

Hollard.

Hollard Life Assurance Company



These annual financial statements were audited in compliance with the Companies Act 71 of 2008.
These annual financial statements have been prepared by the Financial Manager: Group Reporting, Faith Rasekgwalo, (CA(SA)),
under the supervision of the Head: Group Reporting, Deon Naidoo, (CA(SA)).

(Registration number: 1993/001405/06)

Audited consolidated annual financial statements for the year ended 30 June 2023

CONTENTS

	Page
Group salient features	2
Directors' responsibility statement and approval of the annual financial statements	3
Certification by Company Secretary	4
Embedded value statement	5
Independent auditor's report	6
Audit Committee report	8
Directors' report	10
Statements of financial position	12
Statements of profit or loss	13
Statements of comprehensive income	14
Statements of changes in equity	15
Statements of cash flows	16
Notes to the annual financial statements	17
Directorate and administration	91

GROUP SALIENT FEATURES

for the year ended 30 June 2023

	GROUP				
	2023 R'000	Restated* 2022 R'000	2021 R'000	2020 R'000	2019 R'000
Statement of profit and loss information					
Gross written premiums ⁽¹⁾	6 848 973	7 013 107	6 855 416	6 941 676	6 729 148
Net written premiums ⁽²⁾	5 007 631	5 294 713	5 313 496	5 309 551	5 024 891
Investment income ⁽³⁾	175 642	204 325	389 891	169 401	261 309
Net insurance claims	2 404 501	3 026 841	3 746 796	2 777 280	2 009 477
Profit attributable to equity holders of the parent	743 711	49 003	306 649	453 326	565 257
Statement of financial position information					
Insurance and investment liabilities	32 521 199	30 344 991	28 449 401	25 216 067	18 317 099
Equity attributable to equity holders of the parent	1 162 781	1 097 170	1 317 456	1 484 357	1 223 673
Total assets	36 924 380	34 811 203	32 893 914	30 013 865	21 980 876
Financial assets	31 140 935	27 647 931	26 930 740	24 138 893	17 866 468
Cash and cash equivalents	815 205	1 951 408	1 876 262	3 097 180	2 534 326
Actuarial information					
Value of in-force business ⁽⁴⁾	4 038 659	4 408 266	5 080 126	5 519 107	5 487 108
Total embedded value	5 226 891	5 541 070	6 427 694	7 014 397	6 731 894
Actuarial information					
Solvency capital requirement	2 660 919	2 707 198	3 227 076	3 001 562	3 166 305
Solvency capital requirement cover	1,52	1,69	1,39	1,63	1,55

⁽¹⁾ "Gross premium income" represents the total income arising from insurance contracts only. In accordance with IFRS 9: Financial Instruments: Recognition and Measurement (IFRS 9), all items of income and expenditure in respect of investment contracts are excluded from the income statement and accounted for directly against the liability under these contracts in the statement of financial position.

⁽²⁾ "Net written premium income" is gross premium income less reinsurance premium outwards.

⁽³⁾ "Investment income" includes net investment income and unrealised gains and/or losses on the investment and trading portfolios.

⁽⁴⁾ The "value of in-force business" and "total embedded value" information reported above include profits attributable to Hollard Life's holding company partners.

* Refer to note 38 for the details on the restatement. The comparative information has been restated as a result of a prior period error.

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

In terms of the Companies Act of South Africa, the directors are required to maintain adequate accounting records and to prepare annual financial statements that fairly present the financial position at year-end and the results and cash flows for the year of Hollard Life Assurance Company ("Hollard" or the "Company") and its subsidiaries (the "Group").

To enable the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The Board has ultimate responsibility for this system of internal controls and reviews the effectiveness of its operations, primarily through the Group Audit Committee and other risk monitoring committees and functions.

The internal controls include risk-based systems of accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are executed and recorded in accordance with sound business practices and the Group's written policies and procedures. These controls are implemented by trained and skilled staff, with clearly defined lines of accountability and appropriate segregation of duties. The controls are monitored by management and include a budgeting and reporting system operating within strict deadlines and an appropriate control framework.

As part of the system of internal control, the Group's Internal Audit Function conducts inspections, financial and specific audits and co-ordinates audit coverage with the External Auditors.

The External Auditors are responsible for providing an opinion on the Group and Company's annual financial statements.

The Group and Company's annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and incorporate appropriate disclosures in line with the accounting policies of the Group. The Group and Company's annual financial statements are based on appropriate accounting policies consistently applied except, as otherwise stated and supported by reasonable and prudent judgements and estimates.

The Board believes that the Group and Company will be going concerns in the year ahead. For this reason the Board continues to adopt the going concern basis in preparing the annual financial statements.

These annual financial statements, set out on pages 5 and 8 to 90, have been approved by the Board of the Group and Company and are signed on its behalf by:



MR Bower
Independent director

25 October 2023



WT Lategan
Chief Executive Officer

25 October 2023

CERTIFICATION BY COMPANY SECRETARY

for the year ended 30 June 2023

In my capacity as Company Secretary, I hereby confirm that the Company has lodged with the Registrar of Companies all such returns as are required of the Company and that such returns are true, correct and up to date.



A Allardyce
Company Secretary

25 October 2023

EMBEDDED VALUE STATEMENT

for the year ended 30 June 2023

The embedded value is determined by adding the discounted value of shareholder profits likely to arise in the future from business in-force as at the valuation date to the value of shareholder funds.

The embedded value has been calculated on a best estimate basis, where the assumptions have been arrived at by removing both compulsory and discretionary margins from the financial soundness basis. The risk discount rate used in the calculation was risk-free curve 4% (2022: 4%).

- Expenses were allowed for based on an expense analysis carried out during the year;
- Expense inflation is derived as the difference between the real yield curve and the nominal yield curve;
- Mortality assumptions were set based on the results of a mortality experience analysis carried out during the year with explicit allowance for HIV/AIDS;
- Withdrawals were set at levels consistent with an experience analysis carried out during the financial year;
- The risk-free interest rate curve and the inflation curve supplied by the Prudential Authority (PA) were used to determine the policyholder liabilities;
- Income tax was allowed for explicitly at the appropriate rates and capital gains tax was allowed for implicitly in the discount rate (unchanged);
- A discretionary margin of R216 million (2022: R320 million) was held as partial elimination of negative reserves;
- No explicit reserving was made for any COVID claims; and
- Negative reserves were allowed for on the published reporting basis (unchanged).

	COMPANY	
	2023 R'000	2022 R'000
Value of in-force (VIF) business	4 038 659	4 408 266
Excess of assets over liabilities	1 188 232	1 132 804
Total embedded value	5 226 891	5 541 070

The embedded value (EV) includes profits attributable to Hollard Life's holding company partners. The VIF is gross of tax and EV gross of cost of capital.

INDEPENDENT AUDITOR'S REPORT

for the year ended 30 June 2023

To the Shareholder of Hollard Life Assurance Company Limited Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Hollard Life Assurance Company Limited and its subsidiaries ("the Group") set out on pages 12 to 90 which comprise the consolidated and separate statements of financial position as at 30 June 2023, and statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 30 June 2023, and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 Statements* section of our report. We are independent of the Group 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 Consolidated financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information includes the Directors' report as required by the Companies Act of South Africa and the Group Salient Features, Directors' responsibility Statement and Approval of the Annual Financial Statements, Certification by Company Secretary, Audit Committee Report and Embedded Value Statement. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT CONTINUED

for the year ended 30 June 2023

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

In terms of the Independent Regulatory Board for Auditors (IRBA) Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Deloitte & Touche has been the auditor of The Hollard Life Assurance Company Limited for 30 years.

DocuSigned by:
 **Deloitte & Touche**
21BB6D97D7C644F...

Deloitte & Touche
Registered Auditor
Per: Harshal Kana
Partner

2 November 2023

5 Magwa Crescent
Waterfall City
Waterfall
2090

AUDIT COMMITTEE REPORT

for the year ended 30 June 2023

HOLLARD GROUP AUDIT AND COMPLIANCE COMMITTEE REPORT

The Hollard Group Audit and Compliance Committee ("the Committee") is pleased to present its annual report, for the financial year ended 30 June 2023. This report outlines how the Committee discharged both its statutory and Board-delegated duties during the year.

The 2023 financial year reflects a decrease in gross written premium and an increase in net earnings before tax. Economic, infrastructure and environmental challenges continue to impact the business and the insurance industry at large. The Group remains cautious about the pace of recovery of the national economy. The year saw consumer price inflation steadily increase, followed closely by commensurate and significant interest rate hikes resulting in substantial pressure on the disposable income of consumers. The Committee continuously monitors the businesses' performance and the initiatives taken by the business to manage the interests of its policyholders and all its stakeholders.

1. THE COMMITTEE'S COMPOSITION AND TERMS OF REFERENCE

1.1. Composition and meeting attendance

During the financial year, the Committee was composed of three independent non-executive directors, namely, Mr M Bower (Chairman), Ms N Simamane and Ms B Ngonyama^[1]. In accordance with the requirements of the Companies Act, individual members of the Committee are appointed annually by the shareholders at the Annual General Meeting for the ensuing financial year. The Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Group Head of Finance, Heads of Control Functions, External and Internal Auditors attended the scheduled Committee meetings. In addition, the Committee holds closed sessions of members regularly, to deliberate on any matters that may require confidential assessment. This includes closed sessions with the Internal and External Auditors, to determine whether there were any significant issues identified during each audit process. The Committee also conducts annual reviews to consider the effectiveness and performance of the assurance areas of the business, and to ensure interactive collaboration between finance, compliance, internal audit and external audit.

[1] Ms B Ngonyama resigned as a Member of the Committee on 21 July 2023.

1.2. Terms of Reference

The Committee operates within the framework provided by its Board-approved Terms of Reference and carries out its mandate in compliance with this governing document. The Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference.

The Committee's key roles and responsibilities are focused on driving an integrated approach to assurance for effective risk mitigation. The Group has adopted the three lines of defence governance model to strengthen the Board's governance. The capability of the first line of defence and the system of internal controls are continually enhanced, in alignment to the Groups' Combined Assurance Framework. The Committee monitors the relationship between assurance providers, including approval of the Group Compliance, Group Internal Audit and External Audit coverage plans for each financial year.

The Committee monitors all material compliance risks and ensures that management performs formal compliance risk assessments. The Compliance Function is focused on monitoring compliance with the relevant legislation and regulations that are applicable to the Group. Following a review of the Compliance Function's performance and effectiveness, the Committee found the Compliance Function's performance to be satisfactory.

2. INTERNAL AUDIT

The Committee maintained oversight of the Internal Audit Function for the reporting period and monitored the progress of completion of the approved Internal Audit plan. Upon review of the Internal Auditor's report in assessing the effectiveness of internal financial controls and the implementation of risk management processes, both the internal financial controls and risk management processes were found to be effective. The Committee reviewed and approved the internal audit charter and evaluated the independence, effectiveness, and performance of the function in line with its charter. The Committee has found the Internal Audit Function to be independent and adequately resourced and competent to perform its duties. The Internal Audit function has direct access to the Committee Chairman and all the Committee members, without limitation. Progress has been made in digitising and automating internal audit activities. All internal audit reporting is now automated.

3. EXTERNAL AUDIT

The Committee has reviewed the quality and effectiveness of the External Audit process and confirms there is a suitable process in place for the Committee to be informed of any irregularities (as described in the Auditing Profession Act, 2005) that may be identified and reported by the External Auditor. The External Audit process included a review of the Group's compliance with the relevant legislation and regulations, including the audit requirements prescribed by the Prudential Standards.

The Committee has adopted a policy for non-audit services rendered by the External Auditor and pre-approves the contracts for any such services rendered. This policy is regularly reviewed.

AUDIT COMMITTEE REPORT CONTINUED

for the year ended 30 June 2023

4. STATUTORY DUTIES

4.1. Financial Statements and Accounting Policies

The Committee has reviewed the Accounting Policies and Financial Statements for the financial year ended 30 June 2023 and is satisfied that same complies with International Financial Reporting Standards.

4.2. Going Concern

The Committee has undertaken an assessment of the Group's documented status, including key assumptions prepared by Management and is comfortable in recommending to the Board that each Company within the Group is a going concern, as reflected in the Annual Financial Statements.

4.3. External Auditor appointment and independence

The Committee has supported the reappointment of Deloitte South Africa as External Auditor for the 2023 financial year and agreed to the engagement letter, terms, audit plan and budgeted external audit fees.

After evaluating the extent of non-audit work the Auditor undertakes for the Group, and compliance with criteria relating to independence and conflicts of interest, the Committee has satisfied itself that Deloitte South Africa is independent of the Company and the broader Group. Guarantees provided by the auditing firm confirm that its claim to independence is supported and demonstrated by its own internal governance processes.

Following a successful process to identify a suitable external auditor following the Deloitte rotation end FY2023, collaboration between Deloitte and PWC (as incoming auditor for 2024) has been positive, and a seamless audit rotation process is expected. At the Annual General Meeting of the Shareholders, it will be recommended that PWC be appointed as External Auditor for the 2024 financial year.

5. CHIEF FINANCIAL OFFICER & THE FINANCE FUNCTION

The Committee is satisfied with the knowledge and experience of the Chief Financial Officer, Mr Dirk Viljoen. The Committee has found the knowledge and experience of the Group's finance function to be appropriate and that the financial reporting procedures are satisfactory.

The Committee has assessed the Annual Financial Statements for the financial year ended 30 June 2023, including the quality of the earnings and has recommended the Annual Financial Statements to the Board for approval.

During 2023 there was ongoing focus on and preparation for the implementation of International Financial Reporting Standards 17 (IFRS 17) within the finance function through the IFRS 17 Project, to ensure timeous compliance with the Standard. An Internal Financial Controls project has also been effective in assessing the adequacy of the internal financial controls across the Hollard Group, to identify areas for improvement. The overall progress of each project was assessed by the Committee at each meeting. The Committee is of the view that the Group is sufficiently prepared to deliver financial reporting in compliance with IFRS 17 as required in 2024.

6. STATEMENT ON INTERNAL FINANCIAL CONTROLS

The Committee is able to assess the effectiveness of financial and non-financial controls by reviewing the assurance reports presented at every meeting. A review of the financial reporting risks, internal audit report and the external audit report was conducted by the Committee in the assessment of the internal financial controls. In the year under review, these mechanisms were assessed by Internal Audit to determine the adequacy of controls. As such, it was confirmed that there was no material breakdown in the design or operational effectiveness of the internal financial control systems and that matters to be addressed were either receiving attention or had already been resolved.

Fraud prevention and detection remains a key priority for the business. Initiatives to automate and digitise fraud prevention and detection activities are explored and implemented on an ongoing basis. Any material fraud matters are reported to the Committee. During the year under review no significant fraud matters were identified for escalation to the Committee.

The Committee was able to advise the Board that nothing has come to its attention which would indicate that the internal financial controls do not form an effective basis for preparation of the Annual Financial Statements and were found to be satisfactory.

7. STATEMENT ON INTERNAL CONTROL AND RISK MANAGEMENT

Effectiveness of the internal control systems are monitored by the risk management and internal audit functions, on the basis of which, recommendations are made to Management, the Committee as well as the Risk and IT Committee. The Risk and IT Committee is responsible for the governance of risk management in the Group.

Based on this information, together with discussions held with Management and the Committees, the Committee confirms that the risks relating to internal controls and risk management shortcomings were highlighted to the Committees during the year under review, with sufficient plans in place to mitigate these risks.

The Committee confirms that to the best of its knowledge it has fulfilled its responsibilities for the 2023 financial year in terms of its ToR, as well as its legal and regulatory responsibilities, and nothing to indicate the contrary has been brought to the Committee's attention..



Mark Bower

Chairman of the Audit and Compliance Committee

25 October 2023

DIRECTORS' REPORT

for the year ended 30 June 2023

The directors have pleasure in presenting the directors' report which forms part of the Group and Company's annual financial statements for the year ended 30 June 2023.

Nature of business

The Company is a registered insurer and underwrites all classes of life insurance business throughout the Republic of South Africa.

The activities and details of the interest in subsidiaries, associates and joint venture are listed in notes 8 and 9 on pages 59 to 61 of the annual financial statements.

General review

In the year under review the Group achieved net profit attributable to equity holders of the parent of R743 710 654 (2022: R49 002 861), which arose from the Group's operations as follows:

	GROUP	
	2023 R'000	2022 R'000
Net premium income	4 962 403	5 270 483
Investment income and investment gains/(losses)*	175 642	204 325
Other operating income	438 044	257 362
Total revenue	5 576 089	5 732 170
Net insurance claims	(2 404 501)	(3 026 841)
Other operating expenses	(2 112 242)	(2 450 556)
Total expenses	(4 516 743)	(5 477 398)
Result of operating activities	1 059 346	254 772
Share of income/(loss) in associates	26 850	34 386
Profit before taxation	1 086 196	289 158
Taxation	(342 485)	(240 155)
Profit for the year	743 711	49 003
Equity holders of the parent	743 711	49 003

Share capital

There were changes in the authorised share capital of the Company for the year. No shares were issued during the year.

There was no change in the authorised and issued ordinary share capital of the Company during the year.

Dividends

Dividends on ordinary shares of R682 945 000 (2022: R274 737 000) were declared by the Company during the year.

Subsidiaries and associates

The Company's aggregate share of the profits of subsidiaries and associates for the year amounted to R594 209 and R26 850 368 respectively (2022: -R 99 127 and R 34 386 345 respectively).

Going concern

The directors have assessed the Group's ability to continue as a going concern. As at 30 June 2023, the Group had a strong net asset value and liquidity position.

The Board and its committees received regular reports on the operational, financial, solvency and liquidity-related impacts on the Group.

As a result, the Board believes that the Group is well placed to meet its future capital and liquidity requirements and therefore believes that it is appropriate to adopt the going concern basis.

Subsequent events

The Board is not aware of any other event since the end of the financial year, not otherwise dealt with in these annual financial statements, that would affect the operations of the Group, or the results of these operations.

Directorate

In terms of the requirements of the memorandum of incorporation (Mol), the following directors retired by rotation, made themselves available for re-election and were re-elected at the AGM held on 13 April 2023:

S Patel

B Ngonyama

R Fihrer

AS Nkosi resigned on 1 July 2023

DIRECTORS' REPORT CONTINUED

for the year ended 30 June 2023

Directors' interest in contracts

During the financial year, no contracts were entered into which directors or officers of the Company had an interest and which significantly affected the business of the Company.

Executive directors

WT Lategan (Group CEO – appointed 1 July 2022), DJ Viljoen (Group CFO), B Ruele and AL Mhlanga (appointed 8 December 2022) were the executive directors who held office during the year.

Non-executive directors

B Ngonyama, MR Bower, NV Simamane, AS Nkosi, (resigned 1 July 2023), R Fihrer, S Patel, ADH Enthoven (resigned 1 August 2022), NG Kohler (resigned August 2022), and MS Claasen were in office during the year as non-executive directors.

Auditors

Pricewaterhouse Coopers have been appointed as the external auditor on 1 July 2023 in accordance with section 90 of the Companies Act No 71 of 2008.

Company Secretary

A Allardyce

Business address

Hollard at Arcadia
22 Oxford Road
Parktown
Johannesburg
2193

Postal address

P0 Box 87419
Houghton
2041

Holding company

The immediate holding company is Hollard Fundco (RF) (Pty) Ltd (100%) and the ultimate holding company is Pickent Investments Limited. Both these companies are incorporated in the Republic of South Africa.

STATEMENTS OF FINANCIAL POSITION

for the year ended 30 June 2023

		GROUP		COMPANY	
	Notes	2023 R'000	Restated 2022 R'000	2023 R'000	Restated 2022 R'000
Assets					
Property and equipment	5	40 331	48 425	40 331	48 425
Right-of-use assets	6	75 679	144 572	75 679	144 572
Intangible assets	7	111 220	100 201	111 220	100 201
Investment in subsidiaries	8	–	–	47 450	47 450
Investment in associates	9	126 720	88 361	118 100	89 329
Financial assets*	10	31 140 935	27 647 931	31 140 935	27 647 931
Reinsurance assets		1 922 351	1 841 709	1 922 351	1 841 709
Insurance, loans and other receivables	11	838 059	732 624	835 277	729 104
Deferred taxation	12	1 853 880	2 248 493	1 853 880	213 333
Current income taxation		–	7 479	–	7 479
Cash and cash equivalents*	13	815 205	1 951 408	806 474	1 945 473
Total assets		36 924 380	34 811 203	36 951 697	34 850 166
Equity and liabilities					
Attributable to equity holders of the parent		1 162 781	1 097 170	1 188 232	1 132 804
Share capital and premium	14	20 000	20 000	20 000	20 000
Foreign currency translation reserve		27 551	22 706	–	–
Non-distributable reserve		19 373	19 373	–	–
Retained earnings		1 095 857	1 035 091	1 168 232	1 112 804
Total equity		1 162 781	1 097 170	1 188 232	1 132 804
Borrowings	15	400 000	399 925	400 000	399 925
Trade and other payables	16	1 282 526	1 192 765	1 284 392	1 196 094
Investment liabilities**	17	29 237 642	27 334 168	29 237 642	27 334 168
Insurance liabilities**	17	3 283 557	3 010 823	3 283 557	3 010 823
Reinsurance liabilities		256 858	267 835	256 858	267 835
Provisions	18	114 167	100 488	114 167	100 488
Deferred taxation	12	1 154 034	1 408 029	1 154 034	1 408 029
Current income taxation		32 815	–	32 815	–
Total liabilities		35 761 599	33 714 033	35 763 465	33 717 362
Equity and liabilities		36 924 380	34 811 203	36 951 697	34 850 166

* Refer to note 38 for the details on the restatement. The comparative information has been restated as a result of a prior period error.

**Investment liabilities have been separated from insurance liabilities for fair presentation.

STATEMENTS OF PROFIT AND LOSS

for the year ended 30 June 2023

		GROUP		COMPANY	
	Notes	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Revenue					
Gross written premiums		6 848 973	7 013 107	6 848 973	7 013 107
Reinsurance outwards		(1 841 342)	(1 718 394)	(1 841 342)	(1 718 394)
Net written premiums		5 007 631	5 294 713	5 007 631	5 294 713
Less: Change in unearned premium reserve		(45 228)	(24 230)	(45 228)	(24 230)
Gross amount		(45 228)	(24 230)	(45 228)	(24 230)
Net premium income	19	4 962 403	5 270 483	4 962 403	5 270 483
Investment income		238 045	207 490	259 057	213 333
Interest received	23	183 944	149 563	182 849	149 013
Dividends received	23	58 268	57 927	80 375	64 320
Investment management fees		(4 167)	–	(4 167)	–
Investment gains/(losses)		(62 403)	(3 165)	(62 403)	35 699
Realised gains/(losses) on disposal of investments	20	(48 625)	31 587	(48 625)	31 587
Unrealised gains/(losses) on revaluation of investments	21	(13 778)	(34 752)	(13 778)	4 112
Other operating income	22	438 044	257 362	413 760	237 256
Total revenue		5 576 089	5 732 170	5 572 817	5 756 771
Expenses					
Gross policyholder benefits and claims incurred		3 632 605	4 950 403	3 632 605	4 950 403
Claims and loss adjustments expense		23 517	13 819	23 517	13 819
Policyholder benefits	26	3 609 088	4 936 584	3 609 088	4 936 584
Reinsurance recoveries		(1 432 712)	(2 159 923)	(1 432 712)	(2 159 923)
Transfer to/(from) policyholder liabilities		204 608	236 361	204 608	236 361
Net insurance claims		2 404 501	3 026 841	2 404 501	3 026 841
Commissions and other acquisitions		485 851	462 392	485 851	462 392
Interest paid	23	93 020	72 708	93 020	72 708
Marketing and administration expenses		1 533 371	1 915 457	1 508 587	1 894 702
Total expenses		4 516 743	5 477 398	4 491 959	5 456 643
Result of operating activities		1 059 346	254 772	1 080 858	300 128
Share of income/(loss) in associates		26 850	34 386	–	–
Profit before taxation	24	1 086 196	289 158	1 080 858	300 128
Taxation	25	(342 485)	(240 155)	(342 485)	(240 155)
Profit for the year		743 711	49 003	738 373	59 973

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2023

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Profit for the year	743 711	49 003	738 373	59 973
Other comprehensive income	4 845	1 688	–	–
Exchange differences on translation of foreign operations	4 845	1 688	–	–
Total other comprehensive income	748 556	50 691	738 373	59 973

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2023

EQUITY ATTRIBUTABLE TO OWNERS

	Issued share capital R'000	Share premium R'000	Foreign currency translation reserve R'000	Non- distributable reserve R'000	Retained earnings R'000	Total ordinary shareholders' equity R'000	Total equity R'000
GROUP							
Balance at 1 July 2021	20	19 980	21 018	19 373	1 257 066	1 317 457	1 317 457
Net profit/(loss)	–	–	–	–	49 003	49 003	49 003
Other comprehensive income	–	–	1 688	–	–	1 688	1 688
Total comprehensive income	–	–	1 688	–	49 003	50 691	50 691
Dividends paid	–	–	–	–	(274 737)	(274 737)	(274 737)
Change in ownership	–	–	–	–	3 759	3 759	3 759
Balance at 30 June 2022	20	19 980	22 706	19 373	1 035 091	1 097 170	1 097 170
Net profit/(loss)	–	–	–	–	743 711	743 711	743 711
Other comprehensive income	–	–	4 845	–	–	4 845	4 845
Total comprehensive income	–	–	4 845	–	743 711	748 556	748 556
Dividends paid	–	–	–	–	(682 945)	(682 945)	(682 945)
Balance at 30 June 2023	20	19 980	27 551	19 373	1 095 857	1 162 781	1 162 781
COMPANY							
Balance at 1 July 2021	20	19 980	–	–	1 327 568	1 347 568	1 347 568
Net profit/(loss)	–	–	–	–	59 973	59 973	59 973
Total comprehensive income	–	–	–	–	59 973	59 973	59 973
Dividends paid	–	–	–	–	(274 737)	(274 737)	(274 737)
Balance at 30 June 2022	20	19 980	–	–	1 112 804	1 132 804	1 132 804
Net profit/(loss)	–	–	–	–	738 373	738 373	738 373
Total comprehensive income	–	–	–	–	738 373	738 373	738 373
Dividends paid	–	–	–	–	(682 945)	(682 945)	(682 945)
Balance at 30 June 2023	20	19 980	–	–	1 168 232	1 188 232	1 188 232

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2023

		GROUP		COMPANY	
	Notes	2023 R'000	Restated 2022 R'000	2023 R'000	Restated 2022 R'000
Cash flows from operating activities					
Cash receipts from policyholders and other customers		5 113 067	5 327 471	5 113 804	5 326 279
Cash paid to policyholders, suppliers and employees		(4 280 800)	(3 920 625)	(5 652 735)	(3 882 294)
Cash generated from operations		(561 513)	1 406 846	(538 931)	1 443 985
Interest paid		(93 020)	(72 708)	(93 020)	(72 708)
Dividends paid	28	(682 945)	(274 737)	(682 945)	(274 737)
Interest received		183 944	149 563	182 851	149 013
Dividends received	29	61 092	65 939	61 093	72 333
Other Income	22	438 044	257 362	413 760	237 256
Taxation paid	30	(161 573)	(16 671)	(161 573)	(17 463)
Net cash inflow from operating activities		(815 971)	1 515 594	(818 767)	1 537 679
Cash flows from Investing activities					
Acquisition of listed and unlisted investments		(3 632 716)	(3 473 464)	(3 632 716)	(3 473 464)
Acquisition of property and equipment		(35 330)	(193)	(35 330)	(193)
Acquisition of intangible assets		(18 120)	(11 443)	(18 120)	(11 443)
Acquisition of other financial assets*		(5 572 663)	(2 885 883)	(5 572 663)	(2 885 883)
Proceeds on disposal of listed and unlisted investments		3 776 804	1 910 194	3 776 804	1 910 194
Proceeds on disposal of listed investments		648 569	422 655	648 569	422 655
Proceeds on disposal of unlisted investments		3 128 235	1 487 539	3 128 235	1 487 539
Proceeds on disposal of other financial assets*		5 215 927	3 010 333	5 215 927	3 010 333
Proceeds on disposal of property and equipment		34 788	5 115	34 788	4 969
Proceeds on disposal of intangible assets		3 748	–	3 748	–
Decrease in loans to subsidiaries		–	750	–	750
(Increase) in loans to group companies		(114 922)	(18 272)	(114 922)	(18 272)
Decrease in loans		22 252	22 553	22 252	22 553
Net cash (outflow) from investing activities		(320 232)	(1 440 309)	(320 232)	(1 440 456)
Cash flows from financing activities					
Increase/(decrease) in long-term borrowings		–	(139)	–	(139)
Net cash inflow/(outflow) from financing activities		–	(139)	–	(139)
Cash and cash equivalents					
Net (decrease)/increase in cash and cash equivalents		(1 136 203)	75 145	(1 138 999)	97 084
Cash, deposits and similar securities at beginning of year		1 951 408	1 876 263	1 945 473	1 848 389
Cash and cash equivalents at end of year		815 205	1 951 408	806 474	1 945 473

* Refer to note 38 for the details on the restatement. The comparative information has been restated as a result of a prior period error.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Group and Company's annual financial statements are set out below and have been consistently applied to all years presented unless otherwise stated.

