Clientèle

2025 Condensed Group Results

for the year ended 30 June 2025

Safeguarding your world
with compassion

Key performance metrics

Dividend declared of

132 cents

per share

Recurring Embedded Value Earnings of

R1,269.3 million

Embedded value per share

2,021.97 cents

Recurring Return on Embedded Value of

16.8%

Value of New Business of

R330.1 million

Headline earnings per share

147.08 cents

Clientele Group: Risk Discount Rate 13.2%.
1Life: Risk Discount Rate 13.9%.

Commentary

INTRODUCTION

Over the past financial year, South Africa's macroeconomic environment has again been characterised by low economic growth, fiscal challenges, labour issues, water supply constraints, political uncertainty both locally and globally, and more recently the imposition of US tariffs. These factors were tempered by the continuation of the Government of National Unity ("GNU") despite ongoing challenges, and a modest sense of optimism fuelled by a reduction in load shedding, declining inflation and the improved stock market performance, particularly in the last quarter.

Despite the optimism, it will take time to see an improvement in the high unemployment rate and for positive change to reflect in the lives of our target market. Currently, our market continues to experience difficult economic circumstances, negatively affecting affordability and financial resilience. As a result, the Group continues to experience high levels of withdrawals, suspension of debit order mandates, and disputes. As a consequence, the Group has strengthened the withdrawal assumptions underpinning the reported results.

Internally, the Group's acquisition of 1Life (RF) Insurance Limited ("1Life") was approved by the Regulatory Authorities effective 12 July 2024 and the acquisition of Emerald Life (Proprietary) Limited ("Emerald") was approved by the Regulatory Authorities effective 24 June 2025.

1Life successfully moved and transitioned operations to the Clientèle Campus during the first half of the financial year. As with any merger, it is expected to take some time to fully integrate the people, systems, and processes to ensure optimal value is realised from this transaction, nonetheless the move went well, and initial signs are positive. The acquisition has also resulted in some complex technical accounting treatments. The commercial terms of the acquisition were based on the Embedded Value ("EV") of 1Life relative to that of Clientèle and the purchase consideration was settled by the issue of Clientèle shares. The accounting standards however require that the transaction be measured at the "fair value" of the purchase consideration. This resulted in a bargain purchase gain of R403.1 million, the calculation of which is fully set out in note 1 of the Condensed Financial Statements. In reality, Clientèle paid a premium to EV of R69 million for the acquisition of 1Life as shown in the Analysis of Embedded Value below.

The Emerald transaction was funded through a combination of free cash and the issuance of preference shares by Clientèle Life, the proceeds of which were used to advance a loan to Clientèle Limited in order to acquire Emerald. The acquisition has resulted in the recognition of goodwill of R104.9 million, reflecting the anticipated synergies and future economic benefits expected from the integration of Emerald into our operations. We intend to leverage this acquisition to drive long-term value creation and will continue to provide updates on the integration process and its impact on our financial performance and EV.

The Group remains in a sound solvency and liquidity position and continues to generate strong positive cash flows.

OPERATING RESULTS

Group Statement of Comprehensive Income

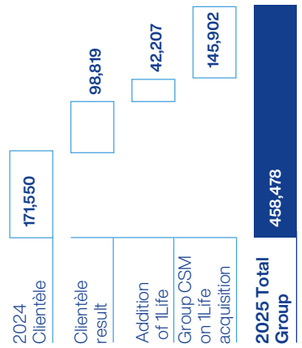
For the financial year ended 30 June 2025, the headline earnings attributable to equity holders increased by 100% to R659.9 million (2024: R329.9 million). This performance includes the first-time reported earnings of 1Life of R132.5 million (before Group adjustments) as well as positive earnings contributions from Clientèle Life, Clientèle General and CBC Rewards. The impact of Emerald on the Group's operating results was insignificant at the year-end. The key elements of the Group's performance are:

- An increase of 167% in the total insurance service result;
- A decrease in total net investment result of 33%;
- An increase of 95% in the net insurance finance income;
- An increase of 31% in operating expenses; and
- An increase in taxation of 11%.

These elements are explained in the sections that follow.

The total insurance service result

(R'000)

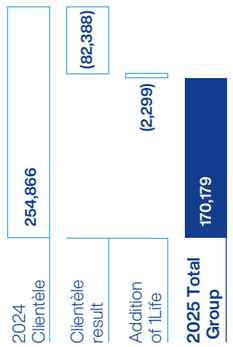


The total insurance service result increased by 167% to R458.5 million (2024: R171.6 million) impacted by:

- The positive Clientèle result which is as a result of a small decrease in the insurance revenue coupled with a decrease in attributable insurance expenses arising from a reduced impact of onerous contracts in the current year;
- The consolidation of 1Life which had a positive impact driven by strong production performance and a reduction in mortality assumptions, offset by an increase in withdrawal assumptions to align to recent experience; and
- The Group consolidation which recognises the impact on the Group Contractual Service Margin ("CSM") of the 1Life business, recognised at the date of acquisition.

The total net investment result

(R'000)

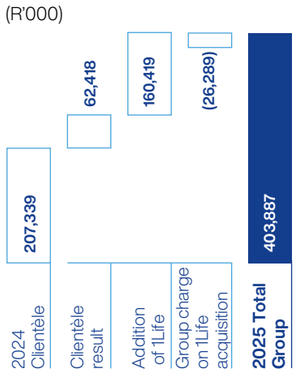


The total net investment result of R170.2 million is 33% below the prior year (2024: R254.9 million) impacted by:

- The decrease in Clientèle's net investment result which is due to:
  - a decrease in the Investments arising from net maturities;
  - an increase in the liability for IPF tax on the Single Premium business as a result of the corresponding increase in the deferred tax asset relating to the IPF; offset by,
  - higher net returns on both the recurring Premium Savings business and the shareholder portfolio; and
- Finance costs from 1Life which reduced the investment result.

The total net insurance finance income/(expense)

(R'000)

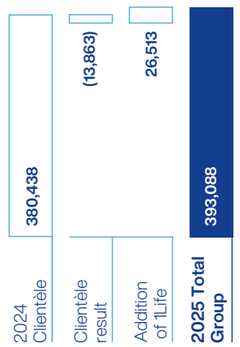


The total net insurance finance income is 95% higher than the prior year at R403.9 million (2024: R207.3 million) mainly due to:

- The positive Clientèle result which arises from a reduction in the long term inflation assumptions, as well as the increase in the interest accreted on insurance contracts;
- The consolidation of 1Life where the impact is primarily the interest accreted on insurance contracts; and offset by
- The Group consolidation charge which recognises the change in assumptions, recognised at the date of acquisition of 1Life.

Revenue from contracts with customers

(R'000)

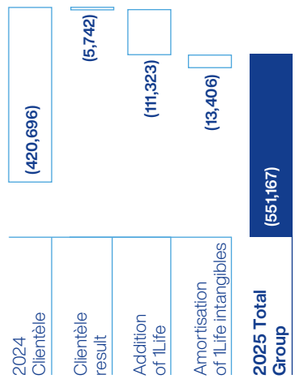


Revenue from contracts with customers increased by 3% to R393.1 million (2024: R380.4 million). This is largely driven by:

- The negative Clientèle result which arises from the investment products maturing during the prior year partly offset by new investment products written in the current year, as well as the decrease in the business fee income in IFA. This was partly offset by an increase in revenue earned from the growing stand-alone Rewards business; and
- The 1Life revenue from contracts with customers which arises from the deferred income earned on Single Premium Investment business.

Operating expenses

(R'000)



The Group's operating expenses increased by 31% to R551.2 million (2024: R420.7 million) driven by the net impact of:

- Once off costs as part of the integration of 1Life into the Group as well as the acquisition of Emerald and cost increases within the Clientèle Rewards business on the back of strong revenue growth, offset by cost savings across the balance of Clientèle;
- The addition of 1Life operating costs; and
- Amortisation of intangibles arising from the acquisition of 1Life.

Taxation charge

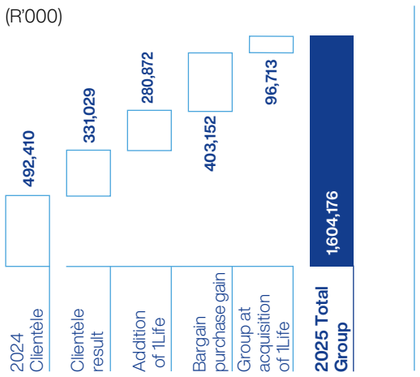
The taxation charge for the financial year increased by 11.3% to R240.6 million (2024: R216.1 million) primarily due to the inclusion of 1Life's charge in the current year of R77.9 million (including its IAS 12 impact of R7 million) and within Clientèle, a credit of R18 million arising from the recognition of a higher deferred tax asset. Due to the volume of co-branded Single Premium business written, the likelihood of the utilisation of the existing assessed loss within Clientèle was reassessed and a further deferred tax asset was raised increasing this to R125.1 million (2024: R107.1 million). There is a corresponding charge in the change in investment contract liabilities within the net investment result, resulting in a small increase in net profit for the year.

Total comprehensive income ("TCI")

The TCI incudes:

- The bargain purchase gain of R403.1 million arising from the acquisition of 1Life;
- The positive impact of the revaluation of the owner-occupied properties of the Group of R39.2 million net of tax (2024: R7.7 million net of tax) primarily as a consequence of the renovations and extensions carried out during the year;
- The addition of other comprehensive income ('OCI') which is the movement in the insurance finance reserve of R505.5 million net of tax (2024: R150.8 million net of tax) as a result of the change in the closing balances of the insurance liabilities and assets arising from the change in the yield curve, used to discount all cashflows. The Group has opted to disaggregate the other comprehensive income from net profits, as allowed for by the International Financial Reporting Standard on Insurance Contracts ("IFRS 17"), as this amount is expected to be volatile; and
- The small impact of eliminating the non-controlling interest in Direct Rewards.

Total comprehensive income



The total comprehensive income increased by 226% to R1,604.2 million (2024: R492.4 million) driven by:

- The increase in Clientèle's comprehensive income for the reasons outlined above;
- The first consolidation of 1Life in the Group's results;
- The bargain purchase gain, as described above; and
- The Group consolidation impacts that arise from adjustments made at the date of acquisition of 1Life, as described above.

