

Condensed consolidated interim financial statements

Unaudited results for the six months ended
31 December 2023



MOMENTUM METROPOLITAN

Condensed consolidated interim financial statements for the six months ended 31 December 2023

Contents

3	Directors' statement
6	Condensed consolidated statement of financial position
7	Condensed consolidated income statement
8	Consolidated statement of comprehensive income
9	Consolidated statement of changes in equity
10	Condensed consolidated statement of cash flows
11	Notes to the condensed consolidated interim financial statements
80	Embedded value information
93	Additional information
96	Stock exchange performance
97	Appendix A
99	Administration

Directors' statement

The Board is pleased to present the unaudited condensed interim results of Momentum Metropolitan Holdings Ltd (MMH or the Company) and its subsidiaries (collectively Momentum Metropolitan or the Group) for the period ended 31 December 2023. The preparation of the Group's results was supervised by the Group Finance Director, Risto Ketola (FIA, FASSA, CFA Charterholder).

CORPORATE EVENTS

Listed debt

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

Share buyback programme

The Group bought back a total of 24 million shares (for a cost of R500 million including transaction costs) during the current period. These shares were cancelled prior to 31 December 2023.

BASIS OF PREPARATION OF FINANCIAL INFORMATION

These condensed consolidated interim financial statements have been prepared in accordance with the following:

- International Accounting Standard (IAS) 34: Interim financial reporting.
- South African Institute of Chartered Accountants Financial Reporting Guides (as issued by the Accounting Practices Committee).
- Financial Pronouncements (as issued by the Financial Reporting Standards Council).
- JSE Listings Requirements.
- South African Companies Act, 71 of 2008, as amended.

The accounting policies applied in the preparation of these financial statements are in terms of International Financial Reporting Standards (IFRS) and are consistent with those adopted in the June 2023 period except as described below. Critical judgements and accounting estimates are disclosed in detail in the Group's Annual Financial Statements (AFS) for the year ended 30 June 2023, including changes in estimates that are an integral part of the insurance business. The Group is exposed to financial and insurance risks, details of which are also provided in the Group's Integrated Report and AFS.

NEW AND REVISED STANDARDS EFFECTIVE FOR THE PERIOD ENDED 31 DECEMBER 2023 AND RELEVANT TO THE GROUP

The following new and amended standards became effective for the first time in the current period:

- Insurance contracts: IFRS 17.
- Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.
- Definition of accounting estimates: Amendments to IAS 8.
- Deferred tax related to assets and liabilities arising from a single transaction: Amendments to IAS 12.
- International Tax Reform – Pillar Two model rules: Amendments to IAS 12¹.

The implementation of IFRS 17 has had an impact on the Group's earnings and net asset value (NAV). This impact is detailed in note 17. The remaining amendments detailed above had no material impact on the Group's earnings or NAV.

SEGMENTAL REPORT

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

¹ The amendments were effective immediately upon issuance (May 2023). The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation was effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023. The Pillar Two measures were formally proposed in South Africa on 21 February 2024 as the Global Minimum Tax Bill which is currently out for public comment. It will become effective for the Group during the 2025 financial year. The Group expects an impact relating to foreign insurance regimes the Group operates in and is currently in the process of quantifying this. The Group will also engage through industry bodies for comments on the new legislation.

SOLVENCY ASSESSMENT AND GOING CONCERN

The Group is proud of the earnings achieved despite the challenging economic environment. The Group is profitable, with robust levels of capital and liquidity and a strong regulatory solvency position. The Board, through the Audit Committee and Actuarial Committee, has received reports and updates on the operational and financial performance. The Board is satisfied of the Group's solvency, taking into account its ability to withstand impacts from the continuously evolving environment, and its ability to continue as a going concern.

CHANGES TO THE DIRECTORATE, SECRETARY AND DIRECTORS' SHAREHOLDING

- On 31 July 2023, Hillie Meyer retired as Group Chief Executive. Hillie formally retired as Executive Director on the Board on 30 September 2023.
- On 1 August 2023, Jeanette Marais (Cilliers) was appointed as Group Chief Executive following the retirement of Hillie Meyer.
- On 22 November 2023, Dumo Mbethe was appointed as an Executive Director on the Board.

All transactions in listed shares of the Company involving directors and prescribed officers were disclosed on the Stock Exchange News Service (SENS).

CHANGES TO THE GROUP EXECUTIVE COMMITTEE

Appointments	Role	Date
Lourens Botha	CEO: Guardrisk Group	1 September 2023
Ferdinand van Heerden	CEO: Momentum Investments	1 September 2023
Lulama Booï	CEO: International	1 October 2023
Ravikumaran Govender	Group Digital and Technology Officer	1 January 2024

Resignations/Retirements	Role	Date
Hillie Meyer ²	Group CEO	31 July 2023
Stephanus Schoeman	CEO: Guardrisk and Short-term Insurance	31 August 2023
Dhesen Ramsamy	Group Chief Digital and Information Officer	31 October 2023

Changes in roles	Role	Date
Jeanette Marais (Cilliers)	Group CEO (previously Deputy Group CEO and CEO: Investments)	1 August 2023

² Refer to the Events after the reporting period section of the Directors' statement.

PROVISIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group is party to legal proceedings and appropriate provisions are made when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The Group is not aware of capital commitments at 31 December 2023 that were not in the ordinary course of business.

EVENTS AFTER THE REPORTING PERIOD

Momentum Metropolitan Strategic Investments (Pty) Ltd is in the process of completing a transaction to acquire OUTsurance Group Ltd's share in RMI Investment Managers Group. The transaction is subject to customary terms and conditions for transactions of this nature. Competition approval has been obtained. The expected close date, the date at which the conditions precedent are expected to be fulfilled, is the end of March 2024.

In line with the Group's capital management framework and in consideration of the strong capital and liquidity position, the Board has approved a further R500 million for the share buyback programme of the Group's ordinary shares.

Hillie Meyer has been appointed as a non-executive director on the Board, effective 1 April 2024.

No other material events occurred between the reporting date and the date of approval of these results.

Directors' statement continued

INTERIM DIVIDEND DECLARATION

Ordinary shares

- On 25 March 2024, a gross interim ordinary dividend of 60 cents per ordinary share was declared by the Board.
- The dividend is payable out of income reserves to all holders of ordinary shares recorded in the register of the Company at the close of business on Friday, 19 April 2024, and will be paid on Monday, 22 April 2024.
- The dividend will be subject to local dividend withholding tax at a rate of 20% unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate.
- This will result in a net interim dividend of 48 cents per ordinary share for those shareholders who are not exempt from paying dividend tax.
- The last day to trade cum dividend will be Tuesday, 16 April 2024.
- The shares will trade ex dividend from the start of business on Wednesday, 17 April 2024.
- Share certificates may not be dematerialised or rematerialised between Wednesday, 17 April 2024 and Friday, 19 April 2024, both days inclusive.
- The number of ordinary shares at the declaration date was 1 400 697 218.
- MMH's income tax number is 975 2050 147.

Preference shares

- Dividends of R18.5 million (31.12.2022: R18.5 million; 30.06.2023: R18.5 million) (132 cents per share p.a.) were declared on the unlisted A3 MMH preference shares as determined by the Company's Memorandum of Incorporation.

THE BOARD OF DIRECTORS' RESPONSIBILITY

The preparation of these results is the responsibility of the Board of directors. The condensed interim results have not been reviewed or audited by the external auditors. A printed version of the SENS announcement may be requested from the office of the Group Company Secretary, Gcobisa Tyusha, tel: +27 12 673 1931 or gcobisa.tyusha@mmltd.co.za.

Signed on behalf of the Board



Paul Baloyi

Chair

Centurion
25 March 2024



Jeanette Marais (Cilliers)

Group Chief Executive

Centurion
25 March 2024

Condensed consolidated statement of financial position

	Notes	31.12.2023 Rm	Restated 30.06.2023 ¹ Rm	Restated 01.07.2022 ¹ Rm
Assets				
Intangible assets		4 736	4 837	5 459
Owner-occupied properties		2 908	3 049	3 016
Fixed assets		495	478	478
Investment properties		9 172	8 825	9 051
Properties under development		168	172	162
Investments in associates and joint ventures		1 430	1 631	1 214
Employee benefit assets		419	401	460
Financial assets at fair value through profit and loss (FVPL)	14	576 713	549 737	489 803
Financial assets at amortised cost	14	5 373	8 151	7 602
Insurance contract assets	15	9 682	8 689	8 600
Reinsurance contract assets		9 555	10 951	15 477
Deferred income tax		731	786	564
Other receivables		3 117	2 549	3 046
Current income tax assets		142	82	81
Non-current assets held for sale		–	56	14
Cash and cash equivalents	14	36 687	35 013	28 720
Total assets		661 328	635 407	573 747
Equity				
Equity attributable to owners of the parent		28 976	28 399	27 664
Non-controlling interests		412	377	362
Total equity		29 388	28 776	28 026
Liabilities				
Insurance contract liabilities	15	159 643	153 173	147 125
Investment contracts designated at FVPL	14	391 722	373 135	317 994
Financial liabilities at FVPL	14	48 910	44 830	48 141
Financial liabilities at amortised cost	14	3 984	3 969	4 336
Reinsurance contract liabilities		12 536	11 961	11 404
Deferred income tax		2 611	2 696	3 113
Employee benefit obligations		1 303	1 749	1 438
Other payables	14	10 179	13 561	11 645
Provisions		367	385	309
Current income tax liabilities		685	1 172	216
Total liabilities		631 940	606 631	545 721
Total equity and liabilities		661 328	635 407	573 747

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information.

Condensed consolidated income statement

	Notes	6 mths to 31.12.2023 Rm	Restated 6 mths to 31.12.2022 ¹ Rm	Restated 12 mths to 30.06.2023 ¹ Rm
Insurance revenue	2, 6, 15	31 736	28 029	59 336
Insurance service expenses	2, 15	(23 403)	(20 915)	(45 408)
Allocation of reinsurance premiums	2	(13 791)	(13 284)	(22 917)
Amounts recoverable from reinsurers for incurred claims	2	9 437	9 411	15 559
Insurance service result		3 979	3 241	6 570
Investment income		16 999	14 745	30 710
Net realised and unrealised fair value gains		12 452	16 885	40 541
Net impairment reversal/(loss) on financial assets		12	4	(176)
Finance expenses from insurance contracts issued	15	(8 050)	(6 580)	(11 637)
Finance expenses from reinsurance contracts held		(213)	(1 027)	(137)
Fair value adjustments on investment contract liabilities		(16 391)	(19 826)	(48 671)
Fair value adjustments on collective investment scheme (CIS) liabilities		(1 299)	(1 317)	(3 528)
Net insurance and investment result		7 489	6 125	13 672
Fee income	2, 2.3, 6	4 303	3 982	8 422
Other operating expenses	2, 7	(6 114)	(5 333)	(12 561)
Results of operations		5 678	4 774	9 533
Share of equity accounted loss on associates and joint ventures		(122)	(121)	(186)
Profit on dilution/sale of associates and joint ventures		–	588	588
Other finance costs	8	(889)	(1 344)	(2 470)
Profit before tax		4 667	3 897	7 465
Income tax expense	9	(2 429)	(1 775)	(4 376)
Earnings for the period		2 238	2 122	3 089
Attributable to:				
Owners of the parent		2 191	2 060	3 002
Non-controlling interests		47	62	87
		2 238	2 122	3 089
Basic earnings per ordinary share (cents)	1	159.9	144.5	212.8
Diluted earnings per ordinary share (cents)	1	156.4	141.7	209.3

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information.

Consolidated statement of comprehensive income

	6 mths to 31.12.2023 Rm	Restated 6 mths to 31.12.2022¹ Rm	Restated 12 mths to 30.06.2023¹ Rm
Earnings for the period	2 238	2 122	3 089
Other comprehensive (loss)/income, net of tax	(112)	27	487
Items that may subsequently be reclassified to income	(123)	8	442
Exchange differences on translating foreign operations ^{2,3}	(68)	56	352
Share of other comprehensive (losses)/income of associates	(55)	(48)	90
Items that will not be reclassified to income	11	19	45
Own credit losses on financial liabilities designated at FVPL	(14)	–	(5)
Land and building revaluation	39	20	38
Remeasurements of post-employee benefit funds	(2)	(6)	10
Income tax relating to items that will not be reclassified	(12)	5	2
Total comprehensive income for the period	2 126	2 149	3 576
Total comprehensive income attributable to:			
Owners of the parent	2 079	2 090	3 494
Non-controlling interests	47	59	82
	2 126	2 149	3 576

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information.

² Included in the prior periods were the following:

- a loss of R29 million (31.12.2022) and a loss of R32 million (30.06.2023) which represented the foreign currency translation reserve (FCTR) release on the sale of Metropolitan Cannon Life Assurance Ltd and Metropolitan Cannon General Insurance Ltd.
- a profit of R4 million (Restated 31.12.2022 and Restated 30.06.2023) which represented the FCTR release on the dilution of the holding in Aditya Birla Health Insurance Company Ltd (ABHI).

As a result, a net income of R25 million (Restated 31.12.2022) and a net income of R28 million (Restated 30.06.2023) was recognised in the income statement.

³ The movement in the current period is primarily caused by the strengthening of the ZAR against the USD, GBP and EUR. In the June period, the movement was primarily caused by the weakening of the ZAR against the USD, GBP, EUR and INR but was offset by the strengthening of the ZAR against the GHS. In the December 2022 period, the movement was primarily caused by strengthening of the ZAR against the INR and GHS but was offset by the weakening of the ZAR against the EUR.

Consolidated statement of changes in equity

	Notes	6 mths to 31.12.2023 Rm	Restated 6 mths to 31.12.2022 ¹ Rm	Restated 12 mths to 30.06.2023 ¹ Rm
Changes in share capital				
Balance at beginning and end		9	9	9
Changes in share premium				
Balance at beginning		13 184	12 760	12 760
IFRS 17 opening adjustment	17	–	424	424
Restated balance at beginning and balance at end		13 184	13 184	13 184
Changes in other reserves				
Balance at beginning		1 971	1 453	1 409
Investment in associate FCTR ²		–	(44)	–
Restated balance at beginning		1 971	1 409	1 409
Total comprehensive (loss)/income		(98)	30	497
Equity-settled share-based payments		21	34	52
Transfer (to)/from retained earnings		(7)	(49)	13
Balance at end	12	1 887	1 424	1 971
Changes in retained earnings				
Balance at beginning		13 235	10 399	10 399
IFRS 17 opening adjustment	17	–	2 662	2 662
Restated balance at beginning		13 235	13 061	13 061
Total comprehensive income		2 177	2 060	2 997
Dividend declared		(1 023)	(947)	(1 629)
Shares repurchased and cancelled		(500)	(750)	(1 250)
Decrease relating to transactions with non-controlling interests		–	–	(1)
Transfer from/(to) other reserves		7	49	(13)
Release of put option on minority interest ³		–	70	70
Balance at end		13 896	13 543	13 235
Equity attributable to owners of the parent				
		28 976	28 160	28 399
Changes in non-controlling interests				
Balance at beginning		377	365	365
IFRS 17 opening adjustment	17	–	(2)	(2)
Restated balance at beginning		377	363	363
Business combinations		–	–	1
Total comprehensive income		47	59	82
Dividend paid		(18)	(39)	(73)
Increase relating to transactions with owners ³		6	29	33
Sale of subsidiary		–	(29)	(29)
Balance at end		412	383	377
Total equity				
		29 388	28 543	28 776

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information.

² Goodwill initially recognised and included in the carrying value of investments in associates and joint ventures related to ABHI was not treated as part of the assets of the foreign operation. As such, the Goodwill was not expressed in the functional currency of ABHI and subsequently translated to the Group's reporting currency. 31 December 2022 has been restated accordingly.

³ The prior periods related primarily to the put option liability in relation to Metropolitan Cannon Life Assurance Ltd and Metropolitan Cannon General Insurance Ltd. The put option lapsed unexercised during the prior periods.

Condensed consolidated statement of cash flows

	Notes	6 mths to 31.12.2023 Rm	Restated 6 mths to 31.12.2022 ¹ Rm
Cash flow from operating activities			
Cash (utilised)/generated in operations		(8 511)	3 526
Interest received		9 606	4 166
Dividends received		3 066	3 082
Income tax paid		(3 013)	(1 922)
Interest paid		(899)	(1 035)
Net cash inflow from operating activities		249	7 817
Cash flow from investing activities			
Net investments in subsidiaries		–	(7)
Investments in associates and joint ventures		–	(4)
Net outflow from disposal of subsidiary		–	(29)
Loans advanced to related parties ²		(102)	(52)
Loan repayments from related parties ²		22	–
Purchases of owner-occupied properties ²		(2)	(17)
Proceeds from disposal of owner-occupied properties ²		25	–
Purchase of property and equipment		(128)	(83)
Proceeds from disposal of property and equipment		8	–
Purchases of computer software		(31)	(48)
Dividends from associates		26	35
Net cash outflow from investing activities		(182)	(205)
Cash flow from financing activities			
Subordinated call notes issued		750	–
Subordinated call notes repaid		(750)	(1 013)
Net proceeds from carry positions ²		3 348	1 540
Preference shares proceeds ²		–	14
Preference shares repaid ²		(56)	(40)
Proceeds from other borrowings measured at fair value ²		6	504
Repayment of other borrowings measured at fair value ²		(31)	(802)
Proceeds from other borrowings measured at amortised cost ²		205	30
Repayment of other borrowings measured at amortised cost ²		(185)	(322)
Dividends paid to equity holders		(1 023)	(927)
Dividends paid to non-controlling interest shareholders		(12)	(39)
Shares repurchased		(500)	(750)
Net cash inflow/(outflow) from financing activities		1 752	(1 805)
Net cash flow			
Cash resources and funds on deposit at beginning		35 013	28 720
Foreign currency translation		(145)	248
Cash resources and funds on deposit at end		36 687	34 775
Made up as follows:			
Cash and cash equivalents		36 687	34 775

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

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

Notes to the condensed consolidated interim financial statements

NOTE 1

EARNINGS

Normalised headline earnings adjust the JSE definition of headline earnings for the impact of finance costs related to preference shares that can be converted into ordinary shares of the Group when it is anti-dilutive, the impact of treasury shares held by the iSabelo Trust, the amortisation of intangible assets arising from business combinations and Broad-based black economic empowerment (B-BBEE) costs. Additionally, the iSabelo special purpose vehicle, which houses preference shares issued as part of the employee share ownership scheme's funding arrangement is deemed to be external from the Group and the discount at which the iSabelo Trust acquired the MMH treasury shares is amortised over a period of 10 years and recognised as a reduction to normalised headline earnings. During the June 2023 period, the definition of normalised headline earnings was refined to include the impairment of loans to subsidiaries following the Group's strategic decision to disinvest from Kenya.

EARNINGS attributable to owners of the parent	Basic earnings			Diluted earnings		
	6 mths to 31.12.2023 Rm	Restated 6 mths to 31.12.2022 ¹ Rm	Restated 12 mths to 30.06.2023 ¹ Rm	6 mths to 31.12.2023 Rm	Restated 6 mths to 31.12.2022 ¹ Rm	Restated 12 mths to 30.06.2023 ¹ Rm
Earnings – equity holders of the Group	2 191	2 060	3 002	2 191	2 060	3 002
Finance costs – convertible preference shares				19	19	37
Diluted earnings				2 210	2 079	3 039
Adjustments within equity-accounted earnings	–	–	3	–	–	3
Profit on dilution of associate ²	–	(588)	(588)	–	(588)	(588)
Intangible asset impairments ³	–	–	478	–	–	478
Loss on sale of subsidiaries ⁴	–	112	112	–	112	112
FCTR reversal on dilution of associate ²	–	4	4	–	4	4
FCTR reversal on sale of foreign subsidiaries ⁴	–	(29)	(32)	–	(29)	(32)
(Profit)/Loss on sale of fixed assets	(1)	9	1	(1)	9	1
Net impairment/(reversal of impairment) of owner-occupied property below cost ⁵	1	(28)	(46)	1	(28)	(46)
Headline earnings⁶	2 191	1 540	2 934	2 210	1 559	2 971
B-BBEE costs				17	16	16
Adjustments for iSabelo ^{7,8}				56	48	101
Fair value movement on preference shares issued to iSabelo special purpose vehicle ⁸				63	–	99
Amortisation of intangible assets relating to business combinations				78	81	159
Impairment of loans to subsidiaries following the Group's disinvestment				–	–	38
Normalised headline earnings⁹	2 424			2 424	1 704	3 384

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information.

² The prior periods related to the dilution of the Group's shareholding in ABHI from 49% to 44.1% in the India segment.

³ The prior period impairment related mainly to:

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

⁴ Related to the sale of Metropolitan Cannon Life Assurance Ltd and Metropolitan Cannon General Insurance Ltd in the Momentum Metropolitan Africa segment.

⁵ The reversal of impairment in the prior periods mainly related to the Marc, Tower 2 due to improvements in the market. This resulted in a partial reversal of the previous impairment recognised.

⁶ The long-term insurance industry exemption which allows that net realised and unrealised fair value gains on investment properties not being excluded from headline earnings has been applied.

⁷ This mainly includes the add back of the IFRS 2 expense incurred as a result of the employee share ownership scheme, as well as the investment income earned on the preference shares.

⁸ These line items were previously disclosed on a net basis and have subsequently been disaggregated to enhance comparability and usefulness.

⁹ Refer to note 2 for an analysis of normalised headline earnings per segment.

NOTE 1 CONTINUED

EARNINGS PER SHARE (cents) attributable to owners of the parent	6 mths to 31.12.2023	Restated 6 mths to 31.12.2022¹	Restated 12 mths to 30.06.2023¹
Basic			
Earnings	159.9	144.5	212.8
Headline earnings	159.9	108.0	207.9
Basic weighted average number of shares (million) ²	1 370	1 426	1 411
Basic number of shares in issue (million)	1 356	1 408	1 380
Diluted			
Normalised headline earnings	168.0	113.7	228.0
Diluted weighted average number of shares for normalised headline earnings (million) ³	1 443	1 499	1 484
Diluted number of shares in issue for normalised headline earnings (million)	1 429	1 481	1 453
Earnings	156.4	141.7	209.3
Headline earnings	156.4	106.3	204.6
Diluted weighted average number of shares (million) ²	1 413	1 467	1 452

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information.

² For basic and diluted earnings and headline earnings per share, treasury shares held by a subsidiary on behalf of employees are deemed to be cancelled.

³ For normalised headline earnings per share, treasury shares held by a subsidiary on behalf of employees are deemed to be issued.

NOTE 2

SEGMENTAL REPORT

The Group's reporting view reflects the following segments:

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

The Group has aligned the reporting segments with the updated internal operating structure. This enables the Group to report more meaningfully on the way the business is managed by the Group's leaders. The new segmental reporting had no impact on the current or prior periods' reported earnings, diluted earnings or headline earnings per share, or on the net asset value or net cash flow. Refer to Appendix A for more information.

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

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

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

Notes to the condensed consolidated interim financial statements continued

NOTE 2 CONTINUED

SEGMENTAL REPORT CONTINUED

	Notes	Momentum Retail Rm	Momentum Investments Rm	Momentum Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Guardrisk Rm	Momentum Insure Rm	Momentum Metropolitan Africa Rm	India Shareholders Rm	Segmental total Rm	Reconciling items ¹ Rm	Total Rm
6 mths to 31.12.2023													
Insurance revenue	2.4	4 102	1 986	3 549	4 041	685	13 935	1 637	1 801	-	31 736	-	31 736
Insurance service expenses		(3 307)	(1 899)	(3 259)	(3 241)	(348)	(8 380)	(1 527)	(1 641)	-	(23 602)	199	(23 403)
Allocation of reinsurance premiums		(1 209)	-	(19)	(414)	-	(11 928)	(37)	(184)	-	(13 791)	-	(13 791)
Amounts recoverable from reinsurers for incurred claims		1 274	-	26	307	-	7 725	(5)	110	-	9 437	-	9 437
Insurance service result		860	87	297	693	337	1 352	68	86	-	3 780	199	3 979
Fee income		602	2 076	5	621	1 454	199	5	58	80	461	(1 258)	4 303
Fee income	2.3, 2.4	595	1 636	4	620	1 420	199	5	59	13	4	(252)	4 303
Inter-group fee income		7	440	1	1	34	-	-	(1)	67	457	(1 006)	-
Other operating expenses		(883)	(2 077)	(110)	(625)	(1 603)	(363)	(169)	(136)	(78)	(645)	575	(6 114)
Normalised headline earnings	2.1	709	268	299	624	124	360	31	284	(153)	2 424	-	2 424
Operating profit/(loss) ²		873	329	349	758	173	457	(11)	86	(154)	(26)	-	2 834
Tax on operating profit/(loss)		(240)	(107)	(95)	(204)	(56)	(108)	7	(22)	-	16	-	(809)
Investment return		100	49	59	93	9	14	46	233	1	(89)	-	515
Tax on investment return		(24)	(3)	(14)	(23)	(2)	(3)	(11)	(13)	-	(23)	-	(116)
Covered	2.2	728	185	298	622	-	-	-	292	-	119	-	2 244
Non-covered	2.2	(19)	83	1	2	124	360	31	(8)	(153)	(241)	-	180
		709	268	299	624	124	360	31	284	(153)	2 424	-	2 424

¹ Reconciling items include:

- Policyholder tax for insurance business that is set off against insurance services expense for segmental reporting but is disclosed as income tax expense in the condensed consolidated income statement.
- Inter-group fee income and expenses.
- Direct property (R252 million) and asset management fees for all entities (R340 million), except non-life entities, that are set off against investment income for segmental reporting but disclosed as an expense in the condensed consolidated income statement.
- The amortisation of intangible assets relating to business combinations (R73 million).
- Expenses relating to consolidated CIGs.
- Other minor adjustments to expenses and fee income.

² Operating profit/(loss) is normalised headline earnings gross of tax less investment return.

