	3 799
Closing reinsurance contract liabilities	(17)	–	8	–	–	(9)
Net closing balance	436	1 771	1 583	–	–	3 790
Reinsurance contract assets consist of:						
Reinsurance asset relating to amounts due from cell owners						–
Other reinsurance contract assets						3 799
Reinsurance contract assets						3 799
Reinsurance contract liabilities consist of:						
Reinsurance liability relating to amounts due to cell owners						–
Other reinsurance contract liabilities						(9)
Reinsurance contract liabilities						(9)

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

10.1.4 Total reconciliation: Momentum Retail continued

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts not under the PAA	Amounts recoverable on incurred claims for contracts under the PAA		
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total Rm
2023						
Opening reinsurance contract assets	243	1 624	1 364	–	–	3 231
Opening reinsurance contract liabilities	(20)	–	5	–	–	(15)
Net opening balance	223	1 624	1 369	–	–	3 216
Cash flows						
Reinsurance premiums paid	2 544	–	–	–	–	2 544
Reinsurance recoveries received	–	–	(2 849)	–	–	(2 849)
Capital balances and related transactions with third-party cell owners – share capital and dividends	–	–	–	–	–	–
Net cash flows	2 544	–	(2 849)	–	–	(305)
Changes in the income statement						
Allocation of reinsurance premiums	(2 269)	–	–	–	–	(2 269)
Contracts under the fair value approach	(271)	–	–	–	–	(271)
Other contracts	(1 998)	–	–	–	–	(1 998)
Amounts recoverable from reinsurers for incurred claims	–	25	2 784	–	–	2 809
Amounts recoverable for incurred claims and other expenses	–	(143)	2 684	–	–	2 541
Changes that relate to past service – adjustments to the AIC	–	–	100	–	–	100
Changes in the loss-recovery component	–	168	–	–	–	168
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–	–
Investment components	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(2 269)	25	2 784	–	–	540
Finance (expenses)/income from reinsurance contracts held	(326)	101	28	–	–	(197)
Investment returns due to third-party cell owner	–	–	–	–	–	–
Other changes	–	–	–	–	–	–
Total changes in the income statement	(2 595)	126	2 812	–	–	343
Other movements	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Other movements	–	–	–	–	–	–
Net closing balance	172	1 750	1 332	–	–	3 254
Closing reinsurance contract assets	182	1 750	1 329	–	–	3 261
Closing reinsurance contract liabilities	(10)	–	3	–	–	(7)
Net closing balance	172	1 750	1 332	–	–	3 254
Reinsurance contract assets consist of:						
Reinsurance asset relating to amounts due from cell owners						–
Other reinsurance contract assets						3 261
Reinsurance contract assets						3 261
Reinsurance contract liabilities consist of:						
Reinsurance liability relating to amounts due to cell owners						–
Other reinsurance contract liabilities						(7)
Reinsurance contract liabilities						(7)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

10.1.5 Total reconciliation: Metropolitan Life

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts not under the PAA	Amounts recoverable on incurred claims for contracts under the PAA		
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total Rm
2024						
Opening reinsurance contract assets	13	7	30	–	–	50
Opening reinsurance contract liabilities	(41)	14	–	–	–	(27)
Net opening balance	(28)	21	30	–	–	23
Cash flows						
Reinsurance premiums paid	42	–	–	–	–	42
Reinsurance recoveries received	–	–	(53)	–	–	(53)
Capital balances and related transactions with third-party cell owners – share capital and dividends	–	–	–	–	–	–
Net cash flows	42	–	(53)	–	–	(11)
Changes in the income statement						
Allocation of reinsurance premiums	(30)	–	–	–	–	(30)
Contracts under the fair value approach	–	–	–	–	–	–
Other contracts	(30)	–	–	–	–	(30)
Amounts recoverable from reinsurers for incurred claims	–	10	35	–	–	45
Amounts recoverable for incurred claims and other expenses	–	–	35	–	–	35
Changes that relate to past service – adjustments to the AIC	–	–	–	–	–	–
Changes in the loss-recovery component	–	10	–	–	–	10
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–	–
Investment components	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(30)	10	35	–	–	15
Finance (expenses)/income from reinsurance contracts held	(4)	4	–	–	–	–
Investment returns due to third-party cell owner	–	–	–	–	–	–
Other changes	–	–	–	–	–	–
Total changes in the income statement	(34)	14	35	–	–	15
Other movements	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Other movements	–	–	–	–	–	–
Net closing balance	(20)	35	12	–	–	27
Closing reinsurance contract assets	18	21	12	–	–	51
Closing reinsurance contract liabilities	(38)	14	–	–	–	(24)
Net closing balance	(20)	35	12	–	–	27
Reinsurance contract assets consist of:						
Reinsurance asset relating to amounts due from cell owners						–
Other reinsurance contract assets						51
Reinsurance contract assets						51
Reinsurance contract liabilities consist of:						
Reinsurance liability relating to amounts due to cell owners						–
Other reinsurance contract liabilities						(24)
Reinsurance contract liabilities						(24)

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

10.1.5 Total reconciliation: Metropolitan Life continued

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts not under the PAA	Amounts recoverable on incurred claims for contracts under the PAA		
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total Rm
2023						
Opening reinsurance contract assets	(3)	14	22	–	–	33
Opening reinsurance contract liabilities	(86)	12	–	–	–	(74)
Net opening balance	(89)	26	22	–	–	(41)
Cash flows						
Reinsurance premiums paid	40	–	–	–	–	40
Reinsurance recoveries received	–	–	(43)	–	–	(43)
Capital balances and related transactions with third-party cell owners – share capital and dividends	–	–	–	–	–	–
Net cash flows	40	–	(43)	–	–	(3)
Changes in the income statement						
Allocation of reinsurance premiums	25	–	–	–	–	25
Contracts under the fair value approach	–	–	–	–	–	–
Other contracts	25	–	–	–	–	25
Amounts recoverable from reinsurers for incurred claims	–	(8)	51	–	–	43
Amounts recoverable for incurred claims and other expenses	–	–	51	–	–	51
Changes that relate to past service – adjustments to the AIC	–	–	–	–	–	–
Changes in the loss-recovery component	–	(8)	–	–	–	(8)
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–	–
Investment components	–	–	–	–	–	–
Net income/(expenses) from reinsurance contracts held	25	(8)	51	–	–	68
Finance (expenses)/income from reinsurance contracts held	(4)	3	–	–	–	(1)
Investment returns due to third-party cell owner	–	–	–	–	–	–
Other changes	–	–	–	–	–	–
Total changes in the income statement	21	(5)	51	–	–	67
Other movements	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Other movements	–	–	–	–	–	–
Net closing balance	(28)	21	30	–	–	23
Closing reinsurance contract assets	13	7	30	–	–	50
Closing reinsurance contract liabilities	(41)	14	–	–	–	(27)
Net closing balance	(28)	21	30	–	–	23
Reinsurance contract assets consist of:						
Reinsurance asset relating to amounts due from cell owners						–
Other reinsurance contract assets						50
Reinsurance contract assets						50
Reinsurance contract liabilities consist of:						
Reinsurance liability relating to amounts due to cell owners						–
Other reinsurance contract liabilities						(27)
Reinsurance contract liabilities						(27)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts not under the PAA	Amounts recoverable on incurred claims for contracts under the PAA		
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total Rm
10.1.6 Total reconciliation: Momentum Corporate						
2024						
Opening reinsurance contract assets	(396)	–	–	1 819	34	1 457
Opening reinsurance contract liabilities	(9)	–	8	–	–	(1)
Net opening balance	(405)	–	8	1 819	34	1 456
Cash flows						
Reinsurance premiums paid	952	–	–	–	–	952
Reinsurance recoveries received	–	–	(4)	(641)	–	(645)
Capital balances and related transactions with third-party cell owners – share capital and dividends	–	–	–	–	–	–
Net cash flows	952	–	(4)	(641)	–	307
Changes in the income statement						
Allocation of reinsurance premiums	(856)	–	–	–	–	(856)
Contracts under the fair value approach	–	–	–	–	–	–
Other contracts	(856)	–	–	–	–	(856)
Amounts recoverable from reinsurers for incurred claims	–	–	5	450	(1)	454
Amounts recoverable for incurred claims and other expenses	–	–	2	664	13	679
Changes that relate to past service – adjustments to the AIC	–	–	3	(214)	(14)	(225)
Changes in the loss-recovery component	–	–	–	–	–	–
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–	–
Investment components	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(856)	–	5	450	(1)	(402)
Finance income from reinsurance contracts held	–	–	–	184	6	190
Investment returns due to third-party cell owner	–	–	–	–	–	–
Other changes	–	–	–	–	–	–
Total changes in the income statement	(856)	–	5	634	5	(212)
Other movements	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Other movements	–	–	–	–	–	–
Net closing balance	(309)	–	9	1 812	39	1 551
Closing reinsurance contract assets	(309)	–	9	1 812	39	1 551
Closing reinsurance contract liabilities	–	–	–	–	–	–
Net closing balance	(309)	–	9	1 812	39	1 551
Reinsurance contract assets consist of:						
Reinsurance asset relating to amounts due from cell owners						–
Other reinsurance contract assets						1 551
Reinsurance contract assets						1 551
Reinsurance contract liabilities consist of:						
Reinsurance liability relating to amounts due to cell owners						–
Other reinsurance contract liabilities						–
Reinsurance contract liabilities						–

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

10.1.6 Total reconciliation: Momentum Corporate continued

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts not under the PAA	Amounts recoverable on incurred claims for contracts under the PAA		
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total Rm
2023						
Opening reinsurance contract assets	(117)	6	42	1 760	32	1 723
Opening reinsurance contract liabilities	(12)	–	–	11	–	(1)
Net opening balance	(129)	6	42	1 771	32	1 722
Cash flows						
Reinsurance premiums paid	873	–	–	–	–	873
Reinsurance recoveries received	–	–	(42)	(587)	–	(629)
Capital balances and related transactions with third-party cell owners – share capital and dividends	–	–	–	–	–	–
Net cash flows	873	–	(42)	(587)	–	244
Changes in the income statement						
Allocation of reinsurance premiums	(1 149)	–	–	–	–	(1 149)
Contracts under the fair value approach	–	–	–	–	–	–
Other contracts	(1 149)	–	–	–	–	(1 149)
Amounts recoverable from reinsurers for incurred claims	–	(6)	8	576	(1)	577
Amounts recoverable for incurred claims and other expenses	–	(17)	4	637	6	630
Changes that relate to past service – adjustments to the AIC	–	–	4	(61)	(7)	(64)
Changes in the loss-recovery component	–	11	–	–	–	11
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–	–
Investment components	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(1 149)	(6)	8	576	(1)	(572)
Finance income from reinsurance contracts held	–	–	–	59	3	62
Investment returns due to third-party cell owner	–	–	–	–	–	–
Other changes	–	–	–	–	–	–
Total changes in the income statement	(1 149)	(6)	8	635	2	(510)
Other movements	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Other movements	–	–	–	–	–	–
Net closing balance	(405)	–	8	1 819	34	1 456
Closing reinsurance contract assets	(396)	–	–	1 819	34	1 457
Closing reinsurance contract liabilities	(9)	–	8	–	–	(1)
Net closing balance	(405)	–	8	1 819	34	1 456
Reinsurance contract assets consist of:						
Reinsurance asset relating to amounts due from cell owners						–
Other reinsurance contract assets						1 457
Reinsurance contract assets						1 457
Reinsurance contract liabilities consist of:						
Reinsurance liability relating to amounts due to cell owners						–
Other reinsurance contract liabilities						(1)
Reinsurance contract liabilities						(1)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

10.1.7 Total reconciliation: Guardrisk

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts not under the PAA	Amounts recoverable on incurred claims for contracts under the PAA		
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total Rm
2024						
Opening reinsurance contract assets	1 129	29	89	3 973	337	5 557
Opening reinsurance contract liabilities	(13 191)	–	86	–	–	(13 105)
Net opening balance	(12 062)	29	175	3 973	337	(7 548)
Cash flows						
Reinsurance premiums paid	5 555	–	–	–	–	5 555
Reinsurance recoveries received	–	–	(390)	(4 820)	–	(5 210)
Capital balances and related transactions with third-party cell owners – share capital and dividends	5 574	–	–	–	–	5 574
Net cash flows	11 129	–	(390)	(4 820)	–	5 919
Changes in the income statement						
Allocation of reinsurance premiums	(14 569)	–	–	–	–	(14 569)
Contracts under the fair value approach	(28)	–	–	–	–	(28)
Other contracts	(14 541)	–	–	–	–	(14 541)
Amounts recoverable from reinsurers for incurred claims	(4)	107	559	5 961	(255)	6 368
Amounts recoverable for incurred claims and other expenses	–	(6)	422	5 420	(133)	5 703
Changes that relate to past service – adjustments to the AIC	–	–	137	541	(122)	556
Changes in the loss-recovery component	–	113	–	–	–	113
Effect of changes in non-performance risk of reinsurers	(4)	–	–	–	–	(4)
Investment components	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(14 573)	107	559	5 961	(255)	(8 201)
Finance (expenses)/income from reinsurance contracts held	(651)	11	(2)	86	5	(551)
Investment returns due to third-party cell owner	(831)					(831)
Other changes	–	–	–	–	–	–
Total changes in the income statement	(16 055)	118	557	6 047	(250)	(9 583)
Other movements	3 437	–	–	(3 431)	1	7
Capital balances and related transactions with third-party cell owners – settlement	3 427	–	–	(3 427)	–	–
Contracts transferred on acquisition of subsidiary (refer to note 28)	104	–	–	–	–	104
Exchange rate differences	18	–	–	(4)	–	14
Other movements	(112)	–	–	–	1	(111)
Net closing balance	(13 551)	147	342	1 769	88	(11 205)
Closing reinsurance contract assets	1 287	1	183	1 769	88	3 328
Closing reinsurance contract liabilities	(14 838)	146	159	–	–	(14 533)
Net closing balance	(13 551)	147	342	1 769	88	(11 205)
Reinsurance contract assets consist of:						
Reinsurance asset relating to amounts due from cell owners						93
Other reinsurance contract assets						3 235
Reinsurance contract assets						3 328
Reinsurance contract liabilities consist of:						
Reinsurance liability relating to amounts due to cell owners						(8 263)
Other reinsurance contract liabilities						(6 270)
Reinsurance contract liabilities						(14 533)

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

10.1.7 Total reconciliation: Guardrisk continued

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts not under the PAA	Amounts recoverable on incurred claims for contracts under the PAA		
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total Rm
2023						
Opening reinsurance contract assets	968	28	124	7 750	682	9 552
Opening reinsurance contract liabilities	(11 444)	–	65	(2)	–	(11 381)
Net opening balance	(10 476)	28	189	7 748	682	(1 829)
Cash flows						
Reinsurance premiums paid	6 005	–	–	–	–	6 005
Reinsurance recoveries received	–	–	(422)	(7 785)	–	(8 207)
Capital balances and related transactions with third-party cell owners – share capital and dividends	4 367	–	–	–	–	4 367
Net cash flows	10 372	–	(422)	(7 785)	–	2 165
Changes in the income statement						
Allocation of reinsurance premiums	(13 186)	–	–	–	–	(13 186)
Contracts under the fair value approach	24	–	–	–	–	24
Other contracts	(13 210)	–	–	–	–	(13 210)
Amounts recoverable from reinsurers for incurred claims	–	(3)	406	5 635	(356)	5 682
Amounts recoverable for incurred claims and other expenses	–	–	389	6 061	(278)	6 172
Changes that relate to past service – adjustments to the AIC	–	–	17	(426)	(78)	(487)
Changes in the loss-recovery component	–	(3)	–	–	–	(3)
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–	–
Investment components	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(13 186)	(3)	406	5 635	(356)	(7 504)
Finance income from reinsurance contracts held	111	–	–	123	10	244
Investment returns due to third-party cell owner	(596)	–	–	–	–	(596)
Other changes	–	–	–	–	–	–
Total changes in the income statement	(13 671)	(3)	406	5 758	(346)	(7 856)
Other movements	1 713	4	2	(1 748)	1	(28)
Capital balances and related transactions with third-party cell owners – settlement	1 757	–	–	(1 757)	–	–
Exchange rate differences	(73)	4	2	7	1	(59)
Other movements	29	–	–	2	–	31
Net closing balance	(12 062)	29	175	3 973	337	(7 548)
Closing reinsurance contract assets	1 129	29	89	3 973	337	5 557
Closing reinsurance contract liabilities	(13 191)	–	86	–	–	(13 105)
Net closing balance	(12 062)	29	175	3 973	337	(7 548)
Reinsurance contract assets consist of:						
Reinsurance asset relating to amounts due from cell owners						127
Other reinsurance contract assets						5 430
Reinsurance contract assets						5 557
Reinsurance contract liabilities consist of:						
Reinsurance liability relating to amounts due to cell owners						(8 296)
Other reinsurance contract liabilities						(4 809)
Reinsurance contract liabilities						(13 105)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts not under the PAA	Amounts recoverable on incurred claims for contracts under the PAA		
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total Rm
10.1.8 Total reconciliation: Momentum Insure						
2024						
Opening reinsurance contract assets	(13)	–	–	244	1	232
Opening reinsurance contract liabilities	–	–	–	–	–	–
Net opening balance	(13)	–	–	244	1	232
Cash flows						
Reinsurance premiums paid	79	–	–	–	–	79
Reinsurance recoveries received	–	–	–	14	–	14
Capital balances and related transactions with third-party cell owners – share capital and dividends	–	–	–	–	–	–
Net cash flows	79	–	–	14	–	93
Changes in the income statement						
Allocation of reinsurance premiums	(73)	–	–	–	–	(73)
Contracts under the fair value approach	–	–	–	–	–	–
Other contracts	(73)	–	–	–	–	(73)
Amounts recoverable from reinsurers for incurred claims	–	–	–	5	(1)	4
Amounts recoverable for incurred claims and other expenses	–	–	–	5	(1)	4
Changes that relate to past service – adjustments to the AIC	–	–	–	–	–	–
Changes in the loss-recovery component	–	–	–	–	–	–
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–	–
Investment components	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(73)	–	–	5	(1)	(69)
Finance (expenses)/income from reinsurance contracts held	–	–	–	–	–	–
Investment returns due to third-party cell owner	–	–	–	–	–	–
Other changes	–	–	–	–	–	–
Total changes in the income statement	(73)	–	–	5	(1)	(69)
Other movements	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–
Other movements	–	–	–	–	–	–
Net closing balance	(7)	–	–	263	–	256
Closing reinsurance contract assets	(7)	–	–	263	–	256
Closing reinsurance contract liabilities	–	–	–	–	–	–
Net closing balance	(7)	–	–	263	–	256
Reinsurance contract assets consist of:						
Reinsurance asset relating to amounts due from cell owners						–
Other reinsurance contract assets						256
Reinsurance contract assets						256
Reinsurance contract liabilities consist of:						
Reinsurance liability relating to amounts due to cell owners						–
Other reinsurance contract liabilities						–
Reinsurance contract liabilities						–

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

10.1.8 Total reconciliation: Momentum Insure continued

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts not under the PAA	Amounts recoverable on incurred claims for contracts under the PAA		
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total Rm
2023						
Opening reinsurance contract assets	(10)	–	–	435	4	429
Opening reinsurance contract liabilities	–	–	–	–	–	–
Net opening balance	(10)	–	–	435	4	429
Cash flows						
Reinsurance premiums paid	62	–	–	–	–	62
Reinsurance recoveries received	–	–	–	(387)	–	(387)
Capital balances and related transactions with third-party cell owners – share capital and dividends	–	–	–	–	–	–
Net cash flows	62	–	–	(387)	–	(325)
Changes in the income statement						
Allocation of reinsurance premiums	(65)	–	–	–	–	(65)
Contracts under the fair value approach	–	–	–	–	–	–
Other contracts	(65)	–	–	–	–	(65)
Amounts recoverable from reinsurers for incurred claims	–	–	–	231	(3)	228
Amounts recoverable for incurred claims and other expenses	–	–	–	231	(3)	228
Changes that relate to past service – adjustments to the AIC	–	–	–	–	–	–
Changes in the loss-recovery component	–	–	–	–	–	–
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–	–
Investment components	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(65)	–	–	231	(3)	163
Finance (expenses)/income from reinsurance contracts held	–	–	–	–	–	–
Investment returns due to third-party cell owner	–	–	–	–	–	–
Other changes	–	–	–	–	–	–
Total changes in the income statement	(65)	–	–	231	(3)	163
Other movements	–	–	–	(35)	–	(35)
Exchange rate differences	–	–	–	–	–	–
Other movements	–	–	–	(35)	–	(35)
Net closing balance	(13)	–	–	244	1	232
Closing reinsurance contract assets	(13)	–	–	244	1	232
Closing reinsurance contract liabilities	–	–	–	–	–	–
Net closing balance	(13)	–	–	244	1	232
Reinsurance contract assets consist of:						
Reinsurance asset relating to amounts due from cell owners						–
Other reinsurance contract assets						232
Reinsurance contract assets						232
Reinsurance contract liabilities consist of:						
Reinsurance liability relating to amounts due to cell owners						–
Other reinsurance contract liabilities						–
Reinsurance contract liabilities						–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts not under the PAA	Amounts recoverable on incurred claims for contracts under the PAA		
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total Rm
10.1.9 Total reconciliation: Momentum Metropolitan Africa						
2024						
Opening reinsurance contract assets	(33)	107	65	114	3	256
Opening reinsurance contract liabilities	(78)	16	5	–	–	(57)
Net opening balance	(111)	123	70	114	3	199
Cash flows						
Reinsurance premiums paid	317	–	–	–	–	317
Reinsurance recoveries received	–	–	(104)	(89)	–	(193)
Capital balances and related transactions with third-party cell owners – share capital and dividends	11	–	–	(4)	–	7
Net cash flows	328	–	(104)	(93)	–	131
Changes in the income statement						
Allocation of reinsurance premiums	(367)	–	–	–	–	(367)
Contracts under the fair value approach	(23)	–	–	–	–	(23)
Other contracts	(344)	–	–	–	–	(344)
Amounts recoverable from reinsurers for incurred claims	–	4	94	137	(2)	233
Amounts recoverable for incurred claims and other expenses	–	(8)	96	48	2	138
Changes that relate to past service – adjustments to the AIC	–	–	(2)	89	(4)	83
Changes in the loss-recovery component	–	12	–	–	–	12
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–	–
Investment components	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(367)	4	94	137	(2)	(134)
Finance (expenses)/income from reinsurance contracts held	(3)	9	2	3	3	14
Investment returns due to third-party cell owner	–	–	–	–	–	–
Other changes	–	–	–	–	–	–
Total changes in the income statement	(370)	13	96	140	1	(120)
Other movements	25	–	–	(25)	–	–
Exchange rate differences	–	–	–	(1)	–	(1)
Other movements	25	–	–	(24)	–	1
Net closing balance	(128)	136	62	136	4	210
Closing reinsurance contract assets	(72)	133	60	136	4	261
Closing reinsurance contract liabilities	(56)	3	2	–	–	(51)
Net closing balance	(128)	136	62	136	4	210
Reinsurance contract assets consist of:						
Reinsurance asset relating to amounts due from cell owners						–
Other reinsurance contract assets						261
Reinsurance contract assets						261
Reinsurance contract liabilities consist of:						
Reinsurance liability relating to amounts due to cell owners						(37)
Other reinsurance contract liabilities						(14)
Reinsurance contract liabilities						(51)

10 REINSURANCE CONTRACTS CONTINUED

10.1 Reconciliation of the remaining coverage and the incurred claims components of reinsurance contract balances continued

10.1.9 Total reconciliation: Momentum Metropolitan Africa continued

	Assets for remaining coverage		Amounts recoverable on incurred claims for contracts not under the PAA	Amounts recoverable on incurred claims for contracts under the PAA		
	Excluding loss-recovery component Rm	Loss-recovery component Rm	Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Total Rm
2023						
Opening reinsurance contract assets	(63)	101	91	290	3	422
Opening reinsurance contract liabilities	(54)	8	(28)	–	–	(74)
Net opening balance	(117)	109	63	290	3	348
Cash flows						
Reinsurance premiums paid	369	–	–	–	–	369
Reinsurance recoveries received	–	–	(109)	(174)	–	(283)
Capital balances and related transactions with third-party cell owners – share capital and dividends	(5)	–	–	4	–	(1)
Net cash flows	364	–	(109)	(170)	–	85
Changes in the income statement						
Allocation of reinsurance premiums	(369)	–	–	–	–	(369)
Contracts under the fair value approach	(16)	–	–	–	–	(16)
Other contracts	(353)	–	–	–	–	(353)
Amounts recoverable from reinsurers for incurred claims	–	7	117	165	–	289
Amounts recoverable for incurred claims and other expenses	–	(9)	111	146	2	250
Changes that relate to past service – adjustments to the AIC	–	–	6	19	(2)	23
Changes in the loss-recovery component	–	16	–	–	–	16
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–	–
Investment components	–	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(369)	7	117	165	–	(80)
Finance (expenses)/income from reinsurance contracts held	(2)	8	1	5	–	12
Investment returns due to third-party cell owner	–	–	–	–	–	–
Other changes	–	–	–	–	–	–
Total changes in the income statement	(371)	15	118	170	–	(68)
Other movements	13	(1)	(2)	(176)	–	(166)
Capital balances and related transactions with third-party cell owners – settlement	32	–	–	(31)	–	1
Contracts transferred on disposal of subsidiary (refer to note 27.5)	(19)	–	(2)	(147)	–	(168)
Exchange rate differences	–	(1)	–	2	–	1
Other movements	–	–	–	–	–	–
Net closing balance	(111)	123	70	114	3	199
Closing reinsurance contract assets	(33)	107	65	114	3	256
Closing reinsurance contract liabilities	(78)	16	5	–	–	(57)
Net closing balance	(111)	123	70	114	3	199
Reinsurance contract assets consist of:						
Reinsurance asset relating to amounts due from cell owners						–
Other reinsurance contract assets						256
Reinsurance contract assets						256
Reinsurance contract liabilities consist of:						
Reinsurance liability relating to amounts due to cell owners						(31)
Other reinsurance contract liabilities						(26)
Reinsurance contract liabilities						(57)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 REINSURANCE CONTRACTS CONTINUED

10.2 Reconciliation of the measurement components of reinsurance contract balances

The tables below present a roll-forward of the net asset or liability for reinsurance contracts held showing estimates of the present value of future cash flows, risk adjustment and CSM. These tables only apply to contracts measured under the GMM.

10.2.1 Total reconciliation

			CSM		
	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Contracts under fair value approach Rm	Other contracts Rm	Total Rm
2024					
Opening reinsurance contract assets	4 487	518	186	(1 498)	3 693
Opening reinsurance contract liabilities	(5 164)	440	42	1 063	(3 619)
Net opening balance	(677)	958	228	(435)	74
Cash flows					
Reinsurance premiums paid	2 916	–	–	–	2 916
Reinsurance recoveries received	(3 193)	–	–	–	(3 193)
Net cash flows	(277)	–	–	–	(277)
Changes in the income statement					
Changes that relate to current service	75	(147)	(60)	102	(30)
CSM recognised in profit or loss for the services received	–	–	(60)	102	42
Change in the risk adjustment for non-financial risk for the risk expired	–	(149)	–	–	(149)
Experience adjustments	75	2	–	–	77
Changes that relate to future service	(1 097)	191	319	732	145
Changes in estimates that adjust the CSM	(621)	52	319	250	–
Changes in estimates that do not adjust the CSM	(17)	4	–	–	(13)
Contracts initially recognised in the year	(459)	135	–	324	–
Recognition of loss-recovery component from onerous underlying contracts	–	–	–	91	91
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	–	67	67
Changes that relate to past service	233	–	–	–	233
Adjustments to the AIC	233	–	–	–	233
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(789)	44	259	834	348
Finance (expenses)/income from reinsurance contracts held	(355)	131	60	25	(139)
Other changes	–	–	–	–	–
Total changes in the income statement	(1 144)	175	319	859	209
Other movements	2	(2)	–	–	–
Exchange rate differences	2	(2)	–	–	–
Other movements	–	–	–	–	–
Net closing balance	(2 096)	1 131	547	424	6
Closing reinsurance contract assets	5 641	567	132	(1 880)	4 460
Closing reinsurance contract liabilities	(7 737)	564	415	2 304	(4 454)
Net closing balance	(2 096)	1 131	547	424	6

10 REINSURANCE CONTRACTS CONTINUED

10.2 Reconciliation of the measurement components of reinsurance contract balances continued

10.2.1 Total reconciliation continued

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM: Contracts under fair value approach Rm	CSM: Other contracts Rm	Total Rm
2023					
Opening reinsurance contract assets	3 305	554	168	(324)	3 703
Opening reinsurance contract liabilities	(4 866)	377	445	411	(3 633)
Net opening balance	(1 561)	931	613	87	70
Cash flows					
Reinsurance premiums paid	2 918	–	–	–	2 918
Reinsurance recoveries received	(3 465)	–	–	–	(3 465)
Net cash flows	(547)	–	–	–	(547)
Changes in the income statement					
Changes that relate to current service	646	(33)	(16)	108	705
CSM recognised in profit or loss for the services received	1	–	(16)	108	93
Change in the risk adjustment for non-financial risk for the risk expired	–	(36)	–	–	(36)
Experience adjustments	645	3	–	–	648
Changes that relate to future service	1 216	67	(425)	(685)	173
Changes in estimates that adjust the CSM	1 965	(40)	(425)	(1 500)	–
Changes in estimates that do not adjust the CSM	148	(8)	–	–	140
Contracts initially recognised in the year	(898)	115	–	783	–
Recognition of loss-recovery component from onerous underlying contracts	–	–	–	140	140
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	1	–	–	(108)	(107)
Changes that relate to past service	127	–	–	–	127
Adjustments to the AIC	127	–	–	–	127
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–
Net income/(expenses) from reinsurance contracts held	1 989	34	(441)	(577)	1 005
Finance (expenses)/income from reinsurance contracts held	(534)	(9)	55	50	(438)
Other changes	–	–	–	–	–
Total changes in the income statement	1 455	25	(386)	(527)	567
Other movements	(24)	2	1	5	(16)
Contracts transferred on disposal of subsidiary	(21)	–	–	–	(21)
Exchange rate differences	(3)	2	1	5	5
Other movements	–	–	–	–	–
Net closing balance	(677)	958	228	(435)	74
Closing reinsurance contract assets	4 487	518	186	(1 498)	3 693
Closing reinsurance contract liabilities	(5 164)	440	42	1 063	(3 619)
Net closing balance	(677)	958	228	(435)	74

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 REINSURANCE CONTRACTS CONTINUED

10.2 Reconciliation of the measurement components of reinsurance contract balances continued

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM: Contracts under fair value approach Rm	CSM: Other contracts Rm	Total Rm
10.2.2 Total reconciliation – Momentum Retail					
2024					
Opening reinsurance contract assets	3 999	479	182	(1 399)	3 261
Opening reinsurance contract liabilities	(11)	2	2	–	(7)
Net opening balance	3 988	481	184	(1 399)	3 254
Cash flows					
Reinsurance premiums paid	2 688	–	–	–	2 688
Reinsurance recoveries received	(2 642)	–	–	–	(2 642)
Net cash flows	46	–	–	–	46
Changes in the income statement					
Changes that relate to current service	(21)	(45)	(31)	205	108
CSM recognised in profit or loss for the services received	–	–	(31)	205	174
Change in the risk adjustment for non-financial risk for the risk expired	–	(47)	–	–	(47)
Experience adjustments	(21)	2	–	–	(19)
Changes that relate to future service	291	24	(41)	(262)	12
Changes in estimates that adjust the CSM	223	6	(41)	(188)	–
Changes in estimates that do not adjust the CSM	–	3	–	–	3
Contracts initially recognised in the year	68	15	–	(83)	–
Recognition of loss-recovery component from onerous underlying contracts	–	–	–	63	63
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	–	(54)	(54)
Changes that relates to past service	98	(3)	–	–	95
Adjustments to the AIC	98	(3)	–	–	95
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–
Net income/(expenses) from reinsurance contracts held	368	(24)	(72)	(57)	215
Finance income/(expenses) from reinsurance contracts held	339	65	16	(145)	275
Other changes	–	–	–	–	–
Total changes in the income statement	707	41	(56)	(202)	490
Other movements	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Other movements	–	–	–	–	–
Net closing balance	4 741	522	128	(1 601)	3 790
Closing reinsurance contract assets	4 764	517	119	(1 601)	3 799
Closing reinsurance contract liabilities	(23)	5	9	–	(9)
Net closing balance	4 741	522	128	(1 601)	3 790

10 REINSURANCE CONTRACTS CONTINUED

10.2 Reconciliation of the measurement components of reinsurance contract balances continued

10.2.2 Total reconciliation – Momentum Retail continued

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM: Contracts under fair value approach Rm	CSM: Other contracts Rm	Total Rm
2023					
Opening reinsurance contract assets	2 766	507	170	(212)	3 231
Opening reinsurance contract liabilities	(31)	7	9	–	(15)
Net opening balance	2 735	514	179	(212)	3 216
Cash flows					
Reinsurance premiums paid	2 544	–	–	–	2 544
Reinsurance recoveries received	(2 849)	–	–	–	(2 849)
Net cash flows	(305)	–	–	–	(305)
Changes in the income statement					
Changes that relate to current service	176	(41)	(39)	175	271
CSM recognised in profit or loss for the services received	–	–	(39)	175	136
Change in the risk adjustment for non-financial risk for the risk expired	–	(44)	–	–	(44)
Experience adjustments	176	3	–	–	179
Changes that relate to future service	1 505	(27)	32	(1 341)	169
Changes in estimates that adjust the CSM	1 286	(36)	32	(1 282)	–
Changes in estimates that do not adjust the CSM	160	(4)	–	–	156
Contracts initially recognised in the year	59	13	–	(72)	–
Recognition of loss-recovery component from onerous underlying contracts	–	–	–	109	109
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	–	(96)	(96)
Changes that relates to past service	102	(2)	–	–	100
Adjustments to the AIC	102	(2)	–	–	100
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–
Net income/(expenses) from reinsurance contracts held	1 783	(70)	(7)	(1 166)	540
Finance income from reinsurance contracts held	(225)	37	12	(21)	(197)
Other changes	–	–	–	–	–
Total changes in the income statement	1 558	(33)	5	(1 187)	343
Other movements	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Other movements	–	–	–	–	–
Net closing balance	3 988	481	184	(1 399)	3 254
Closing reinsurance contract assets	3 999	479	182	(1 399)	3 261
Closing reinsurance contract liabilities	(11)	2	2	–	(7)
Net closing balance	3 988	481	184	(1 399)	3 254

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 REINSURANCE CONTRACTS CONTINUED

10.2 Reconciliation of the measurement components of reinsurance contract balances continued

				CSM		
		Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Contracts under fair value approach Rm	Other contracts Rm	Total Rm
10.2.3	**Total reconciliation – Metropolitan Life**					
	2024					
	Opening reinsurance contract assets	80	(6)	4	(28)	50
	Opening reinsurance contract liabilities	(17)	14	–	(24)	(27)
	Net opening balance	63	8	4	(52)	23
	Cash flows					
	Reinsurance premiums paid	42	–	–	–	42
	Reinsurance recoveries received	(53)	–	–	–	(53)
	Net cash flows	(11)	–	–	–	(11)
	Changes in the income statement					
	Changes that relate to current service	(2)	2	–	5	5
	CSM recognised in profit or loss for the services received	–	–	–	5	5
	Change in the risk adjustment for non-financial risk for the risk expired	–	2	–	–	2
	Experience adjustments	(2)	–	–	–	(2)
	Changes that relate to future service	15	(5)	5	(5)	10
	Changes in estimates that adjust the CSM	(6)	(2)	5	3	–
	Changes in estimates that do not adjust the CSM	2	–	–	–	2
	Contracts initially recognised in the year	19	(3)	–	(16)	–
	Recognition of loss-recovery component from onerous underlying contracts	–	–	–	11	11
	Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	–	(3)	(3)
	Changes that relates to past service	–	–	–	–	–
	Adjustments to the AIC	–	–	–	–	–
	Effect of changes in non-performance risk of reinsurers	–	–	–	–	–
	Net income/(expenses) from reinsurance contracts held	13	(3)	5	–	15
	Finance income/(expenses) from reinsurance contracts held	6	–	–	(6)	–
	Other changes	–	–	–	–	–
	Total changes in the income statement	19	(3)	5	(6)	15
	Other movements	–	–	–	–	–
	Exchange rate differences	–	–	–	–	–
	Other movements	–	–	–	–	–
	Net closing balance	71	5	9	(58)	27
	Closing reinsurance contract assets	84	(7)	9	(35)	51
	Closing reinsurance contract liabilities	(13)	12	–	(23)	(24)
	Net closing balance	71	5	9	(58)	27

10 REINSURANCE CONTRACTS CONTINUED

10.2 Reconciliation of the measurement components of reinsurance contract balances continued

10.2.3 Total reconciliation – Metropolitan Life continued

			CSM		
	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Contracts under fair value approach Rm	Other contracts Rm	Total Rm
2023					
Opening reinsurance contract assets	75	(3)	–	(39)	33
Opening reinsurance contract liabilities	(9)	9	–	(74)	(74)
Net opening balance	66	6	–	(113)	(41)
Cash flows					
Reinsurance premiums paid	40	–	–	–	40
Reinsurance recoveries received	(43)	–	–	–	(43)
Net cash flows	(3)	–	–	–	(3)
Changes in the income statement					
Changes that relate to current service	53	2	–	21	76
CSM recognised in profit or loss for the services received	–	–	–	21	21
Change in the risk adjustment for non-financial risk for the risk expired	–	2	–	–	2
Experience adjustments	53	–	–	–	53
Changes that relate to future service	(60)	2	4	45	(9)
Changes in estimates that adjust the CSM	(67)	5	4	58	–
Changes in estimates that do not adjust the CSM	(24)	2	–	–	(22)
Contracts initially recognised in the year	31	(5)	–	(26)	–
Recognition of loss-recovery component from onerous underlying contracts	–	–	–	14	14
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	–	(1)	(1)
Changes that relates to past service	–	–	–	–	–
Adjustments to the AIC	–	–	–	–	–
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(7)	4	4	66	67
Finance income/(expenses) from reinsurance contracts held	7	(2)	–	(5)	–
Other changes	–	–	–	–	–
Total changes in the income statement	–	2	4	61	67
Other movements	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Other movements	–	–	–	–	–
Net closing balance	63	8	4	(52)	23
Closing reinsurance contract assets	80	(6)	4	(28)	50
Closing reinsurance contract liabilities	(17)	14	–	(24)	(27)
Net closing balance	63	8	4	(52)	23

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 REINSURANCE CONTRACTS CONTINUED

10.2 Reconciliation of the measurement components of reinsurance contract balances continued

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM: Contracts under fair value approach Rm	CSM: Other contracts Rm	Total Rm
10.2.4 Total reconciliation – Momentum Corporate					
2024					
Opening reinsurance contract assets	–	–	–	–	–
Opening reinsurance contract liabilities	(2)	–	–	–	(2)
Net opening balance	(2)	–	–	–	(2)
Cash flows					
Reinsurance premiums paid	17	–	–	–	17
Reinsurance recoveries received	(3)	–	–	–	(3)
Net cash flows	14	–	–	–	14
Changes in the income statement					
Changes that relate to current service	(9)	–	–	–	(9)
CSM recognised in profit or loss for the services received	–	–	–	–	–
Change in the risk adjustment for non-financial risk for the risk expired	–	–	–	–	–
Experience adjustments	(9)	–	–	–	(9)
Changes that relate to future service	–	–	–	–	–
Changes in estimates that adjust the CSM	–	–	–	–	–
Changes in estimates that do not adjust the CSM	–	–	–	–	–
Contracts initially recognised in the year	–	–	–	–	–
Recognition of loss-recovery component from onerous underlying contracts	–	–	–	–	–
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	–	–	–
Changes that relates to past service	3	–	–	–	3
Adjustments to the AIC	3	–	–	–	3
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–
Net expenses from reinsurance contracts held	(6)	–	–	–	(6)
Finance income from reinsurance contracts held	–	–	–	–	–
Other changes	–	–	–	–	–
Total changes in the income statement	(6)	–	–	–	(6)
Other movements	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Other movements	–	–	–	–	–
Net closing balance	6	–	–	–	6
Closing reinsurance contract assets	6	–	–	–	6
Closing reinsurance contract liabilities	–	–	–	–	–
Net closing balance	6	–	–	–	6

10 REINSURANCE CONTRACTS CONTINUED

10.2 Reconciliation of the measurement components of reinsurance contract balances continued

10.2.4 Total reconciliation – Momentum Corporate continued

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM: Contracts under fair value approach Rm	CSM: Other contracts Rm	Total Rm
2023					
Opening reinsurance contract assets	35	–	–	–	35
Opening reinsurance contract liabilities	–	–	–	–	–
Net opening balance	35	–	–	–	35
Cash flows					
Reinsurance premiums paid	5	–	–	–	5
Reinsurance recoveries received	(40)	–	–	–	(40)
Net cash flows	(35)	–	–	–	(35)
Changes in the income statement					
Changes that relate to current service	(4)	–	–	–	(4)
CSM recognised in profit or loss for the services received	1	–	–	–	1
Change in the risk adjustment for non-financial risk for the risk expired	–	–	–	–	–
Experience adjustments	(5)	–	–	–	(5)
Changes that relate to future service	–	–	–	–	–
Changes in estimates that adjust the CSM	–	–	–	–	–
Changes in estimates that do not adjust the CSM	–	–	–	–	–
Contracts initially recognised in the year	–	–	–	–	–
Recognition of loss-recovery component from onerous underlying contracts	–	–	–	–	–
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	–	–	–
Changes that relates to past service	2	–	–	–	2
Adjustments to the AIC	2	–	–	–	2
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–
Net expenses from reinsurance contracts held	(2)	–	–	–	(2)
Finance income from reinsurance contracts held	–	–	–	–	–
Other changes	–	–	–	–	–
Total changes in the income statement	(2)	–	–	–	(2)
Other movements	–	–	–	–	–
Exchange rate differences	–	–	–	–	–
Other movements	–	–	–	–	–
Net closing balance	(2)	–	–	–	(2)
Closing reinsurance contract assets	–	–	–	–	–
Closing reinsurance contract liabilities	(2)	–	–	–	(2)
Net closing balance	(2)	–	–	–	(2)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 REINSURANCE CONTRACTS CONTINUED

10.2 Reconciliation of the measurement components of reinsurance contract balances continued

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM: Contracts under fair value approach Rm	CSM: Other contracts Rm	Total Rm
10.2.5 Total reconciliation – Guardrisk					
2024					
Opening reinsurance contract assets	284	16	(2)	(44)	254
Opening reinsurance contract liabilities	(5 143)	418	40	1 128	(3 557)
Net opening balance	(4 859)	434	38	1 084	(3 303)
Cash flows					
Reinsurance premiums paid	17	–	–	–	17
Reinsurance recoveries received	(391)	–	–	–	(391)
Net cash flows	(374)	–	–	–	(374)
Changes in the income statement					
Changes that relate to current service	165	(100)	(28)	(120)	(83)
CSM recognised in profit or loss for the services received	–	–	(28)	(120)	(148)
Change in the risk adjustment for non-financial risk for the risk expired	–	(100)	–	–	(100)
Experience adjustments	165	–	–	–	165
Changes that relate to future service	(1 414)	169	355	1 002	112
Changes in estimates that adjust the CSM	(842)	47	355	440	–
Changes in estimates that do not adjust the CSM	(21)	1	–	–	(20)
Contracts initially recognised in the year	(551)	121	–	430	–
Recognition of loss-recovery component from onerous underlying contracts	–	–	–	–	–
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	–	132	132
Changes that relates to past service	133	3	–	–	136
Adjustments to the AIC	133	3	–	–	136
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(1 116)	72	327	882	165
Finance (expenses)/income from reinsurance contracts held	(714)	61	44	185	(424)
Other changes	–	–	–	–	–
Total changes in the income statement	(1 830)	133	371	1 067	(259)
Other movements	3	(2)	–	–	1
Exchange rate differences	3	(2)	–	–	1
Other movements	–	–	–	–	–
Net closing balance	(7 060)	565	409	2 151	(3 935)
Closing reinsurance contract assets	643	18	3	(191)	473
Closing reinsurance contract liabilities	(7 703)	547	406	2 342	(4 408)
Net closing balance	(7 060)	565	409	2 151	(3 935)

10 REINSURANCE CONTRACTS CONTINUED

10.2 Reconciliation of the measurement components of reinsurance contract balances continued

10.2.5 Total reconciliation – Guardrisk continued

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM: Contracts under fair value approach Rm	CSM: Other contracts Rm	Total Rm
2023					
Opening reinsurance contract assets	231	18	(2)	13	260
Opening reinsurance contract liabilities	(4 791)	359	436	498	(3 498)
Net opening balance	(4 560)	377	434	511	(3 238)
Cash flows					
Reinsurance premiums paid	200	–	–	–	200
Reinsurance recoveries received	(422)	–	–	–	(422)
Net cash flows	(222)	–	–	–	(222)
Changes in the income statement					
Changes that relate to current service	452	10	24	(99)	387
CSM recognised in profit or loss for the services received	–	–	24	(99)	(75)
Change in the risk adjustment for non-financial risk for the risk expired	–	10	–	–	10
Experience adjustments	452	–	–	–	452
Changes that relate to future service	(216)	96	(464)	580	(4)
Changes in estimates that adjust the CSM	775	(6)	(464)	(305)	–
Changes in estimates that do not adjust the CSM	2	(3)	–	–	(1)
Contracts initially recognised in the year	(993)	105	–	888	–
Recognition of loss-recovery component from onerous underlying contracts	–	–	–	–	–
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	–	(3)	(3)
Changes that relates to past service	16	2	–	–	18
Adjustments to the AIC	16	2	–	–	18
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–
Net income/(expenses) from reinsurance contracts held	252	108	(440)	481	401
Finance (expenses)/income from reinsurance contracts held	(325)	(53)	43	87	(248)
Other changes	–	–	–	–	–
Total changes in the income statement	(73)	55	(397)	568	153
Other movements	(4)	2	1	5	4
Exchange rate differences	(4)	2	1	5	4
Other movements	–	–	–	–	–
Net closing balance	(4 859)	434	38	1 084	(3 303)
Closing reinsurance contract assets	284	16	(2)	(44)	254
Closing reinsurance contract liabilities	(5 143)	418	40	1 128	(3 557)
Net closing balance	(4 859)	434	38	1 084	(3 303)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 REINSURANCE CONTRACTS CONTINUED

10.2 Reconciliation of the measurement components of reinsurance contract balances continued

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM: Contracts under fair value approach Rm	CSM: Other contracts Rm	Total Rm
10.2.6 Total reconciliation – Momentum Metropolitan Africa					
2024					
Opening reinsurance contract assets	124	29	2	(27)	128
Opening reinsurance contract liabilities	9	6	–	(41)	(26)
Net opening balance	133	35	2	(68)	102
Cash flows					
Reinsurance premiums paid	152	–	–	–	152
Reinsurance recoveries received	(104)	–	–	–	(104)
Net cash flows	48	–	–	–	48
Changes in the income statement					
Changes that relate to current service	(58)	(4)	(1)	12	(51)
CSM recognised in profit or loss for the services received	–	–	(1)	12	11
Change in the risk adjustment for non-financial risk for the risk expired	–	(4)	–	–	(4)
Experience adjustments	(58)	–	–	–	(58)
Changes that relate to future service	11	3	–	(3)	11
Changes in estimates that adjust the CSM	4	1	–	(5)	–
Changes in estimates that do not adjust the CSM	2	–	–	–	2
Contracts initially recognised in the year	5	2	–	(7)	–
Recognition of loss-recovery component from onerous underlying contracts	–	–	–	17	17
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	–	–	–	(8)	(8)
Changes that relates to past service	(1)	–	–	–	(1)
Adjustments to the AIC	(1)	–	–	–	(1)
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(48)	(1)	(1)	9	(41)
Finance income/(expenses) from reinsurance contracts held	14	5	–	(9)	10
Other changes	–	–	–	–	–
Total changes in the income statement	(34)	4	(1)	–	(31)
Other movements	(1)	–	–	–	(1)
Exchange rate differences	(1)	–	–	–	(1)
Other movements	–	–	–	–	–
Net closing balance	146	39	1	(68)	118
Closing reinsurance contract assets	144	39	1	(53)	131
Closing reinsurance contract liabilities	2	–	–	(15)	(13)
Net closing balance	146	39	1	(68)	118

10 REINSURANCE CONTRACTS CONTINUED

10.2 Reconciliation of the measurement components of reinsurance contract balances continued

10.2.6 Total reconciliation – Momentum Metropolitan Africa continued

			CSM		
	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Contracts under fair value approach Rm	Other contracts Rm	Total Rm
2023					
Opening reinsurance contract assets	198	32	–	(86)	144
Opening reinsurance contract liabilities	(35)	2	–	(13)	(46)
Net opening balance	163	34	–	(99)	98
Cash flows					
Reinsurance premiums paid	129	–	–	–	129
Reinsurance recoveries received	(111)	–	–	–	(111)
Net cash flows	18	–	–	–	18
Changes in the income statement					
Changes that relate to current service	(31)	(4)	(1)	11	(25)
CSM recognised in profit or loss for the services received	–	–	(1)	11	10
Change in the risk adjustment for non-financial risk for the risk expired	–	(4)	–	–	(4)
Experience adjustments	(31)	–	–	–	(31)
Changes that relate to future service	(13)	(4)	3	31	17
Changes in estimates that adjust the CSM	(29)	(3)	3	29	–
Changes in estimates that do not adjust the CSM	10	(3)	–	–	7
Contracts initially recognised in the year	5	2	–	(7)	–
Recognition of loss-recovery component from onerous underlying contracts	–	–	–	17	17
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	1	–	–	(8)	(7)
Changes that relates to past service	7	–	–	–	7
Adjustments to the AIC	7	–	–	–	7
Effect of changes in non-performance risk of reinsurers	–	–	–	–	–
Net (expenses)/income from reinsurance contracts held	(37)	(8)	2	42	(1)
Finance income/(expenses) from reinsurance contracts held	9	9	–	(11)	7
Other changes	–	–	–	–	–
Total changes in the income statement	(28)	1	2	31	6
Other movements	(20)	–	–	–	(20)
Contracts transferred on disposal of subsidiary	(21)	–	–	–	(21)
Exchange rate differences	1	–	–	–	1
Other movements	–	–	–	–	–
Net closing balance	133	35	2	(68)	102
Closing reinsurance contract assets	124	29	2	(27)	128
Closing reinsurance contract liabilities	9	6	–	(41)	(26)
Net closing balance	133	35	2	(68)	102

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 REINSURANCE CONTRACTS CONTINUED

10.3 Impact of contracts recognised in the year for reinsurance contracts held

The components of new business for reinsurance contracts held is disclosed in the tables below:

		2024			2023		
		Contracts originated in a net gain Rm	Contracts originated not in a net gain Rm	Total Rm	Contracts originated in a net gain Rm	Contracts originated not in a net gain Rm	Total Rm
10.3.1	**Impact of contracts recognised in the year: Total**						
	Estimates of the present value of future cash inflows	**1 571**	**562**	**2 133**	1 398	592	1 990
	Estimates of the present value of future cash outflows	**(2 010)**	**(582)**	**(2 592)**	(2 355)	(533)	(2 888)
	Risk adjustment for non-financial risk	**128**	**7**	**135**	111	4	115
	CSM	**311**	**13**	**324**	846	(63)	783
	Income recognised on initial recognition	**–**	**–**	**–**	–	–	–
10.3.2	**Impact of contracts recognised in the year: General measurement model**						
	Estimates of the present value of future cash inflows	**1 571**	**562**	**2 133**	1 398	592	1 990
	Estimates of the present value of future cash outflows	**(2 010)**	**(582)**	**(2 592)**	(2 355)	(533)	(2 888)
	Risk adjustment for non-financial risk	**128**	**7**	**135**	111	4	115
	CSM	**311**	**13**	**324**	846	(63)	783
	Income recognised on initial recognition	**–**	**–**	**–**	–	–	–
10.3.3	**Impact of contracts recognised in the year: Total – Momentum Retail**						
	Estimates of the present value of future cash inflows	**770**	**403**	**1 173**	598	568	1 166
	Estimates of the present value of future cash outflows	**(739)**	**(366)**	**(1 105)**	(596)	(511)	(1 107)
	Risk adjustment for non-financial risk	**10**	**5**	**15**	9	4	13
	CSM	**(41)**	**(42)**	**(83)**	(11)	(61)	(72)
	Income recognised on initial recognition	**–**	**–**	**–**	–	–	–
10.3.4	**Impact of contracts recognised in the year: Total – Metropolitan Life**						
	Estimates of the present value of future cash inflows	**37**	**–**	**37**	63	–	63
	Estimates of the present value of future cash outflows	**(18)**	**–**	**(18)**	(32)	–	(32)
	Risk adjustment for non-financial risk	**(3)**	**–**	**(3)**	(5)	–	(5)
	CSM	**(16)**	**–**	**(16)**	(26)	–	(26)
	Income recognised on initial recognition	**–**	**–**	**–**	–	–	–
10.3.5	**Impact of contracts recognised in the year: Total – Guardrisk**						
	Estimates of the present value of future cash inflows	**691**	**144**	**835**	685	–	685
	Estimates of the present value of future cash outflows	**(1 185)**	**(201)**	**(1 386)**	(1 678)	–	(1 678)
	Risk adjustment for non-financial risk	**119**	**2**	**121**	105	–	105
	CSM	**375**	**55**	**430**	888	–	888
	Income recognised on initial recognition	**–**	**–**	**–**	–	–	–
10.3.6	**Impact of contracts recognised in the year: Total – Momentum Metropolitan Africa**						
	Estimates of the present value of future cash inflows	**73**	**15**	**88**	52	24	76
	Estimates of the present value of future cash outflows	**(68)**	**(15)**	**(83)**	(49)	(22)	(71)
	Risk adjustment for non-financial risk	**2**	**–**	**2**	2	–	2
	CSM	**(7)**	**–**	**(7)**	(5)	(2)	(7)
	Income recognised on initial recognition	**–**	**–**	**–**	–	–	–

The loss-recovery component, recognised on initial recognition of a group of reinsurance contracts for onerous underlying insurance contracts, is disclosed in note 10.2.

The allocation of reinsurance contracts held between contracts originated in a net gain and contracts originated not in a net gain is determined by whether the underlying group of insurance contracts is expected to be profitable (net gain) or onerous (not in a net gain) at initial recognition of the reinsurance contracts held.

10 REINSURANCE CONTRACTS CONTINUED

10.4 CSM recognition in profit or loss for reinsurance contracts held

An analysis of the expected recognition of the CSM in profit or loss in future periods is provided in the following table:

	0 to 1 year Rm	1 to 2 years Rm	2 to 3 years Rm	3 to 4 years Rm	4 to 5 years Rm	5 to 10 years Rm	10 to 15 years Rm	15 to 20 years Rm	> 20 years Rm	Total Rm
2024										
General measurement model	**(224)**	**(198)**	**(170)**	**(144)**	**(127)**	**(443)**	**(235)**	**(124)**	**(125)**	**(1 790)**
Total	**(224)**	**(198)**	**(170)**	**(144)**	**(127)**	**(443)**	**(235)**	**(124)**	**(125)**	**(1 790)**
2023										
General measurement model	(164)	(145)	(130\	(115)	(100)	(358)	(200)	(106)	(103)	(1 421)
Total	(164)	(145)	(130)	(115)	(100)	(358)	(200)	(106)	(103)	(1 421)

The CSM carrying values at the reporting date were allocated to future reporting periods on the basis of discounted, expected coverage units to be released in the relevant period. For Guardrisk, total CSM balance at the reporting date and the allocation of the balance to future reporting periods include the CSM balances linked to insurance and reinsurance contracts that Guardrisk promotor cells are exposed to.

11 INVESTMENT CONTRACTS

Refer to note 44.10 for the accounting policies relating to this note.

		2024 Rm	Restated 2023[1] Rm
11.1	**Investment contract liabilities designated at FVPL**	**404 420**	360 293
11.2	**Liabilities to first-party cell captive owners**	**14 056**	13 004
		418 476	373 297
	Movement in investment contracts designated at FVPL		
11.1	**Investment contract liabilities designated at FVPL**		
	Balance at beginning	**360 293**	308 140
	Contract holder movements	**45 126**	51 927
	Deposits received	**64 160**	51 963
	Contract benefit payments	**(52 263)**	(44 457)
	Fees on investment contracts	**(3 586)**	(3 567)
	Fair value adjustment to policyholder liabilities under investment contracts	**37 087**	48 290
	Other	**(272)**	(302)
	Sale of business	**–**	(86)
	Exchange differences	**(88)**	312
	Other[2]	**(911)**	–
	Balance at end	**404 420**	360 293
11.2	**Liabilities to first-party cell captive owners**		
	Balance at beginning	**13 004**	10 132
	Contract holder movements	**1 226**	2 193
	Deposits received	**1 413**	832
	Contract benefit payment[3]	**(2 526)**	(878)
	Fees on investment contracts	**(144)**	(132)
	Fair value adjustment to policyholder liabilities under investment contracts	**712**	407
	Cell captive income	**(169)**	(298)
	Changes in share capital, dividends and other items relating to cell captives[4]	**1 940**	2 262
	Exchange differences	**(174)**	679
	Balance at end	**14 056**	13 004
	Current	**409 920**	363 171
	Non-current	**8 556**	10 126
		418 476	373 297

1 The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.
2 Derecognition of investment contracts due to amended features on existing contracts. Refer to note 9.2.
3 The increase in contract benefit payments relates to increase in claims, which includes performance bonuses.
4 Includes net proceeds in share issues of R24 million (2023: R454 million) and dividend distributions of R142 million (2023: R277 million) and other items relating to cell captives of R2 058 million (2023: R2 086 million). The year-on-year decrease in other items relating to cell captives is due to an decrease in the net assets of the first-party cells, which is a function of the results thereof.

The instruments in note 11 would have been classified as Financial liabilities at amortised cost under IFRS 9 had they not been designated at FVPL.

For the IFRS 7 – Financial instruments: Disclosures relating to investment contracts, refer to note 13.4.

Refer to note 12 for the assumptions and estimates used.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12 CONTRACT HOLDER LIABILITIES – JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

To measure a group of insurance contracts issued or reinsurance contracts held, the Group applies judgement and makes use of assumptions and estimates. Fulfilment cash flows consist of the present value of future cash flows the Group expects, as a result of fulfilling obligations under insurance contracts, and a risk adjustment for non-financial risk. Where appropriate there is consistency between the nature of assumptions and the assumption setting process for insurance contracts issued and reinsurance contracts held. The objective of estimating future cash flows is to determine the expected value, or probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information (about past events, current conditions and forecasts of future conditions) available at the reporting date without undue cost or effort. Information available from the Group's systems is considered to be available without undue cost or effort.

The Group estimates the probabilities and amounts of future payments under existing contracts on the basis of information obtained including information about claims already reported by policyholders, other information about the known or estimated characteristics of the insurance contracts, historical data about the entity's own experience, supplemented, when necessary, with historical data from other sources. Historical data is adjusted to reflect current conditions.

In addition to the estimates and assumptions, the Group makes judgements in the application of IFRS 17. Judgements and assumptions made, and the processes to derive the assumptions in the estimation of fulfilment cash flows are described below.

Key assumptions:

Mortality, morbidity and persistency assumptions

Mortality, morbidity and persistency assumptions are primarily based on internal investigations into past experience. Where internal data is not sufficiently credible, external sources are used, such as industry, national or reinsurer data. Experience variances are monitored on an ongoing basis and are the primary indicator of the need for an experience investigation. Experience investigations are carried out at most, annually or less frequently where experience is in line with the current basis, or variances are not material. The periods of investigation typically range from two to five years and are set according to the nature of the assumption being measured (e.g. short term or long term) and the need for credible analysis. Appropriate allowance is made for the impact of AIDS on mortality and morbidity rates and in the case of annuity business, explicit allowance is made for mortality improvements. For further information on the quantitative impact of assumptions, refer to sensitivity disclosures regarding insurance risks in note 37.5 of the financial statements.

Attributable expenses

Estimated future cash flows include an estimate of future expenses that are directly attributable to a portfolio of contracts. Identification of attributable expenses is an area of management judgement that considers the nature and function of expenses. The significant majority of future expenses of the insurance business is considered to be attributable to the fulfilment of insurance contracts.

Expenses are allocated into three major categories, namely insurance acquisition, administration and maintenance, and development and project expenses, and furthermore split by segment, product and type, using a variety of methods. These methods include direct allocations according to function and/or operational structure, functional cost analyses as well as predefined cost allocation models. This expense allocation enables the identification of directly allocable insurance acquisition and administration and maintenance expenses.

Estimates of future administration and maintenance expenses (including overheads) start at a level consistent with the forecast expenses for the current financial year, adjusted for any known changes. Allowance is made for escalation at the assumed expense inflation rates over the term of the projection. Assumptions regarding expected inflation rates are discussed under investment return and inflation rate assumptions.

Asset management expenses are expressed as an annual percentage of assets under management.

Investment return and inflation rate assumptions

Estimates of market variables are consistent with observable market prices at the measurement date. The Group maximises the use of observable inputs. Market-related information is used to derive real and nominal risk-free yield curves. Yields of appropriate duration from appropriate market-related yield curves as at the valuation date, are used to calculate the present value of fulfilment cash flows. The yield curves used are based on fixed or CPI-linked risk-free securities. The Group makes use of implied inflation rates when determining fulfilment cash flows for groups of insurance contracts issued and groups of reinsurance contracts held. In estimating fulfilment cash flows for premiums, insurance benefits and expenses, the Group differentiates between consumer price index (CPI) inflation, salary inflation and medical cost inflation rates.

The tables below sets out the yield curves used by the Group.

Risk-free spot rates – nominal:

%		1 year	5 year	10 year	20 year
South Africa	**2024/06/30**	**8.3**	**10.2**	**12.3**	**13.7**
	2023/06/30	8.9	10.4	12.5	14.2
Namibia	**2024/06/30**	**8.5**	**10.5**	**11.5**	**14.5**
	2023/06/30	8.7	10.8	12.1	16.1
Botswana	**2024/06/30**	**4.2**	**6.7**	**7.8**	**8.8**
	2023/06/30	5.8	8.4	8.9	9.0
Lesotho	**2024/06/30**	**8.3**	**10.2**	**12.3**	**13.7**
	2023/06/30	8.9	10.4	12.5	14.2
Ghana	**2024/06/30**	**29.0**	**29.0**	**29.0**	**29.0**
	2023/06/30	29.5	29.5	29.5	29.5

12 CONTRACT HOLDER LIABILITIES – JUDGEMENTS, ASSUMPTIONS AND ESTIMATES CONTINUED

Investment return and inflation rate assumptions continued

Risk-free spot rates – real:

%		1 year	5 year	10 year	20 year
South Africa	**2024/06/30**	**3.8**	**4.6**	**5.1**	**5.5**
	2023/06/30	4.1	4.2	5.0	5.3
Namibia	**2024/06/30**	**3.5**	**3.5**	**3.5**	**3.5**
	2023/06/30	3.5	3.5	3.5	3.5
Botswana	**2024/06/30**	**2.0**	**2.0**	**2.0**	**2.0**
	2023/06/30	2.0	2.0	2.0	2.0
Lesotho	**2024/06/30**	**3.8**	**4.6**	**5.1**	**5.5**
	2023/06/30	4.1	4.2	5.0	5.3
Ghana	**2024/06/30**	**3.2**	**3.2**	**3.2**	**3.2**
	2023/06/30	3.2	3.2	3.2	3.2

The Group uses judgement in determining the CPI inflation rate assumptions used to project future renewal expenses over the planning horizon (three years). The assumptions are based on management's assessment of likely inflationary pressures given current business planning activities. As at 30 June 2024, the assumed CPI inflation rate over the three-year planning horizon was 5.5% pa (30 June 2023: 6.0%).

For durations greater than three years the Group makes use of reliable market data to derive CPI inflation rate assumptions. The CPI inflation rates are derived from market inputs as the difference between nominal and real yields across the term structure of these curves. When reliable market data is not available, the Group makes use of internal and external data to estimate CPI inflation rates. An addition to the assumed CPI inflation rates is allowed for some products to reflect the impact of closed books that are in run-off. Additions to assumed CPI inflation rates in order to derive assumed salary and medical cost inflation rates are derived from internal and external data.

The Group applies judgement in assessing whether estimated inflation rates expose the Group to financial risks, non-financial risks or both. Changes in CPI inflation rate estimates are considered to be financial risks and the impacts are accounted for in insurance finance income or expenses (general measurement model) and the CSM (variable fee approach). Changes in the gaps between estimated salary or medical cost inflation and the derived CPI inflation rates are considered to be non-financial risks and the impacts are accounted for in the contractual service margin. Inflation assumptions that are non-financial in nature are taken into account when measuring the risk adjustment for non-financial risks.