The above has resulted in the earnings per share of 235.07 cents being more than 100% higher than prior year (2024: 98.39 cents). The headline earnings per share of 147.08 cents is 49% higher than the comparative year (2024: 98.39 cents).

Group EV and Value of New Business ("VNB")

The Group EV as at 30 June 2025 increased to R9.16 billion (2024: R6.05 billion). The increase is driven by the consolidation of the 1Life acquisition (in exchange for an issue of shares) and the Emerald Life acquisition in the results which increased the EV by circa R2.1 billion and R127.9 million respectively at the date of acquisition. This was reduced by a dividend of R566.4 million which was paid in October 2024. The various other movements which grew the EV to R9.16 billion are detailed in the Group Embedded Value Results section of the condensed financial statements.

Recurring Embedded Value Earnings ("REVE") of R1.27 billion were earned for the year (2024: R654.6 million), an increase of 93.9% which includes the consolidation of 1Life and Emerald. REVE is calculated as EV earnings with the impact of economic assumption changes and other once-off items (mainly pertaining to once-off project expenses) removed. This translates into a Recurring Return on Embedded Value ("Recurring ROEV") of 16.8% p.a. (2024: 12.0% p.a.).

The VNB for the year of R330.1 million increased by 49.8% year-on-year (2024: R220.3 million) and includes 1Life's VNB of R101 million and Emerald's VNB of R1.4 million (the latter pertains to new business for 6 days).

SEGMENT RESULTS

With 1Life moving to the Clientèle Campus, new lease agreements between Group companies and the Clientèle property companies were required. This resulted in once-off gains reported by Clientèle Life and Clientèle General and a corresponding once-off loss in the property companies arising from the write-off of the leased assets. There is no impact at Group level.

Clientèle Life Insurance

Clientèle Life remains the major contributor to the Group's performance. The continued focus on cost savings, initial realisation of economies of scale from the 1Life integration and a decrease in the tax charge offset the impact of higher-than-expected withdrawals (and the consequent change in withdrawal assumptions for traditional business). There is also a once-off gain of circa R90 million arising from the derecognition of leased assets (as outlined above). This resulted in a 69.1% increase in net profit for the year to R427.2 million (2024: R252.6 million).

Included in other comprehensive income is the movement in the Insurance Finance Reserve of R340.0 million net of tax (2024: R150.8 million) as a result of the changes in the closing balances of the insurance liabilities and assets arising from the change in the yield curve used to discount all cashflows.

All of the above has resulted in total comprehensive income increasing by 90.2% to R767.3 million (2024: R403.4 million).

Clientèle Life's total VNB for the year was R126.2 million (2024: R104.8 million), an increase of 20.4%. Clientèle Life earned REVE of R441.9 million (2024: R411.1 million), an increase of 7.5%. The Recurring ROEV was 11.3% p.a. (2024: 10.5% p.a.).

1Life Insurance

1Life's net profit for the year of R132.5 million is driven by the growth in premium income as well as a reduction in gross claims.

1Life's total VNB for the year was R101.0 million. Using the EV at the date of acquisition as the opening EV, the REVE for 1Life is R503.8 million (including a number of once-off positive impacts as a consequence of the merger). This translates into a Recurring ROEV of 26.8% p.a.

Emerald Life Insurance

Emerald was acquired for R605.2 million at the very end of the financial year (24 June 2025). This transaction was funded by R570 million of preference shares and R35.2 million of cash. The EV of the business as at 30 June 2025 is calculated as R735.2 million, meaning that Emerald added R129.3 million to REVE, after allowing for the R700 000 of accrued dividends on the preference share issued. Emerald's VNB was R1.4 million.

Clientèle General – Non-life Insurance

Clientèle General's net profit for the year reduced compared to the prior year, before the once-off gain of circa R37 million arising from the derecognition of the leased property. Allowing for this once-off gain, the net profit increased by 31.0% to R138.3 million (2024: R105.6 million), Clientèle General's VNB was R55.2 million (2024: R73.1 million) a decrease of 24.5%. Clientèle General generated REVE of R142.7 million (2024: R203.5 million) a decrease of 29.9%, mainly due to the impact of assumption changes on withdrawals and lower new business volumes. The Recurring ROEV was 9.7% p.a. (2024: 14.7% p.a.). The Clientèle General management team are focused on improving all performance metrics.

CBC Rewards, Clientèle Mobile and Direct Rewards

CBC Rewards, Clientèle Mobile and Direct Rewards – the Group's non-insurance entities – reported a combined net loss of R4.9 million (2024: net loss of R19.4 million) for the year. The improvement in the net loss over the year is as a result of the Rewards book stabilising following growth in prior years.

The segment produced VNB of R46.3 million (2024: R42.4 million), an increase of 9%. The Segment recorded REVE of R45.1 million (2024: R53.7 million which included a reversal of historical expense allocations) translating into a Recurring ROEV of 44.8% p.a.

CBC Rewards is responsible for, amongst other things:

- Clientèle Royalty which was developed during the previous year and launched in February 2024;
- 1Lifestyle, akin to the Clientèle Royalty program, was launched in January 2025; and
- The highly successful stand-alone Rewards product.

OUTLOOK*

- In this challenging environment, the Group remains focused on Treating its Clients Well ("TCW") and providing products and services that meet their needs. The Group will continue to improve the delivery of our products and services to the market conveniently and efficiently.
- The integration of 1Life into the Group is tracking according to plan. Areas of efficiency and synergy have been identified, and every effort will be made to maintain and improve business efficiencies as well as capital and liquidity management.
- The successful integration of Emerald will be a key focus area for the Group and presents a considerable opportunity for growth.
- Investment of time and effort in the Clientèle App, Clientèle Rewards, Clientèle Royalty, 1Lifestyle (the new 1Life Loyalty program) and the Clientèle Mobile initiatives align with the Group's focus on "shared value."
- With the ongoing challenges within the premium collections' environment, management have implemented initiatives to reduce the level of withdrawals.
- Management is focused on efforts to differentiate products and services offered to the Group's customers. The Board remains optimistic that there are opportunities for growth and value creation, over time, in the Group's target market.
- The Group is focused on delivering sustained performance through tough and uncertain economic conditions. A tight control environment will be maintained, whilst every effort will be made to maintain and improve business efficiencies and deliver value to our clients.

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

DIVIDEND DECLARED

Notice is hereby given that the Directors have declared a final gross dividend of 132.00 cents (2024: 125.00 cents) per share on 8 September 2025 for the year ended 30 June 2025.

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

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

- The dividend has been declared out of income reserves;
- The local dividends tax rate is 20% (twenty percent) (2024: twenty percent);
- The gross local dividend amount is 132.00 cents (2024: 125.00 cents) per ordinary share for shareholders exempt from the dividends tax;
- The net local dividend amount is 105.60 cents (2024: 100.00 cents) per ordinary share for shareholders liable to pay the dividends tax;
- The local dividends tax amount is 26.40 cents (2024: 25.00 cents) per ordinary share for shareholders liable to pay the dividend withholding tax;
- Clientèle Limited currently has 453,272,200 (2024: 335,333,619) ordinary shares in issue. Clientèle Limited's income tax reference number is 9465071166.

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

Declaration date	Monday, 8 September 2025
Last day to trade	Monday, 22 September 2025
Shares commence trading "ex" dividend	Tuesday, 23 September 2025
Record date	Friday, 26 September 2025
Payment date	Monday, 29 September 2025

Share certificates may not be dematerialised or rematerialised between Tuesday, 23 September 2025 and Friday, 26 September 2025, both days inclusive.

By order of the Board

GQ Routledge
Chairman

BW Reekie
Managing Director

Johannesburg
08 September 2025

Accounting policies and basis of preparation

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

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

The accounting policies have been developed in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). The accounting policies and basis of preparation for the condensed financial statements are in all material respects consistent with those applied in the 2024 consolidated financial statements apart from the adoption of new IFRS Accounting Standards that are applicable at the beginning of the 2025 financial year.

AMENDMENTS TO IFRS ACCOUNTING STANDARDS

The following new or revised IFRS Accounting Standards and interpretations have been applied in the 2025 financial year:

Standards and amendments that are effective 1 January 2024:

- Amendment to IAS 1 *Presentation of financial statements (classification of liabilities as current or non-current)*;
- Amendments to IAS 1 *Presentation of financial statements (non-current liabilities with covenants*);
- Amendments to IFRS 16 *Leases* (*Include ISA 600 sale and leaseback*); and
- Amendments to IAS 7 *Statement of cash flows and IFRS 7 Financial instruments: Disclosures (on supplier finance arrangements).*

These amendments did not have a material impact on the financial statements.

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

Standard/interpretation	Effective date	Expected impact
Amendments to IAS 21 *The effects of changes in foreign exchange rates (on lack of exchangeability)*	Financial periods beginning on or after 1 January 2025	The Group does not expect any impact.
IFRS 18 *Presentation and disclosure in financial statements*	Financial periods beginning on or after 1 January 2027	The Group is currently assessing the impact of IFRS 18 and is not expecting its implementation to impact results, but to result in a change to the face of the Statement of Profit or Loss and Other Comprehensive income, as well as additional disclosures.
IFRS 19 *Subsidiaries without public accountability: Disclosures*	Financial periods beginning on or after 1 January 2027	The Group does not expect any impact.
Amendments to IFRS 7 and IFRS 9 related to the *Classification and measurement of financial instruments as well as clarifying derecognition of financial asset or financial liability when settled through electronic payment systems*	Financial periods beginning on or after 1 January 2026	The Group is currently assessing the impact of the amendments to IFRS 7 and IFRS 9 and expects to be impacted by this amendment.

IFRS 17 'INSURANCE CONTRACTS'

1. Introduction

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

2 Classification

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

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

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

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

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

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

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

The Group issues certain insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. The Group's policy is to hold such investment assets in accordance with IFRS 9.

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

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

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

The Group uses judgement to assess whether the amounts expected to be paid to the policyholders constitute a substantial share (65%-75%) of the fair value returns on the underlying items.