NOTE 2 CONTINUED
SEGMENTAL REPORT CONTINUED

	Notes	Momentum Retail Rm	Momentum Investments Rm	Momentum Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Guardrisk Rm	Momentum Insure Rm	Momentum Metropolitan Africa Rm	India Shareholders Rm	Segmental total Rm	Reconciling items ² Rm	Total Rm
Restated 6 mths to 31.12.2022¹													
Insurance revenue	2.4	3 889	1 600	3 781	4 080	602	11 087	1 503	1 487	-	28 029	-	28 029
Insurance service expenses		(3 108)	(1 520)	(3 607)	(3 229)	(268)	(6 621)	(1 493)	(1 366)	-	(21 212)	297	(20 915)
Allocation of reinsurance premiums		(1 179)	-	17	(699)	-	(11 209)	(32)	(182)	-	(13 284)	-	(13 284)
Amounts recoverable from reinsurers for incurred claims		1 213	-	16	270	-	7 758	17	137	-	9 411	-	9 411
Insurance service result		815	80	207	422	334	1 015	(5)	76	-	2 944	297	3 241
Fee income		622	1 853	25	688	1 214	189	4	67	38	4 971	(989)	3 982
Fee income	2.3, 2.4	600	1 456	25	686	1 184	189	4	67	6	4 222	(240)	3 982
Intergroup fee income		22	397	-	2	30	-	-	-	32	749	(749)	-
Other operating expenses		(964)	(1 770)	(133)	(576)	(1 294)	(289)	(157)	(99)	(52)	(5 642)	309	(5 333)
Normalised headline earnings	2.1	382	233	201	513	130	350	(70)	118	(165)	1 704	-	1 704
Operating profit/(loss) ³		377	244	184	576	181	478	(136)	(36)	(165)	1 769	-	1 769
Tax on operating profit/(loss)		(115)	(58)	(51)	(159)	(55)	(134)	43	(25)	-	(574)	-	(574)
Investment return		156	57	88	125	5	7	31	192	-	625	-	625
Tax on investment return		(36)	(10)	(20)	(29)	(1)	(1)	(8)	(13)	-	(116)	-	(116)
Covered	2.2	411	132	200	518	-	-	-	136	-	1 578	-	1 578
Non-covered	2.2	(29)	101	1	(5)	130	350	(70)	(18)	(165)	126	-	126
		382	233	201	513	130	350	(70)	118	(165)	1 704	-	1 704

¹ The prior period has been restated for the application of IFRS 17. Refer to note 17 for more information. The prior period has also been restated based on a new operating model adopted by the Group. Refer to Appendix A for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.

² Reconciling items include:

- Policyholder tax for insurance business that is set off against insurance services expense for segmental reporting but is disclosed as income tax expense in the condensed consolidated income statement.
- Intergroup fee income and expenses.
- Direct property (R276 million) and asset management fees for all entities (Restated: R327 million), except non-life entities, that are set off against investment income for segmental reporting but disclosed as an expense in the condensed consolidated income statement.

³ The amortisation of intangible assets relating to business combinations (Restated: R105 million).

• Expenses relating to consolidated CIs.

• Other minor adjustments to expenses and fee income.

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

Notes to the condensed consolidated interim financial statements continued

NOTE 2 CONTINUED SEGMENTAL REPORT CONTINUED

	Notes	Momentum Retail Rm	Momentum Investments Rm	Momentum Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Guardrisk Rm	Momentum Insure Rm	Momentum Metropolitan Africa Rm	India Shareholders Rm	Segmental total Rm	Reconciling items ² Rm	Total Rm
12 mths to 30.06.2023¹													
Insurance revenue	2.4	7 792	3 362	7 524	8 150	1 258	24 782	3 079	3 389	-	59 336	-	59 336
Insurance service expenses		(6 917)	(3 250)	(7 269)	(6 453)	(549)	(14 836)	(3 309)	(3 353)	-	(45 936)	528	(45 408)
Allocation of reinsurance premiums		(2 256)	-	26	(1 149)	-	(19 102)	(65)	(371)	-	(22 917)	-	(22 917)
Amounts recoverable from reinsurers for incurred claims		2 808	-	58	577	-	11 602	225	289	-	15 559	-	15 559
Insurance service result		1 427	112	339	1 125	709	2 446	(70)	(46)	-	6 042	528	6 570
Fee income		1 284	3 930	18	1 563	2 542	404	6	48	112	10 523	(2 101)	8 422
Fee income	2.3, 2.4	1 240	3 113	18	1 562	2 478	404	6	49	18	8 932	(510)	8 422
Intergroup fee income		44	817	-	1	64	-	-	(1)	94	1 591	(1 591)	-
Other operating expenses		(1 676)	(4 204)	(260)	(1 444)	(2 740)	(1 086)	(811)	(207)	(136)	(13 356)	795	(12 561)
Normalised headline earnings		1 131	439	318	1 097	245	518	(310)	291	(289)	3 384	-	3 384
Operating profit/(loss) ³		1 366	420	326	1 344	343	704	(346)	(85)	(291)	4 016	-	4 016
Tax on operating profit/(loss)		(381)	(112)	(90)	(363)	(110)	(193)	(12)	(27)	1	(1 483)	-	(1 483)
Investment return		189	163	107	151	13	8	63	429	1	1 007	-	1 007
Tax on investment return		(43)	(32)	(25)	(35)	(1)	(1)	(15)	(26)	-	(156)	-	(156)
Covered	2.2	1 204	267	316	1 097	-	-	-	414	-	3 422	-	3 422
Non-covered	2.2	(73)	172	2	-	245	518	(310)	(123)	(289)	(38)	-	(38)
		1 131	439	318	1 097	245	518	(310)	291	(289)	3 384	-	3 384

¹ The prior period has been restated for the application of IFRS 17. Refer to note 17 for more information. The prior period has also been restated based on a new operating model adopted by the Group. Refer to Appendix A for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.

² Reconciling items include:

- Policyholder tax for insurance business that is set off against insurance services expense for segmental reporting but is disclosed as income tax expense in the condensed consolidated income statement.
- Intergroup fee income and expenses.
- Direct property (R520 million) and asset management fees for all entities (Restated: R831 million), except non-life entities, that are set off against investment income for segmental reporting but disclosed as an expense in the condensed consolidated income statement.
- The amortisation of intangible assets relating to business combinations (Restated: R259 million).
- Expenses relating to consolidated CISs.
- Other minor adjustments to expenses and fee income.

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

NOTE 2.1**CHANGE IN NORMALISED HEADLINE EARNINGS**

	Notes	Change %	6 mths to 31.12.2023 Rm	Restated 6 mths to 31.12.2022 ¹ Rm	Restated 12 mths to 30.06.2023 ¹ Rm
Momentum Retail		86	709	382	1 131
Momentum Investments		15	268	233	439
Metropolitan Life		49	299	201	318
Momentum Corporate		22	624	513	1 097
Momentum Metropolitan Health		(5)	124	130	245
Guardrisk		3	360	350	518
Momentum Insure		>100	31	(70)	(310)
Momentum Metropolitan Africa		>100	284	118	291
India		7	(153)	(165)	(289)
Normalised headline earnings from operating segments		50	2 546	1 692	3 440
Shareholders		<(100)	(122)	12	(56)
Total normalised headline earnings	2	42	2 424	1 704	3 384

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information. The prior periods have also been restated based on a new operating model adopted by the Group. Refer to Appendix A for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.

Notes to the condensed consolidated interim financial statements continued

NOTE 2.2 SEGMENTAL ANALYSIS

	Notes	Momentum Retail Rm	Momentum Investments Rm	Momentum Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Momentum Guardrisk Rm	Momentum Insure Rm	Momentum Metropolitan Africa Rm	India Rm	Shareholders Rm	Total Rm
6 mths to 31.12.2023												
Covered												
Protection		539	-	141	475	-	-	-	65	-	-	1 220
Long-term savings		43	(33)	1	41	-	-	-	2	-	-	54
Annuities and structured products		-	208	89	50	-	-	-	8	-	-	355
Traditional		72	-	15	-	-	-	-	1	-	-	88
Other ¹		(1)	7	7	(14)	-	-	-	18	-	(119)	(102)
Investment return ²		75	3	45	70	-	-	-	198	-	238	629
Total	2	728	185	298	622	-	-	-	292	-	119	2 244
Non-covered												
Investment and savings	2.2.1	-	84	-	-	-	-	-	-	-	-	84
Life insurance		-	-	-	-	-	-	-	(10)	-	-	(10)
Health	2.2.2	-	-	-	-	131	-	-	46	-	-	177
Momentum Multiply	2.2.2	-	-	-	-	(14)	-	-	-	-	-	(14)
Cell captives	2.2.3	-	-	-	-	-	349	-	-	-	-	349
Non-life insurance	2.2.4	-	-	-	-	-	-	(4)	15	-	-	11
Holding company expenses		-	-	-	-	-	-	-	(72)	-	(100)	(172)
India	2.2.5	-	-	-	-	-	-	-	-	(154)	-	(154)
Multiply Money	2.2.1	-	(44)	-	-	-	-	-	-	-	-	(44)
Other ³		(20)	-	1	2	-	-	-	(9)	-	209	183
Investment return		1	43	-	-	7	11	35	22	1	(350)	(230)
Total	2	(19)	83	1	2	124	360	31	(8)	(153)	(241)	180
Normalised headline earnings		709	268	299	624	124	360	31	284	(153)	(122)	2 424

¹ Included in Other are once-off items that are not linked to a specific product as well as earnings that are not policyholder related.

² For covered business, this is only the return on shareholder assets.

³ Included in Other is mainly earnings that are not policyholder related.

NOTE 2.2 CONTINUED

SEGMENTAL ANALYSIS CONTINUED

	Notes	Momentum Retail Rm	Momentum Investments Rm	Momentum Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Guardrisk Rm	Momentum Insure Rm	Momentum Metropolitan Africa Rm	India Rm	Shareholders Rm	Total Rm
Restated 6 mths to 31.12.2022¹												
Covered												
Protection		84	-	53	273	-	-	-	19	-	-	429
Long-term savings		62	1	(12)	134	-	-	-	32	-	-	217
Annuities and structured products		-	109	82	28	-	-	-	(40)	-	-	179
Traditional		129	-	15	-	-	-	-	5	-	-	149
Other ²		16	-	(6)	(13)	-	-	-	(7)	-	78	68
Investment return ³		120	22	68	96	-	-	-	127	-	103	536
Total	2	411	132	200	518	-	-	-	136	-	181	1 578
Non-covered												
Investment and savings	2.2.1	-	122	-	-	-	-	-	-	-	-	122
Life insurance		-	-	-	-	-	-	-	(8)	-	-	(8)
Health	2.2.2	-	-	-	-	144	-	-	6	-	-	150
Momentum Multiply	2.2.2	-	-	-	-	(18)	-	-	-	-	-	(18)
Cell captives	2.2.3	-	-	-	-	-	344	-	-	-	-	344
Non-life insurance	2.2.4	-	-	-	-	-	-	(93)	(12)	-	-	(105)
Holding company expenses		-	-	-	-	-	-	-	(49)	-	(114)	(163)
India	2.2.5	-	-	-	-	-	-	-	-	(165)	-	(165)
Multiply Money	2.2.1	(29)	(46)	-	-	-	-	-	-	-	-	(46)
Other ⁴		-	25	1	(5)	-	-	-	(7)	-	82	42
Investment return		-	-	-	-	4	6	23	52	-	(137)	(27)
Total	2	(29)	101	1	(5)	130	350	(70)	(18)	(165)	(169)	126
Normalised headline earnings												
		382	233	201	513	130	350	(70)	118	(165)	12	1 704

¹ The prior period has been restated for the application of IFRS 17. Refer to note 17 for more information. The prior period has also been restated based on a new operating model adopted by the Group. Refer to Appendix A for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.

² Included in Other are once-off items that are not linked to a specific product as well as earnings that are not policyholder related.

³ For covered business, this is only the return on shareholder assets.

⁴ Included in Other is mainly earnings that are not policyholder related.

Notes to the condensed consolidated interim financial statements continued

NOTE 2.2 CONTINUED SEGMENTAL ANALYSIS CONTINUED

	Notes	Momentum Retail Rm	Momentum Investments Rm	Momentum Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Guardrisk Rm	Momentum Insure Rm	Momentum Metropolitan Africa Rm	India Rm	Shareholders Rm	Total Rm
Restated 12 mths to 30.06.2023¹												
Covered												
Protection		709	-	148	756	-	-	-	83	-	-	1 696
Long-term savings		120	(42)	(32)	190	-	-	-	(76)	-	-	160
Annuities and structured products		-	224	82	57	-	-	-	4	-	-	367
Traditional		166	-	40	-	-	-	-	(7)	-	-	199
Other ²		64	(13)	(4)	(22)	-	-	-	(6)	-	(92)	(73)
Investment return ³		145	98	82	116	-	-	-	416	-	216	1 073
Total	2	1 204	267	316	1 097	-	-	-	414	-	124	3 422
Non-covered												
Investment and savings	2.2.1	-	242	-	-	-	-	-	-	-	-	242
Life insurance		-	-	-	-	-	-	-	(4)	-	-	(4)
Health	2.2.2	-	-	-	-	287	-	-	(13)	-	-	274
Momentum Multiply	2.2.2	-	-	-	-	(54)	-	-	-	-	-	(54)
Cell captives	2.2.3	-	-	-	-	-	511	-	-	-	-	511
Non-life insurance	2.2.4	-	-	-	-	-	-	(358)	19	-	-	(339)
Holding company expenses		-	-	-	-	-	-	-	(104)	-	(180)	(284)
India	2.2.5	-	-	-	-	-	-	-	-	(290)	-	(290)
Multiply Money	2.2.1	-	(103)	-	-	-	-	-	-	-	-	(103)
Other ⁴		(74)	-	2	-	-	-	-	(8)	-	311	231
Investment return		1	33	-	-	12	7	48	(13)	1	(311)	(222)
Total	2	(73)	172	2	-	245	518	(310)	(123)	(289)	(180)	(38)
Normalised headline earnings												
		1 131	439	318	1 097	245	518	(310)	291	(289)	(56)	3 384

¹ The prior period has been restated for the application of IFRS 17. Refer to note 17 for more information. The prior period has also been restated based on a new operating model adopted by the Group. Refer to Appendix A for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.

² Included in Other are once-off items that are not linked to a specific product as well as earnings that are not policyholder related.

³ For covered business, this is only the return on shareholder assets.

⁴ Included in Other is mainly earnings that are not policyholder related.

NOTE 2.2.1**MOMENTUM INVESTMENTS – NON-COVERED BUSINESS**

	Notes	6 mths to 31.12.2023 Rm	Restated 6 mths to 31.12.2022¹ Rm	Restated 12 mths to 30.06.2023¹ Rm
Investment income		48	37	76
Net realised and unrealised fair value gains		29	20	20
Net insurance and investment result		77	57	96
Fee income		928	816	1 753
Other operating expenses		(861)	(713)	(1 580)
Other finance costs		(26)	(23)	(49)
Share of profit of associate		7	7	32
Profit before tax		125	144	252
Income tax expense		(38)	(40)	(72)
Non-controlling interest		(4)	(3)	(8)
Normalised headline earnings		83	101	172
Operating profit before tax	2.2	76	115	206
Tax on operating profit	2.2	(36)	(39)	(67)
Investment return		43	26	34
Tax on investment return		–	(1)	(1)
Normalised headline earnings		83	101	172

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information. The prior periods have also been restated based on a new operating model adopted by the Group. Refer to Appendix A for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.

Notes to the condensed consolidated interim financial statements continued

NOTE 2.2.2

HEALTH – NON-COVERED BUSINESS

	Notes	Momentum Metropolitan Health Rm	Momentum Metropolitan Africa Rm	Total Rm
6 mths to 31.12.2023				
Insurance revenue		685	429	1 114
Insurance service expenses		(348)	(374)	(722)
Insurance service result		337	55	392
Investment income		39	8	47
Net realised and unrealised fair value gains/(losses)		28	(1)	27
Net impairment gain on financial assets		–	1	1
Finance expenses from insurance contracts issued		(1)	–	(1)
Fair value adjustment on investment contracts		(18)	–	(18)
Net insurance and investment result		385	63	448
Fee income		1 454	3	1 457
Other operating expenses		(1 624)	(14)	(1 638)
Other finance costs		(3)	–	(3)
Share of profit of associates		12	15	27
Profit before tax		224	67	291
Income tax expense		(74)	(10)	(84)
Non-controlling interest		(26)	(4)	(30)
Normalised headline earnings		124	53	177
Operating profit before tax	2.2	174	55	229
Tax on operating profit	2.2	(57)	(9)	(66)
Investment return		9	7	16
Tax on investment return		(2)	–	(2)
Normalised headline earnings		124	53	177
Closed schemes		24	53	77
Open scheme		55	–	55
Other		45	–	45
		124	53	177

	Principal members	Lives
Momentum Metropolitan Health principal members	1 275 434	
Momentum Metropolitan Africa lives		417 507

NOTE 2.2.2 CONTINUED

HEALTH – NON-COVERED BUSINESS CONTINUED

	Notes	Momentum Metropolitan Health Rm	Momentum Metropolitan Africa Rm	Total Rm
Restated 6 mths to 31.12.2022¹				
Insurance revenue		602	345	947
Insurance service expenses		(268)	(312)	(580)
Insurance service result		334	33	367
Investment income		34	10	44
Net realised and unrealised fair value gains/(losses)		47	(3)	44
Net impairment gain on financial assets		7	13	20
Finance expenses from insurance contracts issued		(1)	–	(1)
Fair value adjustment on investment contracts		(48)	–	(48)
Net insurance and investment result		373	53	426
Fee income		1 314	–	1 314
Other operating expenses		(1 444)	(38)	(1 482)
Other finance costs		(1)	–	(1)
Share of profit of associates		8	14	22
Profit before tax		250	29	279
Income tax expense		(70)	(11)	(81)
Non-controlling interest		(50)	(2)	(52)
Normalised headline earnings		130	16	146
Operating profit before tax	2.2	181	17	198
Tax on operating profit	2.2	(55)	(11)	(66)
Investment return		5	9	14
Tax on investment return		(1)	1	–
Normalised headline earnings		130	16	146
Closed schemes		37	16	53
Open scheme		80	–	80
Other		13	–	13
		130	16	146
		Principal members	Lives	
Momentum Metropolitan Health principal members		1 221 260		
Momentum Metropolitan Africa lives			406 651	

¹ The December 2022 period has been restated for the application of IFRS 17. Refer to note 17 for more information. The December 2022 period has also been restated based on a new operating model adopted by the Group. Refer to Appendix A for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.

Notes to the condensed consolidated interim financial statements continued

NOTE 2.2.2 CONTINUED

HEALTH – NON-COVERED BUSINESS CONTINUED

	Notes	Momentum Metropolitan Health Rm	Momentum Metropolitan Africa Rm	Total Rm
Restated				
12 mths to 30.06.2023¹				
Insurance revenue		1 258	725	1 983
Insurance service expenses		(549)	(738)	(1 287)
Insurance service result		709	(13)	696
Investment income		77	17	94
Net realised and unrealised fair value gains/(losses)		116	(3)	113
Net impairment loss on financial assets		(11)	(17)	(28)
Finance expenses from insurance contracts issued		(1)	–	(1)
Fair value adjustment on investment contracts		(116)	–	(116)
Net insurance and investment result		774	(16)	758
Fee income		2 745	–	2 745
Other operating expenses		(3 057)	(21)	(3 078)
Other finance costs		(3)	–	(3)
Share of profit of associates		20	28	48
Profit/(Loss) before tax		479	(9)	470
Income tax expense		(137)	(9)	(146)
Non-controlling interest		(97)	17	(80)
Normalised headline earnings		245	(1)	244
Operating profit/(loss) before tax	2.2	343	(8)	335
Tax on operating profit/(loss)	2.2	(110)	(5)	(115)
Investment return		13	15	28
Tax on investment return		(1)	(3)	(4)
Normalised headline earnings		245	(1)	244
Closed schemes		60	(1)	59
Open scheme		154	–	154
Other		31	–	31
		245	(1)	244
		Principal members	Lives	
Momentum Metropolitan Health principal members		1 240 225		
Momentum Metropolitan Africa lives			417 159	

¹ The June 2023 period has been restated for the application of IFRS 17. Refer to note 17 for more information. The June 2023 period has also been restated based on a new operating model adopted by the Group. Refer to Appendix A for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.

NOTE 2.2.3**GUARDRISK**

	Notes	6 mths to 31.12.2023 Rm	Restated 6 mths to 31.12.2022¹ Rm	Restated 12 mths to 30.06.2023¹ Rm
Insurance revenue		13 935	11 087	24 782
Insurance service expenses		(8 380)	(6 621)	(14 836)
Allocation of reinsurance premiums		(11 928)	(11 209)	(19 102)
Amounts recoverable from reinsurers for incurred claims		7 725	7 758	11 602
Insurance service result		1 352	1 015	2 446
Investment income		1 530	1 034	2 333
Net realised and unrealised fair value gains		613	300	957
Finance (expenses)/income from insurance contracts issued		(323)	836	(699)
Finance expenses from reinsurance contracts held		(372)	(1 233)	(14)
Fair value adjustment on investment contracts		(1 205)	(863)	(1 972)
Net insurance and investment result		1 595	1 089	3 051
Fee income		199	189	404
Other operating expenses		(363)	(289)	(1 086)
Other finance costs		(21)	(16)	(32)
Profit before tax		1 410	973	2 337
Income tax expense		(1 050)	(623)	(1 819)
Normalised headline earnings		360	350	518
Operating profit before tax	2.2	457	478	704
Tax on operating profit	2.2	(108)	(134)	(193)
Investment return		14	7	8
Tax on investment return		(3)	(1)	(1)
Normalised headline earnings		360	350	518

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information. The prior periods have also been restated based on a new operating model adopted by the Group. Refer to Appendix A for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.

Notes to the condensed consolidated interim financial statements continued

NOTE 2.2.4

NON-LIFE INSURANCE

	Notes	Momentum Insure Rm	Momentum Metropolitan Africa Rm	Total Rm
6 mths to 31.12.2023				
Insurance revenue		1 637	199	1 836
Insurance service expenses		(1 498)	(143)	(1 641)
Allocation of reinsurance premiums		(37)	(89)	(126)
Amounts recoverable from reinsurers for incurred claims		(5)	47	42
Insurance service result		97	14	111
Investment income		93	36	129
Net realised and unrealised fair value gains		41	–	41
Finance expenses from insurance contracts issued		(3)	(25)	(28)
Net insurance and investment result		228	25	253
Fee income		5	15	20
Other operating expenses		(198)	(10)	(208)
Other finance costs		–	(1)	(1)
Profit before tax		35	29	64
Income tax expense		(4)	(2)	(6)
Non-controlling interest		–	(8)	(8)
Normalised headline earnings		31	19	50
Operating (loss)/profit before tax	2.2	(11)	17	6
Tax on operating (loss)/profit	2.2	7	(2)	5
Investment return		46	4	50
Tax on investment return		(11)	–	(11)
Normalised headline earnings		31	19	50
Restated				
6 mths to 31.12.2022¹				
Insurance revenue		1 503	176	1 679
Insurance service expenses		(1 465)	(140)	(1 605)
Allocation of reinsurance premiums		(32)	(88)	(120)
Amounts recoverable from reinsurers for incurred claims		17	53	70
Insurance service result		23	1	24
Investment income		55	31	86
Net realised and unrealised fair value losses		(2)	–	(2)
Finance expenses from insurance contracts issued		(2)	(16)	(18)
Finance income from reinsurance contracts held		–	1	1
Net insurance and investment result		74	17	91
Fee income		4	1	5
Other operating expenses		(184)	(1)	(185)
(Loss)/Profit before tax		(106)	17	(89)
Income tax expense		36	(4)	32
Non-controlling interest		–	(4)	(4)
Normalised headline earnings		(70)	9	(61)
Operating loss before tax	2.2	(136)	(8)	(144)
Tax on operating loss	2.2	43	(4)	39
Investment return		31	21	52
Tax on investment return		(8)	–	(8)
Normalised headline earnings		(70)	9	(61)

¹ The December 2022 period has been restated for the application of IFRS 17. Refer to note 17 for more information. The December 2022 period has also been restated based on a new operating model adopted by the Group. Refer to Appendix A for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.

NOTE 2.2.4 CONTINUED

NON-LIFE INSURANCE CONTINUED

	Notes	Momentum Insure Rm	Momentum Metropolitan Africa Rm	Total Rm
Restated 12 mths to 30.06.2023¹				
Insurance revenue		3 079	355	3 434
Insurance service expenses		(3 254)	(275)	(3 529)
Allocation of reinsurance premiums		(65)	(173)	(238)
Amounts recoverable from reinsurers for incurred claims		225	115	340
Insurance service result		(15)	22	7
Investment income		130	77	207
Net realised and unrealised fair value losses		(12)	–	(12)
Finance expenses from insurance contracts issued		(3)	(35)	(38)
Finance income from reinsurance contracts held		–	2	2
Net insurance and investment result		100	66	166
Fee income		6	21	27
Other operating expenses		(388)	(37)	(425)
Other finance costs		(1)	(1)	(2)
(Loss)/Profit before tax		(283)	49	(234)
Income tax expense		(27)	(13)	(40)
Non-controlling interest		–	(11)	(11)
Normalised headline earnings		(310)	25	(285)
Operating (loss)/profit before tax	2.2	(346)	28	(318)
Tax on operating (loss)/profit	2.2	(12)	(9)	(21)
Investment return		63	6	69
Tax on investment return		(15)	–	(15)
Normalised headline earnings		(310)	25	(285)

¹ The June 2023 period has been restated for the application of IFRS 17. Refer to note 17 for more information. The June 2023 period has also been restated based on a new operating model adopted by the Group. Refer to Appendix A for reconciliations of normalised headline earnings under the old model to normalised headline earnings under the new model.

NOTE 2.2.5

INDIA – NON-COVERED BUSINESS¹

	Notes	6 mths to 31.12.2023 Rm	6 mths to 31.12.2022 ² Rm	Restated 12 mths to 30.06.2023 ² Rm
Gross written premiums		3 492	2 710	5 941
Claims ratio		75%	61%	65%
Loss before and after tax		(318)	(312)	(474)
MMH share of results ³		(156)	(153)	(264)
Group support costs		(16)	(19)	(40)
Group IT and IT services		18	7	14
Other		1	–	1
Normalised headline earnings		(153)	(165)	(289)
Operating loss before tax	2.2	(154)	(165)	(291)
Tax on operating loss	2.2	–	–	1
Investment return		1	–	1
Normalised headline earnings		(153)	(165)	(289)
Number of lives		21 247 587	23 912 430	20 853 206

¹ The India results have been reported with a three-month lag.