Illiquidity premium

In some instances, the Group adds an illiquidity premium to the risk-free rate, to reflect differences in the liquidity of the risk-free interest rate and the group of insurance contracts. Management applies judgement in identifying portfolios of insurance contracts where the insurance contracts are considered to be illiquid. In making this judgement management considers the nature of the insurance product, the settlement terms and conditions, the expected variability in fulfilment cash flows over the coverage period and the potential costs to transfer or settle the insurance contracts.

Management considers an insurance contract to be liquid, if the Group can transfer or settle the obligations under the insurance contract at little or no cost or if the fulfilment cash flows can vary significantly in amount or timing. Insurance contracts are considered to be illiquid if the Group is bound to the contract until the insurance event takes place or the policy matures. Insurance contracts are also considered to be illiquid if the amount and timing of fulfilment cash flows can be estimated reliably and are subject to insignificant change or the potential costs to transfer or settle the insurance contracts are prohibitive.

Management applies judgement in determining the illiquidity premiums to be included in the discount rate for illiquid contracts. Management estimates the liquidity spread, net of corresponding costs, that the Group is likely to earn on investments (in appropriate matching portfolio) backing the illiquid contracts. The liquidity spread is added to the discount rate as an illiquidity premium.

For the Momentum Metropolitan Africa segment, management concluded that the debt market in the jurisdiction is not active enough to provide reliable observable information regarding the liquidity spread that the Group can expect to earn on the investments backing the mentioned portfolios. As such the liquidity premium for illiquid groups of insurance contracts issued in the jurisdiction has been set as nil.

The Group has identified non-profit annuity contracts (including CPI-linked annuity products) as illiquid contracts, where an illiquidity premium should be included in the discount rate. No allowance has been made for illiquidity premium assumptions in countries without a sufficiently deep and liquid capital market, or on annuity policies issued by Guardrisk.

Illiquidity premium	2024	2023	1 July 2022
Non-profit annuity business – retail	**0.35%**	0.35%	0.35%
Non-profit annuity business – corporate	**0.50%**	0.50%	0.50%

Future bonuses

Discretionary Participation contract holders' reasonable expectations are allowed for by incorporating assumed bonus rates into fulfilment cash flows that are supported by the market value of the underlying assets and the assumed future investment returns and are in accordance with product design, bonus philosophy and contract holders' reasonable expectations.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12 CONTRACT HOLDER LIABILITIES – JUDGEMENTS, ASSUMPTIONS AND ESTIMATES CONTINUED

Investment guarantees

Fulfilment cash flows arising from investment guarantees offered are calculated using market-consistent stochastic models that are calibrated using market data as at the reporting date. Expected investment guarantee benefits are calculated per discretionary fund and allocated to underlying groups of insurance contracts. Disclosures regarding the market-consistent stochastic models that were used to calculate the liabilities are set out below.

The following table discloses specific points on the zero coupon yield curve used in the projection of the assets as at 30 June:

Year	1	2	3	4	5	10	15	20	25	30	35	40
2024	**8.1**	**8.6**	**9.2**	**9.7**	**10.2**	**12.2**	**13.4**	**13.8**	**13.8**	**13.6**	**13.2**	**12.7**
2023	7.8	8.5	9.1	9.8	10.3	12.4	13.7	14.3	14.7	14.8	14.9	14.8

The following instruments have been valued by the model:

	2024		2023	
Instrument	Price (% of nominal)	Volatility	Price (% of nominal)	Volatility
A 1-year at-the-money (spot) put on the Financial Times Stock Exchange (FTSE)/JSE Top 40 index	**4.9%**	**18.3%**	5.9%	20.6%
A 1-year put on the FTSE/JSE Top 40 index, with a strike price equal to a 0.8 (2023: 0.8) of spot	**0.9%**	**21.7%**	1.5%	24.5%
A 1-year put on the FTSE/JSE Top 40 index, with a strike price equal to a forward of 1.0477 (2023: 1.0452)	**6.8%**	**17.6%**	7.7%	19.9%
A 5-year at-the-money (spot) put on the FTSE/JSE Top 40 index	**3.4%**	**19.0%**	4.7%	22.3%
A 5-year put on the FTSE/JSE Top 40 index, with a strike price equal to 1.045 (2023: $(1.04)^5$) of spot	**7.4%**	**18.3%**	8.9%	20.9%
A 5-year put on the FTSE/JSE Top 40 index, with a strike price equal to a forward of 1.4412 (2023: 1.4534)	**13.9%**	**17.7%**	15.5%	19.7%
A 20-year at-the-money (spot) put on the FTSE/JSE Top 40 index	**0.2%**	**23.8%**	0.2%	26.3%
A 20-year put on the FTSE/JSE Top 40 index, with a strike price equal to 1.04^{20} (2023: $(1.04)^{20}$) of spot	**1.5%**	**23.8%**	1.5%	25.2%
A 20-year put on the FTSE/JSE Top 40 index, with a strike price equal to a forward of 8.4612 (2023: 9.1627)	**26.1%**	**24.1%**	25.3%	23.7%
A 5-year put, with a strike price equal to 1.04^5 (2023: $(1.04)^5$) of spot, on an underlying index constructed as 60% FTSE/JSE Top 40 and 40% ALBI, with rebalancing of the underlying index back to these weights taking place annually	**2.4%**	**11.6%**	3.2%	13.2%
A 20-year put on an interest rate with a strike price equal to the present 5-year forward rate at maturity of the put, which pays out if the 5-year interest rate at the time of maturity (in 20 years) is lower than this strike price	**0.2%**	**N/A**	0.1%	N/A

Tax

The Group recovers some tax expenses, from policyholders through a policyholder tax charge. Initially, the relevant tax outflows and policyholder tax charges are included in fulfilment cash flows on an expected cash flow basis. Recognition of investment returns results in tax obligations for the Group. Per IFRS, the Group presents the relevant tax expense in income tax expenses and the liability for incurred claims when investment returns are recognised. At the same point in time, the Group recognises the policyholder tax charge (equal to the income tax expense) as insurance revenue through a reduction in the liability for remaining coverage. Insurance service results include the income tax expenses recovered from the policyholder, but not the income tax expense incurred. In the Group's segmental disclosure, the income tax incurred is presented in insurance service expenses and not in income tax expense. Consequently the insurance service result in the segmental disclosure reflect the economic impact of incurring an income tax expense and recovering the income tax expense from policyholders.

Risk Adjustment

The Group includes a risk adjustment for non-financial risk in the measurement of liabilities for remaining coverage and liabilities for incurred claims. The risk adjustment represents the compensation that the Group expects to receive to neutralise the economic effect of non-financial risk accepted. Changes in the risk adjustment included in fulfilment cash flows for future services impact the contractual service margin or the loss component. Changes in the risk adjustment included in fulfilment cash flows for past or current services are allocated between insurance finance income and expenses and insurance service results.

The Group makes use of the Value-at-Risk (VAR) approach to calculate the risk adjustment for both the liability for remaining coverage and the liability for incurred claims, calibrated over a one-year time horizon. The Group targets a risk adjustment confidence level of 85% for life insurance entities and of 75% for non-life insurance entities. The Group reassesses targets when risk adjustments breach upper or lower thresholds of 5% around the abovementioned targets.

12 CONTRACT HOLDER LIABILITIES – JUDGEMENTS, ASSUMPTIONS AND ESTIMATES CONTINUED

Risk Adjustment continued

The stresses used to determine the risk adjustment are derived from the stresses underlying the regulatory solvency capital requirement (SCR) (based on a 1-in-200-year loss event i.e. at a 99.5% confidence level over a one-year period), adjusted to target a confidence level of 85% for life insurance entities and 75% for non-life insurance entities.

The calibrated non-financial risk margins are applied to expected future cash flows to calculate the risk adjustment. The inclusion of the non-financial risk margins in the expected future cash flows results in a total risk adjustment that is equal to the target VAR amount of the Group.

For insurance contracts with coverage periods of 12 months or less, the risk adjustment will be calculated with the bootstrapping method or an approach that will yield a reasonably appropriate result. The bootstrapping method generates a distribution of potential claim liabilities. Bootstrapping is a statistical procedure that reuses a single dataset to create many simulated samples. The application of the bootstrapping method will consider the confidence level set for the Group and a Log Normal distribution. Only non-financial risks are included in the risk adjustment. Risk types included in the risk adjustment are lapse risk, mortality risk, morbidity risk, longevity risk, termination risk, alteration risk and expense risk.

The risk adjustment for reinsurance contracts held is based on the non-financial risk transferred to the reinsurer. This amount is calculated as the difference between the risk adjustment on gross estimated claims cash flows (before expected reinsurance recoveries) and the risk adjustment on net estimated claims cash flows (after expected reinsurance recoveries).

Cash-back benefit

The cash-back benefit feature is an optional benefit that can be selected by the policyholder at an additional premium. The payment of the cash-back benefit payment is partially dependent on whether the policyholder submitted a claim for an insured event or whether the policy lapsed. The Group applied judgement in concluding that the cash-back benefit is a policyholder benefit and not a return of premiums.

Premium variances

Allocating premium variances between future, current or past insurance contract services is a matter of management judgement. The Group performed this assessment per portfolio of insurance contracts issued. In making this judgement, management considered the measurement model, coverage period, reasons for the premium variances, timing of premium variances relative to the coverage period, maturity of the insurance contracts and the pricing of insurance contracts. In general, premium variances on insurance contracts with long coverage periods relate to future insurance contract services.

Premium variances that relate to underwriting experience, for example, adjustments to level of insurance coverage, lapses or claims are viewed to relate to future services. Recognising premium variances in insurance contract revenue as services are rendered is analogous to the recognition of insurance revenue as insurance contract services are rendered. Specifically, to insurance contracts measured under the variable fee approach, premium variances on premiums that are invested in underlying items relate to past or current services, while premium variances on premiums that collect fees and charges on insurance contracts with long coverage periods relate primarily to future insurance contract services.

For some third-party cell captive arrangements, cash flows relating to premiums, claims and expenses are received or paid on an aggregated basis (a bordereaux-basis). In such instances, premium variances cannot be identified separately from cash flows received or paid and are treated as current or past insurance contract services.

Intercompany fees

Various entities within the Group assist in the fulfilling of the insurance contracts or investment contracts with discretionary participation features. These companies provide a range of services including investment management services, administration services, collection services, rental or information technology support. The costs underlying these services are charged to the issuer of the abovementioned contracts through an intercompany fee.

The measurement of the fulfilment cash flows in the consolidated financial statements of the Group includes the intercompany fees charged by the service provider as a proxy for the underlying fulfilment cash flows linked to the rendering of the service. The Group applied judgement in concluding that the intercompany fees materially approximate the fulfilment cash flows from the perspective of the service provider. Management has put in place measures to ensure that the judgement remains appropriate, and management reviews the judgement on a regular basis.

Third-party cell captive arrangements

The Group applied judgement to conclude that the economic substance of the insurance policies issued and the shareholders agreement between the cell owner and cell insurer is the transfer of significant insurance risk from the policyholder to the cell insurer and from the cell insurer to the third-party cell owner. The Group accounts for insurance policies issued as insurance contracts issued and the third-party cell shareholder agreements, as an in-substance reinsurance agreement held by the Group as policyholder.

Non-distinct investment components

The nature of the transaction that results in the payment of a non-distinct investment component to a policyholder can impact the amount of the benefit payable to the policyholder. As a result, the non-distinct investment components are measured at the value of the underlying item less any surrender penalties (if applicable).

Basis and other changes

Assumptions and methodologies used in the estimation of fulfilment cash flows are reviewed at the reporting date and the impacts of any resulting changes on the estimates of future cash flows and the risk adjustment are reflected in profit or loss or included in the CSM according to the nature of the underlying contracts and the change made.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 FINANCIAL LIABILITIES

Refer to note 44.11 and 44.21 for the accounting policies relating to this note.

The Group classifies its financial liabilities into the following categories:

- Financial liabilities at FVPL
- Financial liabilities at amortised cost

The classification depends on the purpose for which the financial liabilities were acquired. Management determines the classification of its financial liabilities at initial recognition.

The Group's financial liabilities are summarised below:

		2024 Rm	Restated 2023[1] Rm
13.1	**Financial liabilities at FVPL**	**53 546**	45 073
13.2	**Financial liabilities at amortised cost**	**3 678**	3 969
13.3	**Other payables (excluding deferred revenue liability (DRL))**	**12 142**	12 461
		69 366	61 503

13.1 Financial liabilities at FVPL

	2024 Rm	Restated 2023[1] Rm
CIS liabilities[2]	**30 122**	27 964
Subordinated call notes[3]	**4 324**	4 300
Carry positions[2]	**15 714**	9 080
Derivative financial liabilities (refer to note 7.1)[2, 3]	**2 752**	3 354
Preference shares issued by subsidiaries[3]	**377**	310
Other borrowings	**257**	65
	53 546	45 073
Current	**45 070**	37 415
Non-current	**8 476**	7 658
	53 546	45 073

1 The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

2 The contractual amount required to be paid on maturity equates to the fair value of the instrument.

3 Refer to note 37.2 for more information on the global transition to alternative benchmark rates.

- The change in the fair value of financial liabilities designated at FVPL due to own credit risk amounted to a loss of R29 million (2023: a loss of R6 million), cumulatively the movement in fair value amounts to R83 million (2023: R54 million). This was calculated by measuring the daily changes in the instrument's credit spreads against the equivalent risk-free assets and then accumulating the impact of the changes in the market value for the period. The contractual amount to pay at maturity on the subordinated call notes is R4,270 million for both current and prior year.
- CIS liabilities – certain CISs have been classified as investments in subsidiaries; refer to note 42. Consequently, scheme interests not held by the Group are classified as third-party liabilities as they represent demand deposit liabilities measured at fair value. *(fair value interest rate risk and cash flow interest rate risk)*
- Subordinated call notes (unsecured) – A fair value loss of R19 million (2023: R24 million fair value gain) was recognised in profit or loss. During the current year, R29 million fair value loss (2023: R6 million fair value loss) was recognised on the subordinated call notes which has been accounted for in other comprehensive income. These fair value losses were offset by other market factors. Refer to note 34 for more detail. *(fair value interest rate risk)*
- Carry positions (secured) – Relates to carry positions reported to the Group that represents a sale and repurchase of assets in specific group annuity portfolios. These carry positions are secured by government stock with a value of R15 915 million (2023: R8 074 million). Offsetting has not been applied. *(fair value interest rate risk)*
- The preference shares issued by subsidiaries primarily relate to senior variable rate cumulative redeemable preference shares ("senior preference shares") issued to external parties by Amandla Ilanga SPV, which is a subsidiary of Amandla Renewable Energy Fund (RF) (Pty) Ltd, an asset holding entity. These preference shares are measured at fair value in order to eliminate an accounting mismatch. The contractual capital amount required to be paid as at 30 June 2024 amounts to R302 million (2023: R302 million). There is no recourse to the Group in case of default on these preference shares. *(cash flow interest rate risk)* The senior preference shares were used by Amandla Ilanga SPV to fund an investment in a project company. The company that was funded breached its financial covenants during the current and prior year, which have not yet been remedied. As a consequence, Amandla Ilanga SPV breached its financial covenants in respect of the senior preference shares, which have not yet been remedied. The preference shares have a carrying value of R358 million (2023: R292 million). The holder of the senior preference shares has the ability to agree a timeframe with Amandla Ilanga SPV within which Amandla Ilanga SPV is required to remedy the breaches. Additional rights for the holder may then arise should Amandla Ilanga SPV not remedy the breaches within the agreed timeframe. The holder has not taken any formal action with respect to the breaches.
- Amandla Renewable Energy Fund (RF) (Pty) Ltd holds collateral in respect of preference shares held by the associated special purpose vehicle, Amandla Ilanga SPV. The security has subsequently been ceded to the holder of the senior preference shares issued by the special purpose vehicle as part of initially securing the senior funding. The material terms of the security cession include that the bare dominium in respect of the asset remains with the cedent and the cessionary only receives the right to sell the security upon default as well as only to the extent that value is owed by the cedent in terms of the cession agreement. The fair value of the security ceded is R662 million (2023: R606 million).

13 FINANCIAL LIABILITIES CONTINUED

13.1 Financial liabilities at FVPL continued

Other borrowings also include outstanding contingent consideration of R240 million (2023: R25 million) of which R223 million relates to the acquisition of subsidiaries and R17 million relates to the acquisition of a joint venture. These acquisitions were completed in the current year. In the prior year, R17 million related to the acquisition of CAIM was derecognised in the current year due to conditions for payment not being met. The CAIM acquisition was completed in the prior year. Furthermore, there was a contingent consideration of R8 million in the prior year, relating to the acquisition of Inniu Underwriting Services (Pty) Ltd that was completed in 2021. Payment was made fully in the current year. *(no interest rate risk)*

- In the current and prior year, these instruments, excluding “Other borrowings” and “Derivative financial liabilities”, would have been disclosed as at amortised cost under IFRS 9 had they not been designated at FVPL.

	2024 Rm	2023 Rm
13.2 Financial liabilities at amortised cost		
Term loans[1]	**1 645**	1 503
Cumulative redeemable preference shares[1, 2]	**1 636**	1 625
Lease liabilities	**204**	199
Cumulative redeemable convertible preference shares	**–**	262
Property development loan[1]	**–**	80
Other[3]	**193**	300
	3 678	3 969
Current	**2 583**	1 227
Non-current	**1 095**	2 742
	3 678	3 969

[1] Refer to note 37.2 for more information on the global transition to alternative benchmark rates.

[2] Cumulative redeemable preference shares are those issued by a subsidiary in the Group, MMSI. More detail is disclosed in note 13.2.2.

[3] Includes R190 million (2023: R221 million) related to the class A preference shares issued by Momentum Metropolitan iSabelo (RF) (Pty) Ltd that funded the purchase of Momentum Group Ltd shares for the Employee Share Ownership Plan.

13.2.1 Term loans

Term loans include property development loans that were subsequently converted to term loans. Details of which are as follows:

- A R414 million (2023: R452 million) loan from Standard Bank Ltd relates to a developed property held by a subsidiary, 129 Rivonia Road (Pty) Ltd. Interest on the loan is levied at the three-month JIBAR plus 1.85%. The loan is secured by the underlying property and there is no recourse to the Company in case of default. *(cash flow interest rate risk)*
- A R199 million (2023: R217 million) loan from FirstRand Bank Ltd in order to develop property held by a subsidiary, 102 Rivonia Road (Pty) Ltd. Interest on the loan is levied at a fixed rate of 11%. The loan is secured by the underlying property and there is no recourse to the Company in case of default. *(no interest rate risk)*
- A R137 million (2023: R155 million) loan from Standard Bank Ltd in order to develop property held by a subsidiary, Momentum Umhlanga (Pty) Ltd. Interest on the loan is levied at JIBAR plus 1.90%. The loan is secured by the underlying property and there is no recourse to the Company in case of default. *(cash flow interest rate risk)*
- A R195 million (2023: R220 million) loan from ABSA Bank Ltd in order to develop property held by a subsidiary, Chuma Mall (Pty) Ltd. Interest on the loan is levied at the 3 month JIBAR rate + 3%. The loan is secured by the underlying property and there is no recourse to the Company in case of default. *(no interest rate risk)*
- A R63 million (2023: R74 million) loan from Nedbank Ltd in order to develop property held by a subsidiary, Rilarex (Pty) Ltd. Interest on the loan is levied at a fixed rate of 10.98%. The loan is secured by the underlying property and there is no recourse to the Company in case of default. *(no interest rate risk)*
- A R130 million (2023: R153 million) loan from Rand Merchant Bank to fund the acquisition of Seneca Investment Managers Ltd by MGIM (100% held subsidiary of MML). Interest on the loan is levied at a fixed rate of 6.31%. The loan is secured by MGIM and there is no recourse to the Company in case of default. *(no interest rate risk)*
- A R71 million (2023: R79 million) loan from Nedbank Ltd relates to a developed property held by a subsidiary, Taung Mall (Pty) Ltd. Interest on the loan is levied at a variable rate equal to 0.75% below prime rate. The loan is secured by the underlying property and there is no recourse to the Company in case of default. *(cash flow interest rate risk)*
- The remaining term loans of R436 million (2023: R153 million) relate to property entities within the Group and bear interest at fixed rates. There is no recourse to the Group in the event of default for these loans. *(no interest rate risk)*

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 FINANCIAL LIABILITIES CONTINUED

13.2 Financial liabilities at amortised cost continued

13.2.2 Cumulative redeemable preference shares

On 26 June 2014, MMSI issued 1 000 cumulative redeemable preference shares at R1 million per share to FirstRand Bank Ltd. The declaration of preference dividends is calculated at 72% of JIBAR plus 180 basis points. During June 2020 300 redeemable preference shares were redeemed, the remaining 700 redeemable preference shares had a redemption date of 29 June 2023. During the prior year 400 redeemable preference shares were redeemed. The remaining 300 redeemable preference shares have a redemption date of 29 June 2026 (after extending the redemption date by 36 months in the prior year). The declaration of preference dividends of the remaining 300 shares is calculated at 73% of JIBAR plus 168 basis points from date of extension. The modification loss was deemed immaterial in the prior year. Dividends are payable on 31 March and 30 September of each year. The issuer has an option to voluntarily redeem the preference shares. *(cash flow interest rate risk)*

On 29 January 2020, MMSI issued 1 000 Class B cumulative redeemable preference shares at R1 million per share to FirstRand Bank Ltd. The declaration of preference dividends is calculated at 72% of three-month JIBAR plus 200 basis points with a redemption date of 28 January 2025. Dividends are payable on 31 March and 30 September of each year. The issuer has an option to voluntarily redeem the preference shares. *(cash flow interest rate risk)*

On 28 April 2020, MMSI issued 300 cumulative redeemable preference shares at R1 million per share to Sanlam Alternative Income Fund. The declaration of preference dividends is calculated at 73% of three-month JIBAR plus 165 basis points and has a scheduled redemption date of 30 April 2026 (after extending it by 36 months in the current year). The modification gain was deemed immaterial. Dividends are payable on 31 March and 30 September of each year. The issuer has an option to voluntarily redeem the preference shares. *(cash flow interest rate risk)*

13.2.3 Cumulative redeemable convertible preference shares

Momentum Group Ltd had 28 060 898 A3 cumulative convertible redeemable preference shares in issue (to KTH, the Group's strategic B-BBEE partner) at the beginning of the year. The preference shares were issued in 2011. Dividends were payable at 132 cents per share p.a. semi-annually in arrears on 31 March and 30 September each year. The ordinary shares were originally issued at a price of R10.18 per share.

In 2019, Momentum Group Ltd subscribed for a cumulative, redeemable preference share in OTSI 108 (a KTH subsidiary) for a nominal value of R100. This is linked to the A3 preference shares acquired in 2011. The dividends on the OTSI 108 preference share aligned the A3 preference share dividend to the ordinary dividends. This was accounted for as a financial asset at FVPL. Refer to note 7.2.

The A3 preference shares were redeemable on 30 June 2024 (after extending it by 9 months in the current year) at a redemption value of R9.18 per share unless converted into Momentum Group Ltd ordinary shares on a one-for-one basis prior to that date. In the prior year the redemption was also extended by 10 months to be redeemed on 30 September 2023. The extension in the current and prior year did not constitute a significant modification, the extinguishment of the liability or result in the recognition of a new liability and have therefore been accounted for as a change in the expected future cash flows. The change in the expected cash flows resulted in a R11 million loss recognised in profit or loss in the current year (2023: R10 million loss). In addition, the change in the expected cash flows before and after the extension resulted in an IFRS 2 B-BBEE expense of R12 million being recognised in the current year (2023: R16 million). *(no interest rate risk)*

In the current year, the A3 preference shares were converted to Momentum Group Ltd ordinary shares. The cumulative, redeemable preference share in OTSI 108 was also redeemed.

The equity component of the A3 preference shares was included in note 17.5.

13.2.4 Property development loan

In the prior year a R80 million loan from Absa Bank Ltd in order to develop property held by a subsidiary, MMH Rosslyn Development (Pty) Ltd. Interest on the loan was levied at 11.5%. The loan was secured by the underlying property and there was no recourse to the Company in case of default. *(cash flow interest rate risk)*

13 FINANCIAL LIABILITIES CONTINUED

13.3 Other payables

	2024 Rm	Restated 2023[1] Rm
Payables arising from investment contracts	**2 668**	3 296
Financial instruments	**9 474**	9 165
Unsettled trades	**1 063**	1 907
Commission creditors	**862**	639
Health saver liability	**313**	308
Collateral[2]	**1 175**	405
Other payables[2, 3]	**6 061**	5 906
Total included in financial liabilities	**12 142**	12 461
Deferred revenue liability	**318**	396
Total other payables	**12 460**	12 857
Current	**11 903**	12 223
Non-current	**557**	634
	12 460	12 857

1 The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.
2 These line items were previously disclosed on a net basis and have subsequently been disaggregated to enhance comparability and usefulness.
3 Other payables include accruals, sundry liabilities and creditors, unallocated deposits and VAT payables.

	2024 Rm	Restated 2023[1] Rm
Reconciliation of deferred revenue liability		
Balance at beginning	**396**	363
Deferred income relating to new business	**137**	155
Amount recognised in income statement	**(109)**	(122)
Derecognition of investment contracts[2]	**(106)**	–
Balance at end	**318**	396
Current	**123**	51
Non-current	**195**	345
1 to 5 years	**144**	94
5 to 10 years	**47**	188
> 10 years	**4**	63
	318	396

1 The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.
2 Derecognition of investment contracts due to amended features on existing contracts that resulted in the recognition of insurance contracts.

Refer to note 44.10 for the accounting policies relating to deferred revenue liability.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 FINANCIAL LIABILITIES CONTINUED

Financial liabilities summarised by measurement category in terms of IFRS 9	FVPL Mandatorily Rm	FVPL Designated Rm	FVPL Total fair value Rm	Amortised cost Rm	Not in scope of IFRS 9 Rm	Total Rm
13.4 Financial liabilities measurement						
2024						
Investment contracts designated at FVPL	–	418 476	418 476	–	–	418 476
CIS liabilities	–	30 122	30 122	–	–	30 122
Subordinated call notes	–	4 324	4 324	–	–	4 324
Carry positions	–	15 714	15 714	–	–	15 714
Preference shares	–	377	377	–	–	377
Derivative financial liabilities	2 752	–	2 752	–	–	2 752
Other borrowings	257	–	257	–	–	257
Financial liabilities at amortised cost	–	–	–	3 474	204	3 678
Other payables (excluding deferred revenue liability)	–	–	–	12 142	–	12 142
Total financial liabilities	**3 009**	**469 013**	**472 022**	**15 616**	**204**	**487 842**
Restated 2023[1]						
Investment contracts designated at FVPL	–	373 297	373 297	–	–	373 297
CIS liabilities	–	27 964	27 964	–	–	27 964
Subordinated call notes	–	4 300	4 300	–	–	4 300
Carry positions	–	9 080	9 080	–	–	9 080
Preference shares	–	310	310	–	–	310
Derivative financial liabilities	3 354	–	3 354	–	–	3 354
Other borrowings[2]	65	–	65	–	–	65
Financial liabilities at amortised cost	–	–	–	3 770	199	3 969
Other payables (excluding deferred revenue liability)[3]	–	–	–	12 461	–	12 461
Total financial liabilities	3 419	414 951	418 370	16 231	199	434 800

1 The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

2 Upon further investigation it was concluded that Other borrowings designated of R62 million should have been classified as Other borrowings mandatorily. 30 June 2023 has been restated accordingly.

3 Other payables of R379 million was incorrectly classified as Not in scope of IFRS 9 and should have been classified as Amortised cost. 30 June 2023 has been restated accordingly.

13 FINANCIAL LIABILITIES CONTINUED

13.5 Financial liabilities hierarchy

Refer to note 42 for the valuation techniques relating to this note.

The following liabilities are carried at fair value and have been split into a fair value hierarchy:

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
2024				
Investment contracts designated at FVPL	–	418 465	11	418 476
Financial liabilities at FVPL	30 138	22 766	642	53 546
CIS liabilities	30 106	–	15	30 121
Subordinated call notes	–	4 325	–	4 325
Carry positions	–	15 715	–	15 715
Preference shares	–	–	377	377
Derivative financial liabilities – held for trading	24	2 726	–	2 750
Other borrowings	8	–	250	258
	30 138	441 231	653	472 022
Restated 2023[1]				
Investment contracts designated at FVPL	–	373 286	11	373 297
Financial liabilities at FVPL	27 995	16 738	340	45 073
CIS liabilities	27 952	–	12	27 964
Subordinated call notes	–	4 300	–	4 300
Carry positions	–	9 080	–	9 080
Preference shares	–	–	310	310
Derivative financial liabilities – held for trading	2	3 352	–	3 354
Other borrowings	41	6	18	65
	27 995	390 024	351	418 370

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 FINANCIAL LIABILITIES CONTINUED

13.5 Financial liabilities hierarchy continued

A reconciliation of the level 3 liabilities has been provided below:

	At FVPL				
	Investment contracts designated at FVPL Rm	CIS liabilities Rm	Preference shares Rm	Other borrowings Rm	Total Rm
2024					
Opening balance	**11**	**12**	**310**	**18**	**351**
Business combinations (refer to note 28)	**–**	**–**	**–**	**223**	**223**
Total losses in net realised and unrealised fair value gains in the income statement					
Unrealised losses	**–**	**3**	**67**	**7**	**77**
Issues	**–**	**–**	**–**	**3**	**3**
Acquisition of joint venture (refer to note 6)	**–**	**–**	**–**	**17**	**17**
Settlements	**–**	**–**	**–**	**(18)**	**(18)**
Closing balance	**11**	**15**	**377**	**250**	**653**
2023					
Opening balance	10	14	294	114	432
Business combinations (refer to note 28)	–	–	–	17	17
Total losses/(gains) in net realised and unrealised fair value gains in the income statement					
Realised gains	(2)	–	–	(22)	(24)
Unrealised losses/(gains)	3	(4)	16	–	15
Issues	–	2	–	–	2
Lapsed unexercised	–	–	–	(94)	(94)
Exchange differences	–	–	–	3	3
Closing balance	11	12	310	18	351

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

There were no transfers in and out of level 3 in the current and prior years.

Sensitivities

Preference shares

A 0.01% increase/decrease in the interest rate of the level 3 preference shares would result in an immaterial change in the fair value for both the current and prior periods.

Other borrowings

The contingent consideration recognised in respect of the acquisition of IMG will increase/decrease by R4 million and R5 million when the fair value of the underlying assets are increased/decreased by 10% respectively.

In the current year, the contingent consideration recognised as a result of the acquisition of Zestlife, will result in a decrease of the liability when the probability of the following criteria's are increased by 10%:

	Year 1 Rm	Year 2 Rm	Year 3 Rm	Year 4 Rm
Probability of losing the key distribution relationship	**(10)**	**(9)**	**(9)**	**–**
Probability of not outperforming the key metric	**(26)**	**(21)**	**(15)**	**(8)**

In respect of the contingent consideration recognised as a result of the acquisition of CAIM during the prior year, increasing/decreasing the assets under management growth rate by 0.18% would decrease/increase the carrying amount of the contingent consideration in level 3 by R1.5 million and R1.5 million respectively.

13 FINANCIAL LIABILITIES CONTINUED

13.5 Financial liabilities hierarchy continued

Refer to note 42 for the valuation techniques relating to this note.

The following table provides an analysis of the fair value of financial liabilities not carried at fair value in the statement of financial position:

	2024		Restated 2023[1, 2]	
	Carrying amount Rm	Fair value Rm	Carrying amount Rm	Fair value Rm
Financial liabilities at amortised cost	**3 474**	**3 474**	3 770	4 015
Cumulative redeemable preference shares	**1 636**	**1 636**	1 625	1 625
Property development loan	**–**	**–**	80	80
Cumulative redeemable convertible preference shares	**–**	**–**	262	507
Term loans	**1 645**	**1 645**	1 503	1 503
Other	**193**	**193**	300	300
Other payables (excluding deferred revenue liability)	**12 142**	**11 896**	12 461	12 387
Payables arising from investment contracts	**2 668**	**2 668**	3 296	3 295
Other	**9 474**	**9 228**	9 165	9 092
	15 616	**15 370**	16 231	16 402

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

[2] Lease liabilities were incorrectly disclosed in the prior year and is not a requirement by IFRS.

Calculation of fair value

- The estimated fair value of the cumulative redeemable preference shares is determined by referencing similar preference shares that could be obtained with the same maturity profile and an interest rate linked to a 72% three-month JIBAR. The carrying amount approximates fair value as the terms of the current arrangement are market-related. *(level 2)*
- The estimated fair value of the cumulative redeemable convertible preference shares was based on the market value of the listed ordinary shares, adjusted for the differences in the estimated dividend cash flows between the valuation and conversion dates. As the preference shares were already convertible in the prior year, the market value was deemed to be the minimum value. In the prior year, the expected cash flows were discounted at a current market rate of 15%. The conversion of the preference shares was at the option of the preference shareholder; the date of conversion was estimated based on the most beneficial dividend stream to the holder. The preference shares were converted into Momentum Group Ltd ordinary shares in the current year. *(level 2)*
- For lease liabilities the fair value is not disclosed as this is not required by IFRS. For other liabilities at amortised cost, payables arising from investment contracts and other payables, the carrying amount approximates fair value due to their short-term nature. *(level 2)*

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 DEFERRED INCOME TAX

Refer to note 44.12 for the accounting policies relating to this note.

	2024 Rm	Restated 2023[1] Rm
Deferred tax asset	**1 168**	1 088
Deferred tax liability	**(3 226)**	(2 775)
	(2 058)	(1 687)

14.1 Deferred tax is made up as follows:

	2024 Rm	Restated 2023[1] Rm
Accruals and provisions	**139**	106
Accelerated wear and tear	**(143)**	(133)
Revaluations	**(1 386)**	(1 116)
Properties	**(251)**	(237)
Financial instruments	**(938)**	(726)
Other	**(197)**	(153)
Prepayments[3]	**12**	41
Deferred tax on intangible assets as a result of past business combinations	**(297)**	(305)
Deferred revenue liability	**4**	7
Difference between published and statutory policyholder liabilities	**3**	4
Tax losses	**2 573**	813
Negative Rand reserves	**(865)**	(1 167)
DAC	**(12)**	(16)
Other[2, 3]	**(2 086)**	79
	(2 058)	(1 687)
Current	**(61)**	609
Non-current	**(1 997)**	(2 296)
	(2 058)	(1 687)

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.

[2] Other increased significantly from the prior year due to the transitional measures relating to the adoption of IFRS 17 that has led to the creation of a deferred tax liability offset by a deferred tax asset. The adjustment to the taxation basis incorporates a phasing-in provision and is based on the tax laws as currently enacted and takes into consideration the differences that exist between IFRS 4 – Insurance contracts and IFRS 17 insurance contracts.
The phasing-in amount is calculated with reference to the difference between the total insurance liabilities determined under IFRS 4 to only a portion of the insurance liabilities determined under IFRS 17.
A legislative anomaly arose leading to an overstatement of the phasing-in deduction resulting in an inflated loss upon transition in the June 2024 tax calculation. The deferred tax liability relates to the phasing in amount that will be reversed over the next three years. The Draft Tax Laws Amendment Bill is expected to correct (on a backdated basis) the legislative anomaly relating to the deferred tax asset that arose due to the tax loss component of the transition calculation. It is anticipated that the draft tax laws will be enacted by December 2024 and the tax return will be submitted on the revised legislation once in force which will in turn reduce the related tax asset.

[3] These line items were previously disclosed on a aggregated basis as Revaluations and have subsequently been disaggregated to enhance comparability and usefulness.

14.2 Movement in deferred tax

	2024 Rm	Restated 2023[1] Rm
Balance at beginning	**(1 687)**	(2 185)
Charge to the income statement	**(299)**	501
Accruals and provisions	**33**	(41)
Accelerated wear and tear	**(10)**	(10)
Revaluations	**(249)**	(93)
Properties	**7**	26
Financial instruments	**(212)**	(156)
Other	**(44)**	37
Deferred tax movement on intangible assets as a result of past business combinations	**59**	62
Deferred revenue liability	**(3)**	21
Difference between published and statutory policyholder liabilities	**(1)**	–
Tax losses	**1 760**	(4)
Negative Rand reserves	**302**	552
DAC	**4**	3
Prepayments	**(29)**	(10)
Other[2]	**(2 165)**	21
Charge to other comprehensive income (refer to note 17)	**(21)**	2
Other	**(51)**	(2)
Exchange differences	**–**	(3)
Balance at end	**(2 058)**	(1 687)
Unused tax losses for which no deferred tax asset has been recognised	**3 969**	4 127
Potential tax benefit	**1 072**	1 115

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.

[2] The significant increase in the Other is due to the transitional measures relating to the adoption of IFRS 17 that has led to the creation of a deferred tax liability offset by a deferred tax asset. Further detail of which is provided in note 14.1.

14 DEFERRED INCOME TAX CONTINUED

Creation of deferred tax assets and recognition of deferred tax liabilities

Deferred tax assets are raised for tax losses where the recoverability thereof was probable at year end. The deferred tax asset is generally raised to the extent it will be utilised within 3-5 years. Further detail of which is provided in note 14.1. Remaining balances are not recognised.

Included in the deferred tax asset of R2 572 million (2023: R813 million) raised due to tax losses, is a deferred tax asset of R221 million (2023: R117 million), the utilisation of which depends on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences, and the subsidiary has suffered a loss in either the current or preceding year. Based on approved budgets prepared by management of these subsidiaries, the Group considers it probable that the deferred tax asset will be used against future taxable profits. The deferred tax assets on losses are calculated after considering the assessed loss utilisation limitation of 80%. The limitation effectively defers the utilisation of the assessed loss to future periods.

The deferred tax asset recognised by the Group relates mainly to historic trading losses brought forward in Guardrisk Life Ltd's Individual Policyholder Fund (IPF), Guardrisk Insurance Company Ltd and Momentum Insurance (Pty) Ltd. Management considers it probable that the tax asset will be used against future taxable profits within a five-year projection period.

No deferred tax liability is recognised on temporary differences of R1 862 million (2023: R2 215 million) relating to the unremitted earnings of international subsidiaries as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future. Deferred tax not raised in respect of associates and joint ventures is not considered to be material.

Critical accounting estimates and judgements

The Group is subject to direct taxation in a number of jurisdictions. There may be transactions and calculations where the ultimate taxation determination has an element of uncertainty during the ordinary course of business. The Group recognises liabilities based on objective estimates of the amount of taxation that may be due. Where the final taxation determination is different from the amounts that were initially recorded, such difference will impact earnings in the period in which such determination is made. Deferred tax assets are raised based on forecasts that are annually updated. Future taxable profits, on which the recognition of deferred tax assets are based, have been updated to consider the recovery post the Covid-19 pandemic. All business across the Group reviewed their bottom-up forecasted cash flows to account for the potential impact of the pandemic on its assumptions including revenue growth, claims experience, expenses, lapse rates inter alia.

15 EMPLOYEE BENEFIT OBLIGATIONS AND ASSETS

Refer to note 44.17 for the accounting policies relating to this note.

	2024 Rm	2023 Rm
15.1 Employee benefit obligations		
15.1.1 Post-retirement medical benefits	**68**	87
15.1.2 Cash-settled arrangements	**795**	428
Other employee benefit obligations[1]	**1 248**	1 234
Total employee benefit obligations	**2 111**	1 749
Current	**1 668**	1 458
Non-current	**443**	291
	2 111	1 749

[1] Other employee benefit obligations relate to a leave pay liability of R418 million (2023: R383 million) and staff and management bonuses of R830 million (2023: R851 million).

Employee benefit expenses are included in the income statement. Refer to note 24.

15.1.1 Post-retirement medical benefits	2024 Rm	2023 Rm
Balance at beginning – unfunded	**87**	101
Current service costs	**1**	1
Interest expense	**10**	11
Actuarial losses – other comprehensive income	**(19)**	(20)
Settlements	**(2)**	–
Benefits paid and transferred	**(9)**	(6)
Balance at end – unfunded	**68**	87
Current	**7**	14
Non-current	**61**	73
	68	87

Valuation methodology

Liabilities for qualifying employees and current retirees are taken as the actuarial present value of all future medical contribution subsidies, using the long-term valuation assumptions. The current medical scheme contribution rates are projected into the future using the long-term healthcare inflation rate, while the value of the portion subsidised by the employer after retirement is discounted back to the valuation date using the valuation rate of interest. The projected unit credit method is used to calculate the liabilities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 EMPLOYEE BENEFIT OBLIGATIONS AND ASSETS CONTINUED

15.1 Employee benefit obligations continued

	2024 Rm	2023 Rm
15.1.2 Cash-settled arrangements		
Retention and remuneration schemes		
Balance at beginning	**428**	195
Additional provisions[1]	**649**	382
Benefits paid	**(281)**	(151)
Exchange differences	**(1)**	2
Balance at end	**795**	428
Current	**413**	210
Non-current	**382**	218
	795	428

[1] The significant increase in the current year is attributable to increases in the share price in the current year, a higher allocation of units in October 2023 and overall higher performance vesting probabilities.

Momentum Group Limited share schemes

Subsequent to the merger, the Group started share schemes linked to Momentum Group Ltd shares.

Momentum Group Limited Long-term Incentive Plan (LTIP)

The purpose of the LTIP is to incentivise and retain key senior staff members. The LTIP comprises two separate long-term incentives, the first being a grant of retention units, and the second being an award of performance units.

Performance units
The performance units have certain performance criteria linked to the units measured over a three year period. The Group will have to meet the performance criteria before the performance units become payable. The units will therefore vest after a period of three years, and the Group's performance will be averaged over the same period to determine whether the criteria have been met.

Deferred bonus units
The deferred bonus units represent the deferred portion of short-term incentives above a threshold. These units vest subject to the employee remaining in the employ of the Group on the vesting date, and not being subject to disciplinary action during the period between the award date and the vesting date.

When the performance units and deferred bonus units have vested on the vesting date, they represent the right to receive a cash sum on the settlement date equal to the fair market price of a Momentum Group Limited share (average of 20 trading days before the settlement date).

Momentum Sales Phantom Shares (MSPS)

In November 2013, Momentum Sales began issuing phantom shares to sales staff. Allocations made vest in three equal tranches on the third, fourth and fifth anniversary, after the grant date. When the shares vest, the Group will make a cash payment to the employee to the value of the share price on vesting date. No shares are issued by the Group and therefore the scheme is cash-settled.

Momentum Group Limited Share Appreciation Rights Scheme (SAR)

The SAR commenced in October 2018, and is a performance-based cash-settled option scheme in terms of which certain executives are allocated Share Appreciation Rights (SARs) in the Company's shares. The SARs simulate "at-the-money" call options on the Company's shares, meaning that the growth in the share price between the allocation date and the vesting date will accrue to the participant at the vesting date. The measurement of performance takes place after a period of four years, and vesting then takes place in equal thirds after four, five and six years, at the ruling Momentum Group Limited share price based on the 20 day volume weighted average price (VWAP) up to payment date. Resignation before the vesting date results in the forfeiture of any unsettled units.

The volatility used in the valuation of the SAR scheme was based on market rates and determined to be 30%. The risk-free rate used within the valuations was 4.99%

The SAR performance units vested in October 2022. On vesting the performance units were converted into retention units with settlement dates of October 2022, October 2023, and October 2024.

Retention units
The retention units have no imposed performance criteria and therefore vest on award date subject to the employee maintaining satisfactory performance during the period between the award date and the settlement date.

15 EMPLOYEE BENEFIT OBLIGATIONS AND ASSETS CONTINUED

15.1 Employee benefit obligations continued

15.1.2 Cash-settled arrangements continued

	LTIP		MSPS	SAR	
	Performance units '000	Deferred bonus units '000	'000	Performance units '000	Retention units '000
Units in force at 1 July 2022	32 565	11 406	2 333	20 466	–
Units granted during year	16 233	17 733	752	–	–
Units converted to retention units	–	–	–	(13 651)	1 475
Units exercised/released during year	(2 158)	(6 358)	(627)	–	(487)
Units cancelled/lapsed during year	(6 320)	(1 012)	(106)	(6 815)	(42)
Units in force at 1 July 2023	**40 320**	**21 769**	**2 352**	**–**	**946**
Units granted during year	**14 704**	**14 858**	**544**	**–**	**31**
Units converted to retention units	**–**	**–**	**–**	**–**	**–**
Units exercised/released during year	**(4 922)**	**(9 386)**	**(536)**	**–**	**(473)**
Units cancelled/lapsed during year	**(5 526)**	**(919)**	**(43)**	**–**	**(9)**
Units in force at 30 June 2024	**44 576**	**26 322**	**2 317**	**–**	**495**

Market value of range at date of exercise/release	2024 Cents	2023 Cents
LTIP		
Retention units	**–**	–
Performance units	**1 840 – 2 088**	1 706 – 1 810
Deferred bonus units	**1 706 – 2 190**	1 650 – 1 957
MSPS	**1 712 – 2 023**	1 609 – 1 986
SAR		
Retention units	**1 988 – 1 988**	1 706 – 1 810
Performance units	**–**	1 706 – 1 810

Units outstanding (by expiry date) for the LTIP, MSPS, and SAR at 30 June 2024 are as follows:

	LTIP		MSPS	SAR	
	Performance units '000	Deferred bonus units '000	'000	Performance units '000	Retention units '000
2024					
Financial year 2024/2025	**8 438**	**11 853**	**526**	**–**	**495**
Financial year 2025/2026	**10 924**	**10 003**	**596**	**–**	**–**
Financial year 2026/2027	**12 265**	**4 466**	**597**	**–**	**–**
Financial year 2027/2028	**8 837**	**–**	**421**	**–**	**–**
Financial year 2028/2029	**4 112**	**–**	**177**	**–**	**–**
Total outstanding shares	**44 576**	**26 322**	**2 317**	**–**	**495**
2023					
Financial year 2023/2024	6 040	9 022	537	–	473
Financial year 2024/2025	9 426	7 278	534	–	473
Financial year 2025/2026	12 013	5 468	606	–	–
Financial year 2026/2027	8 113	–	426	–	–
Financial year 2027/2028	4 728	–	249	–	–
Total outstanding shares	40 320	21 768	2 352	–	946

Refer to note 43 for the valuation assumptions relating to these schemes.

15.2 Employee benefit assets

	2024 Rm	2023 Rm
Sage Group Pension Fund (SGPF)	**429**	398
Other	**2**	2
	431	400

Sage Group Pension Fund

This is a defined benefit fund that provided pension benefits to members who previously belonged to the Sage Life Ltd Staff. In terms of a decision taken by the Board of Trustees of the Fund, all sources of surplus accruing after the surplus apportionment date of the Fund are to be allocated to the Employer Surplus Account. In view of this, the asset ceiling has been set equal to the funded status (plan assets).

Because the balance only represents plan assets, the movement for the year is primarily due to returns on the assets of R37 million (2023: R32 million)

The fund is in the process of liquidation and the surplus is for the benefit of the employer as the fund has no employee liabilities (2023: nil). The Financial Sector Conduct Authority (FSCA) approved the preliminary liquidation account in January 2023 and liquidation payments will commence once the FSCA provides the necessary approval for payments to proceed after the public inspection period is completed and any objections are resolved.

Metropolitan Staff Retirement Fund

In the prior year, the Metropolitan Staff Retirement Fund, which also had no defined benefit obligations, was liquidated after approval from the FSCA and the proceeds of R89 million were received in cash.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16 SHARE CAPITAL AND SHARE PREMIUM

Refer to note 44.19 for the accounting policies relating to this note.

In December 2010, Metropolitan Holdings Ltd, now Momentum Group Ltd, became the legal parent company of Momentum Group Ltd, now MML, by acquiring all the shares in MML from FirstRand Ltd. As this was accounted for as a reverse acquisition under IFRS 3 – Business combinations (revised), the share capital and share premium of the Group in the consolidated financial statements were based on the value of those of MML at the time of the merger. The equity structure in terms of the number of authorised and issued shares in the consolidated financial statements reflects the equity structure of Momentum Group Ltd.

Authorised share capital of Momentum Group Ltd

- 2 billion ordinary shares of 0.0001 cents each.
- 129 million (76 million A1, 13 million A2 and 40 million A3) variable rate cumulative redeemable convertible preference shares of 0.0001 cents each.

Issued share capital

The issued share capital of the Group reflects the issued share capital of Momentum Group Ltd.

	2024 Rm	Restated 2023[1] Rm
Balance at beginning	**13 192**	12 769
IFRS 17 opening adjustment[1]	**–**	423
Restated balance at beginning	**13 192**	13 192
Conversion of preference shares net of share issue costs	**265**	–
	13 457	13 192
Share capital	**9**	9
Share premium	**13 448**	13 183
	13 457	13 192

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information

Number of ordinary shares in issue (prior to weighting)	2024 Million	Restated 2023[1] Million
Ordinary shares in issue		
Balance at beginning	**1 425**	1 498
Share repurchased and cancelled	**(48)**	(73)
Converted preference shares	**28**	–
Balance at end	**1 405**	1 425
Total ordinary shares in issue	**1 405**	1 425
Treasury shares held on behalf of employees	**(45)**	(45)
Basic number of shares in issue	**1 360**	1 380
Adjustment to employee share scheme shares	**17**	11
Convertible redeemable preference shares	**–**	28
Diluted number of shares in issue	**1 377**	1 419
Adjustment to employee share scheme shares	**(17)**	(11)
Treasury shares held on behalf of employees	**45**	45
Diluted number of shares in issue for normalised headline earnings purposes	**1 405**	1 453

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information

Reconciliation of basic number of shares in issue	2024 Million	Restated 2023[1] Million
Balance at beginning	**1 380**	1 453
Share repurchased and cancelled	**(48)**	(73)
Converted preference shares	**28**	–
Balance at end	**1 360**	1 380

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.

Preference shares

Momentum Group Ltd had 28 million A3 preference shares in issue at the beginning of the year, these preference shares were converted into ordinary shares on 30 June 2024. The variable rate, redeemable, convertible preference shares are compound instruments with a debt and an equity component. The fair value of the equity component is disclosed under note 17 and the debt component is disclosed under note 13.2. Refer to note 13.2 for more details.

Share buyback programme

The Group bought back a total of 48 million shares (for a cost of R1 billion including transaction costs) during the current year. In the prior year, the Group bought back 73 million shares (for a cost of R1 250 million including transaction costs). These shares were cancelled prior to 30 June 2024.

17 OTHER COMPONENTS OF EQUITY

		2024 Rm	Restated 2023[1] Rm
17.1	**Land and building revaluation reserve**	**449**	413
17.2	**FCTR**	**140**	382
17.3	**Non-distributable reserve**	**80**	78
17.4	**Employee benefit revaluation reserve**	**82**	64
17.5	**Fair value adjustment for preference shares issued by Momentum Group Ltd**	**–**	940
17.6	**Equity-settled share-based payment arrangements**	**124**	174
17.7	**Share of associates and joint ventures other comprehensive income**	**(33)**	–
		842	2 051

Movements in other reserves

		2024 Rm	Restated 2023[1] Rm
17.1	**Land and building revaluation reserve**		
	Refer to note 44.5 for the accounting policies relating to this note.		
	Balance at beginning	**413**	386
	Earnings directly attributable to other components of equity	**70**	29
	Revaluation	**91**	39
	Deferred tax on revaluation	**(21)**	(10)
	Transfer to retained earnings	**(34)**	(2)
	Balance at end	**449**	413
17.2	**FCTR**		
	Refer to note 44.3 for the accounting policies relating to this note.		
	Balance at beginning	**382**	(60)
	Currency translation differences	**(237)**	450
	Transfer to retained earnings	**(5)**	(8)
	Balance at end	**140**	382
17.3	**Non-distributable reserve**		
	Balance at beginning	**78**	73
	Transfer from retained earnings	**2**	5
	Balance at end	**80**	78
17.4	**Employee benefit revaluation reserve**		
	Refer to note 44.17 for the accounting policies relating to this note.		
	Balance at beginning	**64**	23
	Earnings directly attributable to other components of equity	**18**	22
	Remeasurement of post-employment benefit obligations	**18**	10
	Deferred tax on remeasurement	**–**	12
	Transfer from retained earnings[2]	**–**	19
	Balance at end	**82**	64
17.5	**Fair value adjustment for preference shares issued by Momentum Group Ltd**		
	Equity component of preference shares		
	Balance at beginning	**940**	940
	Transfer to retained earnings	**(940)**	–
	Balance at end	**–**	940

This represented the write-up of the carrying amount of the preference shares issued by Momentum Group Ltd to KTH to fair value, as part of the fair value exercise performed on Metropolitan as a result of the merger with Momentum in December 2010. The preference shares were converted into ordinary shares during the current year and the reserve was transferred to retained earnings.

		2024 Rm	Restated 2023[1] Rm
17.6	**Equity-settled share-based payment arrangements**		
	B-BBEE share-based payment reserve		
	Balance at beginning	**174**	122
	Transfer to retained earnings	**(89)**	–
	Share schemes – value of services provided	**39**	52
	Balance at end	**124**	174

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.
[2] In the prior year, the Metropolitan Staff Retirement Fund was liquidated and R19 million was transferred from Retained earnings to the Employee Benefit Fund Reserve.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17 OTHER COMPONENTS OF EQUITY CONTINUED

17.6 Equity-settled share-based payment arrangements continued

A3 Preference shares

The Company issued A3 preference shares to OTSI 108 (a KTH subsidiary) in 2011. The redemption date was extended by 9 months to 30 June 2024 in the current year. In the prior year, the redemption date was extended by 10 months to 30 September 2023. As a result of this, an IFRS 2 B-BBEE expense of R12 million (2023: R16 million) was recognised. The preference shares were converted into ordinary shares during the current year and the reserve was transferred to retained earnings.

iSabelo Trust

To achieve our long-term strategic business objectives and to strengthen our B-BBEE ownership, Momentum Group has made available an Employee Share Ownership Plan to its employees. iSabelo is structured to benefit all permanent employed South African based employees to promote inclusivity.

Units were granted to all permanent Momentum Group employees based in South Africa who were employed by the Group as at 28 February 2021. The units were granted to these eligible employees during April 2021.

These units are allocated on a deferred delivery basis over a seven-year period. All units need to be held for an initial period of ten years (lock in period) before they can be redeemed for Momentum Group Limited shares. At the end of the lock in period, the iSabelo Trust will exchange the units for Momentum Group Limited shares.

Employees will retain the proportional vesting of units for the portion of the seven years they were employed by Momentum Group, however if they leave within the first year of the scheme they will forfeit their entire allocation. Units will be granted annually to new permanent South African based employees of the Group who have joined between the period of 1 March 2021 to 28 February 2026, under the same terms as above. No further units will be allocated to any new employees after April 2026. Units were granted to new employees on 24 April 2024 and 8 June 2024.

The fair value used in determining the allocation is based on the unit price on grant date, adjusted for various variables. Refer to note 43 for more details regarding the valuation assumptions. The total unit allocation costs relating to the current period for the iSabelo Trust amounting to R28 million (2023: R36 million) (refer to note 24) has been included in the income statement. As at 30 June 2024, the total value of the units was R294 million (2023: R240 million). There were no modifications to the scheme in the current period.

Refer to note 43 for valuation assumptions relating to this scheme.

The following units were awarded and the redemption thereof deferred to a predetermined future date:

	Grant date[1, 2, 3, 4, 5]	Redemption date	Weighted average remaining contractual life	Grant date fair value	Number of units ’000
Units awarded F2021	**22-Apr-21**	**12-Apr-31**	**6.8 years**	**64**	**359 479**
Units awarded F2022	**29-Apr-22**	**28-Apr-32**	**7.8 years**	**48**	**72 410**
Units awarded F2023	**24-Apr-23**	**24-Apr-33**	**8.8 years**	**36**	**76 458**
Units awarded F2024	**24-Apr-24**	**24-Apr-34**	**9.8 years**	**42**	**62 923**
Units awarded F2024	**08-Jun-24**	**24-Apr-34**	**9.8 years**	**80**	**8 089**

1 Units were allocated to employees on 12 April 2021. The IFRS 2 grant date for employees is 22 April 2021 as at this date there was a shared understanding of the terms and conditions of the arrangement.

2 Units were allocated to employees on 28 April 2022. The IFRS 2 grant date for employees is 29 April 2022 as at this date there was a shared understanding of the terms and conditions of the arrangement.

3 Units were allocated to employees on 24 April 2023. The IFRS 2 grant date for employees is 24 April 2023 as at this date there was a shared understanding of the terms and conditions of the arrangement.

4 Units were allocated to employees on 24 April 2024. The IFRS 2 grant date for employees is 24 April 2024 as at this date there was a shared understanding of the terms and conditions of the arrangement.

5 Units were allocated to employees on 8 June 2024. The IFRS 2 grant date for employees is 8 June 2024 as at this date there was a shared understanding of the terms and conditions of the arrangement.

17 OTHER COMPONENTS OF EQUITY CONTINUED

17.6 Equity-settled share-based payment arrangements continued

iSabelo Trust continued

	Average price Cents	Number of units '000
Movements on units awarded:		
As at 1 July 2020	–	–
Units awarded	64	359 479
Awarded units lapsed due to resignation	64	(14 529)
As at 1 July 2021		344 950
Units awarded	48	72 410
Awarded units lapsed due to resignation	63	(69 505)
As at 1 July 2022		347 855
Units awarded	36	76 458
Awarded units lapsed due to resignation	59	(68 656)
Awarded units cancelled due to non-acceptance[1]	45	(34 898)
As at 1 July 2023		320 759
Units awarded due to reinstatement	59	347
Units awarded 24 April 2024	42	62 923
Units awarded 8 June 2024	80	8 089
Awarded units lapsed due to resignation	57	(44 309)
Awarded units cancelled due to non-acceptance[1]	42	(15 201)
As at 30 June 2024		332 608

[1] The iSabelo Trustees resolved that where units were allocated and not accepted within a reasonable period of time, as stipulated in the allocation letter or by written confirmation, such units shall lapse. This was implemented for the first time in the prior financial year.

17.7 Share of associates and joint ventures other comprehensive income

Balance at beginning	–	–
Other comprehensive income from associates and joint ventures	(33)	–
Balance at end	(33)	–

18 INSURANCE REVENUE

Refer to note 44.10 for the accounting policies relating to this note.

	2024 Rm	2023 Rm
Contracts not measured under the PAA		
Amounts relating to the changes in the LRC	21 494	20 189
Expected incurred claims and other expenses after loss component allocation	16 259	15 467
Change in the risk adjustment for non-financial risk for the risk expired after loss component allocation	997	392
CSM recognised in profit or loss for the services provided	2 818	2 741
Other	1 420	1 589
Insurance acquisition cash flows recovery	2 632	2 061
Insurance revenue from contracts not measured under the PAA	24 126	22 250
Insurance revenue from contracts measured under the PAA	34 755	33 882
	58 881	56 132

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

19 INSURANCE SERVICE EXPENSES

Refer to note 44.10 for the accounting policies relating to this note.

	2024 Rm	2023 Rm
Incurred claims and other directly attributable expenses	35 318	36 332
Changes that relate to past service – adjustments to the LIC	976	(448)
Losses on onerous contracts and reversal of those losses	912	1 950
Insurance acquisition cash flows amortisation	5 514	4 673
Insurance acquisition cash flows recognised when incurred	399	351
	43 119	42 858

20 ALLOCATION OF REINSURANCE PREMIUMS

Refer to note 44.10 for the accounting policies relating to this note.

	2024 Rm	2023 Rm
Contracts not measured under the PAA		
Amounts relating to the changes in the assets for remaining coverage	3 151	2 384
Expected recovery of incurred claims and other expenses after loss-recovery component allocation	2 763	2 451
Change in the risk adjustment for non-financial risk for the risk expired after loss-recovery component allocation	147	34
CSM recognised in profit or loss for the services received	(42)	(93)
Other	283	(8)
Allocation of reinsurance premiums from contracts not measured under the PAA	3 151	2 384
Allocation of reinsurance premiums from contracts measured under the PAA	15 214	14 629
	18 365	17 013

21 AMOUNTS RECOVERABLE FROM REINSURERS FOR INCURRED CLAIMS

Refer to note 44.10 for the accounting policies relating to this note.

	2024 Rm	2023 Rm
Amounts recoverable for incurred claims and other expenses	9 139	9 872
Changes that relate to past service – adjustments to the AIC	509	(428)
Changes in the loss-recovery component	145	184
Effect of changes in non-performance risk of reinsurers	(4)	–
	9 789	9 628

22 NET INVESTMENT RESULT

	2024			Restated 2023[1]		
	Insurance related Rm	Non-insurance related Rm	Total Rm	Insurance related Rm	Non-insurance related Rm	Total Rm
22.1 Investment income	11 966	23 313	35 279	10 718	20 135	30 853
22.2 Net realised and unrealised fair value gains/(losses)	6 123	23 995	30 118	3 730	36 810	40 540
22.3 Net impairment loss on financial assets	–	13	13	–	(176)	(176)
22.4 Finance expenses from insurance contracts issued	(17 172)	–	(17 172)	(11 798)	–	(11 798)
22.5 Finance expenses from reinsurance contracts held	(72)	–	(72)	120	–	120
Investment returns due to third-party cell owner	(831)		(831)	(596)		(596)
Fair value adjustments on investment contract liabilities	–	(37 799)	(37 799)	–	(48 697)	(48 697)
Fair value adjustments on CIS liabilities	–	(3 210)	(3 210)	–	(3 526)	(3 526)
	14	6 312	6 326	2 174	4 546	6 720

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

22 NET INVESTMENT RESULT CONTINUED

22.1 Investment income

Refer to note 44.22.2 for the accounting policies relating to this note.

	2024			Restated 2023[1]		
	Insurance related Rm	Non-insurance related Rm	Total Rm	Insurance related Rm	Non-insurance related Rm	Total Rm
Interest income	10 815	16 319	27 134	9 293	13 668	22 961
At FVPL	10 189	14 207	24 396	8 793	12 204	20 997
At amortised cost using the effective interest rate method						
Cash and cash equivalents	585	1 937	2 522	479	1 294	1 773
Financial assets at amortised cost	1	141	142	–	136	136
Funds on deposit and other money market instruments	2	25	27	2	28	30
Debt securities	38	9	47	19	6	25
Dividend income at FVPL	922	5 749	6 671	1 170	5 394	6 564
Listed	596	2 591	3 187	672	2 452	3 124
Unlisted	326	3 158	3 484	498	2 942	3 440
Rental income	227	1 179	1 406	254	1 062	1 316
Investment properties	227	1 169	1 396	254	1 052	1 306
Owner-occupied properties	–	10	10	–	10	10
Other income	2	66	68	1	11	12
	11 966	23 313	35 279	10 718	20 135	30 853

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

22.2 Net realised and unrealised fair value gains/(losses)

Refer to note 44.6, 44.7 and 44.11 for the accounting policies relating to this note.

	2024			Restated 2023[1]		
	Insurance related Rm	Non-insurance related Rm	Total Rm	Insurance related Rm	Non-insurance related Rm	Total Rm
Financial assets	6 069	23 909	29 978	3 845	36 916	40 761
Designated at FVPL	5 544	24 132	29 676	4 156	35 348	39 504
Mandatorily at FVPL	(85)	(287)	(372)	(4)	927	923
Net derivative financial instruments – gains/(losses)	610	129	739	(307)	569	262
Net realised and unrealised foreign exchange differences on financial instruments not at FVPL	–	(65)	(65)	–	72	72
Investment property	50	49	99	(116)	(147)	(263)
Valuation gains/(losses)	50	52	102	(116)	(148)	(264)
Change in accelerated rental income	–	(3)	(3)	–	1	1
Financial liabilities	–	31	31	–	154	154
At amortised cost	–	10	10	–	10	10
Designated at FVPL	–	21	21	–	144	144
Other investments	4	6	10	1	(113)	(112)
	6 123	23 995	30 118	3 730	36 810	40 540

[1] The prior year has been restated for the application of IFRS 17, refer to note 44.1.1 for more information.

The decrease in the current year, and increase in the prior year in net realised and unrealised fair value gains for the period mainly relates to local and global equity performance.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22 NET INVESTMENT RESULT CONTINUED

	2024			Restated 2023[1]		
	Insurance related Rm	Non-insurance related Rm	Total Rm	Insurance related Rm	Non-insurance related Rm	Total Rm
22.3 Net impairment reversal/(loss) on financial assets						
Refer to note 44.7 for the accounting policies relating to this note.						
Financial assets at amortised cost						
Accounts receivable	–	7	7	–	(16)	(16)
Debt securities	–	8	8	–	(101)	(101)
Funds on deposit and other money market instruments	–	2	2	–	(20)	(20)
Related party loans	–	(4)	(4)	–	(39)	(39)
	–	13	13	–	(176)	(176)

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.