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

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

Type of insurance	Line of business	IFRS 17 measurement model	Products
Life insurance – Risk business	Whole of life risks business without direct participation features	GMM	Life products Funeral products Accidental Death Accidental Disability Accidental Death – Cash Back Accidental Disability – Cash Back Hospital Cover – Cash Back
	Term life risks business without direct participation features (long boundary)	GMM	Health Event Life Plans
	Term life risks business without direct participation features (short boundary)	Premium allocation approach (PAA)	Emergency Evacuation Strategic Affiliate Products Credit Life
Life insurance – Savings business	Savings business with direct participation features	VFA	Savings Classic Saver & Accidowment Saver and Protector
Short-term insurance	Personal and business lines insurance contracts without direct participation features Micro-insurance contracts	PAA	Legal insurance Funeral products
Life risk – reinsurance contracts held	Term life – risk premium reinsurance	GMM	Proportionate Cover (Quota Share and Surplus Reinsurance) Non-Proportionate coverage (Excess of Loss Reinsurance)

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

Life insurance – Risk business

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

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

Clientele Life Insurance issues various insurance contracts that, while not meeting the definition of direct participation features under IFRS 17, do incorporate discretionary participation features (DPF). The Group issues The Domestic Plan which does not include direct participation features, however the group performs investment activity to generate an investment return included in an investment component or amount the policyholder has a right to withdraw. The Domestic Plan is a comprehensive plan that includes various products (Funeral, Health, Accidental Death, Accidental Disability and Savings products across lines of business. The products included within the Domestic Plan are sold as individual products by the Group, premiums are separably identifiable for each of the products, and each product is priced on a risk bases in isolation. The investment components implicit within these insurance contracts have been determined to be distinct and are as a result separated from the insurance contracts, and scoped into IFRS 9. Refer to the note on significant estimates and judgments made in separation of IFRS 9 components.

Clientèle and 1Life's main Life insurance – Risk contracts are as follows:

- Whole life, Funeral insurance products ("funeral products") are whole of life products with benefits which are payable upon defined events, for example, death, measured in accordance with the GMM;
- Whole life, final benefits products ("whole life products") with benefits which are payable upon defined events, for example death or disability, measured in accordance with the GMM;
- Whole life, cash-back products ("cash-back products") are whole life final benefits products with benefits which are payable upon defined events, for example death, disability or dread disease and include a return of either one year's or six months premiums every five years, measured in accordance with the GMM;
- Credit life product measured in accordance with the PAA;

- Health insurance products measured in accordance with the GMM:
  - Commencing before 1 April 2018 – Hospital insurance products ("hospital products") with a "cash-back" element are whole life products with benefits payable on defined events, for example hospitalisation or accidental disability and include a return of six months premiums every five years, measured in accordance with the GMM;
  - Commencing after 1 April 2018 – Health Event Life Plans ("H.E.L.P. products"), are annually renewable products with benefits on defined life events, for example hospitalisation, accidental death, accidental disability and dread disease benefit, measured in accordance with the GMM; and
- Emergency Evacuation product measured in accordance with the PAA.
- Reinsurance contracts held providing proportionate coverage (such as quota share or surplus reinsurance) or non-proportionate coverage (such as excess of loss reinsurance) are measured in accordance with the GMM.

Life insurance – Savings business

Clientèle Life issues market-related savings products ("market-related products") with risk benefits, for example accidental death or disability. These products have an investment account which is built up based on the allocated portion of premiums and market returns in the form of income and growth less expenses and tax; benefits are paid upon defined events, such as death, surrender or maturity of the product.

The accounting model applied to these insurance contracts for liability measurement purposes is the VFA. The VFA modifies the default measurement model in IFRS 17 (GMM) to reflect that the consideration the Group receives for the contract is a variable fee. Sections 4.3 and 4.4 provide further details on the measurement of the variable fee. The Group uses judgement in determining the eligibility of contracts for the VFA.

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

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

Non-life Insurance

Clientèle General's Short-term insurance contracts are personal lines and business lines legal policies with risk benefits to cover individual persons and SMME categories for civil, criminal and labour related matters. Certain personal lines contracts also include accidental death benefits. These contracts are monthly renewable contracts and are measured by applying the PAA.

There are no reinsurance contracts held for Legal insurance products.

2.1. Separation of components

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

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

2.2. Aggregation (including unit of account)

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

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

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

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

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

Certain product lines, such as our HELP product, which fall under the Demarcation Regulations, are priced on a group basis. The profitability assessment is applied against the combined group and pricing is not adjusted for different ages which could pose different risks.

In addition, products that fall under PAA, will be allocated IFRS 17 Groups on a similar basis to that of HELP products, where no profitability bucket is required.

Reinsurance contracts held

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

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

Refer to the note on significant estimates and judgments made in the aggregation of Insurance and Reinsurance Contracts.

3. Explanation of recognised insurance amounts in profit or loss

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

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

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

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

3.1 Insurance revenue

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

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

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

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

3.2 Insurance service expenses

The following amounts are recognised in insurance service expenses:

- incurred claims and expenses incurred (excluding amounts allocated to the loss component and repayments of investment components);
- experience adjustments arising from incurred claims and expenses;
- changes in liability for incurred claims related to past service;
- actual insurance acquisition cash flows on insurance contracts measured in accordance with the PAA;

- amortisation of insurance acquisition cash flows for groups of insurance contracts measured in accordance with the GMM or the VFA, or where businesses elect to include insurance acquisition cash flows in the liability for remaining coverage in accordance with the PAA; and
- changes that relate to future service relating to the LC:
  a) initial losses on onerous groups of insurance contracts issued recognised in the period; and
  b) increases and reversals of losses on onerous groups of insurance contracts issued.

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

3.3 Income or expenses from reinsurance contracts

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

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

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

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

for contracts accounted for in accordance with the GMM:

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

for contracts accounted for in accordance with the PAA:

a) actual incurred claims and administration expenses recoverable from the reinsurance contracts held, and other administration expenses incurred; and
b) reinsurance expenses related to the portion of ceded premiums recovered in the current period, recognised based on the passage of time over the coverage period of the reinsurance contracts held;

- changes in the incurred claims for past service recoverable from the reinsurance contracts held;
- for reinsurance contracts held and measured in accordance with the PAA, changes in the non-performance risk of reinsurer counterparties; and
- changes that relate to future service relating to the Loss Recovery Component:
  a) income on loss recovery component recognised in the period; and
  b) changes in estimates that adjust the loss recovery component.

3.4 Insurance (and reinsurance) finance income and expense

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

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

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

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

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

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

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

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

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

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

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

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

3.5 Amortisation of insurance acquisition cash flows

Insurance acquisition cash flows are cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are amortised in each reporting period on a systematic basis, based on the passage of time.

4. Measurement of insurance contracts

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

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

4.1. Recognition

A group of insurance contracts is recognised from the earliest of the following dates:

- The beginning of the coverage period of the group of contracts.
- The date when the first payment from a policyholder in the group becomes due.
- For a group of onerous contracts, the date when the group becomes onerous.

Investment contracts with direct participation features are recognised when the Group becomes party to the contract.

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

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

4.2. Contract boundaries

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

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

A substantive obligation to provide services ends when the Group:

- has the practical ability to reassess the risks of a particular policyholder and as a result can change the price charged or the level of benefits provided for the price to fully reflect the new level of risk; or,
- performs the boundary assessment at a portfolio rather than individual contract level, and the following two criteria are both satisfied:

a) the Group has the practical ability to reprice the portfolio to fully reflect risk from all policyholders; and
b) the Group's pricing of the premiums up to the assessment date does not consider any risks beyond this date.

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

Contract boundaries for the different Clientèle Group products are as follows:

Type of insurance	Line of business	Products	Contract boundary
Life insurance – Risk business	Whole of life risks business without direct participation features.	Funeral Accidental Death Accidental Disability Accidental Death – Cash Back Accidental Disability – Cash Back Hospital Cover – Cash Back	These products have a long contract boundary based on the full policy term of the lives assured
	Term life risks business without direct participation features (long boundary)	Health Event Life Plans	Policy Term
	Term life risks business without direct participation features (short boundary)	Emergency Evacuation Strategic Affiliate Products	Contract Boundary of one year or less
Life insurance – Savings business	Savings business with direct participation features	Savings Classic Saver & Accidowment Saver and Protector	Full policy term. Some savings contracts have a fixed 20-year term, with the other savings contracts not specifying a set term. In addition, there is a process whereby paid-up policyholders are contacted when the policy reaches 20 years for the Group to pay the money to the client. Where there is a fixed maturity date, the term is extended past that date if the client has not elected to withdraw the amount on the policy.
Short-term insurance	Personal and business lines insurance contracts without direct participation features	Legal	1 month (guided by the notice period allowed to amend contract terms and conditions)

Reinsurance contracts held

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

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

4.3. Initial measurement

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

- fulfilment cash flows; and
- CSM.

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

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

Fulfilment cash flows (FCF)

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

The projection of the future expected cashflows is modelled through Basys, our Actuarial Modelling software. In projecting the expected future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date.

The expected future cash flows are adjusted to reflect the time value of money, these are based on actuarial assumptions applied to existing policyholder data at the measurement date. Actuarial assumptions are developed using various techniques based on the decrement or cashflow the Group is intending to model; these are intended to reflect a long-term outlook of future experience. Deriving assumptions for future experience relies on the analysis of internal historical experience, existing data and the extent to which other factors (i.e., factors such as judgement) can be applied. Where assumptions are significantly influenced by the commercial and economic environment, and wherever possible, these take into consideration future expected experience (i.e., current yield curves) to infer inflation.

This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events. All assumptions used in the projection of these cashflows are included in Basys and are set based on recent experience. Basys inputs are updated to include assumptions about the future, at the measurement date.

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

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

The Group's expected claims are modelled using reinsurance rates. Reinsurance rates are used as a base due to the large volume of lives used in determining the rates, lending themselves to being reflective of the population and credible due to the size, nature and period of data collected.

The reinsurance rates are tested against the actual observed experience of the Group and where rates deviate significantly from the Group's experience, these are revised during the repricing exercise. There is ongoing monitoring, where actual to expected claims are assessed against the reinsurance rates, with outcomes of the assessments being presented and reviewed by various board sub-committees.

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

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

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

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

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

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

Insurance acquisition costs and expenses

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

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

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

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

Discount rates

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

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

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

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

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

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

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

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

b) In respect of the period after the occurrence of the insured event:
   - The time to full settlement of a claim following the insured event.