² The June 2023 period has been restated for the application of IFRS 17. Refer to note 17 for more information. The application of IFRS 17 had an immaterial impact on the December 2022 period.

³ During October 2022, the Group's holding in ABHI was diluted from 49% to 44.1% with the introduction of a new shareholder as a partner in the business.

Notes to the condensed consolidated interim financial statements continued

NOTE 2.3

SEGMENT IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

	Notes	Total revenue in scope of IFRS 15					
		Contract administration Rm	Trust and fiduciary services Rm	Health administration Rm	Cell captive commission Rm	Other fee income Rm	Total fee income Rm
6 mths to 31.12.2023							
Momentum Retail		539	14	–	–	42	595
Momentum Investments		859	684	–	–	93	1 636
Metropolitan Life		3	–	–	–	1	4
Momentum Corporate		341	254	–	–	25	620
Momentum Metropolitan Health		–	–	1 282	–	138	1 420
Guardrisk		73	–	–	83	43	199
Momentum Insure		–	–	–	–	5	5
Momentum Metropolitan Africa		18	20	–	–	21	59
India		–	–	–	–	13	13
Shareholders		(1)	–	–	–	5	4
Segmental total		1 832	972	1 282	83	386	4 555
Reconciling items		–	(254)	–	–	2	(252)
Total	2	1 832	718	1 282	83	388	4 303
Restated							
6 mths to 31.12.2022¹							
Momentum Retail		468	10	–	–	122	600
Momentum Investments		782	593	–	–	81	1 456
Metropolitan Life		5	14	–	–	6	25
Momentum Corporate		444	221	–	–	21	686
Momentum Metropolitan Health		1	–	1 173	–	10	1 184
Guardrisk		77	–	–	97	15	189
Momentum Insure		–	–	–	–	4	4
Momentum Metropolitan Africa		48	12	–	–	7	67
India		–	–	–	–	6	6
Shareholders		–	–	–	–	5	5
Segmental total		1 825	850	1 173	97	277	4 222
Reconciling items		(1)	(242)	–	–	3	(240)
Total	2	1 824	608	1 173	97	280	3 982
Restated							
12 mths to 30.06.2023¹							
Momentum Retail		911	73	–	–	256	1 240
Momentum Investments		1 650	1 271	–	–	192	3 113
Metropolitan Life		10	–	–	–	8	18
Momentum Corporate		1 022	487	–	–	53	1 562
Momentum Metropolitan Health		1	–	2 425	–	52	2 478
Guardrisk		172	–	–	153	79	404
Momentum Insure		–	–	–	–	6	6
Momentum Metropolitan Africa		(9)	33	–	–	25	49
India		–	–	–	–	18	18
Shareholders		–	–	–	–	44	44
Segmental total		3 757	1 864	2 425	153	733	8 932
Reconciling items		(3)	(483)	–	–	(24)	(510)
Total	2	3 754	1 381	2 425	153	709	8 422

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information. The prior periods have also been restated based on a new operating model adopted by the Group.

NOTE 2.4

SEGMENT REVENUE PER GEOGRAPHICAL BASIS

	Notes	SA Rm	Non-SA Rm	Total revenue Rm
6 mths to 31.12.2023				
Momentum Retail		4 697	–	4 697
Momentum Investments		3 311	311	3 622
Metropolitan Life		3 553	–	3 553
Momentum Corporate		4 661	–	4 661
Momentum Metropolitan Health		2 105	–	2 105
Guardrisk		12 944	1 190	14 134
Momentum Insure		1 642	–	1 642
Momentum Metropolitan Africa		–	1 860	1 860
India		–	13	13
Shareholders		4	–	4
Segmental total		32 917	3 374	36 291
Reconciling items		(184)	(68)	(252)
Total	2	32 733	3 306	36 039
Restated				
6 mths to 31.12.2022¹				
Momentum Retail		4 489	–	4 489
Momentum Investments		2 798	258	3 056
Metropolitan Life		3 806	–	3 806
Momentum Corporate		4 766	–	4 766
Momentum Metropolitan Health		1 786	–	1 786
Guardrisk		10 169	1 107	11 276
Momentum Insure		1 507	–	1 507
Momentum Metropolitan Africa		–	1 554	1 554
India		–	6	6
Shareholders		5	–	5
Segmental total		29 326	2 925	32 251
Reconciling items		(179)	(61)	(240)
Total	2	29 147	2 864	32 011
Restated				
12 mths to 30.06.2023¹				
Momentum Retail		9 032	–	9 032
Momentum Investments		5 903	572	6 475
Metropolitan Life		7 542	–	7 542
Momentum Corporate		9 712	–	9 712
Momentum Metropolitan Health		3 736	–	3 736
Guardrisk		22 759	2 427	25 186
Momentum Insure		3 085	–	3 085
Momentum Metropolitan Africa		–	3 438	3 438
India		–	18	18
Shareholders		44	–	44
Segmental total		61 813	6 455	68 268
Reconciling items		(383)	(127)	(510)
Total	2	61 430	6 328	67 758

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information. The prior periods have also been restated based on a new operating model adopted by the Group.

NOTE 3

NON-CONTROLLING INTERESTS (legal percentages)

	31.12.2023 %	31.12.2022 %	30.06.2023 %
Eris Property Group	23.0	23.1	23.0
Metropolitan Health Ghana	15.0	15.0	15.0
Momentum Metropolitan Namibia	0.8	0.8	0.8
Momentum Mozambique	33.0	33.0	33.0
Metropolitan Health Corporate	29.5	29.5	29.5
Momentum Short-term Insurance (Namibia)	30.0	30.0	30.0
Momentum Insurance (Namibia)	30.0	30.0	30.0
Momentum Health Solutions	27.0	27.0	27.0

Notes to the condensed consolidated interim financial statements continued

NOTE 4

BUSINESS COMBINATIONS

DECEMBER 2023

There were no significant business combinations for the 6 months ended December 2023.

JUNE 2023

Partner Risk Solutions (Pty) Ltd

On 1 July 2022, the Group, through its 100% owned subsidiary, Guardrisk Group (Pty) Ltd (Guardrisk Group), completed a step-up acquisition to acquire an additional 25% of the shares in Partner Risk Solutions (Pty) Ltd (PRS), resulting in the Group exercising control and thus consolidating PRS from that date. Guardrisk Group originally acquired a 26% equity share in PRS in 2019, following which the investment was equity accounted. The step-up acquisition was executed through the exercise of a call option for cash consideration of R9 million.

Crown Agents Investment Management Ltd

During March 2023, the Group, through its wholly owned subsidiary, Momentum Global Investments Management Ltd (MGIM), acquired 100% of the shares in Crown Agents Investment Management Ltd (CAIM) for a purchase consideration of £2.90 million (R64 million). The purchase consideration consisted of an initial cash payment of £2.13 million (R47 million) and £0.77 million (R17 million) contingent consideration. The contingent consideration is made up of two future payments. The first contingent consideration payment is dependent upon the brand being registered by MGIM and will result in a payment of £0.12 million. If the brand is not registered the payment will be £nil. The second contingent payment is dependant on certain performance targets of new business being met. If new business is above the target, the payment will equal 20% of the difference between the actual new business amount and the target. If no targets are met, the payment will be £nil.

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

The purchase price consideration, the net assets acquired and any relevant goodwill relating to the above transactions are as follows:

	30.06.2023		
	PRS Rm	CAIM Rm	Total Rm
Purchase consideration in total	16	64	80
Fair value of net assets			
Intangible assets	–	17	17
Financial instrument assets	–	24	24
Other receivables	1	–	1
Cash and cash equivalents ¹	3	35	38
Other assets	–	1	1
Other liabilities	(1)	(17)	(18)
Net identifiable assets acquired	3	60	63
Goodwill recognised	14	4	18
Contingent liability payments	–	(17)	(17)
Previously held investment in associate derecognised	(7)	–	(7)
NCI recognised	(1)	–	(1)
Purchase consideration in cash¹	9	47	56
Revenue since acquisition	11	18	29
Earnings since acquisition	1	1	2

¹ Net cash outflow of R18 million relating to the purchase of subsidiaries is made up of negative R56 million relating to the purchase consideration in cash and positive R38 million relating to cash and cash equivalents recognised as part of the net assets acquired.

The above acquisitions resulted in a total of R18 million goodwill being recognised attributable to certain anticipated operating synergies. The goodwill is not deductible for tax purposes. If the acquisitions were made on 1 July 2022, additional revenue of R56 million and loss after tax of R5 million would have been recognised.

NOTE 5

GOODWILL

	31.12.2023 Rm	Restated 30.06.2023 ¹ Rm
Cost	2 971	2 980
Accumulated impairment	(1 656)	(1 656)
Balance at end	1 315	1 324
Balance at beginning	1 324	1 735
Business combinations	-	18
Impairment charges ²	-	(478)
Exchange differences	(9)	49
Balance at end	1 315	1 324

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

² The impairment in the June 2023 period related to the goodwill recognised as part of the acquisition of the Alexander Forbes Short-term Insurance business (Momentum Insure segment). The business was subsequently integrated with Momentum Short-term Insurance and referred to as Momentum Insure. The impairment was a consequence of a revision to the five-year earnings forecast that reflected a weaker medium-term growth outlook. This followed a challenging year in terms of claims experience, which will take some time to normalise. The remaining goodwill balance after the impairment was Rnil.

NOTE 6

REVENUE

	31.12.2023 Rm	Restated 31.12.2022 ¹ Rm	Restated 30.06.2023 ¹ Rm
Insurance contract revenue	31 736	28 029	59 336
General measurement model	10 690	8 533	19 353
Variable fee approach	2 403	2 336	4 806
Premium allocation approach	18 643	17 160	35 177
Fee income	4 303	3 982	8 422
Total	36 039	32 011	67 758

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information.

NOTE 7

EXPENSES

	31.12.2023 Rm	Restated 31.12.2022 ¹ Rm	Restated 30.06.2023 ¹ Rm
Insurance benefits and claims	21 404	21 427	43 451
Depreciation, amortisation and impairment expenses	325	306	1 089
Employee benefit expenses	4 286	3 707	7 946
Sales remuneration	4 316	4 057	7 840
Other expenses	5 180	4 532	9 157
Total	35 511	34 029	69 483
Represented by:			
Insurance and other directly attributable expenses	29 397	28 696	56 922
Other operating expenses	6 114	5 333	12 561
Total	35 511	34 029	69 483

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information.

Notes to the condensed consolidated interim financial statements continued

NOTE 8

OTHER FINANCE COSTS

	31.12.2023 Rm	Restated 31.12.2022¹ Rm	Restated 30.06.2023¹ Rm
Cost of trading positions	–	811	1 298
Subordinated debt	212	186	383
Cost of carry positions	485	189	422
Redeemable preference shares	92	88	188
Other finance costs	100	70	179
Total	889	1 344	2 470

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information.

NOTE 9

INCOME TAX EXPENSE

	31.12.2023 Rm	Restated 31.12.2022¹ Rm	Restated 30.06.2023¹ Rm
Income tax expenses/(credits)			
Current taxation	2 466	2 293	5 016
Shareholder tax			
South African normal tax – current year	999	880	2 131
South African normal tax – prior year	3	(5)	5
Foreign countries – normal tax	50	56	103
Foreign withholding tax	91	84	182
Contract holder tax			
Tax on contract holder funds – current year	391	376	700
Tax on contract holder funds – prior year	7	23	23
Tax attributable to cell captive owners	925	879	1 872
Deferred tax	(37)	(518)	(640)
Shareholder tax			
South African normal tax – current year	(216)	(17)	(64)
Foreign countries – normal tax	3	8	7
Foreign withholding tax	(9)	(15)	(18)
Contract holder tax			
Tax on contract holder funds – current year	240	(119)	(341)
Tax attributable to cell captive owners	(55)	(375)	(224)
	2 429	1 775	4 376

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information.

NOTE 10

SIGNIFICANT RELATED PARTY TRANSACTIONS

No significant related party transactions occurred in the current or prior periods.

NOTE 11**DISPOSAL OF SUBSIDIARIES**

	30.06.2023
	Rm
Assets/(liabilities) disposed of:	
Financial assets at FVPL	309
Investment properties	122
Cash and cash equivalents	29
Other assets	287
Insurance contract liabilities	(78)
Investment contracts designated at FVPL	(86)
Other liabilities	(442)
Net assets sold	141
Non-controlling interests disposed of	(29)
Loss on sale of subsidiaries	(112)
Cash flow from sale of subsidiaries	-

In the June 2023 period, the Group disposed of its shareholdings in Metropolitan Cannon Life Assurance Ltd and Metropolitan Cannon General Insurance Ltd.

NOTE 12**OTHER RESERVES**

	31.12.2023	Restated	Restated
	Rm	31.12.2022¹	30.06.2023¹
		Rm	Rm
Land and building revaluation reserve	360	335	338
FCTR	253	(100)	377
Non-distributable reserve	78	76	78
Employee benefit revaluation reserve	62	16	64
Fair value adjustment for preference shares issued by MMH	940	940	940
Equity-settled share-based payment arrangements	194	157	174
Total	1 887	1 424	1 971

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information.

NOTE 13**DIVIDENDS**

	2024	2023
Ordinary listed MMH shares (cents per share)		
Interim – March	60	50
Final – September		70
Total	60	120

Notes to the condensed consolidated interim financial statements continued

NOTE 13 CONTINUED

DIVIDENDS CONTINUED

MMH convertible redeemable preference shares (issued to KTH)

The A3 MMH preference shares were redeemable on 30 September 2023 at a redemption value of R9.18 per share unless converted into MMH ordinary shares on a one-for-one basis prior to that date. The preference shares were not redeemed on 30 September 2023 and an extension was entered into in the current period, for a further 5 months until 29 February 2024. The ordinary shares were originally issued at a price of R10.18 per share. Dividends are payable on the remaining preference shares at 132 cents per annum (payable March and September). MMH subscribed for a cumulative, redeemable preference share in Off The Shelf Investments 108 (Pty) Ltd (a subsidiary of KTH) which is linked to the A3 preference shares acquired in 2011. The dividends on the Off The Shelf Investments preference share aligns the A3 preference share dividend to the ordinary dividends.

A3 MMH preference share dividends – KTH

	2024 Rm	2023 Rm
Interim – March	19	19
Final – September		19
Total	19	38

NOTE 14

FINANCIAL INSTRUMENTS SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IFRS 9

	FVPL				Not in scope of IFRS 9 Rm	Total Rm
	Mandatorily Rm	Designated ¹ Rm	Total fair value Rm	Amortised cost Rm		
31.12.2023						
Unit-linked investments	233 543	–	233 543	–	–	233 543
Debt securities	42 448	150 619	193 067	397	–	193 464
Equity securities ²	117 854	–	117 854	–	–	117 854
Carry positions	–	5	5	–	–	5
Funds on deposit and other money market instruments	18 463	11 717	30 180	200	–	30 380
Derivative financial assets	2 064	–	2 064	–	–	2 064
Financial assets at amortised cost	–	–	–	4 776	–	4 776
Other receivables (excluding accelerated rental and prepayments)	–	–	–	–	2 136	2 136
Cash and cash equivalents	–	–	–	36 687	–	36 687
Total financial assets	414 372	162 341	576 713	42 060	2 136	620 909
Investment contracts designated at FVPL	–	391 722	391 722	–	–	391 722
CIS liabilities	–	28 927	28 927	–	–	28 927
Subordinated call notes	–	4 328	4 328	–	–	4 328
Carry positions	–	12 428	12 428	–	–	12 428
Preference shares	–	314	314	–	–	314
Derivative financial liabilities	2 881	–	2 881	–	–	2 881
Other borrowings	32	–	32	–	–	32
Financial liabilities at amortised cost	–	–	–	3 789	195	3 984
Other payables	–	–	–	10 097	82	10 179
Total financial liabilities	2 913	437 719	440 632	13 886	277	454 795

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

² Equity securities are classified as FVPL at inception.

NOTE 14 CONTINUED

FINANCIAL INSTRUMENTS SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IFRS 9 CONTINUED

	FVPL			Amortised cost Rm	Not in scope of IFRS 9 Rm	Total Rm
	Mandatorily Rm	Designated ¹ Rm	Total fair value Rm			
Restated 30.06.2023²						
Unit-linked investments	216 300	–	216 300	–	–	216 300
Debt securities	40 495	142 154	182 649	305	–	182 954
Equity securities ³	114 692	–	114 692	–	–	114 692
Carry positions	–	56	56	–	–	56
Funds on deposit and other money market instruments	15 814	17 881	33 695	181	–	33 876
Derivative financial assets	2 345	–	2 345	–	–	2 345
Financial assets at amortised cost	–	–	–	7 665	–	7 665
Other receivables (excluding accelerated rental and prepayments)	–	–	–	–	1 697	1 697
Cash and cash equivalents	–	–	–	35 013	–	35 013
Total financial assets	389 646	160 091	549 737	43 164	1 697	594 598
Investment contracts designated at FVPL	–	373 135	373 135	–	–	373 135
CIS liabilities	–	27 683	27 683	–	–	27 683
Subordinated call notes	–	4 300	4 300	–	–	4 300
Carry positions	–	9 080	9 080	–	–	9 080
Preference shares	–	366	366	–	–	366
Derivative financial liabilities	3 336	–	3 336	–	–	3 336
Other borrowings	3	62	65	–	–	65
Financial liabilities at amortised cost	–	–	–	3 770	199	3 969
Other payables	–	–	–	13 182	379	13 561
Total financial liabilities	3 339	414 626	417 965	16 952	578	435 495

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

² The June 2023 period has been restated for the application of IFRS 17. Refer to note 17 for more information.

³ Equity securities are classified as FVPL at inception.

Notes to the condensed consolidated interim financial statements continued

NOTE 14.1

FINANCIAL INSTRUMENTS FAIR VALUE HIERARCHY

The different valuation method levels have been defined as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Input other than quoted prices included within level 1 that is observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).
- **Level 3:** Input for the asset or liability that is not based on observable market data (unobservable input).

FINANCIAL ASSETS

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
31.12.2023				
Securities at FVPL	413 543	157 244	5 926	576 713
Unit-linked investments				
CISs ¹				
Local unlisted or listed quoted	137 143	1 700	–	138 843
Local unlisted unquoted	–	108	–	108
Foreign unlisted or listed quoted	74 761	240	113	75 114
Foreign unlisted unquoted	–	1 597	73	1 670
Other unit-linked investments				
Local unlisted or listed quoted	3 811	13	–	3 824
Local unlisted unquoted	–	9 791	2 513	12 304
Foreign unlisted or listed quoted	447	–	–	447
Foreign unlisted unquoted	–	20	1 213	1 233
Debt securities				
Stock and loans to government and other public bodies				
Local listed	77 225	8 014	–	85 239
Foreign listed	3 365	4 832	–	8 197
Unlisted	–	4 141	1 344	5 485
Other debt instruments				
Local listed	–	41 748	41	41 789
Foreign listed	–	11 204	64	11 268
Unlisted	–	40 923	166	41 089
Equity securities				
Local listed	69 163	–	1	69 164
Foreign listed	47 524	852	56	48 432
Unlisted	–	37	221	258
Funds on deposit and other money market instruments	1	30 179	–	30 180
Carry positions	–	5	–	5
Derivative financial assets – held for trading	103	1 840	121	2 064
	413 543	157 244	5 926	576 713

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

There were no significant transfers between level 1 and 2 assets for the current and prior period.

NOTE 14.1 CONTINUED

FINANCIAL INSTRUMENTS FAIR VALUE HIERARCHY CONTINUED

FINANCIAL ASSETS CONTINUED

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Restated 30.06.2023¹				
Securities at FVPL	387 220	156 605	5 910	549 735
Unit-linked investments				
CISs ²				
Local unlisted or listed quoted	126 990	1 525	–	128 515
Local unlisted unquoted	–	98	–	98
Foreign unlisted or listed quoted	69 729	361	66	70 156
Foreign unlisted unquoted	–	1 645	43	1 688
Other unit-linked investments				
Local unlisted or listed quoted	3 615	–	–	3 615
Local unlisted unquoted	–	7 880	2 621	10 501
Foreign unlisted or listed quoted	469	–	–	469
Foreign unlisted unquoted	–	20	1 238	1 258
Debt securities				
Stock and loans to government and other public bodies				
Local listed	69 911	8 819	–	78 730
Foreign listed	2 722	4 697	–	7 419
Unlisted	–	4 236	1 449	5 685
Other debt instruments				
Local listed	–	42 003	43	42 046
Foreign listed	36	9 499	64	9 599
Unlisted	–	39 123	47	39 170
Equity securities				
Local listed	69 026	–	2	69 028
Foreign listed	44 639	772	36	45 447
Unlisted	–	38	177	215
Funds on deposit and other money market instruments	6	33 689	–	33 695
Carry positions	–	56	–	56
Derivative financial assets – held for trading	77	2 144	124	2 345
	387 220	156 605	5 910	549 735

¹ The June 2023 period has been restated for the application of IFRS 17. Refer to note 17 for more information.

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

Notes to the condensed consolidated interim financial statements continued

NOTE 14.1 CONTINUED

FINANCIAL INSTRUMENTS FAIR VALUE HIERARCHY CONTINUED

FINANCIAL LIABILITIES

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
31.12.2023				
Investment contracts designated at FVPL	–	391 711	11	391 722
Financial liabilities at FVPL	28 937	19 629	344	48 910
CIS liabilities	28 906	–	20	28 926
Subordinated call notes	–	4 328	–	4 328
Carry positions	–	12 428	–	12 428
Preference shares	–	–	314	314
Derivative financial liabilities – held for trading	15	2 866	–	2 881
Other borrowings	16	7	10	33
	28 937	411 340	355	440 632
Restated 30.06.2023¹				
Investment contracts designated at FVPL	–	373 124	11	373 135
Financial liabilities at FVPL	27 714	16 776	340	44 830
CIS liabilities	27 671	–	12	27 683
Subordinated call notes	–	4 300	–	4 300
Carry positions	–	9 080	–	9 080
Preference shares	–	56	310	366
Derivative financial liabilities – held for trading	2	3 334	–	3 336
Other borrowings	41	6	18	65
	27 714	389 900	351	417 965

¹ The June 2023 period has been restated for the application of IFRS 17. Refer to note 17 for more information.

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

NOTE 14.2

FAIR VALUE OF LEVEL 3 FINANCIAL ASSETS

	At FVPL				Total Rm
	Unit-linked investments Rm	Debt securities Rm	Equity securities Rm	Derivative financial assets Rm	
6 mths to 31.12.2023					
Opening balance	3 968	1 603	215	124	5 910
Total (losses)/gains in net realised and unrealised fair value gains in the income statement					
Realised gains	45	2	1	-	48
Unrealised (losses)/gains	(280)	(13)	43	-	(250)
Foreign exchange adjustments	(2)	22	(1)	(3)	16
Accrued interest in investment income in the income statement	-	58	-	-	58
Purchases	249	371	1	-	621
Sales	(164)	(290)	(31)	-	(485)
Settlements	(10)	(138)	(1)	-	(149)
Transfers into level 3 from level 1 ¹	106	-	31	-	137
Transfers into level 3 from level 2 ²	-	-	54	-	54
Transfers out to level 2 ³	-	-	(34)	-	(34)
Closing balance	3 912	1 615	278	121	5 926
12 mths to 30.06.2023					
Opening balance	3 809	1 902	306	171	6 188
Total gains/(losses) in net realised and unrealised fair value gains in the income statement					
Realised gains/(losses)	26	29	(56)	-	(1)
Unrealised gains/(losses)	292	(13)	49	(74)	254
Foreign exchange adjustments	10	-	4	27	41
Accrued interest in investment income in the income statement	-	64	-	-	64
Purchases	479	485	59	-	1 023
Sales	(611)	(827)	(32)	-	(1 470)
Settlements	(37)	(147)	-	-	(184)
Transfers into level 3 from level 1 ¹	-	-	1	-	1
Transfers into level 3 from level 2 ²	-	116	7	-	123
Transfers out to level 2 ³	-	(6)	(123)	-	(129)
Closing balance	3 968	1 603	215	124	5 910

¹ Transfers into level 3 from level 1 relates mainly to assets with stale prices in both the current and prior periods.

² Transfers into level 3 from level 2 relates mainly to assets with stale prices in both the current and prior periods.

³ Transfers out to level 2 relates mainly to assets with inputs to valuation techniques that are no longer stale in both the current and prior periods.

The amount of total gains and losses for the period included in net realised and unrealised fair value gains in the income statement for assets held at the end of the period is R202 million (30.06.2023: R253 million) for the Group.

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

Notes to the condensed consolidated interim financial statements continued

NOTE 14.2 CONTINUED

SENSITIVITY OF SIGNIFICANT LEVEL 3 FINANCIAL ASSETS MEASURED AT FAIR VALUE TO CHANGES IN KEY ASSUMPTIONS

	At FVPL	
	Unit-linked investments Rm	Debt securities Rm
31.12.2023		
Carrying amount	3 912	1 615
Assumption change	10% increase/ (decrease) in unit price	1% (increase)/ decrease in discount rates
Effect of increase in assumption	391	(19)
Effect of decrease in assumption	(391)	23
30.06.2023		
Carrying amount	3 968	1 603
Assumption change	10% increase/ (decrease) in unit price	1% (increase)/ decrease in discount rates
Effect of increase in assumption	397	(12)
Effect of decrease in assumption	(397)	16

NOTE 14.3

FAIR VALUE OF LEVEL 3 FINANCIAL LIABILITIES

	At FVPL				
	Investment contracts designated at FVPL Rm	CIS liabilities Rm	Preference shares Rm	Other borrowings Rm	Total Rm
6 mths to 31.12.2023					
Opening balance	11	12	310	18	351
Total losses/(gains) in net realised and unrealised fair value gains in the income statement					
Unrealised losses/(gains)	-	8	4	(8)	4
Closing balance	11	20	314	10	355
12 mths to 30.06.2023					
Opening balance	10	14	294	114	432
Business combinations	-	-	-	17	17
Total losses/(gains) in net realised and unrealised fair value gains in the income statement					
Realised gains	(2)	-	-	(22)	(24)
Unrealised losses/(gains)	3	(4)	16	-	15
Issues	-	2	-	-	2
Lapsed unexercised	-	-	-	(94)	(94)
Exchange differences	-	-	-	3	3
Closing balance	11	12	310	18	351

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

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

In respect of the contingent consideration recognised as a result of the acquisition of CAIM during the June 2023 period, increasing/decreasing the assets under management growth rate by 0.18% (30.06.2023: 0.18%) would decrease/increase the carrying amount of the contingent consideration in level 3 by R1.7 million and R1.7 million respectively (30.06.2023: R1.5 million and R1.5 million respectively).