	2024			2023		
	Insurance related Rm	Non-insurance related Rm	Total Rm	Insurance related Rm	Non-insurance related Rm	Total Rm
22.4 Finance expenses from insurance contracts issued						
Refer to note 44.10 for the accounting policies relating to this note.						
Changes in fair value of underlying items	(6 046)	–	(6 046)	(8 113)	–	(8 113)
Interest accreted using locked-in rates	(2 633)	–	(2 633)	(2 070)	–	(2 070)
Interest accreted using current rates	(5 295)	–	(5 295)	(2 969)	–	(2 969)
Effect of changes in interest rates and other financial assumptions	(2 943)	–	(2 943)	1 226	–	1 226
Effect of changes in fulfilment cash flows at current rates when CSM is unlocked at locked-in rates	(392)	–	(392)	(30)	–	(30)
Effects of risk mitigation option	136	–	136	156	–	156
Foreign exchange differences	1	–	1	2	–	2
	(17 172)	–	(17 172)	(11 798)	–	(11 798)
22.5 Finance expenses from reinsurance contracts held						
Refer to note 44.10 for the accounting policies relating to this note.						
Interest accreted	194	–	194	388	–	388
Effect of changes in interest rates and other financial assumptions	(258)	–	(258)	(172)	–	(172)
Effect of changes in fulfilment cash flows at current rates when CSM is unlocked at locked-in rates	(8)	–	(8)	(95)	–	(95)
Foreign exchange differences	–	–	–	(1)	–	(1)
	(72)	–	(72)	120	–	120

23 FEE INCOME

Refer to note 44.22.1 for the accounting policies relating to this note.

	2024 Rm	Restated 2023[1] Rm
Contract administration	**3 929**	3 807
Derecognition of investment contracts	**106**	–
Investment contract administration	**3 730**	3 700
Release of deferred front-end fees	**93**	107
Health administration	**2 616**	2 425
Trust and fiduciary services	**1 517**	1 381
Asset management	**797**	664
Retirement fund administration	**515**	508
Asset administration	**205**	209
Cell captive commission	**241**	251
Other fee income	**903**	708
Momentum Multiply fee income	**107**	161
Administration fees received	**50**	26
Other[2]	**746**	521
	9 206	8 572

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.
[2] Included in other is an amount of R212 million (2023: Rnil) relating to sale of cell captive business; commission of R140 million (2023: R123 million); rebates and forex rebate share of R49 million (2023: R47 million) and IT support service income of R23 million (2023: R25 million).

Revenue disaggregation

Revenue from contracts with customers is disaggregated by type of revenue and also split per the Group's reporting segments. This most accurately depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

24 OPERATING EXPENSES

	2024 Rm	Restated 2023[1] Rm
24.1 Insurance benefits and claims	**42 367**	43 356
24.2 Depreciation, amortisation and impairment expenses	**892**	1 089
24.3 Employee benefit expenses	**8 823**	7 946
24.4 Sales remuneration	**8 813**	7 083
24.5 Other expenses	**10 991**	9 987
	71 886	69 461
Represented by		
Insurance and other directly attributable expenses	**59 641**	58 139
Other operating expenses	**12 245**	11 322
	71 886	69 461

The amounts disclosed in note 24 are the total expenses incurred by the Group in rendering financial services to policyholders and managing the operations of the Group. The portion of the total expenses that are attributable to rendering of insurance contract services is disclosed in note 19 and presented in insurance service expenses on the face of the income statement.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24 OPERATING EXPENSES CONTINUED

	2024 Rm	Restated 2023[1] Rm
24.1 Insurance benefits and claims		
Refer to note 44.10 for the accounting policies relating to this note.		
Life insurance contracts	**30 463**	29 042
Death and disability claims	**15 856**	15 329
Maturity claims	**4 557**	4 357
Annuities	**7 189**	6 257
Surrenders	**2 434**	2 659
Terminations, disinvestments and withdrawal benefits	**427**	440
Non-life insurance benefits incurred	**10 844**	13 332
Health and capitation benefits incurred	**1 060**	982
	42 367	43 356
24.2 Depreciation, amortisation and impairment expenses		
Refer to note 44.4, 44.5 and 44.6 for the accounting policies relating to this note.		
Depreciation	**371**	369
Owner-occupied properties (refer to note 4.1)	**48**	51
Equipment (refer to note 4.2)	**221**	224
Right-of-use assets	**102**	94
Amortisation (refer to note 3)	**275**	288
Customer relationships	**91**	104
Brands	**65**	65
Broker network	**43**	44
Computer software	**76**	75
Impairment losses of intangible assets (refer to note 3)	**249**	478
Goodwill	**174**	478
Broker network	**32**	–
Computer software	**43**	–
Reversals of impairments of owner-occupied properties (refer note 4.1)	**(3)**	(46)
	892	1 089
24.3 Employee benefit expenses		
Refer to note 44.17 for the accounting policies relating to this note.		
Salaries	**7 199**	6 633
Defined contribution retirement fund	**460**	436
Contributions to medical aid funds	**258**	242
Share-based payment expenses – Cash-settled arrangements (refer to note 15.2)	**649**	382
Training costs	**146**	152
Retirement fund assets	**(30)**	(40)
Share-based payment expenses – Equity-settled arrangements (refer to note 17.6)	**26**	36
Post-retirement medical benefits	**11**	12
Other	**104**	93
	8 823	7 946

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.

For detail of directors' and prescribed officers' remuneration, refer to note 43.

24 OPERATING EXPENSES CONTINUED

	2024 Rm	Restated 2023[1] Rm
24.4 Sales remuneration		
Refer to note 44.10 for the accounting policies relating to this note.		
Incurred commission and sales remuneration expenses for the acquisition of insurance contracts (refer to note 19 for insurance service expenses)	**7 290**	5 771
Incurred commission and sales remuneration expenses for the acquisition of investment contracts	**1 075**	928
Amortisation of DAC on investment contracts (refer to note 3.6)	**343**	402
Derecognition of investment contracts[2]	**94**	–
Impairment losses/(reversals) of amounts due from agents, brokers and intermediaries (refer to note 7.2)	**11**	(18)
	8 813	7 083
24.5 Other expenses		
Refer to note 44.23 for the accounting policies relating to this note.		
Asset management fees	**4 755**	4 162
Consulting fees	**1 098**	1 075
Information technology expenses	**1 225**	1 149
Direct property operating expenses on investment property	**732**	629
Office costs	**448**	439
Marketing costs	**594**	687
Other indirect taxes	**476**	433
Momentum Multiply benefit payments	**71**	78
Travel expenses	**291**	269
Auditors' remuneration	**256**	146
Audit fees	**249**	139
Fees for other services	**7**	7
Bank charges	**123**	111
Bad debts written off	**45**	–
Lease charges[3]	**31**	36
Policy services	**175**	191
Other expenses	**671**	582
	10 991	9 987

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.
[2] Derecognition of investment contracts due to amended features on existing contracts that resulted in the recognition of insurance contracts.
[3] Included in Lease charges is R20 million (2023: R25 million) relating to short-term leases and R11 million (2023: R11 million) relating to variable lease payments.

25 FINANCE COSTS

Refer to note 44.23.1 for the accounting policies relating to this note.

	2024 Rm	Restated 2023[1] Rm
Interest expense on financial liabilities		
Unsecured subordinated call notes	**419**	383
Cost of carry positions	**1 066**	565
Redeemable preference shares at amortised cost	**187**	188
Cost of trading positions[2]	**8**	1 298
Lease liabilities	**16**	13
Other[3]	**210**	164
	1 906	2 611
Designated at FVPL	**1 493**	2 246
Amortised cost	**413**	365
	1 906	2 611

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.
[2] The Group invests into Qualified Investor Hedge funds that, as a result of the requirements in IFRS 10 are consolidated. During the prior year, one such fund changed their exposure from directly held fixed income positions to a participatory holding in a unit trust.
[3] Included in other finance costs is interest on term loans R149 million (2023: R131 million).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26 INCOME TAX EXPENSE

Refer to note 44.13 for the accounting policies relating to this note.

Income tax expenses/(credits)	2024 Rm	Restated 2023[1] Rm
Current taxation	4 158	5 022
Shareholder tax		
South African normal tax – current year	1 752	2 131
South African normal tax – prior year	4	5
Foreign countries – normal tax	133	109
Foreign withholding tax	210	182
Contract holder tax		
Tax on contract holder funds – current year	621	700
Tax on contract holder funds – prior year	7	23
Tax attributable to cell captive owners	1 431	1 872
Deferred tax	299	(501)
Shareholder tax		
South African normal tax – current year	(254)	(518)
Foreign countries – normal tax	–	7
Foreign withholding tax	1	(18)
Contract holder tax		
Tax on contract holder funds – current year	90	142
Tax attributable to cell captive owners	462	(114)
	4 457	4 521

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.

Tax rate reconciliation	2024 %	Restated 2023[1] %
Tax calculated at standard rate of South African tax on earnings	27.0	27.0
Capital gains tax	(0.6)	0.0
Prior year adjustments	0.1	0.1
Taxation on contract holder funds	16.3	21.4
Foreign taxes differential due to different statutory rates	(0.9)	(0.9)
Non-taxable income[2]	(3.3)	(5.7)
Non-deductible expenses[3]	3.5	2.6
Tax losses for which no deferred tax asset was recognised	2.7	2.7
Cell captive tax – to be recovered from cell owners	10.0	9.0
Derecognition of deferred tax assets relating to prior year losses	(1.3)	1.4
Other	(0.4)	1.1
Effective rate	53.1	58.7

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.
[2] Non-taxable income mainly comprises dividend income which is not taxable.
[3] Non-deductible expenses comprises Shareholders expenses which are not directly attributable to an income generating unit (including depreciation and impairments) and are thus not deductible for tax purposes.

27 CASH FLOW NOTES

	2024 Rm	Restated 2023[1] Rm
27.1 Cash utilised in operations		
Profit before tax	**8 393**	7 712
Adjusted for		
Items separately disclosed		
Dividend income	**(6 671)**	(6 564)
Interest income[2]	**(27 217)**	(23 056)
Finance costs[3]	**2 017**	2 699
Adjustments to reconcile profit before tax to net cash flows		
Share of losses of associates and joint ventures	**193**	120
Gain on step of associate	**(30)**	–
Depreciation and amortisation expenses	**646**	657
Impairment charges	**244**	590
Gains and losses on foreign exchange differences and fair value gains and losses relating to investing and financing activities	**256**	(710)
Profit on deemed disposal of investment in associate	**–**	(584)
Loss on disposal of subsidiary	**–**	112
Equity-settled share-based payments	**39**	52
Cash flow from operating assets and liabilities		
Movements in financial assets and liabilities	**(61 724)**	(55 132)
Properties under development	**(95)**	(10)
Other receivables	**(215)**	65
Employee benefit assets and obligations	**348**	378
Investment contract liabilities	**45 441**	60 215
Intangible assets related to investment contracts	**80**	116
Investment properties	**(365)**	82
Insurance contract assets and liabilities	**13 000**	(1 127)
Reinsurance assets and liabilities	**3 091**	6 067
Other operating liabilities	**(379)**	1 973
Cash utilised in operations	**(22 948)**	(6 345)
27.2 Income tax paid		
(Payable) due at beginning	**(1 090)**	(135)
Current income tax asset	**82**	81
Current income tax liability	**(1 172)**	(216)
Charged to income statement	**(4 158)**	(5 022)
Business combinations	**–**	(9)
(Receivable)/payable at end	**(239)**	1 090
Current income tax asset	**568**	82
Current income tax liability	**(329)**	(1 172)
	(5 487)	(4 076)
27.3 Interest paid		
Redeemable preference shares at amortised cost	**(179)**	(188)
Unsecured subordinated call notes	**(443)**	(414)
Cost of trading positions	**(8)**	(1 298)
Cost of carry positions	**(1 048)**	(559)
Other	**(397)**	(285)
	(2 075)	(2 744)

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

[2] Interest income includes R82 million (2023:R94 million) related to interest earned on policy loans.

[3] Finance costs includes R111 million (2023:R87 million) related to interest accrued on late claims.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27 CASH FLOW NOTES CONTINUED

		2024 Rm	Restated 2023[1] Rm
27.4	**Liabilities arising from financing activities**		
27.4.1	**Subordinated call notes**	**4 324**	4 299
27.4.2	**Carry positions**	**15 714**	9 080
27.4.3	**Preference shares**	**377**	310
27.4.4	**Other borrowings**	**257**	65
27.4.5	**Financial liabilities at amortised cost**	**3 678**	3 969
		24 350	17 723
27.4.1	**Subordinated call notes**		
	Due at beginning	**4 299**	5 327
	Subordinated call notes issued	**750**	–
	Accrued interest	**419**	383
	Interest paid	**(443)**	(414)
	Subordinated call notes repaid	**(750)**	(980)
	Fair value movement	**19**	(23)
	Own credit gains included in other comprehensive income	**29**	6
	Due at end	**4 323**	4 299
27.4.2	**Carry positions[1]**		
	Due at beginning	**9 080**	7 723
	Proceeds from carry positions	**201 528**	167 608
	Repayment of carry positions	**(194 917)**	(166 249)
	Accrued interest	**1 066**	565
	Interest paid	**(1 048)**	(559)
	Fair value movement	**5**	(8)
	Due at end	**15 714**	9 080

[1] The prior year has been restated. Refer to note 45 for more information.

		2024 Rm	Restated 2023[1] Rm
27.4.3	**Preference shares at FVPL[2]**		
	Due at beginning	**310**	294
	Fair value movement	**67**	3
	Due at end	**377**	297

[1] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.

		2024 Rm	Restated 2023[1] Rm
27.4.4	**Financial liabilities at FVPL: Other borrowings**		
	Due at beginning	**65**	933
	Proceeds from other borrowings	**117**	30
	Repayment of other borrowings	**(45)**	(801)
	Contingent consideration paid	**(7)**	–
	Business combinations – acquisitions of joint venture (refer to note 6)	**18**	–
	Business combinations – acquisitions of subsidiary (refer to note 28)	**223**	17
	Fair value movement	**(115)**	(116)
	Exchange differences	**1**	2
	Due at end	**257**	65

27 CASH FLOW NOTES CONTINUED

27.4 Liabilities arising from financing activities continued

	2024 Rm	2023 Rm
27.4.5 Financial liabilities at amortised cost		
Due at beginning	**3 969**	4 336
Repayment of other borrowings measured at amortised cost	**(375)**	(649)
Payments of leases	**(101)**	(107)
Repayment of capital portion of term loans	**(171)**	(88)
Repayment of other borrowings	**(103)**	(454)
Proceeds from other borrowings	**295**	176
New leases entered into	**96**	104
Accrued interest on leases	**11**	12
Interest paid on leases	**(8)**	(7)
Preference shares interest repaid	**(179)**	(188)
Preference shares interest accrued	**187**	188
Accrued interest on other borrowings	**152**	94
Interest paid on other borrowings	**(220)**	(119)
Modification of preference shares	**11**	10
Modifications of leases	**12**	1
Conversion of preference shares	**(264)**	–
Exchange differences on leases	**(3)**	8
Exchange differences on other borrowings	**(6)**	27
Sale of business	**–**	(24)
Due at end	**3 678**	3 969

27.5 Disposal of subsidiaries

	2024 Rm	2023 Rm
Assets/(liabilities) disposed of:		
Financial assets at FVPL	**–**	309
Investment properties	**–**	122
Cash and cash equivalents	**–**	29
Other assets	**–**	95
Reinsurance contract assets	**–**	168
Insurance contract liabilities	**–**	(399)
Investment contracts designated at FVPL	**–**	(86)
Other liabilities	**–**	(97)
Net assets sold	**–**	141
Non-controlling interests disposed of	**–**	(29)
Loss on sale of subsidiary	**–**	(112)
Cash flow from sale of subsidiary	**–**	–
Cash outflow recon		
Cash disposed of included in net assets of subsidiary	**–**	(29)
Net cash outflow from sale of subsidiary	**–**	(29)

In the prior year, the Group, through its wholly owned subsidiary, Metropolitan International Holdings (Pty) Ltd, disposed of its entire shareholding in Metropolitan Cannon Life Assurance Ltd and Metropolitan Cannon General Insurance Ltd. A loss on disposal of R112 million was recognised during July 2022.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

28 BUSINESS COMBINATIONS

June 2024

Investment Managers Group (Pty) Ltd

During March 2024, the Group, through its wholly owned subsidiary, MMSI, acquired the Investment Managers Group of companies. The transaction resulted in the acquisition of three subsidiaries namely IMG (100% holding), IMG Affiliates 2 (Pty) Ltd (100% holding) and IMG Affiliates 2B (Pty) Ltd (70% holding). The purchase consideration consisted of R87 million in cash and R24 million in contingent consideration. The contingent consideration relates to pass-through payments on certain assets that will be made to the former owners of the entities at their respective previously held stakes. The non-controlling interest is measured at their proportionate share in the recognised amounts of the acquiree's identifiable net assets.

Zestlife Investments (Pty) Ltd

On 30 April 2024, the Group, through its wholly owned subsidiary, Guardrisk Group, acquired 100% of the shares in Zestlife for a purchase consideration of R421 million. The purchase consideration consisted of an initial cash payment of R222 million and R199 million contingent consideration. The contingent consideration is made up of deferred payments relating to outperformance of certain key targets, and the continuing relationship of a key distribution network. If these targets are not met either a portion or all of the deferred payment will be forfeited.

These acquisitions provide an opportunity for growth, which is the Group's current focus.

June 2023

Partner Risk Solutions

On 1 July 2022, the Group, through its 100% owned subsidiary, Guardrisk Group (Pty) Ltd (Guardrisk Group), completed a step-up acquisition to acquire an additional 25% of the shares in Partner Risk Solutions (Pty) Ltd (PRS), resulting in the Group exercising control and thus consolidating PRS from that date. Guardrisk Group originally acquired a 26% equity share in PRS in 2019, following which the investment was equity accounted. The step-up acquisition was executed through the exercise of a call option for cash consideration of R9 million.

Crown Agents Investment Management Ltd

During March 2023, the Group, through its wholly owned subsidiary, MGIM, acquired 100% of the shares in CAIM for a purchase consideration of £2.90 million (R64 million). The purchase consideration consisted of an initial cash payment of £2.13 million (R47 million) and £0.77 million (R17 million) contingent consideration. The contingent consideration is made up of two future payments. The first contingent consideration payment is dependent upon the brand being registered by MGIM and will result in a payment of £0.12 million. If the brand is not registered the payment will be £nil. The second contingent payment is dependent on certain performance targets of new business being met. If new business is above the target, the payment will equal 20% of the difference between the actual new business amount and the target. If no targets are met, the payment will be £nil.

These acquisitions provide an opportunity for growth, which is the Group's current focus.

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

	2024 IMG Rm	2024 Zestlife Rm	2024 Total Rm	2023 Total Rm
Purchase consideration in total	220	421	641	80
Fair value of net assets				
Intangible assets	–	209	209	17
Tangible assets	3	10	13	1
Investment in associates	147	–	147	–
Financial instrument assets	52	17	69	24
Other receivables	–	–	–	1
Cash and cash equivalents[1]	26	20	46	38
Reinsurance contract assets	–	104	104	–
Deferred income tax liabilities	–	(54)	(54)	–
Financial instrument liabilities	(6)	(26)	(32)	–
Other liabilities	(8)	(16)	(24)	(18)
Net identifiable assets acquired	214	264	478	63
Non-controlling interests recognised	(44)	–	(44)	(1)
Goodwill recognised	50	157	207	18
Fair value of previously held investment in associate derecognised	(109)	–	(109)	(7)
Contingent liability payments	(24)	(199)	(223)	(17)
Purchase consideration in cash[1]	87	222	309	56
Revenue since acquisition	1	29	30	29
Earnings since acquisition	4	13	17	2

[1] Net cash outflow of R263 million (2023: R18 million) relating to the purchase of subsidiaries is made up of negative R309 million (2023: negative R56 million) relating to the purchase consideration in cash and positive R46 million (2023: positive R38 million) relating to cash and cash equivalents recognised as part of the net assets acquired.

The above acquisitions resulted in a total of R207 million goodwill being recognised attributable to certain anticipated operating synergies. The goodwill is not deductible for tax purposes. If the acquisitions were made on 1 July 2023, revenue would have increased by R41 million and an additional profit after tax of R56 million would have been recognised.

For a sensitivity analysis on the contingent liability please refer to note 13.5. For the valuation technique on the contingent consideration liability refer to note 42.

29 RELATED PARTY TRANSACTIONS

29.1 Major shareholders and Group companies

KTH is considered to be a related party by virtue of its role as the Group's B-BBEE partner.

Apart from the shareholders' roles as related parties discussed above, no other Momentum Group Ltd shareholders have significant influence and thus no other shareholder is a related party.

Significant subsidiaries of the Group are listed in note 40. Details of the associates of the Group are contained in note 6 and note 41. Details of the joint ventures of the Group are contained in note 6.

Various CISs in which the Group invests are defined as subsidiaries as the Group controls them in terms of IFRS 10; these are listed in note 40. CISs over which the Group has significant influence but not control are classified as investments in associates carried at fair value included as part of Financial assets at FVPL; details are included in note 41.

Other related parties include directors, key management personnel and their families. Key management personnel for the Group are defined as the executive and non-executive directors. It is not considered necessary to disclose details of key management family members and the separate entities that they influence or control. To the extent that specific transactions have occurred between the Group and these related parties (as defined in IAS 24 – Related party disclosures) the details are included in the aggregate disclosure contained below under key management, where full details of all relationships and terms of the transactions are provided.

29.2 Transactions with directors and key management personnel and their families

Remuneration is paid to executive directors and key management personnel of the Group, as well as to non-executive directors (in the form of fees). Remuneration paid to directors is disclosed in note 43.

The aggregate compensation paid by the Group or on behalf of the Group to key management for services rendered to the Group is:

	2024 Rm	2023 Rm
Salaries and other short-term employee benefits	**74**	46
Post-employment benefits	**1**	1
Share-based payment expense	**93**	46
Directors' fees	**21**	20
	189	113

The Group's executive directors are members of the staff pension schemes.

The executive directors participate in the Group's long-term retention schemes, the details of which are in note 15.2.

Aggregate details of insurance and investment transactions between Momentum Group Ltd (including any subsidiary) and key management personnel and their families are as follows:

	2024		2023	
	Insurance Rm	Investment Rm	Insurance Rm	Investment Rm
Fund value	**–**	**111**	–	92
Aggregate life and disability cover	**36**	**N/A**	34	N/A
Deposits/premiums for the year	**1**	**5**	1	7
Withdrawals/claims for the year	**–**	**–**	–	(1)

In aggregate, the Group earned fees and charges totalling R2.3 million (2023: R1.1 million) on the insurance and investment products set out above.

29.3 B-BBEE partner

The Group's B-BBEE partner, KTH, has a direct holding of 8.1% (2023: 7.9%) interest in the Group. The Group has entered into the following transactions with KTH:

- Momentum Group Ltd issued preference shares to KTH as disclosed in note 13.2.3. Dividends of R37 million (2023: R38 million) were paid to KTH on the preference shares. In the current year, the A3 preference shares were converted to Momentum Group Ltd ordinary shares.
- In 2019, Momentum Group Ltd subscribed for a cumulative, redeemable preference share in OTSI 108 (a KTH subsidiary) as disclosed in note 13.2.3. The dividends on the OTSI 108 preference share aligned the A3 preference share dividend to the ordinary dividends. As a result, a payment of R20 million was made to KTH during the current year. In the current year, the preference share was redeemed.

29.4 Contract administration

Certain companies in the Group carry out third-party contract and other administration activities for other related companies in the Group. These transactions are entered into at market-related rates. These fees are eliminated on consolidation.

29.5 Transactions with associates

Transactions with associates relate to loans advanced and preference share investments (refer to note 7.2). Loans to associates are not material and therefore the disclosures in accordance with IAS 24.18 on the amount of the outstanding balance and associated ECL have not been provided for each associate.

29.6 Post-employment benefit plans

Refer to note 15 for details of the Group's employee benefit plans.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30 CAPITAL AND LEASE COMMITMENTS AND RECEIVABLES

	2024 Rm	Restated 2023[1] Rm
Capital commitments		
Authorised but not contracted	**529**	203
Authorised and contracted	**35**	35
	564	238
The above commitments, which are in respect of computer software, building refurbishments, and new business opportunities, will be financed from internal sources. The Group has also made capital commitments of R197 million for 2025 for India, R203 million for Momentum Investments, R43 million for Guardrisk and R76 million for Shareholders.		
Lease commitments		
The minimum future lease payments relating to short-term leases, low-value asset leases and variable lease payments payable under non-cancellable leases on property and equipment:		
Less than 1 year	**6**	1
	6	1
The minimum future lease payments receivable under non-cancellable operating leases on investment properties:		
Less than 1 Year[1]	**530**	389
Between 1 to 2 years[1]	**455**	302
Between 2 to 3 years[1]	**405**	261
Between 3 to 4 years[1]	**341**	222
Between 4 to 5 years[1]	**321**	72
More than 5 years	**1 437**	598
	3 489	1 844

[1] The prior has been restated to exclude an intercompany commitment:
Less than 1 year decreased by R68 million;
Between 1 to 2 years decreased by R72 million:
Between 2 to 3 years decreased by R76 million;
Between 3 to 4 years decreased by R79 million; and
Between 4 to 5 years decreased by R25 million.

31 PROVISIONS AND CONTINGENT LIABILITIES

Refer to note 44.15 and 44.16 for the accounting policies relating to this note.

The Group is party to legal proceedings in the normal course of business and appropriate provisions are made when losses are expected to materialise.

	Reinter-mediation Rm	Other Rm	Total Rm
2024			
Balance at beginning	**199**	**186**	**385**
Additional provision	**16**	**124**	**140**
Amounts utilised	**(10)**	**(54)**	**(64)**
Unused amounts reversed	**(36)**	**(19)**	**(55)**
Other[1]	**(30)**	**30**	**–**
Exchange differences	**–**	**(2)**	**(2)**
Balance at end	**139**	**265**	**404**
Restated 2023[2]			
Provisions			
Balance at beginning	237	70	307
Additional provision	15	105	120
Amounts utilised	(9)	(10)	(19)
Unused amounts reversed	(68)	38	(30)
Other	24	(17)	7
Balance at end	199	186	385

[1] In the current year, Other includes increases arising due to the passage of time and the effect of changes in the discount rate.
[2] The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.

There is an obligation to reintermediate clients that are not linked to a financial adviser. A provision was made to provide for the expenses that will be incurred to reintermediate these clients with in-force policies to a financial adviser. It is expected that the provision will be utilised over the next five years, but there is uncertainty about the number of advisers and clients that will participate in this reintermediation programme, as well as the timing, which impacts the amount of the provision and timing of the utilisation. The provision will be reassessed annually and adjusted as required based on the actual experience associated with the number of financial advisers and clients that will participate in this reintermediation programme.

32 EVENTS AFTER THE REPORTING PERIOD

Following a thorough review of the Momentum Money proposition, the current savings landscape, and the Group's future strategy, Momentum Group has decided to discontinue with the Momentum Money product. Notification of the business closure has been communicated with the FSCA, PA and key third-party providers who will be critical in supporting a responsible wind down process.

Termination notices have been sent to key third-party providers, with some contracts that have terminated in August and September 2024. The business will maintain third-party services until the last client is offboarded, and client refunds are expected to be completed by December 2024. As a result, the business will continue to incur expenses in the next financial year related to contractual obligations, staff retrenchment costs, and potential penalties for early contract terminations. The human capital aspect has been carefully managed, with some staff being absorbed into other roles within the Group, while others are in various stages of the recruitment process. Retrenchment processes have been completed for a portion of staff, with ongoing support for remaining staff. A reasonable estimate of the financial impact will be concluded by December 2024 once all client payments have been finalised and all staff retrenchment costs quantified.

On 18 September 2024, MML redeemed the subordinated debt instrument MMIG07 with a nominal amount of R750 million on the contractual call date of the bond.

In line with our capital management framework and considering the strong capital and liquidity position, the Board has approved a further R1.0 billion for the buyback programme of the Group's ordinary shares.

33 FINANCIAL AND INSURANCE RISK MANAGEMENT

The Group recognises that sound risk and capital management is an integral part of generating sustainable shareholder value while protecting client interests, and therefore seeks to strike the appropriate balance between different stakeholder needs. Risk and capital management forms part of the decision-making process that enables the Group in its entirety to ensure that risk-taking is a consciously chosen strategic decision.

The Group is exposed to financial risk and insurance risk through the insurance and investment products issued to policyholders and financial instruments and reinsurance contracts held. Uncertainty or risk is the essence of an insurance contract. Insurance contracts contain uncertainties regarding the probability of an insured event occurring, the timing of the insured event or the cash flows arising from the insured event.

The Board-approved risk appetite framework articulates the level and type of risk that the Group is prepared to seek, accept or tolerate in pursuit of its strategic objectives. The risk taxonomy describes the structure of the risk categories used in the Group risk management framework and provides generic definitions of these risk categories. This ensures consistency in the approaches to risk management applied across the Group. The risk strategy seeks to guide the way in which the Group assumes risk through the qualitative expression of its appetite for exposure to the different types and sources of risk and is supported by quantitative tolerances and limits which are set to ensure that underlying risk exposures remain within appetite.

The risk taxonomy and risk strategy differentiate between quantitative financial and insurance risk, and qualitative risks that include operational, strategic, compliance, conduct and business risk. While some of these risk exposures are interdependent, the Group enjoys significant risk diversification between these different risk types as a result of the diversity of its business operations.

The Board is responsible for the total process of risk management, as well as forming an opinion on the effectiveness of the respective processes employed in the Group's risk management, balance sheet management and compliance functions. The Risk, Capital and Compliance Committee has an independent role and makes recommendations to the Momentum Group Board for its consideration and final approval in respect of risk management and oversight. It also ensures that the Group has implemented and maintains an effective risk management system comprising the totality of strategies, policies and procedures for identifying, measuring, monitoring, managing and reporting of all material risks that will enhance the Group's ability to achieve its strategic objectives.

33.1 Insurance risks

Life insurance risk: Life insurance risk is the risk of loss or adverse change in the value of life insurance contracts resulting from changes in the timing, frequency, or severity of current or expected future risk claims or policyholder persistency. This can be through the realisation of an operating experience loss or the change in insurance liabilities. Life insurance risk relates to risk exposures across mortality, morbidity (including disability), retrenchment, longevity, and policy terminations and alterations. Exposure to life insurance risk could result in changes in fulfilment cash flows attributable to life insurance contracts and changes to profit or loss for the Group.

Non-life insurance risk: Non-life insurance risk is the risk of unexpected underwriting losses due to higher claims than expected or by less than expected efficiency of the mitigation strategies put in place. Exposure to non-life insurance risk could result in changes in fulfilment cash flows attributable to non-life insurance contracts and changes to profit or loss for the Group.

The definitions of the risks that compromise non-life insurance risk are presented below:

Premium risk: the risk that premiums are not sufficient to cover claims and expenses in respect of future periods of risk.

Reserve risk: the risk of adverse changes in the value of insurance obligations arising from fluctuations in timing and amounts of claim settlements.

Lapse risk: the risk of adverse changes in the value of insurance obligations, resulting from changes in the level or volatility of policy lapse rates, termination rates, renewal rates and surrender rates.

Catastrophe risk: the risk that a single event, or series of events, of major magnitude, usually over a short period, leads to a financial loss, or of an adverse change in the value of insurance liabilities. Catastrophe events include natural catastrophes (such as earthquakes and hail storms) and man-made catastrophes (which are events that arise as a consequence of actions by humans).

Health insurance risk: Health insurance risk is the risk of loss, or adverse change in the value of insurance liabilities, due to health insurance experience being worse than expected or future expected experience being worse than previously assumed. Exposure to health insurance risk could result in changes in fulfilment cash flows attributable to health insurance contracts and changes to profit or loss for the Group. The Group has exposure to health insurance risk through health insurance contracts issued in South Africa, Ghana, Lesotho, Botswana, Mozambique, and India.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

33 FINANCIAL AND INSURANCE RISK MANAGEMENT CONTINUED

33.2 Financial risks

Market risk: Market risk is the risk of financial loss due to adverse movements in the market value of assets supporting liabilities relative to the value of those liabilities, or due to a decrease in the net asset value, as a consequence of changes in market conditions or as a result of the performance of investments held. This includes exposure to equities, property, credit and basis spreads, price inflation, interest rates and currencies. The carrying values of some insurance and reinsurance contracts are sensitive to changes in equity prices, property prices and interest rates. Market risk can result in changes in profit or loss for the Group.

Liquidity risk: Liquidity risk is the risk that the Group, though solvent, has inadequate liquid financial resources to meet its financial and insurance obligations as and when they fall due, or can only secure these resources at excessive cost. The Group differentiates between funding liquidity risk (the risk of losses arising from difficulty in raising funding to meet obligations when they become due or from excessive funding costs), market liquidity risk (the risk of losses arising when engaging in financial instrument transactions due to inadequate market depth and/or breadth or a market disruption), and surrender liquidity risk (liquidity risk arising from large unexpected client withdrawals of investments).

Credit risk: Credit risk is the risk of losses arising from the potential that a counterparty will fail to meet its obligations in accordance with agreed terms. It could arise from the decrease in the value of an asset subsequent to the downgrading of a counterparty. The Group is exposed to credit risk through premium debtors, loans granted to policyholders, amounts due from reinsurers, trade and other receivables, derivative instruments, cash and cash equivalents and debt instruments held.

33.3 Business risks

The issue of insurance contracts exposes the Group, to among others, the following business risks:

Expense risk: Expense risk is the risk of loss or adverse change in value arising from the variation in the level, trend or volatility of expenses incurred. This may be due to inefficiencies, higher than expected expense inflation, lower than expected volumes of new business or higher than expected terminations resulting in a smaller in-force book size. Budget controls are in place to mitigate this risk. The Group performs expense investigations annually and sets pricing and valuation assumptions to be in line with actual experience, with allowance for expense inflation and known future developments. The expense inflation assumption furthermore allows for the expected gradual shrinking of the number of policies arising from the run-off of certain books that are closed to new business.

Business volume risk: There is a risk that the Group may not sell sufficient volumes of new business to meet the expenses associated with distribution and administration. A significant portion of the new business acquisition costs is variable and relates directly to sales volumes. The fixed cost component can be scaled down if there is an indication of a permanent decline in business volumes, but this will happen over a period of time. A further mitigating factor is that the distribution channels used to generate new insurance and investment business are used to distribute a range of product lines within the Group, such as health insurance and non-life insurance.

33.4 First and third-party cell captive arrangements

Through Guardrisk the Group issues life and non-life insurance policies to policyholders. The insurance policies are issued in first- or third-party cell captive arrangements.

The economic substance of a first-party cell captive arrangement is that the cell owner (as policyholder) retains the insurance risk and financial risks accepted by the Group through the insurance policy issued.

First-party cell arrangements expose the Group to market risk and credit risk through the financial instruments held and liquidity risk from payments due to the cell owner (as policyholder). However, these risks are transferred to the cell owner (as policyholder). On a net basis the Group is exposed to the insurance and financial risks in the cell structure through fee income.

The economic substance of a third-party cell captive arrangement is that the insurance risk accepted by the Group, from policyholders, is transferred to the cell owner. Third party cell captive arrangements are accounted for as in-substance reinsurance agreements held by the Group. Insurance policies issued in third-party cell captive arrangements expose the Group to insurance risk, market risk, liquidity risk and credit risk.

For further information on the accounting treatment of transactions within first- and third-party cell arrangements, refer to the accounting policies.

33.5 Claims development

Given the insurance risks underwritten by the Group as well as the prompt settlement of incurred claims, there is limited exposure to uncertain claims development patterns potentially spanning multiple years.

- Lump sum benefit payments in respect of life and health insurance are generally settled shortly after the insured event has occurred. Insurance claims that are settled through regular benefit payments can span multiple years and is dependent on the nature of the claim. This relates mainly to income protection and waiver of premium products. However, once the insured event has occurred, the future benefit payments for these products are estimated with a high degree of certainty.
- Non-life insurance claims are mostly settled within a year after the insured event has occurred, while more complex insurance risks might be settled over a longer period. The Group utilises reinsurance to mitigate its exposure to the uncertainty around claims development in this regard. This can take the form of external reinsurance arrangements or in-substance reinsurance in the case of cell captive business.

Total insurance claims paid (cash flow) for the financial year ended 30 June 2024 was R28 614 million (30 June 2023: R26 187 million). Permanent health insurance claims paid (cash flows) for the same period was R1 441 million or 5.0% of total insurance claims paid (30 June 2023: R1 355 million or 5.2% of total claims paid). The percentage is deemed to be a realistic representation of the proportion of all claims that are not settled within a year. As a result a claims development table is not disclosed.

33.6 Risk management

The Group accounts for insurance contracts issued and reinsurance contracts held per the measurement models set out in the accounting policies (note 44) and as disclosed in notes 9 and 10. Notes 34 to 39 provide information on the processes in place to manage and mitigate the financial and insurance risks to which the Group is exposed.

33 FINANCIAL AND INSURANCE RISK MANAGEMENT CONTINUED

33.6 Risk management continued

	Insurance risk						Financial risk			
Insurance and reinsurance contracts	Expense risk	Morbidity and mortality risk	Persistency risk	Premium risk	Reserve risk	Catastrophe risk	Credit risk	Liquidity risk	Interest rate risk	Market price risk
Life insurance contracts										
Individual insurance contracts										
Market-related	x	x	x				x	x	x	x
Discretionary Participation	x	x	x				x	x	x	x
With-profit annuities	x	x					x	x	x	x
Non-profit annuities	x	x					x	x	x	
Other non-profit business	x	x	x				x	x	x	x
Group insurance contracts										
Market-related	x	x	x				x	x	x	x
Discretionary Participation	x	x	x				x	x	x	x
With-profit annuities	x	x					x	x	x	x
Non-profit annuities	x	x					x	x	x	
Other non-profit business	x	x	x				x	x	x	x
Non-life insurance contracts	x		x	x	x	x	x	x	x	
Health insurance	x	x	x	x	x	x	x	x		
Third-party cell captive arrangements										
Life insurance	x	x	x				x	x	x	x
Non-life insurance	x		x	x	x	x	x	x	x	
Reinsurance contracts held	x	x				x	x	x	x	
In-substance reinsurance contracts held	x	x					x	x	x	

The **insurance contracts** reflected in the table above are included as follows in the segmental breakdowns provided in note 2.3 and in the table below. Market-related and With-Profit Annuity business are included under Long-Term Savings. Discretionary Participation business is included under Long-term Savings (if smoothed bonus) and Traditional (if conventional with-profit). Non-profit annuities are included under Annuities and Structured Products. Other non-profit business consists mostly of Protection business.

The **life insurance contracts** reflected in the table above are included as follows in the segmental breakdowns provided in note 2.3 and in the table below. Market-related and With-Profit Annuity business are included under Long-Term Savings. Discretionary Participation business is included under Long-term Savings (if smoothed bonus) and Traditional (if conventional with-profit). Non-profit annuities are included under Annuities and Structured Products. Other non-profit business consists mostly of Protection business.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

33 FINANCIAL AND INSURANCE RISK MANAGEMENT CONTINUED

33.6 Risk management continued

Carrying values of insurance products issued	MML Rm	Guardrisk Rm	Momentum Insure Rm	Momentum Metropolitan Africa Rm	Momentum Metropolitan Health Rm	Total Rm
2024						
Covered						
Protection	**17 976**	**–**	**–**	**1 459**	**–**	**19 435**
Long-term savings	**36 191**	**–**	**–**	**7 361**	**–**	**43 552**
Annuities and structured products	**57 922**	**–**	**–**	**3 498**	**–**	**61 420**
Traditional	**21 924**	**–**	**–**	**282**	**–**	**22 276**
Other	**56**	**–**	**–**	**1**	**–**	**57**
Total	**134 139**	**–**	**–**	**12 601**	**–**	**146 740**
Non-covered						
Investment and savings	**–**	**–**	**–**	**203**	**–**	**203**
Life insurance	**–**	**–**	**–**	**66**	**–**	**66**
Health	**–**	**–**	**–**	**164**	**(19)**	**145**
Momentum Multiply	**–**	**–**	**–**	**–**	**–**	**–**
Cell captives	**–**	**7 386**	**–**	**–**	**–**	**7 386**
Non-life insurance	**–**	**–**	**899**	**963**	**–**	**1 862**
Total	**–**	**7 386**	**899**	**1 396**	**(19)**	**9 662**
Insurance Contracts	**134 136**	**7 386**	**899**	**13 997**	**(19)**	**156 402**
2023						
Covered						
Protection	16 176	–	–	1 225	–	17 401
Long-term savings	35 283	–	–	6 762	–	42 045
Annuities and structured products	46 050	–	–	2 876	–	48 926
Traditional	22 488	–	–	284	–	22 772
Other	139	–	–	1	–	140
Total	120 136	–	–	11 148	–	131 284
Non-covered						
Investment and savings	–	–	–	237	–	237
Life insurance	–	–	–	54	–	54
Health	–	–	–	233	(20)	213
Momentum Multiply	–	–	–	–	–	–
Cell captives	–	10 180	–	–	–	10 180
Non-life insurance	–	–	1 020	148	–	1 168
Total	–	10 180	1 020	672	(20)	11 852
Insurance Contracts	120 136	10 180	1 020	11 820	(20)	143 136

34 CAPITAL MANAGEMENT

34.1 Capital management objectives

The Board has the ultimate responsibility for the efficient management of capital within the Group. The balance sheet management function is responsible for the day-to-day activities relating to capital management and for making timely, prudent recommendations to the relevant governance committees.

The key objectives of the Group's capital management programme are to maintain compliance with minimum regulatory SCR as defined in the Insurance Act 18 of 2017 and its associated Prudential Standards, as well as the target SCR cover ratios as approved as part of the Group's risk appetite framework. The focus on maintaining an optimal solvency position will always be balanced with the aim of not retaining excessive surplus capital on the statement of financial position. In order to do this, the Group continues to focus on optimising capital consumption, the Group capital structure, capital deployment and capital distribution. When these activities are combined, capital management drives value creation within the Group. The capital management programme is underpinned by appropriate links to the Group's risk appetite framework and governance processes while focusing on the effective implementation and execution of the principles.

34.2 Capital management framework

The Group's capital management framework rests on the following key principles:

Capital requirements and definition of capital

The risks inherent in the Group's business activities drive the need to hold sufficient capital reserves to protect the business against the adverse impacts of unexpected risk events. This is the primary aim of holding capital on the statement of financial position. In addition, holding capital on the statement of financial position enables the Group to support its business strategy.

Within the Group, capital is measured and monitored on both the IFRS and regulatory basis. On the IFRS basis, capital is defined as the total equity plus subordinated debt. On the regulatory basis, capital is defined as the total eligible own funds calculated in line with the technical specifications of the Prudential Standards, together with any applicable Prudential Authority approvals obtained.

The table below shows the Group's total capital as of 30 June 2024 and the comparative amount as of 30 June 2023.

Capital type	2024 Rm	2023 Rm
IFRS NAV	**30 057**	28 870
Subordinated debt	**4 324**	4 299
Total	**34 381**	33 169

Own funds and solvency capital requirements

The regulatory capital coverage is determined as the ratio of own funds to the SCR. The calculation of the own funds and SCR are in accordance with the technical specifications of the Prudential Standards applicable to all of the Group's local insurance entities.

Capital coverage

The Group specifies capital coverage ratios and ranges for the Group and its regulated insurance entities, which are defined under its risk appetite framework. The regulatory capital coverage is determined as the ratio of own funds to the SCR. The calculation of the own funds and SCR are in accordance with the technical specifications of the Prudential Standards applicable to all of the Group's local insurance entities.

Capital allocation

As a general principle, subsidiaries are capitalised to ensure medium-term regulatory solvency while additional capital is held centrally to support the long-term regulatory solvency of the entities. MML houses Momentum Group's shareholder assets, therefore, MML is capitalised in excess of what its own covered business requires.

Investment of assets backing shareholder capital

The assets held in the shareholder capital portfolios, housed within MML, are financial assets that are in excess of the assets required to meet policyholder obligations and are directly attributable to the Group's shareholders. These assets back the Group's minimum required capital, approved capital buffers, the subordinated debt programme, as well as discretionary and surplus capital. The assets backing shareholder capital portfolios are invested in line with approved risk appetite and mandates.

Capital planning process

The Group's capital planning process facilitates value creation by aligning corporate strategy, capital allocation and performance measurement. This process is conducted on a forward-looking basis through regular solvency and liquidity projections that take into account capital sourcing requirements, strategic capital deployment and subsidiary capital requirements.

Dividends

The Group's dividend policy is to grow dividends in line with normalised headline earnings growth. The Group targets a 2.5x normalised headline earnings dividend cover with a 2.0x to 3.0x target coverage range. This implies a pay-out ratio of c.40% to c.50% of normalised headline earnings per reporting period.

Alignment of capital with subsidiaries

The Group provides the over-arching guiding principles regarding capital management for all subsidiaries as it is the main provider of capital to these subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

34 CAPITAL MANAGEMENT CONTINUED

34.3 Overview of capital management developments

34.3.1 Changes in capital structure

Subordinated debt raising and settlement

On 19 October 2023, MML redeemed the subordinated debt instrument MMIG06 with a nominal amount of R750 million. The redemption was executed on the contractual call date of the bond. The redemption was refinanced by the proceeds from the MML06 bond tap and MML07 bond which were issued on 16 October 2023 for a total nominal amount of R750 million. The MML07 bond is a 5.6 year floating rate note maturing on 29 May 2029 and the MML06 bond is a 7 year fixed rate note maturing on 25 May 2029.

34.3.2 Subordinated debt profile

The table below shows a summary of the MML subordinated debt profile, which relates to unsecured callable notes currently in issue at 30 June 2024:

Instrument code	Amount issued (Rm)	Coupon rate	Tenor	Date issued	Interest rate
MMIG04	**270**	**11.30%**	**10 years**	**Aug-15**	**Fixed**
MMIG07	**750**	**JIB03+175 bps**	**5.5 years**	**Mar-19**	**Floating**
MML01	**290**	**JIB03+175 bps**	**7 years**	**Dec-19**	**Floating**
MML02	**460**	**9.29%**	**7 years**	**Dec-19**	**Fixed**
MML03	**300**	**JIB03+194 bps**	**7.1 years**	**Feb-21**	**Floating**
MML04	**450**	**7.89%**	**7.1 years**	**Feb-21**	**Fixed**
MML05	**865**	**JIB03+160 bps**	**5 years**	**May-22**	**Floating**
MML06	**135**	**10.01%**	**7 years**	**May-22**	**Fixed**
MML06 tap	**410**	**10.01%**	**7 years**	**Oct-23**	**Fixed**
MML07	**340**	**JIB03+134 bps**	**5.6 years**	**Oct-23**	**Floating**
Total	**4 270**				

The table below shows a summary of the MML subordinated debt profile, which relates to unsecured callable notes in issue at 30 June 2023:

Instrument code	Amount issued (Rm)	Coupon rate	Tenor	Date issued	Interest rate
MMIG04	270	11.30%	10 years	Aug-15	Fixed
MMIG06	750	JIB03+220 bps	6 years	Oct-17	Floating
MMIG07	750	JIB03+175 bps	5.5 years	Mar-19	Floating
MML01	290	JIB03+175 bps	7 years	Dec-19	Floating
MML02	460	9.29%	7 years	Dec-19	Fixed
MML03	300	JIB03+194 bps	7.1 years	Feb-21	Floating
MML04	450	7.89%	7.1 years	Feb-21	Fixed
MML05	865	JIB03+160 bps	5 years	May-22	Floating
MML06	135	10.01%	7 years	May-22	Fixed
Total	4 270				

The Group believes that the current capital mix is adequate and will continue to pursue strategies to optimise the capital mix within the Prudential Standards.

The table below shows the maturity profile of MML's subordinated debt at 30 June 2024:

Bond code	Bond Issue Amount (Rm)	Date Issued	Outstanding Tenor	Year of maturity
MMIG04	**270**	**Aug-15**	**1.1 years**	**2025**
MMIG07	**750**	**Mar-19**	**0.2 years**	**2024**
MML01	**290**	**Dec-19**	**2.4 years**	**2026**
MML02	**460**	**Dec-19**	**2.4 years**	**2026**
MML03	**300**	**Feb-21**	**3.7 years**	**2028**
MML04	**450**	**Feb-21**	**3.7 years**	**2028**
MML05	**865**	**May-22**	**2.9 years**	**2027**
MML06	**135**	**May-22**	**4.9 years**	**2029**
MML06 tap	**410**	**Oct-23**	**4.9 years**	**2029**
MML07	**340**	**Oct-23**	**4.9 years**	**2029**
Total	**4 270**			

The table below shows the maturity profile of MML's subordinated debt at 30 June 2023:

Bond code	Bond Issue Amount (Rm)	Date Issued	Outstanding Tenor	Year of maturity
MMIG04	270	Aug-15	2.1 years	2025
MMIG06[1]	750	Oct-17	0.3 years	2023
MMIG07	750	Mar-19	1.2 years	2024
MML01	290	Dec-19	3.4 years	2026
MML02	460	Dec-19	3.4 years	2026
MML03	300	Feb-21	4.7 years	2028
MML04	450	Feb-21	4.7 years	2028
MML05	865	May-22	3.9 years	2027
MML06	135	May-22	5.9 years	2029
Total	4 270			

34 CAPITAL MANAGEMENT CONTINUED

34.4 Capital coverage

MML has adopted a target range for regulatory solvency cover of 1.6 to 2.0 times the SCR. This makes allowance for the capital required to support the covered business against a range of severe but plausible scenarios, as well as the wider strategic investments of the Group. The regulatory solvency cover of MML (after foreseeable dividends) was above the upper threshold of the target range at 30 June 2024 (and narrowly within the upper threshold at 30 June 2023).

The PA has designated Momentum Group as an insurance group. The Group has received approval to calculate its Group solvency position using the Accounting Consolidation method (for MML, Momentum Insure Company Ltd and the Asset Holding Intermediaries held by these entities) as well as certain additional methodology approvals that have a minor impact on Group solvency.

The Group targets an SCR cover range of 1.4 to 1.7 times SCR. The Group's solvency position is determined by aggregating the adjusted own funds and SCR under the regulatory framework of all the underlying entities, after elimination of intragroup arrangements. The prescribed Deduction and Aggregation method is applied in aggregating the adjusted solo own funds and solo SCRs of the controlling company and its participations. For entities for which approval has been received for inclusion in the Accounting Consolidation group, the eligible own funds and SCR are calculated using a consolidated balance sheet approach as required by the Framework for Financial Soundness of Insurance Groups. The SCR cover of the Group was within the target range at 30 June 2024 (and at 30 June 2023).

34.5 Credit ratings

MML and the Guardrisk Group entities are the main rated entities within the Group. Therefore, this section provides an update on these entities.

In January 2024, Moody's published their updated credit opinion for MML and Guardrisk. In those credit opinion reports, Moody's affirmed the MML and Guardrisk credit ratings and maintained a stable outlook on the ratings. The table below shows the relevant Momentum Group entity credit ratings as at 30 June 2024.

		National scale		Global scale		
Entity	**Type**	**30 June 2024**	**30 June 2023**	**30 June 2024**	**30 June 2023**	**Outlook**
MML						
MML	Insurance Financial Strength (IFS)	**Aaa.za (AAA)**	Aaa.za (AAA)	**Ba1 (BB+)**	Ba1 (BB+)	**Stable**
MML	Issuer rating	**Aa1.za (AA+)**	Aa1.za (AA+)	**Ba2 (BB)**	Ba2 (BB)	**Stable**
Subordinated debt	N/A	**Aa3.za (AA-)**	Aa3.za (AA-)	**Ba3 (BB-)**	Ba3 (BB-)	**Stable**
Guardrisk						
Guardrisk Insurance Company Ltd	IFS	**Aaa.za (AAA)**	Aaa.za (AAA)	**Ba2 (BB)**	Ba2 (BB)	**Stable**
Guardrisk Life Insurance Company Ltd	IFS	**Aaa.za (AAA)**	Aaa.za (AAA)	**Ba2 (BB)**	Ba2 (BB)	**Stable**
Guardrisk International Ltd PCC	IFS	**N/a**	N/a	**Ba2 (BB)**	Ba2 (BB)	**Stable**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

35 INSURANCE AND INVESTMENT BUSINESS

35.1 Classes of insurance and investment contract business

Individual and group contracts with market exposure: Market-related business

Market-related or unit-linked contracts are those invested in investment portfolios where there is a direct relationship between the returns earned on the underlying portfolio and the returns credited to the contract. The market-related policyholder contracts may be investment contracts or insurance contracts.

The amount and timing of cash flows from these contracts are impacted, among others, by investment returns, timing of insured events and policyholder behaviour, exposing the Group to insurance risk.

Since there is a direct relationship between the returns credited to the policyholder contract and the returns earned on the underlying items, the policyholder is exposed to market risk, credit risk and liquidity risk associated with the underlying items.

In instances where fee income is based on investment returns or the fair value of underlying items or where recoupment of expenses is impacted by investment conditions, the Group is exposed to financial risks associated with the underlying items to the extent of the unrealised fee income.

The Group is exposed to reputational risk if actual investment performance is not in line with policyholder expectations.

Individual and group contracts with market exposure: Discretionary participation business

Discretionary participation business includes smoothed bonus business, conventional with-profit business and group with-profit annuities. The discretionary participation business contracts may be insurance contracts or investment contracts.

The investment return earned on the underlying portfolios, after tax and charges, is credited to contracts in the form of bonuses. The use of bonuses is a mechanism to smooth returns to policyholders in order to reduce the risk of volatile investment performance. Any returns not yet distributed are retained in a bonus stabilisation account (BSA) for future distribution to policyholders. The BSA can be negative. The amount and timing of benefit payments on discretionary participation business are impacted, among others, by investment returns, declared bonuses, timing of insured events and policyholder behaviour.

Bonuses can be vested or non-vested and are declared considering a number of factors, including actual investment returns, previous bonus rates declared, product design, affordability, management discretion and contract holders' reasonable expectations. In principle, all returns on the underlying portfolio are credited to the underlying contracts over time.

A portion of discretionary participation fund values or benefits is usually deemed vested and thereby constitutes a form of investment guarantee in certain circumstances. This includes amounts invested and vested bonuses for smoothed bonus business, sums assured for conventional with-profit business and current annuity levels for with-profit annuity business.

The Group carries the same risks for these contracts as it does for market-related business. In addition, the Group is exposed to financial risks, specifically market risk, to the extent that investment returns do not support the vested guarantees or policyholder expectations.

In instances where fee income is based on investment returns or the fair value of underlying items, the Group is exposed to market risk and credit risk associated with the underlying items, to the extent of the unrealised fee income.

Non-profit annuity business

A non-profit annuity policy pays an income to the annuitant in return for a lump sum consideration paid on origination of the annuity policy. Payments normally cease on death of the insured life or lives, but different options, such as guaranteed payment periods and maximum payment terms, are offered to policyholders.

Benefit payments on non-profit annuities are generally fixed in nominal or inflation-adjusted terms and guaranteed at inception (except to the extent that they are exposed to mortality insurance risk). The amount and timing of benefit payments are impacted primarily by longevity of policyholders and increases in benefit payments.

Non-profit annuity insurance contracts expose the Group to longevity risk and interest rate risk, expense risk and liquidity risk. In instances where annuity payments or increases in payments are guaranteed, the Group is exposed to further liquidity risk. The investments held to fund annuity liabilities expose the Group to market risk, credit risk and liquidity risk.

Other non-profit business

These include long-term regular premium insurance contracts of varying durations. These policies mainly represent whole life and term assurance contracts that provide lump sum benefits on death and disability. Benefits and premiums are guaranteed in nominal or inflation-linked terms, subject to reviewability clauses. The amount and timing of benefits payments are impacted, among others, by persistency, mortality and morbidity. Non-profit insurance business exposes the Group to persistency risk, mortality risk, morbidity risk, expense risk and liquidity risk. The Group is exposed to market risk, credit risk and liquidity risk through the investments that it holds to back the non-profit insurance liabilities.

35 INSURANCE AND INVESTMENT BUSINESS CONTINUED

35.1 Classes of insurance and investment contract business continued

Investment guarantees

The terms and conditions of some insurance and investment contracts contain the following types of investment guarantees:

- A minimum guaranteed maturity value is attached to the majority of the discretionary participation business and some market-related business. Some products also provide minimum benefits on early duration deaths and on early terminations.
- Discretionary participation business has a minimum death or maturity value equal to the vested benefits.
- Some older blocks of retirement annuity business have guaranteed annuity options on maturity. The options give contract holders the right to purchase conventional annuity contracts at guaranteed rates specified at the inception dates of the retirement annuity contracts. The liabilities in respect of these types of guarantees are much less significant than the liabilities in respect of minimum guaranteed maturity values and minimum vested benefits.
- In instances where regulatory requirements indicate that pension income cannot reduce in nominal terms, inflation-linked annuities contain a minimum annual increase rate.
- The Group has books of universal life business that offer minimum maturity values, based on a specified rate of investment return. These guaranteed rates range from 0% to 4.5% p.a. for the bulk of business. This applies to smoothed bonus portfolios as well as certain market-linked portfolios (the latter mostly closed to new business).
- On some smoothed bonus portfolios, there is also a guarantee to policyholders that the average annual bonus rate, measured over the lifetime of the contract, will not be less than a contractual minimum (around 4.5% p.a.).
- The Group also carries conventional business that offers minimum guarantees on maturity, surrender and death, with different forms of guarantees that apply in each event.

The amount and timing of investment guarantee payments are impacted by future investment returns relative to guarantees provided. Investment guarantees expose the Group to market risk, credit risk, and liquidity risk.

35.2 Life insurance risks

Life insurance risk is the risk of loss or adverse change in the value of life insurance contracts resulting from changes in the timing, frequency, or severity of current or expected future risk claims or policyholder persistency. This can be through the realisation of an operating experience loss or a change in insurance liabilities.

In determining the value of insurance contracts, assumptions need to be made regarding future rates of mortality and morbidity, termination rates, retrenchment rates, expenses and investment performance. Insured events are random and the actual number and amount of claims and benefits will vary from year to year. The uncertainty of these rates may result in actual experience being different from that assumed and hence actual cash flows being different from those projected. In adverse circumstances, actual claims and benefits may exceed the liabilities held. Statistically, the larger the portfolio of similar insurance contracts, the smaller the relative variability around the expected outcome will be. Similarly, diversification of the portfolio with respect to risk factors reduces life insurance risk.

Life insurance risk management

The HAFs have a duty under the Insurance Act, 18 of 2017 and its associated prudential guidelines to evaluate and provide advice to the Board of directors and management on the financial soundness of the insurer. This includes the accuracy of the calculations and the appropriateness of the assumptions underlying the valuation of the insurer's technical provisions and calculation of the insurer's capital requirements, calculated in accordance with the requirements of the Insurance Act, 18 of 2017 and its associated Prudential Standards. The HAFs report on these matters to the Board, Actuarial Committee and the Prudential Authority. The Actuarial Committee supports the HAFs in their responsibility for the oversight of insurance risk. The Actuarial Committee has been appointed by the Board to ensure that the technical actuarial aspects specific to insurance companies are debated and, where necessary, independently reviewed.

The main insurance risks, as well as the Group's approach to the management of these risks, are set out below:

35.2.1 Demographic risks (mortality, morbidity, persistency)

The risk of loss or adverse change in the value of life insurance contracts arising from changes in the level, trend, or volatility of demographic rates in respect of insurance obligations where a change in demographic rates lead to an increase in the value of insurance liabilities or claims. Underwriting processes are in place to manage exposure to these risks. The most significant measures are:

- The HAFs are required to evaluate and provide advice to the Board on the actuarial soundness of the terms and conditions of insurance contracts (Insurance Act, 18 of 2017, GOI 3).
- Regular experience investigations are conducted and used to set premium rates and valuation assumptions.
- Reinsurance arrangements are negotiated in order to limit the risk from any individual contract or aggregation of contracts. These include company-wide catastrophe reinsurance.

The nature of risks varies depending on the class of business. The material classes of business most affected by these risks are discussed below.

Individual insurance business

These are contracts providing benefits on death, disability, accident, medical events and survival that are sold directly to individuals. These contracts may also bear significant financial risk.

Factors affecting demographic risks for individual insurance business include the following:

- The most significant factors that could substantially change the frequency of claims are epidemics or widespread changes in lifestyle (smoking, exercise, eating), resulting in more or earlier claims.
- Economic conditions can potentially affect retrenchment claims as well as morbidity claims where benefits are determined in terms of the ability to perform an occupation.
- Medical advances can potentially affect the size and severity of medical claims (including critical illness claims).
- Anti-selection, such as where a client who has a pre-existing condition or disease purchases a product where a benefit will be paid on death or in the event of contracting such a disease.
- The effect of selective terminations, which means policyholders are less likely to terminate voluntarily if the cover is more likely to be needed in the foreseeable future.
- Concentration risk, which is the risk of a large number of claims from a single event or in a particular geographical area.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

35 INSURANCE AND INVESTMENT BUSINESS CONTINUED

35.2 Life insurance risks continued

35.2.1 Demographic risks (mortality, morbidity, persistency) continued

Individual insurance business continued

Demographic risks are managed as follows:

- Risk premiums on most with-cover smoothed bonus and market-related contracts may be adjusted within the terms and conditions of the contracts. The ability of the Group to adjust these charges so that on average they reflect actual mortality experience reduces mortality risk. There is residual mortality risk resulting from delays in identifying worsening experience and adjusting charges as well as marketing pressures and client expectation management.
- To reduce cross-subsidisation of risks and the possibility of anti-selection, premium rates differentiate on the basis of some or all of age, gender, occupation, smoker status, education, income level, geographic region and the results of underwriting investigations. Experience investigations have shown that these are reliable indicators of the risk exposure.
- Guarantee periods shorter than the policy term on risk business enable the Group to review premium rates on in-force contracts during the life of those contracts.
- Applications for risk cover above certain limits are reviewed by experienced underwriters and evaluated against established standards.
- Compulsory testing for the human immunodeficiency virus (HIV) is carried out in all cases where the applications for risk cover exceed limits specified for a product. Where HIV tests are not required, this is fully reflected in the pricing and experience is closely monitored.
- Underwriting is done to identify non-traditional risks and take appropriate action, such as applying additional premium loadings or altering benefit terms.
- Reinsurance agreements are used to limit the risk on any single policy and aggregation of policies. A primary objective of reinsurance is to align the risk profile with the Group's risk strategy and risk appetite. Each business unit determines its own reinsurance programme in line with its scale and the types of business written. There is no reinsurance in place for funeral products.
- Concentration risk is reduced by diversification of business over a large number of uncorrelated risks and several classes of insurance, as well as by company-wide catastrophe reinsurance.

Group insurance business

Factors affecting risks from group insurance business include the following:

- Contracts are similar to individual insurance contracts but there is greater risk of correlation between claims on group schemes because the assured lives live in the same geographical location or work in the same industry; hence a higher degree of concentration risk exists.
- The products are mostly simple designs with a one-year renewable term. In most cases the products are compulsory for all employees although members can have a degree of choice when selecting risk benefits.
- Underwriting on group business is generally much less stringent than for individual business as there is typically less scope for anti-selection. The main reason for this is that participation in the Group's insurance programmes is normally compulsory, and as a rule members have limited choice in the level of benefits. Where choice in benefits and levels is offered, this is accompanied by an increase in the level of underwriting to limit anti-selection.
- Smaller schemes are priced using standard mortality and morbidity tables. The price for an individual scheme can be adjusted for certain risk factors, such as age, salary or gender structure, region or industry.
- For large schemes (typically 400 or more members), a scheme's past experience is an important input in setting rates for the scheme. The larger the scheme, the more weight is given to the scheme's past experience.
- AIDS risk is no longer material, given the impact of anti-retrovirals and the reduction in AIDS cases.

Risks from group insurance business are managed as follows:

- Anti-selection risk is managed by an "actively at work" clause, which requires members to be actively at work and attending to their normal duties for cover to take effect. In addition, pre-existing conditions may be excluded.
- A standard proportional reinsurance treaty is in place covering group business. Facultative reinsurance arrangements are in place for large schemes if adverse experience on the scheme could have a significant impact on profit and loss.
- Catastrophe reinsurance cover is used for group business, as there is considerably more concentrations of risks compared to individual business.

Non-profit annuity business

Non-profit annuity contracts provide a specified regular income, normally for the life of the annuitant. The principle risk in this case is longevity risk – the risk that the annuitants may live longer than assumed in the pricing of the contract.

Factors affecting longevity risk includes the following:

- Increased longevity due to medical advances and improvement in socio-economic conditions.
- Selection bias – individuals purchasing annuities are in better health and therefore live longer than assumed in the pricing basis.

Longevity risk is managed as follows:

- Mortality on non-profit annuities is monitored and future mortality improvements are allowed for in the pricing.
- Annuity products are sometimes sold in combination with whole life cover, which provides a natural hedge against longevity and mortality risk.
- Premium rates differentiate on the basis of age and sex.

35 INSURANCE AND INVESTMENT BUSINESS CONTINUED

35.2 Life insurance risks continued

35.2.1 Demographic risks (mortality, morbidity, persistency) continued

Permanent health insurance business

The Group also pays Permanent Health Insurance (PHI) income to disabled employees, the bulk of which are from employee benefit insured schemes. The income payments continue to the earlier of death, recovery or retirement of the disabled employee.