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

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

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

Economic assumptions

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

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

Risk adjustment for non-financial risk

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

The Board has created and approved the Risk management strategy which includes the risk tolerance statement and the explicit risk level the Group accepts when writing new business. The regulatory requirement in the own risk and solvency assessment ("ORSA"), is a 99.5% confidence interval, based on a 1 in 200-year event. The Group moved from a 1 in 200-year to a 1 in 7-year event, based on the Group's historical experience, which is more conservative than the ORSA requirement. The Group has therefore recalibrated the ORSA requirement to land at an 85% confidence interval, based on the Group's risk appetite. The Group's Risk appetite statement works on the principle that the Group would accept a maximum reduction of 30% in Embedded Value ("EV") based on a 1 in 7-year (or 85% percentile) event. If the risk is greater than 30%, the Group would require additional risk premiums, or it will not accept the business. If the risk of a reduction in EV is significantly higher than 30%, the Group would not be able to make its targeted profits and would look to decrease its accepted risk.

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

Operational risk is excluded from the Risk Adjustment.

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

Reinsurance contracts held

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

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

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

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

Contractual service margin (CSM)

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

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

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

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

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

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

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

Reinsurance contracts held

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

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

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

Onerous contracts – Loss Component (LC)

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

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

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

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

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

4.4 Subsequent measurement (excluding PAA)

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

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

Changes in Fulfilment Cash Flows

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

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

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

Insurance contracts under GMM

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

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

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

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

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

Insurance contracts under VFA

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

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

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

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

Changes to the Contractual Service Margin

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

a) the effect of new contracts recognised in the period;
b) for contracts measured in accordance with the GMM, the accretion of interest on the CSM at the start of the reporting period (or initial recognition for new contracts recognised in the period). Interest is accreted on the CSM using locked-in discount rates determined at initial recognition that are applied to nominal cash flows that do not vary based on the returns on underlying items;

c) changes in the fulfilment cash flows that relate to future service (as described in the 'Fulfilment cash flows' section above) adjust the CSM, to the extent the CSM is available. If an increase in the fulfilment cash flows exceeds the carrying amount of the CSM, the CSM is reduced to zero, the excess is recognised in insurance service expenses and a loss component is recognised. If the CSM is zero, changes in the fulfilment cash flows are recognised in insurance service expenses by adjusting the loss component. Any decrease in the fulfilment cash flow/s in excess of the loss component reduces the loss component to zero and reinstates the CSM. Refer to the 'Loss component' section below for further details; and

d) the amount of the CSM recognised in insurance revenue based on the insurance contract services provided in the period, determined after allowing for the impacts described above. Refer to the 'Coverage units' section below for further details.

Reinsurance contracts held

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

- The requirements in determining the contractual service margin on initial recognition for insurance contracts issued are modified to reflect the fact that for a group of reinsurance contracts held there is no unearned profit but instead a net cost or net gain on purchasing the reinsurance.
- The CSM at initial recognition for new contracts recognised in the period is adjusted for a loss recovery component when underlying insurance contracts are onerous;
- The adjustment to the CSM for changes in the fulfilment cash flows related to future service is after any adjustment to the loss recovery component for changes in the fulfilment cash flows for the underlying insurance contracts which adjusted a loss component; and
- The amount of the CSM recognised as income or expenses from reinsurance contracts held in profit or loss is based on the services received from the reinsurer(s) in the period.

Interest accretion on the CSM

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

Coverage units & release of CSM to profit or loss

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

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

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

Onerous contracts – Loss component

After the Group has recognised a loss on an onerous group of insurance contracts, the Group allocates on a systematic basis:

(a) the subsequent changes in fulfilment cash flows of the liability for remaining coverage between:
  (i) the loss component of the liability for remaining coverage; and
  (ii) the liability for remaining coverage, excluding the loss component.

(b) solely to the loss component until that component is reduced to zero:
  (i) any subsequent decrease relating to future service in fulfilment cash flows allocated to the group arising from changes in estimates of future cash flows and the risk adjustment for non-financial risk; and
  (ii) any subsequent increases in the amount of the entity's share of the fair value of the underlying items. The group only adjust the contractual service margin only for the excess of the decrease over the amount allocated to the loss component.

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

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

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

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

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

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

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

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

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

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

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

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

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

4.6 Derecognition and modification

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

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

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

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes use of estimates and assumptions that affect the reported amounts of its insurance liabilities, owner-occupied properties, intangible assets, deferred tax assets and related liabilities and unquoted financial instruments. Estimates and judgments are evaluated bi-annually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, as set out below.

1.1. Insurance and reinsurance contracts

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

1.1.1. Classification

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

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

VFA eligibility

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

(a) A substantial share of the fair value returns on the underlying items is expected to be paid to the policyholders; and

(b) A substantial proportion of any change in the amounts to be paid to the policyholders is expected to vary with the change in fair value of the underlying items.

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

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

PAA eligibility

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

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

1.1.1.1. Aggregation

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

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

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

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

1.1.1.2. Reinsurance contracts held

The initial contract recognition assessments are performed at a set-of-contracts level.

The Group's reinsurers manage pricing and profitability assessments at a reinsurance treaty level. The reinsurers price treaties to be profitable on a total basis and provide the Group with profit margins per reinsurance treaty.

Reinsurance treaties are not reasonably expected to become loss-making because their pricing and profitability are managed at the treaty level. Consequently, and consistent with the level at which the reinsurer manages the treaty, it is reasonable and supportable, that each treaty as a whole be placed in the same group. On the basis that reinsurance treaties are managed as a whole to be profitable, all reinsurance treaties held have been placed in the default group.

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

1.1.2. Measurement

1.1.2.1. Recognition and derecognition including modifications

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

1.1.2.2. Fulfilment cash flows

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

Estimates of future cash flows

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

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

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

Contract boundaries

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

Expenses

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

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

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

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

The allocation between acquisition and administration and other expense cash flows is based on functional cost analyses and reflects actual expenses incurred during the 2025 financial year. The future expense assumptions do not include any cash flows that are not directly attributable to the fulfilment of the insurance contracts. An increase in unit expenses increases the estimates of future cash flows, therefore resulting in a decrease in the CSM (all else being equal).

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

1.1.2.2. Fulfilment cash flows *continued*

Decrements

Assumptions with regard to future mortality and other risk factors are consistent with the Group's recent experience up to 30 June 2025. An increase in mortality rates increases the estimates of future cash flows, therefore resulting in a decrease in the CSM *(ceteris paribus)*.

Surrender, lapse and paid-up rates are key assumptions in the measurement of life insurance contracts (risk and savings business). Assumptions with regard to future surrender, lapse and paid-up rates are based on the Group's recent experience up to 30 June 2025. An increase in surrender or lapse rates may increase or reduce the estimates of future cash flows, therefore resulting in a decrease or increase in the CSM depending on the specific product features (all else being equal).

The Group's persistency assumptions relate to the following withdrawal decrements:
Surrenders: Occur on investment and savings products where the client elects to cancel a policy ahead of its maturity in exchange of cash payment.

Lapses: Occur in the event of 3 consecutive missed premiums.

Paid-Ups (**"PUPs**"): Occur when there are no premiums collected on savings policies, but there remains a unit balance.

Persistency assumptions are calibrated based on the entity, channel, policy duration and policyholder age. Reinstatements (i.e., policies that have been reinstated) are treated as negative withdrawals.

Lapse and Surrender Rates

The Group determines the "crude rates" calculated over a 12-month period by dividing the actual withdrawals by the exposure. The best estimate rates are then calibrated allowing for the following:

- An adjustment for reinstatements;
- An adjustment for policyholder age by use of age-based experience;
- Smoothing for outliers and once-off experience items; and
- Any adjustments for future conditions, if necessary.

Paid-Up Rates

The Group determines the "crude rates" calculated over a 12-month period by dividing the actual policies that go paid-up by the exposure.

Coverage units

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

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

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

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

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

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

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

Economic assumptions

The Group obtains the risk-free curve and the nominal curve from the PA on a monthly basis.

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

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

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

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

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

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

Investment guarantees

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

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

Risk adjustment for non-financial risk

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

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

Operational risk is excluded from the Risk Adjustment.

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

1.1.2.3. Contractual service margin

Premium experience adjustments

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

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

1.1.2.3. Contractual service margin *continued*

Loss recovery component (LRECC) for reinsurance contracts held

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

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

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

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

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

Changes to methods and processes

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

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

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

1.2 Employee Benefits

The determination of the liabilities in respect of the Goodwill Scheme component of the Group's Bonus Scheme is dependent on estimates made by the Group. Estimates are made as to the expected VNB generated in the each of the years of a five-year cycle of the Scheme, the multiple used in the formula and the expected number of participants in the Scheme. From the cycle that commenced on 1 July 2022 onwards, the Goodwill Scheme is based on a weighted average of the VNB created during the five-year cycle in determining the pool.

The determination of the liabilities in respect of the EV component of the Group's Bonus Scheme is dependent on estimates made by the Group. Factors affecting the calculation are the Recurring EV earnings, the hurdle rate and the expected pool utilisation.

1.3 Deferred tax assets

The calculation of the deferred tax asset in respect of the existing book in the IPF of Clientele Life of R125.1 million (2024: R107.1 million) and future utilisation of the assessed loss together with the related policyholder liability amounting to R112.5 million (2024: R92.7 million) is subject to estimates and judgements. The attrition rate is the input to which the calculation is most sensitive. Management has applied the 3% attrition rate. If the attrition rate decreased to 2% the deferred tax asset would increase to R126.1 million (2024: R109.7 million), with an additional positive impact of R0.3 million (2024: R0.1 million) on net profit after tax. If the attrition rate increased to 4%, the deferred tax asset would decrease to R124.2 million (2024: R104.6 million), with an additional negative impact of R0.3 million (2024: R0.2 million) on net profit after tax. At the reporting date the IPF has an estimated tax loss of R591 million (2024: R817 million).

The calculation of the deferred tax asset in respect of the existing book in the IPF of 1Life of R58.8 million is subject to estimates and judgements. At the reporting date, the IPF has an estimated tax loss of R1,194 million.