NOTE 14.4**VALUATION TECHNIQUES****Group's valuation processes**

The Group's in-house valuation experts perform the valuations of financial assets required for financial reporting purposes. Discussions of valuation processes and results are held at least bi-annually, in line with the Group's bi-annual reporting dates.

Critical accounting estimates and judgements

For venture capital fund investments that are classified as unit-linked investments, the Group applies the International Private Equity and Venture Capital (IPEV) valuation guidelines, which have been prepared with the goal that the derived fair value measurements are compliant with IFRS. The IPEV guidelines allow for adjustments post the valuation date for uncertainty related to time elapsing between the measurement dates of the fund manager and the investor, changes in market dynamics or other economic conditions, and facts or circumstances that may impact the valuation of start-up businesses. Management applies judgement if an adjustment is needed for any of these reasons.

Notes to the condensed consolidated interim financial statements continued

NOTE 14.4 CONTINUED

VALUATION TECHNIQUES CONTINUED

The following are the methods and assumptions for determining the fair value when a valuation technique is used in respect of instruments classified as level 2.

Instrument	Valuation basis	Main assumptions
Equities and similar securities		
– Listed and foreign	Discounted cash flow (DCF), earnings multiple, published prices	Cost of capital, earnings multiple, consumer price index, budgets, cash flow forecasts
Stock and loans to other public bodies		
– Listed, local	Published yield of benchmark bond	Nominal bond curve, swap curve, credit spread, real bond curve, inflation curve, money market curve
	Published price quotation	Nominal bond curve, swap curve, credit spread, real bond curve, inflation curve
– Listed, foreign	Published price quotation	Nominal bond curve, credit spread, currency rates
– Unlisted	DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread
Other debt securities		
– Listed, local	Published prices, DCF	Nominal bond curve, real bond curve, swap curve, consumer price index, credit spread, JIBAR rate, yield curve, issue spread, money market curve
– Listed, foreign	Published prices, DCF	Nominal bond curve, credit spread, currency rates
– Unlisted	DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread, currency rates, issue spread, money market curve, graded non-convertible debenture quotes
	DCF, Black-Scholes model	Yield curves, discount rates, volatilities
Funds on deposit and other money market instruments		
– Listed	DCF	Money market curve, swap curve, issue spread
	Published prices	Money market curve, credit spread
	Published yield of benchmark bond	Money market curve, credit spread
– Unlisted	DCF	Money market curve, nominal bond curve, swap curve, credit spread, inflation curve
Unit-linked investments		
	Adjusted NAV or NAV	Underlying asset and liability values
Derivative assets and liabilities		
	Black-Scholes model (European options), binomial tree (American/Bermudan options), DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread, volatility, forward equity, currency rates
Subordinated call notes (Liability)		
	Published yield quotations	Nominal bond curve, real bond curve
Carry position assets and liabilities		
	DCF	Nominal bond curve, repo rates
Investment contracts designated at FVPL		
	Asset and liability matching method	Asset value

There were no significant changes in the valuation methods applied since the prior period.

NOTE 14.4 CONTINUED

VALUATION TECHNIQUES CONTINUED

Information about fair value measurements using significant unobservable inputs for instruments classified as level 3

Financial assets	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Securities at FVPL Equity securities – Unlisted	NAV	Underlying property valuations impacted by capitalisation rates, vacancy rates and potential capitalisation of project costs	Could vary significantly based on the value of the underlying properties ¹	The higher the capitalisation rate the lower the value of the property and the fair value. The higher the vacancy rate the lower the value of the property and the fair value ¹
	Adjusted NAV or NAV	Price per unit	Could vary significantly based on the assets and liabilities held by the investee ¹	The higher the NAV, the greater the fair value ¹
	DCF	Discount rate	Multiple unobservable inputs ¹	The higher the discount rate, the lower the fair value of the assets
Debt securities Stock and loans to government and other public bodies – Unlisted	DCF	Discount rate	8.00% to 13.07% (30.06.2023: 8.00% to 13.07%)	The higher the discount rate, the lower the fair value of the assets
Other debt instruments – Unlisted	DCF, Black-Scholes model	Discount rate, volatilities, yield curve	Multiple unobservable inputs ¹	Could vary significantly based on multiple inputs ¹ . The higher the discount rate, the lower the fair value of the assets. A normal yield curve will result in a high fair value and a downward-sloping curve will result in lower fair values
	DCF	Discount rate	10.05% to 10.81% (30.06.2023: 10.45% to 11.71%); 9.61% to 15.90% (30.06.2023: 9.37% to 16.00%)	The higher the discount rate, the lower the fair value of the assets
	Last quoted price multiplied by number of units held	Price per unit	78c (30.06.2023: 78c)	The higher the price per unit, the higher the fair value
Unit-linked investments CISs – Foreign unlisted or listed quoted	Unit price of underlying assets/liabilities multiplied by number of units held	Price per unit	Could vary significantly based on the assets and liabilities held by the investee ¹	The higher the NAV, the greater the fair value ¹

¹ Quantitative information is not readily available as quantitative unobservable inputs are not developed by the Group.

Notes to the condensed consolidated interim financial statements continued

NOTE 14.4 CONTINUED

VALUATION TECHNIQUES CONTINUED

Information about fair value measurements using significant unobservable inputs for instruments classified as level 3 continued

Financial assets continued	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Securities at FVPL continued				
Other unit-linked investments				
– Local unlisted unquoted	Adjusted NAV or NAV	Price per unit	Could vary significantly due to range of holdings ¹	The higher the price per unit, the higher the fair value ¹
– Foreign unlisted unquoted	Adjusted NAV or NAV	Underlying investment valuations impacted by funding rounds, market dynamics, economic conditions and internal business metrics. Management applies judgement if an adjustment is required due to changes in market dynamics, economic conditions and internal business metrics.	Could vary significantly due to range of holdings ¹	The fair value varies based on any changes to the underlying investment valuations and judgemental adjustments applied by management
	Adjusted NAV or NAV	Price per unit	Could vary significantly due to range of holdings ¹	The higher the price per unit, the higher the fair value ¹
	Adjusted NAV or NAV	Underlying investment valuations impacted by funding rounds, market dynamics, economic conditions and internal business metrics. Management applies judgement if an adjustment is required due to changes in market dynamics, economic conditions and internal business metrics.	Could vary significantly due to range of holdings ¹	The fair value varies based on any changes to the underlying investment valuations and judgemental adjustments applied by management
Derivative financial assets	Adjusted NAV or NAV	Underlying investment valuations impacted by funding rounds, market dynamics, economic conditions and internal business metrics. Management applies judgement if an adjustment is required due to changes in market dynamics, economic conditions and internal business metrics.	Could vary significantly due to range of inputs ¹	The fair value varies based on any changes to the underlying investment valuations and judgemental adjustments applied by management
Financial liabilities				
Financial liabilities at FVPL				
Preference shares	DCF	Discount rate	12.41% to 15.37% (30.06.2023); 13.17% to 15.65%	The higher the discount rate, the lower the fair value of the liability

¹ Quantitative information is not readily available as quantitative unobservable inputs are not developed by the Group.

There were no significant changes in the valuation methods applied since the prior period.

NOTE 15
RECONCILIATION OF CHANGES IN INSURANCE CONTRACTS BY REMAINING COVERAGE AND INCURRED CLAIMS

	Liability for remaining coverage		Liability for incurred claims not under the PAA Rm	Liability for incurred claims under the PAA		Total Rm
	Excluding loss component Rm	Loss component Rm		Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	
Total 31.12.2023						
Opening liabilities	122 858	5 813	6 426	17 298	778	153 173
Opening assets	(12 293)	2 420	1 184	-	-	(8 689)
Net opening balance	110 565	8 233	7 610	17 298	778	144 484
Changes in the income statement:						
Insurance revenue	(31 736)	-	-	-	-	(31 736)
Contracts under the fair value approach	(3 056)	-	-	-	-	(3 056)
Other contracts	(28 680)	-	-	-	-	(28 680)
Insurance service expenses	2 966	272	8 951	11 250	(36)	23 403
Incurred claims and other directly attributable expenses	-	(650)	8 727	11 666	(41)	19 702
Changes that relate to past service	-	-	224	(614)	5	(385)
Losses on onerous contracts	-	922	-	-	-	922
Amortisation of insurance acquisition cash flows	2 966	-	-	-	-	2 966
Insurance acquisition cash flows recognised when incurred	-	-	-	198	-	198
Investment components	(4 537)	-	3 782	607	(112)	(260)
Insurance service result	(33 307)	272	12 733	11 857	(148)	(8 593)
Finance expenses from insurance contracts issued	6 686	386	303	652	23	8 050
Other changes	(103)	42	1	-	-	(60)
Total changes in the income statement	(26 724)	700	13 037	12 509	(125)	(603)
Cash flows	32 870	-	(12 936)	(13 738)	-	6 196
Premiums received	37 075	-	-	-	-	37 075
Claims and other directly attributable expenses paid	-	-	(12 936)	(13 540)	-	(26 476)
Insurance acquisition cash flows	(4 205)	-	-	(198)	-	(4 403)
Other movements	(92)	(11)	(2)	(11)	-	(116)
Other movements	(3)	-	-	(3)	-	(6)
Exchange differences	(89)	(11)	(2)	(8)	-	(110)
Net closing balance	116 619	8 922	7 709	16 058	653	149 961
Closing liabilities	130 151	6 170	6 611	16 058	653	159 643
Closing assets	(13 532)	2 752	1 098	-	-	(9 682)
Net closing balance	116 619	8 922	7 709	16 058	653	149 961

Notes to the condensed consolidated interim financial statements continued

NOTE 15 CONTINUED

RECONCILIATION OF CHANGES IN INSURANCE CONTRACTS BY REMAINING COVERAGE AND INCURRED CLAIMS CONTINUED

	Liability for remaining coverage		Liability for incurred claims under the PAA			Total Rm
	Excluding loss component Rm	Loss component Rm	Liability for incurred claims not under the PAA Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	
Total 31.12.2022						
Opening liabilities	113 895	4 972	6 360	20 745	1 153	147 125
Opening assets	(11 629)	1 620	1 381	27	1	(8 600)
Net opening balance	102 266	6 592	7 741	20 772	1 154	138 525
Changes in the income statement:						
Insurance revenue	(28 029)	–	–	–	–	(28 029)
Contracts under the fair value approach	(3 030)	–	–	–	–	(3 030)
Other contracts	(24 999)	–	–	–	–	(24 999)
Insurance service expenses	2 796	65	8 399	9 683	(28)	20 915
Incurred claims and other directly attributable expenses	–	(778)	8 330	9 966	(80)	17 438
Changes that relate to past service	–	–	69	(465)	52	(344)
Losses on onerous contracts	–	843	–	–	–	843
Amortisation of insurance acquisition cash flows	2 796	–	–	–	–	2 796
Insurance acquisition cash flows recognised when incurred	–	–	–	182	–	182
Investment components	(4 821)	–	3 800	2 451	–	1 430
Insurance service result	(30 054)	65	12 199	12 134	(28)	(5 684)
Finance expenses from insurance contracts issued	5 730	272	161	456	(39)	6 580
Total changes in the income statement	(24 324)	337	12 360	12 590	(67)	896
Cash flows	29 203	–	(12 347)	(13 261)	–	3 595
Premiums received	33 088	–	–	–	–	33 088
Claims and other directly attributable expenses paid	–	–	(12 347)	(13 087)	–	(25 434)
Insurance acquisition cash flows	(3 885)	–	–	(174)	–	(4 059)
Other movements	(197)	14	51	(205)	–	(337)
Contracts transferred on disposal of subsidiary	(158)	–	(33)	(209)	–	(400)
Other movements	(1)	13	84	–	–	96
Exchange differences	(38)	1	–	4	–	(33)
Net closing balance	106 948	6 943	7 805	19 896	1 087	142 679
Closing liabilities	119 674	5 149	6 450	19 896	1 087	152 256
Closing assets	(12 726)	1 794	1 355	–	–	(9 577)
Net closing balance	106 948	6 943	7 805	19 896	1 087	142 679

NOTE 15 CONTINUED

RECONCILIATION OF CHANGES IN INSURANCE CONTRACTS BY REMAINING COVERAGE AND INCURRED CLAIMS
CONTINUED

	Liability for remaining coverage		Liability for incurred claims not under the PAA Rm	Liability for incurred claims under the PAA		Total Rm
	Excluding loss component Rm	Loss component Rm		Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	
Total						
30.06.2023						
Opening liabilities	113 895	4 972	6 360	20 745	1 153	147 125
Opening assets	(11 629)	1 620	1 381	27	1	(8 600)
Net opening balance	102 266	6 592	7 741	20 772	1 154	138 525
Changes in the income statement:						
Insurance revenue	(59 336)	–	–	–	–	(59 336)
Contracts under the fair value approach	(6 089)	–	–	–	–	(6 089)
Other contracts	(53 247)	–	–	–	–	(53 247)
Insurance service expenses	5 958	1 267	17 292	20 991	(100)	45 408
Incurred claims and other directly attributable expenses	–	(1 024)	17 389	21 303	(82)	37 586
Changes that relate to past service	–	–	(97)	(663)	(18)	(778)
Losses on onerous contracts	–	2 291	–	–	–	2 291
Amortisation of insurance acquisition cash flows	5 958	–	–	–	–	5 958
Insurance acquisition cash flows recognised when incurred	–	–	–	351	–	351
Investment components	(10 216)	–	7 331	1 590	(320)	(1 615)
Insurance service result	(63 594)	1 267	24 623	22 581	(420)	(15 543)
Finance expenses from insurance contracts issued	10 259	344	287	705	42	11 637
Total changes in the income statement	(53 335)	1 611	24 910	23 286	(378)	(3 906)
Cash flows	61 790	–	(25 011)	(26 577)	–	10 202
Premiums received	69 427	–	–	–	–	69 427
Claims and other directly attributable expenses paid	–	–	(25 011)	(26 226)	–	(51 237)
Insurance acquisition cash flows	(7 637)	–	–	(351)	–	(7 988)
Other movements	(156)	30	(30)	(183)	2	(337)
Contracts transferred on disposal of subsidiary	(157)	–	(33)	(209)	–	(399)
Other movements	(120)	13	–	3	–	(104)
Exchange differences	121	17	3	23	2	166
Net closing balance	110 565	8 233	7 610	17 298	778	144 484
Closing liabilities	122 858	5 813	6 426	17 298	778	153 173
Closing assets	(12 293)	2 420	1 184	–	–	(8 689)
Net closing balance	110 565	8 233	7 610	17 298	778	144 484

Notes to the condensed consolidated interim financial statements continued

NOTE 15 CONTINUED

RECONCILIATION OF CHANGES IN INSURANCE CONTRACTS BY REMAINING COVERAGE AND INCURRED CLAIMS CONTINUED

	Liability for remaining coverage			Total Rm
	Excluding loss component Rm	Loss component Rm	Liability for incurred claims Rm	
General measurement model				
31.12.2023				
Opening liabilities	50 325	5 434	2 012	57 771
Opening assets	(12 255)	2 420	1 192	(8 643)
Net opening balance	38 070	7 854	3 204	49 128
Changes in the income statement:				
Insurance revenue	(10 690)	–	–	(10 690)
Contracts under the fair value approach	(1 505)	–	–	(1 505)
Other contracts	(9 185)	–	–	(9 185)
Insurance service expenses	1 172	102	7 395	8 669
Incurred claims and other directly attributable expenses	–	(424)	7 107	6 683
Changes that relate to past service	–	–	288	288
Losses on onerous contracts	–	526	–	526
Amortisation of insurance acquisition cash flows	1 172	–	–	1 172
Insurance service result	(9 518)	102	7 395	(2 021)
Finance expenses from insurance contracts issued	3 051	386	130	3 567
Other changes	(103)	42	1	(60)
Total changes in the income statement	(6 570)	530	7 526	1 486
Cash flows	11 729	–	(7 606)	4 123
Premiums received	14 201	–	–	14 201
Claims and other directly attributable expenses paid	–	–	(7 606)	(7 606)
Insurance acquisition cash flows	(2 472)	–	–	(2 472)
Other movements	(16)	(5)	(1)	(22)
Exchange differences	(16)	(5)	(1)	(22)
Net closing balance	43 213	8 379	3 123	54 715
Closing liabilities	56 710	5 628	2 025	64 363
Closing assets	(13 497)	2 751	1 098	(9 648)
Net closing balance	43 213	8 379	3 123	54 715

NOTE 15 CONTINUED

RECONCILIATION OF CHANGES IN INSURANCE CONTRACTS BY REMAINING COVERAGE AND INCURRED CLAIMS
CONTINUED

	Liability for remaining coverage			Total Rm
	Excluding loss component Rm	Loss component Rm	Liability for incurred claims Rm	
General measurement model				
31.12.2022				
Opening liabilities	44 071	4 853	2 009	50 933
Opening assets	(11 549)	1 620	1 381	(8 548)
Net opening balance	32 522	6 473	3 390	42 385
Changes in the income statement:				
Insurance revenue	(8 533)	–	–	(8 533)
Contracts under the fair value approach	(1 516)	–	–	(1 516)
Other contracts	(7 017)	–	–	(7 017)
Insurance service expenses	1 187	33	6 947	8 167
Incurred claims and other directly attributable expenses	–	(322)	6 806	6 484
Changes that relate to past service	–	–	141	141
Losses on onerous contracts	–	355	–	355
Amortisation of insurance acquisition cash flows	1 187	–	–	1 187
Insurance service result	(7 346)	33	6 947	(366)
Finance expenses from insurance contracts issued	1 601	272	80	1 953
Total changes in the income statement	(5 745)	305	7 027	1 587
Cash flows	9 328	–	(7 041)	2 287
Premiums received	11 581	–	–	11 581
Claims and other directly attributable expenses paid	–	–	(7 041)	(7 041)
Insurance acquisition cash flows	(2 253)	–	–	(2 253)
Other movements	2	14	84	100
Other movements	(1)	13	84	96
Exchange differences	3	1	–	4
Net closing balance	36 107	6 792	3 460	46 359
Closing liabilities	48 790	4 998	2 105	55 893
Closing assets	(12 683)	1 794	1 355	(9 534)
Net closing balance	36 107	6 792	3 460	46 359

Notes to the condensed consolidated interim financial statements continued

NOTE 15 CONTINUED

RECONCILIATION OF CHANGES IN INSURANCE CONTRACTS BY REMAINING COVERAGE AND INCURRED CLAIMS CONTINUED

	Liability for remaining coverage			Total Rm
	Excluding loss component Rm	Loss component Rm	Liability for incurred claims Rm	
General measurement model				
30.06.2023				
Opening liabilities	44 071	4 853	2 009	50 933
Opening assets	(11 549)	1 620	1 381	(8 548)
Net opening balance	32 522	6 473	3 390	42 385
Changes in the income statement:				
Insurance revenue	(19 353)	–	–	(19 353)
Contracts under the fair value approach	(2 835)	–	–	(2 835)
Other contracts	(16 518)	–	–	(16 518)
Insurance service expenses	2 629	1 016	14 316	17 961
Incurred claims and other directly attributable expenses	–	(674)	14 226	13 552
Changes that relate to past service	–	–	90	90
Losses on onerous contracts	–	1 690	–	1 690
Amortisation of insurance acquisition cash flows	2 629	–	–	2 629
Insurance service result	(16 724)	1 016	14 316	(1 392)
Finance expenses from insurance contracts issued	2 039	344	110	2 493
Total changes in the income statement	(14 685)	1 360	14 426	1 101
Cash flows	20 197	–	(14 612)	5 585
Premiums received	24 747	–	–	24 747
Claims and other directly attributable expenses paid	–	–	(14 612)	(14 612)
Insurance acquisition cash flows	(4 550)	–	–	(4 550)
Other movements	36	21	–	57
Other movements	–	11	–	11
Exchange differences	36	10	–	46
Net closing balance	38 070	7 854	3 204	49 128
Closing liabilities	50 325	5 434	2 012	57 771
Closing assets	(12 255)	2 420	1 192	(8 643)
Net closing balance	38 070	7 854	3 204	49 128

NOTE 15 CONTINUED

RECONCILIATION OF CHANGES IN INSURANCE CONTRACTS BY REMAINING COVERAGE AND INCURRED CLAIMS
CONTINUED

	Liability for remaining coverage			Total Rm
	Excluding loss component Rm	Loss component Rm	Liability for incurred claims Rm	
Variable fee approach				
31.12.2023				
Opening liabilities	63 071	301	4 414	67 786
Opening assets	(10)	-	(8)	(18)
Net opening balance	63 061	301	4 406	67 768
Changes in the income statement:				
Insurance revenue	(2 403)	-	-	(2 403)
Contracts under the fair value approach	(1 551)	-	-	(1 551)
Other contracts	(852)	-	-	(852)
Insurance service expenses	381	183	1 556	2 120
Incurred claims and other directly attributable expenses	-	(28)	1 620	1 592
Changes that relate to past service	-	-	(64)	(64)
Losses on onerous contracts	-	211	-	211
Amortisation of insurance acquisition cash flows	381	-	-	381
Investment components	(3 782)	-	3 782	-
Insurance service result	(5 804)	183	5 338	(283)
Finance expenses from insurance contracts issued	3 293	-	173	3 466
Total changes in the income statement	(2 511)	183	5 511	3 183
Cash flows	2 516	-	(5 330)	(2 814)
Premiums received	2 778	-	-	2 778
Claims and other directly attributable expenses paid	-	-	(5 330)	(5 330)
Insurance acquisition cash flows	(262)	-	-	(262)
Other movements	(67)	(2)	(1)	(70)
Exchange differences	(67)	(2)	(1)	(70)
Net closing balance	62 999	482	4 586	68 067
Closing liabilities	63 002	481	4 586	68 069
Closing assets	(3)	1	-	(2)
Net closing balance	62 999	482	4 586	68 067

Notes to the condensed consolidated interim financial statements continued

NOTE 15 CONTINUED

RECONCILIATION OF CHANGES IN INSURANCE CONTRACTS BY REMAINING COVERAGE AND INCURRED CLAIMS CONTINUED

	Liability for remaining coverage			Total Rm
	Excluding loss component Rm	Loss component Rm	Liability for incurred claims Rm	
Variable fee approach				
31.12.2022				
Opening liabilities	61 578	11	4 351	65 940
Opening assets	(6)	–	–	(6)
Net opening balance	61 572	11	4 351	65 934
Changes in the income statement:				
Insurance revenue	(2 336)	–	–	(2 336)
Contracts under the fair value approach	(1 514)	–	–	(1 514)
Other contracts	(822)	–	–	(822)
Insurance service expenses	291	73	1 452	1 816
Incurred claims and other directly attributable expenses	–	(6)	1 524	1 518
Changes that relate to past service	–	–	(72)	(72)
Losses on onerous contracts	–	79	–	79
Amortisation of insurance acquisition cash flows	291	–	–	291
Investment components	(3 800)	–	3 800	–
Insurance service result	(5 845)	73	5 252	(520)
Finance expenses from insurance contracts issued	3 919	–	81	4 000
Total changes in the income statement	(1 926)	73	5 333	3 480
Cash flows	2 615	–	(5 306)	(2 691)
Premiums received	2 880	–	–	2 880
Claims and other directly attributable expenses paid	–	–	(5 306)	(5 306)
Insurance acquisition cash flows	(265)	–	–	(265)
Other movements	(119)	–	(33)	(152)
Contracts transferred on disposal of subsidiary	(79)	–	(33)	(112)
Exchange differences	(40)	–	–	(40)
Net closing balance	62 142	84	4 345	66 571
Closing liabilities	62 154	84	4 345	66 583
Closing assets	(12)	–	–	(12)
Net closing balance	62 142	84	4 345	66 571

NOTE 15 CONTINUED

RECONCILIATION OF CHANGES IN INSURANCE CONTRACTS BY REMAINING COVERAGE AND INCURRED CLAIMS
CONTINUED

	Liability for remaining coverage			Total Rm
	Excluding loss component Rm	Loss component Rm	Liability for incurred claims Rm	
Variable fee approach				
30.06.2023				
Opening liabilities	61 578	11	4 351	65 940
Opening assets	(6)	–	–	(6)
Net opening balance	61 572	11	4 351	65 934
Changes in the income statement:				
Insurance revenue	(4 806)	–	–	(4 806)
Contracts under the fair value approach	(3 254)	–	–	(3 254)
Other contracts	(1 552)	–	–	(1 552)
Insurance service expenses	733	288	2 976	3 997
Incurred claims and other directly attributable expenses	–	(13)	3 163	3 150
Changes that relate to past service	–	–	(187)	(187)
Losses on onerous contracts	–	301	–	301
Amortisation of insurance acquisition cash flows	733	–	–	733
Investment components	(7 331)	–	7 331	–
Insurance service result	(11 404)	288	10 307	(809)
Finance expenses from insurance contracts issued	7 698	–	177	7 875
Total changes in the income statement	(3 706)	288	10 484	7 066
Cash flows	5 206	–	(10 399)	(5 193)
Premiums received	5 700	–	–	5 700
Claims and other directly attributable expenses paid	–	–	(10 399)	(10 399)
Insurance acquisition cash flows	(494)	–	–	(494)
Other movements	(11)	2	(30)	(39)
Contracts transferred on disposal of subsidiary	(79)	–	(33)	(112)
Exchange differences	68	2	3	73
Net closing balance	63 061	301	4 406	67 768
Closing liabilities	63 071	301	4 414	67 786
Closing assets	(10)	–	(8)	(18)
Net closing balance	63 061	301	4 406	67 768