1.1 Basis of presentation

These consolidated annual financial statements have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these annual financial statements.

These consolidated annual financial statements have been prepared on the historical cost basis, except for investment and owner-occupied property, interest in subsidiaries and associates, the revaluation of investment financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are carried at fair value.

Policyholder liabilities under insurance contracts are valued in terms of the Financial Soundness Valuation (FSV) basis contained in the Standards of Actuarial Practice (SAP) 104, issued by the Actuarial Society of South Africa.

Use of estimates and judgements

The preparation of financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Group and Company's estimates and underlying assumptions are reviewed for reasonability on an ongoing basis. Revisions to accounting estimates are recognised in the statement of comprehensive income in the year in which the estimates are revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the annual financial statements are disclosed in note 2 to these financial statements.

Adoption of new and revised standards

The Group and Company's accounting policies are consistent with those of the previous financial year except for those instances where new or revised standards and/or interpretations had to be adopted.

Standards, interpretations and amendments to published standards that are not yet effective as at June 2023

The following new standards and amendments to IFRS will have an impact on the Group and Company's future financial statements:

- | |
|--|
| • Amendments to IAS 1 – Classification of liabilities as current or non-current – 1 January 2023 |
| • Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies – 1 January 2023 |
| • Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction – 1 January 2023 |
| • Amendments to IAS 8 – Definition of accounting estimates – 1 January 2023 |
| • Amendments to IFRS 17 – Insurance contracts – 1 January 2023 |

Except for IFRS 17, none of these are expected to have a material impact on the Group financial statements. The impact of IFRS 17 is disclosed below.

Summary of IFRS 17 impact

IFRS 17 is an accounting change that does not impact the fundamentals of our insurance business

<ul style="list-style-type: none">No impact on our solvency positionNo impact on our cash positionNo impact on our ability to declare and pay dividends	<ul style="list-style-type: none">There is an impact on the timing in which we recognise insurance profits. This results in an increase to shareholder equity on transition of between R420 million and R1 020 million.
---	---

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.1 Basis of presentation (continued)

IFRS 17: Insurance Contracts

IFRS 17 replaces IFRS 4 for financial year periods commencing on or after 1 January 2023. IFRS 17 becomes effective for The Company on 1 July 2023 which will require a restatement of the financial year 2023 comparatives when reporting on the 2024 financial period.

IFRS 17 provides comprehensive guidance on accounting for insurance, reinsurance and investment contracts with discretionary participation features and has a significant impact on accounting for insurance and reinsurance contracts, including changes to the presentation of insurance revenue and insurance service result.

The Company applies IFRS 17 to the below long-term contracts holding significant insurance risk:

- Insurance contracts, including reinsurance contracts it issues;
- Reinsurance contracts it holds; and
- Investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts.

Further, the Company does not apply IFRS 17 to the following:

- Pure savings business measured under IFRS 9;
- Those components defined as distinct in terms of IFRS 17.B31 and IFRS 17.B32 such as those distinct investment components that are modelled under IFRS 9 and other distinct goods and services measured under IFRS 15;
- Its mass lapse stop-loss reinsurance treaty as the underlying risks as they relate to Hollard Life fall outside the scope of insurance risk transfer;
- employers' assets and liabilities from employee benefit plans and retirement benefit obligations reported by defined benefit retirement plans;
- contractual rights or contractual obligations contingent on the future use of, or the right to use, a non-financial item (for example, some license fees, royalties, variable and other contingent lease payments and similar items);
- financial guarantee contracts, unless the issuer has previously asserted explicitly that it regards such contracts as insurance contracts and has used accounting applicable to insurance contracts;
- contingent consideration payable or receivable in a business combination; and
- insurance contracts in which the Company is the policyholder, unless those contracts are reinsurance contracts held.

Project Governance and progress update

The IFRS 17 implementation program was instituted in 2019 under the sponsorship of the Group Chief Financial Officer. It has been governed by the IFRS 17 Steering Committee consisting of executive and senior management of the impacted financial, actuarial and information technology areas across the Company, as well as including representation from both Group Internal Audit and External Audit.

The Company has progressed well with the activities required for implementation of IFRS 17. The Company policy and methodology decisions which have formed the basis of the transition work and the ongoing generation of IFRS 17 results have been finalised and reviewed by external audit. The work to determine the transition to the IFRS 17 balance sheet has been completed and is under review by the auditors.

A new target operating model for the financial reporting process has been developed and the relevant new systems, components and IFRS 17 CSM engine have undergone full end-to-end testing before being implemented into production. The financial year 2023 comparative year reporting is in progress.

Ongoing training to the relevant stakeholders to embed IFRS 17 understanding continues.

Classification of insurance contracts

Insurance contracts are contracts under which the entity accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis.

The definition of an insurance contract has remained largely the same under IFRS 17 as it was under IFRS 4, thus the adoption of IFRS 17 does not significantly change the classification of the entity's insurance contracts. The entity issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the entity determines whether it has significant insurance risk, by comparing the present value of benefits payable when an insured event occurs with the present value of the benefits payable if an insured event did not occur. Insurance contracts can also transfer financial risk.

Separating components from an insurance contract:

At inception, the Company separates the following components from an insurance or reinsurance contract held and accounts for them as if they were stand-alone financial instruments:

- Distinct investment components: investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction. These are in the scope of IFRS 9.

After separating any financial instrument components, the Company separates any promises to transfer distinct goods or non-insurance services to policyholders and accounts for them as separate contracts with customers. A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder. A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.1 Basis of presentation (continued)

Aggregation of insurance contracts

Insurance contracts within each broad product line are allocated to portfolios of insurance contracts that are managed together and subject to similar risks.

Portfolios of insurance contracts issued will be divided into groups of insurance contracts at initial recognition into the minimum of:

- a group of insurance contracts that are onerous at initial recognition, if any;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- a group of remaining contracts in the portfolio, if any.

Groups of insurance contracts are onerous if the fulfilment cash flows allocated to each contract at initial recognition in total are a net outflow. For reinsurance contracts the references to onerous contracts are replaced with references to contracts on which there is a net cost at initial recognition.

Each group of contracts does not include contracts issued more than one year apart in the same group.

These groups represent the level of aggregation at which insurance revenue is measured. Such groups are not subsequently reconsidered.

Recognition of insurance contracts

The Company recognises insurance contracts issued from the beginning of the coverage period; or if earlier, the date when the first payment from the policyholder is due or for a group of onerous contracts, when the group becomes onerous.

The Company recognises reinsurance contracts held from the earlier of the beginning of the coverage period of the group of reinsurance contracts held; and the date the entity recognises an onerous group of underlying insurance contracts applying paragraph 25(c) of the standard, if the entity entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date. Notwithstanding the above recognition criteria, the company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date that any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

Measurement models

IFRS 17 introduces different measurement models in calculating insurance and reinsurance contract liabilities reflecting the different extents of policyholder participation in investment of insurance entity performance: non-participating or indirect participation (General measurement model (GMM)) and direct participating (Variable Fee Approach (VFA)). For short duration contracts, IFRS 17 permits a simplified approach (Premium Allocation Approach (PAA)). An entity may simplify the measurement of a group of insurance contracts using the premium allocation approach if, and only if, at the inception of the group; the entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the liability calculated as per the GMM or the coverage period of each contract in the group is one year or less. The simplification allows the LRC to be primarily based on premium received, less earned premium and unamortised acquisition cash flows, rather than to be disaggregated into the present value of future cashflows (PVFCF), risk adjustment and CSM. The liability for incurred claims is measured consistently with the GMM, whereby all the incurred claims are subject to discounting and risk adjustment.

Measurement on initial recognition (excluding PAA)

On initial recognition, the LRC of a group of contracts (regardless of the measurement model applicable to the LRC) is measured as the sum of the following components.

Components to be dealt with will be measured as follows:

a. Liability components

A group of insurance contracts is measured as the sum of the Liability for Remaining Coverage (LRC) and the Liability for Incurred Claims (LIC). These components relate to the provision of future service and past service respectively.

- Fulfilment cash flows related to future service, which comprise of:
 - o Estimate of future cash flows;
 - o an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows
 - o Risk adjustment for non-financial risk; and
- Contractual Service Margin.

The LIC is structured similarly to the LRC, except for the CSM. The LIC consists of the following:

- Fulfilment cash flows related to past service, which comprise:
 - o Estimate of future cash flows; and
 - o Risk adjustment for non-financial risk.

Fulfilment cash flows

The fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows within the contract boundary (the contract boundary for an insurance contract under IFRS 17 determines which cash flows should be included within the fulfilment cash flows, and hence the value of the CSM). Fulfilment cash flows are determined separately for insurance contracts (including reinsurance contracts) issued and reinsurance contracts held. Fulfilment cash flows are allocated to groups of insurance contracts for measurement purposes. Fulfilment cash flows exclude cash flows not directly attributable to the fulfilment of the insurance contracts. An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. This risk adjustment represents the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. For reinsurance contracts held, the risk adjustment reflects that some of this uncertainty will be ceded to the reinsurer. The risk adjustment forms part of the fulfilment cash flows for a group of insurance contracts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.1 Basis of presentation (continued)

Fulfilment cash flows (continued)

Best estimate of future cashflows

IFRS 17, indicates that estimates of future cash flows should:

- include all cash flows that are within the contract boundary;
- incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows;
- reflect the perspective of the entity, if estimates of any relevant market variables are consistent with observable market prices for those variables;
- be current; and
- be explicit.

The estimate of future cashflows should include all cash flows that are within the contract boundary. For The entity, the following cash flows are in scope under IFRS 17:

- Liability for Remaining Coverage (LRC):
 - o Insurance premiums (includes premiums overdue, due and not yet due)
 - o Expected future incurred claims (including claims-related expenses)
 - o Claims handling costs
 - o Insurance acquisition cash flows that are directly attributable to the portfolio
 - o Policy administration and maintenance costs
 - o An allocation of fixed and variable overheads directly attributable to insurance contracts.
- Liability for Incurred Claims (LIC):

The following claims-related cashflows need to be included:

 - o Reported claims not yet paid (including claims-related expenses)
 - o Incurred claims not yet reported which includes estimates of expected movements in reported claims not yet paid (including claims-related expenses)
 - o Claims payable (i.e. amounts where a credit note has been issued but physical payment has not yet been processed/made)
 - o Claims handling costs

The following cash flows shall not be included when estimating the cash flows that will arise as the entity fulfils an existing insurance contract:

- Investment returns
- Reinsurance cash flows (within the insurance cash flows)

Discount rates

The entity will apply bottom-up discount rates for all groups of insurance and reinsurance contracts. Bottom-up discount rates are constructed using risk-free rates, plus an illiquidity premium, where applicable. Risk-free rates are determined by reference to the risk-free yield curve published by the prudential authority.

Risk Adjustment (RA)

The entity will disaggregate the change in the risk adjustment for non-financial risk between the insurance service result and (re-) insurance finance income or expenses. For contracts measured under the GMM, the entity will use a Value at Risk (VaR) methods to determine the risk adjustment for both the LRC and LIC and use a variation of Margins on Assumptions approach to allocate the RA to a lower contract level. The confidence level will be set in line with Hollard's internal risk appetite.

Non-financial risks included in the RA calibration include Mortality risk, Longevity risk, Disability risk, Lapse risk, Expense risk and Retrenchment risk. Operational risk, Expense inflation risk, Life Underwriting Catastrophe risk and Mass Lapse risk have been excluded from the calibration.

The RA for reinsurance contracts will follow the same approach. The RA calibration for reinsurance contracts will be calculated as the difference between the RA for the underlying insurance contracts on a net and gross of reinsurance basis.

Contractual service margin (CSM)

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued which represents the unearned profit that the entity expects to recognise as it provides insurance contract services.

- If a group of insurance contracts is not onerous at initial recognition, the CSM will be measured as the equal and opposite amount of the net inflow resulting from the total of the fulfilment cash flows. This results in no income or expenses arising on initial recognition.
- If a group of insurance contracts is onerous at initial recognition, the Company will immediately recognise this net outflow in profit or loss. Following this, a loss component will be created to represent these losses recognised in profit or loss. Subsequently an increase or reversal of losses on onerous groups of insurance contracts will be presented in profit or loss.

For groups of reinsurance contracts held, any net gain or loss at initial recognition is recognised as the CSM unless the net cost of purchasing reinsurance relates to past events, in which case the entity recognises the net cost immediately in profit or loss.

Subsequent measurement (excluding PAA)

The carrying amount of a group of insurance contracts at each reporting date will be the sum of:

- the liability for remaining coverage, comprising:
 - o the fulfilment cash flows related to service to be provided under the contract in future periods; and
 - o the remaining CSM of the group at that date.
- the liability for incurred claims, comprising the fulfilment cash flows for past incurred claims and expenses not paid, including claims that have been incurred but not reported.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.1 Basis of presentation (continued)

Fulfilment cash flows

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of fulfilment cash flows, discount rates appropriate to the measurement model being used and current estimates of the risk adjustment for non-financial risk.

Fulfilment cash flows for past incurred claims include the discounted value of the estimates of future payments arising from these claims, for example the estimated future benefit payments on income protection contracts and riders such as premium waivers.

The contractual service margin at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss because it relates to the future service to be provided under the contracts in the group.

For insurance contracts without direct participation features, the carrying amount of the contractual service margin of a group of contracts at the end of the reporting period equals the carrying amount at the start of the reporting period adjusted for:

- the effect of any new contracts added to the group;
- interest accreted on the carrying amount of the contractual service margin during the reporting period, measured at the discount rates;
- the changes in fulfilment cash flows relating to future service, except to the extent that:
 - i. such increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, giving rise to a loss; or
 - ii. such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.
- the effect of any currency exchange differences on the contractual service margin; and
- the amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The entity will allocate the CSM at the end of the reporting period based on the underlying coverage units. The coverage units represent the quantity of (re-) insurance contract services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided under a contract and its expected coverage period. The sum assured (or annuity) in force is considered as the main driver for determining coverage units for insurance service under GMM. Whenever the entity provides both insurance service and investment-related or investment-return service to the policyholders, the coverage units are appropriately weighted to reflect both services to allocate the CSM over the current and remaining coverage period, whereby the unit fund value plus (investment component) plus any guaranteed benefit over and above the underlying fund value (insurance component) are considered as the main driver for determining coverage units for investment-related or investment-return service.

The entity will discount the coverage units using the same discount rate for each reporting period that is used to accrete the contractual service margin. The CSM allocated to coverage units provided in the period will be recognised in profit or loss.

Adjustments to the CSM are made for any changes in fulfilment cash flows that relate to future service.

For reinsurance contracts held, the CSM represents a deferred gain or loss that the entity will recognise as a reinsurance expense as it receives insurance contract services from the reinsurer in the future and is calculated as the sum of:

- i. the initial recognition of the FCF; and
- ii. cash flows arising from the contracts in the group at that date;
- iii. the amount de-recognised at the date of initial recognition of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts held (other pre-recognition cash flows); and
- iv. any income recognised in profit or loss when the entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group.

Contractual service margin

The PAA will be applied to all contracts with a contract boundary of one year or less. In some scenarios, the PAA will also be applied where the Company expects that the measurement under the PAA model would produce a measurement of the liabilities that would not differ materially from the one that would be produced by applying the GMM.

The liability of remaining coverage under the PAA represents the portion of the premiums related to future service. IFRS 17 is not expected to have a significant impact on the insurance liabilities for contracts measured under PAA.

A risk adjustment is determined for the liabilities for incurred claims where there is uncertainty in the size of the estimate and/or the timing of the future cash flows.

Transition approaches

The IFRS 17 Standard for Hollard is applicable to annual periods beginning on or after 1 July 2023. However, the requirement for 2022 comparative information means that the IFRS 17 transition statement of financial position is required as at 1 July 2022.

When determining the insurance liabilities at transition, the IFRS 17 Standard should be applied retrospectively as if it had always applied unless it is "impracticable" to do so based on the requirements in IAS 8: Accounting policies, Changes in Accounting Estimates and Errors. This retrospective approach is referred to as the full retrospective approach (FRA). Where it is impracticable to apply IFRS 17 retrospectively, various simplifications are permitted when adopting the modified retrospective approach (MRA) or fair value approach (FVA) provided that certain criteria have been met.

As IFRS 17 is applied retrospectively, the entity determined the transition approach at a group of insurance contracts level, depending on availability of reasonable and supportable historic information. The selected transition approach will affect the measurement of the CSM on initial adoption of IFRS 17 as follows:

- Fully retrospective approach – the CSM is based on initial assumptions when groups of contracts were inception and rolled forward to the date of transition as if IFRS 17 had always been applied.
- Modified retrospective approach – the CSM is calculated using modifications allowed by IFRS 17 considering the actual pre-transition fulfilment cash flows; and
- Fair value approach – the CSM at transition is calculated as the difference between the fair value of a group of contracts, without the consideration of the demand deposit floor requirement, and the respective fulfilment cash flows measured at the transition date.

For the majority of the underlying insurance groups, the Fully retrospective approach has been adopted. For a minor portion of the Hollard business where it has been demonstrated to be impracticable to apply the fully retrospective approach, a combination of the modified retrospective and fair value approach have been used.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.1 Basis of presentation (continued)

Presentation and disclosure

IFRS 17 will also affect the presentation of the revenue from the insurance contracts, which will no longer include gross written premium or investment components. Furthermore, the insurance revenue and insurance service expenses will be presented gross of reinsurance, with the reinsurance result included in the net expenses from reinsurance contracts held. The insurance and reinsurance contract liabilities are subject to discounting; the unwind of the discount will be part of the insurance finance expense or reinsurance finance income, rather than insurance service result. The amounts on the face of the profit or loss statement and statement of financial position will be supplemented by disclosures to explain the recognised amounts. Explanation of insurance amount recognised in profit or loss are as below:

Insurance revenue

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

Insurance service expenses

The main components of insurance profits recognised in insurance service expenses are:

- the actual incurred claims and administration expense cash flows (excluding amounts allocated to the loss component and excluding investment components payable in the period);
- actual incurred acquisition expense cash flows on insurance contracts measured under the PAA (where it has not been elected to include these cash flows in the liability for remaining coverage);
- expected future losses on onerous groups of contracts;
- the changes in liability for incurred claims relating to past service; and
- the amortisation of insurance acquisition cash flows for contracts not measured under the PAA.

The expense cash flows refer only to expenses which are directly attributable to fulfilling the insurance contracts. Non-attributable expenses will be recognised separately in profit or loss.

The combined impact of insurance revenue and insurance service expenses will be presented as the insurance service result in profit or loss.

Income or expenses from reinsurance contracts

The entity will present income or expenses from a group of reinsurance contracts held, other than insurance finance income or expenses, as a single amount.

Insurance finance income and expense

The entity recognises all insurance finance income or expenses for the reporting period in profit or loss. The entity has therefore elected not to disaggregate insurance finance income or expenses between profit or loss and other comprehensive income.

Under the GMM and PAA, the effect of and changes in financial risk form part of the insurance finance income and expenses. For groups of insurance contracts measured under the VFA, the fair value returns on the underlying items are recognised in insurance finance income and expenses.

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

Preliminary effects of the transition to IFRS 17

To adopt IFRS 17 in the consolidated financial statements, an IFRS 17 Implementation Program has been operating since 2019. The Program made significant progress in 2022 to ensure operational readiness and financial analysis for the opening balance sheet reporting as of the transition date of July 1, 2022, which is the starting point for the comparative period information required by IFRS 17.

At the transition date, the entity classified, recognised and measured its in-force business as if IFRS 17 had always been applied. The entity recognised and measured assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that the recoverability assessment was not applied before the transition date.

The entity also derecognised previously reported balances (e.g., deferred acquisition costs, present value of future profits, deferred front-end fees) that would not have existed if IFRS 17 had always been applied and recognised any resulting net difference in equity.

- Furthermore, the entity reclassified all rights and obligations arising from portfolios of (re-)insurance contracts, such as
- (re-)insurance contract liabilities and liabilities for investment contracts with discretionary participation features,
 - policyholder loans that are highly interrelated with the insurance contracts, (3) (re-)insurance-related receivables or payables and (4) insurance acquisition cash flows, to be presented as (re-)insurance contract assets/liabilities. Portfolios of insurance contracts issued are presented separately from portfolios of reinsurance contracts held.

The Company assessed the impact that the initial application of IFRS 17 will have on its financial statements. The result of this exercise estimates an increase of between R420 million and R1 020 million in the Company's equity attributable to the parent (capital and reserves) at 30 June 2022.

The transition calculations as reflected above are preliminary only, and is subject to change as:

- Certain accounting policy decisions and assumptions are still being concluded upon; and
- Not all systems and controls are operational.

Impact of changes in Tax Legislations

National Treasury (NT) promulgated the 2022 Taxation Laws Amendment Act (2022 TLAA) in January 2023, that was substantively enacted on December 22 2022, and which contained changes to section 28 of the Income Tax Act to cater to the implementation of IFRS 17. The changes ensure that section 28 and section 29A is aligned to terminology and principles of IFRS 17.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.1 Basis of presentation (continued)

Reclassification of comparatives

During the current financial year, a classification exercise was performed in order to make presentation more fair and accurate. The impact comparatives is tabled below:

	GROUP			COMPANY		
	Current year R'000	Prior year R'000	Variance R'000	Current year R'000	Prior year R'000	Variance R'000
2022						
Liabilities						
Investment liabilities	27 334 168	–	27 334 168	27 334 168	–	27 334 168
Insurance liabilities	3 010 823	30 344 991	(27 334 168)	3 010 823	30 344 991	(27 334 168)

1.2 Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Company, its subsidiaries, associates and joint ventures.

Investments in subsidiaries

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries are consolidated from the date on which the Group acquires effective control. Consolidation is discontinued from the effective date on which control ceases. Gains and losses on disposal of subsidiaries are accounted for in the statement of comprehensive income.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date in terms of IFRS 3: Business Combinations, irrespective of the extent of any non-controlling interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

The interest of non-controlling shareholders in the acquiree is initially measured at their proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. Non-controlling interest in the net assets of consolidated subsidiaries are identifiable separately from the Group's equity therein. Non-controlling interest consists of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination. Losses attributable to non-controlling shareholders in excess of their interest in the subsidiary's equity are allocated against the interest of the Group except to the extent that they have a binding obligation and are able to make an additional investment to cover the losses.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company classifies its investments in subsidiaries at fair value through profit or loss financial instruments in accordance with IFRS 9: Financial Instruments due to the fact that it continually manages and evaluates these investments on a fair value basis.