1.4 Owner-occupied Properties

The owner-occupied properties are fairly valued and the material properties are valuated annually based on valuations performed by Broll Valuation and Advisory Services Proprietary Limited (part of the CB Richard Ellis Proprietary Limited network), an independent valuator. For the purpose of valuing the property, the discounted cash flow methodology was adopted, in terms of which estimated gross income is projected for a ten-year period.

Forecast expenses are then deducted from the estimated gross annual income projections, to arrive at the net annual income stream throughout the cash flow period. An amount that represents an estimate of the value of the property upon reversion at the end of the cash flow period is added to the sum of the discounted net annual value of the cash flows. The estimated value upon reversion at the end of the cash flow period is calculated as the value of the estimated net income in the forward period of 12 months immediately following the final year of the cash flow capitalised at an appropriate rate to reflect the perceived risk in the investment.

The underlying assumptions used are the lease rental rates of between R173 and R222 (2024: between R125 and R165) per square meter per month. This has then been capitalised into perpetuity at a yield of between 9.89% and 11.43% (2024: between 8.25% and 9.00%), which is appropriate given the current state of the property market and the quality of the property investments.

1.5 Financial Guarantees

1.5.1 Financial Guarantee in favour of Depfin

A Monte Carlo simulation was conducted at the end of the financial year to determine the amount of the Financial Guarantee Liability in respect of the financial guarantee issued by Clientèle Limited in favour of Depfin (a division of Nedbank Limited).

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

- The future share prices of Clientèle;
- The future EV per share of Clientèle;
- The probability of default;
- The exposure at default;
- The loss given default; and
- The dates of default.

The YTI preference share funding arrangement with Depfin includes an EV per share covenant as well as a Market Value per share covenant. Both covenants need to be breached to trigger a call on additional capital.

The Expected credit loss ("ECL") using the above methodology amounted to R2 million (2024: R2 million).

1.5.2 Financial Guarantee in favour of Nedbank

In determining the fair value of the financial guarantees issued by Clientèle Limited to Nedbank, as required by IFRS 9.B2.5 (read together with IFRS 9.5.1.1), the Group opted to make use of a measurement method that quantifies the economic benefit of the financial guarantee to the holder by comparing the fair value of the underlying revolving credit facilities at the interest rate imposed by Nedbank, to the fair value of the underlying revolving credit facilities held within the subsidiaries of the Group at the interest rate that the Group has confirmed from third-parties would have been imposed on the revolving credit facilities in the absence of the financial guarantees at 30 June 2025.

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

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

The Group established that the fair value attributed to the financial guarantees amounts to R1.04 million as at 30 June 2025.

1.5.3 Financial Guarantee in favour of Investec

In determining the fair value of the financial guarantee issued to Investec at initial recognition, as required by IFRS 9.B2.5 (read together with IFRS 9.5.1.1), Clientèle Limited opted to make use of a measurement method that quantifies the Lifetime Expected Credit Loss ("ECL") on the Preference Share liability that is sitting in Clientèle Life's financial statements as a result of the issuance of the Preference Shares.

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

- The fair value of the Preference Shares;
- The estimated Probability of Default ("PD") over the lifetime of the Preference Shares;
- The estimated Loss Given Default ("LGD") (i.e., the expected loss if default occurs);
- The Exposure at Default ("EAD") (i.e., the outstanding balance, including expected drawdowns) of R570 million;
- The effective interest rate on the Preference Shares.

The Group estimated that the ECL on the Preference Shares, being the fair value attributed to the financial guarantee at initial recognition, amounts to R1.6 million.

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

Fair value measurements categorised within Level 3 of the fair value hierarchy are estimated indirectly using valuation techniques or models, for which one or more of the significant inputs are assumptions (based on unobservable market inputs).

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

- An adjusted share price;
- The dividend yield; and
- A percentage (i.e., 75%) of the prime interest rate.

1.7 ECL

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

1.8 Deferred Acquisition Cost (DAC)

The DAC relates to the deferral of incremental costs for the single premium business and the recurring premium saving policies. The DAC is amortised over a period of 3 years for the recurring premium saving policies and over 5 years for the single premium business.

1.9 Deferred Revenue

At inception of a single premium contract there is deferred revenue that is calculated based on the difference between the amount required to be invested in order to provide a guaranteed return to a policyholder and the amount actually received from the policyholder. This revenue is deferred and recognised in line with the costs incurred to provide the investment management services.

1.10 Acquisition of subsidiaries

Management has made significant estimates and judgements in relation to the acquisition of subsidiaries during the year. These estimates and judgements primarily concern the determination of the fair values of material assets acquired and liabilities assumed. In particular, this includes the valuation of insurance and reinsurance contract assets and liabilities, intangible assets, and the purchase price allocation.

The assessment of fair values required management to exercise significant judgement and to make use of complex valuation techniques and assumptions, especially in respect of the measurement of insurance and reinsurance contract balances and the identification and valuation of intangible assets. These estimates are inherently subjective in nature.

Further details regarding these acquisitions and the related estimates and judgements are provided in Notes 1 and 2 to these financial statements.

Independent auditor's review report on the condensed consolidated financial statements

To the shareholders of Clientèle Limited

We have reviewed the condensed consolidated financial statements of Clientèle Limited, set out on pages 7 to 65, which comprise the condensed consolidated statement of financial position as at 30 June 2025, the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the condensed consolidated financial statements

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

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

Auditor's Responsibility

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

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Clientèle Limited for the year ended 30 June 2025 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for condensed financial statements, as set out in the Accounting Policies note to the financial statements, and the requirements of the Companies Act of South Africa.

DocuSigned by:
Deloitte & Touche
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Deloitte & Touche
Registered Auditor
Per: John Kruger
Partner

08 September 2025
The Ridge
6 Marina Road
Cape Town, 8001

Condensed Group Statement of Financial Position

as at 30 June 2025

(R'000)	Notes	Reviewed 2025	Audited 2024*
Assets			
Goodwill[1]		**113,312**	8,412
Owner-occupied properties[2]		**528,833**	435,372
Intangible assets[1]		**1,156,224**	28,856
Property and equipment[3]		**80,595**	54,496
Deferred tax[4]		**212,907**	124,605
Insurance contract assets	3	**5,589,563**	3,173,456
Reinsurance contract assets	3	**384,848**	71,674
Financial assets at fair value through profit or loss		**10,656,471**	6,852,711
Financial assets at amortised cost		**174,749**	20,479
Deferred acquisition costs		**137,269**	123,499
Loans to subsidiaries		**–**	–
Inventories[8]		**7,187**	4,722
Trade receivables		**149,738**	57,587
Current tax receivable		**7,452**	18,019
Cash and cash equivalents		**875,515**	317,050
Total assets		**20,074,663**	11,290,938
Equity			
Share capital		**9,065**	6,707
Share premium		**1,978,766**	389,261
Common control deficit		**(220,273)**	(220,273)
Total equity		**1,767,558**	175,695
Retained earnings		**3,343,311**	2,855,429
Bonus Rights Scheme Reserve		**30,023**	27,347
Non Controlling Interest: Direct Rewards		**4,840**	5,375
Non Distributable Reserve: Revaluation		**107,591**	68,311
Insurance Finance Reserve		**656,241**	150,694
Total equity and reserves		**5,909,564**	3,282,851
Liabilities			
Deferred tax		**1,710,785**	835,647
Employee benefits[8]		**168,561**	96,200
Insurance contract liabilities[8]	3	**603,473**	520,055
Reinsurance contract liabilities[8]	3	**423,232**	–
Investment contract liabilities[5,8]		**9,820,201**	5,884,738
Financial liabilities held at amortised cost		**154,696**	119,481
Loans at amortised cost[6]		**775,502**	204,806
Financial Guarantee Liability[7]		**4,639**	2,000
Lease liabilities		**17,360**	–
Deferred revenue		**227,329**	227,856
Accruals and payables		**238,691**	117,304
Current tax		**20,630**	–
Total liabilities		**14,165,099**	8,008,087
Total equity and liabilities		**20,074,663**	11,290,938

* *Represented as disclosed in footnote 8 below.*

1. *The increases in Goodwill and intangible assets are as a result of the acquisition of 1Life and Emerald, respectively. Please refer to notes 1 and 2.*
2. *Owner-occupied properties are disclosed at level 3 in the fair value measurement hierarchy.*
3. *Included in property and equipment is a right of use asset of R16 million, pertaining to Emerald Life.*
4. *Deferred tax includes R125.1 million (2024: R107 million) and R59 million in respect of tax losses which are now expected to be utilised in the foreseeable future related to Clientèle Life's and 1Life's respective individual policyholder's tax fund ("IPF") as a result of single premium business. (Refer to estimates and judgements note 1.3 on page 27 and the tax note on page 61).*
5. *Included in investment contract liabilities are intercompany loans classified as at fair value through profit or loss. These loans eliminate at Group.*
6. *Loans at amortised cost increased due to the issuance of preference shares in the current year.*
7. *The financial guarantee liability is in respect of guarantees issued. (Refer to the Capital and Other Commitments note on page 65).*
8. *In the current year, the presentation of Assets and Liabilities in the Statement of Financial position has been amended to correct the order of liquidity. As a result, certain line items have been presented in a different order. The change in presentation has no impact on the total assets or liabilities or the financial position of the entity.*