Notes to the condensed consolidated interim financial statements continued

NOTE 15 CONTINUED

RECONCILIATION OF CHANGES IN INSURANCE CONTRACTS BY REMAINING COVERAGE AND INCURRED CLAIMS CONTINUED

	Liability for remaining coverage		Liability for incurred claims		Total Rm
	Excluding loss component Rm	Loss component Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	
Premium allocation approach					
31.12.2023					
Opening liabilities	9 462	78	17 298	778	27 616
Opening assets	(28)	-	-	-	(28)
Net opening balance	9 434	78	17 298	778	27 588
Changes in the income statement:					
Insurance revenue	(18 643)	-	-	-	(18 643)
Other contracts	(18 643)	-	-	-	(18 643)
Insurance service expenses	1 413	(13)	11 250	(36)	12 614
Incurred claims and other directly attributable expenses	-	(198)	11 666	(41)	11 427
Changes that relate to past service	-	-	(614)	5	(609)
Losses on onerous contracts	-	185	-	-	185
Amortisation of insurance acquisition cash flows	1 413	-	-	-	1 413
Insurance acquisition cash flows recognised when incurred	-	-	198	-	198
Investment components	(755)	-	607	(112)	(260)
Insurance service result	(17 985)	(13)	11 857	(148)	(6 289)
Finance expenses from insurance contracts issued	342	-	652	23	1 017
Total changes in the income statement	(17 643)	(13)	12 509	(125)	(5 272)
Cash flows	18 625	-	(13 738)	-	4 887
Premiums received	20 096	-	-	-	20 096
Claims and other directly attributable expenses paid	-	-	(13 540)	-	(13 540)
Insurance acquisition cash flows	(1 471)	-	(198)	-	(1 669)
Other movements	(9)	(4)	(11)	-	(24)
Other movements	(3)	-	(3)	-	(6)
Exchange differences	(6)	(4)	(8)	-	(18)
Net closing balance	10 407	61	16 058	653	27 179
Closing liabilities	10 439	61	16 058	653	27 211
Closing assets	(32)	-	-	-	(32)
Net closing balance	10 407	61	16 058	653	27 179

NOTE 15 CONTINUED

RECONCILIATION OF CHANGES IN INSURANCE CONTRACTS BY REMAINING COVERAGE AND INCURRED CLAIMS
CONTINUED

	Liability for remaining coverage		Liability for incurred claims		Total Rm
	Excluding loss component Rm	Loss component Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	
Premium allocation approach					
31.12.2022					
Opening liabilities	8 246	108	20 745	1 153	30 252
Opening assets	(74)	–	27	1	(46)
Net opening balance	8 172	108	20 772	1 154	30 206
Changes in the income statement:					
Insurance revenue	(17 160)	–	–	–	(17 160)
Other contracts	(17 160)	–	–	–	(17 160)
Insurance service expenses	1 318	(41)	9 683	(28)	10 932
Incurred claims and other directly attributable expenses	–	(450)	9 966	(80)	9 436
Changes that relate to past service	–	–	(465)	52	(413)
Losses on onerous contracts	–	409	–	–	409
Amortisation of insurance acquisition cash flows	1 318	–	–	–	1 318
Insurance acquisition cash flows recognised when incurred	–	–	182	–	182
Investment components	(1 021)	–	2 451	–	1 430
Insurance service result	(16 863)	(41)	12 134	(28)	(4 798)
Finance expenses from insurance contracts issued	210	–	456	(39)	627
Total changes in the income statement	(16 653)	(41)	12 590	(67)	(4 171)
Cash flows	17 260	–	(13 261)	–	3 999
Premiums received	18 627	–	–	–	18 627
Claims and other directly attributable expenses paid	–	–	(13 087)	–	(13 087)
Insurance acquisition cash flows	(1 367)	–	(174)	–	(1 541)
Other movements	(80)	–	(205)	–	(285)
Contracts transferred on disposal of subsidiary	(79)	–	(209)	–	(288)
Exchange differences	(1)	–	4	–	3
Net closing balance	8 699	67	19 896	1 087	29 749
Closing liabilities	8 730	67	19 896	1 087	29 780
Closing assets	(31)	–	–	–	(31)
Net closing balance	8 699	67	19 896	1 087	29 749

Notes to the condensed consolidated interim financial statements continued

NOTE 15 CONTINUED

RECONCILIATION OF CHANGES IN INSURANCE CONTRACTS BY REMAINING COVERAGE AND INCURRED CLAIMS CONTINUED

	Liability for remaining coverage		Liability for incurred claims		Total Rm
	Excluding loss component Rm	Loss component Rm	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	
Premium allocation approach					
30.06.2023					
Opening liabilities	8 246	108	20 745	1 153	30 252
Opening assets	(74)	–	27	1	(46)
Net opening balance	8 172	108	20 772	1 154	30 206
Changes in the income statement:					
Insurance revenue	(35 177)	–	–	–	(35 177)
Other contracts	(35 177)	–	–	–	(35 177)
Insurance service expenses	2 596	(37)	20 991	(100)	23 450
Incurred claims and other directly attributable expenses	–	(337)	21 303	(82)	20 884
Changes that relate to past service	–	–	(663)	(18)	(681)
Losses on onerous contracts	–	300	–	–	300
Amortisation of insurance acquisition cash flows	2 596	–	–	–	2 596
Insurance acquisition cash flows recognised when incurred	–	–	351	–	351
Investment components	(2 885)	–	1 590	(320)	(1 615)
Insurance service result	(35 466)	(37)	22 581	(420)	(13 342)
Finance expenses from insurance contracts issued	522	–	705	42	1 269
Total changes in the income statement	(34 944)	(37)	23 286	(378)	(12 073)
Cash flows	36 387	–	(26 577)	–	9 810
Premiums received	38 980	–	–	–	38 980
Claims and other directly attributable expenses paid	–	–	(26 226)	–	(26 226)
Insurance acquisition cash flows	(2 593)	–	(351)	–	(2 944)
Other movements	(181)	7	(183)	2	(355)
Contracts transferred on disposal of subsidiary	(78)	–	(209)	–	(287)
Other movements	(120)	2	3	–	(115)
Exchange differences	17	5	23	2	47
Net closing balance	9 434	78	17 298	778	27 588
Closing liabilities	9 462	78	17 298	778	27 616
Closing assets	(28)	–	–	–	(28)
Net closing balance	9 434	78	17 298	778	27 588

NOTE 16

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACTS

	Contractual service margin (CSM)				Total Rm
	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	Contracts under fair value approach Rm	Other contracts Rm	
Total					
31.12.2023					
Opening liabilities	112 121	2 040	4 201	7 195	125 557
Opening assets	(21 745)	2 920	242	9 922	(8 661)
Net opening balance	90 376	4 960	4 443	17 117	116 896
Changes in the income statement:					
Changes that relate to current services	(1 459)	(320)	(334)	(1 152)	(3 265)
CSM recognised for services provided	–	–	(334)	(1 152)	(1 486)
Change in risk adjustment for non-financial risk for risk expired	–	(324)	–	–	(324)
Experience adjustments	(1 459)	4	–	–	(1 455)
Changes that relate to future services	(144)	222	175	484	737
Contracts initially recognised in the period	(290)	225	–	693	628
Change in estimates that adjust the CSM	33	–	175	(209)	(1)
Change in estimates that result in losses/(reversal of losses) on onerous contracts	113	(3)	–	–	110
Changes that relate to past services					
Adjustments to the liability for incurred claims	253	(29)	–	–	224
Insurance service result	(1 350)	(127)	(159)	(668)	(2 304)
Insurance finance expenses	6 077	290	77	589	7 033
Other changes	(125)	–	–	65	(60)
Total changes in the income statement	4 602	163	(82)	(14)	4 669
Cash flows	1 309	–	–	–	1 309
Premiums received	16 979	–	–	–	16 979
Claims and other directly attributable expenses paid	(12 936)	–	–	–	(12 936)
Insurance acquisition cash flows	(2 734)	–	–	–	(2 734)
Other movements	(72)	(4)	(8)	(8)	(92)
Exchange differences	(72)	(4)	(8)	(8)	(92)
Net closing balance	96 215	5 119	4 353	17 095	122 782
Closing liabilities	118 420	2 107	4 154	7 751	132 432
Closing assets	(22 205)	3 012	199	9 344	(9 650)
Net closing balance	96 215	5 119	4 353	17 095	122 782

Notes to the condensed consolidated interim financial statements continued

NOTE 16 CONTINUED

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACTS CONTINUED

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM		Total Rm
			Contracts under fair value approach Rm	Other contracts Rm	
Total					
31.12.2022					
Opening liabilities	104 370	2 000	4 269	6 234	116 873
Opening assets	(20 266)	2 689	206	8 817	(8 554)
Net opening balance	84 104	4 689	4 475	15 051	108 319
Changes in the income statement:					
Changes that relate to current services	(238)	(223)	(333)	(593)	(1 387)
CSM recognised for services provided	–	–	(333)	(593)	(926)
Change in risk adjustment for non-financial risk for risk expired	–	(227)	–	–	(227)
Experience adjustments	(238)	4	–	–	(234)
Changes that relate to future services	(849)	297	401	583	432
Contracts initially recognised in the period	(721)	271	(8)	852	394
Change in estimates that adjust the CSM	(47)	(93)	409	(269)	–
Change in estimates that result in (reversal of losses)/ losses on onerous contracts	(81)	119	–	–	38
Changes that relate to past services					
Adjustments to the liability for incurred claims	64	5	–	–	69
Insurance service result	(1 023)	79	68	(10)	(886)
Insurance finance expenses	5 345	47	54	507	5 953
Total changes in the income statement	4 322	126	122	497	5 067
Cash flows	(404)	–	–	–	(404)
Premiums received	14 461	–	–	–	14 461
Claims and other directly attributable expenses paid	(12 347)	–	–	–	(12 347)
Insurance acquisition cash flows	(2 518)	–	–	–	(2 518)
Other movements	(66)	–	(4)	18	(52)
Contracts transferred on disposal of subsidiary	(112)	–	–	–	(112)
Other movements	85	–	–	11	96
Exchange differences	(39)	–	(4)	7	(36)
Net closing balance	87 956	4 815	4 593	15 566	112 930
Closing liabilities	109 126	2 054	4 378	6 918	122 476
Closing assets	(21 170)	2 761	215	8 648	(9 546)
Net closing balance	87 956	4 815	4 593	15 566	112 930

NOTE 16 CONTINUED

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACTS CONTINUED

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM		Total Rm
			Contracts under fair value approach Rm	Other contracts Rm	
Total					
30.06.2023					
Opening liabilities	104 370	2 000	4 269	6 234	116 873
Opening assets	(20 266)	2 689	206	8 817	(8 554)
Net opening balance	84 104	4 689	4 475	15 051	108 319
Changes in the income statement:					
Changes that relate to current services	(993)	(481)	(703)	(1 917)	(4 094)
CSM recognised for services provided	–	–	(703)	(1 917)	(2 620)
Change in risk adjustment for non-financial risk for risk expired	–	(486)	–	–	(486)
Experience adjustments	(993)	5	–	–	(988)
Changes that relate to future services	(2 002)	903	539	2 550	1 990
Contracts initially recognised in the period	(2 024)	626	(5)	2 321	918
Change in estimates that adjust the CSM	(1 021)	248	544	229	–
Change in estimates that result in losses on onerous contracts	1 043	29	–	–	1 072
Changes that relate to past services					
Adjustments to the liability for incurred claims	(84)	(13)	–	–	(97)
Insurance service result	(3 079)	409	(164)	633	(2 201)
Insurance finance expenses	9 001	(148)	122	1 393	10 368
Total changes in the income statement	5 922	261	(42)	2 026	8 167
Cash flows	392	–	–	–	392
Premiums received	30 447	–	–	–	30 447
Claims and other directly attributable expenses paid	(25 011)	–	–	–	(25 011)
Insurance acquisition cash flows	(5 044)	–	–	–	(5 044)
Other movements	(42)	10	10	40	18
Contracts transferred on disposal of subsidiary	(112)	–	–	–	(112)
Other movements	–	–	–	11	11
Exchange differences	70	10	10	29	119
Net closing balance	90 376	4 960	4 443	17 117	116 896
Closing liabilities	112 121	2 040	4 201	7 195	125 557
Closing assets	(21 745)	2 920	242	9 922	(8 661)
Net closing balance	90 376	4 960	4 443	17 117	116 896

Notes to the condensed consolidated interim financial statements continued

NOTE 16 CONTINUED

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACTS CONTINUED

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM		Total Rm
			Contracts under fair value approach Rm	Other contracts Rm	
General measurement model					
31.12.2023					
Opening liabilities	47 979	1 436	1 632	6 724	57 771
Opening assets	(21 727)	2 920	242	9 922	(8 643)
Net opening balance	26 252	4 356	1 874	16 646	49 128
Changes in the income statement:					
Changes that relate to current services	(1 285)	(269)	(156)	(1 125)	(2 835)
CSM recognised for services provided	-	-	(156)	(1 125)	(1 281)
Change in risk adjustment for non-financial risk for risk expired	-	(273)	-	-	(273)
Experience adjustments	(1 285)	4	-	-	(1 281)
Changes that relate to future services	(124)	161	72	417	526
Contracts initially recognised in the period	(320)	208	-	654	542
Change in estimates that adjust the CSM	202	(38)	72	(237)	(1)
Change in estimates that result in reversal of losses on onerous contracts	(6)	(9)	-	-	(15)
Changes that relate to past services					
Adjustments to the liability for incurred claims	317	(29)	-	-	288
Insurance service result	(1 092)	(137)	(84)	(708)	(2 021)
Insurance finance expenses	2 611	290	77	589	3 567
Other changes	(125)	-	-	65	(60)
Total changes in the income statement	1 394	153	(7)	(54)	1 486
Cash flows	4 123	-	-	-	4 123
Premiums received	14 201	-	-	-	14 201
Claims and other directly attributable expenses paid	(7 606)	-	-	-	(7 606)
Insurance acquisition cash flows	(2 472)	-	-	-	(2 472)
Other movements	(12)	(2)	-	(8)	(22)
Exchange differences	(12)	(2)	-	(8)	(22)
Net closing balance	31 757	4 507	1 867	16 584	54 715
Closing liabilities	53 960	1 495	1 668	7 240	64 363
Closing assets	(22 203)	3 012	199	9 344	(9 648)
Net closing balance	31 757	4 507	1 867	16 584	54 715

NOTE 16 CONTINUED

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACTS CONTINUED

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM		Total Rm
			Contracts under fair value approach Rm	Other contracts Rm	
General measurement model					
31.12.2022					
Opening liabilities	42 085	1 379	1 635	5 834	50 933
Opening assets	(20 260)	2 689	206	8 817	(8 548)
Net opening balance	21 825	4 068	1 841	14 651	42 385
Changes in the income statement:					
Changes that relate to current services	15	(169)	(147)	(561)	(862)
CSM recognised for services provided	–	–	(147)	(561)	(708)
Change in risk adjustment for non-financial risk for risk expired	–	(173)	–	–	(173)
Experience adjustments	15	4	–	–	19
Changes that relate to future services	(505)	249	106	505	355
Contracts initially recognised in the period	(780)	253	–	839	312
Change in estimates that adjust the CSM	350	(122)	106	(334)	–
Change in estimates that result in (reversal of losses)/ losses on onerous contracts	(75)	118	–	–	43
Changes that relate to past services					
Adjustments to the liability for incurred claims	136	5	–	–	141
Insurance service result	(354)	85	(41)	(56)	(366)
Insurance finance expenses	1 345	47	54	507	1 953
Total changes in the income statement	991	132	13	451	1 587
Cash flows	2 287	–	–	–	2 287
Premiums received	11 581	–	–	–	11 581
Claims and other directly attributable expenses paid	(7 041)	–	–	–	(7 041)
Insurance acquisition cash flows	(2 253)	–	–	–	(2 253)
Other movements	82	–	–	18	100
Other movements	85	–	–	11	96
Exchange differences	(3)	–	–	7	4
Net closing balance	25 185	4 200	1 854	15 120	46 359
Closing liabilities	46 343	1 439	1 639	6 472	55 893
Closing assets	(21 158)	2 761	215	8 648	(9 534)
Net closing balance	25 185	4 200	1 854	15 120	46 359

Notes to the condensed consolidated interim financial statements continued

NOTE 16 CONTINUED

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACTS CONTINUED

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM		Total Rm
			Contracts under fair value approach Rm	Other contracts Rm	
General measurement model					
30.06.2023					
Opening liabilities	42 085	1 379	1 635	5 834	50 933
Opening assets	(20 260)	2 689	206	8 817	(8 548)
Net opening balance	21 825	4 068	1 841	14 651	42 385
Changes in the income statement:					
Changes that relate to current services	(617)	(371)	(318)	(1 865)	(3 171)
CSM recognised for services provided	–	–	(318)	(1 865)	(2 183)
Change in risk adjustment for non-financial risk for risk expired	–	(376)	–	–	(376)
Experience adjustments	(617)	5	–	–	(612)
Changes that relate to future services	(1 781)	814	229	2 427	1 689
Contracts initially recognised in the period	(2 000)	591	–	2 221	812
Change in estimates that adjust the CSM	(632)	197	229	206	–
Change in estimates that result in losses on onerous contracts	851	26	–	–	877
Changes that relate to past services					
Adjustments to the liability for incurred claims	103	(13)	–	–	90
Insurance service result	(2 295)	430	(89)	562	(1 392)
Insurance finance expenses	1 126	(148)	122	1 393	2 493
Total changes in the income statement	(1 169)	282	33	1 955	1 101
Cash flows	5 585	–	–	–	5 585
Premiums received	24 747	–	–	–	24 747
Claims and other directly attributable expenses paid	(14 612)	–	–	–	(14 612)
Insurance acquisition cash flows	(4 550)	–	–	–	(4 550)
Other movements	11	6	–	40	57
Other movements	–	–	–	11	11
Exchange differences	11	6	–	29	46
Net closing balance	26 252	4 356	1 874	16 646	49 128
Closing liabilities	47 979	1 436	1 632	6 724	57 771
Closing assets	(21 727)	2 920	242	9 922	(8 643)
Net closing balance	26 252	4 356	1 874	16 646	49 128

NOTE 16 CONTINUED

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACTS CONTINUED

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM		Total Rm
			Contracts under fair value approach Rm	Other contracts Rm	
Variable fee approach					
31.12.2023					
Opening liabilities	64 142	604	2 569	471	67 786
Opening assets	(18)	–	–	–	(18)
Net opening balance	64 124	604	2 569	471	67 768
Changes in the income statement:					
Changes that relate to current services	(174)	(51)	(178)	(27)	(430)
CSM recognised for services provided	–	–	(178)	(27)	(205)
Change in risk adjustment for non-financial risk for risk expired	–	(51)	–	–	(51)
Experience adjustments	(174)	–	–	–	(174)
Changes that relate to future services	(20)	61	103	67	211
Contracts initially recognised in the period	30	17	–	39	86
Change in estimates that adjust the CSM	(169)	38	103	28	–
Change in estimates that result in losses on onerous contracts	119	6	–	–	125
Changes that relate to past services					
Adjustments to the liability for incurred claims	(64)	–	–	–	(64)
Insurance service result	(258)	10	(75)	40	(283)
Insurance finance expenses	3 466	–	–	–	3 466
Total changes in the income statement	3 208	10	(75)	40	3 183
Cash flows	(2 814)	–	–	–	(2 814)
Premiums received	2 778	–	–	–	2 778
Claims and other directly attributable expenses paid	(5 330)	–	–	–	(5 330)
Insurance acquisition cash flows	(262)	–	–	–	(262)
Other movements	(60)	(2)	(8)	–	(70)
Exchange differences	(60)	(2)	(8)	–	(70)
Net closing balance	64 458	612	2 486	511	68 067
Closing liabilities	64 460	612	2 486	511	68 069
Closing assets	(2)	–	–	–	(2)
Net closing balance	64 458	612	2 486	511	68 067

Notes to the condensed consolidated interim financial statements continued

NOTE 16 CONTINUED

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACTS CONTINUED

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM		Total Rm
			Contracts under fair value approach Rm	Other contracts Rm	
Variable fee approach					
31.12.2022					
Opening liabilities	62 285	621	2 634	400	65 940
Opening assets	(6)	–	–	–	(6)
Net opening balance	62 279	621	2 634	400	65 934
Changes in the income statement:					
Changes that relate to current services	(253)	(54)	(186)	(32)	(525)
CSM recognised for services provided	–	–	(186)	(32)	(218)
Change in risk adjustment for non-financial risk for risk expired	–	(54)	–	–	(54)
Experience adjustments	(253)	–	–	–	(253)
Changes that relate to future services	(344)	48	295	78	77
Contracts initially recognised in the period	59	18	(8)	13	82
Change in estimates that adjust the CSM	(397)	29	303	65	–
Change in estimates that result in (reversal of losses)/ losses on onerous contracts	(6)	1	–	–	(5)
Changes that relate to past services					
Adjustments to the liability for incurred claims	(72)	–	–	–	(72)
Insurance service result	(669)	(6)	109	46	(520)
Insurance finance expenses	4 000	–	–	–	4 000
Total changes in the income statement	3 331	(6)	109	46	3 480
Cash flows	(2 691)	–	–	–	(2 691)
Premiums received	2 880	–	–	–	2 880
Claims and other directly attributable expenses paid	(5 306)	–	–	–	(5 306)
Insurance acquisition cash flows	(265)	–	–	–	(265)
Other movements	(148)	–	(4)	–	(152)
Contracts transferred on disposal of subsidiary	(112)	–	–	–	(112)
Exchange differences	(36)	–	(4)	–	(40)
Net closing balance	62 771	615	2 739	446	66 571
Closing liabilities	62 783	615	2 739	446	66 583
Closing assets	(12)	–	–	–	(12)
Net closing balance	62 771	615	2 739	446	66 571

NOTE 16 CONTINUED

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACTS CONTINUED

	Present value of future cash flows Rm	Risk adjustment for non-financial risk Rm	CSM		Total Rm
			Contracts under fair value approach Rm	Other contracts Rm	
Variable fee approach					
30.06.2023					
Opening liabilities	62 285	621	2 634	400	65 940
Opening assets	(6)	–	–	–	(6)
Net opening balance	62 279	621	2 634	400	65 934
Changes in the income statement:					
Changes that relate to current services	(376)	(110)	(385)	(52)	(923)
CSM recognised for services provided	–	–	(385)	(52)	(437)
Change in risk adjustment for non-financial risk for risk expired	–	(110)	–	–	(110)
Experience adjustments	(376)	–	–	–	(376)
Changes that relate to future services	(221)	89	310	123	301
Contracts initially recognised in the period	(24)	35	(5)	100	106
Change in estimates that adjust the CSM	(389)	51	315	23	–
Change in estimates that result in losses on onerous contracts	192	3	–	–	195
Changes that relate to past services					
Adjustments to the liability for incurred claims	(187)	–	–	–	(187)
Insurance service result	(784)	(21)	(75)	71	(809)
Insurance finance expenses	7 875	–	–	–	7 875
Total changes in the income statement	7 091	(21)	(75)	71	7 066
Cash flows	(5 193)	–	–	–	(5 193)
Premiums received	5 700	–	–	–	5 700
Claims and other directly attributable expenses paid	(10 399)	–	–	–	(10 399)
Insurance acquisition cash flows	(494)	–	–	–	(494)
Other movements	(53)	4	10	–	(39)
Contracts transferred on disposal of subsidiary	(112)	–	–	–	(112)
Exchange differences	59	4	10	–	73
Net closing balance	64 124	604	2 569	471	67 768
Closing liabilities	64 142	604	2 569	471	67 786
Closing assets	(18)	–	–	–	(18)
Net closing balance	64 124	604	2 569	471	67 768

Notes to the condensed consolidated interim financial statements continued

NOTE 16 CONTINUED

RECONCILIATION OF THE MEASUREMENT COMPONENTS OF INSURANCE CONTRACTS CONTINUED

CSM recognition analysis

	0 – 1 year Rm	1 – 2 years Rm	2 – 3 years Rm	3 – 4 years Rm	4 – 5 years Rm	5 – 10 years Rm	> 10 years Rm	Total Rm
31.12.2023								
Insurance contracts issued								
General measurement model	1 773	1 562	1 383	1 213	1 056	3 565	3 400	13 952
Variable fee approach	412	344	308	273	241	815	610	3 003
	2 185	1 906	1 691	1 486	1 297	4 380	4 010	16 955
30.06.2023								
Insurance contracts issued								
General measurement model	1 715	1 509	1 333	1 175	1 023	3 453	3 310	13 518
Variable fee approach	415	355	315	277	244	819	615	3 040
	2 130	1 864	1 648	1 452	1 267	4 272	3 925	16 558

For Guardrisk, the CSM expected recognition analysis only presents the net exposure.

NOTE 17

ADOPTION OF NEW STANDARDS

IFRS 17 TRANSITIONAL ADJUSTMENTS

17.1 Overview of the implementation of IFRS 17: Insurance contracts by the Group

The Group initiated efforts to implement IFRS 17 in the 2017 calendar year. At a relatively early stage, it was decided that the implementation project should have a compliance focus as opposed to co-mingling development efforts with financial reporting transformation. In turn, this decision enabled the project to mainly rely on existing administrative and financial reporting infrastructure. This approach was extensively tested with internal and external experts at the time.

Significant parts of the Group's implementation efforts were resourced from internal teams that were actively involved in finance and actuarial processes. This led to challenges during financial reporting periods but had the benefit of embedding the relevant technical and processing skills within the organisation. Although this blueprint was adhered to in general, entities across the Guardrisk Group are noteworthy exceptions. This is due to the specific nature of the cell captive industry in South Africa, for which clarity on implementation requirements was provided significantly later than the initial publication of the standard.

The ultimate successful implementation of IFRS 17 requires a variety of reporting functions, including actuarial and operational finance teams, to be in lockstep. The importance of line of business administration systems in facilitating this cannot be overemphasised. An initial mapping of the requirements to system capabilities supported an approach where any given system should ideally only be required to support the financial reporting of either insurance contracts (under IFRS 17) or investment contracts (under IFRS 9). In turn, this led to a reassessment of the Group's practices on what constitutes significant discretion and the resulting reclassification for the June 2020 financial year end. The net result was that limited changes were required to the Group's array of administration solutions.

Despite a long development time, several areas of the standard continued to pose uncertainty. We do believe that industry practice will develop over time on these matters, including the various approaches deemed acceptable by assurance providers. Nevertheless, it was necessary to follow a timeous and rigorous governance process from the start on these areas of uncertainty as well as other design decisions as demanded by development time frames. The Group's external assurance provider was requested to provide an ongoing compliance rating on interpretation and methodology matters since their involvement in 2019.