Factors affecting risks from permanent health insurance business includes the following:

- Lower than expected recovery or mortality rates result in claims being paid for longer periods.

Risks from permanent health insurance business are managed as follows:

- Claims are reviewed at inception to determine the eligibility of the claim. Ongoing claims in payment are reviewed regularly to ensure that claimants continue to qualify for benefits.
- Rehabilitation is managed and encouraged.

Termination and alteration risk

Termination and alteration risk is the risk of loss or adverse change in the value of life insurance contracts due to adverse lapse, surrender, paid-up or alteration (including premium indexation take-up) experience, or to a change in the expected exercise rates of such policyholder options.

Expenses such as commission and acquisition costs are largely incurred at the outset of the contract. These upfront costs are expected to be recouped over the term of the contract from fees and charges in respect of the contract. Therefore, if the contract or premiums are terminated before the contractual date, expenses might not have been fully recovered, resulting in losses being incurred.

Terminations can have the effect of increasing insurance risk, e.g. contract holders whose health has deteriorated are less likely on average to terminate a contract providing medical, disability or death benefits.

For certain risk policies, the risk at later durations is that terminations are less than assumed when pricing and valuing policies because upfront costs have largely been recouped and a termination at that stage releases a liability.

Factors affecting termination and alteration risks include the following:

- Economic conditions – economic hardship can cause an increase in terminations due to a reduced ability to afford premiums or a need for funds.

Termination and alternation risks are managed as follows:

- Persistency rates are measured on an ongoing basis by a variety of factors and based on this information, management actions are implemented as and when required.
- Customer retention programmes are in place to actively retain customers at risk of departure due to a lapse or surrender.
- Premium rates are determined using realistic assumptions with regard to termination rates (rates of lapse, surrender and paid up) and premium indexation take-up rates based on the Group’s actual experience.
- Benefit incentives are built in to the product design in order to encourage the take-up of premium indexation options.
- Where withdrawal benefits are payable on termination, these can be adjusted to recover certain expenses. However, market and regulatory restrictions limit the extent to which this can be done.
- Commission paid on many products can be recouped on early termination.

Retrenchment risk

Retrenchment risk is the risk of loss, or of adverse changes in the value of life insurance contracts due to retrenchment rates being higher than expected or future expected retrenchment rates being higher than previously assumed.

The Group has limited exposure to retrenchment risk and may consider future opportunities which provide adequate risk-adjusted return and can be appropriately mitigated. The risk is seen as an enabler to get more exposure to other risks to which the Group has a risk-seeking attitude. When writing retrenchment risk, the Group carefully considers the design of benefits, benefit term, premium guarantees as well as the expected diversification across employers and industries.

35.2.2 Guardrisk

Life insurance cover is also provided to corporate clients (through first-party cells) and to the public (through third-party cells). The Group earns fee income from administering first and third-party cell captive arrangements for cell owners.

Through the issue of insurance contracts, the Group is exposed to uncertainty regarding the timing, frequency and severity of future insurance claims and other fulfilment cash flows. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The principal risk that the cell owner and ultimately the Group faces under its insurance contracts is that the actual fulfilment cash flows exceed the amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amounts of claims and benefits will vary from year to year from the estimate amounts determined using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. As each of the cell shareholders operate independently from the other, the Group’s total insurance risk profile is well diversified.

The Group has developed its marketing strategy to ensure that there is diversity in the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

35 INSURANCE AND INVESTMENT BUSINESS CONTINUED

35.2 Life insurance risks continued

35.2.2 Guardrisk continued

An Audit and Risk Committee considers both underwriting and counter party exposures in order to minimise risks of non-performance on portfolios as well as to clarify risk obligations with clients. The committee deals with specialised risks related to life insurance business being conducted by the Group. The committee reviews the appropriateness and viability of major product development initiatives to confirm compliance with regulatory, legal, tax and accounting standards.

The Group carefully evaluates all retentions of risks in terms of statistical and underwriting disciplines, as well as specific and limited board mandates for each insurance programme. In this way security of cell insurance structures is maintained.

The cell owner shareholders agreements protect the Group from losses arising from business conducted in cells due to the rights and obligations of both parties as set out in the various cell owner shareholders agreements. For insurance risks, the agreements are accounted for as in-substance reinsurance contracts held.

Individual cells not meeting capital requirements pose a solvency risk and are monitored monthly. If necessary, capital is requested from such cell owners. The Group's exposure to risk on this business is limited to the credit risk of the cell owner.

For contracts where death is the insured risk, the main source of uncertainty is that epidemics such as AIDS, pandemics, and wide-ranging lifestyle changes, such as eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed to longevity risk. As a result of reinsurance programmes in place, the Group's liabilities are not materially affected by variations in mortality.

In addition, for contracts without fixed terms, it is assumed that the Group will be able to increase mortality risk charges in future years in line with emerging mortality experience. At present, these risks do not vary significantly in relation to the location of the risk insured by the Group.

Undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. For contracts with fixed and guaranteed benefits and fixed future premiums, the risk is either reinsured to the cell or reinsurers.

The Group has the right to alter the premium rates based on its mortality experience and hence minimise its exposure to mortality risk. The Group manages these risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits.

Medical selection is also included in the Group's underwriting procedures for group contracts with sums assured in excess of agreed non-medical limits with premiums varied to reflect the health condition and family medical history of the applicant. The Groups' retention level varies from contract to contract.

The Group participates with several of the cell shareholders in the underwriting risks of their business. The Group carefully evaluates all retention of risks in terms of statistical and underwriting disciplines, as well as specific and limited board mandates for each insurance programme.

The Group reinsures the excess over the retentions under a variety of quota share and surplus reinsurance arrangements. In certain contracts, stop loss reinsurance arrangements protect the retained line against attrition losses.

The insurance contracts issued expose the Group to insurance risks associated with the insured events, liquidity risk and credit risk. Investments held to fund the payment of insurance benefits within each cell captive arrangement expose the Group to market risk, liquidity risk and credit risk.

First-party and third-party cell captive arrangements transfer the risks to the cell owners. On a net basis the Group is exposed to the insurance risks and financial risks contained within each cell captive arrangement through the fee income and to the extent that the Group retained any of these risks through risk sharing arrangements.

35.3 Non-life insurance risks

The Group has similar governance structures in place for non-life insurance as those that are in place for life insurance. This includes a HAF with similar roles and responsibilities as set out in note 35.2.

35.3.1 Momentum Insure

The Group sells non-life insurance products that provide insurance cover over personal possessions and property of individual or corporate policyholders. Insurance products are sold with either a monthly or an annual premium payable by the covered party or entity.

Insurance risks to which the Group are exposed to relate to property, personal accident, liability, motor, transportation and other perils that may result from an insurance contract. The Group is exposed to uncertainty regarding the timing, frequency and severity of future claims.

The theory of probability forms the basis of the risk management model. Through the continuous sale of insurance products and subsequent growth in the pool of insured risks, the Group can diversify its portfolio of risks and therefore reduce the impact of variability of insurance claims affecting the portfolio. Aggregated data on perils reduces uncertainty with regards to timing and severity of insured events. This enables the Group to manage the risks while subject to less uncertainty.

The Group has developed an Enterprise Risk Management (ERM) framework in respect of the non-life insurance business to provide reasonable assurance that the Group's risks are being prudently and soundly managed. The framework is designed according to acceptable principles from Corporate Governance and Risk Management standards. The ERM framework outlines the key risks facing the business and how these risks are managed, monitored and reported.

Products are priced and risks accepted using statistical regression techniques which identify risk factors through correlations identified in past loss experiences. Risks are priced and accepted on an individual basis and as such there is a minimal cross subsidy between risks.

35 INSURANCE AND INVESTMENT BUSINESS CONTINUED

35.3 Non-life insurance risks continued

35.3.1 Momentum Insure continued

Individual risks are automatically accepted up to predetermined thresholds which vary by product and risk type. Risks with exposure that exceed certain thresholds are automatically referred and underwritten individually by the underwriting department. These thresholds are set at a substantially lower level than the reinsurance retention limits.

Furthermore, risks are rated individually based on information captured by staff for each risk. Conditions and exclusions are also automatically set at an individual risk level.

No risks which exceed the upper limits of the reinsurance cover purchased can be accepted without the necessary facultative reinsurance cover being arranged.

No-claims bonuses, (which rewards clients for not claiming), and Safety bonuses, (which reward client for adhering to, monitoring and reporting safety criteria) form part of the Group's underwriting strategy. Multi-claimants are monitored and managed by tightening conditions of cover or ultimately cancelling cover.

The Group manages exposure to insurance risk through a reinsurance programme. Reinsurance contracts provide coverage against material losses linked to a single insured risk, or a group of insured risks in the case of a catastrophe event. Reinsurance contracts held expose the Group to credit risk. The Group enters into reinsurance agreements with reinsurers which have adequate credit ratings.

Risk concentrations are monitored quarterly. The Group aims to diversify its insurance risk exposure from non-life insurance contracts across South Africa. However, a concentration of non-life insurance risks is evident in the Gauteng province of South Africa. To manage the concentration of insurance risk, the Group has entered into a catastrophe excess of loss reinsurance treaty, that would limit the loss of the Group following the occurrence of a catastrophe. Large international reinsurers with global exposures are preferred; the financial standing of such reinsurers would be less impacted by a catastrophe event in South Africa.

The investments held by the Group to fund fulfilment cash flows on non-life insurance contracts expose the Group to market risk and credit risk.

35.3.2 Guardrisk

Insurance cover is provided to corporate clients (through first-party cells and contingency policies) and to the public (through third-party cells). The Group earns fee income from administering first and third-party cell captive arrangements for cell owners.

Insurance contracts are issued for monthly, annual and multi-year periods. The Group provides coverage for the following classes of risk: motor, property, agriculture, engineering, marine, aviation, transport, rail, legal expense, liability, consumer credit, trade credit, guarantee, accident and health, travel, miscellaneous as well as reinsurance on all the classes above. Insurance premiums are regularly monitored and where necessary, adjustments are made to premiums to consider competition, the underwriting cycle, reinsurance and capital requirements.

Through the issue of insurance contracts, the Group is exposed to uncertainty regarding the timing, frequency and severity of future insurance claims and other fulfilment cash flows. The principal risk that the cell owner and ultimately the Group faces under its insurance contracts is that the actual claims payments exceed the amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random and the actual number and amounts of claims will vary from year to year.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome is likely to be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

As each of the cell owners operate independently from the other, the Group's total insurance risk profile is well diversified. The underwriting strategy is directed at a portfolio of underwritten risks that are well diversified in terms of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs.

The Group also issues contingency policies. This business is usually written for a one-year period with the policies covering multiple risks. Reinsurance is generally structured above the layer provided by the contingency policy. The corporate insured in a contingency policy is entitled to a share in the underwriting result if there is favourable claims experience. There is an aggregate excess of loss treaty in place for all contingency policies.

An Audit and Risk Committee considers both underwriting and counter-party exposures in order to minimise risks of non-performance on portfolios as well as to clarify risk obligations with clients. The committee deals with specialised risks related to non-life insurance business being conducted by the Group. The committee reviews the appropriateness and viability of major product development initiatives to confirm compliance with regulatory, legal, tax and accounting standards.

The cell owner shareholders' agreements protect the Group from losses arising from business conducted in cells due to the rights and obligations of both parties set out in the various cell owner shareholders' agreements. For insurance risks, the agreements are accounted for as in-substance reinsurance contracts held.

Individual cells not meeting capital requirements pose a solvency risk and are monitored on a monthly basis. If necessary, capital is requested from such cell owners. The Group's exposure to risk on this business is limited to the credit risk of the cell owner. Reinsurance agreements are concluded to minimise the solvency risk.

The Group shares in the emerging underwriting experience of selected cell arrangements. Before entering new risk sharing agreements with cell owners, a thorough internal assessment process if followed. The Group also underwrites specific niche corporate and commercial business for its own account.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

35 INSURANCE AND INVESTMENT BUSINESS CONTINUED

35.3 Non-life insurance risks continued

35.3.2 Guardrisk continued

The Group obtains reinsurance cover for insurance risk accepted in the cell captive arrangements or through risk sharing arrangements. Reinsurance is acquired on a proportional and non-proportional basis. The key objective when placing reinsurance is to optimise capital requirements and protection of the retained lines of both Guardrisk and the cell owners.

Risks relating to the cell captive business are adequately spread across the major classes of insurance risk and is spread geographically.

The Group is exposed to a concentration of insurance risk in some geographical regions in South Africa. To manage this concentration of insurance risk, the Group has entered into a catastrophe excess of loss reinsurance treaty that would limit the loss of the Group to predetermined levels following the occurrence of a localised catastrophe in a specific area.

Catastrophe modelling is performed to determine the impact of different types of catastrophe events (including natural disasters) in different geographical areas, at different levels of severity and at different times of the day. Catastrophe cover is placed with reinsurers with a reputable credit rating and cognisance is taken of the geographical spread of the other risks underwritten by the reinsurers to reduce correlation of the Group's exposure with the balance of their exposure.

These reinsurance models are run at least annually to take account of changes in the portfolio and to take the latest potential loss information into account.

Various Board subcommittee oversee the risk universe from general operations and investments respectively.

For each cell or policy accepted by the Group, a business take-on process is followed that utilises multi-disciplinary teams to determine major exposures to insurance risk. This take-on process varies in extent and detail depending on the significance of the new cell facility. Where the business take-on process identifies significant down-side risk, measures are put in place to manage the residual retained risks to remain within risk appetite.

The insurance contracts issued expose the Group to insurance risks associated with the insured events, liquidity risk and credit risk. Investments held to fund the payment of insurance benefits within each cell captive arrangement exposes the Group to market risk, liquidity risk and credit risk. First-party and third-party cell captive arrangements transfer the risks to the cell owners. The Group is exposed to the insurance risks and financial risks contained within each cell captive arrangement through the fee income and to the extent that the Group retained any of these risks through risk sharing arrangements.

35.4 Health insurance risks

The Group sells health insurance policies to policyholders in South Africa, Botswana, Lesotho, Ghana, Mozambique and India. These policies expose the Group to morbidity risk, anti-selection risk, expense risks, credit risk and liquidity risk. The Group accounts for the investment in ABHI in terms of the equity method. As such, the underlying exposures to insurance contracts issued and reinsurance contracts held are not included in the insurance and financial risk disclosures.

The principal risk that the Group faces under its insurance contracts is that the actual claims payments exceed the amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random and the actual number and amounts of claims will vary from year to year.

To mitigate against this principal risk, products are priced using statistical regression techniques which identify risk factors through correlations identified in past loss experiences. Where appropriate deterministic methods are used based on past claims experience with allowance for medical inflation and utilisation changes. Premiums on all contracts are annually renewable allowing the insurer to update pricing based on current experience. Monitoring of claims experiences forms an integral part of risk mitigation.

To mitigate against the costs of claims being higher than expected in the pricing basis, reimbursements to healthcare service providers are at agreed tariff rates, which are annually negotiated. The maturity of these agreements varies by territory, based on the provider landscape. Claims are monitored and managed when trends of abuse start to emerge.

The Group has developed an underwriting framework to enforce appropriate risk selection criteria and to mitigate against anti-selection risk by including appropriate waiting periods, exclusions and premium loadings.

Detailed expense analyses and retrospective reviews are performed annually to ensure that the pricing basis makes allowance for all expenses. Expenses are managed relative to approved budgets.

Premium payment terms vary across territories but are mostly payable monthly in advance. Premium debtors are closely monitored for appropriate intervention when required.

The Group mitigates liquidity risk by ensuring that sufficient cash and liquid investments are available to settle obligations when due. Liquidity risk is managed by preparing cash flow forecasts and using these to determine whether sufficient cash and liquid investments are available. The investments held to back health insurance liabilities expose the Group to market risk and credit risk.

35.5 Concentration risks

The Group is well diversified geographically, by product type and by business segment. This largely mitigates concentration risk in respect of insurance risks. Where necessary, residual areas of concern are managed using reinsurance or catastrophe insurance as noted in the above insurance risk commentary. See the segmental disclosures in note 2 for a depiction of the diversified nature of the Group.

36 LIQUIDITY RISK

Liquidity risk is the risk that the Group, though solvent, has inadequate liquid financial resources to meet its financial and insurance obligations as and when they fall due, or can only secure these resources at excessive cost. The Group differentiates between funding liquidity risk (the risk of losses arising from difficulty in raising funding), market liquidity risk (the risk of losses arising from transactions due to inadequate market depth and/or market breadth or from market disruption), and surrender liquidity risk (the risk of losses arising from large, unexpected client withdrawals of investments).

Liquidity risk governance

Liquidity risk for the Group is managed in terms of the Group liquidity risk management policy, which is a policy of the Group Enterprise Risk Management (ERM) function.

The Momentum Group Capital and Investment Committee (CIC) is responsible for the Group's liquidity and funding risk management, while the Board Risk Capital and Compliance Committee provide oversight for funding and liquidity risk assumed on behalf of shareholders. This includes the funding and liquidity risk on guaranteed and non-profit policyholder liabilities and shareholder portfolios.

Liquidity risk management

The principal risk relating to liquidity comprises the unfunded derivative exposure in the shareholder-backed portfolios. This risk gives rise to margin calls and is sensitive to market disruption that causes roll-over risk of unfunded positions.

Liquidity risk also emanates from the Group's exposure to policyholder behaviour, e.g. unanticipated benefit withdrawals or risk-related claims. The insurance and investment contract liabilities comprise the bulk of the liabilities of the Group. Management of the liquidity risk is described below.

36.1 Unfunded derivative exposure in the yield enhancement portfolios

The liquidity risk exposure is managed by ensuring that the Group can cover all outflows in the event of a hypothetical liquidity stress event lasting a month. This is supported by setting aside a contingent liquidity buffer backed by assets that can be realised in cash over a period of a month and a contingent liquidity plan.

36.2 Policyholder liabilities

Non-profit annuity policyholder benefits

These contracts provide guaranteed annuity benefits and all liquidity risks arising from these contracts are borne by the shareholders. The expected liability outflow is matched as closely as possible with assets of an appropriate nature and term in order to match the duration and convexity of the portfolio and thus mitigate the interest rate risk exposure.

The asset portfolio is a diversified portfolio of liquid cash and fixed-interest instruments (government bonds, corporate bonds, interest rate swaps and promissory notes) that closely matches the liquidity profile of the liability cash flow.

Conventional with-profit and smoothed bonus policyholder benefits

When a claim is incurred, investments are disposed of to the extent that cash flows into the fund are insufficient to cover the settlement of the claim. Investments are easy to realise as they consist of mainly listed equity securities of large entities, government stock or funds on deposit.

The investment policy and mandates take the expected cash flows into account. By limiting the cash flow mismatch, the risk of premature realisation of investments or reinvestment of excess cash is mitigated. In addition, investment guidelines and limits are used to limit exposure to illiquid investments.

Maturity dates are generally known in advance and contractual claims can be projected. Cash flow projections are performed to aid in portfolio and cash flow management. Where the product design allows early termination value, the settlement value is not normally guaranteed, but is determined at the Group's discretion (subject to legislation). This limits the loss on early termination.

When a policyholder fund is shrinking (i.e. outflows exceed inflows), care is taken to ensure that the investment strategy and unit pricing structure of the fund are appropriate to meet liquidity requirements. In practice, such a fund is often merged with funds with positive cash flows to avoid unnecessary constraints on investment choices.

Linked and market-related policyholder benefits

Except for liquidity risk related to investment guarantees and risk benefit claims, the contracts do not expose the Group to significant liquidity risk, as the risk is borne by the policyholders. The investment policy and mandates take the expected liability cash flow into account. By limiting the cash flow mismatch, the risk of early realisation of assets or reinvestment of excess cash is mitigated. In addition, investment guidelines and limits are used to limit exposure to illiquid assets.

Other policyholder benefits

The liquidity risk arising from embedded investment guarantees is managed by backing these liabilities with sufficiently liquid financial instruments.

Policyholder contracts that provide mostly lump sum risk benefits do not normally give rise to significant liquidity risk when compared to policies that provide mostly savings benefits. Policyholder funds supporting risk benefits normally have substantial cash inflows from which claims can be paid. Accrued liabilities are matched by liquid assets to meet cash outflows in excess of expected inflows.

Terms and conditions of some large corporate policy contracts incorporate liquidity requirements. Examples of such contractual provisions include the payment of benefits in specie, or a provision for sufficient lag times between the termination notification and the payment of benefits.

Liquidity risk from non-profit annuity benefits is borne by shareholders. Liquidity risk is mitigated by ensuring that expected cash flows are matched with sufficiently liquid assets of appropriate nature and term.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

36 LIQUIDITY RISK CONTINUED

36.2 Policyholder liabilities continued

Non-life insurance benefits

The Group mitigates liquidity risk on non-life insurance benefits by maintaining prudent levels of liquid investments.

Health insurance benefits

The Group mitigates liquidity risk by ensuring that sufficient cash and liquid investments are available to settle obligations when due. Liquidity risk is managed by preparing cash flow forecasts and using these to determine whether sufficient cash and liquid investments are available.

Guardrisk

Each cell captive arrangement is exposed to liquidity risk from claims arising from life and non-life insurance contracts. Terms and conditions of cell captive arrangements indicate that the cell owner is responsible for ensuring that the cell remains solvent. As such cell owners can be called on to make further capital contributions to the cell captive arrangement. Liquidity risk for investment contract liabilities is matched by investing in assets as specified in the policy agreement and therefore matching the payment profile of the relevant policy. The Group is exposed to liquidity risk in each cell captive arrangement to the extent that the Group entered into a risk sharing arrangement with the cell owner with regards to risks accepted by the cell captive arrangement.

36.3 Shareholder funds

The significant shareholder liabilities of the Group are the carry positions, the subordinated call notes issued by Momentum Metropolitan Life Ltd and the cumulative redeemable preference shares issued by MMSI.

The Group holds sufficient cash and liquid marketable financial instruments in its shareholders' funds to meet its commitments as and when they fall due. The investments backing the shareholder funds are invested in a diversified portfolio of liquid cash, floating rate instruments and interests in subsidiaries and/or related entities. The investment mandate and guidelines that govern the investment of shareholder funds, restrict investment choices to high-quality assets.

The projected liquidity requirements of the shareholder portfolio are identified, measured and reported on a regular basis to the CIC. The reports take the expected shareholder cash flows (e.g. committed mergers and acquisition activity and liquidity needs of related entities) into account in order to identify material funding liquidity gaps early. The identification of potential liquidity gaps contributes towards mitigating the funding liquidity risk and market liquidity risks of the shareholder portfolios.

36.4 Liquidity risk tables

36.4.1 Insurance and reinsurance business

The liquidity risk tables for insurance contracts and reinsurance contracts are based on the present value of expected net future cash flows and the risk adjustment for non-financial risks (where applicable). The present value of the expected net future cash flows and risk adjustment are allocated to time periods based on the expected timing of the cash flows. The liquidity risk table provides separate disclosures on insurance contract assets, insurance contract liabilities, reinsurance contract assets and reinsurance contract liabilities.

Fulfilment cash flow recognition for insurance contract liabilities

An analysis of the expected recognition of the fulfilment cash flows remaining at the end of the reporting period is provided in the following table. The analysis indicates the expected amount and timing of fulfilment cash flows. For Guardrisk, the expected recognition of fulfilment cash flows remaining at the end of the reporting period only considers the net promotor exposure.

Fulfilment cash flows (discounted)	Payable on demand Rm	0 to 1 year Rm	1 to 2 years Rm	2 to 3 years Rm	3 to 4 years Rm	4 to 5 years Rm	5 to 10 years Rm	10 to 15 years Rm	15 to 20 years Rm	> 20 years Rm	Total Rm	Carrying amount Rm
2024												
General measurement model	**28**	**6 515**	**5 793**	**5 242**	**4 794**	**4 386**	**16 127**	**8 693**	**4 427**	**5 835**	**61 840**	**61 840**
Variable fee approach	**3 240**	**7 737**	**7 989**	**5 720**	**5 235**	**4 922**	**16 024**	**8 197**	**4 230**	**3 514**	**66 808**	**66 808**
Premium allocation approach	**–**	**14 733**	**1 388**	**765**	**581**	**482**	**1 455**	**818**	**614**	**1 794**	**22 630**	**22 630**
	3 268	**28 985**	**15 170**	**11 727**	**10 610**	**9 790**	**33 606**	**17 708**	**9 271**	**11 143**	**151 278**	**151 278**
2023												
General measurement model	83	5 399	4 354	4 239	3 924	3 555	13 053	6 948	3 480	4 407	49 442	49 442
Variable fee approach	3 358	7 400	7 074	5 635	4 913	4 692	15 589	8 008	4 227	3 625	64 521	64 521
Premium allocation approach	11	14 254	1 976	1 266	679	464	1 446	748	525	1 827	23 196	23 196
	3 452	27 053	13 404	11 140	9 516	8 711	30 088	15 704	8 232	9 859	137 159	137 159

36 LIQUIDITY RISK CONTINUED

36.4 Liquidity risk tables continued

36.4.1 Insurance and reinsurance business continued

Fulfilment cash flow recognition for insurance contract assets

An analysis of the expected recognition of the fulfilment cash flows remaining at the end of the reporting period is provided in the following table. The analysis indicates the expected amount and timing of fulfilment cash flows. For Guardrisk, the expected recognition of fulfilment cash flows remaining at the end of the reporting period only considers the net promotor exposure.

Fulfilment cash flows (discounted)	Payable on demand Rm	0 to 1 year Rm	1 to 2 years Rm	2 to 3 years Rm	3 to 4 years Rm	4 to 5 years Rm	5 to 10 years Rm	10 to 15 years Rm	15 to 20 years Rm	> 20 years Rm	Total Rm	Carrying amount Rm
2024												
General measurement model	–	(1 582)	(1 479)	(1 662)	(1 310)	(1 026)	(2 729)	(872)	(242)	506	(10 396)	(10 396)
Variable fee approach	–	–	(2)	–	–	–	–	–	–	–	(2)	(2)
Premium allocation approach	–	(76)	–	–	–	–	–	–	–	–	(76)	(76)
	–	(1 658)	(1 481)	(1 662)	(1 310)	(1 026)	(2 729)	(872)	(242)	506	(10 474)	(10 474)
2023												
General measurement model	1	(1 574)	(1 474)	(1 507)	(1 239)	(990)	(2 552)	(729)	(149)	535	(9 678)	(9 678)
Variable fee approach	–	(18)	–	–	–	–	1	–	–	–	(17)	(17)
Premium allocation approach	–	(57)	–	–	–	–	–	–	–	–	(57)	(57)
	1	(1 649)	(1 474)	(1 507)	(1 239)	(990)	(2 551)	(729)	(149)	535	(9 752)	(9 752)

Fulfilment cash flow recognition for reinsurance contract assets

An analysis of the expected recognition of the fulfilment cash flows remaining at the end of the reporting period is provided in the following table. The analysis indicates the expected amount and timing of fulfilment cash flows. For Guardrisk, the expected recognition of fulfilment cash flows remaining at the end of the reporting period only considers the net promotor exposure.

Fulfilment cash flows (discounted)	Payable on demand Rm	0 to 1 year Rm	1 to 2 years Rm	2 to 3 years Rm	3 to 4 years Rm	4 to 5 years Rm	5 to 10 years Rm	10 to 15 years Rm	15 to 20 years Rm	> 20 years Rm	Total Rm	Carrying amount Rm
2024												
General measurement model	1 244	1 228	330	237	222	207	744	521	359	926	6 018	6 018
Premium allocation approach	–	2 225	325	186	93	63	186	100	76	209	3 463	3 463
	1 244	3 453	655	423	315	270	930	621	435	1 135	9 481	9 481
2023												
General measurement model	1 038	1 130	238	168	155	143	582	441	327	721	4 943	4 943
Premium allocation approach	–	2 706	1 146	690	224	78	196	91	61	198	5 390	5 390
	1 038	3 836	1 384	858	379	221	778	532	388	919	10 333	10 333

Fulfilment cash flow recognition for reinsurance contract liabilities

An analysis of the expected recognition of the fulfilment cash flows remaining at the end of the reporting period is provided in the following table. The analysis indicates the expected amount and timing of fulfilment cash flows. For Guardrisk, the expected recognition of fulfilment cash flows remaining at the end of the reporting period only considers the net promotor exposure.

Fulfilment cash flows (discounted)	Payable on demand Rm	0 to 1 year Rm	1 to 2 years Rm	2 to 3 years Rm	3 to 4 years Rm	4 to 5 years Rm	5 to 10 years Rm	10 to 15 years Rm	15 to 20 years Rm	> 20 years Rm	Total Rm	Carrying amount Rm
2024												
General measurement model	14	6	(2)	1	1	–	–	(1)	(1)	(6)	12	12
Premium allocation approach	–	(740)	–	–	–	–	–	–	–	–	(740)	(740)
	14	(734)	(2)	1	1	–	–	(1)	(1)	(6)	(728)	(728)
2023												
General measurement model	13	–	7	4	3	3	7	1	(2)	(8)	28	28
Premium allocation approach	–	(651)	–	–	–	–	–	–	–	–	(651)	(651)
	13	(651)	7	4	3	3	7	1	(2)	(8)	(623)	(623)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

36 LIQUIDITY RISK CONTINUED

36.4 Liquidity risk tables continued

36.4.2 Investment contract liabilities

An analysis of the expected cash flows remaining at the end of the reporting period is provided in the following table. For Guardrisk, the expected cash flows remaining at the end of the reporting period only considers the net promotor exposure.

Expected cash flows (undiscounted)	Payable on demand Rm	0 to 1 year Rm	1 to 2 years Rm	2 to 3 years Rm	3 to 4 years Rm	4 to 5 years Rm	5 to 10 years Rm	10 to 15 years Rm	15 to 20 years Rm	> 20 years Rm	Total Rm	Carrying amount Rm
2024												
Investment contract liabilities	**385 798**	**3 743**	**1 292**	**2 279**	**2 440**	**1 465**	**717**	**77**	**83**	**203**	**398 097**	**398 097**
2023												
Investment contract liabilities	341 183	3 729	3 627	1 208	2 112	2 164	648	79	82	206	355 038	355 038

36.4.3 Financial liabilities at fair value through profit or loss

An analysis of the expected cash flows remaining at the end of the reporting period is provided in the following table:

Expected cash flows (undiscounted)	Carrying value Rm	Total Rm	Open-ended Rm	0 to 1 year Rm	1 to 5 years Rm	5 to 10 years Rm	> 10 years Rm
2024							
Collective investment schemes – outside interest	**30 122**	**30 122**	**30 122**	**–**	**–**	**–**	**–**
Subordinate call notes	**4 324**	**5 447**	**–**	**1 106**	**4 341**	**–**	**–**
Carry positions	**15 714**	**15 714**	**–**	**15 714**	**–**	**–**	**–**
Derivative financial liabilites[1]	**2 752**	**–**	**–**	**–**	**–**	**–**	**–**
Preference shares	**377**	**563**	**–**	**4**	**84**	**285**	**190**
Other borrowings	**257**	**453**	**6**	**137**	**310**	**–**	**–**
	53 546	**52 299**	**30 128**	**16 961**	**4 735**	**285**	**190**
Restated[2] 2023							
Collective investment schemes – outside interest	27 964	27 964	27 964	–	–	–	–
Subordinate call notes	4 300	5 496	–	1 125	4 222	149	–
Carry positions	9 080	9 080	–	9 080	–	–	–
Derivative financial liabilites[1]	3 354	–	–	–	–	–	–
Preference shares	310	469	–	–	100	201	168
Other borrowings	65	250	22	34	156	8	30
	45 073	43 259	27 986	10 239	4 478	358	198

1 Cash flows for derivative financial instruments have been disclosed on a net basis below. Refer to note 36.4.6.

2 The prior years have been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

Collective investment scheme liabilities arise on consolidation and represent demand liabilities of scheme interests not held by the Group.

The cash flows relating to the subordinated call notes have been allocated to the earliest period in which they are callable by MML. They will be funded from cash resources at that time. The shareholder funds include sufficient cash resources to fund the coupon payments under these call notes.

Carry positions have a one-month rolling period and the funding thereof forms part of the general portfolio management.

36 LIQUIDITY RISK CONTINUED

36.4 Liquidity risk tables continued

36.4.4 Financial liabilities carried at amortised cost

An analysis of the expected cash flows remaining at the end of the reporting period is provided in the following table:

Expected cash flows (undiscounted)	Carrying value Rm	Total Rm	Open-ended Rm	0 to 1 year Rm	1 to 5 years Rm	5 to 10 years Rm	> 10 years Rm
2024							
Financial liabilities at amortised cost	**3 678**	**4 074**	**–**	**1 847**	**1 934**	**252**	**41**
Cumulative redeemable preference shares	**1 636**	**1 727**	**–**	**1 127**	**600**	**–**	**–**
Lease liabilities	**204**	**256**	**–**	**66**	**140**	**9**	**41**
Other	**193**	**256**	**–**	**69**	**–**	**187**	**–**
Term loans	**1 645**	**1 835**	**–**	**585**	**1 194**	**56**	**–**
Other payables	**12 142**	**12 243**	**4**	**11 742**	**464**	**26**	**7**
	15 820	**16 317**	**4**	**13 589**	**2 398**	**278**	**48**
Restated[1, 2] 2023							
Financial liabilities at amortised cost	3 969	4 344	–	1 685	2 212	403	44
Cumulative redeemable preference shares	1 625	1 674	–	731	943	–	–
Cumulative redeemable convertible preference shares	262	262	–	262	–	–	–
Property development loan	80	80	–	80	–	–	–
Lease liabilities	199	264	–	64	140	16	44
Other	300	340	–	83	–	257	–
Term loans	1 503	1 724	–	465	1 129	130	–
Other payables	12 461	14 989	4	14 583	302	52	48
	16 430	19 333	4	16 268	2 514	455	92

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

[2] The prior year has been restated due to a casting error which resulted in the prior year being understated by R46 million.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

36 LIQUIDITY RISK CONTINUED

36.4 Liquidity risk tables continued

36.4.5 Liquidity profile of assets

The following table illustrates that the Group's assets are fairly liquid in order to meet the liquidity needs of obligations if the Group should be required to settle earlier than expected:

	2024		Restated 2023[1]	
Total asset liquidity	**%**	**Rm**	**%**	**Rm**
High[2]	**74**	**516 003**	72	454 329
Medium[3]	**24**	**168 647**	25	160 176
Low/illiquid[4]	**2**	**14 474**	3	14 256
Other assets not included above				
– intangible assets		**4 683**		4 818
– employee benefit assets		**431**		400
– accelerated rental income		**383**		380
– prepayments		**508**		472
– deferred income tax		**1 168**		1 088
– non-current assets held for sale		**338**		56
Total assets		**706 635**		635 975

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

[2] Highly liquid assets are those that are considered to be realisable within one month (e.g. level 1 financial assets at fair value, including funds on deposit and other money market instruments > 90 days, cash and cash equivalents), the current values of which might not be realised if a substantial short-term liquidation were to occur due to demand-supply principles.

[3] Medium liquid assets are those that are considered to be realisable within six months (e.g. level 2 and level 3 financial assets at fair value, except for funds on deposit and other money market instruments > 90 days, loans at amortised cost, insurance contracts, reinsurance contracts).

[4] Low/illiquid assets are those that are considered to be realisable in excess of six months (e.g. intangible assets, investment and owner-occupied properties, property and equipment, equity-accounted associates).

36.4.6 Maturity profile of derivative financial instruments

Contractual maturities are assessed to be essential for an understanding of all derivatives presented in the consolidated statement of financial position. The following table indicates the expiry of derivative financial assets and liabilities, based on net undiscounted cash flow projections. When the amount payable is not fixed, the amount disclosed is determined by reference to conditions existing at the reporting date.

Some of the Group's derivatives are subject to collateral requirements. Cash flows for those derivatives could occur earlier than the contractual maturity date.

	Carrying value Rm	Total Rm	0 to 1 year Rm	1 to 5 years Rm	>5 years Rm
2024					
Derivatives held for trading					
Equity derivatives	**506**	**(9)**	**(9)**	**–**	**–**
Interest rate derivatives	**(393)**	**(163)**	**198**	**(697)**	**336**
Bond derivatives	**187**	**227**	**225**	**2**	**–**
Credit derivatives	**(9)**	**4**	**1**	**3**	**–**
Currency derivatives	**(841)**	**(891)**	**(130)**	**(720)**	**(41)**
Total net undiscounted cash flow projections	**(550)**	**(832)**	**285**	**(1 412)**	**295**
Restated 2023[1]					
Derivatives held for trading					
Equity derivatives	377	(13)	(13)	–	–
Interest rate derivatives	(253)	(199)	26	(415)	190
Bond derivatives	(86)	(80)	10	(90)	–
Credit derivatives	(17)	(4)	–	(4)	–
Currency derivatives	(1 030)	(1 049)	(123)	(884)	(42)
Total net undiscounted cash flow projections	(1 009)	(1 345)	(100)	(1 393)	148

Derivative financial instruments	2024 Rm	2023 Rm
Assets	**2 202**	2 345
Liabilities	**(2 752)**	(3 354)
	(550)	(1 009)

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

37 MARKET RISK

Market risk is the risk of financial loss due to adverse movements in the market value of assets supporting liabilities relative to the value of those liabilities, or due to a decrease in the net asset value, as a consequence of changes in market conditions or as a result of the performance of investments held. This includes exposure to equities, property, credit and basis spreads, price inflation, interest rates and currencies. Financial instruments, insurance contracts and reinsurance contracts held by the Group are subject to the components of market risk as follows:

	Carrying amount				
	2024 Rm	Restated 2023[1] Rm	Market price risk	Interest rate risk	Currency risk
Assets					
Carried at FVPL					
Unit-linked investments	**247 368**	216 300	✓✓	✓	✓
Debt securities	**212 014**	184 617	✓	✓✓	✓
Equity securities	**125 214**	114 692	✓✓		✓
Carry positions	**15**	56	✓	✓✓	
Funds on deposit and other money market instruments	**34 639**	33 695	✓	✓✓	✓
Derivative financial assets	**2 202**	2 345	✓✓	✓✓	✓
Carried at amortised cost					
Unsettled trades	**1 167**	2 280			✓
Accounts receivable	**5 079**	4 978		✓	✓
Debt securities	**262**	305		✓✓	✓✓
Funds on deposit and other money market instruments	**181**	181		✓✓	✓✓
Loans	**939**	1 355		✓✓	✓
Cash and cash equivalents	**33 898**	32 958		✓✓	✓
Other non-financial assets					
Insurance contract assets	**11 329**	9 495	✓✓	✓✓	
Reinsurance contract assets	**9 246**	10 813	✓	✓✓	
Other receivables	**1 420**	1 205			
Other	**21 662**	20 700			
Total assets	**706 635**	635 975			
Liabilities					
Carried at FVPL					
Investment contracts designated at FVPL	**418 476**	373 297	✓✓	✓✓	✓
Collective investment scheme liabilities	**30 122**	27 964	✓✓	✓	✓
Subordinated call notes	**4 324**	4 300	✓	✓✓	
Carry positions	**15 714**	9 080	✓	✓✓	
Derivative financial liabilities	**2 752**	3 354	✓✓	✓✓	✓
Preference shares	**377**	310	✓	✓✓	
Other borrowings	**257**	65	✓	✓	✓
Carried at amortised cost					
Property development loans	**–**	80		✓✓	
Term loans	**1 645**	1 503		✓✓	
Cumulative redeemable preference shares	**1 636**	1 625		✓✓	
Cumulative redeemable convertible preference shares	**–**	262		✓✓	
Lease liabilities	**204**	199		✓✓	✓
Other	**193**	300		✓	
Other payables (excluding deferred revenue liabilities)					
Payables arising from investment contracts	**2 668**	3 296			✓
Unsettled trades	**1 063**	1 907			✓
Commission creditors	**862**	639		✓	✓
Health saver liability	**313**	308		✓	
Other	**7 236**	6 311		✓	✓
Other non-financial liabilities					
Deferred revenue	**318**	396			
Insurance contract liabilities	**167 731**	152 631	✓✓	✓✓	
Reinsurance contract liabilities	**14 617**	13 197	✓	✓✓	
Other	**6 070**	6 081			
Total liabilities	**676 578**	607 105			

✓✓ High exposure
✓ Medium/low exposure
[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

37 MARKET RISK CONTINUED

Market risk governance

Shareholder market risk is managed according to the Momentum Group Shareholder Market Risk Policy while the Client Investment Policy governs the management of policyholder market risk.

The CIC is responsible for the Group's market risk management relative to risk appetite needs. Segmental Product Management Committees are responsible for residual market risk exposures deriving from product design features and product management processes.

The Board Risk Capital and Compliance Committee provides oversight over all market risks assumed on behalf of shareholders. The Momentum Group Product Management Committee provides oversight over the management of policyholder market risk.

Policyholder market risk is managed through various management-level governance committees established for this purpose. These committees monitor the performance of investment portfolios against client outcome requirements. This includes consideration of the appropriateness of the matching of assets and liabilities of the various policyholder portfolios where policyholder benefits are impacted by investment returns.

For policyholder liabilities, the financial instruments backing each major line of business are segregated to ensure that they are used exclusively to provide benefits for the relevant contract holders. The valuation of these financial instruments is subject to various market risks, particularly interest rate and price risk. Each portfolio consists of an asset mix deemed appropriate for the specific product.

Management of market risks from insurance and investment contracts

The Group attempts to mitigate market risks associated with guaranteed policyholder obligations by making use of liability-driven investment mandates and hedging strategies. Non-hedgeable market risks are mitigated through risk limits, product design and adequate costing of products. The Group uses derivative instruments for risk management and portfolio efficiency purposes. The use of derivative instruments for speculative purposes is not tolerated.

Market and reputational risks are managed through the rigorous investment research process applied by the Group's investment managers. Market risks from market-related/unit-linked insurance and investment contracts are transferred to the policyholder, subject to the terms and conditions of the policy.

Individual and group contracts with DPF

In the event of adverse investment performance, the BSA may be negative. In such an event, the following actions can be taken:

- Lower bonuses can be declared.
- For those contracts where a portion of bonuses declared is non-vested, the Group has the right to remove previously declared non-vested bonuses in the event of a fall in the market value of assets.
- A market value adjuster may be applied in the event of voluntary withdrawal in cases where the withdrawal benefit exceeds the market value. For some group contracts, an alternative option is to pay out the termination value over an extended term (usually 10 years). These measures are primarily to protect the remaining policyholders.
- Short-term derivative hedging or other partial derisking strategies can be used to protect the funding level against further deterioration due to poor investment performance.
- Funds may be transferred from the shareholder portfolio into the BSA on a temporary or permanent basis. The Group is exposed to investment risk to the extent that such transfers are required.

MML has issued the Principles and Practices of Financial Management (PPFMs) that are applied in the management of discretionary participation business. The PPFMs detail the investment strategies and bonus philosophies for the discretionary participation portfolios. In addition, management reports to the Fair Practice Committee (a subcommittee of the Momentum Group Board) on an annual basis regarding compliance with the PPFMs.

Investment Guarantee risk management

The risk of being unable to meet investment guarantees in respect of minimum maturity values and other guaranteed benefits is managed by including expected guarantee payments in the measurement of contracts and by holding additional statutory capital. Stochastic modelling is used to quantify the reserves and capital required to finance possible shortfalls in respect of minimum maturity values and other guaranteed benefits. The stochastic model is calibrated to market data. The shareholders' exposure to fluctuations in expected benefit payments is mitigated by the use of hedging strategies, subject to available instruments and the overall risk profile of the business.

Due to the long-term nature of guarantees and lack of investments with appropriate duration it is not possible to completely match risk exposures from investment guarantees with appropriate investments. Remaining risks are borne by the Group.

Non-profit annuity business

To hedge against the interest rate risk, the Group invests in an actively managed portfolio of government and corporate bonds, promissory notes from banks, swaps and other interest rate derivatives which provide a high degree of matching to the interest risk profile of the liabilities. The mismatch risk is managed on a dedicated risk management system that includes daily monitoring of approved limits. Index-linked annuities, which provide increases in line with inflation, are generally matched with index-linked bonds or bank-issued matching structures. Where cash flow matching is not possible, or not desirable from an overall risk profile perspective, interest rate risk is minimised by ensuring the values of assets and liabilities respond similarly to minor changes in interest rates.

37 MARKET RISK CONTINUED

Management of market risks from insurance and investment contracts continued

Structured products

The interest rate exposure on these policies is hedged through holding appropriate interest sensitive instruments. In cases where structured assets back this business, the assets will have a credit rating that corresponds to senior bank debt, equivalent to a long-term national scale rating of A+.

Other non-profit business

The market risks on these insurance contracts are mitigated through an actively managed combination of interest rate securities and interest rate derivatives, as well as contractual rights to review regular premium rates charged to clients. The investments held to fund benefit payments or manage risks will expose the Group to market risk and limited credit risk.

Shareholder cash flows in respect of individual contracts with investment components

The Group is subject to market risk as any changes in policyholder fund prices or long-term interest rates will result in a change in the value placed on shareholder cash flows. This risk is mitigated through diversification against other market risks as well as through the deployment of hedging strategies to the extent risk exposures outside the tolerances provided by risk appetite.

Exposure to market price risk – variable fee approach

Insurance contracts measured in terms of the variable fee approach expose the Group to market price risk from the underlying items. The carrying value of the insurance contracts assets and liabilities measured in terms of the variable fee approach indicates the gross exposure to market price from the underlying items. The Group carries underlying items on the statement of financial position and therefore the net exposure to market price risk is the Group' share in the fair value of the underlying items.

Risk mitigation option – variable fee approach

Changes in the amount of the Group's share of the fair value of the underlying items are accounted for in the contractual service margin. The contractual service margin is recognised in insurance revenue as the Group renders insurance contract services. The Group's share of the fair value of the underlying items expose the Group to financial risks. The Group makes use of derivative financial instruments to manage the exposures to financial risks. For specific portfolios of insurance contracts, the Group makes use of the risk mitigation option to account for a portion of the impact of time value of money and financial risks on the Group's share of the fair value of underlying items in insurance finance income and expenses and not in the contractual service margin. The use of the risk mitigation option aims to reduce accounting mismatches between the fair value gains or losses on derivative instruments accounted for in profit or loss before tax and the Group's share of the changes in fair value in underlying items accounted for in the contractual service margin. Refer to note 22.4 for the effect of the application of the risk mitigation option during the reporting period.

37.1 Equity risk

Equity risk is the risk of financial loss as a result of adverse movements in the market value or implied volatility of equities, and/or the income from equities. Equities (listed and unlisted) are reflected at market values, which are susceptible to fluctuations. The risks from these fluctuations can be separated into systemic risk (affecting all equity instruments) and specific risk (affecting individual securities). In general, specific risk can be reduced through diversification, while systemic risk cannot.

Equity risk management

In general, liabilities for guaranteed benefits are not backed by equity instruments. Equity risk associated with fee income charged on policyholder assets is generally tolerated, as a desirable exposure that is consequential to the Group's business. The investment mandates for shareholder funds backing capital requirements place emphasis on capital preservation and liquidity. However, these mandates may also expose shareholders to equity risk taken in accordance with the Group's risk appetite framework.

The Group manages its listed equity risk by employing the following procedures:

- Mandating specialist equity fund managers to invest in listed equities where there is an active market and where there is access to a broad spectrum of financial information relating to the companies invested in.
- Diversifying across many securities to reduce specific risk.
- Considering the risk-reward profile of holding equities and assuming appropriate risk in order to obtain higher expected returns on assets.

Unlisted equity investment risks are managed as follows:

- Mandating asset managers and specialist alternative investment boutiques to invest in diversified pools of private equity partnerships and other unlisted equity investments.
- Achieving diversification across sector, stage, vintage and geography.
- All investments are subject to prudential limits stipulated by the Momentum Group Private Equity Investments Committee, represented by specialist investment professionals and independent Momentum Group representatives.
- Mitigating the risk of potential subjective valuation due to the nature of unlisted investments by utilising the guideline developed by the South African Venture Capital and Private Equity Association (SAVCA) to provide a framework for valuation and disclosure in this regard. This framework is consistent with best practice exercised and recommended by the European Venture Capital and Private Equity Association.

Hedging strategies using derivatives and other structures are implemented to reduce equity risk on shareholder exposures in accordance with risk appetite requirements. Management investigates, implements and assesses risk mitigation efforts with consideration given to the market conditions at any given time.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

37 MARKET RISK CONTINUED

37.2 Interest rate risk

Interest rate risk is the risk of financial loss arising from adverse movements in nominal and real interest rates.

Interest rate risk management

Exposure of insurance contracts issued and reinsurance contracts held to interest rates

The present values of fulfilment cash flows and therefore the carrying values of insurance and reinsurance contract assets and liabilities are sensitive to changes in the discount rates used. The Group makes use of a risk-free yield curve to identify risk-free interest rates to be used in determining the discount rates. Changes in the risk-free yield curves or movements along the curve affect the discount rates used.

The carrying values of insurance contracts assets and liabilities and reinsurance contract assets and liabilities measured under the general measurement model and the variable fee approach indicate exposure to interest rate risk.

Depending on the terms of the insurance contract and accounting policies, some insurance contracts measured under the premium allocation approach expose the Group to interest rate risk.

Depending on the measurement model used, the impact of changes in discount rates affect current profit or loss before tax through insurance or reinsurance finance income or expense, insurance service results or future profit or loss before tax through releases from the contractual service margin. For further information on how changes in discount rates are accounted for, refer to the relevant accounting policies. The Group is exposed to interest rate risk in the various countries where it operates. For further information on the risk-free yield curves used in determining the relevant discount rates, refer to note 12.

Interest rate risk on guaranteed liabilities are highly matched, e.g. via government bonds or banks structures, to the extent available matching assets exists. The Group is averse to duration mismatch risks, although limited mismatches to individual government bond maturities may be tolerated where appropriately rewarded and in accordance with explicit risk management limits. Where aspects of long term product features give rise to exposures that cannot be cost effectively hedged in the South African market, such features would be mitigated through appropriate risk limits, pricing and management actions such as premium reviews and bonus decisions.

Hedging strategies using derivatives and other structures may be implemented to mitigate interest rate risk on shareholder exposures in accordance with risk appetite requirements.

Management investigates, implements and assesses risk mitigation efforts with consideration given to the market conditions at any given time. Risk mitigation efforts are independently monitored with the objective of preventing significant mismatch losses due to a shift in the yield curve or a change in the shape of the yield curve.

Exposure of financial instruments to interest rates

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 prevailing market interest rates. The table overleaf provides a split of interest-bearing assets that are exposed to cash flow interest rate risk and those that are exposed to fair value interest rate risk. Debt securities with no interest rate risk exposure are securities where the valuation is driven by factors other than interest rates, such as capital structured notes where the valuation is derived from the underlying investments. Financial assets at amortised cost with short-term cash flows are considered not to have any interest rate risk since the effect of interest rate risk on these balances is not considered significant. In addition to the information disclosed overleaf the Group holds investments in non-subsidiary unit-linked investments for which disclosures are not provided, as the Group does not manage these assets in a manner that considers risk from changes in interest rates.

37 MARKET RISK CONTINUED

37.2 Interest rate risk continued

Interest rate risk management continued

Instrument class	Carrying amount Rm	Cash flow interest rate risk Rm	Fair value interest rate risk Rm	No interest rate risk Rm	Weighted average rate %
2024					
At FVPL					
Debt securities	**212 014**	**74 112**	**128 391**	**9 511**	**4.2**
Funds on deposit and other money market instruments	**34 639**	**13 335**	**21 033**	**271**	**7.2**
Derivative financial assets	**2 202**	**–**	**2 202**	**–**	**N/A**
Derivative financial liabilities	**(2 752)**	**–**	**(2 752)**	**–**	**N/A**
Carry positions	**15**	**–**	**15**	**–**	
At amortised cost					
Debt securities	**262**	**–**	**–**	**262**	**8.2**
Funds on deposit and other money market instruments	**181**	**101**	**–**	**80**	**3.2**
Loans and receivables at amortised cost	**7 185**	**1 661**	**–**	**5 524**	**6.6**
Cash and cash equivalents	**33 898**	**30 581**	**–**	**3 317**	**5.5**
	287 644	**119 790**	**148 889**	**17 819**	
Restated 2023[1]					
At FVPL					
Debt securities	184 617	70 284	108 722	5 611	4.5
Funds on deposit and other money market instruments	33 695	15 869	17 792	34	7.6
Derivative financial assets	2 345	–	2 345	–	N/A
Derivative financial liabilities	(3 354)	–	(3 354)	–	N/A
Carry positions	56	–	–	56	–
At amortised cost					
Debt securities	305	–	–	305	7.0
Funds on deposit and other money market instruments	181	–	–	181	2.8
Loans and receivables at amortised cost	8 613	876	44	7 693	9.0
Cash and cash equivalents	32 958	30 076	–	2 882	6.5
	259 416	117 105	125 549	16 762	

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

Liability exposure to interest rates is reflected in note 13.

Exposure of financial instruments to interest rates

In light of the global transition to alternative benchmark rates, the SARB has commenced the transition in South Africa from the JIBAR benchmark to the South African Rand Overnight Index Average (ZARONIA). The Market Practitioners Group (MPG), formed by the SARB, advises and assists with interest rate benchmark reform in the South African financial markets. Individuals from Momentum Group participate in various MPG workgroups, allowing consideration of the Group's interests and ensuring that the Group stays up to date with developments and planned timeframes of the reform project.

Broader stakeholder education and training regarding ZARONIA adoption and transition, and the impact thereof, is continuing within the Group to ensure broad-based understanding for purposes of implementation. The SARB's transition plan involves adoption in derivatives markets first, followed by broader market instruments, and finally, the conversion of legacy JIBAR positions to ZARONIA. The Group has launched projects for development towards operational and system readiness, to support a smooth transition as per the timelines which continue to be communicated by the SARB from time to time. Some project phases have been completed, some are in process, and some will commence in the near future. JIBAR rates are currently the only affected rates with regards to transition. The following instruments will be impacted:

(i) non-derivative financial assets which comprise cash, cash equivalents, debt securities and fund deposits;
(ii) non-derivative financial liabilities; and
(iii) derivatives.

Based on current timelines provided by the SARB/MPG the expected transition date from JIBAR-based to ZARONIA-based financial instruments will likely only take place within the latter part of the 2026 financial year and early parts of the 2027 financial year. The Group therefore only expects to start trading in ZARONIA-based financial instruments towards the latter end of the 2025 financial year or early part of the 2026 financial year. The Group is currently unable to quantify the financial implications and risks from the transition and therefore is not clear yet if there will be changes to the Group's risk management strategy. This would depend on the size of any potential impact as well as the availability of risk-mitigation trades.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

37 MARKET RISK CONTINUED

37.3 Currency risk

Currency risk is the risk that the Rand value and/or future cash flows of financial assets and liabilities will fluctuate due to changes in foreign exchange rates. Currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign operations in Momentum Metropolitan Africa and India contain insurance and reinsurance contract assets and liabilities. Translation of the financial position, results and cash flows of foreign operations from foreign currencies into ZAR for presentation purposes does not create currency risk for the Group.

The majority of the Group's currency exposure results from the offshore assets held by policyholder portfolios. These investments were made for the purpose of obtaining a favourable international exposure to foreign currency and to investment value fluctuations in terms of investment mandates, subject to limitations imposed by the South African Reserve Bank (SARB).

To the extent that offshore assets are held in respect of contracts where the contract holder benefits are a function of the returns on the underlying assets, currency risk is minimised.

Details of currency risk contained in investments in local collective investment schemes that are not subsidiaries have not been included in the table below as the look-through principle was not applied.

Assets and liabilities denominated in Namibian Dollar and Lesotho Maloti currencies that are pegged to the South African Rand on a 1:1 basis do not represent significant currency risk for the Group. The geographical area of Africa also includes Botswana, Ghana and Mozambique.

The currency risk exposure on liabilities denominated in foreign currencies, excluding the liabilities disclosed in note 37.5 and derivative financial liabilities, is not considered material. The currency risk associated with derivative financial liabilities is concentrated within US Dollars at a value of R872 million (2023: R995 million).

The following assets, denominated in foreign currencies, where the currency risk (including translation risk) resides with the Group, are included in the Group's statement of financial position at 30 June:

	Africa[2] Rm	UK £ Rm	US $ Rm	Euro Rm	Asian Pacific Rm	Other Rm	Total Rm
2024							
Closing exchange rate		*23.0746*	*18.2543*	*19.5568*			
Investment securities							
At FVPL							
Unit-linked investments	**19**	**8 271**	**45 639**	**2 126**	**213**	**31**	**56 299**
Equity securities	**371**	**2 512**	**35 353**	**5 083**	**6 067**	**4 957**	**54 343**
Debt securities	**1 574**	**391**	**6 317**	**1 936**	**1 129**	**326**	**11 673**
Funds on deposit and other money market instruments	**429**	**5**	**1 829**	**3**	**–**	**1**	**2 267**
Derivative financial assets	**–**	**329**	**68**	**1**	**13**	**1**	**412**
At amortised cost							
Debt securities	**262**	**–**	**–**	**–**	**–**	**–**	**262**
Funds on deposit and other money market instruments	**87**	**–**	**–**	**–**	**–**	**–**	**87**
Loans and accounts receivable	**21**	**72**	**267**	**19**	**–**	**62**	**441**
Cash and cash equivalents	**278**	**469**	**4 797**	**807**	**78**	**109**	**6 538**
	3 041	**12 049**	**94 270**	**9 975**	**7 500**	**5 487**	**132 322**
Restated 2023[1]							
Closing exchange rate		*24.0136*	*18.8915*	*20.6059*			
Investment securities							
At FVPL							
Unit-linked investments	28	7 936	38 942	2 610	10	50	49 576
Equity securities	345	2 211	28 059	4 987	5 585	3 750	44 937
Debt securities	1 357	252	5 719	1 508	628	206	9 670
Funds on deposit and other money market instruments	273	2	1 648	7	–	–	1 930
Derivative financial assets	–	342	61	–	2	1	406
At amortised cost							
Debt securities	305	–	–	–	–	–	305
Funds on deposit and other money market instruments	83	–	–	–	–	–	83
Loans and accounts receivable	22	106	1 259	22	2	18	1 429
Cash and cash equivalents	328	557	5 473	969	97	117	7 541
	2 741	11 406	81 161	10 103	6 324	4 142	115 877

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

[2] In addition to footnote 1, the prior year has also been restated to reallocate a provision for impairment of R128 million from loans and accounts receivable to debt securities (R106 million) and funds on deposit and other money market instruments (R22 million).

The assets above generally back policyholder liabilities, reducing the currency risk exposure for shareholders.

37 MARKET RISK CONTINUED

37.3 Currency risk continued

African exchange rates representing material balances above are:

Closing exchange rate	Botswana	Ghana
2024	**1.3453**	**1.1937**
2023	1.3973	1.6626

Currency risk management

The Group attempts to mitigate currency risk from obligations for guaranteed benefits by holding assets in the same currency as the liabilities. Currency risk from embedded guarantees is hedged, depending on the availability of hedging instruments. Mandates on shareholder funds backing capital requirements provide limited tolerances to foreign currency exposure.

37.4 Property risk

Property risk is the risk that the value of investment properties, owner-occupied properties and properties under development, as well as participatory interest in property collective investment schemes, will fluctuate as a result of changes in rental income and interest rates.

Property investments are made on behalf of policyholders, shareholders and other investment clients and are reflected at market value. Diversification in property type, geographical location and tenant exposure are all used to reduce the risk exposure.

The Group's exposure to property holdings at 30 June is as follows:

	2024 Rm	2023 Rm
Investment properties	**9 188**	8 825
Owner-occupied properties	**2 728**	3 049
Properties under development	**267**	172
CIS (refer to note 41)[1]	**5 511**	4 455
Other unit-linked investments (refer to note 41)	**792**	973
	18 486	17 474
Percentage of total assets	**2.6%**	2.7%

[1] The value of the units held in the CISs are directly linked to the net asset value of these funds, which are in turn directly linked to the value of the underlying assets, e.g. a 1% movement in property values will likely translate to a 1% movement in the value of the CIS.

Refer to note 5 for the concentration risk regarding types of properties relating to investment properties. Owner-occupied properties mainly comprise office buildings.

The Group is exposed to tenant default and unlet space within the investment property portfolio. There were no material long outstanding debtors relating to tenants at 30 June 2024. The carrying amount of unlet and vacant investment property as at 30 June 2024 was R1 177 million (2023: R1 186 million).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

37 MARKET RISK CONTINUED

37.5 Insurance and market risk sensitivity analysis

The Group's profit or loss and equity are exposed to:

- insurance risk through insurance contracts issued and reinsurance contracts held;
- market risk through investments held to back insurance contracts issued, reinsurance contracts held and investment contracts issued; and
- market risk through investments held in shareholder funds.

The tables below illustrate the sensitivity of the Group's profit or loss to changes in insurance and market risk variables.

Life insurance

Insurance and market risk sensitivity analysis for insurance contracts – increases/(decreases)	Gross of reinsurance		Net of reinsurance	
	Impact on profit or loss Rm	Change in CSM Rm	Impact on profit or loss Rm	Change in CSM Rm
2024				
Insurance risks				
10% decrease in future expenses	**508**	**996**	**452**	**1 073**
10% decrease in lapse, paid-up and surrender rates	**(118)**	**408**	**(70)**	**512**
5% decrease in mortality and morbidity for assurance business	**1 234**	**2 934**	**933**	**3 042**
5% decrease in mortality and morbidity for annuity business	**(109)**	**(528)**	**(95)**	**(529)**
1% reduction in expense inflation rate	**281**	**679**	**235**	**741**
10% reduction in premium indexation take-up rate	**(36)**	**(1 186)**	**4**	**(1 362)**
Market risks				
1% reduction in gross investment return and inflation rate	**(277)**	**(37)**	**34**	**(58)**
10 % fall in market value of equities and properties	**(162)**	**(389)**	**(162)**	**(389)**
2023				
Insurance risks				
10% decrease in future expenses	474	968	437	1 018
10% decrease in lapse, paid-up and surrender rates	(85)	334	(66)	441
5% decrease in mortality and morbidity for assurance business	1 091	2 670	850	2 787
5% decrease in mortality and morbidity for annuity business	(69)	(477)	(62)	(473)
1% reduction in expense inflation rate	310	600	283	637
10% reduction in premium indexation take-up rate	(34)	(1 034)	2	(1 179)
Market risks				
1% reduction in gross investment return and inflation rate	(119)	(64)	118	(66)
10 % fall in market value of equities and properties	(165)	(413)	(166)	(413)

Investment contracts

Market risk sensitivity analysis for investment contracts – increases/(decreases)	Impact on profit or loss	
	2024 Rm	2023 Rm
1% reduction in gross investment return and inflation rate	**(9)**	1
10% fall in market value of equities and properties	**(27)**	(25)

37 MARKET RISK CONTINUED

37.5 Insurance and market risk sensitivity analysis continued

Insurance contracts with direct participation features

For contracts with direct participation features, funds are invested in line with the relevant investment mandates governed by the Momentum Group Investment Committee as well as the PPFM for contracts with discretionary participation features. The fair value of the underlying funds is shown below, together with sensitivities that illustrate the key underlying market risk exposures.