Condensed Group Statement of Comprehensive Income

for the year ended 30 June 2025

(R'000)	Notes	Reviewed 2025	Audited 2024
Insurance service result			
Insurance revenue[1]	4	**3,402,751**	1,931,131
Insurance service expenses	3	**(2,827,923)**	(1,735,895)
Income or (expense) from reinsurance contracts	3	**(116,350)**	(23,686)
Total insurance service result		**458,478**	171,550
Net investment result			
Fair value adjustments to financial assets at fair value through profit or loss		**1,133,444**	843,601
Change in investment contract liabilities		**(949,057)**	(579,536)
Finance cost on financial liabilities at amortised cost		**(14,208)**	(9,199)
Total net investment result		**170,179**	254,866
Net insurance finance expenses/income			
Insurance finance income (expense)	3	**376,064**	194,163
Reinsurance finance income (expense)	3	**27,823**	13,176
Total net insurance finance (expenses)/income		**403,887**	207,339
Net insurance and investment result		**1,032,544**	633,755
Revenue from contracts with customers[1]		**393,088**	380,438
Cost of Sales		**(34,438)**	(40,541)
Other income		**16,682**	1,597
Interest income		**47,143**	16,323
Interest income on financial assets at amortised cost		**24,654**	644
Movement in expected credit loss		**(6,459)**	2,477
Interest expense		**(25,292)**	(23,968)
Bargain gain on purchase	1	**403,152**	–
Operating expenses		**(551,167)**	(420,696)
Net profit before tax		**1,299,907**	550,029
Tax	5	**(240,559)**	(216,120)
Net Profit for the year[1]		**1,059,348**	333,909
Attributable to:			
Non-Controlling interest		**4,610**	3,972
Equity holders of the Group – ordinary shareholders		**1,054,738**	329,937
Net Profit for the year[1]		**1,059,348**	333,909
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Profit/(loss) on property revaluation		**51,899**	10,489
Income tax relating to property revaluation		**(12,619)**	(2,776)
Items that will be reclassified subsequently to profit or loss			
Movement in insurance finance reserve before tax		**692,532**	206,559
Tax on movement in insurance finance reserve		**(186,984)**	(55,771)
Total comprehensive income for the year		**1,604,176**	492,410
Earnings per share (cents)	6	**235.07**	98.39
Diluted earnings per share (cents)	6	**232.28**	98.27

1. *The Insurance revenue, Revenue from contracts with customers and Net profit for the year would have been R4,142 million, R393,1 million and R1,113 million, respectively, had Emerald been acquired as at 01 July 2024.*

Condensed Group Statement of Changes in Equity

for the year ended 30 June 2025

(R'000)	Share capital	Share premium	Common control deficit	Sub-total
Balance as at 1 July 2023	6,706	389,135	(220,273)	175,568
Ordinary dividends				–
Total comprehensive income	–	–	–	–
– Net profit for the for the year				–
– Other comprehensive income/(expense)				–
Shares issued[1]	1	126		127
Bonus Rights Scheme allocated				–
Non-controlling interest – Direct Rewards				–
Balance as at 30 June 2024 (Audited)	6,707	389,261	(220,273)	175,695
Balance as at 1 July 2024	6,707	389,261	(220,273)	175,695
Acquisition of subsidiary	**–**	**–**	**–**	**–**
Ordinary dividends	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**–**	**–**
– Net profit for the for the year	**–**	**–**	**–**	**–**
– Other comprehensive income/(expense)	**–**	**–**	**–**	**–**
Shares issued[2]	**2,356**	**1,588,156**	**–**	**1,590,512**
Bonus Rights Scheme allocated[1]	**2**	**1,349**	**–**	**1,351**
Non-controlling interest – Direct Rewards	**–**	**–**	**–**	**–**
Balance as at 30 June 2025*	**9,065**	**1,978,766**	**(220,273)**	**1,767,558**

** Reviewed balance.*
1. 112,220 shares (2024:11,851) were issued during the year in terms of the Bonus Rights Scheme.
2. 117,815,756 shares were issued as part of the exchange of shares transaction that resulted in the acquisition of 1Life in the current financial year.

(R'000)	Retained earnings	Bonus Rights Scheme Reserve**	Non-controlling interest	Non-distributable reserves: revaluation	Insurance finance reserve	Total
Balance as at 1 July 2023	2,945,361	27,294	3,076	60,598	(94)	3,211,803
Ordinary dividends	(419,152)		(1,470)			(420,622)
Total comprehensive income	329,937	–	3,972	7,713	150,788	492,410
– Net profit for the for the year	329,937		3,972	–		333,909
– Other comprehensive income/(expense)				7,713	150,788	158,501
Shares issued						127
Bonus Rights Scheme allocated	(126)	53				(73)
Other movements	(591)		(203)			(794)
Balance as at 30 June 2024 (Audited)	2,855,429	27,347	5,375	68,311	150,694	3,282,851
Balance as at 1 July 2024	2,855,429	27,347	5,375	68,311	150,694	3,282,851
Ordinary dividends	**(566,449)**	**–**	**(5,145)**	**–**	**–**	**(571,594)**
Total comprehensive income	**1,054,738**	**–**	**4,610**	**39,280**	**505,547**	**1,604,175**
– Net profit for the for the year	**1,054,738**	**–**	**4,610**	**–**	**–**	**1,059,348**
– Other comprehensive income/(expense)	**–**	**–**	**–**	**39,280**	**505,547**	**544,827**
Shares issued	**–**	**–**	**–**	**–**		**1,590,512**
Bonus Rights Scheme allocated	**235**	**2,676**	**–**	**–**	**–**	**4,262**
Other movements	**(642)**	**–**				**(642)**
Balance as at 30 June 2025*	**3,343,311**	**30,023**	**4,840**	**107,591**	**656,241**	**5,909,564**

** Reviewed balance.*
*** Bonus Rights Scheme – the Clientèle Limited Bonus Rights Scheme.*

Condensed Group Statement of Cash Flows

for the year ended 30 June 2025

(R'000)	Reviewed June 2025	Audited June 2024
Net profit before tax	**1,299,907**	550,029
Adjusted for non-cash items[1]	**(1,192,031)**	(680,151)
Separately disclosable items[2]	**(108,357)**	(92,032)
Working capital changes	**224,595**	359,910
Acquisition of financial assets	**(2,682,160)**	(1,526,926)
Disposal of financial assets	**3,363,638**	6,470,913
Increase in financial liabilities	**2,089,276**	816,175
Decrease in financial liabilities	**(1,934,337)**	(5,359,845)
Cash generated from operations	**1,060,531**	538,073
Interest received	**106,066**	65,362
Dividends received	**26,886**	26,670
Interest paid	**(26,846)**	–
Dividends paid	**(571,594)**	(420,622)
Taxation paid	**(181,651)**	(174,110)
Cash flows from operating activities	**413,392**	35,373
Acquisition of intangible assets	**(4,384)**	(10,031)
Acquisition of property and equipment	**(28,867)**	(24,479)
Acquisition of owner-occupied properties	**(41,561)**	(2,216)
Additions to financial assets at amortised cost	**(3,500)**	(20,000)
Repayment of financial assets at amortised cost	**3,961**	420
Net cash from acquisition of subsidiaries[3]	**(351,927)**	–
Cash flows from investing activities	**(426,278)**	(56,306)
Proceeds from issuing of shares	**1,351**	127
Proceeds from loans at amortised cost	**570,000**	204,806
Repayment of loans at amortised cost[4]	**–**	(116,490)
Cash inflows/(outflows) from financing activities	**571,351**	88,443
Increase/(decrease) in cash and cash equivalents	**558,465**	67,510
Cash and cash equivalents at beginning of year	**317,050**	249,540
Cash and cash equivalents at end of the year	**875,515**	317,050

1. Adjustments for non-cash items include fair value adjustments for financial instruments and the bargain purchase gain.
2. Interest received/paid and dividends received.
3. Refer to notes 1 and 2 containing the acquisitions of 1Life and Emerald Life, respectively.
4. Repayment of external loans for the property entities. This repayment is inclusive of interest of R16 million accrued on the loan being settled.

Segment Statement of Financial Position

Reviewed June 2025 (R'000)	Clientèle Life Insurance	1Life Insurance	Non-life Insurance	Emerald Life Insurance	CBC Rewards, Mobile & Direct Rewards	Holding entity & Property	Consoli-dation entries	Total
Assets								
Goodwill	–	–	–	–	–	–	113,312	113,312
Owner-occupied properties	–	–	–	–	–	528,833	–	528,833
Intangible assets	10,033	–	1,005	7,050	9,109	5	1,129,022	1,156,224
Property and equipment	338,631	162,424	174,766	19,300	47,617	9,125	(671,268)	80,595
Investment in subsidiaries	109,482	–	–	–	–	2,549,201	(2,658,683)	–
Investment in associate	–	–	–	–	–	–	–	–
Deferred tax	125,129	58,813	–	–	26,644	2,321	–	212,907
Insurance contract assets	3,769,623	1,762,657	–	–	–	–	57,283	5,589,563
Reinsurance contract assets	88,685	410,302	–	6,852	–	–	(120,991)	384,848
Financial assets at fair value through profit or loss	8,089,846	2,849,713	279,412	–	–	7,500	(570,000)	10,656,471
Financial assets at amortised cost	15,540	157,472	–	1,737	–	–	–	174,749
Deferred acquisition costs	137,269	–	–	–	–	–	–	137,269
Loans to subsidiaries	–	–	–	–	–	100,101	(100,101)	–
Inventories[2]	251	–	–	1,777	5,159	–	–	7,187
Trade receivables	349,380	42,073	18,193	32,809	13,514	25,163	(331,394)	149,738
Current tax receivable	–	–	4,685	694	282	1,791	–	7,452
Cash and cash equivalents	230,411	390,769	70,961	132,816	4,336	46,222	–	875,515
Total assets[1]	13,264,280	5,834,223	549,022	203,035	106,661	3,270,262	(3,152,820)	20,074,663
Total equity and reserves								
Share capital	4,853	398,000	42,500	–	2,510	9,065	(447,863)	9,065
Share premium	–	–	–	–	–	1,978,766	–	1,978,766
Common control deficit	–	–	–	–	–	–	(220,273)	(220,273)
Total equity	4,853	398,000	42,500	–	2,510	1,987,831	(668,136)	1,767,558
Retained earnings	2,734,405	1,486,539	285,742	125,995	(66,428)	158,981	(1,381,923)	3,343,311
Bonus Rights Scheme Reserve	26,087	–	4,393	–	–	30,022	(30,479)	30,023
Non Controlling Interest: Direct Rewards	–	–	–	–	–	–	4,840	4,840
Non Distributable Reserve: Revaluation	–	–	–	–	–	–	107,591	107,591
Insurance Finance Reserve	490,751	236,935	(23)	–	–	–	(71,422)	656,241
Total equity	3,256,096	2,121,474	332,612	125,995	(63,918)	2,176,834	(2,039,529)	5,909,564
Liabilities								
Deferred tax	972,246	547,722	942	6,532	–	30,590	152,753	1,710,785
Employee benefits[2]	96,566	57,885	14,110	–	–	–	–	168,561
Loans from Subsidiaries[2]	–	–	–	–	102,997	–	(102,997)	–
Insurance contract liabilities[2]	550,286	14,068	5,442	35,759	–	–	(2,082)	603,473
Reinsurance contract liabilities[2]	4,905	12,730	–	–	–	–	405,597	423,232
Investment contract liabilities[2]	7,022,234	2,762,365	–	–	–	605,602	(570,000)	9,820,201
Financial liabilities held at amortised cost	152,159	2,537	–	–	–	207,805	(207,805)	154,696
Loans at amortised cost	570,697	–	–	–	–	204,805	–	775,502
Financial Guarantee Liability	–	–	–	–	–	4,639	–	4,639
Lease liabilities	293,696	163,510	170,362	17,361	47,675	–	(675,244)	17,360
Deferred revenue	219,065	8,264	–	–	–	–	–	227,329
Accruals and payables	115,974	133,394	25,554	17,388	19,907	39,987	(113,513)	238,691
Current tax	10,356	10,274	–	–	–	–	–	20,630
Total liabilities	10,008,184	3,712,749	216,410	77,040	170,579	1,093,428	(1,113,291)	14,165,099
Total equity and liabilities	13,264,280	5,834,223	549,022	203,035	106,661	3,270,262	(3,152,820)	20,074,663

1. The Group currently operates in the South African market only. Therefore, the non-current assets other than financial assets, deferred tax assets, and rights arising under insurance contracts are not presented on a geographical basis.