Investments in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these annual financial statements using the equity method of accounting, except when the investments is classified as held for sale, in which case it is accounted for in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of individual investments. Post-acquisition losses of an associate in excess of the Group's interest in that associate, which includes any long-term interest that, in substance, form part of the Group's net investments in associates, are not recognised unless the Group has incurred obligations or made payments on behalf of the associate. Post-acquisition profits are recognised in comprehensive income.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is immediately recognised in the income statement.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company classifies its investments in associates at fair value through profit or loss financial instruments in accordance with IFRS 9 due to the fact that it continually manages and evaluates these investments on a fair value basis.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.2 Basis of consolidation (continued)

Interest in joint arrangements

Joint ventures are entities where control is shared equally with a third party. Under the terms of these arrangements, the strategic, financial and operating policy decisions relating to joint venture activities require the unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these annual financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position's reserves at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the joint ventures, less any impairment in the value of individual investments. Post-acquisition losses of a joint venture in excess of the Group's interest in that joint venture, which includes any long-term interest that, in substance, form part of the Group's net investments in joint ventures, are not recognised unless the Group has incurred obligations or made payments on behalf of the joint venture. Post-acquisition profits are recognised in the statement of comprehensive income.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment on an annual basis. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is immediately recognised in the income statement.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Joint ventures' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Company classifies its investments in joint ventures at fair value through profit or loss financial instruments in accordance with IFRS 9 due to the fact that it continually manages and evaluates these investments on a fair value basis.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the acquisition date. Goodwill arising on the acquisition of the subsidiary is initially recognised at cost as a separate asset. Goodwill is tested annually for impairment and is carried at cost less any accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination for the purpose of impairment testing. Each of these cash-generating units represents the Group's investment by primary reporting segment.

Cash-generating units to which the goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss for goodwill is not reversed in a subsequent period.

The Group's policy for goodwill arising on the acquisition of an associate is described under "Investments in associates" above.

1.3 Foreign currencies

General

Foreign assets and liabilities are initially recorded at the spot rate and translated into South African Rand at the exchange rates ruling at the statement of financial position date. Foreign investment income or loss is translated into South African Rand at the average exchange rate for the year. Gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Functional and presentation currency

The individual annual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated annual financial statements are presented in South African Rand, which is the Company's functional currency and the Group's presentation currency. All financial information presented in South African Rand has been rounded to the nearest thousand (R'000) except when otherwise indicated.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. At each statement of financial position date, assets and liabilities denominated in currencies different to the functional currency are translated into the functional currency at the ruling rate at that date. Foreign exchange gains or losses are recognised in the statement of comprehensive income. Translation differences on non-monetary items are reported as part of the fair value gain or loss.

Group companies

For the purposes of presenting consolidated annual financial statements, the assets and liabilities of the Group's foreign operations are translated from their respective functional currency into the Group's presentation currency at the closing exchange rates ruling at the statement of financial position date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates ruling at the date of the various transactions are used. All translation differences arising from the translation and consolidation of foreign operations are recognised directly in other comprehensive income as a foreign currency translation gain or loss. Such translation differences are recognised in the statement of comprehensive income in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate at the statement of financial position date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.4 Property and equipment

Property and equipment is initially recorded at cost. Costs include all expenditure that is directly attributable to the acquisition of an asset and to bringing it to a working condition for its intended use, including import duties and non-refundable purchase taxes but excluding trade discounts and rebates. Maintenance and repairs expenditure, which neither adds to the value of property and equipment nor significantly prolongs its expected useful life, is recognised directly in the statement of comprehensive income.

Each category of property and equipment is depreciated on the straight-line basis at rates considered appropriate to reduce its cost to net realisable value over its estimated useful life. The rates used to depreciate each category of property and equipment are as follows:

Motor vehicles	20%
Office equipment	10%
Computer equipment	20%
Furniture and fittings	10%
IT equipment	20%
Leasehold improvements	shorter of useful life and lease term

There have been no changes to useful lives from those applied in the previous financial year.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance expenditure is charged to the income statement during the financial period in which it is incurred.

The assets' useful lives are reviewed at each statement of financial position date and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. These impairment losses are charged directly to the income statement during the financial period in which they are identified.

Gains and losses arising on disposal of property and equipment are determined by comparing the asset's proceeds to its carrying amount and are included in the income statement. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to other comprehensive income.

1.5 Intangible assets

Intangible assets are recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and the cost of the asset can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The amortisation method for intangible assets is reviewed annually.

Computer software

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs clearly associated with an identifiable and unique system, which will be controlled by the Hollard Life Assurance Company and has a probable benefit exceeding the cost beyond one year, are recognised as an asset. These costs comprise all directly attributable costs necessary to create, produce and prepare the asset for its intended use, such as costs of material and supplier services used or consumed in generating the intangible asset. Expenditure that enhances and extends the benefits of computer software beyond their original specifications and lives is recognised as a capital improvement and capitalised to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their expected useful lives. Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Acquired computer software packages and licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life (three to seven years).

Acquired rights over books of business

The acquisition of the books of business is recognised as intangible assets due to the fact that:

- It is probable that the expected future economic benefits attributable to the books of business will flow to the entity;
- The costs of the books of business have been measured reliably;
- These books of business are initially recognised at cost;
- These books of business are, subsequent to initial recognition, carried at cost less accumulated amortisation, fair value adjustments and any impairment losses; and
- These books of business are revalued annually using actuarial valuation models.

1.6 Non-derivative financial instruments

Capital management

The Group recognises equity, reserves and non-controlling interest as capital. For internal management purposes, the Group refers to the international basis of solvency for life insurance companies as represented by the Solvency Capital Requirement (SCR).

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern. At the same time, the Group aims to maximise the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes cash and cash equivalents, reserves and retained earnings.

The Actuarial Committee reviews the capital structure on an ongoing basis. As a part of this review, the Committee considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the Committee, the Group balances its overall capital structure through the payment of dividends.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.6 Non-derivative financial instruments (continued)

Financial assets

Investments

The Group and Company classify its investments in debt and equity securities into the following categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost. The classification and measurement is dependent on the IFRS 9 criteria. IFRS 9 applies two criteria to determine how financial assets should be classified and measured, namely:

- a. the entity's business model for managing the financial assets; and
- b. the contractual cash flow characteristics of the financial asset.

i) Financial assets at fair value through profit or loss

A debt instrument is classified as a financial asset at fair value through profit or loss if so designated, as well as if the debt instrument financial assets were not classified as measured at amortised cost or fair value through other comprehensive income.

Under IAS 39 a financial asset is classified in this category at inception if acquired principally for the purpose of selling in the short term; if it forms part of a portfolio of financial assets in which there is evidence of short-term profit taking; or if so designated by management in terms of the Group and Company's long-term investment strategy.

For the purpose of these financial instruments, short term is defined as any period less than 12 months. Investments that the Group has elected to designate as at fair value through profit or loss are investments held for long term. For the purpose of these financial statements, long term is defined as any period in excess of 12 months.

Under IFRS 9, a debt instrument is classified as a financial asset at fair value through profit or loss if so designated, as well as if the debt instrument financial assets were not classified as measured at amortised cost or fair value through other comprehensive income. Equity instruments by default are classified at fair value through profit or loss, unless the Group decides to designate it as fair value through other comprehensive income.

ii) Financial assets at fair value through other comprehensive income

Under IAS 39, financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as financial assets at fair value through other comprehensive income and are included in non-current assets unless management has the express intention of holding the investments for less than 12 months from the statement of financial position date or unless they will be sold to raise operating capital, in which case they are included in current assets. These investments include listed and unlisted shares, units in collective investment schemes, deposits and money market securities.

A debt instrument is measured at fair value through other comprehensive income if it meets both of the following conditions (and is not designated as fair value through profit or loss):

- a. it is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets; and
- b. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets held in this type of business model are managed to realise cash flows by both collecting contractual cash flows and selling the financial instrument. Both these activities are fundamental to achieving the objective of the business model.

On initial recognition of an equity instrument that is not held for trading, the instrument may be irrevocably designated at fair value through other comprehensive income. In such an instance changes in the equity instrument's fair value are recorded in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

iii) Financial assets at amortised cost

A debt instrument is classified as a financial asset at amortised cost if it meets both of the following conditions (and is not designated as fair value through profit or loss):

- a. it is held within a business model where the objective is achieved by collecting contractual cash flows; and
- b. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets held in a "hold to collect contractual cash flows business model" are managed to realise cash flows by collecting contractual payments over the life of the instrument.

ii) Held-to-maturity investments

Under IFRS 9, non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and Company have a positive intention and ability to hold to maturity are classified as held-to-maturity investments and are included in non-current assets, except for maturities within 12 months from the statement of financial position date, which are classified as current assets. This category also includes all assets that are not designated either at fair value through profit or loss or fair value through other comprehensive income.

The held-to-maturity classification is no longer applicable under IFRS 9. Any assets previously classified as held-to-maturity, provided they satisfy the business model of "hold to collect" and Solely Payments of Principle and Interest test, would now be classified as carried at amortised cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.6 Non-derivative financial instruments (continued)

Financial assets

iv) Loans and receivables / Financial assets at amortised cost

Under IAS 39, loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market that are created by the Company or Group in exchange for providing money, goods or services directly to a debtor, other than those that are originated with the intention to sell immediately or in the short term or are designated at fair value through profit or loss. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the overall impairment review of loans and receivables.

Under IFRS 9, a debt instrument is classified as a financial asset at amortised cost if it meets both of the following conditions (and is not designated as fair value through profit or loss):

- a. it is held within a business model where the objective is achieved by collecting contractual cash flows; and
- b. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets held in a "hold to collect contractual cash flows business model" are managed to realise cash flows by collecting contractual payments over the life of the instrument.

v) Linked products

Linked products are investment-related products where the risk and reward of the underlying investment portfolio accrues directly to the policyholder. Linked products provide for returns based on the changes in the value of the underlying instruments and market indicators and are initially recorded at cost. These products are revalued at year-end, using discounted cash flow analysis, closing market values and indices values based on the observation dates stated in the underlying investment agreements. Valuations are adjusted for the effects of changes in foreign exchange rates. Actuarial liabilities of these linked products are stated at the same value as the underlying supporting investments.

vi) Forward share purchase agreements

Forward share purchase agreements are recorded at the cost of the initial down payment and revalued at year-end using discounted cash flows, in the same manner used to calculate the actuarial liabilities which these investments support.

vii) Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Recognition and measurement

Financial instrument purchases and disposals are initially measured at fair value and are recognised using trade date accounting. The trade date is the date on which the Group and Company commit to purchase or sell the asset. Subsequent to initial measurement, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are carried at fair value, while financial assets at amortised cost are carried at amortised cost using the effective interest rate method, less any provision for impairment.

The expected credit loss (ECL) model applies to financial assets measured at amortised cost (for example loans and receivables and intercompany loans) and debt investments measured at fair value through the statement of comprehensive income.

The ECL impairment loss allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions.

Financial instruments are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Group and/or the Company have also transferred substantially all the risks and rewards of ownership.

Gains or losses

Realised and unrealised gains or losses arising from changes in the fair value of investments classified as at fair value through profit or loss are included in the statement of comprehensive income in the period in which they arise. Unrealised gains or losses arising from changes in the fair value through other comprehensive income investments are recognised in other comprehensive income. When investments classified as fair value through other comprehensive income are sold or impaired, the accumulated fair value adjustments are included in the profit or loss as net realised gains or losses on non-derivative financial instruments.

Fair value

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income.

The fair value of investments is based on quoted bid prices for listed instruments and collective investments schemes are valued using the repurchase price. The use of cash flow models is applied for non-active market instruments. Fair values for unlisted investments are estimated using applicable cash flow models or price/earnings ratios refined to reflect the specific circumstances of each investment. Where the fair value of an investment cannot be measured reliably, the investment is carried at cost less any impairment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.6 Non-derivative financial instruments (continued)

Offsetting

Where a legally enforceable right to offset exists for recognised financial assets and financial liabilities and there is an intention to settle the liability and realise the asset simultaneously or to settle on a net basis, all related financial effects are offset.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at cost, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with the interest expense being recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the corresponding interest expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash payments through the expected life of the financial liability or where appropriate, a shorter period.

In accordance with the definition of a financial liability contained in IAS 32: Financial Instruments: Presentation, the Group and Company classify the following statement of financial position items as financial liabilities:

- Borrowings;
- Reinsurance liabilities;
- Trade and other payables;
- Provision for liabilities arising from a contractual relationship with existing Group and Company staff; and
- Long-term liabilities, which commonly take the form of loan funding.

1.7 Impairment of assets excluding goodwill

The Group and/or the Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired, other than those dealt with in terms of IFRS 9: Financial Instruments. A financial asset or group of financial assets other than those carried at fair value through profit or loss is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Group and/or the Company about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as default or delinquency in payments;
- Adverse changes in the payment status of issuers or debtors; or
- Economic conditions that correlate with defaults on assets in the Group and/or the Company.

All impairment losses are recognised in the statement of comprehensive income as soon as they are identified.

If there is objective evidence that an impairment loss has been incurred on premium receivables carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics.

The Group and/or the Company assesses at each statement of financial position date whether there is objective evidence that a financial asset at fair value through other comprehensive income is impaired, including, in the case of equity investments, a significant or prolonged decline in the fair value of the security below its costs. If any such evidence exists, the cumulative loss, which is measured as the difference between the acquisition cost and the current fair value of the investment, is removed from other comprehensive income and recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised in the statement of comprehensive, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

The "incurred loss model" under IAS 39 was replaced with the "expected credit loss" (ECL) model under IFRS 9. Application of the ECL model results in credit losses being recognised earlier than under the incurred loss model. As a consequence of the new standard, the Group has revised its impairment methodology for each of these classes of assets.

Calculation of ECL

The ECL impairment loss allowance is an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes that reflects reasonable and supportable information that is available without undue cost or effort of past events, current conditions and forecasts of forward-looking economic conditions. The ECL model is dependent on the availability of relevant and accurate data to determine whether a significant increase in credit risk occurred since initial recognition, the probability of default (PD), the loss given default (LGD) and the possible exposure at default (EAD). Of equal importance is sound correlation between these parameters and forward-looking economic conditions.

A counterparty is considered to be in default when it is considered that they are unlikely to settle their obligation to the Company. Due to the low number of instruments subject to the ECL model, this definition is considered appropriate as each instrument is assessed individually. Write-offs are further assessed on a case by case basis.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.7 Impairment of assets excluding goodwill (continued)

Calculation of ECL

The Group writes off a financial instrument at amortised cost when the entity has no reasonable expectation of recovery of the outstanding balance of the instrument. Cut off periods have been defined given historic information and at the point that the instruments reach these cut off points they will be considered to be fully written off.

ECL reflects the Group's own expectations of credit losses. The ECL loss amount depends on the specific stage where the financial instrument has been allocated to within the ECL model:

- Stage 1:** At initial recognition a financial instrument is allocated into stage 1, except for purchased or originated credit impaired financial instruments.
- Stage 2:** A financial instrument is allocated to Stage 2 if there has been a significant increase in credit risk since initial recognition of the financial instrument.
- Stage 3:** A financial instrument is allocated to Stage 3 if the financial instrument is in default or is considered to be credit impaired.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- a. financial assets that are determined to have low credit risk at the reporting date; and
- b. financial assets where credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group makes use of estimates of PD and LGD to calculate the ECL balance for financial assets at amortised cost.

Depending on the relevant information available, PDs are based on historic default rate curves which are used as a baseline to build a PD. Investment grade and sub-investment grade cumulative default rates were used as benchmarks for loans in a low likelihood and high likelihood of default respectively.

In determining the loss given default, a sliding scale of 0% to 100% has been applied where the percentage reflects the size of the outstanding debt relative to the opening long-term debt.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk. The ECL calculation of a financial instrument takes into account both the contractual and available behavioural repayment patterns over the relevant estimation period.

ECLs are measured as the present value of all cash shortfalls and is discounted using the effective rate of return required by shareholders of 18.5%.

Non-financial assets that are subject to amortisation are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

1.8 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments of three months or less in money market instruments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at fair value with reference to expected cash flows and current market interest rates.

1.9 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

1.10 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.11 Policyholder insurance and investment contracts

The Group has considered the possible impact of the Covid-19 pandemic and the related decline in economic conditions and outlook, as well as on expected policyholder behaviour around lapses, surrenders, and withdrawals. It has reviewed recent claims experience, publicly available models that project infection and mortality rates of Covid-19 and has also observed the outcomes from premium relief options that clients have exercised in the last three months of the financial year.

Classification of insurance contracts

The Group and/or Company issues contracts which transfer insurance risk or financial risk or, in some cases, both.

Insurance contracts are those contracts under which the Group and/or Company (as insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects them. Such contracts may also transfer financial risk. As a general guideline, the Group and Company define a significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Receipts and payments under insurance contracts are accounted for in the statement of comprehensive income in accordance with the requirements of IFRS 4: Insurance Contracts.

The Group and/or Company classifies financial guarantee business as insurance contracts.

Management of insurance and financial risk

As is stated above, the Group and/or Company issues contracts that transfer insurance risk or financial risk, or in some instances both. This section summarises these risks and the way in which the Group and/or Company manages them.

Premiums

Gross premiums comprise the premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period and are disclosed gross of commission to intermediaries and exclude Value Added Tax. Premiums written include adjustments to premiums written in prior periods.

Outward reinsurance premiums are recognised as an expense in accordance with the pattern of indemnity received. Reinsurance commissions received are recognised as income over the term of the reinsurance contract.

Claims incurred

Claims incurred consist of claims and claims handling expenses paid during the financial year, together with the movement in the provision for outstanding claims and are charged to income as incurred.

ii) Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Receipts and payments under investment contracts are not classified as insurance transactions in the income statement but instead are accounted for in the statement of financial position in accordance with IFRS 9. The liability recognised in the statement of financial position represents the expected amounts payable to the holders of the investment contracts inclusive of allocated investment income. The provision for outstanding claims comprises the Group and/or Company's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at the statement of financial position date, whether reported or not. Related anticipated reinsurance recoveries are disclosed separately as assets.

Reinsurance

The Group and/or Company cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential. Reinsurance arrangements do not relieve the Group and/or Company from its direct obligations to its policyholders. Premiums ceded and claims reimbursed are reflected in the statement of comprehensive income and statement of financial position separately from the gross amounts.

Only those reinsurance contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance. Amounts recoverable under such contracts are recognised in the same year as the related claim. Reinsurance contracts that do not transfer significant insurance risk are accounted for as financial assets. Amounts recoverable under reinsurance contracts are assessed for impairment at each statement of financial position date.

Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group and/or Company may not recover all amounts due and that there is a reliably measurable impact on the amounts that the Group and/or Company will receive from the reinsurer. Impairment losses are recognised in the statement of comprehensive income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.11 Policyholder insurance and investment contracts (continued)

SAP issued by the Actuarial Society of South Africa (ASSA)

The Company is licensed as a long-term insurer in South Africa in accordance with the Long-term Insurance Act (the Act) of 2017, as amended. The Act requires the determination of assets, liabilities and SCR for statutory purposes in accordance with the SAPs and APNs issued by ASSA and Financial Soundness Standards For Insurers (FSI) issued by the PA.

In terms of IFRS 4: Insurance Contracts, defined insurance liabilities are allowed to be measured under existing local practice. The Group and Company have adopted the SAP and Advisory Practice Notes (APN) issued by the Actuarial Society of South Africa (ASSA) to determine the liability in respect of insurance contracts issued in South Africa. The following APNs and SAPs are relevant to the determination of policyholder liabilities:

- APN 103: Report by the Statutory Actuary in the Annual Financial Statements of South African Long-term Insurers;
- SAP 104: Calculation of the Value of the Assets, Liabilities and Solvency Capital Requirement of Long-term Insurers;
- APN 105: Minimum Requirements for Deriving AIDS Extra Mortality Rates;
- APN 106: Actuaries and Long-term Insurance in South Africa; and
- APN 110: Allowance for Embedded Investment Derivatives

Where applicable, the APNs and SAPs are referred to in the accounting policies and notes to the financial statements.

Classification of insurance and investment contracts

The Group and Company issue contracts which transfer insurance risk or financial risk or, in some cases, both. The Group and Company demarcate these contracts in the following two broad categories:

i) Insurance contracts

Insurance contracts are those contracts under which the Group and/or Company (as insurer) accept significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects them. Such contracts may also transfer financial risk. As a general guideline, the Group and Company define a significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Receipts and payments under insurance contracts are accounted for in the income statement in accordance with the requirements of IFRS 4.

Claims incurred

Claims incurred consist of claims paid during the financial year, together with the movement in the provision for outstanding claims and are charged to income as incurred.

ii) Investment contracts

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Receipts and payments under investment contracts are not classified as insurance transactions in the income statement but instead are accounted for in the statement of financial position in accordance with IFRS 9. The liability recognised in the statement of financial position represents the expected amounts payable to the holders of the investment contracts inclusive of allocated investment income.

Management of insurance and financial risk

As is stated in sections i) and ii) above, the Group and Company issue contracts that transfer insurance risk or financial risk, or in some instances both. This section summarises these risks and the way in which the Group and Company manage them.

i) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risks that the Group and Company face under insurance contracts is the risk that the actual claims and benefit payments exceed the carrying 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 amount of claims and benefits will vary from year to year from the estimate established 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. The Group and Company have developed its insurance underwriting strategy to diversify 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 ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.11 Policyholder insurance and investment contracts (continued)

Reinsurance arrangements

The Company cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the transfer of its risks. Only reinsurance agreements that give rise to a significant transfer of insurance risk are accounted for as reinsurance contracts. Reinsurance agreements that do not transfer significant insurance risk are accounted for as financial assets. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

Policyholder behaviour risk

Insurance risk is affected by the policyholders' right to pay reduced or no future premiums, to terminate the contract completely or to withdraw benefits prior to expiry of the contract term. On the assumption that policyholders will make decisions rationally, overall insurance risk can be assumed to be aggregated by such behaviour. For example, it is likely that policyholders whose health has deteriorated significantly will be less inclined to terminate contracts insuring death benefits than those policyholders remaining in good health. This results in an increasing trend of expected mortality as the portfolio of insurance contracts reduces the voluntary terminations.

The Group and Company have factored the impact of policyholder behaviour into the assumptions used to measure these liabilities.

The SCR as part of the risk management framework

The Group and Company are required to demonstrate solvency to the PA. This requires the Group and Company to demonstrate that it has sufficient assets to meet its liabilities and SCR, in the event of substantial deviations from the main risk assumptions affecting the business. Regulatory returns are submitted to the PA quarterly. The SCR is one of two key solvency requirements (with the Minimum Capital Requirement (MCR) being the other) designed to ensure the security of policyholder obligations and to provide triggers for regulatory intervention. The SCR is the primary requirement within the FSIs.

The SCR is designed to ensure that a sufficient minimum level of eligible own funds is held against the key risks to which an insurer is exposed. The SCR captures risks covering existing business over the coming 12 months. It is calibrated to correspond to the VaR of an insurer's basic own funds at a confidence level of 99.5% over a one-year period.

Hollard uses the standardised formula for calculating the SCR.

The standardised formula for calculating the SCR is designed for use by insurers in South Africa. The main features of the standardised formula are that it:

- is a forward-looking, risk-based measure that addresses the key risks faced by insurers;
- measures risks primarily through the application of stress scenarios to an insurer's assets and liabilities;
- is proportionate in that it allows for the use of simplified calculations under certain conditions; and
- makes allowance for the risk-reducing impact of diversification benefits between risks, and also for risk mitigation instruments, changes to policyholder behaviour and future management actions.

The standardised formula requires the calculation of capital requirements for each key risk category, namely market risk, underwriting risk and operational risk. The capital requirements for each risk category are aggregated using a correlation matrix prescribed in the FSIs which allows for diversification benefits between some risk categories in calculating the SCR.

Mortality and morbidity business

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics (such as AIDS) or widespread changes in lifestyle such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is the continued improvement in medical science and social conditions that would increase longevity. At present, these risks do not vary significantly in relation to the location of the risk insured by the Group and Company. However, 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, there are no mitigating terms and conditions that reduce the insurance risk accepted. However, all applications for risk cover in excess of specified limits are reviewed by experienced underwriters and evaluated against established standards. All risk related liabilities in excess of specified monetary or impairment limits are reinsured.

The Group and Company charge for mortality and morbidity risk on the basis of past scheme experience, industry class and average income amongst other factors. They have the right to alter these charges based upon its mortality and/or morbidity experience and hence minimise their exposure to mortality and morbidity risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect. The Group and Company manage these risks by way of regular investigations into mortality and morbidity experience and through their 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. For example, the Group and Company balance death risk and survival risk across their portfolio. Medical selection is also included in the Group and Company's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Group and Company have a reinsurance programme in place to limit the extent of risk on any single life insured. The degree of risk retention by the Group and Company is assessed on a scheme and portfolio basis to ensure appropriate cover at all times.

The Head of Actuarial Function (HAF) reports annually on the actuarial soundness of the premium rates in use and the financial soundness of the Group and Company's business taking into consideration the reasonable benefit expectations of policyholders. These rates are revised where appropriate in response to changes in mortality and/or morbidity experience.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.11 Policyholder insurance and investment contracts (continued)

Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in policyholder behaviour.

The Group and Company use appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides. An ongoing investigation into the Group and Company's mortality experience is carried out and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. Where data is sufficient to be statistically credible, the statistics generated by the data are used without reference to an industry table. Where this is not the case, the best estimate of future mortality is based on standard industry tables adjusted for the Group and Company's overall experience. For contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and in the continuous mortality investigations performed by independent actuarial bodies.