Insurance and market risk sensitivity analysis for insurance contracts	Carrying value Rm	% change in carrying value 10% reduction in equity and property prices	% change in carrying value 1% reduction in interest rates
2024			
Fair value of underlying funds	**65 648**	**(6.6%)**	**1.4%**
2023			
Fair value of underlying funds	64 936	(6.2%)	1.5%

Non-life insurance

Non-life insurance contracts Insurance risk and market risk sensitivities for insurance contracts – increases/(decreases)	Impact on profit or loss 2024 Gross of reinsurance Rm	Impact on profit or loss 2024 Net of reinsurance Rm	Impact on profit or loss 2023 Gross of reinsurance Rm	Impact on profit or loss 2023 Net of reinsurance Rm
Insurance risks				
1% increase in future expenses	**(1)**	**(1)**	(12)	(12)
1% decrease in lapse rates	**–**	**–**	–	–
1% increase in claims settlement amount	**(19)**	**(18)**	(36)	(14)
5% increase in percentile of the risk adjustment for non-financial risk	**(23)**	**(16)**	(53)	(9)
Market risks				
1% reduction in gross investment return and inflation rate	**(12)**	**(7)**	(36)	(4)
10% fall in market value of equities and properties	**–**	**–**	–	–

Health insurance

Health insurance contracts Insurance risk and market risk sensitivities for insurance contracts – increases/(decreases)	Impact on profit or loss 2024 Gross of reinsurance Rm	Impact on profit or loss 2024 Net of reinsurance Rm	Impact on profit or loss 2023 Gross of reinsurance Rm	Impact on profit or loss 2023 Net of reinsurance Rm
Insurance risks				
1% increase in future expenses	**(1)**	**(1)**	(1)	(1)
1% increase in claims settlement amount	**(4)**	**(4)**	(4)	(4)
5% increase in percentile of the risk adjustment for non-financial risk	**(14)**	**(14)**	(9)	(9)
Market risks				
1% reduction in gross investment return and inflation rate	**–**	**–**	–	–
10% fall in market value of equities and properties	**(1)**	**(1)**	–	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

37 MARKET RISK CONTINUED

37.5 Insurance and market risk sensitivity analysis continued

Methods and assumptions used to determine the sensitivity analyses

Methods and assumptions used in determining impact of changes in insurance and market risk variables:

Life insurance and market risk sensitivities

- The life insurance and market risk sensitivities are aligned with the embedded value sensitivities for the Group's covered business. The sensitivity analyses are performed as individual point-in-time stresses at the reporting date.
- The carrying values of investments backing insurance contracts and investment contracts are adjusted to include changes in the market risk variables. The changes in the carrying value of investments backing insurance and investment contracts affect the expected cash flows of some of these contracts.
- The carrying values of groups of insurance contracts issued are remeasured based on changes in fulfilment cash flows and the CSM as a result of changes in insurance and market risk variables. The change in the contractual service margin includes remeasurement of the balance due to changes in fulfilment cash flows that affects future services and releases from the contractual service margin for insurance service revenue recognised for the period.
- The carrying values of investment contract liabilities issued are remeasured based on changes in expected contractual cash flows as a result of changes in market risk variables.
- The impact on profit or loss includes changes in the carrying values of the investments, investment contract liabilities, changes in the amount of the contractual service margin recognised in profit or loss and changes in insurance finance income and expenses.
- The impact of the individual sensitivities on tax were considered for the relevant tax-paying entities.
- The Group does not account for changes in insurance contracts, reinsurance contracts or financial instruments in other comprehensive income. As such the impact on profit or loss represents the impact on Group equity.
- The impact of changes in nominal interest rates is considered in the 1% reduction in gross investment return and inflation rate.

Non-life and health insurance risk sensitivities

- Fulfilment cash flows per group of insurance and reinsurance contracts at the reporting date are adjusted with the change in the relevant risk variable.
- For each of the risk variables, the changes in the carrying values of insurance contracts and reinsurance contracts that impact the profit or loss after tax are aggregated to determine the amount of the sensitivity.
- The net of reinsurance impact of insurance risk variables on profit or loss after tax includes the sensitivity amounts linked to in-substance reinsurance contracts held by Guardrisk.
- The impact of the individual sensitivities on tax were considered for the relevant tax-paying entities.
- The impact of changes in nominal interest rates is considered in the 1% reduction in gross investment return and inflation rate.

Reinsurance contracts held

- The net of reinsurance impact of insurance and market risk variables on profit or loss and CSM balances of the Group, includes the sensitivity amounts linked to in-substance reinsurance contracts held by Guardrisk.
- The impact of the individual sensitivities on tax were considered for the relevant tax-paying entities.

38 CREDIT RISK

The Group is exposed to credit risk through investments in debt securities, cash and cash equivalents, funds on deposit, policyholder loans, money market instruments, derivative financial instruments, reinsurance contracts held, insurance premium debtors and other loans and receivables. Policyholder loans and premium debtors are included in the carrying values of insurance contract assets or liabilities.

When debt instruments are held to back market-related or discretionary participation contract liabilities, the policyholder is exposed to the credit risk.

Credit risk governance

The governance of credit risk is comprehensively set out in the CIC Terms of Reference (TOR). The primary responsibility of the CIC is to oversee, and ensure efficient management of risk exposures, which includes shareholders' exposure to credit risk. The product management committees are responsible for setting the credit risk sections of mandates for market-related or discretionary participation policyholder portfolios and for monitoring their performance. The CIC reports to the Group Executive Committee on the effectiveness of credit risk management and provides an overview of the Group's shareholder credit portfolio. The CIC and its subcommittees are responsible for the approval of relevant credit policies and the ongoing review of the Group credit exposure.

Regarding shareholder credit risk management, the committee ensures that:

- The Group credit management framework, methodology and capabilities are adequate.
- The Group credit risk appetite and limits in the shareholder portfolio are clearly understood, communicated and monitored.
- The disciplines and tools that are used to measure, monitor, and manage credit risk exposure and limits are adequate and robust.

Independent oversight is also provided by the Board Risk, Capital and Compliance Committee.

38 CREDIT RISK CONTINUED

Management of credit risk – Shareholders

Management recognises and accepts that losses may occur through the inability of corporate debt issuers to service their debt obligations. To limit this risk, Balance Sheet Management (BSM) has formulated guidelines regarding investment in corporate debt instruments, including a framework of limits based on the Group's credit risk appetite.

The approval framework consists of two committees, namely an Executive Credit Committee and the BSM Credit Committee. The Executive Credit Committee approves credit risk exposures in excess of the mandate and limits of the BSM Credit Committee.

The following are considered in the approval process:

- The underlying nature of the instrument and credit strength of the counterparty.
- The credit rating of the issuer, either internally generated or externally provided by Moody's, S&P or GCR.
- Current exposure and portfolio diversification effects.

To achieve the above, an internal credit risk function performs ongoing risk management of the credit portfolio which includes:

- The use of stochastic portfolio credit risk modelling in order to gauge the level of portfolio credit risk, consider levels of capital and identify sources of concentration risk and the implications thereof.
- Preparing credit applications and performing annual reviews.

Regular risk management reporting to the CIC includes credit risk exposure reporting, which contains relevant data on the counterparty, credit limits and ratings (internal and external). In addition, the report includes Guardrisk credit exposure and reinsurance credit exposure. Counterparty exposures in excess of set credit limits are monitored and corrective action is taken where required. Credit mitigation instruments are used where appropriate. These include collateral, netting agreements and guarantees or credit derivatives.

Concentration risk

Concentration risk for debt instruments is managed at the credit portfolio level. Concentration risk management in the credit portfolio is based on individual name limits and exposures (which are reported to and approved by the CIC) and the monitoring of industry concentrations.

Unit-linked investments

The Group is exposed to credit risk generated by debt instruments in which collective investment schemes invest and other unit-linked investments in which the Group invests. The Group's exposure to these funds is classified at fund level (refer to note 41 for unit-linked categories) and not at the underlying asset level. This includes the investments in associated collective investment schemes. Although the funds are not rated, fund managers are required to invest in credit assets within the defined parameters stipulated in the fund's mandate. These rules limit the extent to which fund managers can invest in unlisted and/or unrated credit assets and generally restrict funds to the acquisition of investment grade assets. Further credit risk reduction measures are obligatory for South African collective investment schemes as required by control clauses within the Collective Investment Scheme Control Act, 45 of 2002.

Derivative contracts

The Group enters into derivative contracts with A-rated local banks on terms set out by the industry standard International Swaps and Derivatives Agreements (ISDA). In terms of these ISDA agreements, derivative assets and liabilities can be set off with the same counterparty, resulting in only the net exposure being included in the overall Group counterparty exposure analysis. For OTC equity index options, the credit risk is managed through the creditworthiness of the counterparty in terms of the Group's credit risk exposure policy. For OTC interest rate swaps, the Group enters into margining arrangements with counterparties, which limit the exposure to each counterparty to a level commensurate with the counterparty's credit rating and the value-at-risk in the portfolio. For exchange-traded options, credit risk is largely mitigated through the formal trading mechanism of the derivative exchange.

Scrip lending

The Group is authorised to conduct lending activities as a lender in respect of local listed equity securities and listed government stock to appropriately accredited institutions. In general, the lender retains the full economic risks and rewards of securities lent. Scrip lending agreements are governed by the Global Master Securities Lending Agreement (GMSLA).

The main risk in scrip lending activities is the risk of default by the borrower of securities, i.e. the borrower fails to return the borrowed securities. Borrower default risk is mitigated by requiring borrowers to post adequate levels of high-quality collateral and/or provide indemnity guarantees.

Where collateral is received, the Group monitors collateral levels daily and the status of collateral coverage is reported to the executive BSM on a quarterly basis. This collateral serves as security for the scrip lending arrangements in the event of default by the borrowers. Where the borrower default risk is mitigated by means other than collateral, the Group monitors the counterparty credit exposure to be within approved limits and the Group ensures that credit risk capital is held against counterparty credit exposure.

Amounts due from agents, brokers and intermediaries

Commission debtors arise when upfront commission paid on recurring premium policies is clawed back on a sliding scale within the first two years of origination. As the largest portion of the Group's new business premiums arises from brokerages that are subsidiaries of A-rated South African banks, the risk of default is low, and relates mainly to independent intermediaries.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

38 CREDIT RISK CONTINUED

Reinsurance

Under the terms of a reinsurance contract, the Group is compensated by the reinsurer for losses on an underlying set of insurance contracts issued by the Group. Consequently, the Group is exposed to the credit risk of the reinsurer through assets for remaining coverage and assets for incurred claims.

The Group only enters into reinsurance treaties with reinsurers registered with the Prudential Authority. The credit rating of the reinsurance company is assessed when placing the business and when there is a change in the status of the reinsurer.

Regular monthly reconciliations are performed regarding claims against reinsurers, and the payment of premiums to reinsurers.

The Group considers the credit quality of any reinsurer prior to renewing or entering into an agreement. Due diligence is performed on reinsurance partners and all partners are approved by a designated committee.

Financial Assets credit risk exposure

For the Group's maximum exposure to credit risk refer to note 7.5.

Financial liabilities designated at FVPL

The current fair value movements, on financial liabilities that would have otherwise been classified as at amortised cost or fair value through other comprehensive income (FVOCI) under IFRS 9, but which have been designated at FVPL, includes a R29 million (2023: R6 million) loss attributable to change in own credit risk.

In January 2024, Moody's published their updated credit opinion for MML and Guardrisk. In those credit opinion reports, Moody's affirmed the MML and Guardrisk credit ratings and maintained a stable outlook on the ratings. MML's IFS ratings were Ba1 on a global scale and Aaa.za on a national scale.

Security and credit enhancements

The following collateral is held in order to mitigate the credit risk:

Linked notes

The Group has put options with Rand Merchant Bank (RMB) against the linked notes listed and issued by RMB for the guaranteed capital amounts invested for when the market value of the underlying instruments supporting the notes decreases below the guaranteed amounts. The carrying amount of these investments included in other debt securities at FVPL was R338 million at 30 June 2024 (2023: R315 million).

Transfer of financial assets

The Group is involved in the transfer of financial assets through scrip lending and sale and repurchase of assets agreements. Refer below for detail on scrip lending arrangements as well as related security and credit enhancements. Also refer to the accounting policies for more details on the nature of the arrangements.

The Group's assets include assets such as scrip lending and sell and buyback transactions. Where the financial instruments are sold to a counterparty for cash, with a commitment to repurchase at a later date, the financial instrument is not derecognised and shown on the Statement of financial position.

The Group sells the contractual rights to cash flows, it does not have the right to use the transferred asset during the term. There is collateral of R3 501 million (2023: R3 012 million) on the scrip lent. The carrying amount of scrip on loan in the current year was R3 044 million (2023: R2 624 million) and consisted of local listed equity securities. Fair value of the asset transferred, and the associated liability are tabled below:

	2024 Rm	2023 Rm
Carry position liability	**15 714**	9 080
Underlying assets	**15 915**	9 063

Financial assets at amortised cost

The receivables arising from investment contracts are limited to and secured by the underlying value of the unpaid policy benefits in terms of the policy contract.

Policy loans

Policyholder loans are included in the carrying values of insurance contract assets or insurance contract liabilities.

Policy loans are secured by policies issued by the Group. In terms of the regulations applicable to the Group, the value of policy loans may not exceed the value of the policy and as a result the policy loans are fully collateralised by assets which the Group owns.

Premium debtors

Premium debtors are included in the carrying values of insurance contract assets or insurance contract liabilities. Amounts receivable in terms of life insurance contracts are limited to and secured by the underlying value of the unpaid policy benefits in terms of the policy contract. Non-performance risk of premium debtors is classified as terminations risk as set out in note 35.

38 CREDIT RISK CONTINUED

Guardrisk

First and third-party cell captive arrangements may hold financial instruments and cash and cash equivalents that expose the Group to credit risk. The terms and conditions of the cell captive arrangements transfer exposure to credit risk to the First- and third-party cell owners. To the extent that amounts are due from cell owners, the Group is exposed to credit risk. Balances due from third-party cell owners are included in the carrying values of reinsurance contract assets or liabilities.

This risk is managed by a detailed assessment of potential cell shareholders' creditworthiness based on the ability to meet the responsibility and obligations in terms of the shareholders' agreement. The financial condition of the reinsurers and intermediaries in relation to their credit standing is evaluated on an ongoing basis. The Group limits the level of credit risk it accepts by placing limits on its exposures to a single counterparty. The exposure limits of each reinsurer vary depending on their credit rating.

Credit risk exposure arising from insurance contracts issued and reinsurance contracts held

There is no exposure to credit risk relating to insurance contracts issued, since policyholder non-performance risk for insurance contracts is classified as terminations risk as set out in note 35. This includes receivables and pre-coverage assets for insurance acquisition cash flows arising from insurance contracts.

The following table represents the Group's maximum exposure to credit risk arising from reinsurance contracts held:

	2024 Rm	2023 Rm
Reinsurance contract assets	**9 246**	10 813
Assets for remaining coverage	**3 296**	2 775
Amounts recoverable on incurred claims	**5 950**	8 038
Total credit risk exposure arising from reinsurance contracts	**9 246**	10 813

The table below discloses information about the credit quality of reinsurance contracts held that are assets per reinsurance counterparty, by using their respective national scale credit ratings issued by rating agencies, or national scale ratings generated by an internal model where rating agency ratings are not available:

Reinsurer	2024	2023
Swiss Re	**AA-**	AA-
General Cologne Re	**AA+**	AA+
Hannover Re	**AA-**	AA-
RGA Re	**AA-**	AA-
Munich Re	**AA-**	AA-
SCOR Re	**AA-**	AA-
Other	**A**	A

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

39 FINANCIAL RISK INHERENT IN CONSOLIDATED COLLECTIVE INVESTMENT SCHEMES AND OTHER INVESTMENT PRODUCTS

The Group consolidates a number of collective investment schemes and other investment products. Refer to note 41 for information on the schemes consolidated.

As a result of exercising control over these schemes and other investment products, the Group's risk management framework is applicable to the risk management of these portfolios.

Because of the specific nature of this type of business, the risk management principles may be applied differently to managing the risks relevant to them. This section describes how the financial risk management of the schemes differs from the overall financial risk management.

The management company has a dedicated independent risk unit that continuously monitors the overall risk of the portfolios against stated mandate limits and the portfolio risk appetites over time. To avoid conflicts of interest, the unit is separate from the investment team and reports directly to the chief risk officer of the management company.

When considering any new investment for a portfolio, the risks and expected returns are critical elements in the investment decision. Before an instrument is included in a portfolio, risks are carefully considered at instrument and portfolio level. The portfolio's mandate is also assessed.

A portfolio's market risk appetite is measured as a function of current market conditions and its investment objective and mandate in conjunction with its relevant benchmark.

Credit and liquidity risk are mitigated through diversification of issuers in line with credit policy. All amounts disclosed include amounts attributable to the consolidated collective investment portfolios.

The collective investment schemes and other investment products not consolidated are included in note 41 as Collective investment schemes and Investments in associates. These are designated at FVPL.

40 SIGNIFICANT SUBSIDIARY COMPANIES

Companies	Country of incorporation, where not South Africa	Interest held 2024 %	Interest held 2023 %	Cost[1] 2024 Rm	Cost[1] 2023 Rm	Loans to subsidiaries[2] 2024 Rm	Loans to subsidiaries[2] 2023 Rm
40.1 Interest in significant subsidiary companies							
40.1.1 Significant companies							
Momentum Metropolitan Life Ltd		**100**	100	**17 741**	17 741		
Subsidiary companies							
Momentum Investment Management (Pty) Ltd		**100**	100				
Subsidiary company							
Momentum Asset Management (Pty) Ltd		**100**	100				
Momentum Outcome-Based Solutions (Pty) Ltd		**100**	100				
Momentum Global Investment Management Ltd	UK	**100**	100				
Momentum Wealth (Pty) Ltd		**100**	100				
Momentum Wealth International Ltd	Guernsey	**100**	100				
Subsidiary company							
Momentum International Insurance PCC Ltd	Guernsey	**100**	100				
102 Rivonia Road (Pty) Ltd		**80**	80				
Momentum Multiply (Pty) Ltd		**100**	100				
Metropolitan International Holdings (Pty) Ltd		**100**	100	**2 463**	2 358	**–**	–
Subsidiary companies							
Momentum Metropolitan Namibia Ltd	Namibia	**99.2**	99.2				
Metropolitan Life Insurance Ghana Ltd	Ghana	**100**	100				
Metropolitan International Support (Pty) Ltd		**100**	100				
Momentum Mozambique LDA	Mozambique	**66.7**	66.7				
Momentum Metropolitan Finance Company (Pty) Ltd		**100**	100	**600**	600	**3**	3
Metropolitan Life of Botswana Ltd	Botswana	**100**	100	**73**	73		
Metropolitan Lesotho Ltd	Lesotho	**100**	100	**120**	120		
MET Collective Investments (RF) (Pty) Ltd		**100**	100	**34**	34		
Eris Property Group (Pty) Ltd		**77**	77	**407**	407		
Momentum Metropolitan Infrastructure and Operations (Pty) Ltd		**100**	100	**352**	352		
Momentum Trust Ltd		**100**	100	**76**	76		
Momentum Metropolitan Strategic Investments (Pty) Ltd		**100**	100	**7 252**	6 670		
Subsidiary companies							
Momentum Health Solutions (Pty) Ltd		**73**	73				
Metropolitan Health Corporate (Pty) Ltd		**70.5**	70.5				
Momentum Consult (Pty) Ltd		**100**	100				
Momentum Insure Company Ltd		**100**	100				
MMI Short Term Insurance Administration (Pty) Ltd		**100**	100				
Momentum Securities (Pty) Ltd		**100**	100				
Investment Managers Group (Pty) Ltd		**100**	–				
IMG Affiliates 2 (Pty) Ltd		**100**	–				
IMG Affiliates 2B (Pty) Ltd		**70**	–				
Guardrisk Group (Pty) Ltd		**100**	100				
Subsidiary companies							
Guardrisk Life Ltd		**100**	100				
Guardrisk Insurance Company Ltd		**100**	100				
Guardrisk International Ltd PCC		**100**	100				
Zestlife Investments (Pty) Ltd		**100**	–				
Momentum Metropolitan Holdings (UK) Ltd	UK	**100**	100				
Subsidiary companies							
Anthemis Exponential Ventures LLP	UK	**100**	100				
Euroguard Insurance Company PCC Ltd	Gibraltar	**100**	100				
Equity-settled shared-based payments Investment[3]				**126**	96		
Less: impairments (refer to note 40.1.2)				**(618)**	(611)		
Total interest in subsidiary companies				**28 626**	27 916	**3**	3

[1] The Company made capital injections of R582 million into Momentum Strategic Investments (Pty) Ltd and R105 million into Metropolitan International Holdings (Pty) Ltd. The capital injections in the current year were fully funded through cash.

[2] These loans have been provided as a long-term source of additional capital for the subsidiary.

[3] The investment in subsidiaries is as a result of the iSabelo share-based transaction, for which the Company has the responsibility to settle the liability raised in the respective subsidiaries with its own shares. Please refer to Note 17.6 for the Share-based payment disclosures.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

40 SIGNIFICANT SUBSIDIARY COMPANIES CONTINUED

40.1 Interest in significant subsidiary companies continued

		2024 Rm	2023 Rm
40.1.2	**Subsidiary cumulative impairments**		
	Metropolitan International Holdings (Pty) Ltd	**25**	25
	Momentum Metropolitan Finance Company (Pty) Ltd	**393**	384
	MET Collective Investments (RF) (Pty) Ltd	**34**	34
	Momentum Metropolitan Infrastructure and Operations (Pty) Ltd	**90**	92
	Momentum Trust Ltd	**76**	76
		618	611
40.1.3	**Other loans to/(from) significant subsidiaries**		
	Momentum Metropolitan Strategic Investments (Pty) Ltd	**2**	2
	Metropolitan Capital (Pty) Ltd	**284**	268
		286	270
	Less: impairments	**(69)**	(11)
	Loans to subsidiary companies	**217**	259
	Momentum Metropolitan Life Ltd	**(398)**	(598)
	Loans from subsidiary companies	**(398)**	(598)

40 SIGNIFICANT SUBSIDIARY COMPANIES CONTINUED

40.2 Interest in significant CIS subsidiaries

40.2.1 Significant CIS subsidiaries

At 30 June, the following CISs were significant subsidiaries of the Group:

	Interest held		Carrying amount	
	2024 %	**2023 %**	**2024 Rm**	**2023 Rm**
Momentum GF Global Equity Fund	**90.3**	90.6	**21 817**	23 291
Momentum GF Global Sustainable Equity Fund	**90.8**	96.6	**15 039**	10 609
Momentum Money Market Fund	**66.0**	63.8	**9 348**	8 993
Momentum Income Plus Fund	**64.6**	62.1	**6 647**	5 854
Momentum Bond Fund	**97**	100	**6 395**	7 196
Momentum Thematic Growth Equity Fund	**100**	100	**6 174**	5 734
Momentum Focus 6 Fund of Funds	**89.7**	89.1	**5 253**	5 138
Momentum Enhanced Yield Fund	**65.1**	61	**4 931**	4 566
Momentum GF Global Emerging Markets Equity Fund	**93.3**	99.8	**4 576**	3 825
Momentum Opportunistic Equity Fund	**100**	99.5	**3 442**	2 549
Momentum Ultra Long-Term Value Fund	**90.6**	91.7	**3 425**	3 983
Momentum GF Global Fixed Income Fund	**100**	96.8	**3 279**	2 067
Momentum Global Growth Fund IC Ltd	**93.3**	93.6	**3 160**	3 422
Momentum SA Flexible Fixed Interest Fund	**81.2**	91	**2 906**	7 230
Momentum Macro Value Fund	**100**	100	**2 823**	2 602
Momentum High Growth Fund	**100**	100	**2 623**	2 991
Momentum Focus 7 Fund of Funds	**85.1**	84.2	**2 370**	2 163
Momentum Core Equity Fund	**75**	77.9	**2 335**	2 355
Momentum Trending Equity Fund	**99.2**	100	**1 978**	1 916
Momentum Capped SWIX Index Fund	**87.8**	90	**1 922**	2 352
Momentum Diversified Income Fund	**69.8**	65.3	**1 907**	1 437
Momentum Global Systematic Equity Fund	**100**	*	**1 905**	*
Momentum Focus 5 Fund of Funds	**77.1**	75.5	**1 783**	1 688
Momentum Global Managed Fund IC Ltd	**88.7**	88.2	**1 776**	1 819
Momentum RCIS QI Property Hedge Fund	**100**	**	**1 550**	**
Momentum Emerging Manager Growth Fund	**100**	100	**1 319**	1 265
Momentum Equity Fund	**33.6**	35.6	**1 223**	1 303
Momentum Property Equity Fund	**95.1**	93.4	**1 111**	885
Momentum RCIS Multi-Managed ZAR Equity Hedge QI Hedge Fund	**99.6**	99.5	**1 105**	791
Momentum Value Equity Fund	**98.3**	100	**1 004**	1 022
Momentum RCIS Multi-Managed ZAR Capi Alpha QI Hedge Fund	**100**	100	**998**	873
Momentum Macro Growth Fund	**100**	100	**948**	955
Momentum RCIS Rubix QI Hedge Fund	**100**	100	**885**	846
Momentum Real Growth Property Fund	**87.1**	87.4	**821**	765
Momentum Real Return Fund	**100**	100	**772**	620
Momentum Managed Bond Fund	**100**	100	**726**	597
Momentum Flexible Income Fund	**77.4**	72	**677**	565
Momentum RCIS ZAR Diversified QI Fund of Hedge Funds	**80.5**	100	**626**	556
Momentum International Equity Feeder Fund	**44.7**	47.5	**585**	649
Momentum Active Bond Fund	**76**	**	**562**	**
Total			**132 726**	125 472

* This is a new investment for the current year.
** The funds are only a significant subsidiary in the current year.

All the above collective investment schemes are incorporated in South Africa, except for the funds listed below:

40.2.2 Domicile

Fund name	Domicile
Momentum GF Global Equity Fund	Luxembourg
Momentum GF Global Sustainable Equity Fund	Luxembourg
Momentum GF Global Emerging Markets Equity Fund	Luxembourg
Momentum GF Global Fixed Income Fund	Luxembourg
Momentum Global Growth Fund IC Ltd	Guernsey
Momentum Global Systematic Equity Fund	Luxembourg
Momentum Global Managed Fund IC Ltd	Guernsey

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

41 UNCONSOLIDATED STRUCTURED ENTITIES

A structured entity is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls it. The Group considers certain CISs and other unit-linked investments to be structured entities. This note provides information on significant unconsolidated structured entities in which the Group holds an interest.

In determining the requirements of IFRS 10, the Group considers control over the fund manager to be a key aspect in determining whether a CIS is controlled by the Group or not. Where the funds are managed by Group owned fund managers and the Group holds 20% or more in these funds, it is viewed to have control of the fund. Where the control criteria are not met, the criteria for joint control and significant influence are considered.

41.1 CISs and other unit-linked investments

Unit-linked investments comprise local and foreign CISs as well as other unit-linked investments. CISs are categorised into property, equity, money market, mixed assets and interest-bearing instruments based on the Association for Savings and Investment South Africa (ASISA) classification of the South Africa regulated CIS portfolios.

The category of unit-linked investments with no ASISA classification has been assessed based on the mandate and objective of the fund, with reference to the ASISA classification guidelines. Where the Group is the contract holder of investment contracts at another institution, but does not have title to the underlying investment assets, it has been allocated to the class of underlying asset composition/exposure that exceeds 80%. If no single asset composition exceeds 80%, it has been allocated to the mixed asset class.

Unlisted and unquoted unit-linked instruments are mainly exposed to equity, comprising investments in hedge funds and private equity funds, or interest-bearing instruments, comprising mezzanine funding and structured guaranteed income products. It includes investments where the exposure is subject to the underlying investments, comprising investments in pooled funds as well as investments backing policies where the Group is the policyholder of an investment contract issued by other insurance companies.

	2024 Rm	2023 Rm
CISs		
Local and foreign	**229 182**	200 457
Equity	**71 283**	60 919
Interest-bearing	**20 022**	8 975
Property	**5 119**	4 455
Mixed	**127 638**	121 608
Money market	**4 689**	4 217
Commodity	**431**	283
Other unit-linked investments		
Local and foreign	**18 186**	15 843
Equity	**4 997**	6 249
Interest-bearing	**1 159**	841
Property	**1 184**	973
Mixed	**10 217**	6 912
Money market	**432**	670
Commodity	**197**	198
At FVPL: unit-linked investments	**247 368**	216 300

41.2 Investments in associates at FVPL

The Group holds a significant investment in the following associates at FVPL:

	Carrying amount Rm	% interest held	Nature of relationship	Principal place of business
2024				
Momentum Africa Real Estate Fund	**392**	**32.0%**	**Standard investment**	**London**
2023				
Momentum Africa Real Estate Fund	578	32.4%	Standard investment	London

41 UNCONSOLIDATED STRUCTURED ENTITIES CONTINUED

41.2 Investments in associates at FVPL continued

Summarised financial information relating to the associates above:

	Momentum Africa Real Estate Fund Rm
2024	
Current assets	**1 244**
Non-current assets	**–**
Current liabilities	**19**
Non-current liabilities	**1 224**
Revenue	**58**
Loss	**(290)**
2023	
Current assets	1 551
Non-current assets	241
Current liabilities	8
Non-current liabilities	1 783
Revenue	50
Profit	24

41.3 Other unconsolidated structured entities

The table below provides information on significant other unconsolidated structured entities in which the Group holds an interest:

Name of entity	Investment type	Nature and purpose of business	How is the entity financed?	Carrying amount[1] 2024 Rm	Carrying amount[1] 2023 Rm	Income received[2] 2024 Rm	Income received[2] 2023 Rm
The Thekwini Fund 16 (RF) Ltd	Floating rate note/vanilla bonds	Special purpose vehicle set up by South African Home Loans (Pty) Ltd to finance mortgage loans	Funding received from the South African capital market	*	528	*	29
The Thekwini Fund 17 (RF) Ltd	Floating rate note/vanilla bonds	Special purpose vehicle set up by South African Home Loans (Pty) Ltd to finance mortgage loans	Funding received from the South African capital market	**637**	711	**41**	34
The Thekwini Fund 18 (RF) Ltd	Floating rate note/vanilla bonds	Special purpose vehicle set up by South African Home Loans (Pty) Ltd to finance mortgage loans	Funding received from the South African capital market	**705**	665	**71**	24
The Thekwini Fund 19 (RF) Ltd	Floating rate note/vanilla bonds	Special purpose vehicle set up by South African Home Loans (Pty) Ltd to finance mortgage loans	Funding received from the South African capital market	**460**	**	**10**	**
Blue Diamond X Investments (RF) Ltd	Floating rate notes/fixed rate notes	The Issuer will use the proceeds from the issue of the notes for the purpose of acquiring and/or investing in participating assets	Funding received from the South African capital market	*	528	*	15
The Thekwini Warehousing Conduit (RF) Ltd	Fixed rate notes	Asset Backed Commercial Paper set up by South African Home Loans (Pty) Ltd to fund pools of home loans pursuant to a securitisation scheme	The issuance of fixed and/or floating rate, asset-based commercial paper	**769**	739	**10**	–
Harcourt Street 1 (RF) Ltd	Fixed rate notes	The issuer of the funds borrowed or raised from such debt instruments to acquire assets of any kind, but are typically associated with property investment and management.	Funding received from the South African capital market	**416**	412	**11**	–
				2 987	3 583	**143**	102

* This listed securitisation was not considered to be significant in the current year.
** This listed securitisation was not considered to be significant in the prior year.
[1] Included in securities at FVPL in the statement of financial position. The carrying amount represents the Group's maximum exposure.
[2] Consists of interest income and fair value gains/(losses).

The Group has not sponsored any significant unconsolidated structured entities in which it holds an interest.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

42 VALUATION TECHNIQUES

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

The valuation of the Group's assets and liabilities has been classified using a fair value hierarchy that reflects the significance of the inputs used in the valuation. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities *(level 1).*
- Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices) *(level 2).*
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) *(level 3).*

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

Instruments classified as level 1 have been valued using published price quotations in an active market and include the following classes of financial assets and liabilities:

- Local and foreign listed equity securities.
- Stock and loans to government and other public bodies, excluding stock and loans to other public bodies listed on the JSE interest rate market.
- Local and foreign listed and unlisted quoted CISs (this also refers to the related CIS liabilities).
- Derivative financial instruments, excluding OTC derivatives.

Critical accounting estimates and judgements

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

42.1 Fair value classification on level 2 instruments

The following are the methods and assumptions for determining the fair value when a valuation technique is used in respect of instruments classified as level 2. Refer to note 7.6 for details of the instruments split into the different levels.

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

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

42 VALUATION TECHNIQUES CONTINUED

42.2 Fair value classification on level 3 instruments

Information about fair value measurements using significant unobservable inputs *(level 3)*

Financial assets	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Securities at FVPL				
Equity securities				
Foreign listed	Published prices	Adjustments for low liquidity or inactivity	Liquidity discount: 0% to 30% (2023: 0% to 30%)	The higher the liquidity discount rate, the lower the fair value
Unlisted	NAV	Underlying property valuations impacted by capitalisation rates, vacancy rates and potential capitalisation of project costs	Could vary significantly based on the value of the underlying properties[1]	The higher the capitalisation rate the lower the value of the property and the fair value. The higher the vacancy rate the lower the value of the property and the fair value[1]
	Adjusted NAV or NAV	Price per unit	Could vary significantly based on the assets and liabilities held by the investee[1]	The higher the NAV, the greater the fair value[1]
	DCF	Discount rate	Multiple unobservable inputs[1]	The higher the discount rate, the lower the fair value of the assets
Debt securities				
Stock and loans to government and other public bodies				
Unlisted	DCF	Discount rate	5.04% to 13.07% (2023: 8.00% to 13.07%)	The higher the discount rate, the lower the fair value of the assets
Listed	Published prices	Adjustments for recoverability and credit risk determined by collection rates of performing and non-performing loans	Multiple unobservable inputs[1]	The lower the collection rates, the lower the fair value
Other debt instruments				
Unlisted	DCF, Black-Scholes model	Discount rate, volatilities, yield curve	Multiple unobservable inputs[1]	Could vary significantly based on multiple inputs[1]. The higher the discount rate, the lower the fair value of the assets. A normal yield curve will result in a high fair value and a downward-sloping curve will result in lower fair values
	DCF	Discount rate	10.22% to 10.95% (2023: 10.45% to 15.65%); 9.58% to 15.85% (2023: 9.37% to 16.00%)	The higher the discount rate, the lower the fair value of the assets
	Last quoted price multiplied by number of units held	Price per unit	78c (2023: 78c)	The higher the price per unit, the higher the fair value

[1] Quantitative information is not readily available as quantitative unobservable inputs are not developed by the Group.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

42 VALUATION TECHNIQUES CONTINUED

42.2 Fair value classification on level 3 instruments continued

Information about fair value measurements using significant unobservable inputs *(level 3)* continued

Financial assets continued	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Unit-linked investments				
CISs				
Foreign unlisted unquoted	Unit price of underlying assets/ liabilities multiplied by number of units held	Price per unit	Could vary significantly based on the assets and liabilities held by the investee[1]	The higher the NAV, the greater the fair value[1]
Other unit-linked investments				
Local unlisted unquoted	Adjusted NAV or NAV	Price per unit	Could vary significantly due to range of holdings[1]	The higher the price per unit, the higher the fair value[1]
	Adjusted NAV or NAV	Underlying investment valuations impacted by funding rounds, market dynamics, economic conditions and internal business metrics. Management applies judgement if an adjustment is required due to changes in market dynamics, economic conditions and internal business metrics.	Could vary significantly due to range of holdings[1]	The fair value varies based on any changes to the underlying investment valuations and judgemental adjustments applied by management
Foreign unlisted unquoted	Adjusted NAV or NAV	Price per unit	Could vary significantly due to range of holdings[1]	The higher the price per unit, the higher the fair value[1]
	Adjusted NAV or NAV	Underlying investment valuations impacted by funding rounds, market dynamics, economic conditions and internal business metrics. Management applies judgement if an adjustment is required due to changes in market dynamics, economic conditions and internal business metrics.	Could vary significantly due to range of holdings[1]	The fair value varies based on any changes to the underlying investment valuations and judgemental adjustments applied by management
Derivative financial assets	Adjusted NAV or NAV	Underlying investment valuations impacted by funding rounds, market dynamics, economic conditions and internal business metrics. Management applies judgement if an adjustment is required due to changes in market dynamics, economic conditions and internal business metrics.	Could vary significantly due to range of holdings[1]	The fair value varies based on any changes to the underlying investment valuations and judgemental adjustments applied by management
Financial liabilities				
Other borrowings	DCF	Assets under management (AUM) growth rate	18% (2023: 18%)	The higher the rate, the higher the fair value
	DCF	Probability of losing the key distribution relationship Probability of not outperforming the key metric	0% to 100% (2023: not applicable)	The higher the probability the lower the fair value of the liability
Preference shares	DCF	Discount rate	12.73% to 15.85% (2023: 13.17% to 15.65%)	The higher the discount rate, the lower the fair value of the liability

[1] Quantitative information is not readily available as quantitative unobservable inputs are not developed by the Group.

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

42 VALUATION TECHNIQUES CONTINUED

42.3 Fair value classification on financial instruments not measured at fair value disclosed as level 2 instruments

Instrument	Valuation basis	Main assumptions
Financial assets at amortised cost		
– Unsettled trades	Transaction price of the underlying trade	No key assumptions applied over the transaction price of the underlying trade given the typical short period between trade date and settlement date
– Accounts receivable	DCF[1]	Discount rate applied if the effect of the time value of money is considered material
– Funds on deposit and other money market instruments	DCF[1]	Discount rate applied if the effect of the time value of money is considered material
– Loans	DCF[1]	Discount rate applied if the effect of the time value of money is considered material
– Cash and cash equivalents	DCF[1]	Discount rate applied if the effect of the time value of money is considered material
Financial liabilities at amortised cost		
– Cumulative redeemable preference shares	DCF	Discount rate applied if the effect of the time value of money is considered material
– Property development loan	DCF	Discount rate applied if the effect of the time value of money is considered material
– Cumulative redeemable convertible preference shares	DCF	Discount rate applied if the effect of the time value of money is considered material
– Term loans	DCF	Discount rate applied if the effect of the time value of money is considered material
Other payables		
– Payables arising from investment contracts	Face value of the payables given requirements for valuation of investment contracts with demand deposit features	Face value of the payables given requirements for valuation of investment contracts with demand deposit features
– Other	DCF	Discount rate applied if the effect of the time value of money is considered material

[1] Valuation basis will typically reference the face value, with appropriate consideration of credit risk and discounted for the effect of the time value of money if considered material.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

43 CASH AND EQUITY-SETTLED ARRANGEMENTS VALUATION ASSUMPTIONS AND DIRECTORS' REMUNERATION

43.1 Cash-settled arrangements

43.1.1 Valuation assumptions relating to outstanding LTIP units at 30 June

	Units granted during the current year								
	Performance units							Deferred bonus units	
2024	**24th tranche[1,2]**	**25th tranche[1,2]**	**26th tranche[1,2]**	**27th tranche[1,2]**	**28th tranche[1,2]**	**29th tranche[1,2]**	**30th tranche[1,2]**	**12th tranche**	**15th tranche**
Award date	**01-Oct-20**	**01-Apr-21**	**01-Oct-21**	**01-Apr-22**	**01-Oct-22**	**01-Apr-23**	**01-Oct-23**	**01-Oct-20**	**01-Apr-21**
Vesting date	**01-Oct-23**	**01-Apr-24**	**01-Oct-24**	**01-Apr-25**	**01-Oct-25**	**01-Apr-26**	**01-Oct-26**	**01-Oct-23**	**01-Apr-24**
Units granted (thousands)[3]	**335**	**6**	**628**	**–**	**864**	**7**	**12 335**	**–**	**–**
Valuation assumptions include:									
Outstanding tranche period in years	**0.00**	**0.00**	**0.25**	**0.00**	**1.25**	**1.75**	**2.25**	**0.00**	**0.00**
Take-up rate on units outstanding	**0%**	**0%**	**98%**	**0%**	**93%**	**90%**	**87%**	**0%**	**0%**
Current vesting probability excluding attrition	**100%**	**100%**	**100%**	**0%**	**75%**	**75%**	**59%**	**0%**	**0%**
Share price at year end	**R 22.90**	**R 22.90**	**R 22.90**	**R 22.90**	**R 22.90**	**R 22.90**	**R 22.90**	**R 22.90**	**R 22.90**

	Units granted during the current year								
	Performance units								
2023	**21st tranche[1,2]**	**22nd tranche[1,2]**	**23rd tranche[1,2]**	**24th tranche[1,2]**	**25th tranche[1,2]**	**26th tranche[1,2]**	**27th tranche[1,2]**	**28th tranche[1,2]**	**29th tranche[1,2]**
Award date	01-Oct-19	01-Apr-20	06-Apr-20	01-Oct-20	01-Apr-21	01-Oct-21	01-Apr-22	01-Oct-22	01-Apr-23
Vesting date	01-Oct-22	01-Oct-22	06-Apr-23	01-Oct-23	01-Apr-24	01-Oct-24	01-Apr-25	01-Oct-25	01-Apr-26
Units granted (thousands)[3]	285	2	2	768	19	679	4	14 069	112
Valuation assumptions include:									
Outstanding tranche period in years	0.00	0.00	0.00	0.25	0.75	1.25	1.75	2.25	2.75
Take-up rate on units outstanding	0%	0%	0%	98%	95%	93%	90%	87%	84%
Current vesting probability excluding attrition	100%	100%	100%	56%	56%	37%	37%	79%	79%
Share price at year end	R 18.06	R 18.06	R 18.06	R 18.06	R 18.06	R 18.06	R 18.06	R 18.06	R 18.06

1 This relates to dividend offers made during the year.

2 In terms of the Momentum Group Ltd LTIP rules, the date at which the achievement of performance conditions is measured, is prior to the ultimate vesting date. After year 3 of the scheme, the measurement of performance and the vesting percentage in respect of all units is confirmed. Vesting and settlement then takes place one third on this date, one third a year thereafter, and one third two years thereafter.

3 This relate to units granted during the year that are still outstanding at year end.

Vesting rate assumptions regarding performance units in the table above

There are currently three LTIP schemes in flight which were awarded in October 2021, October 2022 and the latest LTIP tranche was issued in October 2023.

The LTIP tranche issued in October 2021 performance criteria is 100% weighted to the Group's total shareholder return outperforming an equally weighted basket of lister peers (Discovery, Old Mutual and Sanlam). As at 30 June 2024 the LTIP liability for October 2021 was calculated assuming 100% of units issued in October 2021 (vesting in 2024 with settlement dates in 2024, 2025, 2026) will vest.

The LTIP tranche issued in October 2022 performance criteria is 100% weighted to the Group's total shareholder return outperforming an equally weighted basket of lister peers (Discovery, Old Mutual and Sanlam). As at 30 June 2024 the LTIP liability for October 2022 was calculated assuming 75% of units issued in October 2022 (vesting in 2025 with settlement dates in 2025, 2026, 2027) will vest.

The October 2023 LTIP tranche was issued with performance criteria NHE, VNB, Return on equity (ROE) and Total Shareholder Return (TSR). NHE and VNB targets set for each of the financial years 2024 to 2026. Each year's target contributes 33.33% to the total three-year allocated weightings of 30%. The ROE target will be measured for the end of the three-year measurement period (as at June 2026) with a total weighting of 20%. The TSR target was set and measured against the peer group (Discovery, OM and Sanlam) as an average over the three-year performance measurement period with a total weighting of 20%. As at June 2024 the 2023 LTIP liability was calculated using a 59% vesting probability assumption.

	Units granted during the current year												
	Deferred bonus units												
	18th tranche	23rd tranche	24th tranche	26th tranche	27th tranche	28th tranche	29th tranche	30th tranche	31st tranche	32nd tranche	33rd tranche	34th tranche	35th tranche
	01-May-21	01-Oct-21	01-Oct-21	01-Apr-22	01-Apr-22	01-Oct-22	01-Oct-22	01-Apr-23	01-Apr-23	01-Apr-23	01-Oct-23	01-Oct-23	01-Oct-23
	01-May-24	01-Oct-23	01-Oct-24	01-Apr-24	01-Apr-25	01-Oct-24	01-Oct-25	01-Apr-24	01-Apr-25	01-Apr-26	01-Oct-24	01-Oct-25	01-Oct-26
	–	–	112	–	1	335	336	–	5	5	4 466	4 466	4 466
	0.00	0.00	0.25	0.00	0.75	0.25	1.25	0.00	0.75	1.75	0.25	1.25	2.25
	0%	0%	93%	0%	95%	98%	93%	0%	95%	90%	98%	93%	87%
	0%	0%	100%	0%	100%	100%	100%	0%	100%	100%	100%	100%	100%
	R 22.90	R 22.90	R 22.90	R 22.90	R 22.90	R 22.90	R 22.90	R 22.90	R 22.90	R 22.90	R 22.90	R 22.90	R 22.90

	Units granted during the current year											
	Deferred bonus units											
	12th tranche	15th tranche	18th tranche	23rd tranche	24th tranche	26th tranche	27th tranche	28th tranche	29th tranche	30th tranche	31st tranche	32nd tranche
	01-Oct-20	01-Apr-21	01-May-21	01-Oct-21	01-Oct-21	01-Apr-22	01-Oct-22	01-Oct-22	01-Oct-22	01-Apr-23	01-Apr-23	01-Apr-23
	01-Oct-23	01-Apr-24	01-May-24	01-Oct-23	01-Oct-24	01-Apr-24	01-Oct-23	01-Oct-24	01-Oct-25	01-Apr-24	01-Apr-25	01-Apr-26
	114	1	1	121	121	1	5 389	5 389	5 389	79	79	79
	0.25	0.75	0.83	0.25	1.25	1.75	0.25	1.25	2.25	0.75	1.75	2.75
	98%	95%	95%	98%	93%	90%	98%	93%	87%	95%	90%	85%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	R 18.06	R 18.06	R 18.06	R 18.06	R 18.06	R 18.06	R 18.06	R 18.06	R 18.06	R 18.06	R 18.06	R 18.06

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

43 CASH AND EQUITY-SETTLED ARRANGEMENTS VALUATION ASSUMPTIONS AND DIRECTORS' REMUNERATION CONTINUED

43.1 Cash-settled arrangements continued

43.1.2 Valuation assumptions relating to outstanding MSPS units at 30 June:

2024	Units granted during the current year 40th tranche	41st tranche	42nd tranche
Award date	01-Nov-23	01-Nov-23	01-Nov-23
Vesting date	01-Nov-26	01-Nov-27	01-Nov-28
Units granted (thousands)[1]	177 247	177 247	177 259
Valuation assumptions include:			
Outstanding tranche period in years	2,40	3,40	4,40
Take-up rate on units outstanding	100%	100%	100%
Current vesting probability excluding attrition	95%	95%	95%

2023	Units granted during the prior year 37th tranche	38th tranche	39th tranche
Award date	01-Nov-22	01-Nov-22	01-Nov-22
Vesting date	01-Nov-25	01-Nov-26	01-Nov-27
Units granted (thousands)[1]	248 897	248 897	248 872
Valuation assumptions include:			
Outstanding tranche period in years	2,40	3,40	4,40
Take-up rate on units outstanding	100%	100%	100%
Current vesting probability excluding attrition	95%	95%	95%

[1] This relates to units granted during the year that are still outstanding at year end.

43.1.3 Valuation assumptions relating to outstanding Momentum Group Ltd SAR units as at 30 June:

2024

There are no Momentum Group Ltd SAR units outstanding as at 30 June 2024.

2023

There are no Momentum Group Ltd SAR units outstanding as at 30 June 2023.

Payments of tranches vested during the current or prior year

LTIP: Performance units – The 21st, 22nd (vested October 2022) and 24th (vested October 2023 tranches were settled in October 2023 at R19.88 per share totalling R95 million.
LTIP: Deferred bonus units – The 12th and 23rd (vested October 2023), tranches were settled in October 2023 at R19.88 per share totalling R175.4 million.
LTIP: Performance units – The 23rd (vested April 2023) and 25th (vested April 2024) tranches were settled in April 2024 at R20.70 and R20.64 per share totalling R1.3 million.
LTIP: Deferred bonus units – The 15th and 26th (vested April 2024) tranches were settled in April 2024 at R20.70 per share totalling R2 million.
LTIP: Deferred bonus units – The 18th tranche (vested May 2024) was settled in May 2024 at R20.50 per share totalling R0.6 million.
SAR Retention – The tranche with settlement date October 2023 was settled in October 2023 at R19.88 per share totalling R9.4 million.
LTIP: Performance units – The 21st and 22nd (vested October 2022) tranches were settled in October 2022 at R17.06 per share totalling R36 million.
LTIP: Deferred bonus units – The 6th and 11th (vested October 2022) tranches were settled in October 2022 at R17.06 per share totalling R99.4 million.
LTIP: Performance units – The 23rd (vested April 2022) tranche was settled in April 2023 at R17.79 and R17.63 per share totalling R0.3 million.
LTIP: Deferred bonus units – The 9th and 14th (vested April2023) tranches were settled in April 2023 at R17.79 and R17.63 per share totalling R1.4 million.
LTIP: Deferred bonus units – The 17th (vested May 2023) tranche was settled in May 2023 at R18.10 per share totalling R0.5 million.
LTIP: Performance units – Ad-hoc payments totalling R1.7 million (2023: R0.5 million).
LTIP: Deferred bonus units – Ad-hoc payments totalling R8.6 million (2023: R8 million).
SAR Retention – The tranche with settlement date October 2022 was settled in October 2022 at R17.06 per share totalling R8 million.
SAR Retention – Ad-hoc payments – no ad-hoc payments were made (2023: R0.3 million).

Share-based payment expense

The share-based payment expense relating to cash-settled schemes is R649 million (2023: R382 million) for the Group and is disclosed under employee benefit expenses in note 24.

43 CASH AND EQUITY-SETTLED ARRANGEMENTS VALUATION ASSUMPTIONS AND DIRECTORS' REMUNERATION CONTINUED

43.2 Equity-settled arrangements

43.2.1 Valuation assumptions relating to outstanding iSabelo units at 30 June 2023

The valuation model

The value of the share scheme is calculated using an option-based model.

At the vesting date, the value of the units held, net of the debt attributable to those units, will be used to buy Momentum Group Limited shares for the holders of the vested units. Consequently, an individual unit holder in the scheme can be seen as holding a call option on Momentum Group Limited shares where the exercise price is the applicable value of the scheme debt per unit at the settlement date (i.e. the value of the preference shares).

All scheme debt will be settled at the end of year 10 of the scheme. Before this, the debt profile allows for the ranking of the different debt instruments by first servicing obligations to the most senior instruments, in this case the A preference shares, and then to the subordinated B preference shares.

The IFRS 2 charge for any specific issuance is then determined as the grant date fair valuation of the option adjusted for the expected proportion of units that will reach vesting (i.e. attrition). The recognition profile of the expenses follows a graded vesting pattern in line with IFRS 2 guidance.

In order to incorporate the impact of employees leaving over the scheme duration, an employee attrition rate of 14% (2023: 14%) was used.

Key inputs

For the valuation the following key parameters were used:

Key model parameters

2024 Market-based parameters	1st tranche	2nd tranche	3rd tranche	4th tranche	Comment
Share price	18.89	16.49	18.37	20.15	Share price as at issue date
Volatility	40.00%	40.00%	26.30%	23.61%	Based on market rates
Risk-free rate	10.87%	10.61%	11.40%	12.95%	10-year point on GOVI Zero NACS
Contractual parameters					
Dividend yield	4%	4%	4%	4%	Constant dividend yield assumed over the projection period
Funding charges	72% of prime	72% of prime	72% of prime	72% of prime	A preference shares
	120% of prime	120% of prime	120% of prime	120% of prime	B preference shares
Employee attrition	14.00%	14.00%	14.00%	14.00%	Based on historic experience

2023 Market-based parameters	1st tranche	2nd tranche	3nd tranche	Comment
Share price	18.89	16.49	18.37	Share price as at issue date
Volatility	40.00%	40.00%	26.30%	Based on market rates
Risk-free rate	10.87%	10.61%	11.40%	10-year point on GOVI Zero NACS
Contractual parameters				
Dividend yield	4%	4%	4%	Constant dividend yield assumed over the projection period
Funding charges	72% of prime	72% of prime	72% of prime	A preference shares
	120% of prime	120% of prime	120% of prime	B preference shares
Employee attrition	14.00%	14.00%	14.00%	Based on historic experience

The volatility used in the valuation was based on the market implied volatility at the time of the valuation.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

43 CASH AND EQUITY-SETTLED ARRANGEMENTS VALUATION ASSUMPTIONS AND DIRECTORS' REMUNERATION CONTINUED

43.3 Directors' remuneration

The Group's executive directors are contracted as full-time, permanent employees. The notice period for executive directors is three months' written notice. Bonus payments and the vesting of long-term incentives that are in place at the time of an individual's termination of service are subject to the rules of the relevant incentive scheme, subject to the discretion of the Remuneration Committee based on recommendations by the Group CEO.

Non-executive directors receive a fixed annual fee that is inclusive of all Board and committee attendance, as well as all other services performed on behalf of the Group. The Group pays for all travelling and accommodation expenses in respect of Board meetings.

	HP Meyer[1]		JC Marais (Cilliers)		RS Ketola		D Mbethe[2]		Total	
R'000	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Guaranteed remuneration										
Salary and allowances	2 105	8 171	7 399	5 177	5 361	4 996	4 196	–	19 061	18 344
Retirement fund contribution	–	–	405	283	268	278	326	–	999	561
Medical aid contribution	–	–	71	63	71	63	43	–	185	126
Short-term incentive payments	6 650	4 475	4 150	3 175	3 650	3 050	3 600	–	18 050	10 700
Long-term incentive payments	13 669	7 058	10 189	5 137	8 051	4 238	4 827	–	36 736	16 433
Executive directors	22 424	19 704	22 214	13 835	17 401	12 625	12 992	–	75 031	46 164
Value of shares granted	10 614	25 406	23 598	14 740	15 324	14 342	12 381	–	61 917	54 488
Value of total units outstanding at year end	72 318	47 977	57 731	31 758	46 962	27 333	32 694	–	209 705	107 068

The table above sets out the remuneration of the executive directors in terms of the requirements of section 30(4)(4)(6) of the Companies Act, 2008 and includes all remuneration paid to executive directors during the year.

	Total fees	
	2024 R'000	Restated 2023[2] Rm
PC Baloyi	2 806	2 813
LM Chiume[3]	–	1 729
P Cooper	1 560	1 438
L de Beer	1 986	1 876
NJ Dunkley	3 120	3 002
T Gobalsamy	1 209	1 159
SC Jurisich	2 192	2 081
AF Leautier[4]	1 206	43
P Makosholo[5]	1 214	1 056
P Matlakala[4]	2 018	1 516
SL McPherson[6]	–	655
HP Meyer[7]	277	–
V Nkonyeni[8]	–	821
DJ Park	1 752	1 794
S Rapeti[9]	92	–
T Soondarjee[4]	1 146	87
Non-executive directors	20 578	20 070

1 Resigned as an executive director September 2023.
2 Appointed November 2023.
3 Resigned May 2023.
4 Appointed June 2023.
5 Resigned June 2024.
6 Resigned December 2022.
7 Appointed as non-executive director April 2024.
8 Resigned November 2022.
9 Appointed June 2024.

43 CASH AND EQUITY-SETTLED ARRANGEMENTS VALUATION ASSUMPTIONS AND DIRECTORS' REMUNERATION CONTINUED

43.4 Directors' shareholding in Momentum Group Limited

Listed shares	Direct Beneficial '000	Indirect Beneficial '000	Total 2024 '000	Total 2023 '000
Executive directors				
HP Meyer[1]	–	–	–	774
JC Marais (Cilliers)	189	–	189	189
RS Ketola	65	–	65	65
D Mbethe	53	–	53	–
Non-executive directors				
P Cooper	500	952	1 452	1 452
NJ Dunkley	73	–	73	73
SC Jurisich[2]	1	–	1	1
HP Meyer[1]	255	514	769	–
	1 136	1 466	2 602	2 554

1 Resigned as an executive director September 2023 and appointed non-executive director April 2024

2 988 shares held in Momentum Group Limited in the current and prior year.

Shareholding of directors who stepped down/retired in F2024

Listed shares	Direct Beneficial '000	Indirect Beneficial '000	Total '000
	–	–	–

44 MATERIAL GROUP ACCOUNTING POLICIES

44.1 New IFRS standards and amendments

Standards, amendments to and interpretations of published standards that are not yet effective and have not been early adopted by the Group

- IAS 1 (Amendments) – Classification of liabilities as current or non-current and non-current liabilities with covenants (effective from annual periods beginning on or after 1 January 2024).
- IFRS 16 (Amendments) – Lease liability in a sale and leaseback (effective from annual periods beginning on or after 1 January 2024).
- IAS 7 and IFRS 7 (Amendments) – Disclosures: Supplier finance arrangements (effective from annual periods beginning on or after 1 January 2024).
- IAS 21 (Amendments) – Lack of exchangeability (effective from annual periods beginning on or after 1 January 2025).
- IFRS 9 and IFRS 7 (Amendments) – Classification and measurement of financial instruments (effective from annual periods beginning on or after 1 January 2026).
- IFRS 18 – Presentation and disclosure in financial statements (effective from annual periods beginning on or after 1 January 2027).
- IFRS 19 – Subsidiaries without public accountability: Disclosures (effective from annual periods beginning on or after 1 January 2027).

Management is currently assessing the impact of these amendments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.1 New IFRS standards and amendments continued

44.1.1 Adoption of new standards – IFRS 17 transitional adjustments

44.1.1.1 Overview of the implementation of IFRS 17 by the Group

The Group initiated efforts to implement IFRS 17 in the 2017 calendar year. At a relatively early stage, it was decided that the implementation project should have a compliance focus as opposed to comingling development efforts with financial reporting transformation. In turn, this decision enabled the project to mainly rely on existing administrative and financial reporting infrastructure. This approach was extensively tested with internal and external experts at the time.

Significant parts of the Group's implementation efforts were resourced from internal teams that were actively involved in finance and actuarial processes. This led to challenges during financial reporting periods but had the benefit of embedding the relevant technical and processing skills within the organisation. Although this blueprint was adhered to in general, entities across the Guardrisk Group are noteworthy exceptions. This is due to the specific nature of the cell captive industry in South Africa, for which clarity on implementation requirements was provided significantly later than the initial publication of the standard.

The ultimate successful implementation of IFRS 17 requires a variety of reporting functions, including actuarial and operational finance teams, to be in lockstep. The importance of line of business administration systems in facilitating this cannot be overemphasised. An initial mapping of the requirements to system capabilities supported an approach where any given system should ideally only be required to support the financial reporting of either insurance contracts (under IFRS 17) or investment contracts (under IFRS 9). In turn, this led to a reassessment of the Group's practices on what constitutes significant discretion and the resulting reclassification for the June 2020 financial year end. The net result was that limited changes were required to the Group's array of administration solutions.

Despite a long development time, several areas of the standard continued to pose uncertainty. We do believe that industry practice will develop over time on these matters, including the various approaches deemed acceptable by assurance providers. Nevertheless, it was necessary to follow a timeous and rigorous governance process from the start on these areas of uncertainty as well as other design decisions as demanded by development timeframes. The Group's external assurance provider was requested to provide an ongoing compliance rating on interpretation and methodology matters since their involvement in 2019.

IFRS 17 requires accounting policy and implementation choices which will affect the level and pattern of future earnings. When deliberating the options, the Group decided not to target a specific earnings or equity impact, but to adhere to a framework consisting of three principles:

- *Economic reality*
  Accounting should reflect the underlying economics of insurance contracts as closely as possible. An example of where this was applied is setting the confidence level of the risk adjustment so as to have the Contractual Service Margin (CSM) at a fair reflection of the economic value added.
- *Stable earnings release*
  In-force contracts should deliver a stable and real (increasing broadly with inflation) contribution to profit and loss. Earnings volatility, including volatility from one period to the next, should be minimised where possible. An example of where this was applied is the choice to discount coverage units.
- *Operational alignment*
  Where possible, accounting had to align with current business practices for example risk and product management. In addition, choices should also support alignment across the various reporting bases being regulatory, statutory, embedded value and tax.

By applying this framework, the Group believes that the implementation of IFRS 17 will contribute to enhanced clarity and comparability of its financial results. It is noteworthy that the quantum and magnitude of adjustments between IFRS earnings and normalised headline earnings (one of the Group's key performance indicators) is expected to reduce, emphasising the reliance placed on meaningful financial results.

While the impact of IFRS 17 on the Group's financial reporting process and results is significant, solvency and thus ultimate free cash flow is unaffected. No immediate changes to business models are anticipated, but the additional granularity and aspects on financial performance provided by IFRS 17 may be used to enhance decision-making.

44.1.1.2 Nature of changes in accounting policy

For the Group, IFRS 17 replaced IFRS 4 for the reporting periods commencing on or after 1 July 2023.

The implementation of IFRS 17 result in changes in the classification of some policies, as insurance or investment contracts. Policies issued under life insurance licences that were accounted for under IFRS 9, continue to be accounted for as financial instruments, except in instances where restrictive unbundling requirements in IFRS 17 result in previously unbundled financial instruments, being accounted for together with existing insurance contracts, as single insurance contracts in the scope of IFRS 17. The accounting treatment of third-party cell captive arrangements was affected by the implementation of IFRS 17. For further information on the application of IFRS 17 to third-party cell captive arrangements, refer to note 44.1.1.5.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features (DPF). It introduces a model that measures groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM.

IFRS 17 has brought significant changes to the accounting for insurance and reinsurance contracts. The requirements of IFRS 17 are equally applicable to insurance contracts issued and reinsurance contracts held, with a few exceptions. As a result a transition balance sheet as at 1 July 2022 has been prepared.

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.1 New IFRS standards and amendments continued

44.1.1 Adoption of new standards – IFRS 17 transitional adjustments continued

44.1.1.2 Nature of changes in accounting policy continued

Statement of financial position

Recognition and derecognition
Under IFRS 4, the Group recognised insurance contracts issued and reinsurance contracts held when the contracts became effective.

In terms of IFRS 17, a group of insurance contracts is recognised at the earlier of the start of the coverage period, the due date for payment for first premiums or when it becomes evident that the group is onerous at initial recognition. A group of reinsurance contracts is recognised at the earlier of the commencement of the group's coverage period or the date when the entity recognised a group of onerous underlying insurance contracts, covered by the related reinsurance agreement.

The implementation of IFRS 17 resulted in insurance contracts and reinsurance contracts being recognised earlier and therefore affecting the Group's financial position and financial performance from an earlier date, when compared to previous accounting policies.

In terms of IFRS 4, the Group derecognised an insurance or reinsurance contract when the contract expired or was fulfilled. This treatment will continue under IFRS 17. In terms of IFRS 17, the Group considers the extent of modifications to insurance and reinsurance contracts to determine if the substance of the modification is a derecognition of the modified contracts and the recognition of a new group of contracts.

Portfolios and groups of insurance contracts
In terms of IFRS 4, the Group accounted for insurance contracts issued and reinsurance contracts held on a contract or portfolio basis.

In terms of IFRS 17, on initial recognition, insurance contracts are grouped into portfolios (based on how contracts are managed) and then into groups of insurance contracts (the unit of account) based on expected profitability. A group of insurance or reinsurance contracts does not contain contracts issued more than one year apart. The recognition and measurement principles in IFRS 17 are applied to each unit of account. In instances where the insurance contracts were measured and accounted for on a portfolio basis under IFRS 4, the application of IFRS 17 to the new unit of account, will reflect the economic consequences of transactions with policyholders on a more granular level.

Measurement of insurance contracts issued and reinsurance contracts held
In terms of IFRS 4, liabilities relating to life insurance contracts and investment contracts with DPF were measured in accordance with the Financial Soundness Valuation (FSV) basis as set out in SAP 104 – *Calculation of the value of the assets, liabilities and solvency capital requirement of long-term insurers*. The FSV basis is based on best-estimate assumptions regarding future experience plus compulsory margins and additional discretionary margins for prudence and deferral of profit emergence. In terms of the FSV basis, the Group could not incorporate the expected impact of policyholder options that are beneficial to the Group, in the measurement of insurance contracts.

In terms of IFRS 4, non-life insurance contracts were reflected on the statement of financial position through the provision for unearned premiums and outstanding claims liability. The provision for unearned premiums represented the proportion of the premiums written during the reporting period in question that relate to unexpired risk periods, computed separately for each insurance contract using the 365th method. Outstanding claims comprised provisions for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date, whether reported or not.

Under IFRS 17 the following aspects of insurance contract measurement are applied:

Measurement models
In terms of IFRS 17, insurance contracts issued are measured with the general measurement model, the variable fee approach or the premium allocation approach. Reinsurance contracts held are measured in terms of the general measurement model or the premium allocation approach.

In terms of the general measurement model and the variable fee approach, groups of insurance contracts are measured at the total of fulfilment cash flows and the CSM. The CSM, a component of the liability for remaining coverage, represents the expected profit to be earned over the remaining coverage period of the group of insurance contracts.

If the group of insurance contracts is onerous, the group is measured at the fulfilment cash flows (that includes a loss component). In comparison, the CSM of a group of reinsurance contracts is either a deferred income or expense. Fulfilment cash flows consists of the present value of expected income and expenses that the Group expects to incur to fulfil obligations under insurance contracts and a risk adjustment for non-financial risk.

The general measurement model and the variable fee approach differ on how the CSM is measured after initial recognition. The differences relate to the changes in estimates of fulfilment cash flows that adjusts the CSM or loss component (a subset of the fulfilment cash flows that represents a cumulative loss recognised) and the discount rates used to measure the adjustments at the reporting date.

The premium allocation approach is a simplified version of the general measurement model and is comparable to the unearned premium method applied in terms of IFRS 4. In terms of the premium allocation approach, premiums received are recognised as insurance service revenue during the coverage period of the group of insurance contracts based on the passage of time or the pattern of expected insurance service expenses. In contrast to the general measurement model and the variable fee approach, the premium allocation approach does not require a CSM to be maintained for the group of insurance contracts. It also allows, when criteria are met, for fulfilment cash flows to be measured at undiscounted amounts and insurance acquisition cash flows to be expensed when incurred.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.1 New IFRS standards and amendments continued

44.1.1 Adoption of new standards – IFRS 17 transitional adjustments continued

44.1.1.2 Nature of changes in accounting policy continued

Statement of financial position continued

Under IFRS 17 the following aspects of insurance contract measurement are applied (continued):

Identification and measurement of fulfilment cash flows
Fulfilment cash flows are included in the measurement of insurance contract assets and insurance contract liabilities. Fulfilment cash flows consist of the present value of expected income and expenses that the Group expects to incur to fulfil obligations under insurance contracts (the best-estimate liability) and a risk adjustment for non-financial risk.