2. In the current year, the presentation of Assets and Liabilities in the Statement of Financial position has been amended to correct the order of liquidity. As a result, certain line items have been presented in a different order. The change in presentation has no impact on the total assets or liabilities or the financial position of the entity.

Segment Statement of Financial Position *continued*

Audited June 2024* (R'000)	Clientèle Life Insurance	Non–life Insurance	CBC Rewards, Mobile & Direct Rewards	Holding entity & Property	Consoli–dation entries	Total
Assets						
Goodwill					8,412	8,412
Owner-occupied properties				435,372		435,372
Intangible assets	17,747	1,589	9,512	8		28,856
Property and equipment	133,921	42,568	138	11,557	(133,688)	54,496
Investment in subsidiaries	106,621	–	–	311,640	(418,261)	–
Investment in associate	–	–	–	–	–	–
Deferred tax	107,118	4,841	21,172	–	(8,526)	124,605
Insurance contract assets	3,173,456	–	–	–	–	3,173,456
Reinsurance contract assets	71,674	–	–	–	–	71,674
Financial assets at fair value through profit or loss	6,543,321	298,975	–	10,415	–	6,852,711
Financial assets at amortised cost	20,479	–	–	–	–	20,479
Deferred acquisition cost	123,499	–	–	–	–	123,499
Loans to subsidiaries	–	–	–	–	–	–
Inventories[2]	221	–	4,501	–	–	4,722
Trade receivables	213,922	6,885	17,825	144,207	(325,252)	57,587
Current tax receivable	11,428	4,740	137	1,714	–	18,019
Cash and cash equivalents	247,317	45,957	9,577	14,199	–	317,050
Total assets[1]	10,770,724	405,555	62,862	929,112	(877,315)	11,290,938
Equity						
Share capital	4,853	42,500	2,510	6,707	(49,863)	6,707
Share premium				389,261		389,261
Common control deficit					(220,273)	(220,273)
Total equity	4,853	42,500	2,510	395,968	(270,136)	175,695
Retained earnings	2,692,159	244,667	(51,057)	77,047	(107,387)	2,855,429
Bonus Rights Scheme Reserve	24,011	4,464		27,346	(28,474)	27,347
Non Controlling Interest: Direct Rewards					5,375	5,375
Non Distributable Reserve: Revaluation					68,311	68,311
Insurance Finance Reserve	150,706	(12)				150,694
Total equity and reserves	2,871,729	291,619	(48,547)	500,361	(332,311)	3,282,851
Liabilities						
Deferred tax	808,006	–	–	27,641	–	835,647
Employee benefits[2]	84,519	11,681	–	–	–	96,200
Loans from Subsidiaries[2]	1,336	–	93,520	189,278	(284,134)	–
Insurance contract liabilities[2]	506,190	13,865	–	–	–	520,055
Reinsurance contract liabilities[2]	–	–	–	–	–	–
Investment contract liabilities[2]	5,884,738	–	–	–	–	5,884,738
Financial liabilities held at amortised cost	119,481	–	–	–	–	119,481
Loans at amortised cost	–	–	–	204,806	–	204,806
Financial Guarantee Liability[3]	–	–	–	2,000	–	2,000
Lease liabilities	189,194	71,676	–	–	(260,870)	–
Deferred revenue	227,856	–	–	–	–	227,856
Accruals and payables	77,675	16,714	17,889	5,026	–	117,304
Current tax	–	–	–	–	–	–
Total liabilities	7,898,995	113,936	111,409	428,751	(545,004)	8,008,087
Total equity and liabilities	10,770,724	405,555	62,862	929,112	(877,315)	11,290,938

** Represented as disclosed in footnote 2 below.*

1. The Group currently operates in the South African market only. Therefore, the non-current assets other than financial assets, deferred tax assets, and rights arising under insurance contracts are not presented on a geographical basis.

2. In the current year, the presentation of Assets and Liabilities in the Statement of Financial position has been amended to correct the order of liquidity. As a result, certain line items have been presented in a different order. The change in presentation has no impact on the total assets or liabilities or the financial position of the entity.

Segment Statements of Comprehensive Income

Reviewed June 2025 (R'000)	Clientèle Life Insurance	1Life Insurance	Non-life Insurance	Emerald Life Insurance*	CBC Rewards, Mobile & Direct Rewards	Holding entity & Property	Consoli-dation entries	Total
Insurance service result								
Insurance revenue	**1,436,073**	**1,884,598**	**491,942**	**–**	**–**	**–**	**(409,862)**	**3,402,751**
Insurance service expenses	**(1,271,429)**	**(1,785,204)**	**(338,637)**		**–**	**–**	**567,347**	**(2,827,923)**
Income or expense from reinsurance contracts	**(47,580)**	**(57,187)**	**–**	**–**	**–**	**–**	**(11,583)**	**(116,350)**
Total insurance service result	**117,064**	**42,207**	**153,305**	**–**	**–**	**–**	**145,902**	**458,478**
Net investment result								
Fair value adjustments to financial assets at fair value through profit or loss	**820,985**	**282,100**	**32,611**	**–**	**–**	**(2,252)**	**–**	**1,133,444**
Fair value gain on investment on subsidiaries	**2,861**	**–**	**–**	**–**	**–**	**–**	**(2,861)**	**–**
Investment income	**15,127**	**–**	**–**	**–**	**–**	**–**	**(15,127)**	**–**
Change in investment contract liabilities	**(668,473)**	**(280,584)**	**–**	**–**	**–**	**–**	**–**	**(949,057)**
Finance cost on financial liabilities at amortised cost	**(10,393)**	**(3,815)**	**–**	**–**	**–**	**–**	**–**	**(14,208)**
Total net investment result	**160,107**	**(2,299)**	**32,611**	**–**	**–**	**(2,252)**	**(17,988)**	**170,179**
Net insurance finance expenses/income				**–**				
Insurance finance income (expense)	**259,622**	**132,382**	**(2,051)**	**–**	**–**	**–**	**(13,889)**	**376,064**
Reinsurance finance income (expense)	**12,186**	**28,037**	**–**	**–**	**–**	**–**	**(12,400)**	**27,823**
Total net insurance finance (expenses)/income	**271,808**	**160,419**	**(2,051)**	**–**	**–**	**–**	**(26,289)**	**403,887**
Net insurance and investment result	**548,979**	**200,327**	**183,865**	**–**	**–**	**(2,252)**	**101,625**	**1,032,544**
Revenue from contracts with customers[1,3]	**196,393**	**32,320**	**–**	**–**	**245,413**	**–**	**(81,038)**	**393,088**
Cost of Sales	**–**	**–**	**–**	**–**	**(88,307)**	**–**	**53,869**	**(34,438)**
Dividend revenue	**–**	**–**	**–**	**–**	**–**	**662,355**	**(662,355)**	**–**
Other income	**96,528**	**17,433**	**38,039**	**–**	**209**	**81,436**	**(216,963)**	**16,682**
Interest income	**11,765**	**28,835**	**3,906**	**–**	**569**	**2,068**	**–**	**47,143**
Interest income on financial assets at amortised cost	**1,068**	**23,586**	**–**	**–**	**–**	**–**	**–**	**24,654**
Movement in expected credit loss	**(6,459)**	**–**	**–**	**–**	**–**	**(705)**	**705**	**(6,459)**
Interest on lease liability	**–**	**–**	**–**	**–**	**(493)**	**–**	**493**	**–**
Interest expense	**(3,414)**	**(1,557)**	**–**	**–**	**(75)**	**(35,373)**	**15,127**	**(25,292)**
Bargain gain on purchase	**–**	**–**	**–**	**–**	**–**	**–**	**403,152**	**403,152**
Operating expenses[2]	**(268,326)**	**(119,878)**	**(39,457)**	**–**	**(163,270)**	**(59,071)**	**98,835**	**(551,167)**
Net Profit before tax	**576,534**	**181,066**	**186,353**	**–**	**(5,954)**	**648,458**	**(286,550)**	**1,299,907**
Tax	**(149,286)**	**(48,531)**	**(48,071)**	**–**	**1,081**	**(311)**	**4,559**	**(240,559)**
Net Profit for the year	**427,248**	**132,535**	**138,282**	**–**	**(4,873)**	**648,147**	**(281,991)**	**1,059,348**
Attributable to:								
Non-Controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**4,610**	**4,610**
Equity holders of the Group – ordinary shareholders	**427,248**	**132,535**	**138,282**	**–**	**(4,873)**	**648,147**	**(286,601)**	**1,054,738**
Net Profit for the year	**427,248**	**132,535**	**138,282**	**–**	**(4,873)**	**648,147**	**(281,991)**	**1,059,348**
Other comprehensive income:								
Items that will not be reclassified subsequently to profit or loss								
Profit/(Loss) on property revaluation	**–**	**–**	**–**	**–**	**–**	**–**	**51,899**	**51,899**
Income tax relating property revaluation	**–**	**–**	**–**	**–**	**–**	**–**	**(12,619)**	**(12,619)**
Items that will be reclassified subsequently to profit or loss								
Movement in insurance finance reserve before tax	**465,815**	**200,454**	**(14)**	**–**	**–**	**–**	**26,277**	**692,532**
Tax on movement in insurance finance reserve	**(125,770)**	**(54,123)**	**4**	**–**	**–**	**–**	**(7,095)**	**(186,984)**
Total comprehensive income for the year	**767,293**	**278,866**	**138,272**	**–**	**(4,873)**	**648,147**	**(223,529)**	**1,604,176**