The impact of any historical evidence of selective termination behaviour will be reflected in this experience. The Group and Company maintain voluntary termination statistics to investigate the deviation of actual termination experience against assumptions. Statistical methods are used to determine appropriate termination rates. An allowance is then made for any trends in the data to arrive at a best estimate of future termination rates.

Liability adequacy test

At each statement of financial position date, liability adequacy tests are performed to ensure the adequacy of contract liabilities. In performing these tests, current best estimates of future contractual cash flows, claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to the income statement and a provision is raised for losses identified by the liability adequacy tests.

Claims development table

IFRS 4 requires the disclosure of a claims development table in the financial statements. Given the fact that the majority of the Group and Company's notified policyholder benefits are settled within a period of one year, no such table is provided in these financial statements.

ii) Financial risk:

Financial assets and liabilities are stated at fair value in the statement of financial position. Assets include listed equities, stated at fair value as determined by their market values as at 30 June 2023, and unlisted equities, stated at fair value as determined by either the contractual terms of the investment or by directors' valuation. Policyholder liabilities are valued in accordance with the long-term assumptions set out in the Company's Statement of actuarial values of assets and liabilities.

The Group and Company are exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is the risk that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are interest rate risk, equity risk, currency risk, credit risk and liquidity risk. These risks arise from open positions in interest rate and equity products, all of which are exposed to general and specific market movements. The risk that the Group and Company primarily face due to the nature of its investments and liabilities is interest rate risk.

The Group and Company manage their financial risk within an asset-liability management (ALM) framework that has been developed to achieve long-term investment returns in excess of their obligations under insurance and investment contracts. The principal technique of the Group and Company's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to policyholders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Group and Company's ALM is integrated with the management of the financial risks associated with the Group and Company's other financial assets and liabilities not directly associated with insurance and investment liabilities, most notably borrowings.

1.12 Revenue

The accounting policy in relation to revenue from insurance contracts is disclosed in note 1.13.

Interest income and finance cost

Interest income and expenditure for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, is recognised within investment income and finance costs in the statement of comprehensive income using the effective interest method. When a receivable is impaired, the Group and/or Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original interest rate of the instrument, and continues unwinding the discount as interest income.

Dividend income

Dividend income for equities is recognised when the right to receive payment is established, which is the last day to trade in respect of quoted shares and when declared in respect of unquoted shares.

Preference share dividends are recognised using the effective interest rate method.

Rental income

Rental income from investment properties is recognised in the statement of comprehensive income on a straight-line basis over the term of each lease.

Commission

Commission payments and receipts are shown gross of reinsurance commissions.

Revenue from contracts with customers

The Group's revenue subject to IFRS 15 is attributed to service fee income from risk financed business which is earned over the contract term.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.13 Revenue recognition and insurance activity expenditure

Premium income

Premiums relating to the insurance business are stated gross and net of outward reinsurance premium and are accounted for by applying the accrual basis when collectability is reasonably assured. On certain books of business, data constraints does not allow for the accrual basis to be applied. In these circumstances, premium is recognised on receipt. Premiums arising from investment contracts are excluded from the income statement in accordance with the requirements of IFRS 9.

Interest income and expenditure

Interest income and expenditure for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, are recognised within investment income and finance costs in the income statement using the effective interest rate method. When calculating the effective interest rate, the Group and Company estimate the relevant cash flows considering all contractual terms of the financial instruments under consideration.

When a receivable is impaired, the Group and Company reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original interest rate of the instrument, and continue unwinding the discount as interest income. All interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established. Dividend income is recognised as at the last day to trade in respect of quoted shares and when declared in respect of unquoted shares. Preference share dividends are recognised using the effective interest rate method.

Rental income

Rental income from investment properties is recognised in the income statement on a straight-line basis over the term of each lease for all arrangements legislated by lease agreement, or when the right to the income accrues to the Group and Company in those situations where no formal lease arrangement exists.

Policyholder benefits

Provision is made for the estimated cost of claims notified but not settled at the end of the financial year using the best information available at the statement of financial position date. Claims payable amounts include related internal and external claims handling costs. Claims incurred prior to the end of the financial year but not reported until after that date are brought to account in the valuation of actuarial liabilities. Claims are stated net of reinsurance recoveries.

Policyholder liabilities

The Group and Company's liabilities under unexpired policies are computed annually at the statement of financial position date in accordance with the provisions of the Long-Term Insurance Act. The transfers to and from policyholder liabilities under insurance contracts reflected in the income statement are the result of changes in actuarial liabilities and net adjustments to contingency and other reserves.

Commission

Commission payments and receipts are shown gross of reinsurance commissions. Life assurance business commissions are expensed as incurred. Commission in respect of investment contracts is expensed over the life of the contract.

Revenue from contracts with customers

The Company's revenue subject to IFRS 15 is attributed to service fee income from investment business which is earned over the investment contract term.

1.14 Employee benefits

Pension and provident scheme arrangements

The Group and Company operate contribution pension and provident funds. Contributions to the funds in respect of present service are charged against income as incurred. Contributions are adjusted periodically to take account of salary increases and any other changing circumstances. The Group and Company have no further obligations once the contributions have been paid.

Profit-sharing and bonus plans

The Group and Company operate several bonus and profit share plans for the benefit of employees. A provision is recognised when the Group and/or Company is contractually obliged to pay the profit share or bonus to its employees or where a past practice has created a constructive obligation to do so.

Leave pay

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. Provision is made for the estimated liability of this leave as a result of services rendered by employees up to the statement of financial position date.

Termination benefits

Termination benefits are payable when an employee's employment is terminated before the normal retirement date or whenever an employee accepts a voluntary redundancy in exchange for these benefits. The Group and Company recognise termination benefits in the statement of comprehensive income when it is demonstrably committed to either terminating the employment of current employees according to a detailed, formal plan without possibility of withdrawal or where it is committed to providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Other post-employment obligations

The Group and Company have no obligation for post-retirement medical benefits in respect of pensioners, former employees or current employees.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

1. ACCOUNTING POLICIES (continued)

1.15 Taxation

Income taxation on the profit or loss for the period comprises current and deferred taxation. Taxable profit differs from profits as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable nor deductible. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in other comprehensive income, in which case the related income tax is also recognised in other comprehensive income.

Income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Taxation in respect of the South African life insurance operations is determined in accordance with the rates and basis applicable to section 29A of the Income Tax Act at the reporting date.

Current taxation

Current taxation is the expected taxation payable using taxation rates enacted at statement of financial position date, including any prior year adjustments.

Current taxation The charge for current tax is based on the results for the year as adjusted for items which are non-taxable or disallowed. It is calculated using taxation rates that have been enacted or substantively enacted by the reporting date.

Deferred taxation

Deferred taxation is provided at current tax rates, on the comprehensive basis, using the statement of financial position liability method in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary timing differences and deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Dividend Withholding Tax

The Company is exempt from paying withholding tax on ordinary share dividends received as they are a company resident in the Republic of South Africa. Accordingly, no withholding tax should be deducted from dividends payable by the issuer to the Company.

1.16 Provisions

Provisions are recognised when the Group and/or Company has a present legal or constructive obligation of uncertain timing or amount as a result of past events, 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. When the effect of discounting is material, provisions are discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provisions are not recognised for future operating losses. When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

1.17 Borrowings

Borrowings are recognised initially at cost, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowing using the effective interest rate method.

1.18 Operating leases

Leases of assets under which the lessor effectively retains all the risks and benefits of ownership are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated, any payment required by the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

1.19 Dividend distribution

Dividend distributions to the Group and/or Company's shareholders are recognised as a liability in the Group and/or Company's annual financial statements in the period in which the Board of Directors approves the dividend after performing solvency and liquidity tests.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

2. Critical accounting estimates and judgements

The Group and Company makes certain estimates and assumptions that affect the reported amounts of assets and liabilities in the annual financial statements.

These estimates and assumptions are continually evaluated based upon past experience and a reasonable expectation of future events and are revised as appropriate.

The key estimates and judgements that the Group and Company face in applying their accounting policies are as follows:

2.1 Claims incurred

Liability arising from claims under insurance contracts

The estimation of the ultimate liability arising from policyholder liabilities under insurance contracts is the Group and Company's most important accounting estimate. There are several sources of uncertainty that are considered when calculating this liability.

Policyholder benefit payments are generally fixed or relatively easy to estimate, thereby limiting the uncertainty as to the expected liability of a particular policy. The reinsurance terms of each policy are also known in advance and the allowance for reinsurance recoveries is readily ascertainable, although the timing of benefit payments must be estimated. The estimate of this timing is based on the probability that a policy will be in force and the probability of a claim arising in the future from the valuation date until the expiry of the term of the policy, modified for past experience.

For each policy the present value of the expected benefit payment is estimated based on the age of policyholders and mortality tables, modified to reflect the recent claims experience of the Company. The assumptions used are generally best estimate assumptions with compulsory margins and, where appropriate, discretionary margins being provided to cater for uncertainty. The discount rate used to capitalise the policyholder benefit values is also based on current economic conditions but reflects the Group and Company's asset mix with an allowance for mismatching risk.

The Group and Company's procedures for determining significant reserving assumptions are outlined in note 1.11 on page 30 of these financial statements.

Estimate of future premiums and benefit payments arising from long-term insurance contracts

The determination of liabilities under long-term insurance contracts is dependent on estimates made by the Group and Company. Estimates are made as to the expected number of deaths for each of the years in which the Group and Company are exposed to risk and are based on standard industry and national mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Group and Company's own experience. An appropriate provision for future policyholder benefit payments is made on the basis of these estimates.

Estimates are also made as to the future investment returns arising from assets backing long-term insurance contracts. These estimates are based on current market returns and expectations about future economic and financial developments. Future premium payments due to the Group and Company are valued on the basis of the current premium being paid. Future premiums are projected over the life of each policy on a policy-by-policy basis. The value of the premiums takes into account the possibility that the policy may terminate due to early cancellation through lapsing or surrender. The interest rate used to discount the premiums reflects current economic conditions, the asset mix of the Company, and allows for mismatching risk.

2.2 Valuation of unlisted investments

The Group and Company determine the fair value of its unlisted investments using well established valuation techniques. These techniques include discounted cash flow analysis, price earnings ratio and net asset value methodologies. Where the underlying investments of an investment holding company are property or listed investments, the Company is valued on the net asset value basis which reflects the fair value of the underlying investments.

Goodwill

Goodwill is allocated by the Group and Company to the cash-generating units (CGU) that represent the business operation from which the goodwill was originally generated. When testing for impairment, the recoverable amount is determined by value in use calculations. These calculations apply discounted cash flow techniques to the projected earnings of each CGU.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

3. Financial risk management

3.1 Introduction

The Group and/or Company's principal objectives are to ensure that it will be able to continue as a going concern and to provide value to its shareholders and policyholders through a long-term, sustainable real return on capital as a result of managing its business risks within an appropriate risk framework.

The Board of Directors has overall responsibility for establishing, monitoring and communicating the Group and Company's risk management framework, including defining what constitute "appropriate" risk and control policies, and for ensuring that sufficient capital is held to support the taking of risk. In order to discharge some of its responsibility, the Board has established the Group Audit and Compliance Committee, which is responsible for developing and monitoring the Group and Company's risk management policies. The Committee reports regularly to the Board on its activities.

The Group and Company continually update the vision, strategy, values and business objectives and a robust risk management process is critical to ensuring the sustainability of its business model. The Group and Company's main activities from a risk taking perspective can be summarised into the following two categories:

i) Providing risk cover to individuals. The Group and Company's core competencies are to understand the life related risk needs of individuals and to design sustainable products that provide financial stability to policyholders and their dependants in times of death, disability and/or illness; and

ii) Providing asset management services to individuals. The Group and Company uses their financial skills to provide competitive investment products to an increasingly broad range of customers through a variety of carefully selected outsourced asset managers.

Key elements of risk management in a long-term insurer and asset management provider include:

- maintaining sufficient economic capital and liquidity to withstand the majority of reasonably foreseeable risk events or occurrences;
- understanding the significant risk, economic and non-economic variables in the design of each product;
- strong corporate governance policies and procedures, including relevant and reliable management information and internal control processes;
- ensuring only suitably qualified and trained distribution staff, business partners, intermediaries, brokers and agents are utilised to provide financial advice to customers;
- ensuring significant and relevant skills and services are constantly available to the Group and Company;
- influencing the business environment by being active participants in relevant regulatory and business forums;
- keeping abreast of consumer and technology trends and investing in capital and resources where required; and
- establishing an appropriate risk framework of authority for providing management with the risk parameters that are acceptable to the Board of Directors.

The Group and Company's risk management policies were established to identify and analyse the risks it faces, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in both market conditions and the Group and Company's activities. The Group and Company, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees, brokers and partners understand their roles and obligations.

The Group's Audit and Compliance Committee oversees the way management monitors compliance with its established risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and Company. The Group Audit and Compliance Committee is assisted in its oversight role by Internal Audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to stakeholders in management and to the Group Audit and Compliance Committee.

3.2 Exposure to risk arising from financial instruments

The Group and Company have exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This section presents information about the Group and Company's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the Group and Company's management of capital. Further quantitative disclosures are included throughout these consolidated annual financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group and Company's risk management framework. The Board has established the Group Audit and Compliance Committee, which is responsible for developing and monitoring the Group and Company's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

3.2.1 Credit risk

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Key areas where the Group and Company are exposed to credit risk are:

- amounts due from insurance policyholders;
- amounts due from underwriting agencies and brokers;
- amounts due from outsourced insurance contract intermediaries, administrators and business partners;
- investments and cash equivalents;
- reinsurers' share of insurance liabilities; and
- amounts due from reinsurers and third parties in respect of claims already paid.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

3. Financial risk management (continued)

3.2 Exposure to risk arising from financial instruments (continued)

3.2.1 Credit risk (continued)

Group's Audit Committee and Risk and Compliance Committee oversee how management monitors compliance with the Group and Company's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Group and Company. The Audit Committee and Risk Committee are assisted in their oversight role by Internal Audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee and Risk and Compliance Committee.

Insurance, loans and other receivables

The Group and Company limit the levels of credit risk that it accepts by placing limits on its exposure to a single counterparty or groups of counterparties, products, and to geographical and industry segments. The levels are subject to annual or more frequent reviews. Internal Audit also makes regular reviews to assess the degree of compliance with the Group and Company's procedures on credit.

The Group and Company's exposure to credit risk is influenced mainly by the individual characteristics of each intermediary and the portfolios that they administer. A significant amount of the Group and Company's insurance business is written through and administered by intermediaries, the majority of which have been transacting with the Group and Company for most of their existence. The credit control function forms an integral part of the business relationship to the extent that the intermediaries are closely monitored on many levels, including product profitability and return on capital. Appropriate remedial action is taken wherever the need arises.

The Group and Company provide for impairment in respect of its insurance debtors, loans and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

The Group and Company have a dedicated Investment Committee that monitors and approves the investment mandates stipulated by the Board. The Group and Company, through the said mandates, limit its exposure to credit risk through diversification and by mainly investing in liquid securities and various counterparties that have a minimum credit rating of A1 from internationally recognised credit rating agencies and A from Moody's, or where such rating is not available, by internal analysis according to strict criteria. Given these high credit rating requirements, management does not expect any counterparty to fail to meet its obligations.

The Group and Company seek to avoid concentration of credit risk to groups of counterparties, asset management houses, business sectors, product types, and geographical segments by diversifying the investment mandate to various asset management houses and enforcing a strict application of mandates. Financial assets are graded and invested according to this framework and the Investment Committee regularly reviews compliance to that effect.

The analysis of credit quality of the Group and Company's assets is disclosed in note 4 on pages 42 to 47 of the financial statements.

Reinsurance

Reinsurance is used to manage insurance risk. Under the terms of reinsurance agreements, reinsurers agree to reimburse the ceded amount to the insurer in the event that a gross claim is paid. However, the Group and Company remain liable to its policyholders regardless of whether the reinsurer meets the obligations it has assumed. Consequently, the Group and Company are exposed to credit risk.

The Group and Company have exposure to concentration risk with individual reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The creditworthiness of reinsurers is considered annually by reviewing their financial strength prior to finalisation of any contract. This exposure is monitored on a regular basis for any shortfall in the claims history to verify that the contract is progressing as expected and that no further exposure for the Group and Company will arise.

The Group and Company monitor the financial condition of reinsurers on an ongoing basis and review reinsurance arrangements periodically. The Group and Company have a Reinsurance and Underwriting Committee that is responsible for setting the minimum security criteria for acceptable reinsurance and monitoring the purchase of reinsurance against those criteria. When selecting a reinsurer the Group and Company consider its security. This is assessed from public rating information and from internal investigations.

3.2.2 Liquidity risk

Liquidity risk is the risk that the Group and/or Company will not be able to meet its financial obligations as they fall due. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and/or Company's reputation.

The Group and Company are exposed to daily calls on its available cash resources mainly from claims arising from short-term insurance contracts. The Investment Committee sets limits on the minimum proportion of maturing funds to be available to meet such calls to cover claims at unexpected levels of demand.

Based on actuarial modelling of historical and future expected trends, the Group and Company have estimated the probable cash outflows associated with general insurance liabilities. The maturity analysis of the gross insurance liabilities is set out in note 4.2(c) on page 50. The maturity profile of the related insurance and investment assets is expected to be similar to the profile of the liabilities. The Group and Company have taken into account that the unearned premium provision, which will be recognised as earned premium in the future, will not lead to claim cash outflows equal to this provision. This has been taken into account in estimating future cash outflows associated with insurance liabilities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

3. Financial risk management (continued)

3.2 Exposure to risk arising from financial instruments (continued)

3.2.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group and Company's income or the value of its holdings of insurance assets and financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the Group and Company's return on investment.

In particular, the Group and Company are exposed to market risk in those instances where the proceeds from their financial assets are not sufficient to fund their obligations from their insurance and/or investment contracts. This risk is termed the policyholder asset-liability mismatched risk. The Group and Company manage these positions within an ALM framework that aims to match assets to the liabilities arising from insurance contracts by nature and term. In accordance with the ALM framework, a separate financial asset profile is maintained for each distinct category of liabilities. For most categories of business, the ALM framework determines an asset class allocation. In certain classes, the specific timing of cash flows is considered to determine the selection of assets within those classes.

The Board of Directors has overall responsibility for the establishment and oversight of the Group and Company's ALM framework. The Board has established the Investment Committee, which is responsible for developing and monitoring the Group and Company's ALM framework. The Committee reports regularly to the Board of Directors on its activities.

Financial assets and liabilities that are utilised to support the Group and Company's capital base are fully exposed to the relevant elements of market risk. In summary, the key components of market risk are:

a) Currency risk

Currency risk is the risk arising from fair value and/or future cash flows of a financial instrument fluctuating from their expected values as a result of changes in exchange rates. This can arise from either a mismatch between currencies of assets or liabilities or supporting capital or the trading currency of the local entity being different to the Group and Company's reporting currencies.

The Group and Company are exposed to foreign currency risk for transactions that are denominated in a currency other than Rand. This exposure is limited to the operations of the Mozambique foreign subsidiaries, transactions with foreign reinsurers, debt securities and equity investments in foreign companies. These foreign investments were made for the purposes of obtaining favourable international exposure to foreign currency and are monitored by the Investment Committee.

The Group and Company do not take cover on foreign currency transactions and balances as the net exposure is considered minimal. The table in note 4.3(a) on page 51 of these annual financial statements illustrates the Group's split of assets and liabilities by major currency.

b) Interest rate risk

Interest rate risk is the risk arising from fair value and/or future cash flows of a financial instrument fluctuating from their expected values as a result of changes in market interest rates.

Changes in market interest rates have a direct effect on the contractually determined cash flows associated with floating rate financial assets and liabilities and on the fair value of fixed rate investments in the Group and Company's investment portfolios. The Group and Company's fixed interest rate investments do not give rise to significant interest rate risk. Furthermore, the majority of interest sensitive investments are short term, therefore the impact is minimal. The Group and Company do not use derivative instruments to manage this risk other than an ongoing assessment by the Investment Committee of market expectations within the South African market to determine an optimal asset allocation in interest sensitive investments.

Insurance liabilities are not directly sensitive to the level of market interest rates, as they are not discounted and are contractually non-interest bearing. The sensitivity analysis for interest rate illustrates how changes in the fair values or future cash flows of financial instruments will fluctuate because of changes in the market interest rates at the reporting date.

c) Other market price (or equity) risk

Equity risk is the risk arising from the actual fair value and/or the future cash flows from equities fluctuating from their expected values as a result of changes in market prices and/or dividend amounts.

Equity price risk arises from listed, fair value through profit or loss, equity securities held on behalf of the policyholders and the shareholder. The equity selection and investment analysis process is supported by a well-developed research function utilising professional advisors. Within these parameters, investments are managed with the aim of maximising policyholders' returns while limiting risks to acceptable levels within the framework of statutory requirements.

The Group and Company are assisted by external asset managers in this regard. In accordance with this strategy certain investments are designated at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

The Investment Committee actively monitors equity assets, listed and unlisted, owned by the Group and Company, which include some material shareholding in the Group and Company's strategic partners. Concentrations of specific equity holdings are also monitored.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

3. Financial risk management (continued)

3.2 Exposure to risk arising from financial instruments (continued)

3.2.4 Capital management

The Group and Company recognise share capital and premium, non-distributable reserves and retained earnings as capital.

In each country in which the Group operates, the local insurance regulator specifies the minimum amount and type of capital that must be held by each of the subsidiaries in addition to their insurance liabilities. The minimum required capital must be maintained at all times. The Company submits quarterly and annual returns to the PA in terms of the Insurance Act, and is required at all times to maintain a statutory surplus asset ratio as defined in the Act. The returns submitted during the year showed that the Company met the minimum capital requirements throughout the year. The operating subsidiaries also met their respective solvency requirements.

In addition to the regulatory capital requirements, the Company calculates its economic capital requirement using an internal stochastic model. This model is used in the assessment of strategic business and investment decisions and in the allocation of capital to various initiatives.

The Group and Company recognise equity, reserves excluding non-controlling interest. For internal management purposes, the Group and Company refer to its minimum capital levels as its SCR, which is the international standard for measuring the solvency of a life insurance company. In addition to the international basis, management uses the statutory solvency requirements as prescribed by the legislation in the territories in which the Group and Company have operations, to monitor and manage the Group and Company's capital resources.

The Group and Company's objectives when managing capital are to:

- comply with the insurance capital requirements required by the regulators of the insurance markets where the Group and Company operate;
- safeguard the Group and Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and other stakeholders;
- provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;
- ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value; and
- effectively manage its capital structure and make adjustments to the structure, in light of changes in economic conditions.

The Company submits quarterly and annual returns to the PA in accordance with the terms of the Long-term Insurance Act, 2017 (the Act). Under the terms of this Act, the Company is required to, at all times, maintain a statutory surplus asset ratio. The returns submitted during the year showed that the Company exceeded its minimum requirements throughout the year.

4. Risk management

4.1 Credit risk

a. Exposure to credit risk

The carrying amount of financial and insurance assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	CARRYING VALUE IN STATEMENT OF FINANCIAL POSITION		NET CREDIT EXPOSURE	
	2023 R'000	Restated 2022 R'000	2023 R'000	Restated 2022 R'000
GROUP				
Other assets				
Investment in associates	126 720	88 361	–	–
Financial assets at fair value through profit or loss – listed investments	2 262 713	2 175 215	–	–
Financial assets at fair value through profit or loss – unlisted investments	17 775 096	14 605 121	1 169 567	805 644
Financial assets at fair value through profit or loss – bonds	9 194 297	9 958 811	9 194 297	9 958 811
Financial assets at amortised cost*	1 908 829	908 784	1 908 829	908 784
Loans and other receivables	625 546	431 570	625 546	431 570
<i>Loans – interest bearing</i>	123 283	145 067	123 283	145 067
<i>Loans – non-interest bearing</i>	1 155	1 623	1 155	1 623
<i>Other loans and receivables</i>	501 108	284 880	501 108	284 880
Cash and cash equivalents*	815 205	1 951 408	815 205	1 951 408
Insurance assets				
Insurance receivables – premium debtors	212 513	301 054	212 513	301 054
Reinsurance assets	1 922 351	1 841 709	1 922 351	1 841 709
Total	34 843 270	32 262 033	15 848 308	16 198 980
COMPANY				
Other assets				
Investment in subsidiaries	47 450	47 450	–	–
Investment in associates	118 100	89 329	–	–
Financial assets at fair value through profit or loss – listed investments	2 262 713	2 175 215	–	–
Financial assets at fair value through profit or loss – unlisted investments	17 775 096	14 605 121	1 169 567	805 644
Financial assets at fair value through profit or loss – bonds	9 194 297	9 958 811	9 194 297	9 958 811
Financial assets at amortised cost*	1 908 829	908 784	1 908 829	908 784
Loans and other receivables	622 764	428 050	622 764	428 050
<i>Loans – interest bearing</i>	123 283	145 067	123 283	145 067
<i>Loans – non-interest bearing</i>	1 155	1 623	1 155	1 623
<i>Other loans and receivables</i>	498 326	281 360	498 326	281 360
Cash and cash equivalents*	806 474	1 945 473	806 474	1 945 473
Insurance assets				
Insurance receivables – premium debtors	212 513	301 054	212 513	301 054
Reinsurance assets	1 922 351	1 841 709	1 922 351	1 841 709
Total	34 870 587	32 300 996	15 836 795	16 189 525

* Amortised cost approximates fair value.

* Refer to note 38 for the details on the restatement. The comparative information has been restated as a result of a prior period error.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

4. Risk management (continued)

4.1 Credit risk (continued)

b. Credit risk

The following table provides information regarding the Group and Company's aggregated credit exposures. The carrying amount of these financial instruments represents the Group and Company's maximum exposure to credit risk. The Group and Company do not engage in any activities to enhance the credit quality of these instruments such as obtaining collateral and purchasing credit derivatives or similar instruments.