IFRS 17 requires accounting policy and implementation choices which will affect the level and pattern of future earnings. When deliberating the options, the Group decided not to target a specific earnings or equity impact, but to adhere to a framework consisting of three principles:

- *Economic reality*
Accounting should reflect the underlying economics of insurance contracts as closely as possible. An example of where this was applied is setting the confidence level of the risk adjustment so as to have the CSM a fair reflection of the economic value added.
- *Stable earnings release*
In-force contracts should deliver a stable and real (increasing broadly with inflation) contribution to profit and loss. Earnings volatility, including volatility from one period to the next, should be minimised where possible. An example of where this was applied is the choice to discount coverage units.
- *Operational alignment*
Where possible, accounting had to align with current business practices for example risk and product management. In addition, choices should also support alignment across the various reporting bases being regulatory, statutory, embedded value and tax.

By applying this framework, the Group believes that the implementation of IFRS 17 will contribute to enhanced clarity and comparability of its financial results. It is noteworthy that the quantum and magnitude of adjustments between IFRS earnings and normalised headline earnings (one of the Group's key performance indicators) is expected to reduce, emphasising the reliance placed on meaningful financial results.

While the impact of IFRS 17 on the Group's financial reporting process and results is significant, solvency and thus ultimate free cash flow is unaffected. No immediate changes to business models are anticipated, but the additional granularity and aspects on financial performance provided by IFRS 17 may be used to enhance decision making.

Notes to the condensed consolidated interim financial statements continued

NOTE 17 CONTINUED

ADOPTION OF NEW STANDARDS CONTINUED

IFRS 17 TRANSITIONAL ADJUSTMENTS continued

17.2 Nature of changes in accounting policy

For the Group, IFRS 17 replaced IFRS 4: Insurance contracts for the reporting periods commencing on or after 1 July 2023.

The implementation of IFRS 17 did not result in a change in a classification of policies, as insurance or investment contracts. Policies issued under life insurance licences that were accounted for under IFRS 9, continue to be accounted for as financial instruments, except in instances where restrictive unbundling requirements in IFRS 17 result in previously unbundled financial instruments, being accounted for together with existing insurance contracts, as single insurance contracts in the scope of IFRS 17. The accounting treatment of third-party cell captive arrangements was affected by the implementation of IFRS 17. For further information on the application of IFRS 17 to third-party cell captive arrangements, refer to note 17.5.

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features (DPF). It introduces a model that measures groups of contracts based on the Group's estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM.

IFRS 17 has brought significant changes to the accounting for insurance and reinsurance contracts. The requirements of IFRS 17 are equally applicable to insurance contracts issued and reinsurance contracts held, with a few exceptions. As a result a transition balance sheet as at 1 July 2022 has been prepared.

Statement of financial position

Recognition and derecognition

Under IFRS 4, the Group recognised insurance contracts issued and reinsurance contracts held when the contracts became effective.

In terms of IFRS 17, a group of insurance contracts is recognised at the earlier of the start of the coverage period, the due date for payment for first premiums or when it becomes evident that the group is onerous at initial recognition. A group of reinsurance contracts is recognised at the earlier of the commencement of the group's coverage period or the date when the entity recognised a group of onerous underlying insurance contracts, covered by the related reinsurance agreement.

The implementation of IFRS 17 resulted in insurance contracts and reinsurance contracts being recognised earlier and therefore affecting the Group's financial position and financial performance from an earlier date, when compared to previous accounting policies.

In terms of IFRS 4, the Group derecognised an insurance or reinsurance contract when the contract expired or was fulfilled. This treatment will continue under IFRS 17. In terms of IFRS 17, the Group considers the extent of modifications to insurance and reinsurance contracts to determine if the substance of the modification is a derecognition of the modified contracts and the recognition of a new group of contracts.

NOTE 17 CONTINUED

ADOPTION OF NEW STANDARDS CONTINUED

IFRS 17 TRANSITIONAL ADJUSTMENTS *continued*

17.2 Nature of changes in accounting policy *continued*

Statement of financial position continued

Portfolios and groups of insurance contracts

In terms of IFRS 4, the Group accounted for insurance contracts issued and reinsurance contracts held on a contract or portfolio basis.

In terms of IFRS 17, on initial recognition, insurance contracts are grouped into portfolios (based on how contracts are managed) and then into groups of insurance contracts (the unit of account) based on expected profitability. The recognition and measurement principles in IFRS 17 are applied to each unit of account. In instances where the insurance contracts were measured and accounted for on a portfolio basis under IFRS 4, the application of IFRS 17 to the new unit of account will reflect the economic consequences of transactions with policyholders on a more granular level.

Measurement of insurance contracts issued and reinsurance contracts held

In terms of IFRS 4, liabilities relating to life insurance contracts and investment contracts with DPF were measured in accordance with the Financial Soundness Valuation (FSV) basis as set out in SAP 104 – *Calculation of the value of the assets, liabilities and solvency capital requirement of long-term insurers*. The FSV basis is based on best estimate assumptions regarding future experience plus compulsory margins and additional discretionary margins for prudence and deferral of profit emergence. In terms of the FSV basis, the Group could not incorporate the expected impact of policyholder options that are beneficial to the Group, in the measurement of insurance contracts.

In terms of IFRS 4, non-life insurance contracts were reflected on the statement of financial position through the provision for unearned premiums and outstanding claims liability. The provision for unearned premiums represented the proportion of the premiums written during the reporting period in question that relate to unexpired risk periods, computed separately for each insurance contract using the 365th method. Outstanding claims comprised provisions for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date, whether reported or not.

Under IFRS 17 the following aspects of insurance contract measurement are applied:

- *Measurement models*

In terms of IFRS 17, insurance contracts issued are measured with the general measurement model, the variable fee approach or the premium allocation approach. Reinsurance contracts held are measured in terms of the general measurement model or the premium allocation approach.

In terms of the general measurement model and the variable fee approach, groups of insurance contracts are measured at the total of fulfilment cash flows and the CSM. The CSM, a component of the liability for remaining coverage, represents the expected profit to be earned over the remaining coverage period of the group of insurance contracts.

If the group of insurance contracts is onerous, the group is measured at the fulfilment cash flows (that includes a loss component). In comparison, the CSM of a group of reinsurance contracts is either a deferred income or expense. Fulfilment cash flows consist of the present value of expected income and expenses that the Group expects to incur to fulfil obligations under insurance contracts and a risk adjustment for non-financial risk.

The general measurement model and the variable fee approach differ on how the CSM is measured after initial recognition. The differences relate to the changes in estimates of fulfilment cash flows that adjusts the CSM or loss component (a sub-set of the fulfilment cash flows that represents a loss recognised) and the discount rates used to measure the adjustments at the reporting date.

The premium allocation approach is a simplified version of the general measurement model and is comparable to the unearned premium method applied in terms of IFRS 4. In terms of the premium allocation approach, premiums received are recognised as insurance service revenue during the coverage period of the group of insurance contracts based on the passage of time or the pattern of expected insurance service expenses. In contrast to the general measurement model and the variable fee approach, the premium allocation approach does not require a CSM to be maintained for the group of insurance contracts. It also allows, when criteria are met, for fulfilment cash flows to be measured at undiscounted amounts and insurance acquisition cash flows to be expensed when incurred.

Notes to the condensed consolidated interim financial statements continued

NOTE 17 CONTINUED

ADOPTION OF NEW STANDARDS CONTINUED

IFRS 17 TRANSITIONAL ADJUSTMENTS continued

17.2 Nature of changes in accounting policy continued

Statement of financial position continued

Measurement of insurance contracts issued and reinsurance contracts held continued

- *Identification and measurement of fulfilment cash flows*

Fulfilment cash flows are included in the measurement of insurance contract assets and insurance contract liabilities. Fulfilment cash flows consist of the present value of expected income and expenses that the Group expects to incur to fulfil obligations under insurance contracts (the best estimate liability) and a risk adjustment for non-financial risk.

Fulfilment cash flows include, but are not limited to, premium inflows, fee income, charges, insurance acquisition expenses, administration and maintenance expenses, claims and benefits, investment management expenses, reporting and risk management expenses and overhead expenses incurred to support the fulfilment of insurance contracts issued. The fulfilment cash flows include a risk adjustment for non-financial risks. The identification and measurement of fulfilment cash flows determines whether a group of insurance contracts is expected to be profitable or loss-making over the coverage period. Fulfilment cash flows of a group of reinsurance contracts include, amongst others, the expected reinsurance premiums, recovery of claims and reinsurance commission.

The inclusion of the risk adjustment and policyholder options that are beneficial to the Group in fulfilment cash flows resulted in significant changes in the measurement of insurance contracts when compared to IFRS 4.

- *Risk adjustment*

In terms of IFRS 4, compulsory and discretionary margins were included in the measurement of insurance contract liabilities. Compulsory margins were prescribed and held to cover uncertainties in the best-estimate assumptions used. Compulsory margins were released over time should experience be in line with these best-estimate assumptions. The Group held discretionary margins if the compulsory margins were insufficient for prudent reserving or if practice or product design justified the deferral of profits. The Group released these margins into profit before tax in line with product design and risks borne by the Group. These margins were set at product level.

In terms of IFRS 17, the Group includes a risk adjustment for non-financial risk in the measurement of liabilities for remaining coverage and liabilities for incurred claims. The risk adjustment represents the compensation that the Group expects to receive to neutralise the economic effect of non-financial risk accepted. The risk adjustment of a group of reinsurance contracts held reflects the non-financial risks ceded to the reinsurer.

Changes in the risk adjustment caused by changes in estimates regarding future services are accounted for in the CSM or the loss component. Changes in the risk adjustment caused by changes in estimates regarding past or current services are allocated between insurance/reinsurance finance income and expenses and insurance service expenses/allocation of reinsurance premiums.

The Group developed actuarial models and processes to set margins for adverse deviation in non-financial assumptions based on the confidence level set for the risk adjustment. These margins enable the Group to calculate the risk adjustment per unit of account directly.

- *CSM*

The CSM, a component of the liability for remaining coverage, represents the expected profit to be earned over the remaining coverage period of the group of insurance contracts. The CSM is recognised at initial recognition of the group of insurance contracts, at an amount that is opposite, but equal to the expected net fulfilment cash inflows. The release of profit from the CSM is based on insurance contract services rendered during the financial period and the resulting release of coverage units. Coverage units represent the Group's readiness to render insurance contract services. The recognition of the CSM ensures that insurance service revenue is not earned before insurance contract services have been rendered. The CSM of a group of reinsurance contracts is either a deferred gain or loss. The CSM on a group of reinsurance contracts are amortised into the allocation of reinsurance premiums based on the release of coverage units.

For insurance contracts measured under the general measurement model, interest is accreted to the CSM carrying amount at the locked-in discount rate, determined at initial recognition of the group of insurance contracts.

For insurance contracts measured under the variable fee approach, the insurer's share of changes in the fair value of underlying items adjusts the carrying amount of the CSM.

NOTE 17 CONTINUED

ADOPTION OF NEW STANDARDS CONTINUED

IFRS 17 TRANSITIONAL ADJUSTMENTS *continued*

17.2 Nature of changes in accounting policy *continued*

Statement of financial position continued

Measurement of insurance contracts issued and reinsurance contracts held continued

- *Onerous contracts and loss component*

In terms of IFRS 4, the Group performed liability adequacy tests for each insurance portfolio. The liability adequacy test considered whether the carrying amount of the insurance liability less the carrying amounts of related intangible assets, is a sufficient reserve for best estimate future cash flows. If the insurance liability was found to be insufficient, the related intangible assets are impaired, before a loss is recognised in the statement of comprehensive income.

The implementation of IFRS 17 results in losses being recognised at a more granular level, per unit of account, when compared to IFRS 4 practices.

At initial recognition an insurance contract or group of insurance contracts is classified as onerous, if fulfilment cash flows incurred to date and remaining fulfilment cash flows are expected to result in a net cash outflow. At initial recognition, insurance contracts that are onerous are combined into units of account that contain only onerous insurance contracts. Once an insurance contract is allocated into a unit of account, the insurance contract remains in the unit of account until the insurance contract is derecognised. After initial recognition, a previously profitable group of insurance contracts is treated as an onerous group, if loss-making changes to fulfilment cash flows depletes the CSM.

For a group of insurance contracts measured under the general measurement model or the variable fee approach, the recognition of a loss, on an onerous insurance contract or group of insurance contracts, leads to the identification of a loss component (a sub-set of fulfilment cash flows) in the liability for remaining coverage. The loss component indicates the extent to which losses must be reversed or amortised before a CSM can be recognised for the group of insurance contracts. For insurance contracts measured under the premium allocation approach, the loss component is an additional liability that is added to the liability for remaining coverage.

At the reporting date, the loss component is adjusted to reflect the extent to what insurance contract services have been rendered and current assumptions regarding remaining fulfilment cash flows.

To the extent that losses on an onerous group of insurance contracts are covered by reinsurance contracts, a loss recovery component is identified in the fulfilment cash flows of the group of reinsurance contracts. If the group of reinsurance contracts is measured under the premium allocation approach, an additional asset is added to the asset for remaining coverage.

Reinsurance costs that relate to events and circumstances before the recognition of the group of reinsurance contracts are expensed when incurred.

- *Discount rate*

In terms of IFRS 4, the Group determined discount rates, to be used in the measurement of insurance contracts, by adding compulsory risk margins to risk-free interest rates obtained from yield curves on government bonds.

In terms of IFRS 17, the Group makes use of risk-free yield curves to identify risk-free interest rates used in determining discount rates. Discount rate should reflect the characteristics of the fulfilment cash flows. Some yield curves (based on risk-free interest rates) represent market returns on liquid assets, while fulfilment cash flows might represent less liquid or illiquid groups of insurance contracts. In such instances, the Group adds an illiquidity premium to the discount rate used, to measure insurance contract assets and insurance contract liabilities. Compulsory risk margins are no longer included in the construction of discount rates.

For information on the treatment of cell captive arrangements under IFRS 17, refer to note 17.5.

Notes to the condensed consolidated interim financial statements continued

NOTE 17 CONTINUED

ADOPTION OF NEW STANDARDS CONTINUED

IFRS 17 TRANSITIONAL ADJUSTMENTS continued

17.2 Nature of changes in accounting policy continued

Income statement

Recognition of insurance service revenue

In terms of IFRS 4, the Group recognised revenue from long-term insurance premiums, when due and from non-life insurance premiums, when earned. Revenue was measured at the amount due, or the amount earned.

In terms of IFRS 17, insurance service revenue is the consideration that the Group expects to be entitled to, for rendering insurance contracts services during the financial period. Insurance service revenue replaces premiums as revenue from insurance contracts issued. The quantum of insurance contract services rendered is determined by changes in the liabilities for remaining coverage caused by the rendering of services.

Insurance service revenue consists of expected consideration for expenses incurred to provide insurance contract services to policyholders, releases of the risk adjustment associated with services rendered, recovery of insurance acquisition cash flows, income tax expenses recovered from policyholders and release of profit from the CSM.

The implementation of IFRS 17 resulted in changes in the timing of revenue recognised by the Group for rendering insurance contract services.

The release of profit from the CSM is based on insurance contract services rendered during the financial period based on the release of coverage units. Coverage units represent the Group's readiness to render insurance contract services.

In terms of the premium allocation approach, premiums received are recognised as insurance service revenue during the coverage period of the group of insurance contracts based on the passage of time or the pattern of expected insurance service expenses.

Recognition of insurance service expenses

In terms of IFRS 4, the Group recognised insurance claims incurred in 'insurance benefits and claims', while measurement changes in insurance liabilities were included in 'changes in actuarial liabilities and reinsurance' on the statement of comprehensive income. Other expenses incurred by the Group were presented on the statement of comprehensive income as appropriate.

In terms of IFRS 17, fulfilment cash flows are expensed when incurred and presented under insurance service expenses on the statement of comprehensive income. Insurance service expenses include, among others, allocated insurance acquisition cash flows, policy administration and maintenance expenses, claims expenses, investment management expenses and overhead expenses attributable to the provision of insurance services. Taxes which are directly recovered from policyholder benefits are included as fulfilment cash flows, but are presented as part of income tax expenses on the face of statement of comprehensive income. The remainder of incurred expenses are presented on the statement of comprehensive income as appropriate.

Insurance acquisition cash flows

In terms of IFRS 4, the Group capitalised expenses associated with the acquisition of insurance contracts as deferred acquisition costs (DAC). DAC consisted of incremental costs incurred to obtain a contract with a customer. DAC was amortised over a range of amortisation periods reflecting the expected duration of underlying insurance contracts issued.

In terms of the general measurement model and the variable fee approach, expected insurance acquisition cash flows are included in fulfilment cash flows. Once incurred, actual insurance acquisition cash flows are recognised in the liability for incurred claims and the liability for remaining coverage.

In terms of the premium allocation approach incurred insurance acquisition cash flows are capitalised in the liability for remaining coverage and amortised to insurance service expenses over the coverage period. If criteria are met, insurance acquisition cash flows are expensed when incurred.

Insurance acquisition cash flows are incurred in selling, underwriting and issuing insurance contracts. Examples of such expenses include commission expenses, marketing expenses, distribution channel expenses, policy issue costs, policyholder risk assessment costs, and policyholder communication costs. The expenses include both successful and unsuccessful efforts to market and sell insurance contracts. The inclusion of the insurance acquisition cash flows in the liability for remaining coverage reduces expected profits or increase expected losses to be recognised from the group of insurance contracts.

NOTE 17 CONTINUED

ADOPTION OF NEW STANDARDS CONTINUED

IFRS 17 TRANSITIONAL ADJUSTMENTS *continued*

17.2 Nature of changes in accounting policy *continued*

Income statement continued

Insurance acquisition cash flows continued

Insurance acquisition expenses, among other items, are recovered through premiums received from policyholders. The Group recognises insurance service revenue and equal amounts of insurance service expenses by allocating to financial periods, the portion of the premiums that recover insurance acquisition expenses on a straight-line basis over the passage of time.

To enable the recognition of insurance acquisition expenses in insurance service revenue and insurance service expenses, the Group maintains an off-balance sheet cumulative balance for insurance acquisition expenses.

Reinsurance expenses and recoveries

Reinsurance premiums are expensed in a separate line on the face of the statement of comprehensive income through the amount of reinsurance recoveries expected in the reporting period, releases of the risk adjustment for non-financial risk and amortisation of the CSM.

In terms of the premium allocation approach, the reinsurance premiums paid are expensed over the coverage period according to the passage of time or the expected pattern of reinsurance coverage to be provided by the reinsurers.

Recoveries from reinsurers are recognised as assets for incurred claims, when the recovery of the claim has been incurred. Assets for incurred claims are measured at the present value of expected cash flows, taking into account the terms and conditions of the reinsurance treaty. The measurement of the asset for incurred claims includes a risk adjustment for non-financial risk ceded to the reinsurer. Recoveries from reinsurers are disclosed separately on the face of the statement of comprehensive income.

Reinsurance commission that is contingent on claims on the underlying contracts is accounted for as part of the claims that are expected to be reimbursed under the reinsurance contract held. Reinsurance commission that is not contingent on claims of the underlying contracts is accounted for as a reduction in the premiums to be paid to the reinsurer.

Insurance finance income and expense

In terms of IFRS 4, the Group recognised interest income or expense on insurance issued and reinsurance contracts held. The interest income or expense was included in changes in actuarial liabilities and related reinsurance on the face of the income statement.

In terms of IFRS 17, interest income and expense on insurance contracts issued and reinsurance contracts held are presented separately, under insurance finance income or expense and reinsurance finance income or expense. Thus, the Group elected to not present a portion of insurance finance income and expense in other comprehensive income.

In general, the Group does not incur finance expense/income on the liability/asset for remaining coverage and the liability/asset for incurred claims measured in terms of the premium allocation approach. Exceptions to this principle relate to group credit life insurance, some health insurance contracts and cash-back benefits.

Notes to the condensed consolidated interim financial statements continued

NOTE 17 CONTINUED

ADOPTION OF NEW STANDARDS CONTINUED

IFRS 17 TRANSITIONAL ADJUSTMENTS continued

17.2 Nature of changes in accounting policy continued

Income statement continued

Own equity instruments held to back contract liabilities

Investments held by the Group to back insurance and investment contract liabilities include own equity instruments. Own equity instruments and related investment returns were eliminated on consolidation to reflect the economic consequences of holding own equity instruments as investments, the Group included investment returns on own equity instruments and the number of own equity instruments held in normalised headline earnings and diluted normalised earnings per share.

In terms of recent amendments to IAS 32: Financial Instruments: Presentation, the Group decided to account for own equity instruments, held to back insurance contracts measured under the variable fee approach and investment contracts where the investment returns on the own equity instruments impact policyholder benefits, as issued own equity instruments.

The change in accounting policy resulted in own equity instruments being included in financial assets at fair value through profit and loss and in issued equity instruments on the statement of financial position. In addition, the investment returns on these instruments will be included in net income on the face of the income statement.

17.3 Impact of implementation of IFRS 17 on consolidated equity

The implementation of IFRS 17 resulted in an increase in consolidated equity of approximately R2.9 billion. The expected increase in consolidated equity can be analysed as follows:

The impact of the implementation of IFRS 17 on total equity of the Group is as follows:

Total equity	Notes	Rm
Balance at 30 June 2022		24 942
Increase in retained earnings		2 662
Recognition and measurement of insurance contracts issued and reinsurance contracts held	a.	7 141
Derecognition of intangible assets	b.	(3 288)
Decrease in investments in associates and joint ventures	c.	(234)
Increase in net deferred tax liabilities	d.	(828)
Investment returns on Group shares held in insurance policyholder assets	e.	(129)
Increase in other components of equity		422
Increase in non-controlling interests		(2)
Decrease in treasury shares	e.	424
Balance at 1 July 2022		28 026

NOTE 17 CONTINUED**ADOPTION OF NEW STANDARDS CONTINUED****IFRS 17 TRANSITIONAL ADJUSTMENTS** continued**17.3 Impact of implementation of IFRS 17 on consolidated equity** continueda. *Recognition and measurement of insurance contracts issued and reinsurance contracts held*

The increase in retained earnings is represented by a net change in carrying amounts of insurance contracts issued and reinsurance contracts from 30 June 2022 (in terms of IFRS 4) to 1 July 2022 (in terms of IFRS 17).

	30.06.2022 Rm
Total equity	
Insurance contracts and investment contracts with DPF	
Long-term insurance contracts	126 225
Investment contract liabilities and investment contract liabilities with DPF	3 031
Non-life and Health insurance contracts	22 152
Capitation agreements	8
Net insurance contract liabilities on 30 June 2022	151 416
Reinsurance contracts held	
Reinsurance contract liabilities	2 299
Reinsurance contract assets	(14 179)
Net reinsurance contract assets on 30 June 2022	(11 880)
Reallocation of working capital balances and policyholder loans	2 056
Net insurance contract liabilities on 30 June 2022 (i)	141 592

In terms of IFRS 4, the Group accounted for amounts due to and due from with policyholders and reinsurers in various working capital items on the statement of financial position. In terms of IFRS 17, amounts due to and due from policyholders and reinsurers are included in the measurement of insurance contracts issued and reinsurance contracts held and are no longer disclosed separately on the statement of financial position.

In terms of IFRS 4, investment contracts with DPF were presented in a separate line on the statement of financial position. In terms of IFRS 17, these contracts are presented together with insurance contracts issued on the statement of financial position and are no longer presented separately. The balances on 30 June 2022 reflect the carrying amounts of items before the measurement adjustments due to the implementation of IFRS 17.

Notes to the condensed consolidated interim financial statements continued

NOTE 17 CONTINUED

ADOPTION OF NEW STANDARDS CONTINUED

IFRS 17 TRANSITIONAL ADJUSTMENTS continued

17.3 Impact of implementation of IFRS 17 on consolidated equity continued

a. Recognition and measurement of insurance contracts issued and reinsurance contracts held continued

	Variable fee approach Rm	General measurement model Rm	Premium allocation approach Rm	Total Rm
Analysis of net insurance contracts on 1 July 2022				
Insurance contract assets	(6)	(8 548)	(45)	(8 599)
Insurance contract liabilities	65 942	50 934	30 249	147 125
Net insurance contract liabilities on 1 July 2022	65 936	42 386	30 204	138 526

	General measurement model Rm	Premium allocation approach Rm	Total Rm
Analysis of net reinsurance contracts on 1 July 2022			
Reinsurance contract assets	3 701	11 773	15 474
Reinsurance contract liabilities	(3 569)	(7 830)	(11 399)
Net reinsurance contract assets held on 1 July 2022	132	3 943	4 075
Net insurance contract liabilities on 1 July 2022 (ii)			134 451
Reduction in net insurance contract liabilities on 1 July 2022 (i – ii)			7 141

On 1 July 2022 the Group measured insurance contracts issued, reinsurance contracts held and investment contracts with DPF in terms of IFRS 17. The application of IFRS 17 resulted in insurance contracts issued, reinsurance contracts held and investment contracts with DPF being presented as assets or liabilities on the statement of financial position, depending on whether the portfolios that contracts have been allocated to, are in asset or liability positions.

b. Intangible assets

	Value of business acquired Rm	Deferred acquisition costs Rm	Other Intangible assets Rm	Total Rm
Carrying amount on 30 June 2022	3 074	2 038	3 635	8 747
Derecognition to retained earnings	(3 034)	(214)	(40)	(3 288)
Carrying amount on 1 July 2022	40	1 824	3 595	5 459

The 'value of business acquired' represents the difference between the fair value of the insurance contracts acquired and the carrying amounts of these contracts in terms of previous accounting policies, at the various acquisition dates. The DAC relates to expenses incurred to sell and issue insurance policies to policyholders. In terms of IFRS 17, the Group derecognised the carrying amount of value of business acquired assets to retained earnings, as the fair value of the acquired insurance contracts at the acquisition date, is now incorporated in the measurement of the CSM or loss component of the group of insurance contracts, at the acquisition date. DAC is now included in the measurement of insurance contracts and has been derecognised from the statement of financial position. The remaining balance of DAC relates to costs incurred on investment contracts. The derecognition of these intangible assets on 1 July 2022 resulted in amendments to the deferred tax balance on 1 July 2022.