Fulfilment cash flows include, but are not limited to, premium inflows, insurance acquisition expenses, administration and maintenance expenses, claims and benefits, investment management expenses, reporting and risk management expenses and overhead expenses incurred to support the fulfilment of insurance contracts issued. The fulfilment cash flows include a risk adjustment for non-financial risks. The identification and measurement of fulfilment cash flows determines whether a group of insurance contracts is expected to be profitable or loss-making over the coverage period. Fulfilment cash flows of a group of reinsurance contracts include the expected reinsurance premiums, recovery of claims and reinsurance commission.

The inclusion of the risk adjustment and policyholder options that are beneficial to the Group in fulfilment cash flows, resulted in significant changes in the measurement of insurance contracts when compared to IFRS 4.

Risk adjustment
In terms of IFRS 4, compulsory and discretionary margins were included in the measurement of insurance contract liabilities. Compulsory margins were prescribed and held to cover uncertainties in the best-estimate assumptions used. Compulsory margins were released over time should experience be in line with these best-estimate assumptions. The Group held discretionary margins if the compulsory margins were insufficient for prudent reserving or if practice or product design justified the deferral of profits. The Group released these margins into profit before tax in line with product design and risks borne by the Group. These margins were set at product level.

In terms of IFRS 17, the Group includes a risk adjustment for non-financial risk in the measurement of liabilities for remaining coverage and liabilities for incurred claims. The risk adjustment represents the compensation that the Group expects to receive to neutralise the economic effect of non-financial risk accepted. The risk adjustment of a group of reinsurance contracts held reflects the non-financial risks ceded to the reinsurer.

Changes in the risk adjustment caused by changes in estimates regarding future services are accounted for in the CSM or the loss component. Changes in the risk adjustment caused by changes in estimates regarding past or current services are allocated between insurance/reinsurance finance income and expenses and insurance service expenses/allocation of reinsurance premiums.

The Group developed actuarial models and processes to set margins for adverse deviation in non-financial assumptions based on the confidence level set for the risk adjustment. These margins enable the Group to calculate the risk adjustment per unit of account directly.

CSM
The CSM, a component of the liability for remaining coverage, represents the expected profit to be earned over the remaining coverage period of the group of insurance contracts. The CSM is recognised at initial recognition of the group of insurance contracts, at an amount that is opposite, but equal to the expected net fulfilment cash inflows. The release of profit from the CSM is based on the release of coverage units linked to the insurance contract services rendered during the financial period. Coverage units represent the Group's readiness to render insurance contract services. The recognition of the CSM ensures that insurance service revenue is not earned before insurance contract services have been rendered. The CSM of a group of reinsurance contracts is either a deferred gain or loss. The CSM of a group of reinsurance contracts is amortised into the allocation of reinsurance premiums based on the release of coverage units.

For insurance contracts measured under the general measurement model, interest is accreted to the CSM carrying amount at the locked-in discount rate, determined at initial recognition of the group of insurance contracts.

For insurance contracts measured under the variable fee approach, the insurer's share of changes in the fair value of underlying items adjusts the carrying amount of the CSM.

Onerous contracts and loss component
In terms of IFRS 4, the Group performed liability adequacy tests for each insurance portfolio. The liability adequacy test considered whether the carrying amount of the insurance liability less the carrying amounts of related intangible assets, is a sufficient reserve for best-estimate future cash flows. If the insurance liability was found to be insufficient, the related intangible assets are impaired, before a loss is recognised in the statement of comprehensive income.

The implementation of IFRS 17 results in losses being recognised at a more granular level, per unit of account, when compared to IFRS 4 practices.

At initial recognition an insurance contract or group of insurance contracts is classified as onerous, if fulfilment cash flows incurred to date and remaining fulfilment cash flows are expected to result in a net cash outflow. At initial recognition, insurance contracts that are onerous are combined into units of account that contain only onerous insurance contracts. Once an insurance contract is allocated into a unit of account, the insurance contract remains in the unit of account until the insurance contract is derecognised.

After initial recognition, a previously profitable group of insurance contracts measured in terms of the general measurement model or the variable fee approach is treated as an onerous group, if loss-making changes to fulfilment cash flows depletes the CSM.

For a group of insurance contracts measured under the general measurement model or the variable fee approach, the recognition of a loss, on an onerous insurance contract or group of insurance contracts, leads to the identification of a loss component (a subset of fulfilment cash flows) in the liability for remaining coverage. The loss component indicates the extent to which losses must be reversed or amortised before a CSM can be recognised for the group of insurance contracts. For insurance contracts measured under the premium allocation approach, the loss component is an additional liability that is added to the liability for remaining coverage.

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.1 New IFRS standards and amendments continued

44.1.1 Adoption of new standards – IFRS 17 transitional adjustments continued

44.1.1.2 Nature of changes in accounting policy continued

Statement of financial position continued

Under IFRS 17 the following aspects of insurance contract measurement are applied (continued):

Onerous contracts and loss component continued
At the reporting date, the loss component is adjusted to reflect insurance service expenses incurred and for changes in assumptions regarding remaining fulfilment cash flows.

To the extent that an onerous group of insurance contracts is reinsured, a loss-recovery component is established when the loss on initial recognition is recognised. The reinsurance CSM is reduced when such a loss-recovery component is established. If the group of reinsurance contracts is measured under the premium allocation approach, an additional asset is added to the asset for remaining coverage.

Reinsurance costs that relate to events and circumstances before the recognition of the group of reinsurance contracts are expensed when incurred.

Discount rate
In terms of IFRS 4, the Group determined discount rates, to be used in the measurement of insurance contracts, by adding compulsory risk margins to risk-free interest rates obtained from yield curves on government bonds.

In terms of IFRS 17, the Group makes use of risk-free yield curves to identify risk-free interest rates used in determining discount rates. Discount rate should reflect the characteristics of the fulfilment cash flows. Some yield curves (based on risk-free interest rates) represent market returns on liquid assets, while fulfilment cash flows might represent less liquid or illiquid groups of insurance contracts. In such instances, the Group adds an illiquidity premium to the discount rate used, to measure insurance contract assets and insurance contract liabilities. Compulsory risk margins are no longer included in the construction of discount rates.

For information on the treatment of cell captive arrangements under IFRS 17, refer to note 44.1.1.5.

Income statement

Recognition of insurance service revenue
In terms of IFRS 4, the Group recognised revenue from long-term insurance premiums, when due and from non-life insurance premiums, when earned. Revenue was measured at the amount due, or the amount earned.

In terms of IFRS 17, insurance service revenue is the consideration that the Group expects to be entitled to, for rendering insurance contract services during the financial period. Insurance service revenue replaces premiums as revenue from insurance contracts issued. The quantum of insurance contract services rendered is determined by changes in the liabilities for remaining coverage caused by the rendering of services.

Insurance service revenue consists of expected consideration for expenses incurred to provide insurance contract services to policyholders, releases of the risk adjustment associated with services rendered, recovery of insurance acquisition cash flows, income tax expenses recovered from policyholders and release of profit from the CSM.

The implementation of IFRS 17 resulted in changes in the timing of revenue recognised by the Group for rendering insurance contract services.

The release of profit from the CSM is based on insurance contract services rendered during the financial period based on the release of coverage units. Coverage units represent the Group’s readiness to render insurance contract services.

In terms of the premium allocation approach, premiums received are recognised as insurance service revenue during the coverage period of the group of insurance contracts based on the passage of time or the pattern of expected insurance service expenses.

Recognition of insurance service expenses
In terms of IFRS 4, the Group recognised insurance claims incurred in “insurance benefits and claims”, while measurement changes in insurance liabilities were included in “changes in actuarial liabilities and reinsurance” on the statement of comprehensive income. Other expenses incurred by the Group were presented on the statement of comprehensive income as appropriate.

In terms of IFRS 17, fulfilment cash flows are expensed when incurred and presented under insurance service expenses on the statement of comprehensive income. Insurance service expenses include, among others, allocated insurance acquisition cash flows, policy administration and maintenance expenses, claims expenses, investment management expenses and overhead expenses attributable to the provision of insurance services. Taxes which are directly recovered from policyholder benefits are included as fulfilment cash flows, but are presented as part of income tax expenses on the face of statement of comprehensive income. The remainder of incurred expenses are presented on the statement of comprehensive income as appropriate.

Insurance acquisition cash flows
In terms of IFRS 4, the Group capitalised expenses associated with the acquisition of insurance contracts as deferred acquisition costs (DAC). DAC consisted of incremental costs incurred to obtain a contract with a customer. DAC was amortised over a range of amortisation periods reflecting the expected duration of underlying insurance contracts issued.

In terms of the general measurement model and the variable fee approach, expected insurance acquisition cash flows are included in fulfilment cash flows. Once incurred, actual insurance acquisition cash flows are recognised in the liability for incurred claims and the liability for remaining coverage.

In terms of the premium allocation approach incurred insurance acquisition cash flows are capitalised in the liability for remaining coverage and amortised to insurance service expenses over the coverage period. If criteria are met, insurance acquisition cash flows are expensed when incurred.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.1 New IFRS standards and amendments continued

44.1.1 Adoption of new standards – IFRS 17 transitional adjustments continued

44.1.1.2 Nature of changes in accounting policy continued

Income statement continued

Insurance acquisition cash flows continued
Insurance acquisition cash flows are incurred in selling, underwriting and issuing insurance contracts. Examples of such expenses include commission expenses, marketing expenses, distribution channel expenses, policy issue costs, policyholder risk assessment costs, and policyholder communication costs. The expenses include both successful and unsuccessful efforts to market and sell insurance contracts. The inclusion of the insurance acquisition cash flows in the liability for remaining coverage reduces expected profits or increase expected losses to be recognised from the group of insurance contracts.

Insurance acquisition expenses, among other items, are recovered through premiums received from policyholders. For insurance contracts measured under the general measurement model and the variable fee approach, the Group recognises insurance service revenue and equal amounts of insurance service expenses by allocating to financial periods, the portion of the premiums that recover insurance acquisition expenses on a straight-line basis over the passage of time.

To enable the recognition of insurance acquisition expenses in insurance service revenue and insurance service expenses, the Group maintains an off-balance sheet cumulative balance for insurance acquisition expenses.

Reinsurance expenses and recoveries
Reinsurance premiums are expensed in a separate line on the face of the statement of comprehensive income through the amount of reinsurance recoveries expected in the reporting period, releases of the risk adjustment for non-financial risk and amortisation of the CSM.

In terms of the premium allocation approach, the reinsurance premiums paid are expensed over the coverage period according to the passage of time or the expected pattern of reinsurance coverage to be provided by the reinsurers.

Recoveries from reinsurers are recognised as assets for incurred claims, when the recovery of the claim has been incurred. Assets for incurred claims are measured at the present value of expected cash flows, taking into account the terms and conditions of the reinsurance treaty. The measurement of the asset for incurred claims includes a risk adjustment for non-financial risk ceded to the reinsurer. Recoveries from reinsurers are disclosed separately on the face of the statement of comprehensive income.

Reinsurance commission that is contingent on claims on the underlying contracts is accounted for as part of the claims that are expected to be reimbursed under the reinsurance contract held. Reinsurance commission that is not contingent on claims of the underlying contracts is accounted for as a reduction in the premiums to be paid to the reinsurer.

Insurance finance income and expense
In terms of IFRS 4, the Group recognised interest income or expense on insurance issued and reinsurance contracts held. The interest income or expense was included in changes in actuarial liabilities and related reinsurance on the face of the income statement.

In terms of IFRS 17, interest income and expense on insurance contracts issued and reinsurance contracts held are presented separately, under insurance finance income or expense and reinsurance finance income or expense. Thus, the Group elected to not present a portion of insurance finance income and expense in other comprehensive income.

In general, the Group does not incur finance expense/income on the liability/asset for remaining coverage and the liability/asset for incurred claims measured in terms of the premium allocation approach. Exceptions to this principle relate to group credit life insurance, some health insurance contracts and cash-back benefits.

Own equity instruments held to back contract liabilities
Investments held by the Group to back insurance and investment contract liabilities include own equity instruments. Under IFRS 4 own equity instruments and related investment returns were eliminated on consolidation. To reflect the economic consequences of holding own equity instruments as investments, the Group included investment returns on own equity instruments and number of shares held for measurement of normalised headline earnings and related per share metrics.

In terms of recent amendments to IAS 32, the Group decided to account for own equity instruments, held to back insurance contracts measured under the variable fee approach and investment contracts where the investment returns on the own equity instruments impact policyholder benefits, as issued own equity instruments.

The change in accounting policy resulted in own equity instruments being included in financial assets at fair value through profit and loss and in issued equity instruments on the statement of financial position. In addition, the investment returns on these instruments will be included in net income on the face of the income statement.

The change in accounting policy resulted in own equity instruments being included in financial assets at fair value through profit and loss and in issued equity instruments on the statement of financial position. In addition, the investment returns on these instruments will be included in net income on the face of the income statement.

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.1 New IFRS standards and amendments continued

44.1.1 Adoption of new standards – IFRS 17 transitional adjustments continued

44.1.1.3 Impact of implementation of IFRS 17 on consolidated equity

The impact of the implementation of IFRS 17 on total equity of the Group is as follows:

Total equity	Notes	Rm
Balance at 30 June 2022		24 942
Increase in retained earnings		2 614
Recognition and measurement of insurance contracts issued and reinsurance contracts held	a.	6 787
Derecognition of intangible assets	b.	(3 306)
Decrease in investments in associates and joint ventures	c.	(199)
Increase in net deferred tax liabilities	d.	(464)
Transfer of shadow accounting impact to land and buildings revaluation reserve		(74)
Investment returns on Group shares held in insurance policyholder assets	e.	(130)
Increase in other components of equity		495
Increase in non-controlling interests		(2)
Transfer of shadow accounting impact to land and buildings revaluation reserve		74
Decrease in treasury shares	e.	423
Balance at 1 July 2022[1]		28 051

[1] The increases in equity and total equity at 1 July 2022 reflect the IFRS 17 transition impact. Restatements made by the Group are not included in these amounts and are disclosed in note 45.

a. Recognition and measurement of insurance contracts issued and reinsurance contracts held

The increase in retained earnings is represented by a net change in carrying amounts of insurance contracts issued and reinsurance contracts held from 30 June 2022 (in terms of IFRS 4) to 1 July 2022 (in terms of IFRS 17).

Insurance contracts issued and reinsurance contracts held	30.06.2022 Rm
Insurance contracts and investment contracts with DPF	
Long-term insurance contracts	126 225
Investment contract liabilities and investment contract liabilities with DPF	3 031
Non-life and Health insurance contracts	22 152
Change in classification of insurance contracts and investment contracts – net impact	(272)
Capitation agreements	8
Net insurance contract liabilities on 30 June 2022	151 144
Reinsurance contracts held	
Reinsurance contract liabilities	2 299
Reinsurance contract assets	(14 977)
Net reinsurance contract assets on 30 June 2022	(12 678)
Reallocation of working capital balances and policyholder loans	2 938
Net insurance contract liabilities on 30 June 2022 (i)	141 404

In terms of IFRS 4, the Group accounted for amounts due to and due from policyholders and reinsurers in various working capital items on the statement of financial position. In terms of IFRS 17, amounts due to and due from policyholders and reinsurers are included in the measurement of insurance contracts issued and reinsurance contracts held and are no longer disclosed separately on the statement of financial position.

In terms of IFRS 4, investment contracts with DPF were presented in a separate line on the statement of financial position. In terms of IFRS 17, these contracts are presented together with insurance contracts issued on the statement of financial position and are no longer presented separately. The balances on 30 June 2022 reflect the carrying amounts of items before the measurement adjustments due to the implementation of IFRS 17.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.1 New IFRS standards and amendments continued

44.1.1 Adoption of new standards – IFRS 17 transitional adjustments continued

44.1.1.3 Impact of implementation of IFRS 17 on consolidated equity continued

a. Recognition and measurement of insurance contracts issued and reinsurance contracts held continued

	Variable fee approach Rm	General measurement model Rm	Premium allocation approach Rm	Total Rm
Analysis of net insurance contracts on 1 July 2022				
Insurance contract assets	(5)	(8 318)	(45)	(8 368)
Insurance contract liabilities	65 768	50 827	30 235	146 830
Net insurance contract liabilities on 1 July 2022	65 763	42 509	30 190	138 462

	General measurement model Rm	Premium allocation approach Rm	Total Rm
Analysis of net reinsurance contracts on 1 July 2022			
Reinsurance contract assets	3 704	11 686	15 390
Reinsurance contract liabilities	(3 633)	(7 912)	(11 545)
Net reinsurance contracts assets held on 1 July 2022	71	3 774	3 845
Net insurance contract liabilities on 1 July 2022 (ii)			**134 617**
Reduction in net insurance contract liabilities on 1 July 2022 (i – ii)			**6 787**

On 1 July 2022 the Group measured insurance contracts issued, reinsurance contracts held and investment contracts with DPF in terms of IFRS 17. The application of IFRS 17 resulted in insurance contracts issued, reinsurance contracts held and investment contracts with DPF being presented as assets or liabilities on the statement of financial position, depending on whether the portfolios that contracts have been allocated to, are in asset or liability positions.

b. Intangible assets

	Value of business acquired Rm	Deferred acquisition costs Rm	Other Intangible assets Rm	Total Rm
Carrying amount on 30 June 2022	3 034	2 206	3 507	8 747
Derecognition to retained earnings	(3 034)	(214)	(58)	(3 306)
Carrying amount on 1 July 2022	–	1 992	3 449	5 441

The "value of business acquired" represents the difference between the fair value of the insurance contracts acquired and the carrying amounts of these contracts in terms of previous accounting policies, at the various acquisition dates. The DAC relates to expenses incurred to sell and issue insurance and investment policies to policyholders. In terms of IFRS 17, the Group derecognised the carrying amount of value of business acquired assets to retained earnings, as the fair value of the acquired insurance contracts at the acquisition date, is now incorporated in the measurement of the CSM or loss component of the group of insurance contracts, at the acquisition date. DAC on insurance contracts is now included in the measurement of insurance contracts and has been derecognised from the statement of financial position. The remaining balance of DAC relates to costs incurred on investment contracts. The derecognition of these intangible assets on 1 July 2022 resulted in amendments to the deferred tax balance on 1 July 2022.

c. Investments in associates and joint ventures

	Carrying amount Rm
Equity accounted investment on 30 June 2022	1 447
Adjustment to the Group's share of equity	(199)
Equity accounted investment on 1 July 2022	1 248

The Group accounts for its interest in ABHI by way of the equity accounting method. As a result, the Group adjusts the carrying amount of the investment in the joint venture with its share of changes in the net assets of the investee. IFRS 17 required the remeasurement of net assets of the associate, resulting in a change in the carrying amount of the Group's interest in the associate. Changes in the net asset value of the associate relate primarily to recognition of insurance service revenue over the passage of time, the inclusion of a risk adjustment for non-financial risks in measurement of insurance and reinsurance contracts, capitalisation and amortisation of insurance acquisition cash flows, non-distinct investment components in reinsurance contracts held and the recognition of loss components and loss-recovery components.

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.1 New IFRS standards and amendments continued

44.1.1 Adoption of new standards – IFRS 17 transitional adjustments continued

44.1.1.3 Impact of implementation of IFRS 17 on consolidated equity continued

d. Deferred income tax

	Carrying amount Rm
Deferred income tax assets	880
Deferred income tax liabilities	(2 601)
Net deferred income tax on 30 June 2022	(1 721)
Deferred tax impact on adjustment to retained earnings on 1 July 2022	(464)
Net deferred income tax on 1 July 2022	(2 185)
Deferred income tax assets	953
Deferred income tax liabilities	(3 138)
Net deferred income tax on 1 July 2022	(2 185)

The implementation of IFRS 17 resulted in an increase in net deferred tax liabilities of R464 million.

e. Own equity instruments

On 1 July 2022 the change in accounting policy regarding own equity instruments held resulted in an increase in financial assets at FVPL and total equity of R293 million. The increase is due to the recognition of own equity instruments at a fair value of R293 million, cumulative fair value losses on own equity instruments of R130 million and an increase in share premium of R423 million. In future, the normalised headline earnings reconciliations will not include items for own equity instruments held to back insurance contracts measured under the variable fee approach and investment contracts where the investment return on the own equity instruments impact policyholder benefits.

44.1.1.4 Impact of IFRS 17 on presentation and disclosure

Presentation of insurance contracts and reinsurance contracts held – statement of financial position

In terms of IFRS 4, the Group presented insurance contract assets and insurance contract liabilities on a net basis on the statement of financial position. In the same manner, assets and liabilities for reinsurance contracts held were presented on net basis on the statement of financial position.

In terms of IFRS 17, portfolios of insurance contracts that are assets are accumulated and presented as insurance contract assets on the face of the statement of financial position, while portfolios that are liabilities are accumulated and presented as insurance contract liabilities on the face of the statement of financial position. A similar approach is followed for portfolios of reinsurance contracts held that are in asset and liability positions.

Presentation of insurance contracts issued and reinsurance contracts held – income statement

In terms of IFRS 4, insurance premiums was the measure of revenue earned from providing insurance coverage during the financial period, while net insurance benefits and claims and expenses (including, changes in actuarial liabilities and related reinsurance) indicated the net expenses incurred in providing insurance coverage to policyholders.

In terms of IFRS 17, insurance revenue replaced insurance premiums as the measure of revenue earned from the rendering of insurance contract services during the financial period. Insurance service expenses replaced net insurance benefits and claims and expenses as the measure of fulfilment expenses incurred during the financial period. Expenses that are not fulfilment cash flows are presented outside of insurance service expenses in terms of relevant IFRS as appropriate.

Reinsurance premiums ceded represent the cost of ceding insurance risks to reinsurers during the financial period. Insurance claims recovered are presented as incurred insurance claims recovered from reinsurers.

The total of insurance revenue, insurance service expenses, reinsurance premiums ceded and insurance claims recovered, is the insurance service result for the financial period. The insurance service result is a measure of the profitability of the insurance contract services provided and reinsurance contract services acquired during the financial period.

For the current and comparative reporting period, the Group adjusted the face of the income statement to separately disclose net impairment losses on financial assets. This enables the Group to comply with IFRS 17 disclosure requirements regarding the relationship between investment returns and insurance finance income and expenses.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.1 New IFRS standards and amendments continued

44.1.1 Adoption of new standards – IFRS 17 transitional adjustments continued

44.1.1.5 Other

Cell captive arrangements – Third-party cell captive arrangements

In terms of IFRS 4, the Group accounted for insurance policies issued under third-party cell captive arrangements as insurance contracts issued in terms of IFRS 4 and reflected the cell owner as the ultimate reinsurer of the net profit/loss generated by the cell. This treatment resulted in the Group profit before tax reflecting only the fee earned for administering the cell captive arrangement.

In terms of IFRS 17 the third-party cell shareholder agreement is accounted for as an in-substance reinsurance agreement held by the Group as policyholder. The net profit or loss generated by the cell is accounted for as separate, gross reinsurance transactions between the Group as insurer and the cell owner as reinsurer. This treatment results in the Group profit or loss continuing to reflect only the fee earned for administering the cell captive arrangement.

The insurance contracts issued under the cell captive arrangement are reflected in insurance contract assets or liabilities, while the rights and obligations with the cell owner are reflected in reinsurance contract assets or liabilities.

44.1.1.6 Transition and use of transitional provisions

The Group transitioned to IFRS 17 by identifying insurance contracts issued and reinsurance contracts held that were in-force on 1 July 2022 and by applying IFRS 17 to these contracts based on the transitional provisions of the standard. The Group applied the full retrospective approach or the fair value approach to account for groups of insurance contracts issued and reinsurance contracts held on 1 July 2022.

The Group applied the fair value approach to specific groups of insurance contracts issued and reinsurance contracts held if the requirements of the standard were viewed as being impracticable to apply by means of the fully retrospective approach.

On 1 July 2022, the Group applied the following transition methods to determine the CSM balances per group of contracts issued and reinsurance contracts held.

Transition approaches 1 July 2022	Fully retrospective approach Rm	Fair value approach Rm	Total Rm
Insurance contracts issued			
General measurement model	14 499	1 880	16 379
Variable fee approach	400	2 634	3 034
Total	14 899	4 514	19 413
Reinsurance contracts held – deferred gain/(deferred cost)			
General measurement model	87	613	700
Total	87	613	700

Determining whether it is impracticable to apply the standard on the fully retrospective basis is an item of management judgement. The Group made this judgement by considering whether the expected cost to apply the fully retrospective method is reasonable or unreasonable relative to the value that would be obtained from applying this transition method.

Factors considered in making this assessment includes the following:

- Availability and accessibility of historical data.
- The effort involved in obtaining historical data.
- Reliability and significance of historical assumptions.
- Extent of system and model development required.

Key implementation decisions include, but are not limited to the following:

- The latest versions of actuarial models were used to measure units of account, regardless of when the units of account were recognised.
- A consistent set of risk margins were used to measure the risk adjustment for non-financial risks on 1 July 2022 and at previous reporting dates.
- Insurance contracts and reinsurance contracts acquired in business combinations were accounted for from the acquisition date of the relevant business combination. Embedded values at the acquisition dates were used to determine the fair value of acquired contracts where embedded values or relative embedded values were referenced in the transaction terms.

Fully retrospective approach

In terms of the fully retrospective method, the Group accounted for groups of insurance contracts issued and reinsurance contracts held, as if IFRS 17 had been effective from the date when the groups of contracts were recognised.

The nature of the modification of Myriad insurance contracts issued prior to 30 June 2017 resulted in these contracts being derecognised and recognised in a single, new unit of account on 1 July 2017. The modification involved the inclusion of policyholder benefits not previously included in the terms and conditions of the policies. These contracts were accounted for on the fully retrospective approach from 1 July 2017.

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.1 New IFRS standards and amendments continued

44.1.1 Adoption of new standards – IFRS 17 transitional adjustments continued

44.1.1.6 Transition and use of transitional provisions continued

Fair value approach

In terms of the fair value approach, the Group measured groups of insurance contracts issued and reinsurance contracts held at fair value on 1 July 2022 (the measurement date) and applied the requirements of the standard to these contracts on a prospective basis from this date.

A fair value measurement incorporates information regarding the item being measured at the measurement date.

The fair value approach results in the calculation of the CSM or loss component per group of insurance contracts issued, as the difference between the fair value and the fulfilment cash flows of the group of insurance contracts on 1 July 2022. Excess of the fair value over the fulfilment cash flows is accounted for as a CSM (expected future profit), while the excess of the fulfilment cash flows over the fair value is, accounted for as a loss component (a provision for expected losses) with a reduction in retained earnings.

Differences between the fair value and fulfilment cash flows of a group of reinsurance contracts held on 1 July 2022, was accounted for in the CSM as deferred gain or loss on the purchase of reinsurance cover. The deferred gain or loss is recognised in the allocation of reinsurance premiums paid over the coverage period. For a group of reinsurance contracts held, any loss-recovery component on 1 July 2022 was calculated by multiplying the loss component of the underlying group of insurance contracts with the percentage of claims the Group expects to recover from the reinsurer.

The application of the fair value approach could result in different CSM/loss component balances being included/identified in the measurement of the groups of insurance contracts, compared to if the full retrospective approach is applied. The CSM or loss component balances will impact the amount and timing of the recognition of future insurance revenue and insurance service expenses, with a resulting impact on the profit before tax of the Group. The application of the fair value approach will impact the statement of financial position and the statement of comprehensive income until the relevant groups of insurance contracts issued have been derecognised.

Per portfolio, insurance contracts measured in terms of the fair value approach on 1 July 2022, were allocated to a single group of insurance contracts, regardless of the cohort the insurance contracts belonged to or the expected profitability of the insurance contracts. A similar approach was applied for reinsurance contracts held on 1 July 2022.

The use of a single group of insurance contracts issued or reinsurance contracts held on 1 July 2022, reduced the number of units of accounts to be accounted for on transition to IFRS 17 and will result in a netting of CSM and loss components that would have existed in more granular groups of contracts. On a cumulative basis, the profit or loss before tax will be the same amount, regardless of whether the insurance contracts issued or reinsurance contracts held are allocated to more than one group of contracts, however the annual profit before tax amounts could be different.

Fair value option

Specific groups of insurance contracts where risk mitigation strategies are applied were transitioned to IFRS 17 on a fair value basis in terms of the option afforded by the standard.

44.2 Consolidation

44.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. All material subsidiaries have financial years ending on 30 June and are consolidated to that date. Subsidiaries with financial year-ends other than 30 June are consolidated using audited or reviewed results (where necessary) for the relevant period ended 30 June. The accounting policies for subsidiaries are consistent, in all material respects, with the policies adopted by the Group. Separate disclosure is made of non-controlling interests.

Initial measurement

The acquisition method of accounting is used to account for the acquisition of subsidiaries/business combinations by the Group. The cost of a business combination is the fair value of the assets given at the date of acquisition, equity issued and liabilities assumed or incurred (including contingent liabilities). This includes assets or liabilities recognised from contingent consideration arrangements. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit and loss. Costs directly attributable to the business combination are expensed as incurred. Consideration transferred in excess of the fair value of the Group's share of identifiable assets, liabilities and contingent liabilities is recognised as goodwill. Conversely, to the extent that the Group's share of identifiable assets, liabilities and contingent liabilities exceeds the consideration transferred, the difference is recognised in the income statement as a bargain purchase. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interest shareholders even if this results in the non-controlling interest shareholders having a deficit balance.

Disposals

If the Group loses control of a subsidiary company, the gain or loss on disposal is calculated as the difference between the fair value of the consideration received, and the carrying amount of the subsidiary's net assets and any non-controlling interest. Any gains or losses in other comprehensive income that are allowed to be recycled to the income statement are reclassified and those amounts not reclassified to the income statement are directly transferred to retained earnings. Goodwill is included in the calculation of gains and losses on the disposal of an entity.

Transactions with non-controlling interest shareholders

Transactions with non-controlling interest shareholders are treated as transactions with equity participants of the Group and any resulting in gains and losses for the Group are recorded in equity.

Measurement – Momentum Group Ltd separate financial statements

Investment in subsidiary companies are stated at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.2 Consolidation continued

44.2.2 Associates

Associates are all entities over which the Group has significant influence but not control. The accounting policies for associates are consistent, in all material respects, with the policies adopted by the Group.

Measurement

Investments in associate companies are initially recognised at cost, including goodwill, and the carrying amount is increased or decreased with the Group's proportionate share of post-acquisition profits or losses, using the equity method of accounting. The equity method is discontinued from the date that the Group ceases to have significant influence over the associate. When significant influence is lost, any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in the income statement.

Investments in CISs where the Group has significant influence are recognised at FVPL and are not equity accounted where they back contract holder liabilities, based on the scope exemption in IAS 28 – Investments in associates and joint ventures for investment-linked insurance funds. Initial measurement is at fair value on trade date, with subsequent measurement at fair value based on quoted repurchase prices at the close of business on the last trading day on or before the reporting date. Fair value adjustments on CISs are recognised in the income statement. The related income from these schemes is recognised as interest or dividends received, as appropriate.

Impairment

Under the equity method, the carrying amount is tested for impairment at reporting dates.

Measurement – Momentum Group Ltd separate financial statements

Associated companies are carried at cost less impairment.

44.2.3 Joint arrangements

The Group applies IFRS 11 – Joint arrangements to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures. Depending on the contractual rights and obligations of each investor. Joint ventures are accounted for using the equity method.

Measurement

Interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

44.3 Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rand (the presentation currency), which is the functional currency of the parent. The financial statements have been rounded to the nearest R million.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary financial assets and liabilities, measured at FVPL, are recognised as part of their fair value gain or loss.

Subsidiary undertakings

Foreign entities are entities of the Group that have a functional currency different from the presentation currency. Assets and liabilities of these entities are translated into the presentation currency at the rates of exchange ruling at the reporting date. Income and expenditure are translated into the presentation currency at the average rate of exchange for the year.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognised in the foreign currency translation reserve in other comprehensive income. On disposal, such exchange differences are recognised in the income statement as part of net realised and unrealised fair value gains.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.4 Intangible assets

44.4.1 Goodwill

Recognition and measurement

Goodwill is recognised at the acquisition date. Subsequent to initial measurement, goodwill is carried at cost less accumulated impairment losses.

Goodwill on acquisition of subsidiaries is included in intangible assets whereas goodwill on acquisition of associates is included in investment in associates.

Impairment

At the acquisition date, goodwill acquired in a business combination is allocated to CGUs that are expected to benefit from the synergy of the combination in which the goodwill arose. CGUs to which goodwill has been allocated are assessed annually for impairment, or more frequently if events or changes in circumstances indicate a potential impairment. Any 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 on goodwill are not reversed.

44.4.2 Deferred acquisition costs (DAC)

On long-term investment business

Incremental costs that are directly attributable to securing rights to receive fees for asset management services sold with investment contracts are recognised as an asset if the entity expects to recover them. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The asset represents the contractual right to benefit from receiving fees for providing investment management services, and is amortised over the policy term, as a constant percentage of expected gross profit margins (including investment income) arising from the contract or on a straight-line basis. The pattern of expected profit margins is based on historical and expected future experience and is updated at the end of each accounting period.

Impairment

An impairment test is conducted annually at reporting date on the DAC balance to ensure that the amount will be recovered from future revenue generated by the applicable remaining investment management contracts.

44.4.3 Other intangible assets

Other intangible assets include customer relationships, brand and broker network and computer software.

Subsequent Measurement

Other intangible assets are carried at cost less accumulated amortisation and impairment. The assets are amortised over their expected useful lives using the straight-line method. The customer relationships are amortised between three and 10 years, brands over 15 to 20 years, the broker networks over five to 20 years and computer software over 10 years. If an intangible asset has an indefinite useful life, no amortisation is recorded on that intangible asset.

44.5 Owner-occupied properties

Owner-occupied properties are held for use in the supply of services or for administrative purposes. Where the Group occupies a significant portion of the property, it is classified as an owner-occupied property.

Measurement

Owner-occupied properties are stated at revalued amounts, being fair value reflective of market conditions at the reporting date.

Fair value is determined using either DCF techniques which present value the net rental income, discounted for the different types of properties at the market rates applicable at the reporting date, or the income capitalisation approach based on the aggregate contractual or market-related rent receivable less associated costs. Where considered necessary, significant properties are valued externally by an independent valuer, at least once in a three-year cycle, to confirm the fair value of the portfolio.

Increases in the carrying amount arising on revaluation of buildings are credited to a land and building revaluation reserve in other comprehensive income. Decreases that offset previous increases in respect of the same asset are charged against the revaluation reserve, and all other decreases are charged to the income statement.

Depreciation

Owner-occupied property buildings are depreciated on a straight-line basis, over 50 years, to allocate their revalued amounts less their residual values over their estimated useful lives. Property and equipment related to the buildings are depreciated over five to 20 years. Land is not depreciated. The residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

Accumulated depreciation relating to these properties is eliminated against the gross carrying amount of the properties and the net amount is restated to the revalued amount. Subsequent depreciation charges are adjusted based on the revalued amount for each property.

Disposals

When owner-occupied properties are sold or when the properties are no longer classified as owner-occupied, the amounts included in the land and buildings revaluation reserve are transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.6 Investment properties

Investment properties are held to earn rentals or for capital appreciation or both and are not significantly occupied by the companies of the Group. Investment properties include property under development for future use as investment property.

Measurement

Investment properties comprise freehold land and buildings and are carried at fair value, reflective of market conditions at the reporting date, less the related cumulative accelerated rental income receivable. Fair value is determined as being the present value of net rental income, discounted for the different types of properties at the market rates applicable at the reporting date. All properties are internally valued on a biannual basis and where considered necessary, significant properties are valued externally by an independent valuer, at least once in a three-year cycle, to confirm the fair value of the portfolio. The accelerated rental income receivable represents the cumulative difference between rental income on a straight-line basis and the accrual basis.

Investment properties that are being redeveloped for continuing use as investment property, or for which the market has become less active, continue to be measured at fair value.

Undeveloped land is valued at fair value based on recent market activity in the area.

Transfers to and from investment properties

If an investment property becomes owner-occupied, it is reclassified under owner-occupied properties, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes, and vice versa.

44.7 Financial assets

Classification

The Group classifies its financial assets in the following main categories:

- Financial assets at FVPL, including derivative financial assets.
- Financial assets at amortised cost.

The classification of financial instruments is based on contractual cash flows characteristics and models through which financial instruments are managed (business model).

The Group reclassifies debt investments when its business model for managing those assets changes.

- **Debt instruments**
  Debt instruments are measured at amortised cost when the debt is held for collection of contractual cash flows, where those cash flows represent solely payments of the principal amount outstanding and interest on the principal amount. The Group designates debt securities and funds on deposit and other money market instruments at FVPL upon initial recognition when it eliminates or significantly reduces a measurement or recognition inconsistency, referred to as an accounting mismatch, that would otherwise arise as a result of movements in related liabilities being recorded in profit or loss.

- **Equity instruments**
  The Group subsequently measures all equity investments at fair value. The Group's management has elected to present fair value gains and losses on equity instruments in profit and loss.

Recognition and measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the financial assets. These are recognised as unsettled trades until the settlement date occurs.

Financial assets at FVPL is subsequently carried at fair value. Financial assets at amortised cost is recognised initially at fair value and subsequently carried at amortised cost, using the effective interest rate method less provision for impairment.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For financial assets at amortised cost, the Group determines at each reporting date whether there has been a significant increase in credit risk since initial recognition of the financial asset by assessing the likelihood or risk of default occurring since initial recognition based on all reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition. Where there is no significant increase in credit risk since initial recognition or for assets that have low credit risk at reporting date, a 12 month expected credit loss is recognised. Where a significant increase in credit risk since initial recognition occurred a lifetime expected credit loss is calculated.

The Group views financial assets at amortised cost to be low credit risk when there is a low risk of default and the borrower has the strong capacity to meet its contractual cash flow obligations in the near term.

Management considers whether there is reasonable expectation that a balance can be recovered from a counterparty and if not, balances are written off.

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.7 Financial assets continued

Impairment – Momentum Group Ltd separate financial statements

Intercompany loan impairment is calculated at each reporting date using probability of default and the loss given default rates. Probability of default rates considers historical defaults as well as forward-looking estimates based on macroeconomic factors obtained from rating agencies. Loans without repayment terms consider any senior external or internal loans which need to be repaid before the intercompany loan to determine a probability of default, since it reduces the liquid assets available to repay that intercompany loan. Management applies its own judgement, on an individual loan basis, to adjust the prescribed Loss Given Default (LGD) to include forward-looking information. Management considers whether there is reasonable expectation that a balance can be recovered from a counterparty and if not, balances are written off.

Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. The Group also derecognises a financial asset when the Group retains the contractual rights of the assets but assumes a corresponding liability to transfer these contractual rights to another party and consequently transfers substantially all the risks and benefits associated with the asset. Any gain or loss arising on derecognition of assets at amortised cost is recognised directly in the income statement and presented in net realised and unrealised fair value gains together with foreign exchange gains and losses.

Interest and dividend income

Financial assets at FVPL

Interest and dividend income arising on financial assets are disclosed separately under investment income in the income statement.

Offsetting

Financial assets and liabilities were set off and the net balance reported in the statement of financial position where there was a legally enforceable right to set off, where it is the intention to settle on a net basis or to realise the asset and settle the liability simultaneously, where the maturity date for the financial asset and liability was the same, and where the financial asset and liability were denominated in the same currency.

Scrip lending

The equities or bonds on loan by the Group, and not the collateral security, are reflected in the statement of financial position of the Group at year end. Scrip lending fees received are included under fee income. The Group continues to recognise the related income on the equities and bonds on loan. Collateral held is not recognised in the financial statements unless the risks and rewards relating to the asset have passed to the Group.

44.8 Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including DCF and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative, subject to the offsetting principles as described under the financial assets accounting policies above.

The best evidence of the fair value of a derivative at initial recognition is the transaction price (that is, the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (that is, without modification or repackaging), or is based on a valuation technique whose variables include only observable market data.

When unobservable market data has an impact on the valuation of derivatives, the entire initial change in fair value indicated by the valuation model is not recognised immediately in the income statement but over the life of the transaction on an appropriate basis, or when the input becomes observable, or when the derivative matures or is closed out.

The subsequent fair value of exchange-traded derivatives is based on a closing market price while the value of OTC derivatives is determined by using valuation techniques that incorporate all factors that market participants would consider in setting the price. Changes in the fair value of derivative instruments are recognised immediately in the income statement within net realised and unrealised fair value gains and losses.

Embedded derivative liabilities are separated and fair-valued through income when they are not closely related to their host contracts and meet the definition of a derivative, or where the host contract is not carried at fair value.

44.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost, which approximates fair value. Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less and are subject to an insignificant risk of change in value. Bank balances held to meet short-term cash commitments are included in funds on deposit and other money market instruments with a maturity of three months or less. Operating bank balances are included in bank and other cash balances.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.10 Life and non-life insurance and investment contracts

Initial recognition of insurance contracts issued and reinsurance contracts

The Group recognises a group of insurance contracts from the earliest of the beginning of the coverage period of the group of contracts, the date when the first payment from a policyholder in the group becomes due or for a group of onerous contracts, when the group of contracts becomes onerous.

Insurance contracts that meet the recognition criteria on an individual basis are included in the group of insurance contracts recognised. The Group considers whether insurance contracts form an onerous group of insurance contracts prior to the commencement of the coverage period or the premium due date. The existence of such a group of insurance contracts will result in recognition of an onerous group of insurance contracts.

The Group recognises a group of reinsurance contracts held from the earlier of the beginning of the coverage period of the group of reinsurance contracts held and the recognition date of an onerous group of underlying insurance contracts, if the related reinsurance contract held was entered into at or before the recognition date of the onerous group of underlying insurance contracts.

The Group defers the recognition of a group of reinsurance contracts held that provide proportionate coverage, until the recognition of the underlying insurance contracts, if this date is later than the beginning of the coverage period of the group of reinsurance contracts held.

Modification of insurance contracts issued and reinsurance contracts held

The terms of an insurance contract can be modified, for example by agreement between the parties to the contract or by a change in regulation. If the modification of the insurance contract meets specific criteria, the Group derecognises the original insurance contract and recognises a new contract in terms of the relevant IFRS standard. If the specific criteria are not met, the modification is accounted for as changes in estimates of fulfilment cash flows. The exercise of an implicit or implied right included in the terms of a contract, by either the Group or the policyholder is not a modification.

The terms of a reinsurance contract can be modified, for example by agreement between the parties to the contract or by a change in regulation. If the modification of the reinsurance contract meets specific criteria, the Group derecognises the original reinsurance contract and recognises a new contract in terms of the relevant IFRS standard. If the specific criteria are not met, the modification is accounted for as changes in estimates of fulfilment cash flows. The exercise of a right included in the terms of a contract is not a modification.

Derecognition of insurance contracts issued and reinsurance contracts held

The Group derecognises an insurance contract when, and only when it is extinguished, i.e. when the obligations specified in the insurance contract expires or are discharged or cancelled or if a modification of the insurance contracts results in a derecognition of an insurance contract.

On the derecognition of an insurance contract the Group adjusts the fulfilment cash flows of the group of insurance contracts to no longer include the present value of future cash flows and risk adjustment related to the insurance contract. Adjustments to the fulfilment cash flows results in opposite adjustments to the contractual service margin to the extent possible. In addition, the number of coverage units for expected remaining insurance contract services is adjusted to reflect the coverage units derecognised from the group.

When an insurance contract is transferred to a third-party, any premium paid on the transfer of the insurance contract is accounted for in the contractual service margin, to the extent possible.

The contractual service margin or loss component of the group of insurance contracts that contains the new insurance contract incorporates the notional premium that the Group would have charged if a similar insurance contract was issued and other fulfilment cash flows on the modification date. The fulfilment cash flows of new insurance contract are measured as if the notional premium was received on the modification date.

When an insurance contract measured in terms of the premium allocation approach is derecognised, the expected insurance service revenue for the period is reduced and any loss component or incurred claims for the group of insurance contracts is adjusted, to no longer include the insurance contract.

The Group derecognises a reinsurance contract when, and only when it is extinguished, i.e. when the rights and obligations specified in the reinsurance contract expires or are discharged or cancelled or if a modification of the reinsurance contracts results in a derecognition of an insurance contract.

On the derecognition of a reinsurance contract the Group adjusts the fulfilment cash flows of the group of reinsurance contracts to no longer include the present value of future cash flows and risk adjustment related to the reinsurance contract.

Adjustments to the fulfilment cash flows result in opposite adjustments to the contractual service margin. In addition, the number of coverage units for expected remaining reinsurance contract services is adjusted to reflect the coverage units derecognised from the group.

Any fee charged to the Group for the modification of the original reinsurance contract is accounted for as a premium variance in the contractual service margin of the group of reinsurance contracts that contained the original reinsurance contract.

The contractual service margin of the group of reinsurance contracts that contains the new reinsurance contract incorporates the notional premium that the Group would have paid if a similar reinsurance contract was entered into and other fulfilment cash flows on the modification date. The fulfilment cash flows of new reinsurance contract are measured as if the notional premium was received on the modification date.

When a reinsurance contract measured in terms of the premium allocation approach is derecognised, the allocation of reinsurance service premiums for the period is reduced and any loss-recovery component or incurred claims for the group of reinsurance contracts is adjusted, to no longer include the reinsurance contract.

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.10 Life and non-life insurance and investment contracts continued

Portfolios of insurance contracts issued and reinsurance contracts held

A portfolio of insurance contracts comprises contracts subject to similar risks, that are managed together. The identification of portfolios of insurance contracts involves judgement. In identifying portfolios of insurance contracts, the Group considers the perils and insured events that are covered by the insurance contracts. In addition, the Group considers management information and decision-making processes to identify the insurance contracts are managed together.

The Group issues life insurance and investment contracts containing DPF. These contracts are smoothed bonus and conventional with-profit business. All contracts with DPF are accounted for in the same manner as life insurance contracts. Where a contract has both investment with DPF and investment components, the policy is classified as investment with DPF.

The reinsurance treaty is the unit of account for the legal relationship between the insurer and the reinsurer. In some instances, the reinsurance treaty, as a unit of account, does not reflect the economic substance of the legal relationship between the insurer and the reinsurer.

In such instances, the rights and obligations of the reinsurance treaty are allocated to the lines of business and insurance contracts, that receive reinsurance coverage. The Group applies judgement in allocating the rights and obligations of the reinsurance treaties into various sets of rights and obligations representing individual reinsurance contracts held.

Groups of insurance contracts issued and reinsurance contracts held

The Group has identified a group of insurance contracts issued and reinsurance contracts held as the contracts that are issued/held during the financial year of the Group. Contracts issued/held between and including the 1st of July and 30th of June the following year, are included in the same group of insurance contracts. In limited instances, a group of insurance contracts will consist of insurance contracts issued during a shorter period than an annual period, for example insurance contracts issued within a month.

The Group prepares interim and annual financial statements. At the interim reporting date, the contractual service margin or loss component of a group of insurance contracts is adjusted for the impact of changes in accounting estimates. Such estimates include changes in fulfilment cash flows that relate to future service and estimates of remaining future service. When preparing the next set of annual financial statements, changes in accounting estimates made to the contractual service margin or loss component at the previous interim reporting date, is reversed and the contractual service margin or loss component at the annual reporting date, is based on the annual financial period.

At initial recognition the insurance contracts in a portfolio of insurance products are allocated into mandated groups of insurance contracts based on expected profitability. Insurance contracts that are onerous are allocated into a group that contains the onerous contracts. The remaining insurance contracts are likely to be allocated into a group that contains insurance contracts that are expected to be profitable, but might become onerous in the future. The allocation is performed on a set of insurance contracts or per individual insurance contract. The process makes use of fulfilment cash flows, qualitative factors and sensitivity analyses to allocate the insurance contracts into groups of insurance contracts. Once an insurance contract has been allocated to a particular group of insurance contracts, the contract remains in the particular group for the remainder of the coverage period of the contract.

A reinsurance treaty sets out the legal relationship between the insurer and the reinsurer. The rights and obligations of the reinsurance treaty can be allocated to the lines of business and related groups of insurance contracts that receive reinsurance coverage. The Group applies judgement by allocating the rights and obligations of the reinsurance treaties to groups of insurance contracts that receive reinsurance coverage. These rights and obligations form individual reinsurance contracts held.

The Group accounts for reinsurance treaties by recognising a series of IFRS 17 reinsurance contracts held for each cohort of direct insurance contract issued. The IFRS 17 reinsurance contracts held are recognised when the first direct insurance contracts to which it relates are recognised, or earlier, if the underlying group of insurance contracts is onerous. The fulfilment cash flows of the annual IFRS 17 reinsurance contracts reflect, as appropriate the fulfilment cash flow from rights and obligations of underlying insurance contracts.

Scope of the standard

The contracts issued by the Group transfer insurance risk, financial risk or both. Contracts are separated into investment and insurance contracts for the purposes of valuation and accounting purposes. Insurance contracts transfer significant insurance risk to the Group. Insurance risk is significant if an insured event could cause the Group to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance. Investment contracts transfer financial risk to the Group.

Where allowed in terms of the standard, the Group accounts for financial guarantee contracts as insurance contracts. In other instances, the Group accounts for financial guarantee contracts as financial instruments.

Investment contracts with discretionary participation features are accounted for as insurance contracts. An investment contract exposes the Group to financial risk and not to significant insurance risk. The terms and conditions of an investment contract contains discretionary participation features if discretionary benefits are expected to be a significant portion of the total expected benefits to the policyholder.

Some investment contracts issued by the Group provides the policyholder with a choice regarding the investment fund(s) that the policyholder funds will be invested into. Investment fund rules and relevant PPFMs could result in an investment fund providing significant, discretionary benefits to policyholders. Investment contracts with existing or potential exposure to such funds are assessed to determine whether the investment contracts contain discretionary participation features.

The valuation bases used for the major classes of contract liabilities, before the addition of the margins described under the heading of compulsory and discretionary margins below, are as follows (continued):

The accounting policies dealing with the accounting treatment of investment contracts with discretionary participation features are discussed under the section dealing with the variable fee approach.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.10 Life and non-life insurance and investment contracts continued

Scope of the standard continued

In assessing whether the discretionary benefits are expected to be a significant portion of the total expected policyholder benefits, the Group assesses the discretionary benefits as a percentage of total expected policyholder benefits.

An insurance contract can provide various types of insurance cover to a policyholder. The lowest level of accounting for an insurance contract, is the insurance contract itself. The Group applies judgement to assess whether accounting for various insurance components as a single insurance contract, reflects the economic substance of the insurance contract. The Group considers facts and circumstances in deciding whether the insurance components should be accounted for as one insurance contract or as several separate insurance contracts. Accounting for a single insurance contract as several, separate insurance contracts is not an accounting policy choice. As such the accounting treatment can be determined on a case-by-case basis.

Insurance components included in non-life insurance contracts issued in Namibia are treated as separate insurance contracts.

Policyholders who are members of the Multiply loyalty scheme can earn incentive benefits depending on their Multiply Rewards status and other factors. Multiply discounts on premiums are accounted for as reductions in the fulfilment cash flows or estimated amount of insurance service revenue of a group of insurance contracts. Multiply loyalty membership fees are accounted for under IFRS 15 and are not included in the measurement of the group of insurance contracts.

Presentation

The closing balance of a portfolio of insurance contracts includes, among others, the carrying values of liabilities for incurred claims of groups of insurance contracts in the portfolio. Fulfilment cash flows (including risk adjustments) for incurred claims and payables or receivables incurred as part of the claims handling and settlement processes, are included in the measurement of the liability for incurred claims. After the recognition of the incurred amounts, the Group transfers fulfilment cash flows with third parties that are subject to negligible non-financial risk to financial liabilities at amortised cost or other payables. As a result, the closing balance of the liability for incurred claims consists of fulfilment cash flows for incurred claims and other payables or receivables that continue to expose the Group to non-financial risk.

Insurance finance income and expenses earned/incurred in the measurement of a group of insurance contracts or investment contracts with discretionary participation features are presented, in total, in insurance finance income and expenses on the income statement.

Measurement

The measurement of a group of insurance contracts and reinsurance contracts considers the fulfilment cash flows within the boundary of the group of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. Cash flows within the boundary of an insurance contract are those that relate directly to the fulfilment of the contract, including cash flows for which the entity has discretion over the amount or timing of the cash flows.

Fulfilment cash flows are the present value of the future cash outflows minus the present value of the future cash inflows that will arise as the entity fulfils insurance contracts, including a risk adjustment for non-financial risk.

References to “expenses” in the accounting policy include cash flow items and incurred expenses, such as depreciation, amortisation and some employee benefits.

Insurance acquisition expenses

In selling, underwriting and issuing insurance contracts the Group incurs expenses that are included in fulfilment cash flows. Examples of such expenses include commission expenses, marketing expenses, distribution channel expenses, policy issue costs, policyholder risk assessment costs, and policyholder communication costs. The expenses include both successful and unsuccessful efforts to market and sell insurance contracts.

Commission expenses relate to the sale of insurance contracts to policyholders and are included in fulfilment cash flows as insurance acquisition cash flows. Commission expenses include commission earned by brokers and intermediaries on the initial sale of insurance contracts, qualifying adjustments to insurance contracts and renewal of insurance contracts.

Expenses incurred to market the Group’s products are included in fulfilment cash flows, while expenses incurred to market the Group’s brands or to stimulate demand for financial services products are not included in fulfilment cash flows. Examples of marketing expenses that are included in fulfilment cash flows include the costs of placing advertisements in printed or online media, sponsorships and costs associated with direct marketing teams.

The Group makes uses of distribution channels to distribute products to policyholders. The expenses incurred to maintain or expand these distribution channels and networks are included in fulfilment cash flows. Examples of such expenses are commission expenses, employee benefit expenses, provision of marketing material, broker and intermediary training expenses and costs incurred to provide administrative support to brokers and intermediaries. The expenses linked to the creation of new distribution channels are not directly attributable to fulfilling the insurance contract. Expenses relating to the development of insurance products are not included in fulfilment cash flows.

In underwriting policyholder risk, the Group incurs expenses that are included in fulfilment cash flows. These expenses include employee benefits, software expenses, costs associated with financial, medical and lifestyle underwriting processes and the costs of communicating with policyholders, brokers and intermediaries.

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.10 Life and non-life insurance and investment contracts continued

Measurement continued

Administration and maintenance

The Group incurs expenses to perform administration and maintenance activities on insurance contracts. These expenses relate directly to the fulfilment of the insurance contract and are included in fulfilment cash flows. Administration and maintenance activities include premium billing, processing insurance contract changes, policyholder communication and meeting compliance requirements. Expenses associated with the administration and maintenance of insurance contracts are employee benefits, software expenses, communication costs, and line of business system expenses. Commission expenses that imburse brokers and intermediaries to assist with ongoing administration, maintenance and servicing of the insurance contract are included in fulfilment cash flows.

Claims

The Group incurs expenses in recording, investigating, processing and resolving claims under insurance contracts. These expenses are directly attributable to the fulfilment of the insurance contract with the policyholder and are included in fulfilment cash flows. The expenses include legal fees, internal costs of investigating claims, costs incurred to process claim payments, employee benefits, communication expenses and software expenses.

Investment management

Investment management expenses are included in fulfilment cash flows to the extent that the investment management activities enhance or increase policyholder benefits, are part of unavoidable product or risk management activities or are part of the insurance contract services agreed with the policyholder. Other investment management expenses are not included in fulfilment cash flows. Investment management expenses include fees to service providers, employee benefits, research costs and software costs. Investment returns earned on investments backing liabilities are not included in fulfilment cash flows.

Compulsory reporting and risk management

The issue of insurance contracts obliges the Group to perform risk management activities and compulsory reporting to stakeholders and regulators, and to comply with legislation and regulations. The expenses associated with these activities are included in fulfilment cash flows. Examples of these expenses are employee benefit expenses, software expenses, subscription expenses and depreciation and amortisation expenses.

Executive remuneration

The Group analyses executive remuneration expenses with the aim of identifying expenses that are attributable to the fulfilment of insurance contracts. Executive remuneration that relates to strategic leadership activities or operational management of the Group is not included in fulfilment cash flows.

Overhead expenses

The Group incurs fixed and variable overhead costs and expenses. To the extent that these expenses support the activities and functions mentioned above, the expenses are included in fulfilment cash flows. Examples of these expenses include office and equipment rental, employee benefit expenses, software subscriptions, depreciation and amortisation expenses and utility expenses.

Management judgement

Management applies judgement in identifying expenses that are directly attributable to the fulfilment of the insurance contract and are included in fulfilment cash flows. The Group makes use of established allocation principles and methodologies to allocate these expenses to portfolios and groups of insurance contracts.

Reinsurance contracts held

Fulfilment cash flows for reinsurance contracts held include expected reinsurance premiums ceded, expected recoveries from reinsurers and a risk adjustment for non-financial risk.

Treatment of cash flows relating to tax in fulfilment cash flows

The Group recovers some tax expenses from policyholders through a policyholder tax charge. Initially, the relevant tax cash outflows and policyholder tax charge are included in fulfilment cash flows on an expected cash flows basis. Recognition of investment returns results in tax obligations for the Group. Taxes which are directly recovered from policyholder benefits are included as fulfilment cash flows, but are presented as part of income tax expenses on the face of the income statement. At the same point in time, the Group recognises the policyholder tax charge (equal to the income tax expense) as insurance service revenue through a reduction in the liability for remaining coverage.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.10 Life and non-life insurance and investment contracts continued

Measurement continued

Discount rates

The Group applies the 'bottom-up' approach in determining the discount rate to be used in the measurement of fulfilment cash flows at initial and subsequent measurement of a group of insurance contracts.

This approach entails the calculation of a discount rate by identifying and then adjusting a risk-free interest rate to reflect the characteristics of the fulfilment cash flows and the insurance contracts. The Group makes use of a risk-free yield curve to identify risk-free interest rates to be used in determining the discount rates.

The risk-free yield curve is based on traded government bonds depending on availability of reliable market information. In instances or jurisdictions where reliable market information is not available, the Group uses stable risk-free rates as appropriate.

In adjusting the risk-free interest rate, the Group targets consistency between the currency of the fulfilment cash flows and the currency of the risk-free interest rate and how inflation is incorporated in setting the fulfilment cash flows and the discount rate. The Group aims to ensure that financial risks are not double counted in determining the fulfilment cash flows and the discount rate. In some instances, the Group adds an illiquidity premium to the risk-free rate, to reflect differences in the liquidity of the risk-free interest rate and the group of insurance contracts.

For insurance contracts measured under the general measurement model, the discount rate determined at initial recognition is used, for the remainder of the coverage period, to accrete interest to or adjust the contractual service margin for changes in estimates of cash flows relating to future services.

For insurance contract measured under the variable fee approach, the current discount rate at the reporting date is used to adjust the contractual service margin for changes in estimates of cash flows relating to future services.

When a group of insurance contracts is recognised, the discount rate determined at initial recognition, is used to measure the fulfilment cash flows of insurance contracts added to the Group, during the financial period.

Contractual service margin

The CSM is recognised at initial recognition of the group of insurance contracts at an amount that is opposite, but equal to the expected net fulfilment cash inflows.

General measurement model

Interest is accreted over the reporting period to the CSM carrying amount at the locked-in discount rate, determined at initial recognition of the group of insurance contracts. The interest expense is included in insurance finance income and expenses on the face of the income statement.

Changes in fulfilment cash flows that relate to future services are accounted for in the CSM. Changes in fulfilment cash flows relating to financial risks or changes in financial risks are accounted for in insurance finance income and expenses. The present value of the adjustment to the CSM is calculated with the locked-in discount rate determined at initial recognition of the group of insurance contracts. The present value of the fulfilment cash flows at the reporting date is calculated with the current discount rate. The difference between the adjustment to the CSM and the adjustment to fulfilment cash flows is accounted for in insurance finance income and expenses.

Variable fee approach

Changes in the fulfilment cash flows caused by changes in the Group's share of the fair value of the underlying items are accounted for in the CSM. Changes in fulfilment cash flows caused by changes in the time value of money or financial risk not related to the underlying items are accounted for in the CSM. These adjustments to the CSM are not discounted. Changes in other fulfilment cash flows that relate to future services are accounted for in the CSM at amounts discounted at current discount rates. The Group makes use of the risk mitigation option to account for a portion of the impact of time value of money and financial risks on the Group's share of the fair value of underlying items in insurance finance income and expenses and not in the contractual service margin.

Insurance service revenue

Insurance service revenue consists of expected consideration for expenses incurred to provide insurance contract services to policyholders, releases of the risk adjustment associated with services rendered, recovery of insurance acquisition cash flows, income tax expenses recovered from policyholders and release of profit from the CSM. The release of profit from the CSM is based on insurance contract services rendered during the financial period based on the release of coverage units.

Coverage units represent the Group's readiness to render insurance contract services. The measurement of coverage units considers the quantum of the insurance benefits as well as the expected coverage period of the insurance contract.

The expected coverage period reflects persistency and timing of benefits to reflect the insurer standing ready to provide coverage. Where investment services are provided, coverage units are defined to include any additional benefit from investment services provided.

The Group discounts coverage units in determining the expected coverage units at the reporting date. The discount rate used is the locked-in interest rate determined at the initial recognition of the group of insurance contracts.

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.10 Life and non-life insurance and investment contracts continued

Loss component and loss-recovery component

The allocation of insurance contracts into an onerous group of insurance contracts results in the recognition of a loss in insurance service expenses and the identification of a loss component within the fulfilment cash flows of the group of insurance contracts. The loss component indicates the extent to which losses must be reversed or amortised before a contractual service margin can be recognised for the group of insurance contracts.

The Group identifies a loss-recovery component if a group of insurance contracts covered by a reinsurance contract held is expected to be onerous at initial recognition or becomes onerous subsequent to initial recognition. The loss-recovery component represents the expected recovery of expected insurance claims from the reinsurer.

Insurance contracts

Changes in fulfilment cash flows that relates to past and current services include the incurring of expected insurance service expenses, the release of the risk adjustment for services provided and the incurring of insurance finance income and expenses. These changes should be allocated on a systematic basis (not on an arbitrary basis) between the loss component and the liability for remaining coverage (without the loss component).

The Group makes use of a Systematic Allocation Ratio in allocating fulfilment cash flows relating to past and current services (incurring of expected insurance service expenses, the release of the risk adjustment for services provided and the incurring of insurance finance income and expenses).

Profitable changes in fulfilment cash flows that relates to future services, are allocated to the loss component of the liability for remaining coverage and insurance service expenses, until the loss component is reduced to a zero balance. The profitable changes in fulfilment cash flows relating to future services should reduce the insurance service expenses. An existing loss component can be increased due to further deterioration of expected fulfilment cash flows, or a loss component can be created if the deterioration of expected fulfilment exceeds existing contractual service margins.

Once the loss component balance has been reduced to zero, a contractual service margin can be created for the group of insurance contracts when further profitable changes in fulfilment cash flows regarding future services take place. The creation of the contractual service margin will take place in the liability for remaining coverage balance (on the statement of financial position) as a transfer between the present value of fulfilment cash flows and the newly created contractual service margin.

The Group allocates changes in fulfilment cash flows relating to past and current insurance contract services to the loss component and the liability for remaining coverage without the loss component, before adjusting the loss component for changes in the fulfilment cash flows relating to future services.

To avoid accounting for insurance acquisition cash flows twice in the insurance service revenue and insurance service expenses, the Group does not include expected insurance acquisition cash flows in the calculation of the Systematic Allocation Ratio percentage and does not include incurred insurance acquisition cash flows in the changes in fulfilment cash flows relating to past and current services, to be allocated between the loss component and the liability for remaining coverage without the loss component.

Reinsurance contracts held

The loss-recovery component and changes to the loss-recovery component are accounted for by changes to the carrying value of the reinsurance contractual service margin and gains or losses recognised in recovery of claims from the reinsurer. The recognition of a gain indicates the expected recovery of insurance claims in the loss component from the reinsurer.

Incurred insurance claims reduce the loss component with a commensurate reduction in the loss-recovery component. Changes in fulfilment cash flows of the loss component for insurance claims, result in changes in fulfilment cash flows of the loss-recovery component and the reinsurance contractual service margin. Decreases in other fulfilment cash flows of the loss component (relative to the initial recognition) result in decreases in the fulfilment cash flows of the loss-recovery component and changes to the reinsurance contractual service margin. These subsequent changes to the loss-recovery component are accounted for in the same manner as the initial recognition of the loss-recovery component. Increases in fulfilment cash flows of the loss component that are not covered by the reinsurance contract do not impact the loss-recovery component fulfilment cash flows.

At the reporting date the amount of the loss-recovery component cannot exceed the amount of the loss component of the onerous group of insurance contracts, expected to be recovered from the reinsurer. Any excess results in a reversal of previously recognised gains in the recovery from reinsurers with a corresponding adjustment to the reinsurance contractual service margin.