Concentrations of credit risk are determined on the basis of counterparty credit rating criteria, as risks faced by these groupings are similar in nature. The grouping of assets in such manner highlights the credit quality associated with financial assets and liabilities

	AA+ R'000	AA- R'000	A+ R'000	A- R'000	BBB+ R'000	BBB- R'000	BB+ R'000	BB R'000	BB- R'000	Not rated R'000	Total R'000
GROUP											
2023											
Other assets											
Financial assets at fair value through profit or loss – unlisted investments	-	-	-	-	-	-	81 034	-	-	1 088 533	1 169 567
Financial assets at fair value through profit or loss – bonds	-	-	-	-	-	-	8 846 292	348 005	-	-	9 194 297
Financial assets at amortised cost	-	-	-	-	-	-	-	966 977	-	941 852	1 908 829
Loans and other receivables	-	-	-	-	-	-	-	34 134	-	591 412	625 546
Loans – interest bearing	-	-	-	-	-	-	-	32 980	-	90 304	123 283
Loans – non-interest bearing	-	-	-	-	-	-	-	1 155	-	-	1 155
Other loans and receivables	-	-	-	-	-	-	-	-	-	501 108	501 108
Cash and cash equivalents	-	-	-	-	-	8 731	331 687	250 960	-	223 827	815 205
Insurance assets											
Insurance receivables – premium debtors	-	-	-	-	-	-	-	22 939	-	189 574	212 513
Reinsurance assets	10 893	-	3 412	112 379	449 011	-	8 628	-	-	1 338 029	1 922 351
Total	10 893	-	3 412	112 379	449 011	8 731	9 267 640	1 623 016	-	4 373 226	15 848 308
Restated 2022											
Other assets											
Financial assets at fair value through profit or loss – unlisted investments	-	-	-	-	-	-	150 759	151 822	-	503 063	805 644
Financial assets at fair value through profit or loss – bonds	-	-	-	-	-	-	9 568 336	390 475	-	-	9 958 811
Financial assets at amortised cost*	-	-	-	-	-	-	-	435 406	-	473 378	908 784
Loans and other receivables	-	-	-	-	-	-	-	-	-	431 570	431 570
Loans – interest bearing	-	-	-	-	-	-	-	-	-	145 067	145 067
Loans – non-interest bearing	-	-	-	-	-	-	-	-	-	1 623	1 623
Other loans and receivables	-	-	-	-	-	-	-	-	-	284 880	284 880
Cash and cash equivalents*	-	-	-	-	-	-	470 215	738 794	5 934	736 465	1 951 408
Insurance assets											
Insurance receivables – premium debtors	-	-	-	7 080	-	-	51 392	23 760	-	218 822	301 054
Reinsurance assets	101 131	262 969	100	-	561 726	-	12 167	582	-	903 034	1 841 709
Total	101 131	262 969	100	7 080	561 726	-	10 252 869	1 740 840	5 934	3 266 332	16 198 980

Credit ratings are sourced from Bloomberg for S&P, Fitch and Moody's.

* Refer to note 38 for the details on the restatement. The comparative information has been restated as a result of a prior period error.

4. Risk management (continued)

4.1 Credit risk (continued)

b. Credit risk (continued)

	AA+ R'000	AA- R'000	A+ R'000	A- R'000	BBB+ R'000	BB+ R'000	BB R'000	Not Rated R'000	Total R'000
COMPANY									
2023									
Other assets									
Financial assets at fair value through profit or loss – unlisted investments	-	-	-	-	-	81 034	-	1 088 533	1 169 567
Financial assets at fair value through profit or loss – bonds	-	-	-	-	-	8 846 292	348 005	-	9 194 297
Financial assets at amortised cost	-	-	-	-	-	-	966 977	941 852	1 908 829
Loans and other receivables	-	-	-	-	-	-	34 134	588 630	622 764
Loans – interest bearing	-	-	-	-	-	-	32 980	90 304	123 283
Loans – non-interest bearing	-	-	-	-	-	-	1 155	-	1 155
Other loans and receivables	-	-	-	-	-	-	-	498 326	498 326
Cash and cash equivalents	-	-	-	-	-	331 687	250 960	223 827	806 474
Insurance assets									
Insurance receivables – premium debtors	-	-	-	-	-	-	22 939	189 574	212 513
Reinsurance assets	10 893	-	3 412	112 379	449 011	8 628	-	1 338 029	1 922 351
Total	10 893	-	3 412	112 379	449 011	9 267 640	1 623 016	4 370 444	15 836 795
Restated 2022									
Other assets									
Financial assets at fair value through profit or loss – unlisted investments	-	-	-	-	-	150 759	151 822	503 063	805 644
Financial assets at fair value through profit or loss – bonds	-	-	-	-	-	9 568 336	390 475	-	9 958 811
Financial assets at amortised cost*	-	-	-	-	-	-	435 406	473 378	908 784
Loans and other receivables	-	-	-	-	-	-	-	428 050	428 050
Loans – interest bearing	-	-	-	-	-	-	-	145 067	145 067
Loans – non-interest bearing	-	-	-	-	-	-	-	1 623	1 623
Other loans and receivables	-	-	-	-	-	-	-	281 360	281 360
Cash and cash equivalents*	-	-	-	-	-	470 215	738 794	736 464	1 945 473
Insurance assets									
Insurance receivables – premium debtors	-	-	-	7 080	-	51 392	23 760	218 822	301 054
Reinsurance assets	101 131	262 969	100	-	561 726	12 167	582	903 034	1 841 709
Total	101 131	262 969	100	7 080	561 726	10 252 869	1 740 840	3 262 810	16 189 525

Credit ratings are sourced from Bloomberg for S&P, Fitch and Moody's.

* Refer to note 38 for the details on the restatement. The comparative information has been restated as a result of a prior period error.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

4. Risk management (continued)

4.1 Credit risk (continued)

c. Financial and insurance assets that are neither past due nor impaired

The analysis of financial instruments that were neither past due nor impaired and/or individually impaired at the reporting date was as follows:

	GROUP				COMPANY			
	Neither past due nor impaired R'000	Past due not impaired R'000	Individually impaired R'000	Net carrying value R'000	Neither past due nor impaired R'000	Past due not impaired R'000	Individually impaired R'000	Net carrying value R'000
2023								
Financial assets at fair value through profit or loss – listed investments	2 262 713	–	–	2 262 713	2 262 713	–	–	2 262 713
Financial assets at fair value through profit or loss – unlisted investments	17 775 096	–	–	17 775 096	17 775 096	–	–	17 775 096
Financial assets at fair value through profit or loss – bonds	9 194 297	–	–	9 194 297	9 194 297	–	–	9 194 297
Financial assets at amortised cost	1 908 829	–	–	1 908 829	1 908 829	–	–	1 908 829
Loans and other receivables	699 120	23 899	(97 473)	625 546	696 338	23 899	(97 473)	622 764
Loans – interest bearing	190 303	–	(67 020)	123 283	190 303	–	(67 020)	123 283
Loans – non-interest bearing	1 155	–	–	1 155	1 155	–	–	1 155
Other loans and receivables	507 662	23 899	(30 453)	501 108	504 880	23 899	(30 453)	498 326
Cash and cash equivalents	815 205	–	–	815 205	806 474	–	–	806 474
Total	32 655 260	23 899	(97 473)	32 581 686	32 643 747	23 899	(97 473)	32 570 173
Insurance receivables – premium debtors	67 511	165 194	(20 192)	212 513	67 511	165 194	(20 192)	212 513
Reinsurance assets	1 450 873	471 478	–	1 922 351	1 450 873	471 478	–	1 922 351
Total	1 518 384	636 672	(20 192)	2 134 865	1 518 384	636 672	(20 192)	2 134 865
Restated 2022								
Financial assets at fair value through profit or loss – listed investments	2 175 215	–	–	2 175 215	2 175 215	–	–	2 175 215
Financial assets at fair value through profit or loss – unlisted investments	14 610 621	–	(5 500)	14 605 121	14 610 621	–	(5 500)	14 605 121
Financial assets at fair value through profit or loss – bonds	9 958 811	–	–	9 958 811	9 958 811	–	–	9 958 811
Financial assets at amortised cost*	908 784	–	–	908 784	908 784	–	–	908 784
Loans and other receivables	533 982	15 848	(118 259)	431 570	530 462	15 848	(118 259)	428 050
Loans – interest bearing	210 461	–	(65 394)	145 067	210 461	–	(65 394)	145 067
Loans – non-interest bearing	1 623	–	–	1 623	1 623	–	–	1 623
Other loans and receivables	321 898	15 848	(52 865)	284 880	318 378	15 848	(52 865)	281 361
Cash and cash equivalents*	1 951 408	–	–	1 951 408	1 945 473	–	–	1 945 473
Total	30 138 820	15 848	(123 759)	30 030 909	30 129 366	15 848	(123 759)	30 021 455
Insurance receivables – premium debtors	280 193	25 303	(4 442)	301 054	280 193	25 303	(4 442)	301 054
Reinsurance assets	1 733 161	108 548	–	1 841 709	1 733 161	108 548	–	1 841 709
Total	2 013 354	133 851	(4 442)	2 142 763	2 013 354	133 851	(4 442)	2 142 763

* Refer to note 38 for the details on the restatement. The comparative information has been restated as a result of a prior period error.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

4. Risk management (continued)

4.1 Credit risk (continued)

d. Age analysis of other loans and receivables and premium debtors that are past due but not impaired

	GROUP					COMPANY				
	> 30 days R'000	31 to 60 days R'000	61 to 90 days R'000	More than 90 days R'000	Total past due but not impaired R'000	> 30 days R'000	31 to 60 days R'000	61 to 90 days R'000	More than 90 days R'000	Total past due but not impaired R'000
2023										
Loans and other receivables	7 995	6 529	4 934	4 441	23 899	7 995	6 529	4 934	4 441	23 899
Insurance receivables – premium debtors	163 939	1 037	218	–	165 194	163 939	1 037	218	–	165 194
Reinsurance assets	457 639	–	–	13 839	471 478	457 639	–	–	13 839	471 478
	629 573	7 566	5 152	18 281	660 571	629 573	7 566	5 152	18 281	660 571
2022										
Loans and other receivables	–	985	733	14 129	15 848	–	985	733	14 129	15 848
Insurance receivables – premium debtors	17 075	(14 876)	41 443	(18 339)	25 303	17 075	(14 876)	41 443	(18 339)	25 303
Reinsurance assets	125	26 524	3 067	78 832	108 548	125	26 524	3 067	78 832	108 548
	17 200	12 633	45 244	74 622	149 699	17 200	12 633	45 244	74 622	149 699

Movement in the allowance for impairment in respect of loans and receivables and premium debtors

The Group records impairment allowances for premium debtors in a separate impairment allowance account. A reconciliation of the allowance for impairment losses for premium debtors is as follows:

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Balance at the beginning of the year	109 496	80 429	109 496	80 429
– Collective impairment loss reversed	1 564	3 830	1 564	3 830
– Collective impairment loss recognised	(38 318)	25 238	(38 318)	25 238
Balance at the end of the year	72 741	109 496	72 741	109 496

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

4. Risk management (continued)

4.1 Credit risk (continued)

e. Reconciliation of loss allowance relating to loans and receivable subsequently measured at amortised cost

	GROUP			COMPANY		
	Subjected to lifetime ECL			Subjected to lifetime ECL		
	Total allowance for ECL R'000	Not credit impaired Allowance for ECL R'000	Credit impaired Allowance for ECL R'000	Total allowance for ECL R'000	Not credit impaired Allowance for ECL R'000	Credit impaired Allowance for ECL R'000
2023						
Balance at the beginning of the year	31 432	(2 094)	33 526	31 432	(2 094)	33 526
Originations, purchases and interest accruals	358	358	–	358	358	–
Repayments and other derecognitions (excl. write-offs)	(2 870)	(2 870)	–	(2 870)	(2 870)	–
Balance at the end of the year	28 920	(4 606)	33 526	28 920	(4 606)	33 526
2022						
Balance at the beginning of the year	38 662	(1 708)	40 370	38 662	(1 708)	40 370
Originations, purchases and interest accruals	885	–	885	885	–	885
Repayments and other derecognitions (excl. write-offs)	(8 114)	(386)	(7 728)	(8 114)	(386)	(7 728)
Balance at the end of the year	31 432	(2 094)	33 526	31 432	(2 094)	33 526

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

4. Risk management (continued)

4.2 Liquidity risk

a. Maturity profile on financial and insurance assets – contractual cash flows assets

The following tables detail the Group and Company's contractual maturities of financial assets, including interest payments. This has been determined based on the contractual maturities of dated instruments, and classified as open ended where the asset has no fixed maturity date. The carrying amount represents the probable cash flows as it is net of impairments.

	Carrying value in statement of financial position R'000	Total contractual cash flows R'000	On demand R'000	0 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
GROUP							
2023							
Financial assets at fair value through profit or loss	29 232 106	29 232 106	19 731 770	3 366 875	3 298 236	2 383 163	452 062
Financial assets at amortised cost	1 908 829	1 908 829	1 073 597	613 183	–	187 051	34 998
Reinsurance assets	1 922 351	1 922 351	–	1 920 776	1 575	–	–
Insurance, loans and other receivables	838 059	838 059	–	768 296	21 723	48 040	–
Cash and cash equivalents	815 205	815 205	815 205	–	–	–	–
Total	34 716 550	34 716 550	21 620 572	6 669 130	3 321 534	2 618 255	487 060
Restated 2022							
Financial assets at fair value through profit or loss	26 739 147	26 739 147	16 785 837	1 830 174	6 280 301	1 482 896	359 939
Financial assets at amortised cost	908 784	908 784	625 100	283 684	–	–	–
Reinsurance assets	1 841 709	1 841 709	–	1 841 574	135	–	–
Insurance, loans and other receivables	732 624	732 624	5 543	515 995	3 539	195 541	12 006
Cash and cash equivalents*	1 951 408	1 951 408	936 221	1 015 187	–	–	–
Total	32 173 672	32 173 672	18 352 701	5 486 614	6 283 975	1 678 437	371 945
COMPANY							
2023							
Financial assets at fair value through profit or loss	29 232 106	29 232 106	19 731 770	3 366 875	3 298 236	2 383 163	452 062
Financial assets at amortised cost	1 908 829	1 908 829	1 073 597	613 183	–	187 051	34 998
Reinsurance assets	1 922 351	1 922 351	–	1 920 776	1 575	–	–
Insurance, loans and other receivables	835 277	835 277	–	765 514	21 723	48 040	–
Cash and cash equivalents	806 474	806 474	806 474	–	–	–	–
Total	34 705 038	34 705 037	21 611 841	6 666 348	3 321 534	2 618 254	487 060
Restated 2022							
Financial assets at fair value through profit or loss	26 739 147	26 739 147	16 785 837	1 830 174	6 280 301	1 482 896	359 939
Financial assets at amortised cost	908 784	908 784	625 100	283 684	–	–	–
Reinsurance assets	1 841 709	1 841 709	–	1 841 574	135	–	–
Insurance, loans and other receivables	729 104	729 104	5 543	512 476	3 539	195 541	12 006
Cash and cash equivalents*	1 945 473	1 945 473	936 221	1 009 252	–	–	–
Total	32 164 217	32 164 217	18 352 701	5 477 159	6 283 975	1 678 437	371 945

* Refer to note 38 for the details on the restatement. The comparative information has been restated as a result of a prior period error.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

4. Risk management (continued)

4.2 Liquidity risk (continued)

b. Maturity profile on financial liabilities – contractual cash flows liabilities

The following table details the Company's probable cash outflows associated with insurance liabilities and financial liabilities, including interest payments:

	Carrying value in statement of financial position R'000	Total contractual cash flows R'000	On demand R'000	0 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	More than 5 years R'000
GROUP							
2023							
Non-derivative financial liabilities							
Borrowings	400 000	400 000	–	–	120 000	280 000	–
Lease liability	200 866	200 866	–	58 051	54 003	85 292	3 520
Trade and other payables*	1 081 660	1 081 660	82 100	999 559	–	–	–
Total	1 682 526	1 682 526	82 100	1 057 610	174 003	365 292	3 520
2022							
Non-derivative financial liabilities							
Borrowings	399 925	399 925	–	–	–	–	399 925
Lease liability	343 088	343 088	–	68 769	70 102	196 644	7 573
Trade and other payables*	842 437	842 437	332 155	504 788	3 802	–	1 693
Total	1 585 450	1 585 450	332 155	573 556	73 904	196 644	409 191
COMPANY							
2023							
Non-derivative financial liabilities							
Borrowings	400 000	400 000	–	–	120 000	280 000	–
Lease liability	200 866	200 866	–	58 051	54 003	85 292	3 520
Trade and other payables*	1 083 526	1 083 526	82 100	1 001 426	–	–	–
Total	1 684 392	1 684 392	82 100	1 059 477	174 003	365 292	3 520
2022							
Non-derivative financial liabilities							
Borrowings	399 925	399 925	–	–	–	–	399 925
Lease liability	343 088	343 088	–	68 769	70 102	196 644	7 573
Trade and other payables*	851 130	851 130	332 155	513 481	3 802	–	1 693
Total	1 594 144	1 594 144	332 155	582 249	73 904	196 644	409 191

* VAT is not included in Trade and other payables.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

4. Risk management (continued)

4.2 Liquidity risk (continued)

c. Maturity profile on financial liabilities – probable contractual cash outflows

The following table details the Group and Company's probable contractual cash outflows associated with insurance liabilities:

	Probable cash outflows R'000	Maturity within a year R'000	Maturity between 2 and 5 years R'000	Maturity more than 5 years R'000
GROUP				
2023				
Policyholder liabilities	30 715 571	24 782 860	4 861 586	1 071 125
Claims reported and loss adjustment expenses	1 269 854	859 208	410 646	–
Claims incurred but not yet reported	318 594	253 915	64 679	–
Unearned premium provision	216 997	216 140	857	–
Cash back reserve	183	183	–	–
Reinsurance liabilities	256 858	256 858	–	–
	32 778 057	26 369 164	5 337 767	1 071 125
2022				
Policyholder liabilities	28 327 298	23 166 182	4 395 874	765 243
Claims reported and loss adjustment expenses	1 375 067	1 375 067	–	–
Claims incurred but not yet reported	321 453	245 195	76 258	–
Unearned premium provision	320 793	297 865	–	22 928
Cash back reserve	380	380	–	–
Reinsurance liabilities	267 835	267 835	–	–
	30 612 826	25 352 523	4 472 131	788 171
COMPANY				
2023				
Policyholder liabilities	30 715 571	24 782 860	4 861 586	1 071 125
Claims reported and loss adjustment expenses	1 269 854	859 208	410 646	–
Claims incurred but not yet reported	318 594	253 915	64 679	–
Unearned premium provision	216 997	216 140	857	–
Cash back reserve	183	183	–	–
Reinsurance liabilities	256 858	256 858	–	–
	32 778 057	26 369 164	5 337 767	1 071 125
2022				
Policyholder liabilities	28 327 298	23 166 182	4 395 874	765 243
Claims reported and loss adjustment expenses	1 375 067	1 375 067	–	–
Claims incurred but not yet reported	321 453	245 195	76 258	–
Unearned premium provision	320 793	297 865	–	22 928
Cash back reserve	380	380	–	–
Reinsurance liabilities	267 835	267 835	–	–
	30 612 826	25 352 523	4 472 131	788 171

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

4. Risk management (continued)

4.3 Market risk

a. Sensitivity analysis – currency risk

The Group and Company's primary market exposure is to interest rate, equity price and currency risk.

The following exchange rates applied during the year

	2023		2022	
	Average rate	Reporting date spot rate	Average rate	Reporting date spot rate
GROUP				
US Dollar	17,77	18,85	15,36	16,28
COMPANY				
US Dollar	17,77	18,85	15,36	16,28

b. Sensitivity analysis – currency risk

A 2% strengthening/devaluation in the relevant foreign currencies against the ZAR at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

The analysis is performed on the same basis as for the prior year and only for currencies with material exposure.

	Profit/(loss)		Equity	
	10% increase R'000	10% decrease R'000	10% increase R'000	10% decrease R'000
GROUP				
2023				
US Dollar	-	-	-	-
	-	-	-	-
2022				
US Dollar	4 895	(4 895)	4 895	(4 895)
	4 895	(4 895)	4 895	(4 895)
COMPANY				
2023				
US Dollar	-	-	-	-
	-	-	-	-
2022				
US Dollar	4 895	(4 895)	4 895	(4 895)
	4 895	(4 895)	4 895	(4 895)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

4. Risk management (continued)

4.3 Market risk (continued)

c. Sensitivity analysis – Interest rate risk

At the reporting date, the interest rate concentration profile of the Group financial instruments subject to interest rate risk was as follows:

	2023			Restated 2022		
	Carrying amount R'000	Nominal interest rate %	Effective interest rate %	Carrying amount R'000	Nominal interest rate %	Effective interest rate %
PROFILE – GROUP						
Fixed rate instruments						
<i>Financial assets</i>						
Bonds						
Due in 2 years	6 451 889	11,24%	11,86%	8 115 976	9,74%	5,98%
Due between 2 years and 5 years	2 249 450	11,12%	11,72%	1 482 896	6,91%	6,19%
Due after 5 years	492 958	9,07%	9,47%	359 939	8,76%	7,45%
	9 194 297			9 958 811		
Variable rate instruments						
<i>Financial assets</i>						
Loans – interest bearing	123 283			145 067		
Cash and cash equivalents*	815 205			1 951 408		
	938 488			2 096 475		
<i>Financial Liabilities</i>						
Borrowings	400 000			399 925		
	400 000			399 925		
PROFILE – COMPANY						
Fixed rate instruments						
<i>Financial assets</i>						
Bonds						
Due in 2 years	6 451 889	11,24%	11,86%	8 115 976	9,74%	5,98%
Due between 2 years and 5 years*	2 249 450	11,12%	11,72%	1 482 896	6,91%	6,19%
Due after 5 years	492 958	9,07%	9,47%	359 939	8,76%	7,45%
	9 194 297			9 958 811		
Variable rate instruments						
<i>Financial assets</i>						
Loans – interest bearing	123 283			145 067		
Cash and cash equivalents*	806 474			1 945 473		
	929 757			2 090 540		
<i>Financial Liabilities</i>						
Borrowings	400 000			399 925		
	400 000			399 925		

* This maturity bucket includes structured notes with Absa, which mature based on an underlying index and the asset return hinges on the market performance of the underlying index. Nominal and effective rates are not calculated on these instruments and have not been factored into the average rates on the maturity buckets.

* Refer to note 38 for the details on the restatement. The comparative information has been restated as a result of a prior period error.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

4. Risk management (continued)

4.3 Market risk (continued)

d. Sensitivity analysis – variable rate exposure

	Profit/(loss)		Equity	
	2% increase R'000	2% decrease R'000	2% increase R'000	2% decrease R'000
GROUP				
2023				
<i>Financial assets</i>				
Loans – interest bearing	2 466	(2 466)	2 466	(2 466)
Cash and cash equivalents	16 304	(16 304)	16 304	(16 304)
	18 770	(18 770)	18 770	(18 770)
Restated 2022				
<i>Financial assets</i>				
Loans – interest bearing	2 901	(2 901)	2 901	(2 901)
Cash and cash equivalents*	39 028	(39 028)	39 028	(39 028)
	41 929	(41 929)	41 929	(41 929)
COMPANY				
2023				
<i>Financial assets</i>				
Loans – interest bearing	2 466	(2 466)	2 466	(2 466)
Cash and cash equivalents	16 304	(16 304)	16 304	(16 304)
	18 770	(18 770)	18 770	(18 770)
Restated 2022				
<i>Financial assets</i>				
Loans – interest bearing	2 901	(2 901)	2 901	(2 901)
Cash and cash equivalents*	39 028	(39 028)	39 028	(39 028)
	41 929	(41 929)	41 929	(41 929)

* Refer to note 38 for the details on the restatement. The comparative information has been restated as a result of a prior period error.

Sensitivity analysis for fixed rate instruments of the Group and Company

The Group and Company's fixed rate instruments are not exposed to interest rate risk. Therefore no sensitivity analysis is necessary.

Sensitivity analysis for variable rate instruments of the Group and Company

A change of 200 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for prior year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

4. Risk management (continued)

4.3 Market risk (continued)

e. Sensitivity analysis – exposure to equity price risk

The Group and Company's exposure to equity price risk at the reporting date was as follows:

	2023			2022		
	Carrying amount R'000	Listed/not listed R'000	Relevant stock exchange R'000	Carrying amount R'000	Listed/not listed R'000	Relevant stock exchange
GROUP						
Ordinary shares	2 261 922	Listed	JSE	2 175 215	Listed	JSE
Ordinary shares	3 103	Not listed	N/A	136 832	Not listed	N/A
Preference shares	338 041	Not listed	N/A	330 630	Not listed	N/A
	2 603 066			2 642 677		
COMPANY						
Ordinary shares	2 261 922	Listed	JSE	2 175 215	Listed	JSE
Ordinary shares	3 103	Not listed	N/A	136 832	Not listed	N/A
Preference shares	338 041	Not listed	N/A	330 630	Not listed	N/A
	2 603 066			2 642 677		

Sensitivity analysis

All other variables constant, for listed equity investments, a 200 basis point increase/(decrease) in the relevant stock exchange index over the year would have increased/(decreased) equity and profit/(loss) by the amounts shown below. The analysis is performed on the same basis for 2022.