NOTE 17 CONTINUED

ADOPTION OF NEW STANDARDS CONTINUED

IFRS 17 TRANSITIONAL ADJUSTMENTS *continued*

17.3 Impact of implementation of IFRS 17 on consolidated equity *continued*

c. *Investments in associates and joint ventures*

	Carrying amount Rm
Equity accounted investment on 30 June 2022	1 448
Adjustment to the Group's share of equity	(234)
Equity accounted investment on 1 July 2022	1 214

Equity accounted investments include the investment in ABHI. The Group accounts for its interest in ABHI by way of the equity accounting method. As a result, the Group adjusts the carrying amount of the investment in the joint venture with its share of changes in the net assets of the investee. IFRS 17 required the remeasurement of net assets of the associate, resulting in a change in the carrying amount of the Group's interest in the associate. Changes in the net asset value of the associate relate primarily to recognition of insurance service revenue over the passage of time compared to over two financial periods and the inclusion of a risk adjustment for non-financial risks in the measurement of liabilities and assets for incurred claims.

d. *Deferred income tax*

	Carrying amount Rm
Deferred income tax assets	(880)
Deferred income tax liabilities	2 601
Net deferred income tax on 30 June 2022	1 721
Deferred tax impact on adjustment to retained earnings on 1 July 2022	828
Net deferred income tax on 1 July 2022	2 549
Deferred income tax assets	(564)
Deferred income tax liabilities	3 113
Net deferred income tax on 1 July 2022	2 549

On 1 July 2022 the Group derecognised intangible assets with a carrying amount of R3.3 billion and reduced the net carrying amount of insurance contracts issued and reinsurance contracts held with R7.1 billion in terms of IFRS 17. The implementation of IFRS 17 resulted in an increase in net deferred tax liabilities of R0.8 billion.

e. *Own equity instruments*

On 1 July 2022 the change in accounting policy regarding own equity instruments held resulted in an increase in financial assets at FVPL and total equity of R294 million. The increase is due to the recognition of own equity instruments at a fair value of R294 million, cumulative fair value losses on own equity instruments of R129 million and an increase in share premium of R424 million. In future, the normalised headline earnings reconciliations will not include items for own equity instruments held to back insurance contracts measured under the variable fee approach and investment contracts where the investment return on the own equity instruments impact policyholder benefits.

17.4 Impact of IFRS 17 on presentation and disclosure

Presentation of insurance contracts and reinsurance contracts held – statement of financial position

In terms of IFRS 4, the Group presented insurance contract assets and insurance contract liabilities on a net basis on the statement of financial position. In the same manner, assets and liabilities for reinsurance contracts held were presented on net basis on the statement of financial position.

In terms of IFRS 17, portfolios of insurance contracts that are assets are accumulated and presented as insurance contract assets on the face of the statement of financial position, while portfolios that are liabilities are accumulated and presented as insurance contract liabilities on the face of the statement of financial position. A similar approach is followed for portfolios of reinsurance contracts held that are in asset and liability positions.

Notes to the condensed consolidated interim financial statements continued

NOTE 17 CONTINUED

ADOPTION OF NEW STANDARDS CONTINUED

IFRS 17 TRANSITIONAL ADJUSTMENTS continued

17.4 Expected impact of IFRS 17 on presentation and disclosure continued

Presentation of insurance contracts issued and reinsurance contracts held – income statement

In terms of IFRS 4, insurance premiums was the measure of revenue earned from providing insurance coverage during the financial period, while net insurance benefits and claims and expenses (including, changes in actuarial liabilities and related reinsurance) indicated the net expenses incurred in providing insurance coverage to policyholders.

In terms of IFRS 17, insurance service revenue replaced insurance premiums as the measure of revenue earned from the rendering of insurance contract services during the financial period. Insurance service expenses replaced net insurance benefits and claims and expenses as the measure of fulfilment expenses incurred during the financial period. Expenses that are not fulfilment cash flows are presented outside of insurance service expenses in terms of relevant IFRS as appropriate.

Reinsurance premiums ceded represent the cost of ceding insurance risks to reinsurers during the financial period. Insurance claims recovered are presented as incurred insurance claims recovered from reinsurers.

The total of insurance service revenue, insurance service expenses, reinsurance premiums ceded and insurance claims recovered, is the insurance service result for the financial period. The insurance service result is a measure of the profitability of the insurance contract services provided and reinsurance contract services acquired during the financial period.

17.5 Other

Cell captive arrangements – Third-party cell captive arrangements

In terms of IFRS 4, the Group accounted for insurance policies issued under third-party cell captive arrangements as insurance contracts issued in terms of IFRS 4 and reflected the cell owner as the ultimate reinsurer of the net profit/loss generated by the cell. This treatment resulted in the Group profit before tax reflecting only the fee earned for administering the cell captive arrangement.

In terms of IFRS 17 the third-party cell shareholder agreement is accounted for as an in-substance reinsurance agreement held by the Group as policyholder. The net profit or loss generated by the cell is accounted for as separate, gross reinsurance transactions between the Group as insurer and the cell owner as reinsurer. This treatment results in the Group profit or loss continuing to reflect only the fee earned for administering the cell captive arrangement.

The insurance contracts issued under the cell captive arrangement are reflected in insurance contract assets or liabilities, while the rights and obligations with the cell owner are reflected in reinsurance contract assets or liabilities.

17.6 Transition and use of transitional provisions

The Group transitioned to IFRS 17 by identifying insurance contracts issued and reinsurance contracts held that were in-force on 1 July 2022 and by applying IFRS 17 to these contracts based on the transitional provisions of the standard. The Group applied the full retrospective approach or the fair value approach to account for groups of insurance contracts issued and reinsurance contracts held on 1 July 2022.

The Group applied the fair value approach to specific groups of insurance contracts issued and reinsurance contracts held if the requirements of the standard were viewed as being impracticable to apply by means of the fully retrospective approach.

NOTE 17 CONTINUED

ADOPTION OF NEW STANDARDS CONTINUED

IFRS 17 TRANSITIONAL ADJUSTMENTS *continued*

17.6 Transition and use of transitional provisions *continued*

Determining whether it is impracticable to apply the standard on the fully retrospective basis is an item of management judgement. The Group made this judgement by considering whether the expected cost to apply the fully retrospective method is reasonable or unreasonable relative to the value that would be obtained from applying this transition method.

Factors considered in making this assessment includes the following:

- Availability and accessibility of historical data.
- The effort involved in obtaining historical data.
- Reliability and significance of historical assumptions.
- Extent of system and model development required.

Key implementation decisions include, but are not limited to the following:

- The latest versions of actuarial models were used to measure units of account, regardless of when the units of account were recognised.
- A consistent set of risk margins were used to measure the risk adjustment for non-financial risks on 1 July 2022 and at previous reporting dates.
- Insurance contracts and reinsurance contracts acquired in business combinations were accounted for from the acquisition date of the relevant business combination. Embedded values at the acquisition dates were used to determine the fair value of acquired contracts where embedded values or relative embedded values were referenced in the transaction terms.

Fully retrospective approach

In terms of the fully retrospective method, the Group accounted for groups of insurance contracts issued and reinsurance contracts held, as if IFRS 17 had been effective from the date when the groups of contracts were recognised.

The modification of Myriad insurance contracts issued prior to 30 June 2017 resulted in these contracts being derecognised and recognised in a new unit of account on 1 July 2017. These contracts were accounted for on the fully retrospective approach from 1 July 2017.

Fair value approach

In terms of the fair value approach, the Group measured groups of insurance contracts issued and reinsurance contracts held at fair value on 1 July 2022 (the measurement date) and applied the requirements of the standard to these contracts on a prospective basis from this date.

A fair value measurement incorporates information regarding the item being measured at the measurement date. The Group allocated insurance contracts into groups of insurance contracts, identified various types of contracts in the scope of IFRS 17 and measured specific fulfilment cash flows based on information available at the initial recognition of the insurance contracts issued and reinsurance contracts held.

The fair value approach results in the calculation of the CSM or loss component per group of insurance contracts issued, as the difference between the fair value and the fulfilment cash flows of the group of insurance contracts on 1 July 2022. Excess of the fair value over the fulfilment cash flows is accounted for as a CSM (expected future profit), while the excess of the fulfilment cash flows over the fair value is, accounted for as a loss component (a provision for expected losses) with a reduction in retained earnings.

Differences between the fair value and fulfilment cash flows of a group of reinsurance contracts held on 1 July 2022, was accounted for in the CSM as deferred gain or loss on the purchase of reinsurance cover. The deferred gain or loss is recognised in the allocation of reinsurance premiums paid over the coverage period. For a group of reinsurance contracts held, any loss recovery component on 1 July 2022 was calculated by multiplying the loss component of the underlying group of insurance contracts with the percentage of claims the Group expects to recover from the reinsurer.

Notes to the condensed consolidated interim financial statements continued

NOTE 17 CONTINUED

ADOPTION OF NEW STANDARDS CONTINUED

IFRS 17 TRANSITIONAL ADJUSTMENTS continued

17.6 Transition and use of transitional provisions continued

Fair value approach continued

The application of the fair value approach could result in different CSM/loss component balances being included/identified in the measurement of the groups of insurance contracts, compared to if the full retrospective approach is applied. The CSM or loss component balances will impact the amount and timing of the recognition of future insurance service revenue and insurance service expenses, with a resulting impact on the profit before tax of the Group. The application of the fair value approach will impact the statement of financial position and the statement of comprehensive income until the relevant groups of insurance contracts issued have been derecognised.

Per portfolio, insurance contracts measured in terms of the fair value approach on 1 July 2022, were allocated to a single group of insurance contracts, regardless of the cohort the insurance contracts belonged to or the expected profitability of the insurance contracts. A similar approach was applied for reinsurance contracts held on 1 July 2022.

The use of a single group of insurance contracts issued or reinsurance contracts held on 1 July 2022, reduced the number of units of accounts to be accounted for on transition to IFRS 17 and will result in a netting of CSM and loss components that would have existed in more granular groups of contracts. On a cumulative basis, the profit or loss before tax will be the same amount, regardless of whether the insurance contracts issued or reinsurance contracts held are allocated to more than one group of contracts, however the annual profit before tax amounts could be different.

Fair value option

Specific groups of insurance contracts where risk mitigation strategies are applied were transitioned to IFRS 17 on a fair value basis in terms of the option afforded by the standard.

Embedded value information

CHANGES IN EMBEDDED VALUE REPORTING METHODOLOGY – ADOPTION OF IFRS 17:

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

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

Although the prior period EV has not been restated and is as per IFRS 4, the Group has elected to make some changes to the layout of the tables for presentational purposes.

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

- 1) Investment return assumptions for all asset classes are set with reference to the market-related, risk-free yield curve used for IFRS reporting. Risk premiums are no longer added to the risk-free return when setting investment return assumptions for asset classes like equities, property, cash and other interest-bearing instruments.
- 2) Explicit allowance is made for non-financial risk in insurance contracts, which is taken as the IFRS 17 Risk Adjustment. For annual renewable insurance contracts in Momentum Corporate and all covered investment contracts, non-financial risk is allowed for implicitly through appropriate risk discount rates.
- 3) The value of in-force for long-term insurance contracts is determined as the aggregate of:
 - The IFRS 17 Contractual Service Margin (CSM), net of tax.
 - The present value of future cash flows not measured and reported under IFRS 17, but that are attributable to the underlying insurance contracts, net of tax.
- 4) The cost of capital reflects the frictional costs expected to be incurred over the lifetime of the in-force business, and comprises the following components:
 - Expected taxes on investment returns generated by assets supporting required capital.
 - Expected asset management costs on the assets supporting required capital and the CSM.

REPORTING SEGMENTATION:

The Group has aligned its reporting segments with the updated internal operating structure. Refer to appendix A of the Summary for more information.

COVERED AND NON-COVERED BUSINESS:

Included in covered business is all life insurance business except those underwritten by Guardrisk and Ghana as well as underwritten health business. The off-balance sheet investment business written through the Momentum Wealth platform (both local and offshore) is included as covered business on a consistent basis as the on-balance sheet business.

Embedded value information continued

Principal assumptions (South Africa) ¹	31.12.2023 %	30.06.2023* %	30.06.2023 %
Pre-tax investment return ²			
Equities	14.7	15.0	16.0
Properties	12.2	12.5	13.5
Government stock	11.2	11.5	12.5
Other fixed-interest stocks	11.7	12.0	13.0
Cash	8.5	8.5	11.5
Risk-free return ²	12.2	12.5	12.5
Investment return (before tax) – balanced portfolio ²	12.0	12.3	14.7
Renewal expense inflation rate ³	7.4	7.3	7.1
Risk discount rate (RDR) – all covered business ⁴	N/A	N/A	14.8
Risk discount rate (RDR) – annual renewable insurance business ⁵	14.7	15.0	N/A
Risk discount rate (RDR) – investment business ⁵	13.7	14.0	N/A
Cost of capital (CoC) rate ⁶	2.5	2.5	5.4

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

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

² Risk-free returns are taken from an appropriate market-related, risk-free yield curve as at the valuation date that is also used for IFRS reporting. Before the EV methodology change, risk premiums were added to the risk-free yields in order to derive yields on other asset classes as shown for the prior comparative period above. Following the EV methodology change, asset returns are set with reference to real world expectations of asset returns. The expected investment return on balanced portfolio business was calculated by applying the above returns to an expected long-term asset distribution. These real world expectations are only applied for the purposes of analysis and are not capitalised in the EV result in any way. Expected cash flows at each duration are discounted using risk-free yields appropriate to that duration.

³ For the retail businesses an inflation rate of 6.0% p.a. is used over the planning horizon (three years) where after the inflation rate is derived from market inputs as the difference between nominal and real yields across the term structure of these curves. An addition to the expense inflation is allowed for in some divisions to reflect the impact of closed books that are in run-off. The 7.4% above represents the 10-year point of the yield curves.

⁴ Before the revised EV methodology, the allowance for risk in future shareholder cash flows was determined with reference to a risk discount rate. The risk discount rate applied to covered business in South Africa was derived based on a weighted average cost of capital approach. After the revision of the EV methodology, appropriate risk discount rates are calculated for annual renewable insurance and covered investment contracts.

⁵ The risk discount rate applied to annual renewable insurance contracts is determined as the risk-free return + 2.50%. For covered investment contracts, the risk discount rate is determined as the risk-free return + 1.50%. The risk premiums added to the risk-free return allows for the expected non-financial risk in future shareholder cash flows.

For long-term insurance contracts measured under IFRS 17, non-financial risk is allowed for explicitly through the IFRS 17 Risk Adjustment as opposed to using a risk discount rate.

⁶ The cost of capital rate represents the annual expected frictional cost applicable to the assets supporting the required capital and the value of in-force. For the prior period, before the revision of the EV methodology, the cost of capital rate represented the opportunity cost for shareholders of holding required capital, which was calculated as the difference between the risk discount rate and net of tax investment return on assets supporting required capital.

	31.12.2023 Rm	30.06.2023* Rm
Embedded value results		
Covered business		
Equity attributable to owners of the parent	28 976	26 764
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments	24	(1 608)
Net assets – non-covered business within life insurance companies	(4 548)	(4 246)
Net assets – non-covered business outside life insurance companies	(7 249)	(7 362)
Diluted adjusted net worth – covered business	17 203	13 548
Net value of in-force business	18 479	22 152
Diluted embedded value – covered business	35 682	35 700
Non-covered business		
Net assets – non-covered business within life insurance companies	4 548	4 246
Net assets – non-covered business outside life insurance companies	7 249	7 362
Consolidation adjustments ¹	(290)	(956)
Adjustments for dilution ²	1 145	1 541
Diluted adjusted net worth – non-covered business	12 652	12 193
Write-up to directors' value	1 689	1 142
Non-covered business	5 098	4 303
Holding company expenses ³	(2 011)	(1 824)
International holding company expenses ³	(1 398)	(1 337)
Diluted embedded value – non-covered business	14 341	13 335
Diluted adjusted net worth	29 855	25 741
Net value of in-force business	18 479	22 152
Write-up to directors' value	1 689	1 142
Diluted embedded value	50 023	49 035
Required capital – covered business (adjusted for qualifying debt) ⁴	10 177	6 144
Free surplus – covered business	7 026	7 404
Diluted embedded value per share (cents)	3 501	3 375
Diluted adjusted net worth per share (cents)	2 089	1 772
Diluted number of shares in issue (million) ⁵	1 429	1 453
Return on embedded value (%) – annualised internal rate of return	10.4%	14.1%
Return on embedded value excluding Exceptional items (%) – annualised internal rate of return	12.6%	14.1%

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

¹ Consolidation adjustments include mainly goodwill and intangibles in subsidiaries that are eliminated.

² Adjustments for dilution are made up as follows:

- Treasury shares held on behalf of contract holders: Rnil million (30.06.2023: R453 million).
- Liabilities related to iSabelo transaction: R877 million (30.06.2023: R826 million).
- Liability – Momentum Metropolitan Holdings Ltd convertible preference shares issued to KTH: R268 million (30.06.2023: R262 million).

³ The holding company expenses reflect the present value of projected recurring head office expenses. The international holding company expenses reflect the allowance for support services to the international businesses.

⁴ The required capital for in-force covered business amounts to R14 504 million (30.06.2023: R10 443 million) and is adjusted for qualifying debt of R4 327 million (30.06.2023: R4 299 million). The implementation of IFRS 17 resulted in a reduction of policyholder liabilities and a commensurate increase to the IFRS NAV. However, the assets required to back internal targets for regulatory solvency are largely unaffected and the quantum of IFRS NAV allocated to support the affected businesses thus increases.

⁵ The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders as well as those held by a subsidiary related to the iSabelo transaction.

Embedded value information continued

	31.12.2023 Rm	30.06.2023* Rm
Analysis of net value of in-force business		
Momentum Retail	7 158	10 471
Gross value of in-force business	7 974	10 862
Less cost of required capital	(816)	(391)
Momentum Investments¹	3 340	1 930
Gross value of in-force business	3 377	2 326
Less cost of required capital	(37)	(396)
Metropolitan Life	2 430	3 772
Gross value of in-force business	2 702	4 255
Less cost of required capital	(272)	(483)
Momentum Corporate	3 626	3 317
Gross value of in-force business	4 314	4 446
Less cost of required capital	(688)	(1 129)
Momentum Metropolitan Africa	1 765	2 662
Gross value of in-force business	2 117	3 045
Less cost of required capital	(352)	(383)
Shareholders²	160	–
Gross value of in-force business	160	–
Less cost of required capital	–	–
Net value of in-force business	18 479	22 152

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

¹ Included in covered business is Wealth business not deemed to be long-term insurance business with a value of in-force of R278 million (30.06.2023: R357 million).

² The VIF relates to the expected time value placed on the deferred tax raised for the IFRS 17 phase-in amount and will run down over six years.

	Adjusted net worth Rm	Net value of in-force Rm	31.12.2023 Rm	30.06.2023* Rm
Embedded value detail				
Covered business				
Momentum Retail	4 500	7 158	11 658	12 421
Momentum Investments ¹	794	3 340	4 134	3 596
Metropolitan Life	2 650	2 430	5 080	5 522
Momentum Corporate	4 025	3 626	7 651	7 067
Momentum Metropolitan Africa	2 535	1 765	4 300	3 989
Operating segments	14 504	18 319	32 823	32 595
Qualifying Debt	(4 327)	–	(4 327)	(4 299)
Free Surplus	7 026	160	7 186	7 404
Total covered business	17 203	18 479	35 682	35 700

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

¹ Included in covered business is Wealth business not deemed to be long-term insurance business with a value of in-force of R278 million (30.06.2023: R357 million).

Embedded value detail continued	Adjusted net worth Rm	Write-up to directors' value Rm	31.12.2023 Rm	30.06.2023* Rm
Non-covered business				
Momentum Retail	154	–	154	94
Other	154	–	154	94
Momentum Investments	1 623	1 238	2 861	2 428
Investment and savings	1 255	1 498	2 753	2 761
Multiply Money	275	(243)	32	(404)
Other	93	(17)	76	71
Metropolitan Life	12	–	12	11
Other	12	–	12	11
Momentum Corporate	160	–	160	159
Other	160	–	160	159
Momentum Metropolitan Health	747	313	1 060	1 318
Health	595	759	1 354	1 318
Momentum Multiply	152	(446)	(294)	–
Guardrisk	2 976	2 006	4 982	4 675
Cell captives	2 976	2 006	4 982	4 675
Momentum Insure	1 683	207	1 890	1 708
Non-life insurance	1 683	207	1 890	1 708
Momentum Metropolitan Africa	795	(1 251)	(456)	(878)
Life insurance	83	(18)	65	73
Health	302	87	389	371
Non-life insurance	57	28	85	82
Other	353	50	403	(67)
International holding company expenses ¹	–	(1 398)	(1 398)	(1 337)
India	988	1 187	2 175	2 145
India	988	1 187	2 175	2 145
Shareholders	3 514	(2 011)	1 503	1 675
Other	3 514	–	3 514	3 499
Holding company expenses ¹	–	(2 011)	(2 011)	(1 824)
Total non-covered business	12 652	1 689	14 341	13 335
Total embedded value	29 855	20 168	50 023	49 035

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

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

Embedded value information continued

Analysis of changes in Group embedded value	Notes	Covered business			6 mths to 31.12.2023 Total EV Rm	12 mths to 30.06.2023* Total EV Rm
		Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of required capital Rm		
Profit from new business	A	(492)	729	(37)	200	600
Profit from existing business		1 923	(163)	(10)	1 750	3 394
Expected return	B	–	1 202	(117)	1 085	2 058
Expected contribution from real world economic assumptions	C	202	152	–	354	–
Release of cost of capital	D	–	–	231	231	513
Expected (or actual) net of tax profit transfer to net worth	E	1 612	(1 612)	–	–	–
Operating experience variances	F	124	70	–	194	772
Development expenses	G	(21)	–	–	(21)	(66)
Operating assumption changes	H	6	25	–	31	(372)
Change in cost of capital ¹		–	–	(124)	(124)	489
Embedded value profit/(loss) from operations		1 431	566	(47)	1 950	3 994
Investment return on adjusted net worth	I	686	–	–	686	903
Investment market related variances	J	221	(24)	(28)	169	1 819
Exchange rate movements	K	(7)	(13)	–	(20)	50
Exceptional items	L	3 607	(4 819)	692	(520)	–
Embedded value profit/(loss) – covered business		5 938	(4 290)	617	2 265	6 766
Transfer of business to non-covered business	M	–	–	–	–	–
Other capital transfers	N	(190)	–	–	(190)	(926)
Dividend paid		(2 093)	–	–	(2 093)	(3 370)
Change in embedded value – covered business		3 655	(4 290)	617	(18)	2 470
Non-covered business						
Change in directors' valuation and other items					462	(128)
Change in holding company expenses					(248)	(213)
Embedded value profit/(loss) – non-covered business					214	(341)
Transfer of business from covered business	M				–	–
Other capital transfers	N				190	926
Dividend received					1 070	1 776
Allowance for shareholder flows related to iSabelo transaction					51	63
Shares repurchased					(500)	(1 250)
Finance costs – preference shares					(19)	(37)
Change in embedded value – non-covered business					1 006	1 137
Total change in Group embedded value					988	3 607
Total embedded value profit					2 479	6 425
Return on embedded value (%) – annualised internal rate of return					10.4%	14.1%
Return on embedded value excluding Exceptional items (%) – annualised internal rate of return					12.6%	14.1%

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

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

A. VALUE OF NEW BUSINESS

	Momentum Retail Rm	Momentum Investments ⁴ Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Africa Rm	Total Rm
Value of new business^{1, 2, 3}						
6 mths to 31.12.2023						
Value of new business	(40)	335	(85)	7	(17)	200
Gross	10	294	(78)	18	(7)	237
Less cost of required capital	(50)	41	(7)	(11)	(10)	(37)
New business premiums	1 831	21 907	1 725	5 407	794	31 664
Recurring premiums	535	139	828	326	210	2 038
Protection	238	–	578	81	82	979
Long-term savings	297	122	246	245	128	1 038
Annuities	–	17	4	–	–	21
Single premiums	1 296	21 768	897	5 081	584	29 626
Protection	–	–	–	–	46	46
Long-term savings	1 296	17 181	163	4 965	270	23 875
Annuities	–	4 587	734	116	268	5 705
New business premiums (APE)	665	2 316	917	835	269	5 002
Protection	238	–	578	81	87	984
Long-term savings	427	1 840	262	742	155	3 426
Annuities	–	476	77	12	27	592
Present value of new business premiums (PVNBP) ⁵	4 255	22 390	3 231	7 703	1 524	39 103
Profitability of new business as a percentage of APE	(6.0)	14.5	(9.3)	0.8	(6.3)	4.0
Profitability of new business as a percentage of PVNBP ⁵	(0.9)	1.5	(2.6)	0.1	(1.1)	0.5
12 mths to 30.06.2023*						
Value of new business	(69)	466	154	67	(18)	600
Gross	(13)	549	200	143	8	887
Less cost of required capital	(56)	(83)	(46)	(76)	(26)	(287)
New business premiums	3 625	40 027	3 673	5 392	1 424	54 141
Recurring premiums	1 094	205	1 681	1 093	451	4 524
Protection	477	–	1 197	284	219	2 177
Long-term savings	617	181	477	436	232	1 943
Annuities	–	24	7	373	–	404
Single premiums	2 531	39 822	1 992	4 299	973	49 617
Protection	–	–	–	–	108	108
Long-term savings	2 531	32 960	406	3 669	325	39 891
Annuities	–	6 862	1 586	630	540	9 618
New business premiums (APE)	1 347	4 187	1 881	1 523	549	9 487
Protection	477	–	1 197	284	230	2 188
Long-term savings	870	3 477	518	803	265	5 933
Annuities	–	710	166	436	54	1 366
Present value of new business premiums (PVNBP) ⁵	7 601	40 656	7 201	10 485	2 930	68 873
Profitability of new business as a percentage of APE	(5.1)	11.1	8.2	4.4	(3.3)	6.3
Profitability of new business as a percentage of PVNBP ⁵	(0.9)	1.1	2.1	0.6	(0.6)	0.9

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

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

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

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

⁴ Included in covered business is Wealth business not deemed to be long-term insurance business with value of new business of R32 million (30.06.2023: R77 million).