Premium allocation approach

The premium allocation approach is a simplified version of the general measurement model. It is the accounting policy of the Group to apply the premium allocation approach for the measurement of groups of insurance contracts issued and groups of reinsurance contracts held, that qualify to be measured in terms of this measurement model.

The premium allocation approach can be applied if the coverage period of the insurance contracts or reinsurance contracts included in the group, is 12 months or less. In instances where the coverage period is in excess of 12 months, the Group applies a further eligibility assessment to determine whether the premium allocation approach may be applied.

Determining whether the assessment has been passed, involves management judgement. As a guideline, the carrying values under the premium allocation approach should materially approximate the carrying values under the general measurement model, for the best-estimate scenario as well as selected sensitivity scenarios for key assumptions, for the assessment to be passed. The best-estimate scenario must meet the requirements of fulfilment cash flows. Sensitivity scenarios should cover key assumptions, be considered “plausible” and represent reasonable and supportable estimates of the future. If the sensitivity eligibility assessment for one of the key assumptions is failed, management considers the impact of the particular result on the overall assessment and the reasons why the assessment failed, before concluding whether the total eligibility assessment has been passed or not.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.10 Life and non-life insurance and investment contracts continued

Premium allocation approach continued

In some instances, credit life insurance products are measured in terms of the general model and not the premium allocation approach (although the application of the premium allocation approach is allowed).

The carrying value of the liability for remaining coverage includes premiums received in cash and the amortisation of capitalised insurance acquisition cash flows (where applicable). These amounts are reduced by insurance service revenue recognised for the reporting period and capitalised insurance acquisition cash flows (where applicable). The carrying value of the liability for incurred claims is determined in the same manner as for insurance contracts measured in terms of the general measurement model and the variable fee approach.

If the Group expects, at initial recognition of a group of insurance contracts, that the time duration between the due date of the respective premiums and the relevant periods of service, is 12 months or less, the preference of the Group, is to not adjust the carrying value of the liability for remaining coverage for the time value of money and financial risks. There are instances where the fulfilment cash flows are adjusted for the impact of time of money and financial risks.

For credit life insurance contracts where the coverage period is in excess of 12 months the Group adjusts the cash flows used to measure the liability for the remaining coverage for the impact of the time value of money and financial risks. Guardrisk Life and Guardrisk Insure do not adjust cash flows included in the measurement of the liability for remaining coverage for the impact of the time value of money and financial risks.

The carrying value of the liability for incurred claims should be adjusted for the impact of the time value of money and financial risks inherent to the expected, future cash flows. The carrying value of the liability for incurred claims is based on the present value of estimated, future cash flows, increased with the unwind of the discount calculated at initial recognition. The unwind of the discount calculated at initial recognition, is included in insurance finance income or expenses.

In instances where the settlement period between the incurring of a claim and settlement, is 12 months or less, the preference of the Group is not to adjust the carrying value of the liability for incurred claims with the time value of money or the impact of financial risks. In such an instance, the calculation of the loss component does not consider the impact of the time value of money and the effect of financial risks. In Momentum Metropolitan Life Ltd there are instances where the fulfilment cash flows are adjusted for the time value of money and effect of financial risks.

Momentum Insure does not adjust cash flows included in the measurement of the liability for incurred claims, for the impact of the time value of money and financial risks. An exception to this accounting policy is the measurement of fulfilment cash flows relating to cash-back benefits. The cash-back benefit fulfilment cash flows included in the liability for incurred claims are measured at present value at each reporting date.

Guardrisk Insure adjusts fulfilment cash flows in the measurement of the liability for incurred claims for the impact of the time value of money and financial risks.

Guardrisk Life adjusts fulfilment cash flows in the measurement of the liability for incurred claims for the impact of the time value of money and financial risks where the impact of these adjustments is material.

Reinsurance contracts held

The carrying value of the asset for remaining coverage should be adjusted for the impact of the time value of money and financial risks inherent to the expected, future cash flows. The carrying value of the asset for remaining coverage is based on the present value of estimated, future cash flows, increased with the unwind of the discount calculated at initial recognition. The unwind of the discount calculated at initial recognition, is included in insurance finance income or expenses.

If the Group expects, at initial recognition of a group of reinsurance contracts, that the time duration between the due date of the respective reinsurance premiums and the relevant periods of service, is 12 months or less, the preference of the Group, is not to adjust the carrying value of the asset for remaining coverage for the time value of money and financial risks.

The carrying value of the asset for incurred claims should be adjusted for the impact of the time value of money and financial risks inherent to the expected, future cash flows. The carrying value of the asset for incurred claims is based on the present value of estimated, future cash flows, increased with the unwind of the discount calculated at initial recognition. The unwind of the discount calculated at initial recognition, is included in insurance finance income or expenses.

In instances where the settlement period between the incurring of a claim and settlement, is 12 months or less, the Group does not adjust the carrying value of the asset for incurred claims with the time value of money or the impact of financial risks. In Momentum Metropolitan Life Ltd there are instances where the fulfilment cash flows are adjusted for the time value of money and effect of financial risks.

Guardrisk Insure adjusts fulfilment cash flows in the measurement of the asset for incurred claims for the impact of the time value of money and financial risks.

Guardrisk Life adjusts fulfilment cash flows in the measurement of the asset for incurred claims for the impact of the time value of money and financial risks where the impact of these adjustments is material.

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.10 Life and non-life insurance and investment contracts continued

Premium allocation approach continued

Insurance acquisition cash flows

If the coverage period of the group of insurance contracts is 12 months or less, insurance acquisition cash flows are expensed in insurance service expenses, when the cash flow takes place. If the coverage period of the group of insurance contracts is more than 12 months, the insurance acquisition cash flows are capitalised in the Liability for Remaining Coverage on the statement of financial position when incurred and amortised into insurance service expenses over the coverage period.

In general, the Group company recognises insurance acquisition cash flows in insurance service expenses when incurred. The health business in Africa expense insurance acquisition cash flows as incurred.

Momentum Insure allocates insurance acquisition cash flows into marketing expenses, commission expenses and other expenses. Marketing and commission expenses are capitalised into the liability for remaining coverage and amortised into insurance service expenses over the relevant coverage period. Other insurance acquisition cash flows are expensed when the cash flow takes place.

For credit life insurance contracts where the coverage period is in excess of 12 months, the Group capitalises insurance acquisition cash flows in the liability for remaining coverage when incurred and amortises the capitalised expense into insurance service expenses over the coverage period.

Guardrisk Life and Guardrisk Insure capitalises insurance acquisition cash flows incurred and amortise the capitalised balances over the coverage period of the group of insurance contracts.

Loss component

The Group assumes that a group of insurance contracts measured in terms of the premium allocation approach is not onerous on initial recognition, unless facts and circumstances indicate otherwise. When evidence exists that a group of insurance contracts is possibly onerous, the Group compares the carrying value of the group of contracts as calculated under the premium allocation approach with the carrying value of the same group of contracts under the general measurement model.

The excess of the carrying value under the general measurement model, over the carrying value under the premium allocation approach is a loss component. The loss component is recognised as a ring-fenced increase to the carrying value of the liability for remaining coverage and an insurance service expense.

In the instances where the time value of money and the impact of financial risks are not included in the measurement of the liability for incurred claims, the calculation of the carrying value of the group of contracts under the general measurement model (for the purposes of the calculation of the loss component) does not include the impact of the time value of money and financial risks.

After initial recognition, the loss component is amortised into the insurance service expenses in the same pattern as the recognition of estimated premiums in insurance service revenue. At every reporting date, the loss component is remeasured to reflect current assumptions and estimates. Any measurement adjustment is recognised in insurance service expenses.

Loss recovery component

The loss-recovery component is a separate asset within the asset for remaining coverage. The loss-recovery component and changes to the loss-recovery component are accounted for by changes to the carrying value of the asset for remaining coverage and gains or losses recognised in recovery of claims from the reinsurer.

Incurred insurance claims reduce the loss component with a commensurate reduction in the loss-recovery component. Changes in fulfilment cash flows of the loss component for insurance claims, result in changes in the loss-recovery component. Decreases in other fulfilment cash flows of the loss component (relative to the initial recognition) result in decreases in the loss-recovery component. These subsequent changes to the loss-recovery component are accounted for in the same manner as the initial recognition of the loss-recovery component. Increases in fulfilment cash flows of the loss component that are not covered by the reinsurance contract do not impact the loss-recovery component.

At the reporting date the amount of the loss-recovery component cannot exceed the amount of the loss component, of the onerous group of insurance contracts, expected to be recovered from the reinsurer. Any excess results in a reversal of previously recognised gains in the recovery from reinsurers with a corresponding adjustment to the loss-recovery component.

Insurance acquisition cash flows

General measurement model and variable fee approach

Insurance acquisition expenses are measured as the net amount of expenses incurred less the recovery or reversal of commission expenses. The Group identifies insurance acquisition expenses per portfolio of insurance contracts.

Insurance acquisition expenses are allocated to groups of insurance contracts that contain the initial insurance contracts as well as groups of insurance contracts that might contain renewal of the initial insurance contracts. At every reporting date the Group assesses the allocation of insurance acquisition expenses to groups of insurance contracts that might contain renewals of the initial insurance contracts. This ensures that the allocation between groups that contain the initial contracts and groups that might contain the renewal insurance contracts remain appropriate.

Insurance acquisition expenses incurred or paid before the recognition of the group of insurance contracts (including insurance acquisition expenses allocated to groups of insurance contracts that might contain renewals of initial insurance contracts) are recognised as insurance acquisition cost assets. Once the group(s) of insurance contracts have been recognised, the insurance acquisition cost assets are derecognised and included in the measurement of the group(s) of insurance contracts.

The Group incurs insurance acquisition expenses to obtain, underwrite and issue insurance contracts to policyholders. Insurance acquisition expenses, among other items, are recovered through premiums received from policyholders. The Group recognises insurance service revenue and equal amounts of insurance service expenses to indicate the recovery of insurance acquisition cash flows. This is done by allocating the portion of the premiums that recover insurance acquisition expenses, to financial periods on a straight-line basis based on the passage of time.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.10 Life and non-life insurance and investment contracts continued

Insurance service revenue

Insurance service revenue is the consideration that the Group expects to be entitled to, for rendering insurance contracts services during the financial period.

For insurance contracts measured under the general measurement model and the variable fee approach, insurance service revenue consists of consideration for expected expenses incurred in the period to provide insurance contract services to policyholders, releases of the risk adjustment for non-financial risks associated with services rendered, recovery of insurance acquisition cash flows, income tax expenses recovered from policyholders and release of profit from the CSM.

For insurance contracts measured under the premium allocation approach, the Group recognises insurance service revenue either over the coverage period of the group of insurance contracts or based on the expected pattern of insurance service expenses. The expected recognition pattern of insurance service expenses is used if the passage of the coverage period is not a true indication of services rendered to date.

For credit life insurance products, the Group recognises insurance service revenue based on the passage of time. The Group recognises insurance service revenue for health insurance contracts issued in the MMA segment over the expected recognition pattern of insurance service expenses. Guardrisk Insure, Guardrisk Life and Momentum Insure uses the passage of time to recognise insurance service revenue on groups of insurance contracts measured under the premium allocation approach.

Insurance service expenses

Fulfilment cash flows are expensed when incurred and presented under insurance service expenses on the income statement. Insurance service expenses include, among others, allocated insurance acquisition cash flows, policy administration and maintenance expenses, claims expenses (including adjustments for past service), investment management expenses and overhead expenses attributable to the provision of insurance services. The recognition of losses and adjustments to previously recognised losses from onerous groups of insurance contracts are included in insurance service expenses on the income statement. Taxes which are directly recovered from policyholder benefits are included as fulfilment cash flows, but are presented as part of income tax expenses on the face of income statement. The remainder of incurred expenses are presented on the income statement.

Insurance and reinsurance finance income and expense

Insurance finance income and expenses and reinsurance finance income and expenses are presented separately on the face of the income statement. The Group does not present a portion of insurance finance income and expenses in other comprehensive income.

For insurance contracts and reinsurance contracts, the Group makes use of forward interest rates obtained from risk-free yield curves, to determine the insurance finance income and expense for the unwind of the time value of money discount. In instances or jurisdictions where reliable market information is not available, the Group makes use of a stable risk-free interest rate as appropriate.

General measurement model

The unwind of the time value of money adjustment on fulfilment cash flows and the impact of changes in the discount rate and financial risks are included in insurance finance income and expenses. The accretion of interest to the contractual service margin (at interest rates determined at initial recognition of the group of contracts) are included in insurance finance income and expenses.

Variable fee approach

Changes in the amount due to the policyholder and the Group's share in the fair value of the underlying items, due to changes in the fair value of the underlying items are accounted for insurance finance income and expenses.

Premium allocation approach

In instances where the Group discounts fulfilment cash flows for insurance contracts issued and reinsurance contracts held for the impact of time value of money and financial risks, the unwind of the discount effect is included in insurance finance income and expenses.

Allocation of reinsurance premiums ceded

For groups of reinsurance contracts held measured under the general measurement model, the reinsurance premiums are expensed in the allocation of reinsurance premiums on the face of the income statement based on reinsurance recoveries expected in the reporting period, releases of the risk adjustment for non-financial risk and amortisation of the contractual service margin.

For groups of reinsurance contracts held measured under the premium allocation approach, the reinsurance premiums are expensed over the coverage period of the group of reinsurance contracts. The expected pattern of reinsurance recoveries is used if the passage of coverage period is not a true indication of the services received to date.

For credit life insurance products, the Group expenses reinsurance premiums based on the passage of time. Guardrisk Insure, Guardrisk Life and Momentum Insure uses the passage of time to allocate reinsurance premiums over the coverage period for groups of reinsurance contracts held measured in terms of the premium allocation approach.

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.10 Life and non-life insurance and investment contracts continued

Reinsurance commissions and recovery of claims incurred from reinsurers

Recoveries from reinsurers are recognised as assets for incurred claims, when the recovery of the claim has been incurred. Assets for incurred claims are measured at the present value of expected cash flows, taking into account the terms and conditions of the reinsurance treaty. The measurement of the asset for incurred claims includes a risk adjustment for non-financial risk ceded to the reinsurer. Recoveries from reinsurers are disclosed separately on the face of the income statement.

Reinsurance commission that is contingent on claims on the underlying contracts is accounted for as part of the claims that are expected to be reimbursed under the reinsurance contract held. Reinsurance commission that is not contingent on claims of the underlying contracts and is settled on a net basis with premiums ceded, is accounted for as a reduction in the premiums to be paid to the reinsurer.

The Group considers terms and conditions of reinsurance contracts regarding all forms of cash flows between the reinsurer and whether the Group renders a service to the reinsurer to identify an investment component. If in every scenario an amount is required to be repaid to the cedant an investment component is viewed to be present. Non-distinct investment components are measured at the amounts expected to be repaid by reinsurers.

In-substance reinsurance contracts held

The terms and conditions of the in-substance reinsurance contracts indicated that the contract boundary of these in-substance contracts include expected cash flows within a one-year period. The cell management fee may be renewed on an annual basis. The substantive right of the Group to receive reinsurance contract services is therefore limited to a 12-month period. The contract boundary includes cash flows linked to substantive rights and obligations until the next fee renewal date. The terms and conditions allow either the Group or the third-party cell owner to end the agreement with 12-months' notice. As a result, the Group accounts for the in-substance reinsurance contracts held in terms of the premium allocation approach.

Amounts due/received from the cell owner for the issue of ordinary or preference shares, are accounted for as amounts due to the third-party cell owner in the asset for remaining coverage. Repurchase of issued shares reduces amounts due to the third-party cell owner. The subscription amounts do not affect profit or loss before tax, except for the accretion of insurance finance income and expenses. When subscription amounts attract interest because of investment returns earned on underlying investments, the interest that accrues to the cell owner is accounted for as reinsurance finance income and expenses.

Profits or losses accumulate in the reinsurance asset for remaining coverage through the notional, gross transactions. The cash flows regarding dividends or capital (a net position) settle the rights and obligations created by the in-substance reinsurance contract.

Insurance premiums due or received on underlying insurance contracts are expensed as reinsurance premiums ceded, over the coverage period. In the instances where third-party reinsurance arrangements are in place or where the cell owner retains insurance risk, reinsurance premiums ceded are reduced appropriately. The in-substance reinsurance contract held assumes that claims and benefits incurred on underlying insurance contracts are recovered from the reinsurer.

The recognition of insurance service expenses for incurred claims and benefits should result in the recognition of an asset for incurred claims and recoveries from the reinsurer. If a portion of the insurance risk is retained by the Group or placed with a third-party reinsurer the amount of the asset for incurred claims and recoveries from the reinsurer is reduced appropriately.

Amounts earned by the Group that are contingent on claims are accounted for as part of recoveries from the reinsurer. Amounts earned by the Group that are not contingent on claims are accounted for as a reduction in reinsurance premiums ceded and expensed in the income statement. Examples of such amounts are fees and recoveries of expenses and income tax charges incurred.

The settlement mechanism results in a transfer of the asset for incurred claims to the asset for remaining coverage at each reporting date. Fulfilment cash flows include the impact of possible non-performance by the third-party cell owner.

Investment returns earned on investments held in third-party cell captive arrangements that are due to the cell owner, are disclosed separately on the face of the income statement in the net insurance and investment results.

The in-substance reinsurance contracts held are disclosed as reinsurance contracts held on the income statement, the statement of financial position and the notes to the financial statements. In note 9.1, the share subscription amounts and accumulated profits or losses are presented as capital balances and transactions with third-party cell owners.

Miscellaneous items

Cash-back benefits

Cash-back benefits are additional policyholder benefits included in insurance contracts. The cash-back payment is made to qualifying policyholders at the end of the cash-back benefit cycle. The Group accounts for the expected cash-back benefit payment by recognising a liability for incurred claims and a corresponding insurance service expense over the cash-back benefit cycle. The liability for incurred claims and insurance service expense is recognised when the underlying insurance contract is recognised or when the cash-back benefit feature is added to an existing insurance contract.

The liability for incurred claims for cash-back benefits includes the present value of expected fulfilment cash flows and a risk adjustment for non-financial risk included in the expected cash flows. The expected fulfilment cash flows are a probability-weighted average of possible cash flow scenarios.

At every reporting date and the settlement date, the Group adjusts the liability for incurred claims and insurance service expenses with the present value of changes in the expected cash-back benefit payment and the risk adjustment. The unwind of the discount to expected cash-back benefit cash flows is recognised in the insurance service finance income and expenses. The settlement of the actual cash-back benefit payment reduces the liability for incurred claims. The liability for incurred claims is derecognised when the cash-back benefit obligation is settled in full or if the policyholder forfeits the expected cash-back benefit payment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.10 Life and non-life insurance and investment contracts continued

Miscellaneous items continued

Cash-back benefits continued

The Group applied judgement in concluding that the inclusion of the cash-back benefit in an insurance contract does not affect the contract boundary of the insurance contract as the coverage period of the insurance contract is not affected by the cash-back benefit feature. The Group applied judgement in concluding that the cash-back benefit is a policyholder benefit and not a return of premiums, as the cash-back benefit feature is an optional benefit that can be selected by the policyholder at an additional premium and payment of the cash-back benefit payment is partially dependent on whether the policyholder submitted a claim for an insured event.

The measurement of the liability for incurred claims and the insurance service expenses includes assumptions regarding policy lapse rates and frequency of claims.

Variances between estimated and actual premium cash flows

In the accounting policy reference to "premium variance" includes variances on premiums and related cash flows, such as commission expenses. Per group of insurance contracts, the premium variances relate in total to either future services or past services.

Premium variances on insurance contracts with a coverage period of 12 months or less relate to current or past insurance contract services and are accounted for in insurance service revenue when the variances take place.

Premium variances on insurance contracts with long coverage periods relate primarily to future insurance contract services and are included in the contractual service margin or allocated to the loss component of the group of insurance contracts.

The Group performs an assessment of whether pre-funding of insurance obligations exist for specific portfolios of insurance contracts to assist in determining whether premium variances are applicable to current service or future service. This assessment is performed on an annual basis.

For insurance contracts measured under the variable fee approach, where premiums received are invested in underlying assets backing the insurance contract, the premium variances relate to current or past insurance contract services provided and are accounted for in the obligation to pay the policyholder an amount equal to the fair value of the underlying items. Premium variances on premiums that collect fees and charges from policyholders are accounted for in the contractual service margin or the loss component of the group of insurance contracts. Changes in the Group's variable fee caused by the premium variance, should be accounted for in the CSM and released to insurance service revenue over the coverage period.

Profitable premium variances increase the contractual service margin or reduce the loss component of the liability for remaining coverage, by reversing onerous losses previously recognised in insurance service expenses. Loss-making premium variances reduce the contractual service margin or increase the loss component of the liability for remaining coverage by increasing onerous losses previously recognised in insurance service expenses.

For insurance contracts measured under the premium allocation approach, insurance service revenue is based on the expected amount of premium receipts over the coverage period. At every reporting date the estimate is adjusted for premium variances to ensure that total insurance service revenue equates to the premiums received.

Premium variances on insurance contracts managed on a bordereaux-basis are accounted for as part of insurance service expenses.

Accounting for insurance contracts, investment contracts with discretionary participation features or reinsurance contracts held acquired through a business combination or a transfer of a portfolio of contracts

The acquired contracts are allocated into portfolios and groups of as if the contracts were issued by the group of companies on the acquisition date. The allocation of contracts into groups of contracts makes use of facts and circumstances on the acquisition date, regardless of when the contracts were issued or entered originally. The premium allocation approach and variable fee approach eligibility assessments are performed considering the facts and circumstances on the acquisition date.

General measurement model and variable fee approach
On the acquisition date the Group determines the remaining fulfilment cash flows of the acquired group of contracts. The consideration received/receivable or paid/payable for the specific group of contracts are added to the remaining fulfilment cash flows to calculate the contractual service margin or loss component on the acquisition date. The inclusion of the consideration received or paid ensures that the contractual service margin or loss component reflects the total, estimated economic impact of the acquisition of the group of contracts.

If the group of insurance contracts, investment contracts with discretionary participation features or reinsurance contracts held were acquired in a business combination, the fair value of the respective group of contracts is used as the consideration paid or received.

An onerous loss recognised on the acquisition of an onerous group of contracts is accounted for as an increase in goodwill or decrease in the gain on bargain purchase on a business combination. The loss component is a ring-fended part of the existing liability for remaining coverage. A contractual service margin recognised on the acquisition of the group of contracts will be recognised into insurance service revenue over the coverage period.

If the acquisition of a group of contracts is not a business combination, a loss component recognised at the acquisition date is accounted for in insurance service expenses. The loss component is a ring-fenced part of the liability for remaining coverage and is not recognised as an additional liability.

Premium allocation approach
The consideration received or paid for the group of contracts is accounted for as the balance of the liability for remaining coverage on the acquisition date. The consideration received is recognised in insurance service revenue in the same manner as expected premium inflows. The consideration paid is recognised as insurance acquisition cash flows and accounted for according to the accounting policy for insurance acquisition cash flows.

If the group of contracts is onerous at the acquisition date (as a result of the consideration paid or otherwise), the onerous loss is recognised in insurance service expenses and a loss component is recognised in the liability for remaining coverage. If the acquisition of the group of contracts was a business combination, the onerous loss is accounted for in goodwill or gain on a bargain purchase.

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.10 Life and non-life insurance and investment contracts continued

Miscellaneous items continued

Accounting for insurance contracts, investment contracts with discretionary participation features or reinsurance contracts held acquired through a business combination or a transfer of a portfolio of contracts continued

Reinsurance contracts held
If a group of acquired insurance contracts or investment contracts with discretionary participation features are onerous at the acquisition date, the loss-recovery component in the acquired asset of remaining coverage is calculated as the amount of the loss component times the expected recovery percentage. If the group of contracts were acquired in a business combination the amount of the loss-recovery component is accounted for in goodwill or a gain on bargain purchase. If the group of contracts were not acquired in a business combination, the amount of the loss-recovery component is accounted for in profit or loss.

Insurance acquisition cash flows
In the instance where the acquiree incurred insurance acquisition cash flows prior to the acquisition date and the cash flows are directly attributable to the portfolio of insurance contracts acquired, the Group recognises an insurance acquisition cash flows asset at fair value for the right to obtain future insurance contracts that are renewals of contracts acquired at the acquisition date and for the right to obtain future, newly issued insurance contracts. Last mentioned right is restricted to the extent that the Group is not required to incur further insurance acquisition cash flows to obtain the mentioned future insurance contracts.

Intercompany fees

Various entities within the Group assist in the fulfilling of the obligations under insurance contracts or investment contracts with discretionary participation features. These companies provide a range of services including investment management services, administration service, collection services, rental or information technology support. The costs underlying these services are charged to the issuer of the mentioned contracts through an intercompany fee.

The measurement of fulfilment cash flows in the separate financial statements of the issuer of the contracts includes the intercompany fee charged by the service provider. The measurement of the fulfilment cash flows in the consolidated financial statements of the Group, that includes both the issuer of the contracts and the service provider also includes the intercompany fee charged by the service provider. The treatment involves management judgement in concluding that the intercompany fees materially approximate the fulfilment cash flows from the perspective of the service provider.

Own equity instruments

The Group holds own equity instruments to back insurance contracts, measured under the variable fee approach, and investment contracts. Where the investment returns on the own equity instruments impact policyholder benefits, the Group accounts for own equity instruments as financial assets at fair value through profit or loss, dividend income on these instruments in investment income and fair value gains or losses on these instruments in net realised and unrealised fair value gains.

Value added tax

Insurance service revenue and claims included in insurance service expenses do not include VAT. Other insurance service expenses include input VAT amounts not recoverable from revenue authorities.

Through non-life insurance businesses, the Group collects output VAT in premiums and reinsurance recoveries on behalf of revenue authorities and recovers input VAT in claim payments, expenses and amounts due to reinsurers, from revenue authorities.

VAT to be collected by Momentum Insure and Guardrisk Insure as part of premiums and reinsurance recoveries and to be paid as part of claims and reinsurance premiums are included in the measurement of insurance contract assets and liabilities and reinsurance contract assets and liabilities. This ensures that the amounts due are reflected at VAT inclusive amounts as appropriate.

Contingency policies

Contingency policies issued by Guardrisk Insurance are accounted for as insurance contracts. Policyholders' share in the profits of the contingency policies are accounted for as non-distinct investment components. When insurance claims covered by reinsurance contracts are incurred, an insurance service expense equal to the amount recoverable from the reinsurer is recognised, with the balance of the incurred insurance claim being recovered from the non-distinct investment component. In other instances, incurred claims are recovered from the non-distinct investment component.

Deferred revenue liability

A deferred revenue liability is recognised in respect of fees paid at inception of the contract by the policyholder that are directly attributable to a contract. The deferred revenue liability is then released to revenue as the investment management services are provided over the expected duration of the contract, as a constant percentage of expected gross profit margins (including investment income) arising from the contract. The pattern of expected profit margins is based on historical and expected future experience and is updated at the end of each accounting period. The resulting change to the carrying amount of the deferred revenue liability is recognised in revenue and falls within the scope of IFRS 15.

Deferred acquisition costs (DAC)

Refer to the intangible assets section of the accounting policies.

Amounts received and claims incurred

Premiums received under investment contracts are recorded as deposits to investment contract liabilities and claims incurred are recorded as deductions from investment contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.10 Life and non-life insurance and investment contracts continued

Non-life insurance contracts

Premiums

Non-life insurance premiums are accounted for when received, net of a provision for unearned premiums relating to risk periods that have not yet expired.

Claims

Claims incurred consist of claims and (un)allocated claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. Outstanding claims comprise provisions for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date, whether reported or not. Estimates are calculated based on the most recent cost experience of similar claims and include an appropriate risk margin for unexpected variances between the actual cost and the estimate. Where applicable, deductions are made for salvage and other recoveries.

Unearned premium provision

The provision for unearned premiums represents the proportion of the premiums written during the reporting period in question that relate to unexpired risk periods, computed separately for each insurance contract.

Liability adequacy test

A liability adequacy test is performed annually for the gross liability recognised for insurance contracts and an additional unexpired risk provision is recognised for any deficiencies arising when unearned premiums are insufficient to meet expected future claims and expenses over the unexpired risk period. The expected claims are calculated having regard to events that have occurred prior to the reporting date.

Deferred acquisition costs (DAC)

Acquisition costs comprise all costs arising from the inception of insurance contracts and these are expensed as and when incurred. Deferred acquisition costs represent the portion of acquisition costs (i.e. commission) which is deferred and amortised over the term of the contracts as the related services are rendered and revenue recognised.

Outstanding insurance contract claims

Provision is made using prescribed methods set out below:

- for claims notified but not settled at the reporting date, using case estimates determined on a claim-by-claim basis.
- for IBNR claims at the reporting date, using generally accepted actuarial techniques.

Reinsurance recoveries

Reinsurance recoveries are accounted for in the same period as the related claim.

Cashback provisions

Certain insurance contracts offer cashback rewards to policyholders upon the fulfilment of predetermined criteria. A provision is made for such cashback rewards based on the premium accrued by each policyholder at the reporting date, taking into account the necessary decrements and, where applicable, the impact of future investment returns.

44.11 Financial liabilities

Recognition and measurement

The Group classifies its financial liabilities into the following categories:

- Financial liabilities at FVPL.
- Financial liabilities at amortised cost.

The classification depends on the purpose for which the financial liabilities were acquired. Management determines the classification of its financial liabilities at initial recognition.

- **Financial liabilities at FVPL**
  This category has two subcategories: financial liabilities held for trading and those designated at FVPL at inception.

  A financial liability is classified as held for trading at inception if it is acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading. Derivatives held for trading are classified as mandatorily at FVPL.

  Financial liabilities are designated as at FVPL at inception if they are:

  - eliminating or significantly reducing an accounting mismatch that would otherwise arise from measuring assets and liabilities or recognising the gains and losses on them on different bases; or
  - managed, with their performance being evaluated on a fair value basis; or
  - a financial instrument that includes a significant embedded derivative that clearly requires bifurcation.

  A financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.11 Financial liabilities continued

Recognition and measurement continued

- **Financial liabilities at FVPL** continued
  Issues and settlements of financial liabilities are recognised on trade date, being the date on which the Group commits to issuing or settling the financial liabilities.

  The fair value of financial liabilities quoted in active markets is based on current market prices. Alternatively, where an active market does not exist, fair value is derived from cash flow models or other appropriate valuation models allowing for the Group's own credit risk. These include the use of arm's length transactions, DCF analysis, option pricing models and other valuation techniques commonly used by market participants, making maximum use of market input and relying as little as possible on entity-specific input.

  Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

  Financial liabilities, such as callable notes which are listed on the JSE interest rate market, *carry positions* (refer below) and CIS liabilities (representing the units in CISs where the Group consolidates the CISs and is required to disclose the value of the units not held by the Group as liabilities) are managed, with their performance being evaluated on a fair value basis and designated at FVPL. These financial liabilities are recognised initially at fair value, with transaction costs being expensed in the income statement, and are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the value of financial liabilities at FVPL are included in the income statement in the period in which they arise. Changes in the fair value of the financial liability that relates to changes in own credit risk is recognised in other comprehensive income if it does not create an accounting mismatch. Interest on the callable notes and carry positions are disclosed separately as finance costs using the *effective interest rate method*.

  Carry positions

  Carry positions consist of sale and repurchase of assets agreements. These agreements contain the following instruments:

  - Repurchase agreements: financial liabilities consisting of financial instruments sold with an agreement to repurchase these instruments at a fixed price at a later date. These financial liabilities are classified as financial liabilities at FVPL.
  - Reverse repurchase agreements: financial assets consisting of financial instruments purchased with an agreement to sell these instruments at a fixed price at a later date. These financial assets are classified as financial instruments at FVPL.

  Where financial instruments are sold subject to a commitment to repurchase them, the financial instrument is not derecognised and remains in the statement of financial position and is valued according to the Group's accounting policy relevant to that category of financial instrument. The proceeds received are recorded as a liability *(carry positions)* carried at fair value where they are managed on a fair value basis.

  Conversely, where the Group purchases financial instruments subject to a commitment to resell these at a future date and the risk of ownership does not pass to the Group, the consideration paid is included under financial assets carried at fair value where they are managed on a fair value basis.

  The difference between the sale and repurchase price is treated as finance cost and is accrued over the life of the agreement using the *effective interest rate method.*

- **Financial liabilities at amortised cost**
  Financial liabilities that are neither held for trading nor at fair value are measured at amortised cost. Financial liabilities at amortised cost are recognised initially at fair value. These financial liabilities are then subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the liability using the *effective interest rate method.*

  Convertible redeemable preference shares and convertible bonds
  Compound financial instruments issued by the Group comprise convertible preference shares that can be converted to ordinary share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. At initial recognition, the fair value of the liability component of the convertible redeemable preference shares is determined by discounting the net present value of future cash flows, net of transaction costs, at market rate at inception for a similar instrument without the conversion option. This amount is recorded as a liability on the amortised cost basis, using the effective interest rate method, until extinguished on conversion of the preference shares. The remainder of the proceeds is allocated to the conversion option, which is recognised and included in shareholder equity. The value of the equity component is not changed in subsequent periods. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. The dividends on these preference shares are recognised in the income statement in finance costs.

  Other payables
  Other payables are initially carried at fair value and subsequently at amortised cost using the *effective interest rate method.*

  Derecognition of financial liabilities

  A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing financial liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement. Changes in own credit risk allocated to other comprehensive income is not recognised in the income statement when derecognised, but rather transferred within equity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.12 Deferred income tax

Measurement

Deferred income tax is provided for in full, at current tax rates and in terms of laws substantively enacted at the reporting date in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using the liability method. However, if the deferred income 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, it is not accounted for. Deferred tax assets, including tax on capital gains, are recognised for tax losses and unused tax credits and are carried forward only to the extent that realisation of the related future tax benefit is probable. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In respect of temporary differences arising from the fair value adjustments on investment properties, deferred taxation is provided at the capital gains effective rate, as it is assumed that the carrying amount will be recovered through sale.

Offsetting

Deferred tax assets and liabilities are set off when the income tax relates to the same fiscal authority and where there is a legal right of offset at settlement in the same taxable entity.

44.13 Current taxation

Measurement

Current tax is provided for at the amount expected to be paid, using the tax rates and in respect of laws that have been substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Individual policyholder tax and corporate policyholder tax is included in tax on contract holder funds in the income statement.

Offsetting

Current tax assets and liabilities are set off when a legally enforceable right exists and it is the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Dividend withholding tax (DWT)

DWT is levied on the shareholders (or beneficial owners) receiving the dividend, unless they are exempt in terms of the amended 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 tax authorities by the company paying the dividend or by a regulated intermediary and not by the beneficial owner of the dividend. Where a non-exempt Group company is a beneficial owner of the dividend, the DWT is recorded as an expense in the income statement when the dividend income is earned.

44.14 Indirect taxation

Indirect taxes include various other taxes paid to central and local governments, including value added tax (amount that cannot be claimed) and regional service levies. Indirect taxes are disclosed as part of operating expenses in the income statement.

44.15 Provisions

Provisions are recognised when, as a result of past events, the Group has a present legal or constructive obligation of uncertain timing or amount, 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.

Provisions are measured as the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date. The pre-tax discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance costs.

44.16 Contingent liabilities

Contingent liabilities are reflected when the Group has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or it is possible but not probable that an outflow of resources will be required to settle a present obligation, or the amount of the obligation cannot be measured with sufficient reliability.

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.17 Employee benefits

Pension and provident fund obligations

The Group provides defined benefit pension schemes as well as defined contribution pension and provident schemes. The schemes are funded through payments to trustee-administered funds, determined by periodic actuarial calculations.

Post-retirement medical aid obligations

The Group provides a subsidy in respect of medical aid contributions on behalf of qualifying employees and retired personnel. An employee benefit obligation is recognised for these expected future medical aid contributions. This obligation is calculated using the projected unit credit method, actuarial methodologies for the discounted value of contributions and a best estimate of the expected long-term rate of investment return, as well as taking into account estimated contribution increases. The entitlement to these benefits is based on the employees remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment. The actuarial gains and losses are recognised as they arise. The increase or decrease in the employee benefit obligation for these costs is charged to other comprehensive income.

Short-term benefits

Short-term benefits consist of salaries, accumulated leave payments, bonuses and other benefits such as medical aid contributions. These obligations are measured on an undiscounted basis and are expensed as the service is provided. A liability is recognised for the amount to be paid under bonus plans or accumulated leave if the Group has a present or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based compensation

The Group operates equity-settled and cash-settled share-based compensation plans.

Equity-settled compensation plans

The fair value of the employee services received in exchange for the grant of the holding company shares is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted at grant date, excluding the impact of any non-market-related vesting conditions. Market and non-vesting conditions are reflected in the fair value at grant date. Non-market-related vesting conditions, such as the resignation of employees and retrenchment of staff, are included in assumptions regarding the number of shares expected to vest, which are revised at every reporting date. The impact of the revision of original estimates, if any, is recognised in the income statement, and a corresponding adjustment is made to equity. The vesting of units are accelerated by the entity in the event that the employee dies, is retrenched or retires. Any remaining element of the fair value of the award is expensed immediately through profit or loss. Where an employee resigns any unvested units are forfeited by the employee.

The fair value of equity instruments granted is determined by using standard option pricing models. The valuation technique is consistent with generally accepted valuation methodologies for pricing financial instruments, and incorporates all factors and assumptions that knowledgeable, willing market participants would consider in setting the price of the equity instrument.

Cash-settled compensation plans

The Group recognises the value of the services received (expense), and the liability to pay for those services, as the employees render service. The liability is measured, initially, and at each reporting date until settled, at the fair value appropriate to the scheme, taking into account the terms and conditions on which the rights were granted, and the extent to which the employees have rendered service to date, excluding the impact of any non-market-related vesting conditions. Non-market-related vesting conditions are included in the assumptions regarding the number of units expected to vest. These assumptions are revised at every reporting date. The impact of the revision of original estimates, if any, is recognised in the income statement, and a corresponding adjustment is made to the liability.

44.18 Assets and liabilities relating to disposal groups held for sale

Assets, liabilities or disposal group are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This classification is only met if the sale is highly probable and the assets, liabilities or disposal groups are available for immediate sale.

In light of the Group’s primary business being the provision of insurance and investment products, non-current assets held as investments for the benefit of policyholders are not classified as held for sale as the ongoing investment management implies regular purchases and sales in the ordinary course of business.

Immediately before classification as held for sale, the measurement (carrying amount) of assets and liabilities in relation to a disposal group is recognised based upon the appropriate IFRS standards. On initial recognition as held for sale, the assets and liabilities are recognised at the lower of the carrying amount and fair value less costs to sell.

Any impairment losses on initial classification to held for sale are recognised in the income statement.

The assets, liabilities or disposal groups held for sale will be reclassified immediately when there is a change in intention to sell. Subsequent measurement of the asset, liability or disposal group at that date will be the lower of:

- its carrying amount before the asset, liability or disposal group was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset, liability or disposal group not been classified as held for sale; and
- its recoverable amount at the date of the subsequent decision not to sell.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.19 Share capital

Share capital is classified as equity where the Group has no obligation to deliver cash or other assets to shareholders. Ordinary shares with discretionary dividends are classified as equity. Preference shares issued by the Group are classified as equity when there is no obligation to transfer cash or other assets to the preference shareholders. The dividends on these preference shares are recognised in the statement of changes in equity. For compound instruments, e.g. convertible redeemable preference shares, the component representing the value of the conversion option at the time of issue is included in equity.

Issue costs

Incremental external costs directly attributable to the issue of new shares are recognised in equity as a deduction, net of tax, from the proceeds. All other share issue costs are expensed.

Treasury shares

Treasury shares are equity share capital of the holding company held by subsidiaries, consolidated CISs and share trusts, irrespective of whether they are held in shareholder or contract holder portfolios. The consideration paid, including any directly attributable costs, is eliminated from shareholder equity on consolidation until the shares are cancelled or reissued. If reissued, the difference between the carrying amount and the consideration received for the shares, net of attributable incremental transaction costs and the related income tax effects, is included in share premium.

44.20 Dividends declared

Dividends declared to shareholders of the Company are recognised on declaration date.

44.21 Puttable non-controlling interests

Puttable non-controlling interests represent put options granted to non-controlling interests of subsidiaries, entitling the non-controlling interests to dispose of their interest in the subsidiaries to the Group at contracted dates.

Recognition and measurement

A financial liability at FVPL is recognised, being the present value of the estimated purchase price value discounted from the expected option exercise date to the reporting date. In raising this liability, the non-controlling interest is derecognised and the excess of the liability is debited to retained earnings.

The estimated purchase price is reconsidered at each reporting date and any change in the value of the liability is recorded in net realised and unrealised fair value gains in the income statement. Interest in respect of this liability is calculated using the *effective interest rate method* and recorded within finance costs.

44.22 Income recognition

Income comprises the fair value of services, net of value added tax, after eliminating income from within the Group. Income is recognised as follows:

44.22.1 Fee income

Contract administration

Fees charged for investment management services provided in conjunction with an investment contract are recognised as income as the services are provided over the expected duration of the contract, as a constant percentage of expected gross profit margins; or as a constant percentage of assets under management; or as a fixed fee. Initial fees that exceed the level of recurring fees and relate to the future provision of services are deferred and released on a straight-line basis over the lives of the contracts.

Trust and fiduciary fees received

Fees received from asset management, retirement fund administration and other related administration services offered by the Group are recognised in the accounting period in which the services are rendered. Services are rendered over the expected duration of the contract, except for performance fees which are recognised at a point in time when the performance obligations are met. Where initial fees are received, these are deferred and recognised over the average period of the contract. This period is reassessed annually.

Health administration fee income

Fees received from the administration of health schemes are recognised in the accounting period in which the services are rendered. Services are rendered over the expected duration of the contract.

Cell captive commission

Cell captive fee income includes management fees, which relates to the managing of the cell. Management fees are negotiated with each cell shareholder and are generally calculated as a percentage of premiums received and/or as a percentage of assets. Income is brought to account on the effective commencement or renewal dates of the policies and la recognised over the duration of the contract. A portion of the income is deferred to cover the expected servicing costs, together with a reasonable profit thereon and is recognised as a liability. The deferred Income is brought to account over the servicing period on a consistent basis reflecting the pattern of servicing activities.

Other fee income

Administration fees received and multiply fee income are recognised as the service is rendered. Services are rendered over the expected duration of the contract.

Other fees received include scrip lendings fees (which are based on rates determined per contract) and policy administration fees that are also recognised as the service is rendered. Scrip lending fees are recognised over the duration of the contract. Policy administration services are rendered either at a point in time or over the duration of the contract depending on when the performance obligations are met.

44 MATERIAL GROUP ACCOUNTING POLICIES CONTINUED

44.22 Income recognition continued

44.22.2 Investment income

Interest income

Interest income is recognised in the income statement, using the *effective interest rate method* and taking into account the expected timing and amount of cash flows. Interest income includes the amortisation of any discounts or premiums or other difference between the initial carrying amount of an interest-bearing instrument and its amount at maturity, calculated on the *effective interest rate method*.

Dividend income

Dividends received are recognised when the right to receive payment is established. Where it is declared out of retained earnings, dividend income includes scrip dividends received, irrespective of whether shares or cash is elected. Dividend income is not recognised when shares of the investee are received and the shareholders receive a pro rata number of shares, there is no change in economic interest of any investor and there is no economic benefit associated with the transaction.

Rental income

Rental income from operating leases is recognised on the straight-line method over the term of the rental agreement.

44.23 Expense recognition

44.23.1 Finance costs

Finance costs incurred on qualifying property assets are capitalised until such time as the assets are substantially ready for their intended use. Qualifying assets are those that necessarily take a substantial period of time to get ready for their intended use. Capitalisation is ceased when substantially all activities necessary to prepare the asset for intended use or sale are complete. All other finance costs are recognised in the income statement, using the effective interest rate method, and taking into account the expected timing and amount of cash flows.

Finance costs include the amortisation of any discounts or premiums or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity, calculated on the *effective interest rate method*.

44.24 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Group Executive Committee that makes strategic decisions. Refer to segmental report for more details.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

45 RESTATEMENTS

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

		Other restatements									
Statement of financial position	Before restatement Rm	Unsettled trades[1] Rm	Cost of carry positions[2] Rm	Derivative financial assets and liabilities[3] Rm	Consolidated fund flows[4] Rm	IFRS 9 valuation of liability[5] Rm	Consolidation[6] Rm	Margin call accounts[7] Rm	Interest received[8] Rm	IFRS 17 transition[9] Rm	After restatement Rm
as at 30 June 2023											
Intangible assets	7 976	–	–	–	–	–	–	–	–	(3 158)	4 818
Owner-occupied properties	3 049	–	–	–	–	–	–	–	–	–	3 049
Fixed assets	478	–	–	–	–	–	–	–	–	–	478
Investment properties	8 825	–	–	–	–	–	–	–	–	–	8 825
Properties under development	172	–	–	–	–	–	–	–	–	–	172
Investments in associates and joint ventures	1 907	–	–	–	–	–	–	–	–	(175)	1 732
Employee benefit assets	400	–	–	–	–	–	–	–	–	–	400
Financial assets at FVPL	549 397	–	–	–	–	–	(87)	2 055	–	340	551 705
Financial assets at amortised cost	9 292	(100)	–	(602)	324	–	–	–	–	185	9 099
Reinsurance contract assets	12 483	–	–	–	–	–	–	–	–	(1 670)	10 813
Deferred income tax	984	–	–	–	–	–	–	–	–	104	1 088
Insurance and other receivables	6 685	–	–	–	–	–	–	–	–	(6 685)	–
Current income tax assets	82	–	–	–	–	–	–	–	–	–	82
Non-current assets held for sale	56	–	–	–	–	–	–	–	–	–	56
Cash and cash equivalents	35 013	–	–	–	–	–	–	(2 055)	–	–	32 958
Other receivables	–	–	–	–	–	–	–	–	–	1 205	1 205
Insurance contract assets	–	–	–	–	–	–	–	–	–	9 495	9 495
Share capital	(12 828)	–	–	–	–	–	–	–	–	(364)	(13 192)
Other components of equity	(2 000)	–	–	–	–	–	–	–	–	(51)	(2 051)
Retained earnings	(11 936)	–	–	–	–	(47)	–	–	–	(1 354)	(13 337)
Non-controlling interests	(387)	–	–	–	–	–	87	–	–	10	(290)
Insurance contract liabilities	(153 631)	–	–	–	–	–	–	–	–	1 000	(152 631)
Investment contracts											
• with DPF	(3 267)	–	–	–	–	–	–	–	–	3 267	–
• designated at FVPL	(373 927)	–	–	–	–	47	–	–	–	583	(373 297)
Financial liabilities at FVPL	(44 830)	–	–	(18)	(281)	–	–	–	–	56	(45 073)
Financial liabilities at amortised cost	(3 969)	–	–	–	–	–	–	–	–	–	(3 969)
Reinsurance contract liabilities	(2 795)	–	–	–	–	–	–	–	–	(10 402)	(13 197)
Deferred income tax	(2 531)	–	–	–	–	–	–	–	–	(244)	(2 775)
Employee benefit obligations	(1 749)	–	–	–	–	–	–	–	–	–	(1 749)
Other payables	(21 397)	100	–	620	(43)	–	–	–	–	7 863	(12 857)
Provisions	(380)	–	–	–	–	–	–	–	–	(5)	(385)
Current income tax liabilities	(1 172)	–	–	–	–	–	–	–	–	–	(1 172)

1 Unsettled trade receivables and unsettled trade payables were incorrectly reported as part of the accounts receivable and other payables balances. This resulted in reclassifications between financial assets and liabilities measured at amortised cost. 30 June 2023 and 1 July 2022 have been restated accordingly.

2 The cost of carry positions were incorrectly included as interest income as opposed interest expense. Additionally, a portion of the interest paid disclosed on the Statement of cash flows was calculated incorrectly. 30 June 2023 has been restated accordingly.

3 Derivative financial assets and derivative financial liabilities were incorrectly reported as part of unsettled trade receivables and unsettled trade payables balances. This resulted in reclassifications between financial liabilities at FVPL and financial assets and financial liabilities measured at amortised cost. 30 June 2023 and 1 July 2022 have been restated accordingly.

4 Creation and liquidation flows within certain funds consolidated by the Group occurred on the last day of the 30 June 2023 financial year, however were not processed and recognised in the previous financial year. 30 June 2023 has been restated accordingly.

5 In the current year, management amended contract features on existing contracts previously classified under IFRS 9. The amendment triggered a derecognition of the liabilities under IFRS 9 and recognition of the liabilities under IFRS 17. In calculating the expected impact on the earnings, it was identified that the historic IFRS 9 liability for these contracts erroneously included a positive non-unit liability, removal of which requires restatement of the 30 June 2023 and 1 July 2022 statement of financial position as well as the 30 June 2023 income statement.

6 The requirements of IFRS 10 were reassessed resulting in an additional investment being consolidated into the Group. 30 June 2023 and 1 July 2022 have been restated accordingly.

7 The classification of the margin call accounts associated with derivative financial instruments has been reassessed. It was determined that these accounts do not meet the definition of cash and cash equivalents as per IAS 7 – Statement of cash flows. This resulted in a reclassification between cash and cash equivalents and financial assets at FVPL. 30 June 2023 and 1 July 2022 has been restated accordingly.

8 The principles used to determine interest received were reassessed. This resulted in a reclassification between interest received and cash generated from operations. 30 June 2023 has been restated.

9 Refer to note 44.1.1 for more information.

45 RESTATEMENTS CONTINUED

Statement of financial position	Before restatement Rm	Other restatements: Unsettled trades[1] Rm	Cost of carry positions[2] Rm	Derivative financial assets and liabilities[3] Rm	Consolidated fund flows[4] Rm	IFRS 9 valuation of liability[5] Rm	Consolidation[6] Rm	Margin call accounts[7] Rm	Interest received[8] Rm	IFRS 17 transition[9] Rm	After restatement Rm
as at July 2022											
Intangible assets	8 747	–	–	–	–	–	–	–	–	(3 306)	5 441
Owner-occupied properties	3 016	–	–	–	–	–	–	–	–	–	3 016
Fixed assets	478	–	–	–	–	–	–	–	–	–	478
Investment properties	9 051	–	–	–	–	–	–	–	–	–	9 051
Properties under development	162	–	–	–	–	–	–	–	–	–	162
Investments in associates and joint ventures	1 447	–	–	–	–	–	–	–	–	(199)	1 248
Employee benefit assets	460	–	–	–	–	–	–	–	–	–	460
Financial assets at FVPL	489 511	–	–	–	–	–	(87)	2 124	–	293	491 841
Financial assets at amortised cost	8 735	(149)	–	(542)	–	–	–	–	–	737	8 781
Reinsurance contract assets	14 748	–	–	–	–	–	–	–	–	642	15 390
Deferred income tax	880	–	–	–	–	–	–	–	–	73	953
Insurance and other receivables	7 799	–	–	–	–	–	–	–	–	(7 799)	–
Current income tax assets	81	–	–	–	–	–	–	–	–	–	81
Non-current assets held for sale	14	–	–	–	–	–	–	–	–	–	14
Cash and cash equivalents	28 720	–	–	–	–	–	–	(2 124)	–	–	26 596
Other receivables	–	–	–	–	–	–	–	–	–	1 324	1 324
Insurance contract assets	–	–	–	–	–	–	–	–	–	8 368	8 368
Share capital	(12 769)	–	–	–	–	–	–	–	–	(423)	(13 192)
Other components of equity	(1 409)	–	–	–	–	–	–	–	–	(74)	(1 483)
Retained earnings	(10 399)	–	–	–	–	(50)	–	–	–	(2 614)	(13 063)
Non-controlling interests	(365)	–	–	–	–	–	87	–	–	2	(276)
Insurance contract liabilities	(148 362)	–	–	–	–	–	–	–	–	1 532	(146 830)
Investment contracts											
• with DPF	(2 994)	–	–	–	–	–	–	–	–	2 994	–
• designated at FVPL	(318 615)	–	–	–	–	50	–	–	–	389	(318 176)
Financial liabilities at FVPL	(48 141)	–	–	(13)	–	–	–	–	–	42	(48 112)
Financial liabilities at amortised cost	(4 336)	–	–	–	–	–	–	–	–	–	(4 336)
Reinsurance contract liabilities	(2 299)	–	–	–	–	–	–	–	–	(9 246)	(11 545)
Deferred income tax	(2 601)	–	–	–	–	–	–	–	–	(537)	(3 138)
Employee benefit obligations	(1 438)	–	–	–	–	–	–	–	–	–	(1 438)
Other payables	(19 598)	149	–	555	–	–	–	–	–	7 804	(11 090)
Provisions	(307)	–	–	–	–	–	–	–	–	(2)	(309)
Current income tax liabilities	(216)	–	–	–	–	–	–	–	–	–	(216)

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9 Refer to note 44.1.1 for more information.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

45 RESTATEMENTS CONTINUED

Income statement	Before restatement Rm	Other restatements: Unsettled trades[1] Rm	Cost of carry positions[2] Rm	Derivative financial assets and liabilities[3] Rm	Consolidated fund flows[4] Rm	IFRS 9 valuation of liability[5] Rm	Consolidation[6] Rm	Margin call accounts[7] Rm	Interest received[8] Rm	IFRS 17 transition[9] Rm	After restatement Rm
for the year ended 30 June 2023											
Investment income											
Amortised cost	1 994	–	–	–	–	–	–	(130)	–	100	1 964
Other investment income	28 775	–	143	–	–	–	–	130	–	(159)	28 889
Fair value adjustments on investment contract liabilities	(48 657)	–	–	–	–	(4)	–	–	–	(36)	(48 697)
Other finance costs	(2 556)	–	(143)	–	–	–	–	–	–	88	(2 611)
Earnings for the year	4 426	–	–	–	–	(4)	–	–	–	(1 231)	3 191
Attributable to:											
Owners of the parent	4 333	–	–	–	–	(4)	–	–	–	(1 225)	3 104
Non-controlling interests	93	–	–	–	–	–	–	–	–	(6)	87
	4 426	–	–	–	–	(4)	–	–	–	(1 231)	3 191
Basic earnings per ordinary shares (cents)	313.3	–	–	–	–	(0.3)	–	–	–	(93.0)	220.0
Diluted earnings per ordinary shares (cents)	306.9	–	–	–	–	(0.3)	–	–	–	(90.3)	216.3
Statement of cash flows for the year ended 30 June 2023											
Cash utilised in operations	(6 928)	–	–	–	–	–	–	69	428	86	(6 345)
Interest received	19 368	–	143	–	–	–	–	–	(428)	–	19 083
Interest paid	(2 586)	–	(158)	–	–	–	–	–	–	–	(2 744)
Net proceeds from carry positions	1 344	–	15	–	–	–	–	–	–	–	1 359
Cash resources and funds on deposit at beginning	28 720	–	–	–	–	–	–	(2 124)	–	–	26 596
Cash resources and funds on deposit at end	35 013	–	–	–	–	–	–	(2 055)	–	–	32 958

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9 Refer to note 44.1.1 for more information.

46 NON-CURRENT ASSETS HELD FOR SALE

Assets and liabilities held for sale

At 30 June 2024	2024 Rm	2023 Rm
ASSETS		
Investment properties	**338**	56
Total assets	**338**	56

In the current year, the Group has entered into a sales agreement for the sale of three properties (Momentum Investments segment). The assets has therefore been classified as held for sale. The property types are industrial and other. All three properties are classified as level 3. Refer to note 5 for information on the valuation techniques and significant inputs relating to these types of properties. An increase in either the capitalisation rate, or discount rate or vacancy rate would result in the fair value of the property decreasing. A decrease in the capitalisation rate, or discount rate or vacancy rate would result in the fair value of the property increasing.

In the prior year, the Group has entered into a sales agreement for the sale of one property (Momentum Investments segment). This asset has therefore been classified as held for sale. The property is classified as level 3.

The Group's interest in the assets mentioned above have been classified as held for sale in the statement of financial position at the end of the respective period. This judgement was made based on the facts and circumstances, which existed at that date when a formal assessment was made of whether the assets should be classified as held for sale. The Group is satisfied that it meets all the criteria required in order to classify these assets as held for sale. The sale of the asset held for sale in the current year will take effect via a cash sale and is expected to occur within the next 12 months.

MOMENTUM GROUP LTD

Audited Annual Financial Statements

for the year ended 30 June 2024

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STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	2024 Rm	2023 Rm
Assets			
Interest in subsidiary companies	2	**28 629**	27 919
Financial instruments		**865**	1 052
Financial assets at fair value through profit or loss	3	**613**	494
Financial assets at amortised cost	4	**252**	558
Non-financial assets		**4**	4
Cash and cash equivalents	5	**206**	231
Total assets		**29 704**	29 206
Equity attributable to owners of the Company			
Share capital and share premium	6	**17 865**	17 601
Other components of equity	7	**126**	226
Retained earnings		**11 263**	10 448
Total equity		**29 254**	28 275
Liabilities			
Financial instruments		**23**	304
Financial liabilities at amortised cost	8.1	**–**	262
Financial guarantee contracts	8.2	**23**	42
Other payables	9	**426**	626
Current income tax liability	10.1	**1**	1
Total liabilities		**450**	931
Total equity and liabilities		**29 704**	29 206

INCOME STATEMENT

For the year ended 30 June 2024

	Notes	2024 Rm	2023 Rm
Investment income	11	**3 663**	3 605
Investment income – amortised cost		**51**	28
Investment income – other		**3 612**	3 577
Other income	13	**19**	42
Net realised and unrealised fair value gains	12	**40**	99
Net income		**3 722**	3 746
Impairment charge on loan assets and financial guarantees		**59**	16
Net Impairment charge/(reversal) on investment in subsidiaries		**8**	(3)
Other expenses	14	**82**	55
Expenses		**149**	68
Results of operations		**3 573**	3 678
Finance costs	15	**(37)**	(37)
Profit before tax		**3 536**	3 641
Income tax	10.2	**(30)**	(21)
Earnings for year attributable to owners of the Company		**3 506**	3 620

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	2024 Rm	2023 Rm
Earnings for year	**3 506**	3 620
Total comprehensive income for year attributable to owners of the Company	**3 506**	3 620

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Share capital Rm	Retained earnings Rm	Other components of equity Rm	Total attributable to owners of the Company Rm
Balance at 1 July 2022	17 601	9 753	177	27 531
Total comprehensive income	–	3 620	–	3 620
IFRS 2 extension charge	–	–	16	16
Shares repurchased	–	(1 250)	–	(1 250)
Dividends declared	–	(1 675)	–	(1 675)
Equity-settled share-based payments	–	–	33	33
Balance at 1 July 2023	**17 601**	**10 448**	**226**	**28 275**
Total comprehensive income	**–**	**3 506**	**–**	**3 506**
IFRS 2 extension charge	**–**	**–**	**12**	**12**
Shares repurchased	**–**	**(1 000)**	**–**	**(1 000)**
Dividends declared	**–**	**(1 833)**	**–**	**(1 833)**
Conversion of preference shares	**264**	**–**	**–**	**264**
Transfer to retained earnings	**–**	**142**	**(142)**	**–**
Equity-settled share-based payments	**–**	**–**	**30**	**30**
Balance at 30 June 2024	**17 865**	**11 263**	**126**	**29 254**

STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Notes	2024 Rm	2023 Rm
Cash flow from operating activities			
Cash utilised in operations	16.1	**(20)**	–
Dividends received		**3 512**	3 378
Interest received		**57**	32
Income tax paid	16.2	**–**	–
Interest paid	16.3	**(47)**	(37)
Net cash inflow from operating activities		**3 502**	3 373
Cash flow from investing activities			
Investment in subsidiary companies		**(687)**	(225)
Loans advanced by the entity to related parties		**(18)**	(16)
Loans repaid by related parties for loans issued by the entity		**–**	1
Loans repaid by related party measured at amortised costs		**258**	–
Net cash outflow from investing activities		**(447)**	(240)
Cash flow from financing activities			
Shares repurchased and cancelled		**(1 000)**	(1 250)
Loans advanced from related parties to the entity	16.4.1	**180**	1 069
Loans repaid by the entity to related parties	16.4.2	**(430)**	(1 085)
Dividends paid		**(1 830)**	(1 668)
Net cash outflow from financing activities		**(3 080)**	(2 934)
Net cash flow		**(25)**	199
Cash and cash equivalents at beginning		**231**	32
Cash and cash equivalents at end	5	**206**	231

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The basis of preparation and accounting policies of the Company are the same as that of the Group, as set out in the Group financial statements. These financial statements should be read in conjunction with the Group financial statements.

2 INTEREST IN SUBSIDIARY COMPANIES

	2024 Rm	2023 Rm
Cost less impairment[1]	**28 626**	27 916
Loans to subsidiary companies (note 40)[3]	**3**	3
	28 629	27 919
Opening balance	**27 919**	27 659
Cost of interest in subsidiaries acquired	**688**	224
Equity-settled share-based payments Investment[2]	**30**	33
Less: Impairment (expense)/reversal of investment in subsidiaries[4]	**(8)**	3
Closing balance	**28 629**	27 919

General

Details of interests in subsidiary companies are disclosed in note 40 of the Group financial statements.

[1] Additions to the cost of subsidiaries and other movements

The Company made capital injections of R582 million (2023: R225 million) into Momentum Metropolitan Strategic Investments (Pty) Ltd) (MMSI) and R105 million into Metropolitan International Holdings (Pty) Ltd (MIH). The capital injections into MMSI and MIH in the current year were fully funded through cash.

[2] Equity-settled share-based payment

Momentum Group has made available an Employee Share Ownership Plan to its employees through the iSabelo Trust. iSabelo is structured to benefit all permanent employed South African based employees to promote inclusivity.

These units are allocated on a deferred delivery basis over a seven-year period. All units need to be held for an initial period of ten years (lock in period) before they can be redeemed for Momentum Group Ltd shares. At the end of the lock in period, the iSabelo Trust will exchange the units for Momentum Group Ltd shares.

The investment in subsidiaries is as a result of the iSabelo share-based transaction, for which the Company has the responsibility to settle the amount raised in the respective subsidiaries with its own shares.

Please refer to Note 17.6 of the Group financial statements for the Share-based payment disclosures.

[3] Loans to subsidiary companies

The loans to subsidiary companies are not of a commercial nature and are therefore interest-free, with no fixed repayment terms. These loans are intended to provide the subsidiaries with a long-term source of additional capital and are disclosed as part of the investment in subsidiary. The Company can recall these loans when cash is required. The additional loans to subsidiaries that are of an operational nature are disclosed as loans to subsidiaries at amortised cost. Loans to subsidiaries are measured at amortised cost. Refer to note 4 for disclosure of loans to subsidiaries.

[4] Impairment

Investments in subsidiaries are measured at cost less accumulated impairment and are assessed for impairment when there is an indication of impairment. Investments in subsidiaries are considered impaired where the recoverable amount is below its carrying amount. The recoverable amount of a subsidiary is the higher of its value in use, reflected in the directors' value for that entity, and its fair value less cost to sell.

Where the directors' valuations were used, the valuations used cash flow projections which are based on financial budgets approved by management and the Board covering a five-year period. In 2024, the expected cash flows were discounted at a risk discount rate of 18.0% (2023: 18.25%).

Momentum Metropolitan Finance Company (Pty) Ltd (MMFC) was impaired by R9 million in the current year, Metropolitan Capital (Pty) Ltd was impaired by R1 million in the current year and Momentum Metropolitan Infrastructure & Operations (Pty) Ltd (MM I&O) had an impairment reversal of R2 million. The lower net asset value in MMFC was as a result of decrease in earnings in the current year. In the prior year, MMFC had an impairment reversal of R10 million, MM I&O was impaired by R1 million and MET Collective Investments (RF) (Pty) Ltd (MetCI) was impaired by R 6.6 million. These investments were impaired to their fair value based on their underlying net assets i.e. net asset value.

Refer to note 40 of the Group financial statements for the recoverable amounts of the investments.

3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 Rm	2023 Rm
Equity securities	**20**	18
Preference shares[1]	**593**	476
	613	494
Current	**–**	–
Non-current	**613**	494
	613	494

[1] In 2021, the Company subscribed to 402 313 redeemable preference shares for R1 per share in Momentum Metropolitan iSabelo (Pty) Ltd SPV (iSabelo) as part of a capital contribution into the Employee Share Option Programme (ESOP) Trust. The preference shares accrue interest at 120% of prime, compounded semi-annually and mature on 10 December 2027. The preference shares are unsecured however full settlement of the receivable is dependent on the value of the shares held in the trust at the time of settlement. Refer to note 17.6 of the Group financial statements for details on the ESOP transaction.

A schedule of equity securities is available for inspection at the Company's registered office.