For unlisted equity investments, a 200 basis point increase/(decrease) in the relevant industry average over the year would have increased/(decreased) equity and profit/(loss) by the amounts shown below. The analysis is performed on the same basis for prior year.

f. Sensitivity analysis – index exposure

	Profit/(loss)		Equity	
	5% increase R'000	5% decrease R'000	5% increase R'000	5% decrease R'000
GROUP				
2023				
Ordinary shares – listed – JSE	45 238	(45 238)	45 238	(45 238)
Ordinary shares – not listed	62	(62)	62	(62)
Preference shares – not listed	6 761	(6 761)	6 761	(6 761)
	52 061	(52 061)	52 061	(52 061)
2022				
Ordinary shares – listed – JSE	43 504	(43 504)	43 504	(43 504)
Ordinary shares – not listed	2 737	(2 737)	2 737	(2 737)
Preference shares – not listed	6 613	(6 613)	6 613	(6 613)
	52 854	(52 854)	52 854	(52 854)
COMPANY				
2023				
Ordinary shares – listed – JSE	45 238	(45 238)	45 238	(45 238)
Ordinary shares – not listed	62	(62)	62	(62)
Preference shares – not listed	6 761	(6 761)	6 761	(6 761)
	52 061	(52 061)	52 061	(52 061)
2022				
Ordinary shares – listed – JSE	43 504	(43 504)	43 504	(43 504)
Ordinary shares – not listed	2 737	(2 737)	2 737	(2 737)
Preference shares – not listed	6 613	(6 613)	6 613	(6 613)
	52 854	(52 854)	52 854	(52 854)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

4. Risk management (continued)

4.4 Comprehensive income

Financial income and expenditure

The Group and Company generated the following income/incurred the following expenditure in respect of financial instruments during the reporting period, all of which were recognised in profit or loss:

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Interest income on unimpaired loans and receivables	31 290	27 951	31 290	27 951
Financial assets at fair value through profit or loss	58 727	90 348	57 633	89 799
Financial assets at amortised cost	107 811	31 263	107 811	31 263
Net (loss)/gain on financial assets as at fair value through profit and loss	(22 187)	54 762	(80)	100 019
Financial income	175 641	204 324	196 654	249 032
Interest expense on financial liabilities measured at amortised cost	(93 020)	(72 708)	(93 020)	(72 708)
Net financial income	82 621	131 616	103 634	176 324
The above financial income and expense items include the following in respect of financial assets/liabilities not at fair value through profit and loss:				
Total interest income	139 101	121 611	139 101	149 013
Total interest expense	(93 020)	(72 708)	(93 020)	(72 708)
Net interest income	46 081	48 903	46 081	76 305

* Net gains include realised and unrealised gains and losses as well as dividends.

Impairment losses

Impairment of other loans and receivables

Impairment (recognised)/reversed

Impairment of premium debtors

Impairment (recognised)/reversed

Impairment losses

(1 485)	7 230	(1 485)	7 230
(36 755)	25 238	(36 755)	835
(38 239)	32 468	(38 239)	8 065

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

5. Property and equipment

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Cost				
Leasehold improvements	34 239	71 416	34 239	71 416
Office equipment	19 215	25 763	19 215	25 763
Office equipment	4 522	8 067	4 522	8 067
Computer hardware	9 127	9 127	9 127	9 127
Furniture and fittings	5 566	8 569	5 566	8 569
Property and equipment – cost	53 454	97 179	53 454	97 179
Accumulated depreciation				
Leasehold improvements	(3 736)	(34 593)	(3 736)	(34 593)
Office equipment	(9 387)	(14 161)	(9 387)	(14 161)
Office equipment	(1 056)	(3 826)	(1 056)	(3 826)
Computer hardware	(7 093)	(6 895)	(7 093)	(6 895)
Furniture and fittings	(1 238)	(3 440)	(1 238)	(3 440)
Property and equipment – accumulated depreciation and impairment	(13 123)	(48 754)	(13 123)	(48 754)
Net carrying amount				
Leasehold improvements	30 503	36 823	30 503	36 823
Office equipment	9 828	11 602	9 828	11 602
Office equipment	3 466	4 241	3 466	4 241
Computer hardware	2 034	2 232	2 034	2 232
Furniture and fittings	4 328	5 129	4 328	5 129
Property and equipment – carrying value	40 331	48 425	40 331	48 425
Reconciliation of movement on net carrying amount:				
Balance at the beginning of the year	48 425	65 324	48 425	65 179
Additions	35 330	193	35 330	193
Leasehold improvements	29 797	–	29 797	–
Office equipment	3 032	–	3 032	–
Furniture and fittings	2 501	193	2 501	193
Depreciation for the year	(8 636)	(10 157)	(8 636)	(10 157)
Leasehold improvements	(6 821)	(7 127)	(6 821)	(7 127)
Office equipment	(817)	(807)	(817)	(807)
Computer hardware	(198)	(1 435)	(198)	(1 435)
Furniture and fittings	(800)	(788)	(800)	(788)
Disposals	(34 788)	(5 115)	(34 788)	(4 970)
Leasehold improvements	(29 296)	(4 930)	(29 296)	(4 930)
Office equipment	(2 990)	(145)	(2 990)	–
Furniture and fittings	(2 502)	(40)	(2 502)	(40)
Write-off	–	(1 820)	–	(1 820)
Leasehold improvements	–	(1 820)	–	(1 820)
Balance at the end of the year	40 331	48 425	40 331	48 425

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

6 Right-of-use assets

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Cost				
Property	205 805	252 025	205 805	252 025
Motor vehicles	16 634	13 084	16 634	13 084
Office equipment	94	94	94	94
Right-of-use asset – cost	222 533	265 203	222 533	265 203
Accumulated depreciation				
Property	(134 680)	(113 071)	(134 680)	(113 071)
Motor vehicles	(12 080)	(7 466)	(12 080)	(7 466)
Office equipment	(94)	(94)	(94)	(94)
Right-of-use asset – accumulated depreciation and impairment	(146 854)	(120 631)	(146 854)	(120 631)
Net carrying amount				
Property	118 119	138 954	118 119	138 954
Motor vehicles	4 554	5 618	4 554	5 618
Right-of-use assets – carrying value	75 679	144 572	75 679	144 572
Reconciliation of movement on net carrying amount:				
Balance at the beginning of the year	144 572	188 021	144 572	188 021
Additions	4 324	1 523	4 324	1 523
Property	774	–	774	–
Motor vehicles	3 550	1 523	3 550	1 523
Depreciation for the year	(26 223)	(40 805)	(26 223)	(40 805)
Property	(21 609)	(37 021)	(21 609)	(37 021)
Motor vehicles	(4 614)	(3 784)	(4 614)	(3 784)
Write-off	(46 994)	(4 167)	(46 994)	(4 167)
Property	(46 994)	(4 167)	(46 994)	(4 167)
Balance at the end of the year	75 679	144 572	75 679	144 572

The above assets have been calculated using varying discount rates and terms as applicable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

7 Intangible assets

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Cost				
Computer software	150 217	135 845	150 217	135 845
Acquired rights over books of business	3 136	3 136	3 136	3 136
Intangible assets – cost	153 353	138 982	153 353	138 982
Accumulated amortisation and impairment				
Computer software	(40 772)	(37 702)	(40 772)	(37 702)
Acquired rights over books of business	(1 361)	(1 079)	(1 361)	(1 079)
Intangible assets – accumulated amortisation and impairment	(42 133)	(38 781)	(42 133)	(38 781)
Net carrying amount				
Computer software	109 445	98 144	109 445	98 144
Acquired rights over books of business	1 775	2 057	1 775	2 057
Intangible assets	111 220	100 201	111 220	100 201
Reconciliation of movement on net carrying amount:				
Balance at the beginning of the year	100 201	97 895	100 201	97 895
Additions	18 120	11 443	18 120	11 443
Computer software	18 120	9 995	18 120	9 995
Acquired rights over books of business	–	1 447	–	1 447
Amortisation for the year	(5 748)	(9 137)	(5 748)	(9 137)
Computer software	(5 466)	(8 855)	(5 466)	(8 855)
Acquired rights over books of business	(282)	(282)	(282)	(282)
Impairment for the year	(4 095)	–	(4 095)	–
Computer software	(4 095)	–	(4 095)	–
Disposals	(3 748)	(7 331)	(3 748)	(7 331)
Computer software	(3 748)	–	(3 748)	–
Acquired rights over books of business	–	(7 331)	–	(7 331)
Disposals – accumulated depreciation	2 395	7 331	2 395	7 331
Computer software	2 395	–	2 395	–
Acquired rights over books of business	–	7 331	–	7 331
Write-off	4 095	–	4 095	–
Computer software	4 095	–	4 095	–
Balance at the end of the year	111 220	100 201	111 220	100 201

The Group and Company hold acquired rights over books of business and intellectual property. These are carried at cost less accumulated amortisation and impairment where applicable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

8 Investment in subsidiaries

						COMPANY	
						2023 R'000	2022 R'000
Interest in subsidiaries comprises:							
Shares at fair value through profit or loss						47 450	47 450
Investments in subsidiaries						47 450	47 450
Carrying value of interest in subsidiary							
	Nature of business	Place of business	Issued share capital R	Proportion held 2023 %	Proportion held 2022 %	2023 Shares R'000	2022 Shares R'000
Interest in subsidiaries comprises:							
Finningley (Pty) Ltd	B	RSA	100	100	100	–	–
Hollard Investment Managers	A	RSA	1	100	100	47 450	47 450
Altrisk Pty (Ltd)*	A	RSA	1	100	100	–	–
						47 450	47 450

* Altrisk was deregistered during the year, effective on 30 March 2023

Nature of Business

A Investment Holding
B Venture Capital

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

9. Investment in associates

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Interest in associates comprises:				
Shares at fair value through profit or loss	–	–	118 100	89 329
Shares at equity accounted carrying value	54 594	54 594	–	–
Group share of post-acquisition profits, losses and reserves	72 126	33 767	–	–
Carrying value of associates	126 720	88 361	118 100	89 329
Investment in associates	126 720	88 361	118 100	89 329

Financial position of associates

Analysis of associates at 30 June 2023

	2023 R'000	2022 R'000
Ooba		
Total assets	497 301	418 538
Equity	494 973	415 319
Share capital – ordinary shares	–	–
Other reserves	28 158	28 158
Non-distributable reserve	385 854	334 527
Retained earnings	80 961	52 633
Total liabilities	2 327	3 219
Profit before taxation	99 655	117 734
Taxation	–	(13 449)
Profit for the year	99 655	104 285
IFANET		
Total assets	7 347	6 580
Equity	(440)	(1 277)
Share capital	1 000	1 000
Other reserves	1 250	1 250
Retained earnings	(2 690)	(3 527)
Total liabilities	7 786	7 857
Profit before taxation	837	639
Taxation	–	–
Profit for the year	837	639

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

9. Investment in associates (continued)

Financial position of associates (continued)

Analysis of associates at 30 June 2023

Amserve	2023 R'000	2022 R'000
Total assets	130 200	130 035
Equity	130 299	34 319
Share capital	115	115
Retained earnings	130 184	34 204
Total liabilities	(99)	95 716
Profit before taxation	5 180	13 642
Taxation	(924)	2 511
Profit for the year	4 256	16 152

Amsure	2023 R'000	2022 R'000
Total assets	13 764	17 734
Equity	13 406	17 131
Share capital	1 381	1 381
Retained earnings	12 025	15 751
Total liabilities	359	603
Profit before taxation	(601)	2 748
Taxation	(30)	(526)
Profit for the year	(632)	2 222

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

10 Financial assets

	GROUP		COMPANY	
	2023 R'000	Restated 2022 R'000	2023 R'000	Restated 2022 R'000
Financial assets at fair value through profit or loss	29 232 106	26 739 147	29 232 106	26 739 147
Financial assets at amortised cost*	1 908 829	908 784	1 908 829	908 784
	29 570 147	27 647 931	31 140 935	27 647 931
Financial assets at fair value through profit or loss				
Listed investments	2 262 713	2 175 215	2 262 713	2 175 215
Unlisted investments	17 775 096	14 605 121	17 775 096	14 605 121
Bonds	9 194 297	9 958 811	9 194 297	9 958 811
	29 232 106	26 739 147	29 232 106	26 739 147
The above assets have been calculated using varying discount rates and terms as applicable.				
Listed Investments				
at market value	2 262 713	2 175 215	2 262 713	2 175 215
Analysis of spread of listed investments by market sector	%	%	%	%
Automobiles and parts	–	0,04	–	0,04
Banks	1,06	5,42	1,06	5,42
Basic resources	3,90	7,04	3,90	7,04
Chemicals	–	0,12	–	0,12
Construction and materials	–	0,06	–	0,06
Consumer services	6,94	4,83	6,94	4,83
Financial services	47,11	35,10	47,11	35,10
Food and beverage	0,96	0,37	0,96	0,37
Healthcare	1,71	2,41	1,71	2,41
Industrial goods and services	2,42	2,73	2,42	2,73
Insurance	22,65	23,47	22,65	23,47
Oil and gas	1,48	1,41	1,48	1,41
Personal and household goods	2,83	3,00	2,83	3,00
Real estate	2,74	1,38	2,74	1,38
Retail	0,41	1,05	0,41	1,05
Technology	4,34	9,66	4,34	9,66
Travel and leisure	–	0,14	–	0,14
Telecommunications	1,11	1,71	1,11	1,71
Corporate debentures	0,03	0,06	0,03	0,06
	100,00	100,00	100,00	100,00
Unlisted Investments				
At fair value	17 775 096	14 605 121	17 775 096	14 605 121
	%	%	%	%
Linked policies	93,38	94,48	93,38	94,48
Unit trusts	6,60	5,50	6,60	5,50
Ordinary shares	0,02	0,02	0,02	0,02
	100,00	100,00	100,00	100,00
Total listed and unlisted investments at fair value	20 037 809	16 780 336	20 037 809	16 780 336
Bonds				
Bonds and other assets at amortised cost by industry	9 194 297	9 958 811	9 194 297	9 958 811
	%	%	%	%
Financial services	92,89	–	92,89	–
Banks	4,08	97,69	4,08	97,69
Government	3,03	2,31	3,03	2,31
	100,00	100,00	100,00	100,00

* Refer to note 38 for the details on the restatement. The comparative information has been restated as a result of a prior period error.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

10 Financial assets (continued)

	Maturity spread R'000	Maturity spread %	Nominal interest rate %	Effective interest rate %
GROUP				
Bonds				
<i>An analysis of debt securities by maturity spread for 2023</i>				
0 – 1 year	3 205 100	34,86	11,24	11,86
1 – 2 years	3 246 789	35,31	11,24	11,86
2 – 5 years	2 249 450	24,47	11,12	11,72
More than 5 years	492 958	5,36	9,07	9,47
	9 194 297	100,00		
<i>An analysis of debt securities by maturity spread for 2022</i>				
0 – 1 year	1 835 675	18,43	9,74	5,98
1 – 2 years	6 280 301	63,06	9,74	5,98
2 – 5 years	1 482 896	14,89	6,91	6,19
More than 5 years	359 939	3,61	8,76	7,45
	9 958 811	100,00		
COMPANY				
Bonds				
<i>An analysis of debt securities by maturity spread for 2023</i>				
0 – 1 year	3 205 100	34,86	11,24	11,86
1 – 2 years	3 246 789	35,31	11,24	11,86
2 – 5 years	2 249 450	24,47	11,12	11,72
More than 5 years	492 958	5,36	9,07	9,47
	9 194 297	100,00		
<i>An analysis of debt securities by maturity spread for 2022</i>				
0 – 1 year	1 835 675	18,43	9,74	5,98
1 – 2 years	6 280 301	63,06	9,74	5,98
2 – 5 years	1 482 896	14,89	6,91	6,19
More than 5 years	359 939	3,61	8,76	7,45
	9 958 811	100,00		

All bonds reported above are South African in origin.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

10 Financial assets (continued)

10.a Categories and classes of financial and insurance assets and liabilities

	Fair value through profit or loss R'000	Loans and receivables R'000	At amortised cost investments R'000	Total financial instruments R'000	Insurance contract assets and liabilities R'000	Other assets and liabilities R'000	Total per statement of financial position R'000	Fair value of financial instruments R'000
GROUP								
2023								
Assets								
Investment in associates	126 720	-	-	126 720	-	-	126 720	126 720
Financial assets	29 232 107	-	1 908 829	31 140 935	-	-	31 140 935	31 140 935
<i>Preference shares and debt instruments</i>	26 967 082	-	1 908 829	28 875 910	-	-	28 875 910	28 875 910
<i>Equities</i>	2 265 025	-	-	2 265 025	-	-	2 265 025	2 265 025
Reinsurance assets	-	-	-	-	1 922 351	-	1 922 351	1 922 351
Insurance, loans and other receivables	-	250 227	-	250 227	587 832	-	838 059	838 059
Cash and cash equivalents	-	-	815 205	815 205	-	-	815 205	815 205
Total	29 358 826	250 227	2 724 034	32 333 087	2 510 183	-	34 843 270	34 843 270
Liabilities								
Borrowings	-	-	-	-	-	400 000	400 000	400 000
Investment liabilities	29 237 642	-	-	29 237 642	-	-	29 237 642	29 237 642
Insurance liabilities	-	-	-	-	3 283 557	-	3 283 557	3 283 557
Reinsurance liabilities	-	-	-	-	256 858	-	256 858	256 858
Employee benefits	-	-	-	-	-	114 167	114 167	114 167
Trade and other payables	-	-	-	-	-	1 282 526	1 282 526	1 282 526
Total	29 237 642	-	-	29 237 642	3 540 415	1 796 693	34 574 750	34 574 750
Restated 2022								
Assets								
Investment in associates	88 361	-	-	88 361	-	-	88 361	88 361
Financial assets*	26 739 147	-	908 784	27 647 931	-	-	27 647 931	27 647 931
<i>Preference shares and debt instruments</i>	24 563 932	-	908 784	25 472 716	-	-	25 472 716	25 472 716
<i>Equities</i>	2 175 215	-	-	2 175 215	-	-	2 175 215	2 175 215
Reinsurance assets	-	-	-	-	1 841 709	-	1 841 709	1 841 709
Insurance, loans and other receivables	-	56 876	-	56 876	675 748	-	732 624	732 624
Cash and cash equivalents*	-	-	1 951 408	1 951 408	-	-	1 951 408	1 951 408
Total	26 827 508	56 876	2 860 192	29 744 576	2 517 457	-	32 262 032	32 262 032
Liabilities								
Borrowings	-	-	-	-	-	399 925	399 925	399 925
Investment liabilities	27 334 168	-	-	27 334 168	-	-	27 334 168	27 334 168
Insurance liabilities	-	-	-	-	3 010 823	-	3 010 823	3 010 823
Reinsurance liabilities	-	-	-	-	267 835	-	267 835	267 835
Employee benefits	-	-	-	-	-	100 488	100 488	100 488
Trade and other payables	-	-	-	-	-	1 192 765	1 192 765	1 192 765
Total	27 334 168	-	-	27 334 168	3 278 658	1 693 178	32 306 004	32 306 004

* Refer to note 38 for the details on the restatement. The comparative information has been restated as a result of a prior period error.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

10 Financial assets (continued)

10.a Categories and classes of financial and insurance assets and liabilities (continued)

	Fair value through profit or loss R'000	Loans and receivables R'000	At amortised cost investments R'000	Total financial instruments R'000	Insurance contract assets and liabilities R'000	Other assets and liabilities R'000	Total per statement of financial position R'000	Fair value of financial instruments R'000
COMPANY								
2023								
Assets								
Investment in subsidiaries	47 450	-	-	47 450	-	-	47 450	47 450
Investment in associates	118 100	-	-	118 100	-	-	118 100	118 100
Financial assets	29 232 106	-	1 908 829	31 140 935	-	-	31 140 935	31 140 935
Preference shares and debt instruments	26 967 081	-	1 908 829	28 875 910	-	-	28 875 910	28 875 910
Equities	2 265 025	-	-	2 265 025	-	-	2 265 025	2 265 025
Reinsurance assets	-	-	-	-	1 922 351	-	1 922 351	1 922 351
Insurance, loans and other receivables	-	247 445	-	247 445	587 832	-	835 277	835 277
Cash and cash equivalents	-	-	806 474	806 474	-	-	806 474	806 474
Total	29 397 656	247 445	2 715 303	32 360 404	2 510 183	-	34 870 587	34 870 587
Liabilities								
Borrowings	-	-	-	-	-	400 000	400 000	400 000
Investment liabilities	29 237 642	-	-	29 237 642	-	-	29 237 642	29 237 642
Insurance liabilities	-	-	-	-	3 283 557	-	3 283 557	3 283 557
Reinsurance liabilities	-	-	-	-	256 858	-	256 858	256 858
Employee benefits	-	-	-	-	-	114 167	114 167	114 167
Trade and other payables	-	-	-	-	-	1 284 392	1 284 392	1 284 392
Total	29 237 642	-	-	29 237 642	3 540 415	1 798 559	34 576 616	34 576 616
Restated 2022								
Assets								
Investment in subsidiaries	47 450	-	-	47 450	-	-	47 450	47 450
Investment in associates	89 329	-	-	89 329	-	-	89 329	89 329
Financial assets*	26 739 147	-	908 784	27 647 931	-	-	27 647 931	27 647 931
Preference shares and debt instruments	24 563 932	-	908 784	25 472 716	-	-	25 472 716	25 472 716
Equities	2 175 215	-	-	2 175 215	-	-	2 175 215	2 175 215
Reinsurance assets	-	-	-	-	1 841 709	-	1 841 709	1 841 709
Insurance, loans and other receivables	-	53 356	-	53 356	675 748	-	729 104	729 104
Cash and cash equivalents*	-	-	1 945 473	1 945 473	-	-	1 945 473	1 945 473
Total	26 875 926	53 356	2 854 257	29 783 539	2 517 457	-	32 300 996	32 300 996
Liabilities								
Borrowings	-	-	-	-	-	399 925	399 925	399 925
Investment liabilities	27 334 168	-	-	27 334 168	-	-	27 334 168	27 334 168
Insurance liabilities	-	-	-	-	3 010 823	-	3 010 823	3 010 823
Reinsurance liabilities	-	-	-	-	267 835	-	267 835	267 835
Employee benefits	-	-	-	-	-	100 488	100 488	100 488
Trade and other payables	-	-	-	-	-	1 196 094	1 196 094	1 196 094
Total	27 334 168	-	-	27 334 168	3 278 657	1 696 507	32 309 333	32 309 333

* Refer to note 38 for the details on the restatement. The comparative information has been restated as a result of a prior period error.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

10 Financial assets (continued)

10.b Determination of fair value and fair values hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
GROUP				
2023				
Financial assets carried at fair value through profit or loss				
Interest in associates	–	–	126 720	126 720
Listed investments	1 759 294	–	503 419	2 262 713
Listed ordinary shares*	1 758 503	–	503 419	2 261 922
Listed debentures	791	–	–	791
Unlisted investments	–	17 771 993	3 103	17 775 096
Unlisted ordinary shares	–	–	3 103	3 103
Hedge fund Investments	–	44 930	–	44 930
Units trusts	–	17 471 838	–	17 471 838
Linked policies	–	46 857	–	46 857
Annuities	–	208 368	–	208 368
Bonds	–	9 194 297	–	9 194 297
Total	1 759 294	26 966 290	672 072	29 358 826
2022				
Financial assets carried at fair value through profit or loss				
Interest in associates	–	–	88 361	88 361
Listed investments	1 686 745	–	488 471	2 175 215
Listed ordinary shares*	1 685 459	–	488 471	2 173 929
Listed debentures	1 286	–	–	1 286
Unlisted investments	–	14 602 262	2 859	14 605 121
Unlisted ordinary shares	–	–	2 859	2 859
Hedge fund investments	–	59 115	–	59 115
Units trusts	–	14 235 868	–	14 235 868
Pooled funds	–	48 562	–	48 562
Annuities	–	258 716	–	258 716
Bonds	–	9 958 811	–	9 958 811
Total	1 686 745	24 561 073	579 691	26 827 509

* These investments do not meet the definition of related parties.

* Clientele is thinly traded on the JSE and as a result we believe the listed price is not a true reflection of the value of the investment. We have thus used our judgement and applied the appraisal method to determine a more reasonable value, as shown above.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

10 Financial assets (continued)

10.b Determination of fair value and fair values hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
COMPANY				
2023				
Financial assets carried at fair value through profit or loss				
Interest in subsidiaries	-	-	47 450	47 450
Interest in associates	-	-	118 100	118 100
Listed investments	1 759 294	-	503 419	2 262 713
Listed ordinary shares*	1 758 503	-	503 419	2 261 922
Listed debentures	791	-	-	791
Unlisted investments	-	17 771 993	3 103	17 775 096
Unlisted ordinary shares	-	-	3 103	3 103
Hedge fund investments	-	44 930	-	44 930
Units trusts	-	17 333 224	-	17 471 838
Pooled funds	-	46 857	-	46 857
Annuities	-	208 368	-	208 368
Bonds	-	9 194 297	-	9 194 297
Total	1 759 294	26 966 290	672 072	29 358 826
2022				
Financial assets carried at fair value through profit or loss				
Interest in subsidiaries	-	-	47 450	47 450
Interest in associates	-	-	89 329	89 329
Listed investments	1 686 745	-	488 471	2 175 215
Listed ordinary shares*	1 685 459	-	488 471	2 173 929
Listed debentures	1 286	-	-	1 286
Unlisted investments	-	14 602 262	2 859	14 605 121
Unlisted ordinary shares	-	-	2 859	2 859
Hedge fund investments	-	59 115	-	59 115
Units trusts	-	14 235 868	-	14 235 868
Pooled funds	-	48 562	-	48 562
Annuities	-	258 716	-	258 716
Bonds	-	9 958 811	-	9 958 811
Total	1 686 745	24 561 073	628 109	26 875 926

* These investments do not meet the definition of related parties.

* Clientele is thinly traded on the JSE and as a result we believe the listed price is not a true reflection of the value of the investment. We have thus used our judgement and applied the appraisal method to determine a more reasonable value, as shown above.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

10 Financial assets (continued)

Quantitative information about fair value measurement

Level 3 listed investments consists of shares held in Clientele. These investments are valued using the appraisal method as at 30 June 2023.