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

Embedded value information continued

A. VALUE OF NEW BUSINESS CONTINUED

	6 mths to 31.12.2023 Rm	12 mths to 30.06.2023 Rm
Reconciliation of lump sum inflows		
Total lump sum inflows	28 402	46 817
Inflows not included in value of new business	(6 456)	(11 359)
Wealth off-balance sheet business	6 352	12 355
Term extensions on maturing policies	76	189
Automatically Continued Policies	1 238	1 577
Non-controlling interests and other adjustments	14	38
Single premiums included in value of new business	29 626	49 617

B. EXPECTED RETURN

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

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

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

C. EXPECTED CONTRIBUTION FROM REAL WORLD ECONOMIC ASSUMPTIONS

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

D. RELEASE OF THE COST OF CAPITAL

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

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

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

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

F. OPERATING EXPERIENCE VARIANCES

	Notes	6 mths to 31.12.2023			12 mths to 30.06.2023*
		ANW Rm	Gross VIF Rm	EV Rm	EV Rm
Operating experience variances					
Momentum Retail		1	84	85	350
Mortality and morbidity	1	116	4	120	147
Terminations, premium cessations and policy alterations		(7)	3	(4)	183
Expense variance		(7)	-	(7)	26
Change in Risk Adjustment		(7)	-	(7)	-
Contractual Service Margin transfer		(76)	76	-	-
Other		(18)	1	(17)	(6)
Momentum Investments		(40)	(18)	(58)	(63)
Mortality and morbidity	1	50	-	50	(15)
Terminations, premium cessations and policy alterations	2	6	(104)	(98)	(48)
Expense variance		5	-	5	(47)
Change in Risk Adjustment		2	-	2	-
Contractual Service Margin transfer		(86)	86	-	-
Other		(17)	-	(17)	47
Metropolitan Life		51	(18)	33	(286)
Mortality and morbidity	1	38	(1)	37	113
Terminations, premium cessations and policy alterations		(25)	(2)	(27)	(356)
Expense variance		(4)	-	(4)	(16)
Change in Risk Adjustment		10	-	10	-
Contractual Service Margin transfer		16	(16)	-	-
Other		16	1	17	(27)
Momentum Corporate		291	2	293	922
Mortality and morbidity	1	366	-	366	754
Terminations, premium cessations and policy alterations	3	(34)	(20)	(54)	225
Expense variance		(31)	-	(31)	(165)
Change in Risk Adjustment		(9)	-	(9)	-
Contractual Service Margin transfer		(22)	22	-	-
Other		21	-	21	108
Momentum Metropolitan Africa		(71)	20	(51)	52
Mortality and morbidity	1	33	-	33	73
Terminations, premium cessations and policy alterations	4	(12)	(21)	(33)	38
Expense variance		(40)	-	(40)	(68)
Change in Risk Adjustment		2	-	2	-
Contractual Service Margin transfer		(46)	46	-	-
Other		(8)	(5)	(13)	9
Shareholders		(108)	-	(108)	(203)
Total operating experience variances		124	70	194	772

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

Notes

- Overall, mortality and morbidity experience for the 6 months were better compared to what was allowed for in the valuation basis.
- Mainly due to negative alteration experience.
- The ANW impact mainly relates to alteration experience on the Myriad Continuation Assurance Option policies. The VIF impact relates to positive retentions on MRA and the FAW Savings book, offset by terminations experienced on the Large Corporate Risk book.
- Impact due to adverse termination experience in Namibia and Lesotho.

Embedded value information continued

G. DEVELOPMENT EXPENSES

Business development expenses within segments.

H. OPERATING ASSUMPTION CHANGES

	Notes	6 mths to 31.12.2023			12 mths to 30.06.2023*
		ANW Rm	Gross VIF Rm	EV Rm	EV Rm
Operating assumption changes					
Momentum Retail		-	-	-	311
Mortality and morbidity assumptions		-	-	-	52
Termination assumptions		-	-	-	411
Renewal expense assumptions		-	-	-	(115)
Change in Risk Adjustment		-	-	-	-
Contractual Service Margin transfer		-	-	-	-
Modelling, methodology and other changes		-	-	-	(37)
Momentum Investments		-	-	-	(116)
Mortality and morbidity assumptions		-	-	-	-
Termination assumptions		-	-	-	(17)
Renewal expense assumptions		-	-	-	(212)
Change in Risk Adjustment		-	-	-	-
Contractual Service Margin transfer		-	-	-	-
Modelling, methodology and other changes		-	-	-	113
Metropolitan Life		-	(4)	(4)	(382)
Mortality and morbidity assumptions		-	-	-	332
Termination assumptions		-	-	-	(286)
Renewal expense assumptions		-	-	-	(400)
Change in Risk Adjustment		-	-	-	-
Contractual Service Margin transfer		-	-	-	-
Modelling, methodology and other changes		-	(4)	(4)	(28)
Momentum Corporate		-	-	-	(115)
Mortality and morbidity assumptions		-	-	-	260
Termination assumptions		-	-	-	(2)
Renewal expense assumptions		-	-	-	(272)
Change in Risk Adjustment		-	-	-	-
Contractual Service Margin transfer		-	-	-	-
Modelling, methodology and other changes		-	-	-	(101)
Momentum Metropolitan Africa		6	29	35	(70)
Mortality and morbidity assumptions		-	-	-	4
Termination assumptions		-	-	-	39
Renewal expense assumptions		36	-	36	(151)
Change in Risk Adjustment		(1)	-	(1)	-
Contractual Service Margin transfer		(28)	28	-	-
Modelling, methodology and other changes		(1)	1	-	38
Total operating assumption changes		6	25	31	(372)

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

I. INVESTMENT RETURN ON ADJUSTED NET WORTH

	6 mths to 31.12.2023 Rm	12 mths to 30.06.2023* Rm
Investment return on adjusted net worth		
Investment income	767	823
Capital appreciation and other ¹	(81)	80
Investment return on adjusted net worth	686	903

* The prior period investment return on adjusted net worth has not been restated for the transition to IFRS 17 and revised EV methodology.

¹ This includes the revaluation of owner-occupied properties.

J. INVESTMENT MARKET RELATED VARIANCES

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

K. EXCHANGE RATE MOVEMENTS

The impact of foreign currency movements on International covered businesses.

L. EXCEPTIONAL ITEMS

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

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

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

Transfer of business between covered and non-covered business.

N. OTHER CAPITAL TRANSFERS

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

Embedded value information continued

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of required capital Rm	6 mths to 31.12.2023 Rm	12 mths to 30.06.2023* Rm
Momentum Retail					
Profit from new business	(73)	83	(50)	(40)	(69)
Expected return	–	476	(35)	441	877
Expected contribution from real world economic assumptions	8	44	–	52	–
Release of cost of capital	–	–	57	57	137
Expected (or actual) net of tax profit transfer to net worth	617	(617)	–	–	–
Operating experience variances	1	84	–	85	350
Development expenses	(12)	–	–	(12)	(34)
Operating assumption changes	–	–	–	–	311
Change in cost of capital	–	–	13	13	351
Embedded value profit/(loss) from operations	541	70	(15)	596	1 923
Investment return on adjusted net worth	76	–	–	76	102
Investment market related variances	114	(60)	–	54	694
Exceptional items	2 550	(2 898)	(411)	(759)	–
Embedded value profit/(loss) – covered business	3 281	(2 888)	(426)	(33)	2 719
Momentum Investments					
Profit from new business	(147)	441	41	335	466
Expected return	–	148	(1)	147	143
Expected contribution from real world economic assumptions	60	35	–	95	–
Release of cost of capital	–	–	9	9	90
Expected (or actual) net of tax profit transfer to net worth	239	(239)	–	–	–
Operating experience variances	(40)	(18)	–	(58)	(63)
Development expenses	(4)	–	–	(4)	(9)
Operating assumption changes	–	–	–	–	(116)
Change in cost of capital	–	–	(53)	(53)	16
Embedded value profit/(loss) from operations	108	367	(4)	471	527
Investment return on adjusted net worth	(6)	–	–	(6)	183
Investment market related variances	77	(42)	–	35	489
Exceptional items	(925)	725	364	164	–
Embedded value profit/(loss) – covered business	(746)	1 050	360	664	1 199
Metropolitan Life					
Profit from new business	(126)	48	(7)	(85)	154
Expected return	–	175	(12)	163	390
Expected contribution from real world economic assumptions	78	32	–	110	–
Release of cost of capital	–	–	35	35	96
Expected (or actual) net of tax profit transfer to net worth	263	(263)	–	–	–
Operating experience variances	51	(18)	–	33	(286)
Development expenses	(2)	–	–	(2)	(21)
Operating assumption changes	–	(4)	–	(4)	(382)
Change in cost of capital	–	–	(20)	(20)	(14)
Embedded value profit/(loss) from operations	264	(30)	(4)	230	(63)
Investment return on adjusted net worth	44	–	–	44	71
Investment market related variances	(9)	24	–	15	125
Exceptional items	900	(1 548)	215	(433)	–
Embedded value profit/(loss) – covered business	1 199	(1 554)	211	(144)	133

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

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE CONTINUED	Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of required capital Rm	6 mths to 31.12.2023 Rm	12 mths to 30.06.2023* Rm
Momentum Corporate					
Profit from new business	(77)	95	(11)	7	67
Expected return	–	281	(48)	233	386
Expected contribution from real world economic assumptions	35	41	–	76	–
Release of cost of capital	–	–	102	102	190
Expected (or actual) net of tax profit transfer to net worth	313	(313)	–	–	–
Operating experience variances	291	2	–	293	922
Development expenses	(3)	–	–	(3)	(2)
Operating assumption changes	–	–	–	–	(115)
Change in cost of capital	–	–	(66)	(66)	60
Embedded value profit/(loss) from operations	559	106	(23)	642	1 508
Investment return on adjusted net worth	70	–	–	70	142
Investment market related variances	(5)	(30)	–	(35)	(10)
Exceptional items	275	(207)	464	532	–
Embedded value profit/(loss) – covered business	899	(131)	441	1 209	1 640
Momentum Metropolitan Africa					
Profit from new business	(69)	62	(10)	(17)	(18)
Expected return	–	115	(21)	94	262
Expected contribution from real world economic assumptions	21	–	–	21	–
Release of cost of capital	–	–	28	28	–
Expected (or actual) net of tax profit transfer to net worth	151	(151)	–	–	–
Operating experience variances	(71)	20	–	(51)	52
Operating assumption changes	6	29	–	35	(70)
Change in cost of capital	–	–	2	2	76
Embedded value profit/(loss) from operations	38	75	(1)	112	302
Investment return on adjusted net worth	264	–	–	264	150
Investment market related variances	46	68	(28)	86	476
Exchange rate movements	(7)	(13)	–	(20)	50
Exceptional items	1 146	(1 058)	60	148	–
Embedded value profit/(loss) – covered business	1 487	(928)	31	590	978
Shareholders					
Expected return	–	7	–	7	–
Expected (or actual) net of tax profit transfer to net worth	29	(29)	–	–	–
Operating experience variances	(108)	–	–	(108)	(203)
Embedded value loss from operations	(79)	(22)	–	(101)	(203)
Investment return on adjusted net worth	238	–	–	238	255
Investment market related variances	(2)	16	–	14	45
Exceptional items	(339)	167	–	(172)	–
Embedded value profit/(loss) – covered business	(182)	161	–	(21)	97

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

Additional information

	31.12.2023	Restated
	Rm	30.06.2023^{2,3}
		Rm
ANALYSIS OF ASSETS MANAGED AND/OR ADMINISTERED¹		
Managed and/or administered by Investments		
Financial assets	615 930	620 678
Momentum Manager of Managers	177 447	177 074
Equilibrium Investment Management	17 974	16 762
Momentum Collective Investments	97 723	101 856
Momentum Asset Management	143 778	146 596
Momentum Global Investments	138 145	139 291
Momentum Alternative Investments	10 328	9 677
Momentum Securities	30 535	29 422
Properties – Eris Property Group	19 360	17 625
On-balance sheet	10 054	9 987
Off-balance sheet	9 306	7 638
Momentum Wealth linked product assets under administration	245 733	237 177
On-balance sheet	161 936	155 934
Off-balance sheet	83 797	81 243
Managed internally or by other managers within the Group (on-balance sheet)	106 934	96 457
Managed by external managers (on-balance sheet)	14 483	14 133
Properties managed internally or by other managers within the Group or externally	2 018	1 877
Guardrisk – cell captives on-balance sheet	43 298	40 452
Total assets managed and/or administered	1 047 756	1 028 399
Managed and/or administered by Investments		
On-balance sheet ⁴	325 044	317 328
Off-balance sheet ⁴	290 886	303 350
	615 930	620 678
Admin and brokerage assets	115 962	117 814
Other assets	499 968	502 864
	615 930	620 678

¹ Assets managed and/or administered, other than CIS assets, are included where an entity earns a fee on the assets. The total CIS assets are included in Momentum Collective Investments only as this is where the funds are housed. Non-financial assets (except properties) have been excluded.

² The prior period has been restated for the application of IFRS 17. Refer to note 17 for more information.

³ R55 billion restatement relates to the onboarding of CAIM off-balance sheet assets that were not included in the June 2023 closing balance. 30 June has been restated accordingly.

⁴ Other than footnote 3, the prior period has also been restated for a R29 billion misallocation between on- and off-balance sheet assets.

	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	Net inflow/ (outflow) Rm
NET FUNDS RECEIVED FROM CLIENTS¹					
6 mths to 31.12.2023					
Momentum Retail	392	4 987	5 379	(5 547)	(168)
Momentum Investments	20 058	499	20 557	(18 447)	2 110
Metropolitan Life	995	2 153	3 148	(3 400)	(252)
Momentum Corporate	4 894	7 728	12 622	(8 684)	3 938
Momentum Metropolitan Health	–	685	685	(208)	477
Guardrisk	1 533	5 350	6 883	(3 660)	3 223
Momentum Insure	–	1 600	1 600	(1 532)	68
Momentum Metropolitan Africa	530	2 071	2 601	(1 944)	657
Life insurance business fund flows	28 402	25 073	53 475	(43 422)	10 053
Off-balance sheet fund flows					
Managed and/or administered by Investments			46 415	(68 587)	(22 172)
Properties – Eris Property Group			1 668	–	1 668
Momentum Wealth linked product assets under administration			8 491	(9 898)	(1 407)
Total net funds received from clients			110 049	(121 907)	(11 858)
Restated					
6 mths to 31.12.2022²					
Momentum Retail	302	4 800	5 102	(5 015)	87
Momentum Investments	14 932	467	15 399	(13 022)	2 377
Metropolitan Life	839	3 353	4 192	(3 227)	965
Momentum Corporate	2 438	7 062	9 500	(10 207)	(707)
Momentum Metropolitan Health	–	602	602	(386)	216
Guardrisk	1 639	4 241	5 880	(2 636)	3 244
Momentum Insure	–	1 459	1 459	(1 065)	394
Momentum Metropolitan Africa	474	1 922	2 396	(1 560)	836
Long-term insurance business fund flows	20 624	23 906	44 530	(37 118)	7 412
Off-balance sheet fund flows					
Managed and/or administered by Investments			47 437	(43 020)	4 417
Properties – Eris Property Group			1 467	(957)	510
Momentum Wealth linked product assets under administration			4 577	(5 981)	(1 404)
Total net funds received from clients			98 011	(87 076)	10 935
Restated					
12 mths to 30.06.2023²					
Momentum Retail	794	9 738	10 532	(10 167)	365
Momentum Investments	35 775	951	36 726	(26 882)	9 844
Metropolitan Life	1 993	6 568	8 561	(6 412)	2 149
Momentum Corporate	4 264	14 441	18 705	(19 740)	(1 035)
Momentum Metropolitan Health	–	1 258	1 258	(810)	448
Guardrisk	3 113	9 177	12 290	(5 531)	6 759
Momentum Insure	–	2 956	2 956	(2 267)	689
Momentum Metropolitan Africa	878	4 033	4 911	(3 252)	1 659
Life insurance business fund flows	46 817	49 122	95 939	(75 061)	20 878
Off-balance sheet fund flows					
Managed and/or administered by Investments ³			115 259	(86 042)	29 217
Properties – Eris Property Group			1 477	(1 046)	431
Momentum Wealth linked product assets under administration			9 826	(12 562)	(2 736)
Total net funds received from clients			222 501	(174 711)	47 790

¹ Assets managed and/or administered, other than CIS assets, are included where an entity earns a fee on the assets. The total CIS assets are included in Momentum Collective Investments only as this is where the funds are housed. Non-financial assets (except properties) have been excluded.

² Other than the restatement in footnote 3, the June 2023 period has also been restated based on a new operating model adopted by the Group.

³ R55 billion restatement relates to the onboarding of CAIM off-balance sheet assets, offset by a R29 billion misallocation between on- and off-balance sheet assets.

Additional information continued

ANALYSIS OF ASSETS BACKING SHAREHOLDER EXCESS	31.12.2023		Restated 30.06.2023 ¹	
	Rm	%	Rm	%
Equity securities	911	3.1	918	3.2
Preference shares	907	3.1	342	1.2
CISs	1 214	4.2	1 094	3.9
Debt securities	7 956	27.5	7 369	25.9
Properties	5 091	17.6	4 209	14.8
Owner-occupied properties	2 517	8.7	2 505	8.8
Investment properties	2 574	8.9	1 704	6.0
Cash and cash equivalents and funds on deposit	15 616	53.9	16 302	57.4
Intangible assets	1 277	4.4	1 790	6.3
Other net assets	1 372	4.7	1 709	6.1
	34 344	118.5	33 733	118.8
Redeemable preference shares	(268)	(0.9)	(262)	(0.9)
Subordinated redeemable debt	(4 327)	(14.9)	(4 299)	(15.2)
Treasury shares held on behalf of employees	(773)	(2.7)	(773)	(2.7)
Shareholder excess per reporting basis	28 976	100.0	28 399	100.0

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

NUMBER OF EMPLOYEES	31.12.2023	31.12.2022	30.06.2023
Indoor staff	10 108	9 871	10 058
SA	8 949	8 878	8 941
International	1 159	993	1 117
Field staff	6 009	6 641	5 933
Momentum Retail and Investments	1 065	1 362	1 104
Metropolitan Life	3 480	4 086	3 497
International	1 464	1 193	1 332
Total	16 117	16 512	15 991

Stock exchange performance

	31.12.2023	Restated 30.06.2023¹	Restated 31.12.2022¹
6 month period			
Value of listed shares traded (rand million)	9 305	8 448	8 592
Volume of listed shares traded (million)	465	461	524
Shares traded (% of average listed shares in issue) ²	69	67	74
Trade prices			
Highest (cents per share)	2 244	2 010	1 845
Lowest (cents per share)	1 760	1 646	1 386
Last sale of period (cents per share)	2 189	1 806	1 720
Annualised percentage (%) change during period	21	5	41
Annualised percentage (%) change – life insurance sector (J857)	13	17	(7)
Annualised percentage (%) change – top 40 index (J200)	–	6	23
31 December/30 June			
Price/normalised headline earnings (segmental) ratio	6.5	7.9	7.6
Dividend yield % (dividend on listed shares) ²	5.9	6.6	6.7
Dividend yield % – top 40 index (J200) ²	3.8	4.3	3.6
Total shares issued (million)			
Ordinary shares listed on JSE	1 401	1 425	1 453
Treasury shares held on behalf of employees	(45)	(45)	(45)
Basic number of shares in issue			
Adjustment to employee share scheme ³	14	11	11
Convertible redeemable preference shares	28	28	28
Diluted number of shares in issue			
Adjustment to employee share scheme ³	(14)	(11)	(11)
Treasury shares held on behalf of employees	45	45	45
Diluted number of shares in issue for normalised headline earnings purposes⁴			
	1 429	1 453	1 481
Market capitalisation at end (Rbn) ⁵	31	26	25

¹ The prior periods have been restated for the application of IFRS 17. Refer to note 17 for more information.

² Percentages have been annualised.

³ The diluted number of shares in issue includes the dilutive potential ordinary shares from the iSabelo employee scheme. The diluted number of shares in issue for normalised headline earnings does not include this adjustment as these shares are deemed to be issued.

⁴ The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders as well as the treasury shares held on behalf of employees.

⁵ The market capitalisation is calculated on the fully diluted number of shares in issue.

June 2022 has not been disclosed as this prior period is not comparable as a result of the transition to IFRS 17.

Appendix A

CHANGES TO SEGMENTAL REPORTING

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

These changes have been applied to the periods ended 31 December 2022 and 30 June 2023. For illustrative purposes, this disclosure supplement provides segmental earnings for the comparative periods 31 December 2022 and 30 June 2023 only for the restatements that were as a result of the changes to segmental reporting outlined below. This supplementary financial information is the responsibility of the directors of Momentum Metropolitan.

The New Initiatives segment falls away. Momentum Multiply is now split between the segments utilising their tailor-made incentive and reward programmes. India becomes its own segment.

The historic segment of Momentum Life, which previously included protection and savings products focused on the middle and affluent client segments and Momentum Multiply, has been rebranded to Momentum Retail. This segment now includes two additional distribution channels, Momentum Distribution Services and Consult by Momentum, which were previously reported under Momentum Investments and New Initiatives respectively. Momentum Financial Planning was always included as part of Momentum Life. The rewards element of Momentum Multiply (now rebranded to 'Thrive') remains in this segment while the Wellness component of Multiply has been allocated to Momentum Metropolitan Health.

Momentum Investments, which previously consisted of the Momentum Wealth investment platform business, local and offshore asset management operations, retail annuities and guaranteed investments and Eris Properties, now also includes Momentum Money, a digital transactional account and savings wallet for clients.

The Non-life Insurance segment has been split into two separate segments, Guardrisk and Momentum Insure, reflective of the different nature of the two businesses.

Exponential Integration, which includes our local and offshore venture capital (VC) funds, as well as our interest in other local start-up operations, has moved into the Shareholders segment. This was previously split between New Initiatives (where the annual running costs of the direct investments, as well as management fees payable to the SA-based VC fund manager are recognised) and the Shareholders segment (where the investment return is recorded).

There are no changes to the Metropolitan Life, Momentum Corporate and Momentum Metropolitan Africa reporting segments.

	Momentum Retail Rm	Momentum Investments Rm	Momentum Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Non-life Insurance Rm	Guardrisk Rm	Momentum Insure Rm	Momentum Metropolitan Africa Rm	New Initiatives Rm	India Shareholders Rm	Total Rm
Earnings for the 6 months ending 31 December 2022												
Normalised headline earnings – old segmentation items to restate into new segments:												
Move of Consult to Momentum Retail	689	441	268	556	146	243	-	-	122	(244)	-	2 230
Wellness component of Momentum Multiply to Health	(13)	-	-	-	-	-	-	-	-	13	-	-
Move of Momentum Money to Momentum Investments	16	-	-	-	(16)	-	-	-	-	-	-	-
Guardrisk, disclosed as new segment	-	(44)	-	-	-	-	-	-	-	44	-	-
Momentum Insure, disclosed as new segment	-	-	-	-	-	(289)	289	-	-	-	-	-
India, disclosed as new segment	-	-	-	-	-	46	-	(46)	-	-	-	-
Move of Exponential Integration to Shareholders	-	-	-	-	-	-	-	-	-	166	(166)	-
	-	-	-	-	-	-	-	-	-	21	-	(21)
Normalised headline earnings – new segmentation	692	397	268	556	130	-	289	(46)	122	-	(166)	2 230
Earnings for the 12 months ending 30 June 2023												
Normalised headline earnings – old segmentation items to restate into new segments:												
Move of Consult to Momentum Retail	1 935	904	307	1 330	290	232	-	-	596	(428)	-	5 079
Wellness component of Momentum Multiply to Health	(40)	-	-	-	(45)	-	-	-	-	40	-	-
Move of Momentum Money to Momentum Investments	45	-	-	-	-	-	-	-	-	-	-	-
Guardrisk, disclosed as new segment	-	(97)	-	-	-	-	-	-	-	97	-	-
Momentum Insure, disclosed as new segment	-	-	-	-	-	(536)	536	-	-	-	-	-
India, disclosed as new segment	-	-	-	-	-	304	-	(304)	-	-	-	-
Move of Exponential Integration to Shareholders	-	-	-	-	-	-	-	-	-	251	(251)	-
Other	1	-	-	-	-	-	-	-	-	45	-	(45)
	-	-	-	-	-	-	-	-	-	(5)	4	-
Normalised headline earnings – new segmentation	1 941	807	307	1 330	245	-	536	(304)	596	-	(247)	5 079

Administration

DIRECTORS

PC Baloyi (Chair), JC Marais (Cilliers) (Group Chief Executive), RS Ketola (Group Finance Director), P Cooper, L de Beer, NJ Dunkley, T Gobalsamy, Prof SC Jurisich, AF Leautier, P Makosholo, P Matlakala, DM Mbethe, DJ Park, TD Soondarjee

GROUP COMPANY SECRETARY

Gcobisa Tyusha

WEBSITE

www.momentummetropolitan.co.za

TRANSFER SECRETARIES – SOUTH AFRICA

JSE Investor Services (Pty) Ltd
(registration number 2000/007239/07)
13th Floor, 19 Ameshoff Street, Braamfontein 2001.
PO Box 4844, Johannesburg 2000
Telephone: +27 11 713 0800
Email: info@jseinvestorservices.co.za

TRANSFER SECRETARIES – NAMIBIA

Transfer Secretaries (Pty) Ltd
(registration number 93/713)
4 Robert Mugabe Avenue, Windhoek.
PO Box 2301, Windhoek
Telephone: +264 61 22 7647
Email: info@nsx.com.na

SPONSOR – SOUTH AFRICA:

Merrill Lynch South Africa (Pty) Ltd t/a BofA Securities

SPONSOR – NAMIBIA:

Simonis Storm Securities (Pty) Ltd

SENS ISSUE

27 March 2024

AUDITORS

Ernst & Young Inc.

REGISTERED OFFICE

268 West Avenue, Centurion 0157

REGISTRATION NUMBER

2000/031756/06

JSE CODE

MTM

A2X CODE

MTM

NSX CODE

MMT

ISIN CODE

ZAE000269890

MOMENTUM METROPOLITAN LIFE LTD

(Incorporated in the Republic of South Africa)

REGISTRATION NUMBER

1904/002186/06

LEI

378900E0A78B7549C212

COMPANY CODE

MMIG