4 FINANCIAL ASSETS AT AMORTISED COST

	2024 Rm	2023 Rm
Loans to related parties	**252**	558
Loans to subsidiary companies (note 40)	**286**	270
Less: provision for impairment on loans to subsidiary companies	**(69)**	(11)
Loans to associates	**1**	1
Preference shares	**34**	34
Empowerment partners	**–**	264
Total financial assets at amortised cost	**252**	558
Current	**251**	557
Non-current	**1**	1
	252	558

Terms and conditions of material loans

- Loans to subsidiary companies are generally interest-free, unsecured and have no repayment terms, therefore the carrying value approximates fair value.
- Preference shares:
  - Momentum Group Ltd holds class B preference shares in Eris Property Fund (Pty) Ltd (EPF). These preference shares are subject to dividends (at risk-free rate of 6.907% plus 5%) compounded semi-annually, disclosed as part of interest income. There was no interest income received in both current and prior year as the EPF shareholders were prepared to forego the rolling up of interest because of the extension of the redemption date. The current redemption date of the preference shares is 15 May 2025 (after extending it by 12 months in the current year). In the prior year, the preference shares were also extended for a 12 months to be redeemed on May 2024. The carrying value approximates fair value.
- Loans to empowerment partners:
  - The loan to empowerment partners of R264 million in the prior year related to preference shares acquired on 2 December 2011 in Off the Shelf Investments (Pty) Ltd (a KTH subsidiary) for R316 million. Given the financial substance of the KTH subsidiary and the commercial terms attached to the funding arrangement, there was sufficient security in the Company that the Group did not carry and had not carried the risks and rewards of the shares that were funded by the loan. The loan was therefore not accounted for as an option under IFRS 2 and was recognised as a receivable carried at amortised cost. Interest was charged at 85% of the prime interest rate of South Africa and the preference shares had a repayment date of 30 June 2024 (after extending it by 9 months in the current year).

    In 2019, the Company subscribed for a cumulative, redeemable preference share in OTSI 108 for a nominal value of R100. This is linked to the A3 preference shares, first acquired in 2011. This was accounted for as a financial asset at FVPL. The fair value at the end of the prior year was Rnil.

    In the current year, the A3 preference shares were converted to Momentum Group Ltd ordinary shares. The cumulative, redeemable preference share in OTSI 108 was also redeemed. As a result, the loan to empowerment partners was settled.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4 FINANCIAL ASSETS AT AMORTISED COST CONTINUED

Impairment

The impairment for provision on loans to subsidiaries and accounts receivable was increased by R58 million (2023: R9 million) in the current year. The current year impairment relates to Metropolitan Capital (Pty) Ltd provision for impairment of R69 million (2023: R11 million). The increase in impairment provision is due to decrease in earnings and a subsequent decrease in net asset value.

Impairment of loans to subsidiaries are impaired if the borrowing company does not have sufficient accessible highly liquid assets available at reporting date. The expected credit loss is calculated by considering the means of the loan recovery, the quality of the subsidiary's underlying investments, as well as profitability expectations.

To determine a significant increase in credit risk, the following factors are considered: changes in the net asset value of the borrower, changes in management and organisational structure during the year, stability of industry and resilience to volatility and regulatory changes, the type of funding provided to the entity and the repayment behaviour of the borrower.

Loans with repayment terms considers the net asset value, frequency in management changes, subordination of the loan and sufficiency of liquid assets of the borrower as well as the remaining repayment term to determine a probability of default.

Loans without repayment terms considers whether the borrower has sufficient accessible highly liquid assets available to determine a probability of default.

The probabilities of default is extracted from a report issued by Moody's. Loss given default rates applied are extracted from SAM Loss Given Default (LGD) tables prescribed for insurers and adjusted accordingly by management to incorporate forward-looking information.

4.1 Credit risk balances – expected credit loss

	Stage 1 Rm	Stage 2 Rm	Stage 3 Rm	Total Rm
2024				
Assets				
Loans to related parties	**37**	**–**	**215**	**252**
Loans to subsidiary companies (note 40)	**2**	**–**	**284**	**286**
Less: provision for impairment on loans to subsidiary companies	**–**	**–**	**(69)**	**(69)**
Empowerment partners[1]	**–**	**–**	**–**	**–**
Preference shares	**34**	**–**	**–**	**34**
Loans to associates	**1**	**–**	**–**	**1**
Total financial assets at amortised cost	**37**	**–**	**215**	**252**
2023				
Assets				
Loans to related parties	302	–	256	558
Loans to subsidiary companies (note 42)	3	–	267	270
Less: provision for impairment on loans to subsidiary companies	–	–	(11)	(11)
Empowerment partners	264	–	–	264
Preference shares	34	–	–	34
Loans to associates	1	–	–	1
Total financial assets at amortised cost	302	–	256	558

[1] The loan was settled in the current year.

4 FINANCIAL ASSETS AT AMORTISED COST CONTINUED

4.2 Credit risk balances – reconciliation of expected credit losses

	Related party loans[1] Rm	Total Rm
2024		
Balance at beginning	**(11)**	**(11)**
Increase	**(58)**	**(58)**
Balance at end	**(69)**	**(69)**
2023		
Balance at beginning	(2)	(2)
Increase	(9)	(9)
Balance at end	(11)	(11)

[1] Expected credit losses on loans to related parties include loans disclosed in note 2 and note 4.1.

	12 month expected credit losses Stage 1 Rm	Lifetime expected credit losses Stage 3 Rm	Total Rm
2024			
Related party loans			
Opening balance	**–**	**(11)**	**(11)**
Movement recognised in the income statement	**–**	**(58)**	**(58)**
Closing balance	**–**	**(69)**	**(69)**
2023			
Related party loans			
Opening balance	(2)	–	(2)
Transfer from stage 1 to stage 3	2	(2)	–
Movement recognised in the income statement	–	(9)	(9)
Closing balance	–	(11)	(11)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4 FINANCIAL ASSETS AT AMORTISED COST CONTINUED

4.2 Credit risk balances – reconciliation of expected credit losses continued

<table>
<tr><th></th><th colspan="3">Staging definitions</th></tr>
<tr><th>Stage</th><th>Accounts receivable</th><th>Loans</th><th>Basis for recognition of expected credit loss provision</th></tr>
<tr><td>Stage 1 (Performing)</td><td>Low risk of default
Strong capability to meet contractual payments</td><td>No significant decrease in NAV since initial recognition of loan
No management and organisational structure changes in the year
Loans are recoverable and at an entity level is specifically evidenced by:
• Repayment of interest and capital (where applicable) in terms of agreements done on dates and amounts as agreed in legal agreement.
• No restructuring of the loan has occurred.
• No significant deterioration in credit quality.
Strong/Adequate capability to meet commitments in terms of the loan agreement</td><td>12 months expected losses</td></tr>
<tr><td>Stage 2 (Under-performing)</td><td>Significant increase in credit risk
Repayments are more than 30 days and less than 90 days past due</td><td>Significant decrease in NAV initial recognition of loan
No objective evidence of impairment.
Some management and organisational structure changes but not a majority
Loans are recoverable and at an entity level is specifically evidenced by:
• Positive Net Asset Value for company.
• Repayment of interest and capital is significantly in line with the terms of agreements, i.e. not more than 30 days past due.
• Some loans may be restructured based on operational needs, but with no effect on interest and capital repayment ability, i.e. credit quality has deteriorated based on the need for restructure, but adequate repayment plans in place.
• Deterioration of credit quality.
More vulnerable to changes in conditions that may result in reduction of capacity to meet commitments</td><td>Lifetime expected losses</td></tr>
<tr><td>Stage 3 (Non-performing)</td><td>Significant increase in credit risk
Repayments are more than 90 days past due</td><td>Significant decrease in NAV since initial recognition of loan
Objective evidence of impairment
Various management and organisational structure changes
Loans are partially recoverable and at an entity level is specifically evidenced by:
• Significant deterioration in credit quality and impaired credit quality.
• Negative Net Asset Value for company.
• Loan is in default, i.e. repayment of interest and capital is not in compliance with the terms of the agreement and default does not occur later than 90 days past due.
Restructured Debt</td><td>Lifetime expected losses</td></tr>
<tr><td>Written off</td><td colspan="3">Long outstanding amounts due are evaluated on a case by case basis and would generally be written off when there is no alternative for the debtor to return to solvency and/or legal action taken was unsuccessful.</td></tr>
</table>

4 FINANCIAL ASSETS AT AMORTISED COST CONTINUED

4.2 Credit risk balances – reconciliation of expected credit losses continued

Significant increase in credit risk	Criteria
Accounts receivable and loans	To determine a significant change in credit risk both historical data and forward-looking information is taken into account. This includes existing or expected adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations, a breach of contract, significant changes in the value of any collateral supporting the obligation and reductions in financial support from a parent entity.

Financial asset	Impairment information
Accounts receivable	Impairment of accounts receivable is based on the recoverability of balances grouped together based on shared credit risk characteristics, e.g. instrument type. Balances generally relate to amounts where the timing of settlement is within one month. Historic payments as well as forward-looking information is also taken into account.
Loans	For related party loans the solvency of the counterparty is taken into account as well as any collateral held.

Sensitivities	
Loans	Most of the loan balances outstanding are considered to have low credit risk as the borrower has a strong capacity to meet its obligations and has a low risk of default. The expected credit loss is therefore not considered to be sensitive to changes in forward-looking information.

4.3 Credit risk balances – credit quality

	AAA Rm	AA Rm	Unrated Rm	Total Rm
2024				
Financial assets at fair value through profit and loss				
Preference shares	**–**	**–**	**593**	**593**
Cash and cash equivalents	**206**	**–**	**–**	**206**
Financial assets at amortised cost				
Loans to subsidiary companies (note 40)	**–**	**–**	**286**	**286**
Empowerment partners	**–**	**–**	**–**	**–**
Preference shares	**–**	**–**	**34**	**34**
Loans to associates	**–**	**–**	**1**	**1**
	206	**–**	**914**	**1 120**
2023				
Financial assets at fair value through profit and loss				
Equity securities	–	–	18	18
Preference shares	–	–	476	476
Equity linked derivative – Empowerment Partners	–		–	–
Cash and cash equivalents	231	–	–	231
Financial assets at amortised cost				
Loans to subsidiary companies (note 42)	–	–	270	270
Empowerment partners	–	–	264	264
Preference shares	–	–	34	34
Loans to associates	–	–	1	1
	231	–	1 063	1 294

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 CASH AND CASH EQUIVALENTS

	2024 Rm	2023 Rm
Bank and other cash balances	**206**	231

Expected credit loss on cash and cash equivalents is immaterial.

The carrying value approximates fair value due to its short-term nature.

6 SHARE CAPITAL AND SHARE PREMIUM

Authorised share capital of Momentum Group Ltd

2 billion ordinary shares of 0.0001 cents each.

129 million (76 million A1, 13 million A2 and 40 million A3) variable rate cumulative redeemable convertible preference shares of 0.0001 cents each.

Issued share capital of Momentum Group Ltd

1.4 billion ordinary shares of 0.0001 cents each.

Number of shares in issue (million)	2024	2023
Opening balance	**1 425**	1 498
Share buyback	**(48)**	(73)
Conversion of A3 preference shares to ordinary shares	**28**	–
Closing balance	**1 405**	1 425

Share capital and share premium	2024 Rm	2023 Rm
Opening balance	**17 601**	17 601
Conversion of A3 preference shares to ordinary shares	**264**	–
Closing balance	**17 865**	17 601

Share buyback programme

The Group continued with its share buyback programme and concluded it on 12 June 2024. 48 million shares (R1 000 million including transaction costs) were bought in the current year. In the prior year, 73 million shares (R1 250 million including transaction costs) were bought back. The shares were cancelled and reverted to authorised but unissued status.

Conversion of the A3 preference shares to Ordinary shares

The Company converted the 28 million A3 variable rate cumulative redeemable preference shares into ordinary Shares in June 2024 at a cost of R264 million.

Further details of the preference shares disclosed in note 16 of the Group financial statements.

7 OTHER COMPONENTS OF EQUITY

		2024 Rm	2023 Rm
7.1	**Preference shares (Equity settled share scheme)**	**–**	130
7.2	**Equity-settled share-based payment arrangements**	**126**	96
		126	226
7.1	**Preference shares (Equity settled share scheme)**		
	Balance at beginning	**130**	114
	IFRS 2 extension charge	**12**	16
	Transfer to retained earnings of KTH IFRS 2 charges[1]	**(142)**	–
	Balance at end	**–**	130
7.2	**Equity-settled share-based payment arrangements**		
	Balance at beginning	**96**	63
	Share schemes – value of services provided	**30**	33
	Balance at end	**126**	96

[1] Included are the following:

- The Company issued A3 preference shares to OTSI 108 (a KTH subsidiary) in 2011. The redemption date was extended by 9 months to 30 June 2024 in the current year. In the prior year, the redemption date was extended by 10 months to 30 September 2023. As a result of this, an IFRS 2 B-BBEE expense of R12 million (2023: R16 million) was recognised. The preference shares were converted into ordinary shares during the current year and the reserve of R87 million was transferred to retained earnings.
- The Company had an old Metropolitan share scheme with expired share options, the reserve of R54 million was transferred to retained earnings.

8 FINANCIAL LIABILITIES

	2024 Rm	2023 Rm
8.1 Financial liabilities at amortised cost		
Cumulative redeemable convertible preference shares – Current	–	262
Due at the beginning	**262**	252
Accrued interest	**37**	37
Interest paid	**(46)**	(37)
Modification	**11**	10
Conversion of the preference shares into ordinary share capital	**(264)**	–
Due at the end	–	262

Details of the cumulative redeemable convertible preference shares are disclosed in note 13.2.3 of the Group financial statements.

The Company had 28 060 898 A3 cumulative convertible redeemable preference shares in issue (to KTH, the Group's strategic B-BBEE partner) at the beginning of the year. The preference shares were issued in 2011. Dividends were payable at 132 cents per share p.a. semi-annually in arrears on 31 March and 30 September each year. The ordinary shares were originally issued at a price of R10.18 per share.

In 2019, Momentum Group Ltd subscribed for a cumulative, redeemable preference share in OTSI 108 (a KTH subsidiary) for a nominal value of R100. This is linked to the A3 preference shares acquired in 2011. The dividends on the OTSI 108 preference share aligned the A3 preference share dividend to the ordinary dividends. This was accounted for as a financial asset at FVPL. Refer to note 7.2 on the Group Financial Statements.

The A3 preference shares were redeemable on 30 June 2024 (after extending it by 9 months in the current year) at a redemption value of R9.18 per share unless converted into Momentum Group Ltd ordinary shares on a one-for-one basis prior to that date. In the prior year the redemption was also extended by 10 months to be redeemed on 30 September 2023. The extension in the current and prior year did not constitute a significant modification, the extinguishment of the liability or result in the recognition of a new liability and have therefore been accounted for as a change in the expected future cash flows. The change in the expected cash flows resulted in a R11 million loss recognised in profit or loss in the current year (2023: R10 million loss). In addition, the change in the expected cash flows before and after the extension resulted in an IFRS 2 B-BBEE expense of R12 million being recognised in the current year (2023: R16 million)

In the current year, the A3 preference shares were converted to Momentum Group Ltd ordinary shares. The cumulative, redeemable preference share in OTSI 108 was also redeemed.

The equity component of the A3 preference shares was included in note 7.1.

	2024 Rm	2023 Rm
8.2 Financial guarantee contracts	**23**	42
Due at the beginning	**42**	77
Impairment charges	–	7
Amortisation	**(19)**	(42)
Due at the end	**23**	42
Current	**23**	25
Non-current	–	17
	23	42

Financial guarantees have been issued to RMB and Sanlam Alternative Income Fund on behalf of MMSI. The agreements guarantee repayment of preference shares issued to them in the event that MMSI is unable to meet its commitment. On initial recognition, the financial guarantees are measured at fair value.

The fair value of a financial guarantee contract is the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee. On initial recognition of the guarantee, the investment in subsidiary is debited with the fair value of the guarantee.

Subsequently at the end of each reporting period, the guarantees will be measured at the higher of the amount of the expected credit loss and the amount initially recognised less the cumulative amortisation, where appropriate.

The R300 million Class A Preference Shares issued by RMB have a maturity date of 29 June 2026 (after it was extended by 36 months in the prior year); and the R300 million Class C Preference Shares issued by SAIF have a maturity date of 29 April 2026 (after it was extended by 36 months in the prior year).

The financial guarantee on the Class A preference shares and Class C preference shares was fully amortised during the prior year. The financial guarantee balance on both Class A preference share and Class C preference share is measured at the expected credit loss amount of R3 million (2023: R3 million) each. The expected credit loss is calculated by considering whether the MMSI has sufficient accessible highly liquid assets to determine a probability of default.

The financial guarantee on the R1 000 million Class B preference shares issued by RMB has a maturity date of 29 January 2025 and an unamortised amount of R17 million (2023: 36 million).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 OTHER PAYABLES

	2024 Rm	2023 Rm
Other payables	**28**	28
Loans from subsidiary companies (note 40)	**398**	598
	426	626
Current	**426**	626

For accounts payable, the carrying value approximates fair value due to its short-term nature. The Other payables amount represents unclaimed dividends.

Loans from subsidiary companies are interest-free, unsecured and payable on demand. The carrying value therefore approximates fair value.

10 INCOME TAX

10.1 Current income tax liability

	2024 Rm	2023 Rm
Movement in liability		
Balance at beginning	**1**	1
Current normal tax charged to income statement	**8**	3
Settled during year	**(8)**	(3)
Balance at end	**1**	1

Current tax is paid on behalf of the Company by its subsidiary through an intercompany loan account facility.

No deferred tax is recognised as the Company receives passive income. Tax adjustments are permanent in nature and are not directly related to the generation of taxable income.

10.2 Income tax expense

	2024 Rm	2023 Rm
Current taxation		
Current year		
South African normal tax	**8**	3
Foreign countries – withholding tax[1]	**22**	18
	30	21
Deferred tax	**–**	–
	30	21

[1] Foreign dividends withholding taxes in the current year were due to dividends received from Metropolitan Lesotho Ltd. Refer to note 17.3 for transactions with related parties.

	2024 %	2023 %
Tax rate reconciliation		
Tax calculated at standard rate of South African tax on earnings	**27**	27
Non-taxable income[1]	**(28)**	(26)
Non-deductible expense[2]	**1**	–
Effective rate	**–**	1

[1] The Company only receives exempt dividends and passive income in the form of interest which are non-taxable.

[2] Non-deductible expenses comprise operating expenses incurred in the ordinary course of business which include directors' fees, audit fees and interest paid on preference shares. The Company receives non-taxable income and as such, expenses that it incurs are non-deductible.

11 INVESTMENT INCOME

	2024 Rm	2023 Rm
Dividend income – subsidiary companies[1]	**3 534**	3 518
Interest income – amortised cost using effective interest rate method	**51**	28
Financial assets at amortised cost	**24**	17
Cash and cash equivalents	**27**	11
Other income		
Financial assets at fair value through profit or loss[2]	**78**	59
	3 663	3 605

[1] Dividend income from foreign subsidiaries is disclosed gross of foreign dividends withholding taxes of R22 million (2023: R18 million). Included in dividend income in the prior year was a dividend in-specie of R122 million received from Momentum Metropolitan Strategic Investment (Pty) Limited in the form of a loan repayment.

[2] Interest income on preference shares held in the iSabelo SPV. Refer to note 3.

12 NET REALISED AND UNREALISED FAIR VALUE GAINS

	2024 Rm	2023 Rm
Financial assets at fair value through profit or loss[1]	**40**	98
Derivative financial instrument: held for trading	**–**	1
	40	99

[1] Fair value gain of R40 million on the iSabelo Preference Shares (2023: R98 million). Refer to note 3.

13 OTHER INCOME

	2024 Rm	2023 Rm
Amortisation on financial guarantee contracts	**19**	42
	19	42

14 OTHER EXPENSES

	2024 Rm	2023 Rm
Share-based payment expense[1]	**11**	15
Directors' remuneration	**17**	17
Auditors' remuneration	**18**	10
Other indirect taxes	**5**	3
Financial liabilities at amortised cost[2]	**31**	10
	82	55

[1] IFRS 2 expense due to the extension of the A3 KTH preference shares. Refer to note 8.1.

[2] Included are the following:

- A modification loss of R11 million (2023:R10 million) recognised on A3 preference shares due to an extension of the redemption date.
- In 2019, Momentum Group Ltd subscribed for a cumulative, redeemable preference share in OTSI 108 (a KTH subsidiary). The dividends on the OTSI 108 preference share aligned the A3 preference share dividend to the ordinary dividends, but due to the method of determining the dividends, there were no dividends on the OTSI 108 preference shares. As a result, a payment of R20 million was made to KTH during the current year, this payment was made to align with the intentions of the arrangement. Refer to note 8.1 for details.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 FINANCE COSTS

	2024 Rm	2023 Rm
Interest expense on liabilities at amortised cost		
Redeemable preference shares	**37**	37
	37	37

16 CASH FLOW FROM OPERATING ACTIVITIES

	2024 Rm	2023 Rm
16.1 Cash utilised in operations		
Profit before tax	**3 536**	3 641
Adjusted for		
Items presented separately on the face of the statement of cash flow		
Dividends income	**(3 534)**	(3 518)
Interest income	**(129)**	(87)
Finance costs	**37**	37
Non-cash-flow items		
Impairment charges	**67**	13
Share-based payments	**11**	15
Net realised and unrealised fair value losses	**(40)**	(99)
Changes in operating liabilities		
Financial liabilities at amortised cost	**11**	10
Other operating liabilities	**21**	(12)
	(20)	–
16.2 Income tax paid		
Due at beginning	**1**	1
Current normal tax charged to income statement	**7**	3
Paid by subsidiary on behalf of the Company	**(7)**	(3)
Due at end	**1**	1
16.3 Interest paid		
Redeemable preference shares		
Paid 30 September	**(19)**	(19)
Paid 31 March	**(19)**	(18)
Paid 27 June	**(9)**	–
	(47)	(37)
16.4 Loans with related parties arising from financing activities		
Due at beginning	**598**	700
16.4.1 Loan advanced from related parties	**180**	1 069
16.4.2 Loan repayment to related parties	**(430)**	(1 085)
Expenses paid by the subsidiary on behalf of the Company	**48**	34
Dividend *in-specie*	**–**	(122)
Corporate allocations	**2**	2
Due at end	**398**	598

17 RELATED PARTY TRANSACTIONS

17.1 Holding company

Shares in Momentum Group Ltd, the ultimate holding company in the Group, are widely held by public and non-public shareholders; refer to the shareholder profile on page 303 of the Group Financial Statements. Significant subsidiary companies are listed in note 40 of the Group financial statements. Other related parties include directors, key personnel and close members of their families. Refer to note 29 in the Group financial statements for more details.

17.2 Transactions with directors

Remuneration is paid in the form of fees to non-executive directors and remuneration to executive directors and key personnel of the Company.
The remuneration, shares held and transactions of the Group Executive Committee members are disclosed in note 43 of the Group financial statements.

17.3 Transactions with related parties

Loans are advanced between Momentum Group Ltd and its subsidiaries and associates as funding. The loans to subsidiary companies included in loans in the statement of financial position are detailed in note 40 of the Group financial statements. The loans to associates are included in note 4.

Details of other transactions with related parties included in the financial statements are listed below.

	2024 Rm	2023 Rm
Dividends from subsidiaries – MML	**2 975**	3 200
Dividends from subsidiaries – Metropolitan Lesotho Ltd	**210**	170
Dividends from subsidiaries – Eris Property Group (Pty) Ltd	**–**	18
Dividends from subsidiaries – MetCI	**–**	7
Dividends from subsidiaries – MMFC[1]	**1**	–
Dividends from subsidiaries – MMSI	**–**	122
Dividends from subsidiaries – MIH	**347**	–
Dividends from subsidiaries – MPOF General Partner (Pty) Ltd	**2**	–
Finance income – iSabelo	**78**	59
Finance income – KTH	**24**	17
Finance costs – KTH	**37**	37
Other expenses – KTH[2]	**20**	–

[1] Dividend income of R949 733 (2023: R397 163) received from Momentum Metropolitan Finance Company (Pty) Ltd.
[2] Other expenses of R20 million which relates to unilateral payment made to KTH during the current year, refer to note 14 for details.

Refer to notes 2,3 and 4 for loans and receivables with related parties.

Refer to note 43 of the Group financial statements for further details on related party transactions with directors and key management personnel.

	Expected credit loss		Impairment expense/(reversal)	
	2024 Rm	2023 Rm	2024 Rm	2023 Rm
17.4 Expected credit loss on loans due from related parties				
Metropolitan Capital (Pty) Ltd	**69**	11	**58**	9
	69	11	**58**	9

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

18 CONTINGENT LIABILITIES

Contingent liabilities are reflected when the Company has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or it is possible but not probable that an outflow of resources will be required to settle a present obligation, or the amount of the obligation cannot be measured with sufficient reliability. No contingent liabilities arose in both the current and prior years.

19 CAPITAL COMMITMENTS

The Company has given a guarantee in favour of RMB and Sanlam Alternative Income Fund that MMSI will repay its obligations due to them. The details of this guarantee have been disclosed in note 8.2.

20 RISK MANAGEMENT POLICIES

Details of financial instruments and risk management strategies are disclosed in note 7 and 33 of the Group financial statements. The more significant financial risks to which the Company is exposed are credit risk and interest rate risk.

The Company's capital is managed with that of the Group. The capital management of the Group is discussed in note 34 of the Group financial statements.

20.1 Classes of financial assets and liabilities

The following table reconciles the assets and liabilities in the statement of financial position to the classes and portfolios of assets managed in terms of mandates.

	2024 Rm	2023 Rm
Assets		
Carried at fair value through profit or loss	**613**	494
Debt securities	**593**	476
Unlisted equity securities	**20**	18
Carried at amortised cost		
Loans	**252**	558
Cash and cash equivalents	**206**	231
Investment in subsidiary companies[1]	**28 629**	27 919
Total assets	**29 700**	29 202
Liabilities		
Carried at amortised cost		
Cumulative redeemable preference shares	**–**	262
Other payables	**426**	626
Loans from subsidiary companies	**398**	598
Other payables	**28**	28
Other liabilities	**1**	1
Financial guarantee contracts	**23**	42
Total liabilities	**450**	931

[1] Included in investments in subsidiaries are loans to subsidiaries of R3 million (2023: R3 million).These loans are measured at amortised cost.

The definitions of classes of financial assets and liabilities are disclosed in note 44 of the Group financial statements.

20 RISK MANAGEMENT POLICIES CONTINUED

20.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The credit risk of the Company is managed similarly to that of the Group as disclosed in note 38 in the Group financial statements.

The Company's maximum exposure to credit risk is through the following classes of assets:

	2024 Rm	2023 Rm
Financial assets at fair value through profit or loss		
Debt securities	593	476
Financial assets at amortised cost		
Loans	252	558
Cash and cash equivalents	206	231
Total assets bearing credit risk	1 051	1 265

Security and credit enhancements

- For cash and cash equivalents, the credit risk is managed through the Group's credit risk exposure policy described in the Group financial statements.
- Security held on loans is disclosed in note 4.

Using S&P ratings (or the equivalent thereof when S&P ratings are not available), cash and cash equivalents have a AAA (2023: AAA) credit rating. Financial assets at amortised cost consist mainly of loans to related parties and are unrated.

20.3 Financial assets hierarchy

The following table provides an analysis of the assets at fair value into the various levels:

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
2024				
Equity securities	–	–	20	20
Preference shares	–	593	–	593
	–	593	20	613
2023				
Equity securities	–	–	18	18
Preference shares	–	476	–	476
	–	476	18	494

The following table provides a reconciliation of the fair value of the level 3 assets:

	Equity securities Rm	Derivative financial instrument Rm	Total Rm
2024			
Opening balance	18	–	18
Total unrealised gains in the income statement	2	–	2
Closing balance	20	–	20
2023			
Opening balance	9	5	14
Total unrealised gains/(losses) in the income statement	9	(5)	4
Closing balance	18	–	18

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 RISK MANAGEMENT POLICIES CONTINUED

20.4 Valuation techniques

The valuation of the Company's assets has been classified using a fair value hierarchy that reflects the significance of the inputs used in the valuation. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities *(level 1)*.
- Input other than quoted prices included within level 1 that are observable for the asset, either directly (i.e. prices) or indirectly (i.e. derived from prices) *(level 2)*.
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) *(level 3)*.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

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

Instrument	Valuation basis	Main assumptions
Preference shares	Option pricing based approach	Share price, Momentum Group Ltd ordinary dividend, Nominal prime rate, cash flow forecasts

Information about fair value measurements using significant unobservable inputs *(level 3)*

Financial asset	Valuation technique	Observable input	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Derivative financial instrument held for trading	DCF	Prime	Risk-free rate, Momentum Group Ltd ordinary dividend, facilitation cost, preference share dividend	Could vary due to range of ordinary dividend declared: 0 cents to 40 cents Facilitation costs: R1 million	The higher the Momentum Group Ltd ordinary dividend, the lower the value of the derivative
Equity Securities – unlisted	NAV		Underlying property valuations impacted by capitalisation rates, vacancy rates and potential capitalisation of project costs	Could vary significantly based on the value of the underlying properties[1]	The higher the capitalisation rate the lower the value of the property and the fair value. The higher the vacancy rate the lower the value of the property and the fair value.
	Adjusted NAV or NAV		Price per unit	Could vary significantly based on the assets and liabilities held by the investee[1]	The higher the NAV, the greater the fair value[1]
	DCF		Discount rate	Multiple unobservable inputs[1]	The higher the discount rate, the lower the fair value of the assets

[1] Quantitative information is not readily available as quantitative unobservable inputs are not developed by the Group.

20.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset, arising from the possibility that the Company could be required to pay its liabilities earlier than expected.

Liabilities at amortised cost

The A3 preference shares were converted into ordinary shares as expected in June 2024 and there was no cash outflow on conversion. The Company has no further obligation to pay preference share dividends.

Other payables

Other payables include loans from subsidiary companies that are payable on demand.

Financial guarantee contracts

The liquidity risk exposure is monitored and reported to CIC and to MMSI Board of Directors on an ongoing basis to ensure that MMSI will be able to meet its commitments on the RMB and SAIF preference shares. This is supported by an investment mandate and guidelines that govern the investment of shareholder funds, which restrict investment choices to high-quality assets. The Shareholder funds liquidity risk management are disclosed in note 36.3 of the Group financial statements.

The following table indicates the maturity analysis of the liabilities:

		Undiscounted cash flows		
	Carrying value Rm	Total Rm	0 to 1 year Rm	1 to 5 years Rm
2024				
Amortised cost				
Cumulative redeemable preference shares	**–**	**–**	**–**	
Other payables	**426**	**426**	**426**	**–**
Financial guarantee contracts[1]	**23**	**1 727**	**1 127**	**600**
Total liabilities	**449**	**2 153**	**1 553**	**600**
2023				
Amortised cost				
Cumulative redeemable preference shares	262	262	262	–
Other payables	626	626	626	–
Financial guarantee contracts	42	1 625	–	1 625
Total liabilities	930	2 513	888	1 625

[1] The carrying value of the financial guarantee contracts is R23 million (2023: R42 million). The liquidity exposure related to this financial guarantee is R1 636 million (2023: R1 625 million), which is the fair value of the preference shares held by MMSI as at 30 June 2024. Refer to note 8.2.

20 RISK MANAGEMENT POLICIES CONTINUED

20.6 Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate as a result of changes in market prices.

The key component of market risk applicable to the Company is interest rate risk.

20.6.1 Interest rate risk

Interest rate risk is the risk that the value and/or future cash flows of financial instruments held will fluctuate as a result of changes in interest rates.

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 Company's investment portfolios are subject to changes in prevailing market interest rates. Additionally, relative values of alternative investments and the liquidity of the instruments invested in could affect the fair value of interest rate market-related investments. The ongoing assessment by an investment research team of market expectations within the South African interest rate environment drives the process of asset allocation in this category.

The Company is exposed to floating interest rates that result in cash flow interest rate risk. Financial assets at amortised cost (empowerment loans) had a weighted average interest rate of 10.3% in the prior year. Cash and cash equivalents have a weighted average interest rate of 13% (2023: 5%).

20.6.2 Sensitivity to market risks

The Company's earnings and net asset value are exposed to market risks. The Company has identified that changes in interest rates do not have significant effect on earnings and equity.

The Company is exposed to floating interest rate changes only. Cash requirements fluctuate during the course of the year and are therefore of a short-term nature. Interest rate changes with respect to cash and cash equivalents will therefore not have a significant impact on earnings.

The Company has foreign currency exposure in so far as it relates to foreign dividends declared by its subsidiaries. The Company has no other foreign currency exposure.

21 FINANCIAL ASSETS MEASUREMENT

Financial assets summarised by measurement category in terms of IFRS 9	Fair value through profit or loss Mandatorily Rm	Amortised cost[1] Rm	Total Rm
2024			
Equity securities	**20**	**–**	**20**
Loans to associates	**–**	**1**	**1**
Preference shares	**593**	**34**	**627**
Empowerment partners	**–**	**–**	**–**
Intercompany loans to subsidiaries[2]	**–**	**286**	**286**
Provision for impairment on loans to subsidiary companies	**–**	**(69)**	**(69)**
Cash and cash equivalents	**–**	**206**	**206**
Total financial assets	**613**	**458**	**1 071**
2023			
Equity securities	18	–	18
Loans to associates	–	1	1
Preference shares	476	34	510
Empowerment partners	–	264	264
Intercompany loans to subsidiaries[2]	–	270	270
Provision for impairment on loans to subsidiary companies	–	(11)	(11)
Cash and cash equivalents	–	231	231
Total financial assets	494	789	1 283

1 The carrying amount of financial assets and liabilities carried at amortised cost approximates fair values.
2 Loans to subsidiaries included in note 2 are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22 FINANCIAL LIABILITY MEASUREMENT

Financial liabilities summarised by measurement category in terms of IFRS 9	Fair value through profit or loss Mandatorily Rm	Amortised cost[1] Rm	Other measurement basis Rm	Total Rm
2024				
Cumulative redeemable preference shares	–	–	–	–
Financial guarantee contracts	–	–	23	23
Intercompany loans from subsidiaries	–	398	–	398
Other payables	–	28	–	28
Total financial liabilities	–	426	23	449
2023				
Cumulative redeemable preference shares	–	262	–	262
Financial guarantee contracts	–	–	42	42
Intercompany loans from subsidiaries	–	598	–	598
Other payables	–	28	–	28
Total financial liabilities	–	888	42	930

[1] The carrying amount of financial assets and liabilities carried at amortised cost approximates fair values, The Cumulative preference shares were converted into ordinary shares in the current year. In the prior year, the Cumulative redeemable preference shares had a fair value of R506 million. The fair value of the Cumulative redeemable preference shares was determined using a DCF valuation technique. The significant inputs which were used in the valuation technique were risk discount rate, Momentum Group Ltd share price and Momentum Group Ltd forecast dividend.

23 EVENTS AFTER THE REPORTING PERIOD

A final ordinary dividend of 65 cents per share was declared on 25 September 2024 by the Board. The dividend is payable out of income reserves to all holders of ordinary shares recorded in the register of the Company at the close of business on Friday, 18 October 2024, and will be paid on Monday, 21 October 2024.

In line with the Group's capital management framework and considering the strong capital and liquidity position, the Board has approved a further R1 billion for the share buyback.

The Board approved the extension of the maturity date on the R1 000 million Class B preference shares issued by RMB, the Class B preference shares have a maturity date of 29 January 2030 (after extending it by 5 years in the current year).

ANNEXURE A

Abbreviations and definitions

ABBREVIATIONS

2Cana	2Cana Solutions (Pty) Ltd
A2X	A2X Markets
ABHI	Aditya Birla Health Insurance Company Ltd
AFS	Annual Financial Statements
AIC	Assets for incurred claims
AIDS	Acquired immunodeficiency syndrome
ALBI	All Bond Index
Amandla Ilanga	Amandla Ilanga (RF) (Pty) Ltd
ANW	Adjusted net worth
APE	Annual premium equivalent
APN	Advisory practice note
ARC	Assets for remaining coverage
ASISA	Association for Savings and Investment South Africa
ASSA	Actuarial Society of South Africa
AUM	Assets under management
B-BBEE	Broad-based black economic empowerment
BSA	Bonus stabilisation accounts
BSM	Balance Sheet Management
CAE	Chief Audit Executive
CAIM	Crown Agents Investment Management Ltd
CFA	Chartered Financial Analyst
CFD	Contract for Differences
CGU	Cash-generating unit
CIC	Capital and Investment Committee
CIS	Collective investment scheme
CoC	Cost of capital
Companies Act	South African Companies Act, 71 of 2008, as amended
CPI	Consumer Price Index
CSM	Contractual service margin
DAC	Deferred Acquisition Costs
DCF	Discounted cash flow
DPF	Discretionary participation features
DRL	Deferred revenue liability
DV	Directors' valuation
DWT	Dividend withholding tax
ECL	Expected credit loss
EPF	Eris Property Fund (Pty) Ltd
ERM	Enterprise Risk Management
ESOP	Employee Share Option Programme
EEV	European embedded value
EV	Embedded value
FASSA	Fellow of the Actuarial Society of South Africa
FCTR	Foreign Currency Translation Reserve
FIA	Fellow of the Institute of Actuaries
FSCA	Financial Sector Conduct Authority
FSV	Financial Soundness Valuation
FTSE	Financial Times Stock Exchange
FVA	Fair value approach
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit and loss
GCR	Global Credit Ratings
GMM	General measurement model
GMSLA	Global Master Securities Lending Agreement
GOI	Governance and Operational Standards for Insurers
Guardrisk Group	Guardrisk Group (Pty) Ltd
HAFs	Heads of the Actuarial Function
HIV	Human immunodeficiency virus
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBNR	Incurred but not yet reported
IFRIC	IFRS Interpretations Committee
IFRS	International Financial Reporting Standards
IFS	Insurer Financial Strength
IMA	Investment management agreement
IMG	Investment Managers Group (Pty) Ltd
IPEV	International Private Equity and Venture Capital
IPF	Individual Policyholder Fund
iSabelo	Momentum Metropolitan iSabelo RF (Pty) Ltd
ISDA	International Swaps and Derivatives Agreements
ISRE	International Standard on Review Engagements
JIBAR	Johannesburg Interbank Average Rate
JSE	Johannesburg Stock Exchange
King IV™	King Report on Corporate Governance for South Africa, 2016
KTH	Kagiso Tiso Holdings (Pty) Ltd
LIC	Liability for incurred claims
LoRC	Loss-recovery component
LRC	Liability for remaining coverage
LTIP	Long-term Incentive Plan
MetCI	MET Collective Investments (RF) (Pty) Ltd
MGIM	Momentum Global Investment Management Ltd
MHNA	Methealth Namibia Administrators (Pty) Ltd
MHS	Momentum Health Solutions (Pty) Ltd
MMFC	Momentum Metropolitan Finance Company (Pty) Ltd
MMH/the Company	Momentum Metropolitan Holdings Ltd

ANNEXURE A CONTINUED

Abbreviations and definitions

ABBREVIATIONS CONTINUED

MMI&O	Momentum Metropolitan Infrastructure and Operations (Pty) Ltd
MML	Momentum Metropolitan Life Ltd
MMSI	Momentum Metropolitan Strategic Investments (Pty) Ltd
Momentum Metropolitan/ the Group	MMH and its subsidiaries
MPG	Market Practitioners Group
MSPS	Momentum Sales Phantom Shares
NAV	Net asset value
NSX	Namibian Stock Exchange
OTC	Over-the-counter
OTSI	108 Off the Shelf Investments 108 (Pty) Ltd
PA	Prudential Authority
PAA	Premium allocation approach
PHI	Permanent health insurance
PPFM	Principles and practices of financial management
PRS	Partner Risk Solutions Ltd
PVNBP	Present value of new business premiums
PVP	Present value of future premiums
RDR	Risk discount rate
RIM	Royal Investment Management (Pty) Ltd
RMB	Rand Merchant Bank
RMIA	RMI Investment Managers Affiliates 2 (Pty) Ltd
ROE	Return on equity
ROEV	Return on Embedded Value
RSA	Republic of South Africa
S&P	Standard & Poor's
SAICA	South African Institute of Chartered Accountants
SAM	Solvency Assessment and Management
SAP	Standard of Actuarial Practice
SAR	Share Appreciation Right
SARB	South African Reserve Bank
SASAII	South African Student Accommodation Impact Investments (Pty) Ltd
SAVCA	South African Venture Capital and Private Equity Association
SCR	Solvency capital requirement
Seneca	Seneca Investment Managers Ltd
SENS	Stock Exchange News Service
TOR	Terms of Reference
TSR	Total Shareholder Returns
UK	United Kingdom
VAR	Value-at-risk
VC	Venture Capital
VFA	Variable fee approach
VIF	Present value of in-force covered business
VNB	Value of new business
VWAP	Volume Weighted Average Price
ZARONIA	South African Rand Overnight Index Average
Zestlife	Zestlife Investments (Pty) Ltd

DEFINITIONS

Adjusted net worth (ANW)

The ANW is the excess of assets over liabilities on the IFRS basis. Certain deductions for disregarded assets and impairments have been added back.

Advisory practice notes (APNs)

ASSA issues APNs applicable to various areas of financial reporting and practice that require actuarial input. The APNs are available on the ASSA website (*www.actuarialsociety.org.za*).

Annual premium equivalent (APE)

The APE is a common life industry measure of new business sales. It is calculated as annualised new recurring premiums plus 10% of single premiums.

Bonus stabilisation accounts (BSAs)

BSAs are the difference between the fund accounts of smoothed bonus business, or the discounted value of projected future benefit payments for with-profit annuity business, and the market values of the underlying assets. BSA is an actuarial term that constitutes either an asset or liability in accounting terms. The BSAs are included in insurance contract liabilities.

Carry positions

Carry positions consist of sale and repurchase of assets agreements containing the following instruments:

- Repurchase agreements: financial liabilities consisting of financial instruments sold with an agreement to repurchase these instruments at a fixed price at a later date.
- Reverse repurchase agreements: financial assets consisting of financial instruments purchased with an agreement to sell these instruments at a fixed price at a later date.

Cash-generating units (CGUs)

A CGU is the smallest identifiable group of assets that generates cash inflows largely independent of the cash flows from other assets or groups of assets.

Cell captive

A cell captive is a contractual arrangement entered into between the insurer (referred to as the “cell provider” or “promoter”) and the cell shareholder whereby the risks and rewards associated with certain insurance activities accruing to the cell shareholder, in relation to the insurer, are specified. Cell captives allow clients to purchase cell owner ordinary shares (or a “cell”) in the registered insurance company which undertakes the professional insurance and financial management of the cell including underwriting, reinsurance, claims management, actuarial and statistical analyses, investment and accounting services. The terms and conditions of the cell are governed by the cell owner shareholders agreement.

Cell captive arrangements include:

- “First-party” cell arrangements where the risks that are being insured relate to the cell shareholder’s own operations or operations within the cell shareholder’s group of companies; and
- “Third-party” cell arrangements where the cell shareholder provides the opportunity to its own client base to purchase branded insurance products. For third-party arrangements the cell shareholders agreement meets the definition of a reinsurance contract and is accounted for as such.
- Contingency policy: An insurance contract to provide entry-level insurance cover for first-party risks. These policies provide for payment of a profit share to the insured based on claims experience and related expenses at the end of the policy period.
- “Promoter cell” includes assets and liabilities of the Group shareholders. Assets, liabilities, and equity of the first and third-party cell arrangements are excluded.

Cost of required capital

The cost of required capital represents frictional costs expected to be incurred on the assets supporting required capital and the value of in-force over the lifetime of the in-force business (and new business at point of sale for the purpose of value of new business reporting).

Covered business

Covered business is defined as life insurance business written by the life insurance subsidiaries (excluding Guardrisk); including individual smoothed bonus, linked and market-related business, reversionary bonus business, group smoothed bonus business, annuity business and other non-participating businesses.

Current

Current refers to expected recovery and settlement within 12 months.

Discretionary participation feature (DPF)

A DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- that are likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the issuer; and
- that are contractually based on:
  - the returns on a specified pool of contracts or a specified type of contract;
  - the realised and/or unrealised investment returns on a specified pool of assets held by the issuer; or
  - the profit or loss of the entity or fund that issues the contract.

Effective exposure

The exposure of a derivative financial contract or instrument to the underlying asset by also taking delta (the ratio comparing the change in the price of the underlying asset to the corresponding change in the price of a derivative) into account where applicable.

ANNEXURE A CONTINUED

Abbreviations and definitions

DEFINITIONS CONTINUED

Effective interest rate

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of a financial instrument, or when appropriate a shorter period, to the net carrying amount of the financial instrument.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the relevant period.

Embedded value (EV)

An EV represents the discounted value of expected after-tax future profits from the current business. The EV is defined as:

- the ANW of covered and non-covered business;
- plus the VIF less the cost of required capital; and
- plus the write-up to directors' value of non-covered business.

EV earnings

EV earnings is defined as the change in EV (after non-controlling interests) for the year, after adjustment for any capital movements such as dividends paid, capital injections and cost of treasury shares acquired or disposed of for the year.

Fund account

The fund account is the retrospective accumulation of premiums, net of charges and benefit payments at the declared bonus rates or at the allocated rate of investment return.

Goodwill

An asset that represents the excess of the cost of a business combination over the interest acquired in the net fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

Investment variances

Investment variances reflect the impact on after tax profits of the variance between actual investment returns earned over the reporting period and the returns assumed as per the discount rates applied to expected future cash flows, or the returns expected for products where future cash flows are not discounted.

New business profit margin

New business profit margin is defined as the VNB expressed as a percentage of the PVP. New business profit margin is also expressed as a percentage of APE.

Non-covered business

Non-covered business includes the directors' valuations of the investment management entities, South African health operations, non-life insurance operations, the Guardrisk entities, as well as other non-insurance entities. The Group EV is also adjusted to allow for future holding company and international support expenses.

Non-current

Non-current refers to expected recovery and settlement after 12 months.

Normalised headline earnings

Normalised headline earnings adjust the JSE definition of headline earnings for the impact of finance costs related to preference shares that can be converted into ordinary shares of the Group when it is anti-dilutive, the impact of treasury shares held by the iSabelo Trust, the amortisation of intangible assets arising from business combinations and B-BBEE costs. Additionally, the iSabelo special purpose vehicle, which houses preference shares issued as part of the employee share ownership scheme's funding arrangement is deemed to be external from the Group and the discount at which the iSabelo Trust acquired the MMH treasury shares is amortised over a period of 10 years and recognised as a reduction to normalised headline earnings. During the prior year, the definition of normalised headline earnings was refined to include the impairment of loans to subsidiaries following the Group's strategic decision to disinvest from Kenya.

Objective evidence of impairment

Objective evidence of impairment is related to the specific circumstances of each individual asset and can be the combined effect of several events. Objective evidence includes, but is not limited to:

- Significant financial difficulty of the issuer or debtor.
- A breach of contract, such as a default or delinquency in payment.
- It becomes probable that the issuer or debtor will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market for that financial asset because of financial difficulties.
- Observable data that there is a measurable decrease in the estimated future cash flows from the asset since the initial recognition of the asset.

Open-ended instruments

The open-ended category includes financial instruments with no fixed maturity date as management is unable to provide a reliable estimate given the volatility of equity markets and policyholder behaviour.

DEFINITIONS CONTINUED

Prescribed officers

Prescribed officers as referred to in the Companies Act, 71 of 2008, are defined as follows – despite not being a director of a particular company, a person is a prescribed officer of the company if that person:

- exercises general executive control over and management of the whole, or a significant portion, of the business and activities of the company; or
- regularly participates to a material degree in the exercise of general executive control over and management of the whole, or a significant portion, of the business and activities of the company.

The Group does not consider any employee that is not a director to be a prescribed officer as the functions of general executive control over significant portions of the business are performed by the executive directors.

Present value of future premiums (PVP)

The PVP is the present value of future premiums in respect of new business discounted using the relevant discount rate. The future premiums are net of reinsurance and are based on best-estimate assumptions such as future premium growth, mortality and withdrawal experience.

Present value of in-force covered business (VIF)

The gross VIF comprises the best-estimate shareholder cash flows expected to emerge in future from assets backing policyholder liabilities (which include the IFRS 17 risk adjustment and contractual service margin as well as cash flows relating to insurance contracts that are not within the scope of IFRS 17) less an explicit allowance for non-hedgeable risks (represented by the IFRS 17 risk adjustment or a commensurate adjustment where it is not defined). The net VIF is the gross VIF less the cost of required capital. No account is taken of dividend withholding tax.

Related party transactions – key management personnel

Key management personnel are those persons, including close members of their families, 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.

Reporting basis

Reporting basis is the basis on which the financial statements are prepared.

Required capital

Required capital includes any assets attributed to covered business over and above the amount required to back covered business liabilities whose distribution to shareholders is restricted.

Return on EV

Return on EV is the EV earnings over the period expressed as a percentage of the EV at the beginning of the period, adjusted for capital movements during the year.

Risk discount rate (RDR)

The RDR is the rate at which future expected profits are discounted when calculating the value of in-force business or the VNB for annually renewable insurance contracts and covered investment contracts. The RDR is determined as the risk-free return plus a risk premium. The risk premium allows for the expected non-financial risk in future shareholder cash flows. For long-term insurance contracts measured under IFRS 17, non-financial risk is allowed for explicitly through the IFRS 17 risk adjustment as opposed to using a risk discount rate.

Significant influence

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but without control over those decisions.

Unit-linked investments

Unit-linked investments consist of investments in collective investment schemes, private equity fund investments and other investments where the value is determined based on the value of the underlying investments.

Unrated

The Group invests in unrated assets where investment mandates allow for this. These investments are, however, subject to internal credit assessments.

Useful life

Useful life is the period over which an asset is expected to be available for use by the Group.

Value of new business (VNB)

The VNB for long-term insurance business measured under IFRS 17 is measured as the aggregate of new business earnings as reflected in the IFRS Income Statement (net of tax), the IFRS 17 contractual service margin (net of tax) and the present value of future cash flows not measured and reported under IFRS 17, but that are attributable to the underlying insurance contracts (net of tax), less the new business cost of capital.

ANNEXURE A CONTINUED

Abbreviations and definitions

CREDIT RISK DEFINITIONS

AAA

National scale ratings denote the highest rating that can be assigned. This rating is assigned to the best credit risk relative to all other issuers.

AA

National ratings denote a very strong credit risk relative to all other issuers.

A

National ratings denote a strong credit risk relative to all other issuers.

BBB

National ratings denote an adequate credit risk relative to all other issuers.

BB

National ratings denote a fairly weak credit risk relative to all other issuers.

B

National ratings denote a significantly weak credit risk relative to all other issuers.

CCC

National ratings denote an extremely weak credit risk relative to other issuers.

C

National ratings denote an extremely weak credit risk relative to other issuers with a strong probability of default.

ANNEXURE B

Additional information

Analysis of assets managed and/or administered[1]	2024 Rm	Restated 2023[2, 3] Rm
Managed and/or administered by Investments		
Financial assets	**634 348**	620 678
Momentum Manager of Managers	**197 428**	177 074
Equilibrium Investment Management	**16 190**	16 762
Momentum Collective Investments	**99 633**	101 856
Momentum Asset Management	**147 289**	146 596
Momentum Global Investments	**131 163**	139 291
Momentum Alternative Investments	**10 841**	9 677
Momentum Securities	**31 804**	29 422
Properties – Eris Property Group	**20 061**	17 625
On-balance sheet	**10 615**	9 987
Off-balance sheet	**9 446**	7 638
Momentum Wealth linked product assets under administration	**260 952**	237 019
On-balance sheet[4]	**173 738**	155 776
Off-balance sheet	**87 214**	81 243
Managed internally or by other managers within the Group (on-balance sheet)[5]	**120 509**	95 489
Managed by external managers (on-balance sheet)[4]	**15 920**	14 291
Properties managed internally or by other managers within the Group or externally	**1 391**	1 877
Guardrisk – cell captives on-balance sheet	**44 179**	40 452
Total assets managed and/or administered	**1 097 360**	1 027 431
Managed and/or administered by Investments		
On-balance sheet[6]	**345 588**	317 328
Off-balance sheet[6]	**288 760**	303 350
	634 348	620 678
Admin and brokerage assets	**101 221**	117 814
Other assets	**533 127**	502 864
	634 348	620 678

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

2 The prior year have been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

3 R55 billion restatement relates to the onboarding of CAIM off-balance sheet assets that were not included in the June 2023 closing balance. 30 June 2023 has been restated accordingly.

4 The prior period has further been restated for a misallocation between assets managed by external managers and Momentum Wealth linked product assets under admin amounting to R158 million.

5 The prior year has been restated for a misallocation between other assets not managed or administered and assets managed internally or by other managers within the Group of R968 million.

6 Other than footnote 3, the prior year has also been restated for a R29 billion misallocation between on- and off-balance sheet assets.

ANNEXURE B CONTINUED

Additional information

Net funds received from clients[1]	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	Net inflow/ (outflow) Rm
12 mths to 30.06.2024					
Momentum Retail	**735**	**10 294**	**11 029**	**(10 884)**	**145**
Momentum Investments	**45 019**	**1 001**	**46 020**	**(34 124)**	**11 896**
Metropolitan Life	**2 321**	**5 556**	**7 877**	**(6 835)**	**1 042**
Momentum Corporate	**9 298**	**15 285**	**24 583**	**(19 002)**	**5 581**
Momentum Metropolitan Health	**–**	**1 440**	**1 440**	**(416)**	**1 024**
Guardrisk	**2 521**	**7 540**	**10 061**	**(8 664)**	**1 397**
Momentum Insure	**–**	**3 199**	**3 199**	**(2 950)**	**249**
Momentum Metropolitan Africa	**950**	**3 773**	**4 723**	**(3 958)**	**765**
Life insurance business fund flows	**60 844**	**48 088**	**108 932**	**(86 833)**	**22 099**
Off-balance sheet fund flows					
Managed and/or administered by Investments			**90 619**	**(126 691)**	**(36 072)**
Properties – Eris Property Group			**1 808**	**–**	**1 808**
Momentum Wealth linked product assets under administration			**14 008**	**(16 398)**	**(2 390)**
Total net funds received from clients			**215 367**	**(229 922)**	**(14 555)**
12 mths to 30.06.2023[2]					
Momentum Retail	794	9 738	10 532	(10 167)	365
Momentum Investments	35 775	951	36 726	(26 882)	9 844
Metropolitan Life	1 993	6 568	8 561	(6 412)	2 149
Momentum Corporate	4 264	14 441	18 705	(19 740)	(1 035)
Momentum Metropolitan Health	–	1 258	1 258	(810)	448
Guardrisk	3 113	9 177	12 290	(5 531)	6 759
Momentum Insure	–	2 956	2 956	(2 267)	689
Momentum Metropolitan Africa	878	4 033	4 911	(3 252)	1 659
Life insurance business fund flows	46 817	49 122	95 939	(75 061)	20 878
Off-balance sheet fund flows					
Managed and/or administered by Investments[3]			115 259	(86 042)	29 217
Properties – Eris Property Group			1 477	(1 046)	431
Momentum Wealth linked product assets under administration			9 826	(12 562)	(2 736)
Total net funds received from clients			222 501	(174 711)	47 790

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

[2] Other than the restatement in footnote 3, the prior year has also been restated based on a new operating model adopted by the Group.

[3] R55 billion restatement relates to the onboarding of CAIM off-balance sheet assets, offset by a R29 billion misallocation between on- and off-balance sheet assets.

Analysis of assets backing shareholder excess	2024 Rm	2024 %	Restated 2023[1] Rm	Restated 2023[1] %
Equity securities	**1 122**	**3.8**	918	3.2
Preference shares	**827**	**2.8**	342	1.2
CISs	**838**	**2.8**	1 094	3.8
Debt securities	**9 302**	**31.3**	7 369	25.8
Properties	**5 444**	**18.3**	4 209	14.7
Owner-occupied properties	**2 561**	**8.6**	2 505	8.8
Investment properties	**2 883**	**9.7**	1 704	6.0
Cash and cash equivalents and funds on deposit	**15 140**	**50.9**	17 095	59.8
Intangible assets	**1 394**	**4.7**	1 174	4.1
Other net assets	**1 010**	**3.4**	1 713	6.0
	35 077	**118.0**	33 914	118.7
Redeemable preference shares	**–**	**–**	(262)	(0.9)
Subordinated redeemable debt	**(4 324)**	**(14.5)**	(4 299)	(15.0)
Treasury shares held on behalf of employees	**(1 029)**	**(3.5)**	(773)	(2.7)
Shareholder excess per reporting basis	**29 724**	**100.0**	28 580	100.0

[1] The prior year has been restated for the application of IFRS 17 and other restatements. For more information refer to note 44.1.1 for the transition to IFRS 17 and note 45 for other restatements.

Number of employees	2024	2023
Indoor staff	**10 055**	10 058
SA	**8 882**	8 941
International	**1 173**	1 117
Field staff	**5 766**	5 933
Momentum Retail and Investments	**950**	1 104
Metropolitan Life	**3 536**	3 497
International	**1 280**	1 332
Total	**15 821**	15 991

ANNEXURE C

Changes to segmental reporting

The Group has aligned the reporting segments with the updated internal operating structure. This enables the Group to report more meaningfully on the way the business is managed by the Group's leaders. The change in the operating structure had no impact on the current or prior year reported earnings, diluted earnings or headline earnings per share, or on the NAV or net cash flow.

These changes have been applied to the prior year. For illustrative purposes, this disclosure supplement provides segmental earnings for the prior year. This supplementary financial information is the responsibility of the directors of Momentum Group.

The New Initiatives segment falls away. Momentum Multiply is now split between the segments utilising their tailor-made incentive and reward programmes. India becomes its own segment.

The historic segment of Momentum Life, which previously included protection and savings products focused on the middle and affluent client segments and Momentum Multiply, has been rebranded to Momentum Retail. This segment now includes two additional distribution channels, Momentum Distribution Services and Consult by Momentum, which were previously reported under Momentum Investments and New Initiatives respectively. Momentum Financial Planning was always included as part of Momentum Life. The rewards element of Momentum Multiply (now rebranded to 'Thrive') remains in this segment while the Wellness component of Multiply has been allocated to Momentum Metropolitan Health.

Momentum Investments, which previously consisted of the Momentum Wealth investment platform business, local and offshore asset management operations, retail annuities and guaranteed investments and Eris Properties, now also includes Momentum Money, a digital transactional account and savings wallet for clients.

The Non-life Insurance segment has been split into two separate segments, Guardrisk and Momentum Insure, reflective of the different nature of the two businesses.

Exponential Integration, which includes our local and offshore venture capital (VC) funds, as well as our interest in other local start-up operations, has moved into the Shareholders segment. This was previously split between New Initiatives (where the annual running costs of the direct investments, as well as management fees payable to the SA-based VC fund manager are recognised) and the Shareholders segment (where the investment return is recorded).

There are no changes to the Metropolitan Life, Momentum Corporate and Momentum Metropolitan Africa reporting segments.

Earnings for the 12 months ending 30 June 2023	Momentum Retail Rm	Momentum Investments Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Non-life Insurance Rm	Guardrisk Rm	Momentum Insure Rm	Momentum Metropolitan Africa Rm	New Initiatives Rm	India Rm	Shareholders Rm	Total Rm
Normalised headline earnings – old segmentation	1 935	904	307	1 330	290	232	–	–	596	(428)	–	(87)	5 079
Items to restate into new segments:													
Move of Consult to Momentum Retail	(40)	–	–	–	–	–	–	–	–	40	–	–	–
Wellness component of Momentum Multiply to Health	45	–	–	–	(45)	–	–	–	–	–	–	–	–
Move of Momentum Money to Momentum Investments	–	(97)	–	–	–	–	–	–	–	97	–	–	–
Guardrisk, disclosed as new segment	–	–	–	–	–	(536)	536	–	–	–	–	–	–
Momentum Insure, disclosed as new segment	–	–	–	–	–	304	–	(304)	–	–	–	–	–
India, disclosed as new segment	–	–	–	–	–	–	–	–	–	251	(251)	–	–
Move of Exponential Integration to Shareholders	–	–	–	–	–	–	–	–	–	45	–	(45)	–
Other	1	–	–	–	–	–	–	–	–	(5)	4	–	–
Other restatements	–	–	–	–	–	–	–	–	(4)	–	–	–	(4)
IFRS 17 transition	(797)	(338)	6	(193)	–	–	(45)	(5)	(338)	–	25	101	(1 584)
Normalised headline earnings – new segmentation	1 144	469	313	1 137	245	–	491	(309)	254	–	(222)	(31)	3 491

SHAREHOLDER PROFILE

Shareholder	Number of share-holders	% of issued share capital	Shares held (million)
Non-public			
Directors	7	0.2	3
Kagiso Tiso Holdings (Pty) Ltd	1	8.1	114
Government Employees Pension Fund	1	14.4	203
Public			
Private investors	25 549	5.4	76
Pension funds	425	7.9	111
CISs and mutual funds	1 793	55.2	775
Banks and insurance companies	38	8.8	123
Total	27 814	100.0	1 405

An estimated 362 million shares (2023: 328 million shares) representing 25.7% (2023: 22.6%) of total shares are held by foreign investors.

Size of shareholding	Number of share-holders	% of total share-holders	Shares held (million)	% of issued share capital
1 – 5 000	24 927	89.6	14	1.0
5 001 – 10 000	951	3.4	7	0.5
10 001 – 50 000	1 051	3.8	24	1.7
50 001 – 100 000	239	0.9	17	1.2
100 001– 1 000 000	479	1.7	163	11.6
1 000 001 and more	167	0.6	1 180	84.0
Total	27 814	100.0	1 405	100.0

Beneficial owners	Shares held (million)	% of issued share capital
Government Employees Pension Fund	203	14.4
Kagiso Tiso Holdings (Pty) Ltd	114	8.1
Allan Gray (Pty) Ltd	112	8.0
Citiclient Nominees No 8 Ltd	104	7.4
Total	533	37.9

Pursuant to the provisions of section 56(7)(b) of the South African Companies Act, 71 of 2008, as amended, beneficial shareholdings exceeding 5% in aggregate, as at 30 June 2024, are disclosed.

STOCK EXCHANGE PERFORMANCE

	2024	Restated 2023[1]
12 months		
Value of listed shares traded (Rm)	**18 458**	17 040
Volume of listed shares traded (million)	**889**	985
Shares traded (% of average listed shares in issue)	**65**	71
Trade prices		
Highest (cents per share)	**2 454**	2 010
Lowest (cents per share)	**1 760**	1 386
Last sale of year (cents per share)	**2 290**	1 806
Percentage (%) change during year	**27**	27
Percentage (%) change – life insurance sector (J857)	**16**	13
Percentage (%) change – top 40 index (J200)	**3**	18
30 June		
Price/normalised headline earnings (segmental) ratio	**7.4**	7.7
Dividend yield % (dividend on listed shares)	**5.5**	6.6
Dividend yield % – top 40 index (J200)	**3.5**	4.3
Total shares issued (million)		
Ordinary shares listed on JSE	**1 405**	1 425
Treasury shares held on behalf of employees	**(45)**	(45)
Basic number of shares in issue	**1 360**	1 380
Adjustment to employee share scheme[2]	**17**	11
Convertible redeemable preference shares	**–**	28
Diluted number of shares in issue	**1 377**	1 419
Adjustment to employee share scheme shares[2]	**(17)**	(11)
Treasury shares held on behalf of employees	**45**	45
Diluted number of shares in issue for normalised headline earnings purposes[3]	**1 405**	1 453
Market capitalisation at end (Rbn)[4]	**32**	26

1 The prior year has been restated for the application of IFRS 17. Refer to note 44.1.1 for more information.

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

3 The diluted number of shares in issue takes into account all issued shares and includes the treasury shares held on behalf of contract holders as well as the treasury shares held on behalf of employees. In the prior year, it also assumed the conversion of the convertible redeemable preference shares which converted into ordinary shares in the current year.

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

SHAREHOLDER DIARY

Financial year end	30 June 2024	
Reporting	Interim results	27 March 2024
	Operating update for the 9 months to March 2024	4 June 2024
	Announcement of year-end results	27 September 2024
	Integrated annual report published	27 September 2024
	Operating update for the 3 months to September 2024	20 November 2024
	Annual general meeting	21 November 2024

ADMINISTRATION

MOMENTUM GROUP LTD

Group Company Secretary and registered office

Gcobisa Tyusha
268 West Avenue
Centurion
Telephone: +27 12 673 1931
gcobisa.tyusha@mmltd.co.za

Investor relations

investorrelations@mmltd.co.za

Company registration

2000/031756/06

Internet address

https://www.momentumgroupltd.co.za

Auditors

Ernst & Young Inc.

Share codes

JSE – MTM
A2X – MTM
NSX – MMT

Sponsor – South Africa

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

Transfer secretaries – South Africa

Link Market Services SA (Pty) Ltd
13th Floor
19 Ameshoff Street
Braamfontein
2001
PO Box 4844, Johannesburg 2000

Sponsor – Namibia

Simonis Storm Securities (Pty) Ltd

Transfer secretaries – Namibia

Transfer Secretaries (Pty) Ltd
4 Robert Mugabe Avenue
Burg Street Entrance
Windhoek, Namibia
PO Box 2301, Windhoek, Namibia

Debt sponsor

Rand Merchant Bank