Included in the Level 1 category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing services or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Included in the Level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices for observable current market transactions of assets for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Group's own models whereby the majority of assumptions are market observable.

Included in the Level 3 category are financial assets measured using non-market observable inputs. Non-market observable inputs means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor based on available market data. The main asset classes in this category are unlisted equity investments and limited partnerships. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. However, the fair value measurement objective remains the same, that is, an exit price from the perspective of the Group and Company. Therefore, unobservable inputs reflect the Group and Company's own assumptions about the inputs that market participants would use in pricing the asset and liability. These inputs are developed based on the best information available, which might include the Group and Company's own data.

The assumption used to value Level 3 investments are based largely on unobservable inputs. Further, judgement was applied in the current period due to uncertainty arising as a result of Covid-19 due to less liquidity and greater volatility in financial markets. This has increased the criticality of estimates, assumptions and judgements in the assessment of the valuation of Level 3 investments. The critical inputs in these valuations relating to projection of future cash flows and discount rates.

The Group and Company determine the fair value of its unlisted investments using well established valuation techniques. These techniques include discounted cash flow analysis, price earnings ratio and net asset value methodologies. Where the underlying investments of an investment holding company are property or listed investments, the Company is valued on the net asset value basis which reflects the fair value of the underlying investments.

Companies are valued on a price earnings ratio method or on a discounted cash flow basis. A build-up method was used to construct the discount rate, incorporating all the appropriate risk components as well as a bond yield of 11.75% (R2035). The following appropriate risk components are incorporated in the discount rates and earnings factors used:

- Risk class exposure of the entity;
- Established history;
- Dependency on management; and
- Impact of owner managed business.

In applying the price earnings valuation technique, the current profit of the Company is multiplied by an earnings factor. The potential future earnings of the Company, current interest rate cycle, current business environment and management of the Company are considered in determining the earnings factor.

In using discounted cash flow analyses the best estimate of future cash flows of a particular company are used. The current interest rate cycle, risk-free rate and any other relevant economic or business factors are considered in determining the discount rate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

10 Financial assets (continued)

Reconciliation of movements in Level 3 financial instruments measured at fair value

	Balance at the beginning of the year	Total gains/ (losses) in profit or loss statement	Purchases	Fair value adjust- ments	Sales	Impairment	Balance at the end of the year
GROUP							
2023							
Financial assets							
Interest in associates	88 361	9 588	–	28 771	–	–	126 720
Listed investments	488 471	–	–	14 948	–	–	503 419
Listed ordinary shares	488 471	–	–	14 948	–	–	503 419
Unlisted investments	2 859	–	244	–	–	–	3 103
Unlisted ordinary shares	2 859	–	244	–	–	–	3 103
	579 691	9 588	244	43 719	–	–	633 242
2022							
Financial assets at fair value through profit or loss							
Interest in associates	69 449	18 912	–	–	–	–	88 361
Listed investments	470 337	–	–	18 134	–	–	488 471
Listed ordinary shares	470 337	–	–	18 134	–	–	488 471
Unlisted investments	19 911	–	237	(2 514)	(3)	(14 771)	2 859
Unlisted ordinary shares	2 623	–	237	–	–	–	2 859
Unlisted preference shares	17 289	–	–	(2 514)	(3)	(14 771)	–
	559 697	18 912	237	15 619	(3)	(14 771)	579 691
COMPANY							
2023							
Financial assets at fair value through profit or loss							
Interest in subsidiaries	47 450	–	–	–	–	–	47 450
Interest in associates	89 329	–	–	28 771	–	–	118 100
Listed investments	488 471	–	–	14 948	–	–	503 419
Listed ordinary shares	488 471	–	–	14 948	–	–	503 419
Unlisted investments	2 859	–	244	–	–	–	3 103
Unlisted ordinary shares	2 859	–	244	–	–	–	3 103
	628 109	–	244	43 719	–	–	672 072
2022							
Financial assets at fair value through profit or loss							
Interest in subsidiaries	35 911	–	–	11 539	–	–	47 450
Interest in associates	70 523	–	–	18 806	–	–	89 329
Listed investments	470 337	–	–	18 134	–	–	488 471
Listed ordinary shares	470 337	–	–	18 134	–	–	488 471
Unlisted investments	19 911	–	237	(2 514)	(3)	(14 771)	2 859
Unlisted ordinary shares	2 623	–	237	–	–	–	2 859
Unlisted preference shares	17 289	–	–	(2 514)	(3)	(14 771)	–
Total	596 682	–	237	45 965	(3)	(14 771)	628 109

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

10 Financial assets (continued)

Reconciliation of movements in Level 3 financial instruments measured at fair value (continued)

Sensitivity of Level 3 financial instruments measured at fair value to changes in key assumptions

	Carrying amount R'000	2% effect of reasonably possible alternative assumptions (-) R'000	2% effect of reasonably possible alternative assumptions (-) R'000
GROUP			
2023			
Financial assets at fair value through profit or loss			
Interest in associates	126 720	2 534	(2 534)
Listed investments	503 419	10 068	(10 068)
Listed ordinary shares	503 419	10 068	(10 068)
Unlisted investments	3 103	62	(62)
Unlisted ordinary shares	3 103	62	(62)
	633 242	12 665	(12 665)
2022			
Financial assets at fair value through profit or loss			
Interest in associates	88 361	1 767	(1 767)
Listed investments	488 471	9 769	(9 769)
Listed ordinary shares	488 471	9 769	(9 769)
Unlisted investments	2 859	57	(57)
Unlisted ordinary shares	2 859	57	(57)
	579 691	11 594	(11 594)
COMPANY			
2023			
Financial assets at fair value through profit or loss			
Interest in associates	47 450	949	(949)
Interest in associates	118 100	2 362	(2 362)
Listed investments	503 419	10 068	(10 068)
Listed ordinary shares	503 419	10 068	(10 068)
Unlisted investments	3 103	62	(62)
Unlisted ordinary shares	3 103	62	(62)
	672 072	13 441	(13 441)
2022			
Financial assets at fair value through profit or loss			
Interest in subsidiaries	47 450	949	(949)
Interest in associates	89 329	1 787	(1 787)
Listed investments	488 471	9 769	(9 769)
Listed ordinary shares	488 471	9 769	(9 769)
Unlisted investments	2 859	57	(57)
Unlisted ordinary shares	2 859	57	(57)
Total	628 109	12 562	(12 562)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

11 Insurance, loans and other receivables

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Insurance receivables – premium debtors	212 513	301 054	212 513	301 054
Other receivables	378 101	273 342	375 319	269 822
Total insurance and other receivables	590 615	574 396	587 833	570 876
Loans				
Interest bearing loans	123 283	145 067	123 283	145 067
Interest-bearing loans to staff	1 191	1 305	1 191	1 305
Interest-bearing loans to other	148 442	170 112	148 442	170 112
Interest-bearing impairment provisions	(26 350)	(26 350)	(26 350)	(26 350)
Interest-free loans	1 155	1 623	1 155	1 623
Interest-free loans to other	–	468	–	468
Interest-free loans to ESD	1 155	1 155	1 155	1 155
Total loans	124 438	146 690	124 438	146 690
Receivable from Group companies	157 874	42 970	157 874	42 970
Impairment provision	(34 867)	(31 432)	(34 867)	(31 432)
Loans receivable from Group companies	123 006	11 538	123 006	11 538
Insurance, loans and other receivables	838 059	732 624	835 277	729 104
The interest rates charged on the secured and unsecured loans comprise:				
Prime	1 191	60 509	1 191	60 509
Prime plus 2%	–	4 885	–	4 885
Prime plus 5%	19 996	19 999	19 996	19 999
South African Reserve Service (SARS) rate	–	1 305	–	1 305
Holland Investments Money Market Fund rate	5 461	3 320	5 461	3 320
Johannesburg Inter-Bank Rate (JIBAR) + 7%	–	5 543	–	5 543
Interest-free loans	97 790	51 129	97 790	51 129
Loans receivable	124 438	146 690	124 438	146 690
The repayments terms of secured and unsecured loans comprise:				
Specific date	24 770	158 717	24 770	158 717
No fixed terms of repayment	99 668	(12 027)	99 668	(12 027)
Loans receivable	124 438	146 690	124 438	146 690
The interest rates charged on loans from Group companies comprise:				
Prime less 3,8%	–	42 970	–	42 970
Prime less 5,15%	10 002	–	10 002	–
Interest-free loans	113 004	(31 432)	113 004	(31 432)
Loans receivable from Group companies	123 006	11 538	123 006	11 538

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

12 Deferred taxation

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Deferred income tax assets				
Deferred income tax to be recovered within 12 months	45 282	29 942	45 282	29 942
Deferred income tax to be recovered after 12 months	1 808 598	2 218 551	1 808 598	2 218 551
Deferred income tax assets	1 853 880	2 248 493	1 853 880	2 248 493
Balance at the beginning of the year	2 248 493	1 986 619	2 248 493	1 986 619
Movement during the year attributed to:				
Prior year adjustments	-	(53 148)	-	(53 148)
Provisions	15 339	29 572	15 339	29 572
Deferred tax asset (assessed tax losses in tax funds) ¹	(73 864)	(145 770)	(73 864)	(145 770)
Deferred tax asset (unrealised CGT) ²	(84 549)	366 895	(84 549)	366 895
Return transfers from the corporate fund to tax funds	(251 539)	64 326	(251 539)	64 326
Balance at the end of the year	1 853 880	2 248 493	1 853 880	2 248 493
Balance comprises:				
Provisions	45 282	29 942	45 282	29 942
Deferred tax asset (assessed tax losses in tax funds) ¹	1 360 779	1 434 643	1 360 779	1 434 643
Deferred tax asset (unrealised CGT) ²	276 115	360 664	276 115	360 664
Return transfers from the corporate fund to tax funds	171 704	423 243	171 704	423 243
Balance comprises:	1 853 880	2 248 493	1 853 880	2 248 493
Deferred income tax liabilities				
Deferred income tax liabilities				
Deferred income tax to be recovered after 12 months	1 154 034	1 408 029	1 154 034	1 408 029
Deferred income tax liabilities	1 154 034	1 408 029	1 154 034	1 408 029
Balance at the beginning of the year	1 408 029	942 832	1 408 029	942 825
Movement during the year attributed to:				
Prior year adjustments	-	(50 314)	-	(50 314)
Unrealised gain or losses on assets at fair value through profit/loss	(97 945)	468 166	(97 945)	468 166
Release of "phase in" tax for zeroised negative liabilities ³	(64 147)	(71 274)	(64 147)	(71 274)
Deferred tax liabilities (disregarded for transfer tax) ⁴	(38 948)	50 150	(38 948)	50 150
Change in negative reserves not taxed ⁵	(52 954)	68 477	(52 954)	68 477
Balance at the end of the year	1 154 034	1 408 029	1 154 034	1 408 029
Balance comprises:				
Unrealised gain or losses on assets at fair value through profit/loss	467 219	565 164	467 219	565 164
Release of "phase in" tax for zeroised negative liabilities ³	64 147	128 294	64 147	128 294
Deferred tax liabilities (disregarded for transfer tax) ³	453 717	492 666	453 717	492 666
Change in negative reserves not taxed ²	168 951	221 905	168 951	221 905
Deferred income tax – balance	1 154 034	1 408 029	1 154 034	1 408 029

1. A deferred tax asset (DTA) of R1,36bn has been recognised in terms of IAS 12: Income Taxes in respect of investment policies recognised in terms of IFRS 9: Financial Instruments and insurance policies recognised in terms of IFRS 4: Insurance Contracts, allocated to the Individual Policyholder Fund (IPF) and Company Policyholder Fund (CPF) respectively, which give rise to future taxable profits.
2. A DTA of R5 million has been recognised in terms of IAS 12 in respect of deferred tax liabilities (DTL) held in regard to financial assets allocated to the IPF and CPF as at 30 June 2023. In respect of this DTA, the unrealised gain arising is expected to utilise the assessed tax loss in the IPF and CPF respectively (reducing the available assessed tax loss in future financial years).
3. A DTL is held in respect of negative reserves that are untaxed as at the reporting period in terms of section 29A(1) of the Income Tax Act, while a DTL is held in respect of the phasing in tax due to the zeroisation of negative reserves prior to 1 July 2017 in terms of section 29A(15) of the Income Tax Act. Furthermore, a DTL is held in respect of disregarded assets for the IPF and CPF, which are taxable temporary differences arising from the determination of transfer taxes in terms of section 29A(16) read with section 29A(7) of the Income Tax Act.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

13 Cash and cash equivalents

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Cash on call	395 339	1 370 004	395 339	1 370 004
Cash at bank	222 232	254 891	213 501	248 956
Cash on deposit	197 634	326 513	197 634	326 513
Cash and cash equivalents*	815 205	1 951 408	806 474	1 945 473

14 Share capital and premium

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Authorised				
100 000 000 Ordinary shares	1 001	1 000	1 000	1 000
	1 001	1 000	1 000	1 000
Issued and fully paid				
2 000 000 ordinary shares	20	20	20	20
	20	20	20	20
Share premium	19 980	19 980	19 980	19 980
Issued share capital	20 000	20 000	20 000	20 000

* Refer to note 38 for the details on the restatement. The comparative information has been restated as a result of a prior period error.

The directors are authorised until the forthcoming annual general meeting to issue the unissued shares for any purpose and upon such terms and conditions as they deem fit.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

15 Borrowings

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Long-term borrowings				
Long-term funding	400 000	400 000	400 000	400 000
Long-term interest	–	(75)	–	(75)
Total	400 000	399 925	400 000	399 925

The loan bears interest at three month JIBAR + 192bps and is serviced quarterly. The loan is repayable in tranches from 30 June 2025.

This loan has been subordinated to, and rank in priority of payment behind, all the concurrent claims in respect of any other indebtedness of the borrower.

16 Trade and other payables

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Trade payables	48 474	32 523	48 007	32 168
VAT payable	–	1 876	–	1 876
Sundry creditors	1 032 456	815 018	1 034 789	818 703
Lease liability	200 866	343 088	200 866	343 088
Due to Group Company	730	260	730	260
Trade and other payables	1 282 526	1 192 765	1 284 392	1 196 095

The lease liability relates to IFRS 16 and was calculated using an weighted average incremental borrowing rate.

Other liabilities

Included in sundry creditors are life assurance premiums amounting to (R6 371 811) (2021:R115 113 947) in respect of policies that incepted after the statement of financial position date.

All balances are current.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

17.a Insurance liabilities

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Policyholder liabilities under investment contracts				
Balance at the beginning of the year	27 334 168	25 852 351	27 334 168	25 852 351
Contribution received	4 227 551	3 804 727	4 227 551	3 804 727
Maturities	(2 303 530)	(1 107 326)	(2 303 530)	(1 107 326)
Withdrawals and surrenders	(2 053 766)	(2 054 226)	(2 053 766)	(2 054 226)
Fair value movements	1 072 460	(876 426)	1 072 460	(876 426)
Transfer from policyholder liabilities under insurance contracts	–	893 718	–	893 718
Other movement for the year	960 758	821 350	960 758	821 350
Balance at the end of the year	29 237 642	27 334 168	29 237 642	27 334 168
Policyholder liabilities under insurance contracts				
Balance at the beginning of the year	993 130	734 640	993 130	734 640
Transfer to policyholder liabilities under investment contracts	–	(893 718)	–	(893 718)
Movement for the year BS	689 407	915 847	689 407	915 847
Movement for the year IS	(204 608)	236 361	(204 608)	236 361
Balance at the end of the year	1 477 929	993 130	1 477 929	993 130
Total policyholder liabilities	30 715 571	28 327 298	30 715 571	28 327 298
Gross insurance liabilities	1 477 929	993 130	1 477 929	993 130
Total reinsurer's share of insurance liabilities	(1 047 545)	(854 850)	(1 047 545)	(854 850)
Total net insurance liabilities	430 385	138 280	430 385	138 280
Outstanding claims	1 588 448	1 696 520	1 588 448	1 696 520
Unearned premium provision	216 997	320 793	216 997	320 793
Cash back reserve	183	380	183	380
Total insurance liabilities	3 283 557	3 010 823	3 283 557	3 010 823

Sensitivity analysis – policyholder liabilities

	GROUP		COMPANY	
	Insurance Contracts R'000	Linked and RA R'000	Insurance Contracts R'000	Linked and RA R'000
Base value	1 477 929	29 237 642	1 477 929	29 237 642
Renewal expenses decrease by 10%	1 344 748	29 239 981	1 344 748	29 239 981
Withdrawal rates decrease by 10%	1 480 809	29 267 763	1 480 809	29 267 763
Mortality rates decrease by 5%	1 204 843	29 227 856	1 204 843	29 227 856
Investment returns decrease by 1%	1 507 387	29 148 194	1 507 387	29 148 194
Equity risk premium increases by 1%	1 404 643	29 269 327	1 404 643	29 269 327
Shock asset values by 10%	1 472 787	26 333 972	1 472 787	26 333 972

- Sensitivities were derived in line with the sensitivities compiled for the EV report.
- Liability sensitivities on linked business are offset by commensurate asset movements resulting in a nil balance sheet impact.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

17.b Insurance liabilities and reinsurance assets

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Gross				
Policyholder liabilities	1 477 929	993 130	1 477 929	993 130
Claims reported and loss adjustment expenses	617 664	775 890	617 664	775 890
Provision for outstanding maturities	652 190	599 177	652 190	599 177
Claims incurred but not yet reported	318 594	321 453	318 594	321 453
Unearned premium provision	216 997	320 793	216 997	320 793
Cash back reserve	183	380	183	380
Total gross insurance liabilities	3 283 557	3 010 823	3 283 557	3 010 823
Recoverable from reinsurers				
Claims reported and loss adjustment expenses	1 635 481	1 548 543	1 635 481	1 548 543
Reinsurance recoveries	286 870	293 165	286 870	293 165
Total reinsurers' share of insurance liabilities	1 922 351	1 841 709	1 922 351	1 841 709
Net				
Outstanding claims	1 477 929	993 130	1 477 929	993 130
Claims reported and loss adjustment expenses	(1 017 817)	(772 653)	(1 017 817)	(772 653)
Provision for outstanding maturities	652 190	599 177	652 190	599 177
Claims incurred but not yet reported	318 594	321 453	318 594	321 453
Unearned premium provision	216 997	320 793	216 997	320 793
Cash back reserve	183	380	183	380
Reinsurance recoveries	(286 870)	(293 165)	(286 870)	(293 165)
Total insurance liabilities – net	1 361 206	1 169 115	1 361 206	1 169 115

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

17.b Insurance liabilities and reinsurance assets (continued)

Movement in insurance liabilities and reinsurance assets

	2023			2022		
	REINSURANCE			REINSURANCE		
	Gross R'000	Recoverable from reinsurers R'000	Gross R'000	Gross R'000	Recoverable from reinsurers R'000	Gross R'000
Outstanding claims						
GROUP						
Balance at the beginning of the year	599 177	–	599 177	568 235	–	568 235
Claims paid	–	–	–	(261)	–	(261)
Claims raised	–	–	–	14 693	–	14 693
Movement for the year	53 013	–	53 013	16 509	–	16 509
Balance at the end of the year	652 190	–	652 190	599 177	–	599 177
Claims reported and loss adjustment expenses						
GROUP						
Balance at the beginning of the year	775 890	1 548 543	(772 653)	852 686	728 974	123 712
Claims raised	–	–	–	(1 059)	800	(1 859)
Movement for the year	(158 226)	86 938	(245 164)	(75 737)	818 769	(894 506)
Balance at the end of the year	617 664	1 635 481	(1 017 817)	775 890	1 548 543	(772 653)
Claims incurred but not yet reported						
GROUP AND COMPANY						
Balance at the beginning of the year	321 453	–	321 453	278 874	–	278 874
Claims paid	–	–	–	(261)	–	(261)
Movement for the year	(2 859)	–	(2 859)	43 091	–	43 091
Balance at the end of the year	318 594	–	318 594	321 453	–	321 453
Unearned premium provision						
GROUP AND COMPANY						
Balance at the beginning of the year	320 793	–	320 793	161 332	–	161 332
Movement for the year	(103 796)	–	(103 796)	159 462	–	159 462
Balance at the end of the year	216 997	–	216 997	320 793	–	320 793
Cash back reserve						
GROUP AND COMPANY						
Balance at the beginning of the year	380	–	380	43	–	43
Movement for the year	(196)	–	(196)	337	–	337
Balance at the end of the year	183	–	183	380	–	380
Reinsurance recoveries						
GROUP						
Balance at the beginning of the year	–	293 165	(293 165)	–	223 125	(223 125)
Claims raised	–	–	–	–	1 989	(1 989)
Movement for the year	–	(6 296)	6 296	–	68 051	(68 051)
Balance at the end of the year	–	286 870	(286 870)	–	293 165	(293 165)
Total						
GROUP						
Balance at the beginning of the year	2 017 693	1 841 709	175 984	1 861 170	952 098	909 071
Claims paid	–	–	–	(261)	–	(261)
Claims raised	–	–	–	13 122	2 789	10 333
Movement for the year	(212 065)	80 642	(292 707)	143 662	886 821	(743 159)
Balance at the end of the year	1 805 628	1 922 351	(116 723)	2 017 693	1 841 708	175 984

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

18 Provisions

	Leave pay R'000	Bonus R'000	Provisions R'000
GROUP			
2023			
Balance at the beginning of the year	37 671	62 817	100 488
Additional provisions raised during the year	10 446	203 326	213 772
Utilised during the year	(12 819)	(187 274)	(200 093)
Balance at the end of the year	35 298	78 869	114 167
2022			
Balance at the beginning of the year	35 013	10 477	45 490
Additional provisions raised during the year	14 233	73 221	87 454
Utilised during the year	(11 575)	(20 881)	(32 456)
Balance at the end of the year	37 671	62 817	100 488
COMPANY			
2023			
Balance at the beginning of the year	37 671	62 817	100 488
Additional provisions raised during the year	10 446	203 326	213 772
Utilised during the year	(12 819)	(187 274)	(200 093)
Balance at the end of the year	35 298	78 869	114 167
2022			
Balance at the beginning of the year	35 013	10 477	45 490
Additional provisions raised during the year	14 233	73 221	87 454
Utilised during the year	(11 575)	(20 881)	(32 456)
Balance at the end of the year	37 671	62 817	100 488

Leave pay

In terms of the Group and Company's policy, employees are entitled to accumulate a maximum of 25 days' leave and the leave pay provision is calculated on that basis. Any leave accumulated over this number is forfeited by the employees concerned. While all employees are encouraged to take their full annual leave, they are entitled to encash a maximum of five days' leave (taxed) in a leave cycle. When employees who have leave due to them cease their employment with the Group, all accumulated and accrued leave is paid to them at the current total cost to company rate as part of their final salary payment, limited to a maximum number of 25 days.

The Group's provision for leave pay amounted to R35 298 000 respectively at the statement of financial position date (2022: R37 671 000).

Incentive scheme

In terms of the Group and Company's policy, selected employees, at the discretion of the directors receive an incentive bonus. This bonus relates to employee, corporate and business unit performance and is subject to approval by the Remuneration Committee.

The Group and Company's provision for staff incentives amounted to R78 869 000 at the statement of financial position date (2022: R62 817 000).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

19 Net premium income

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Recurring premiums	6 879 837	6 834 229	6 879 837	6 834 229
Reinsurance premiums inwards	(30 864)	178 878	(30 864)	178 878
Gross written premiums	6 848 973	7 013 107	6 848 973	7 013 107
Reinsurance outwards	(1 841 342)	(1 718 394)	(1 841 342)	(1 718 394)
Group reinsurance outwards – non-proportional	(1 841 342)	(1 718 394)	(1 841 342)	(1 718 394)
Change in unearned premium reserve	(45 228)	(24 230)	(45 228)	(24 230)
Gross amount	(45 228)	(24 230)	(45 228)	(24 230)
Net premium income	4 962 403	5 270 483	4 962 403	5 270 483

Net premium income represents income from insurance contracts only. Items of income and expense in respect of investment contracts are excluded from the income statement and are accounted for directly against the liability under these contracts in the statement of financial position. Refer to note 17 on page 75 for details of the movement in policyholder liabilities under investment contracts.

20 Realised (losses)/profits on disposal of investments and other financial assets

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Unlisted investments	(47 130)	18 200	(47 130)	18 200
Listed investments	(1 495)	13 387	(1 495)	13 387
Net realised (losses)/profits on fair value through profit or loss	(48 625)	31 587	(48 625)	31 587

21 Unrealised (losses) on revaluation of investments and other financial assets

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Unlisted investments	(39 184)	(37 255)	(39 184)	1 609
Listed investments	25 406	2 503	25 406	2 503
Net unrealised (losses) on fair value through profit or loss assets	(13 778)	(34 752)	(13 778)	4 112

22 Other income

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Administration fees received	905	5 072	905	5 072
Management fees received	54 257	43 630	29 972	23 524
Sundry fees received	24 715	18 506	24 715	18 506
Sundry income received	358 167	358 168	358 168	190 154
Other operating income	438 044	413 760	413 760	237 256

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

23 Dividends and interest

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Interest received				
Interest received – financial assets at amortised cost	97 425	59 214	97 425	59 214
Interest received on call deposits	79 495	43 317	79 495	43 317
Sundry interest received	17 930	15 897	17 930	15 897
Interest received – financial assets at fair value through profit or loss	86 519	90 349	85 424	89 799
Interest received on investments	62 895	68 810	61 800	68 260
Interest received from bank	10 806	1 798	10 806	1 798
Sundry interest received	12 818	10 848	12 818	10 848
Interest received on call deposits	–	8 893	–	8 893
Total interest received	183 944	149 563	182 849	149 013
Dividends received				
Dividends received – listed	39 610	38 202	39 610	38 202
– Listed ordinary shares	39 610	38 202	39 610	38 202
Dividends received – unlisted	18 658	19 725	40 765	26 118
– Unlisted ordinary shares	–	–	22 107	6 393
– Unlisted preference shares	17 590	15 858	17 590	15 858
– Unlisted unit trust	1 068	3 867	1 068	3 867
Total dividends received	58 268	57 927	80 375	64 320
Total interest received and dividend income	242 212	207 490	263 224	213 333
Interest paid				
Interest paid – general	68 924	60 044	68 924	60 044
Interest paid – SARS	–	26	–	26
Interest paid from treaty reserves	24 096	12 638	24 096	12 638
Total interest paid	93 020	72 708	93 020	72 708

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

24 Profit before taxation

	2023			2022		
	Company R'000	Rest of Group R'000	Total R'000	Company R'000	Rest of Group R'000	Total R'000
Profit before taxation is determined after charging:						
Directors and prescribed officers emoluments						
Executive directors						
<i>Director A</i>						
Basic salary	396	1 188	1 584	1 573	4 720	6 293
Bonus and performance-related payments	2 570	7 710	10 280	454	1 361	1 815
Estimated monetary value of other benefits	8	24	32	32	97	129
Pension/provident fund contributions	45	134	179	178	534	712
	3 019	9 056	12 075	2 237	6 712	8 949
<i>Director B</i>						
Basic salary	1 065	3 194	4 259	970	2 910	3 880
Bonus and performance-related payments	1 606	4 819	6 425	272	815	1 087
Estimated monetary value of other benefits	47	142	189	44	132	176
Pension/provident fund contributions	124	371	495	113	338	451
	2 842	8 526	11 368	1 399	4 195	5 594
<i>Director C</i>						
Basic salary	4 137	–	4 137	4 217	–	4 217
Bonus and performance-related payments	4 659	–	4 659	192	–	192
Estimated monetary value of other benefits	175	–	175	170	–	170
Pension/provident fund contributions	477	–	477	448	–	448
	9 448	–	9 448	5 027	–	5 027
<i>Director D</i>						
Basic salary	1 641	4 923	6 564	–	4 618	4 618
Bonus and performance-related payments	2 142	6 425	8 567	–	2 277	2 277
Estimated monetary value of other benefits	51	153	204	–	189	189
Pension/provident fund contributions	188	564	752	–	534	534
	4 022	12 065	16 087	–	7 618	7 618
<i>Director E</i>						
Basic salary	1 528	1 528	3 056	1 463	1 463	2 925
Bonus and performance-related payments	409	409	818	198	198	395
Estimated monetary value of other benefits	89	89	178	84	84	167
Pension/provident fund contributions	178	178	356	170	170	339
	2 203	2 203	4 406	1 913	1 913	3 826
Non-executive directors						
Director A	371	1 112	1 483	338	1 014	1 352
Director B	192	576	768	228	684	912
Director C	164	492	656	153	459	612
Director D	234	703	937	209	628	837
Director E	298	893	1 191	283	850	1 133
Director F	151	452	603	142	426	568
Director G	185	555	740	169	508	677
	1 595	4 783	6 378	1 522	4 569	6 091

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

24 Profit before taxation (continued)

	2023			2022		
	Company R'000	Rest of Group R'000	Total R'000	Company R'000	Rest of Group R'000	Total R'000
Prescribed officers						
<i>Prescribed officer A</i>						
Basic salary	806	2 417	3 223	765	2 294	3 059
Bonus and performance-related payments	899	2 698	3 597	223	671	894
Estimated monetary value of other benefits	13	40	53	13	39	52
Pension/provident fund contributions	90	270	360	86	256	342
	1 808	5 425	7 233	1 087	3 260	4 347
<i>Prescribed officer B</i>						
Basic salary	654	1 963	2 617	597	1 793	2 390
Bonus and performance-related payments	642	1 927	2 569	160	478	638
Estimated monetary value of other benefits	63	188	251	84	251	335
Pension/provident fund contributions	79	237	316	75	225	300
	1 438	4 315	5 753	916	2 747	3 663
<i>Prescribed officer C</i>						
Basic salary	952	2 857	3 809	907	2 722	3 629
Bonus and performance-related payments	1 071	3 212	4 283	113	339	452
Estimated monetary value of other benefits	7	20	27	6	19	25
Pension/provident fund contributions	107	320	427	101	305	406
	2 137	6 409	8 546	1 127	3 384	4 511
Directors and prescribed officers emoluments	28 512	52 782	81 294	15 228	34 398	49 626

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Auditors remuneration				
Audit fees	7 628	7 819	7 628	7 777
	7 628	7 819	7 628	7 777
Depreciation – property and equipment				
Leasehold improvements	6 821	7 127	6 821	7 127
Office equipment	1 815	3 030	1 815	3 030
	8 636	10 157	8 636	10 157
Depreciation – right-of-use assets				
Property	21 609	37 021	21 609	37 021
Motor vehicles	4 614	3 784	4 614	3 784
	26 223	40 805	26 223	40 805
Expenses for the acquisition of insurance contracts				
Commission	485 851	462 392	485 851	462 392
Other expenditure				
Staff remuneration	910 843	778 288	910 843	778 288
Amortisation of intangible assets	5 748	9 137	5 748	9 137
Impairment of intangible assets	4 095	–	4 095	–
Write-off of premium debtors	(10 101)	(5 442)	(10 101)	(5 442)
Administration fees paid	251 158	434 484	251 158	434 484
Professional fees	182 652	176 444	182 652	176 444
Operating lease rentals – building	(61 337)	(61 276)	(61 337)	(61 276)
Operating lease rentals – computer	17 780	12 096	17 780	12 096
Research and development	1 585	5 204	1 585	5 204

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

25 Taxation

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
South African normal taxation				
Current year	195 622	7 454	195 622	7 454
Prior year	–	365	–	365
Deferred tax expense				
Current year	140 618	200 496	140 618	200 496
Prior year	–	2 834	–	2 834
Taxation – dividend tax (life)	3 317	27 285	3 317	27 285
Taxation – withholding tax	2 928	1 720	2 928	1 720
Taxation	342 485	240 155	342 485	240 155
All taxation is payable in respect of continuing operations				
Tax rate reconciliation:	%	%	%	%
Tax calculated at standard rate of South African tax on earnings	27	28	27	28
Adjusted for:				
- Exempt income on dividends not taxable	(1,95)	(4,39)	(1,95)	(4,39)
- Realised gains not taxable	(0,01)	–	(0,01)	–
- Unrealised gains not taxable	(0,65)	(150,41)	(0,65)	(150,41)
- Withholding taxation and STC	(0,16)	9,66	(0,16)	9,66
- Other non-taxable income/non-deductible expenses	0,47	4,94	0,47	4,94
- Deferred tax asset (assessed tax losses in tax funds) ¹	6,47	323,42	6,47	323,42
- Deferred tax liabilities arising from disregarded assets in tax funds ²	0,51	(125,80)	0,51	(125,80)
- Change in tax rate ³	–	(6,47)	–	(6,47)
- Prior year (over)/under provision	–	1,07	–	1,07
Tax rate reconciliation	31,69	80,02	31,69	80,02

¹ The utilisation of the assessed tax loss in the IPF and CPF, results in an income less expenses (I-E) I-E (i.e. income less expenses) profit for the financial year 2022. Management have projected taxable profit in terms of IAS 12: Income Taxes that will arise in the IPF and CPF in future years, ultimately reducing the assessed tax loss carried forward to zero.

² A deferred tax liability (DTL) is held in respect of disregarded assets in terms of section 29A(15) of the Income Tax Act (i.e. assets that are excluded from determining transfer tax in the IPF and CPF). As disregarded assets reduce, the IPF and CPF assets are expected to match liabilities in terms of section 29A(7) of the Income Tax Act.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

26 Policyholder benefits

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Individual and Group	(3 609 088)	(4 936 584)	(3 609 088)	(4 936 584)
– Death and disability	(3 536 446)	(4 861 619)	(3 536 446)	(4 861 619)
– Maturity	–	(1 527)	–	(1 527)
– Surrenders	(16 589)	(14 178)	(16 589)	(14 178)
– Annuities	(1 366)	(1 265)	(1 366)	(1 265)
– Other	(54 687)	(57 995)	(54 687)	(57 995)
Claims and loss adjustments expense	(23 517)	(13 819)	(23 517)	(13 819)
Gross policyholder benefits and claims incurred	(3 632 605)	(4 950 403)	(3 632 605)	(4 950 403)
Less: Reinsurance recoveries	1 432 712	2 159 923	1 432 712	2 159 923
– Death and disability	1 432 712	2 159 923	1 432 712	2 159 923
Net policyholder benefits	(2 199 893)	(2 790 480)	(2 199 893)	(2 790 480)

Policyholder benefits represent payments under insurance contracts only. Items of income and expense in respect of investment contracts are excluded from the income statement and accounted for directly against the liability under these contracts in the statement of financial position. Refer to note 17 on page 75 of these financial statements for the movement in policyholder liabilities under investment contracts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

27 Reconciliation of profit before taxation to cash generated from operation

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Profit before tax	1 086 196	289 158	1 080 858	300 128
Adjustments for :				
Depreciation	34 859	50 963	34 859	50 963
Write-off of property and equipment	-	1 820	-	1 820
Write-off of right-of-use asset	46 994	4 167	46 994	4 167
Intangible asset amortisation	5 748	9 089	5 748	9 089
Intangible asset impairment	4 095	-	4 095	-
Transfer to policyholder liabilities under investment contracts	14 142	1 481 818	14 142	1 481 818
Transfer to policyholder liabilities under insurance contracts	204 608	257 249	204 608	258 489
Investment income	(54 101)	(89 515)	(76 208)	(95 907)
Realised profit/(loss) on assets underlying investment contracts	(321 930)	(267 276)	(321 930)	(267 276)
Other income	(438 044)	(257 362)	(413 760)	(237 256)
Unrealised (loss)/gain on revaluation of listed investments	(25 405)	(2 503)	(25 405)	(2 503)
Unrealised (loss)/gain on revaluation of unlisted investments	39 183	37 255	39 183	(1 609)
Unrealised income on investment contracts	(750 530)	1 149 368	(750 530)	1 149 368
Impairment allowances on debtors	41 344	33 257	41 344	33 257
Interest income	(183 944)	(149 563)	(182 849)	(149 013)
Interest expense	93 020	72 708	93 020	72 708
Share of profits/(losses) in associates	(26 850)	(34 386)	-	-
Asset transfers	(76 725)	(135 580)	(76 725)	(135 580)
Operating cash flows before working capital changes	(307 340)	2 450 667	(282 556)	2 472 663
Working capital changes	(254 173)	(1 043 821)	(256 375)	(1 028 678)
(Increase)/decrease in insurance receivables, loans and other receivables	(34 845)	(70 296)	(35 582)	(69 103)
Net (increase)/decrease in accrued interest and dividends	(19 283)	(8 012)	(19 283)	(8 012)
(Increase)/decrease in reinsurance assets	(80 642)	(889 610)	(80 642)	(889 610)
(Decrease)/increase in reinsurance liabilities	(10 977)	95 548	(10 977)	95 548
Increase/(decrease) in net outstanding claims and IBNR	(108 072)	(3 276)	(108 072)	(3 276)
Increase/(decrease) in unearned premiums	(103 796)	159 798	(103 796)	159 799
Increase /(decrease) in employee benefits	13 679	54 353	13 679	54 998
Increase/(decrease) in trade and other accounts payable	89 763	(382 326)	88 298	(369 022)
Cash generated from operations	(561 513)	1 406 846	(538 931)	1 443 985

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

28 Dividends paid

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Amount declared in statement of changes in equity	(682 945)	(274 737)	(682 945)	(274 737)
Cash amounts paid	(682 945)	(274 737)	(682 945)	(274 737)

29 Dividends received

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Amount due at beginning of the year	44 389	52 401	44 389	52 401
Amount received per income statement	80 375	57 927	80 375	64 320
Amount due at end of the year	(63 671)	(44 389)	(63 671)	(44 389)
Cash amounts received	61 093	65 939	61 093	72 333

30 Taxation paid

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Amount due at beginning of the year	847 943	1 071 427	847 943	1 070 635
Amount charged to income statement	(342 485)	(240 155)	(342 485)	(240 155)
Amount due at end of the year	(667 031)	(847 943)	(667 031)	(847 943)
Cash amounts paid	(161 573)	(16 671)	(161 573)	(17 463)
Amounts due at end of the year comprised as follows:				
Deferred taxation asset	(1 853 880)	(2 248 493)	(1 853 880)	(2 248 493)
Deferred taxation liability	1 154 034	1 408 029	1 154 034	1 408 029
Current income taxation asset	-	(7 479)	-	(7 479)
Current income taxation liability	32 815	-	32 815	-
	(667 031)	(847 943)	(667 031)	(847 943)

31 Lease – Low value items

During the current financial year, the Group incurred lease payments for the following low value leased assets.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Computers	17 780	12 096	17 780	12 096
Printers	735	209	735	209

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

32 Contingent liabilities

The Group and Company, in the ordinary course of business, enters into transactions which exposes the Group to tax, legal and business risk. Provisions are made for known liabilities which are expected to materialise. Possible obligations and known liabilities where no reliable estimate can be made or where it is considered improbable that an outflow would result, are noted as a contingent liability. This is in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets. At statement of financial position date, there were no material contingent liabilities for the Group.

There are other legal or potential claims against the Group, the outcome of which at present cannot be foreseen or quantified. Therefore, no liability has been recognised for these potential claims in the financial statements in accordance with the requirements of IAS 37.

33 Staff pension and provident fund

The Company has both a defined contribution pension fund (Hollard Employees Pension Fund) and a defined contribution provident fund (Hollard Employees Provident fund). The contribution to these funds by the Company and employees against income for the year was Rnil (2022: R11 392 971) and R31 232 398 (2022: R22 529 719) respectively.

The number of employees that are members of these funds are 1 057 (2022: 1 133).

Both of these funds are controlled by a Board of Trustees and are governed by the Pension Funds Act of 1956.

34 Subsequent events

The Board is not aware of any event since the end of the financial year, not otherwise dealt with in these annual financial statements, that would affect the operations of the Group and Company, or the results of these operations.

35 Going concern

The directors have assessed the Group's ability to continue as a going concern. As at 30 June 2023, the Group had a strong net asset value and liquidity position.

The Board and its committees received regular reports on the operational, financial, solvency and liquidity-related impacts on the Group.

As a result, the Board believes that the Group is well placed to meet its future capital and liquidity requirements and therefore believes that it is appropriate to adopt the going concern basis.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

36 Related party transactions

Group companies

Hollard Life Assurance Company's immediate holding company is Hollard Fundco (RF) (Pty) Ltd (100%) and the ultimate holding company is Pickcent Investments Limited. Both of these companies are incorporated in the Republic of South Africa.

Related party relationships exist between the Group, fellow subsidiaries, associated companies, joint ventures and the holding company. The Group enters into commercial transactions with a number of these companies on an ongoing basis. All material transactions are concluded at arm's length and are eliminated on consolidation.

Details of subsidiary and associate companies are provided in note 8 and 9 on pages 59 and 60 of the financial statements.

	COMPANY	
	2023 R'000	2022 R'000
Loans to related parties		
Loans to Hollard Holdings (Pty) Ltd	10 002	10 001
Loan to The Hollard Insurance Company Limited	52 868	20 076
Loan to Hollard Specialist Life Limited	94 099	10 160
Loans to Hollard Specialist Insurance Limited	202	2 012
Loans from related parties		
Loan from Fundco (RF) (Pty) Ltd	400 000	399 925
Loans to directors and prescribed officers		
Details of individual loans to directors and prescribed officers:		
M Shezi	1 191	1 305

No new advance was made during the year (2022: Rnil).

The following repayments were made during the year:

M Shezi: R250 000 (2022: 738 503).

The loans are given on commercial terms and conditions. The related interest income in 2023 was R135 273 (2022: R122 604).

The loan from Fundco (RF) (Pty) Ltd is interest bearing with a repayment terms of 10 years from the date of advance.

Interest on loans to M Shezi is charged at the SARS rate and as at 30 June 2023, the rate was 11,75%.

	COMPANY	
	2023 R'000	2022 R'000
Endowment policies		
Endowment policies have been taken up by directors and key management. All policies are issued in the names of the individuals concerned on standard commercial terms. The value of policies in-force at the reporting date is as follows:		
Directors and their family members	11 977	13 417
Key management compensation		
Salaries, bonuses and other short-term employee benefits	21 532	12 521
Key management refers to Executive Committee members excluding directors.		
The remuneration of key management is determined by the Remuneration Committee having regard to both the performance of the individuals concerned and their related market compensation benchmarks.		
Management fees		
Paid by The Hollard Insurance Company Limited	229 110	231 092
Paid by Hollard Specialist Insurance Limited	1 745	15 474
Paid by Hollard Specialist Life Limited	9 231	20 954
Administration fees		
Administration fees are paid to a number of companies in which the Group holds an interest. All fees are paid on standard commercial terms.		
Rent received		
Paid by The Hollard Insurance Company Limited	20 027	30 283
Investment policy with		
The Hollard Insurance Company Limited	1 392 698	1 289 581
Investment in preference shares		
Yellowwoods Trust Investment	187 111	182 462
Yellowwoods Capital Holdings	115 945	113 234

Refer to notes 8, 9 and 11 of these annual financial statements for details of loans with Group companies and other related parties.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

37 Capital expenditure

Capital expenditure The Group and Company's principal expenditure commitment is to its policyholders, the nature and quantum of which is governed by the terms of the specific insurance contracts that are issued to them. The Group and Company expect to incur non-insurance-related capital expenditure of R127 891 445 during the financial year ending 30 June 2024 (2023: R139 956 082).

Any unanticipated capital or operating expenditure will be funded from internal sources.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
The following capital expenditure budget has been approved by the Board for the financial year ending 30 June 2024	127 891	139 956	127 891	139 956
	127 891	139 956	127 891	139 956

38 Restatement of comparative financial year

Cash and cash equivalents

Treasury bills and money market instruments were previously classified as cash and cash equivalents. Treasury bills were classified as cash and cash equivalents in error. Management undertook an exercise to confirm the classification of money market instruments in the current financial year, which indicated the prior year classification should also have been reassessed. It was therefore concluded that balances for these instruments would be reclassified from cash and cash equivalents to financial assets.

This restatement impacts the statement of financial position, statement of cash flows and related notes.

38.1 Restated comparative information in the statement of financial position

	GROUP					
	2022			2021		
	As previously reported R'000	Restatement R'000	Restated R'000	As previously reported R'000	Restatement R'000	Restated R'000
Statement of financial position						
Assets						
Financial assets	27 069 777	578 154	27 647 931	26 635 288	295 452	26 930 740
Cash and cash equivalents	2 529 562	(578 154)	1 951 408	2 171 715	(295 452)	1 876 263
Impact of restatement on total assets	29 599 339	-	29 599 339	28 807 003	-	28 807 003

	COMPANY					
	2022			2021		
	As previously reported R'000	Restatement R'000	Restated R'000	As previously reported R'000	Restatement R'000	Restated R'000
Statement of financial position						
Assets						
Financial assets	27 069 777	578 154	27 647 931	26 635 288	295 452	26 930 740
Cash and cash equivalents	2 523 627	(578 154)	1 945 473	2 143 841	(295 452)	1 848 389
Impact of restatement on total assets	29 593 404	-	29 593 404	28 779 129	-	28 779 129

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 June 2023

38 Restatement of comparative financial year (continued)

Cash and cash equivalents (continued)

38.2 Restated comparative information in the statement of cash flows

GROUP						
	2022			2021		
	As previously reported R'000	Restatement R'000	Restated R'000	As previously reported R'000	Restatement R'000	Restated R'000
Statement of cash flows						
Cash flows from investing activities						
Acquisition of other financial assets	(1 293 691)	(1 592 192)	(2 885 883)	(1 593 783)	(1 001 400)	(2 595 183)
Proceeds on disposal of other financial assets	1 700 843	1 309 490	3 010 333	1 186 219	766 000	1 952 219
Net cash outflow from investing activities	407 152	(282 702)	124 450	(407 564)	(235 400)	(642 964)
Cash and cash equivalents						
Net increase/(decrease) in cash and cash equivalents	357 847	(282 702)	75 145	(925 465)	(235 400)	(1 160 865)
Cash, deposits and similar securities at beginning of year	2 171 715	(295 452)	1 876 263	3 097 180	(60 052)	3 037 128
Cash and cash equivalents at end of year	2 529 562	(578 154)	1 951 408	2 171 715	(295 452)	1 876 263
COMPANY						
	2022			2021		
	As previously reported R'000	Restatement R'000	Restated R'000	As previously reported R'000	Restatement R'000	Restated R'000
Statement of cash flows						
Cash flows from investing activities						
Acquisition of other financial assets	(1 293 691)	(1 592 192)	(2 885 883)	(1 593 783)	(1 001 400)	(2 595 183)
Proceeds on disposal of other financial assets	1 700 843	1 309 490	3 010 333	1 186 219	766 000	1 952 219
Net cash outflow from investing activities	407 152	(282 702)	124 450	(407 564)	(235 400)	(642 964)
Cash and cash equivalents						
Net increase/(decrease) in cash and cash equivalents	379 786	(282 702)	97 084	(937 346)	(235 400)	(1 172 746)
Cash, deposits and similar securities at beginning of year	2 143 841	(295 452)	1 848 389	3 081 187	(60 052)	3 021 135
Cash and cash equivalents at end of year	2 523 627	(578 154)	1 945 473	2 143 841	(295 452)	1 848 389

DIRECTORATE AND ADMINISTRATION

for the year ended 30 June 2023

To the date of this report the directors of the Company are as follows:

Non-executive Chairman	ADH Enthoven (Resigned – 1 August 2022)
Group Chief Executive Officer	W Lategan (Appointed – 1 July 2022)
Group Chief Financial Officer	DJ Viljoen
Executive director	B Ruele
Executive director	AL Mhlanga (Appointed – 8 December 2022)
Lead Independent non-executive director	B Ngonyama
Non-executive director	NG Kohler (Resigned – 1 August 2022)
Independent non-executive director	AS Nkosi (Resigned – 1 July 2023)
Independent non-executive director	MR Bower
Independent non-executive director	NV Simamane
Independent non-executive director	R Fihrer
Independent non-executive director	S Patel
Independent non-executive director	MS Claassen

Company Secretary

A Allardyce

Public Officer

U Murphy (Resigned – 1 April 2023)

RN Nyoka (Appointed – 1 April 2023)

Compliance Officer

M Patel

Registered office and business address

Hollard at Arcadia
22 Oxford Road
Parktown
Johannesburg
2193

Postal address

P O Box 87428
Houghton
2041

Website

www.hollard.co.za

Nature of business

The Company transacts long-term assurance business.

Auditors

Deloitte & Touche
5 Magwa Crescent
Waterfall City
Waterfall
Docex 10
Johannesburg

Registration number

1993/001405/06

www.hollard.co.za

Certificate Of Completion

Envelope Id: 6D6AA6A218174A35956BB34B4B9BAB8F

Status: Completed

Subject: Complete with DocuSign: Hollard Life Assurance Company 2023 AFS.pdf

Source Envelope:

Document Pages: 94

Signatures: 1

Envelope Originator:

Certificate Pages: 2

Initials: 0

Ziya Seedat

AutoNav: Enabled

Deloitte & Touche 5 Magwa Crescent Waterfall City
Midrand

Envelope Stamping: Disabled

Johannesburg, 2090

Time Zone: (UTC+02:00) Harare, Pretoria

ziseedat@deloitte.co.za

IP Address: 163.116.164.119

Record Tracking

Status: Original

Holder: Ziya Seedat

Location: DocuSign

11/2/2023 10:19:07 PM

ziseedat@deloitte.co.za

Signer Events

Deloitte & Touche

hkana@deloitte.co.za

Security Level: Email, Account Authentication
(None), Digital Certificate**Signature Provider Details:**Signature Type: DocuSign Protect & Sign (Client
ID: DDE5E85D-4085-40B6-8785-DA3CCD16D81E)Signature Issuer: DocuSign Cloud Signing CA -
S11

Authentication: SMS (+27 71 345 7721)

SignatureDocuSigned by:

21BB6D97D7C644F...

Signature Adoption: Pre-selected Style

Using IP Address: 41.13.12.26

Signature Provider Location: https://ps-ws.dsf.docusi
gn.net/ds-server/s/noauth/psm/tsp/sign**Timestamp**

Sent: 11/2/2023 10:24:04 PM

Viewed: 11/2/2023 10:45:13 PM

Signed: 11/2/2023 10:45:38 PM

Electronic Record and Signature Disclosure:

Not Offered via DocuSign

In Person Signer Events**Signature****Timestamp****Editor Delivery Events****Status****Timestamp****Agent Delivery Events****Status****Timestamp****Intermediary Delivery Events****Status****Timestamp****Certified Delivery Events****Status****Timestamp****Carbon Copy Events****Status****Timestamp**

Tshitangano, Fhumudzani

ftshitangano@deloitte.co.za

Security Level: Email, Account Authentication
(None), Digital Certificate**Electronic Record and Signature Disclosure:**

Not Offered via DocuSign

COPIED

Sent: 11/2/2023 10:24:04 PM

Viewed: 11/2/2023 10:38:49 PM

Witness Events**Signature****Timestamp****Notary Events****Signature****Timestamp****Envelope Summary Events****Status****Timestamps**

Envelope Sent

Hashed/Encrypted

11/2/2023 10:24:04 PM

Certified Delivered

Security Checked

11/2/2023 10:45:13 PM

Signing Complete

Security Checked

11/2/2023 10:45:38 PM

Envelope Summary Events	Status	Timestamps
Completed	Security Checked	11/2/2023 10:45:38 PM
Payment Events	Status	Timestamps