** Emerald Life was consolidated as of 30 June 2025. Therefore, Emerald Life's net profit for the year ended 30 June 2025 is not consolidated in the Group.*

1. *Clientèle Life Insurance segment revenue from contracts with customers consists of IFA business fees of R72.8 million (2024: R83.2 million) and deferred revenue of R123.6 million (2024: R171.2 million). The CBC Rewards, Mobile and Direct Rewards R245.4 million (2024: R179.5 million) revenue from contracts with customers consists of rewards fees of which a portion is consolidated out due to it being an inter-company transaction. 1Life Insurance segment consists of deferred revenue of R32.3 million. The remainder of the revenue is from transactions with parties external to the Group.*
2. *Refer to note 7 on page 62 for a breakdown of disclosable operating expense per segment.*
3. *The Group currently operates in the South African market only. Therefore, the revenues from external customers is not presented on a geographical basis..*

Segment Statements of Comprehensive Income *continued*

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

1. The Group currently operates in the South African market only. Therefore, the revenues from external customers is not presented on a geographical basis..
2. Refer to note 7 on page 62 for a breakdown of disclosable operating expenses.

Notes to the Condensed Consolidated Financial Statements

1. ACQUISITION OF 1LIFE

The Group entered into an exchange of shares agreement with Telesure Investment Holdings Proprietary Limited ("TIH") in respect of which it acquired 3,022,447 ordinary shares of 1Life Insurance Limited ("1Life") from TIH. 1Life is a company that is engaged in life insurance and operates in South Africa. The shares acquired from TIH constitute 100% of all the issued voting ordinary shares of 1Life. Consequently, the Group obtained control of 1Life. In accordance with the exchange of shares agreement, the Group issued 117,815,756 of Clientèle Limited's listed ordinary shares to TIH, thus making TIH a 26% shareholder in Clientèle Limited immediately after the exchange transaction.

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

The closing date, being the acquisition date, of the transaction was determined with reference to IFRS 3 as 12 July 2024.

Details of the acquisition are as follows:

	R'000
Consideration transferred	
Equity (117,815,756 shares)	1,590,513
Total consideration transferred	1,590,513

Equity instruments issued

The fair value of the ordinary shares issued as consideration for the 100% shareholding in 1Life was based on Level 2 inputs as per IFRS 13, as at 12 July 2024, where Management adjusted the quoted shared price of the shares for a control premium. Based hereon, the fair value of the Consideration Shares and was determined to be R13.5 per share.

Acquisition-related costs

The Group incurred acquisition-related costs of R9.7 million on legal fees, due diligence and regulatory compliance costs. The acquisition-related costs were expensed in the financial year ended 30 June 2024.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

(R'000)	2025
Financial assets backing investment contract liabilities	**2,516,726**
Insurance contract assets	**1,414,054**
Reinsurance contract assets	**263,811**
Intangible assets	**201,091**
Financial assets at amortised cost	**969,015**
Inventory	**26**
Current tax receivable	**1,757**
Trade and other receivables	**39,705**
Cash and cash equivalents	**121,153**
Deferred tax	**(397,773)**
Financial liabilities held at amortised cost	**(337,236)**
Investment contract liabilities	**(2,525,447)**
Insurance contract liabilities	**(84,303)**
Reinsurance contract liabilities	**(32,061)**
Provisions	**(35,622)**
Other payables	**(121,232)**
Total identifiable net assets acquired	**1,993,665**

The amounts of insurance revenue and net profit after tax of 1Life since the acquisition date included in the Statement of Comprehensive Income for the reporting period are R1,885 million and R132.5 million, respectively.

Measurement of fair values

The valuation techniques used for measuring the fair values of material assets acquired and liabilities assumed were as follows:

Assets acquired and liabilities assumed	Valuation technique
Insurance and reinsurance contracts	Insurance contracts that were acquired as part of the business combination are measured based on the GMM, unless the PAA applies, at the date of acquisition. The Group determined that all contracts at the acquisition date had significant insurance risk and met the definition of insurance contracts issued.
Financial assets backing investment contract liabilities	The fair value of financial assets backing investment contract liabilities has been determined based on quoted market prices.
1Life trade name	*Income approach – Relief from royalty:* This valuation technique assumes that the value of an intangible asset is equal to the present value of the amount the Group would be prepared to pay to lease that asset under a contract if it did not own the asset. The valuation technique assumed a useful life of 15 years for the 1Life trade name, based on the strong brand presence in the market and its existence that spanned over 15 years on the valuation date.
Distribution network	*Income approach – multi-period excess earnings* ("**MEEM**"): This valuation model states that the value of an intangible asset is given by the present value of the earnings it generates, net of a reasonable return on other assets also contributing to that stream of earnings. In applying the valuation technique, the useful life for the distribution network intangible asset was determined to be 15 years based on Management assumptions which are in alignment with comparable transactions in the market.

Bargain purchase gain

Bargain purchase gain arising from the acquisition has been recognised as follows:

(R'000)	2025
Consideration transferred	**1,590,513**
Recognised amounts of identifiable net assets	**(1,993,665)**
Bargain purchase gain	**(403,152)**

The commercial exchange took place on an Embedded Value ("EV") basis, in terms of which the EV per share of Clientele was used as a starting point to determined the number of Clientele shares that would be transferred to acquire 1Life. The consideration transferred, amounting to R1.591 billion, was determined by adjusting the EV of 1Life so as to calculate it on a similar basis to that used by Clientele in its EV calculation, plus a control premium of 6.23%. This adjusted EV of 1Life was then used to determine the number of Clientele shares that would be required to settle the acquisition transaction.

Having determined the number of shares to be transferred on this basis, the Group determined the fair value of each share to be transferred to TIH for purposes of determining the consideration transferred in accordance with IFRS 3.

The fair value of each share transferred was determined based on level 2 inputs as per IFRS 13, where the listed share price was adjusted to include a premium reflecting the significant influence that TIH will exercise over the Group as of the acquisition date. This approach is consistent with what has been done with similar recent transactions in the industry. Based hereon, the fair value of the shares transferred as consideration for the acquisition was determined to be significantly lower than embedded value of the 1Life at the acquisition date, thus resulting in bargain purchase gain.

The bargain purchase gain is presented as a separate line item in the SOCI.

The bargain purchase gain was provisionally reported as R469.1 million in the interim period ended 31 December 2024. This amount was adjusted due to further actuarial refinements and alignment of actuarial assumption bases with the Group's methodology in the measurement period, which led to a decrease in insurance contract assets (R106.1 million), an increase in reinsurance contract assets (R37.3 million), an increase in insurance contract liabilities (R2.7 million), a decrease in reinsurance contract liabilities (R24.2 million) and an increase in deferred tax liabilities (R24.4 million).

The Group identifies 1Life Insurance as a separate segment for reporting purposes.

2. ACQUISITION OF EMERALD LIFE

On 24 June 2025, Clientèle Limited acquired 100% of the issued share capital of Emerald Life for a total consideration of circa R641 million.

Emerald Life is a licensed micro-insurer that specialises in underwriting funeral products for social grant recipients as well as government employees in South Africa. The business services approximately 360,000 active policyholders, with strong and consistent premium inflows. Its distribution model is based on a national network of approximately 2,500 internal sales representatives, registered under Emerald's FSP license. Emerald Life has built a strong presence in underserved communities through its access to SASSA-linked debit orders, loyal policyholder base, and its proprietary systems.

The principal reason for the acquisition of Emerald Life is to accelerate the Group's growth in the high-growth funeral insurance market, particularly within lower-income and SASSA-linked customer segments, through immediate access to a sizable in-force book of circa 360,000 active policyholders. This is expected to increase Clientèle's active policy base by approximately 25% and grow annual premium income by around 15%.

Details of the acquisition are as follows:

	R'000
Consideration transferred	
Cash consideration	605,896
Contingent consideration*	35,602
Total consideration transferred	641,498

* *Following a period of 24 months post the acquisition date, the Group will pay an amount not exceeding R50,000,000 to the former owners of Emerald Life. This amount is contingent on Emerald Life underwriting and successfully collecting at least one premium from a minimum of 40,000 new funeral insurance policies whose terms provide that premiums will be deducted from social grants awarded to the relevant policyholders in terms of regulation 29 of the regulations published under the Social Assistance Act, 2004. The amount of R35,602 is the fair value of the contingent consideration at the acquisition date.*

Acquisition-related costs

The Group incurred acquisition-related costs of R7.6 million on legal fees, due diligence and regulatory compliance costs. The acquisition-related costs were expensed in the financial year ended 30 June 2025.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	2025 R'000
Property, plant and equipment	**3,309**
Right-of-use assets	**15,990**
Intangible assets	**948,387**
Other financial assets	**1,737**
Deferred tax	**(158,399)**
Inventories	**1,777**
Trade and other receivables	**3,832**
Employee benefits	**28,977**
Current tax receivable	**824**
Cash and cash equivalents	**132,816**
Reinsurance assets	**6,852**
Lease liabilities	**(17,361)**
Reinsurance liabilities	**(378,868)**
Trade and other payables	**(17,387)**
Insurance liabilities	**(35,759)**
Current tax payable	**(130)**
Total identifiable net assets acquired	**536,597**

The amounts of insurance revenue and net profit after tax of Emerald Life since the acquisition date included in the Statement of Comprehensive Income for the reporting period are Rnil.

Measurement of fair values

The valuation techniques used for measuring the fair values of material assets acquired and liabilities assumed were as follows:

Assets acquired and liabilities assumed	Valuation technique
Emerald Life trade name	*Income approach – Relief from royalty:* This valuation approach assumes that the value of an intangible asset is equal to the present value of the amount the Group would be prepared to pay to lease that asset under a contract if it did not own the asset. The valuation technique assumed a useful life of 10 years for the Emerald Life trade name, based on the strong brand presence in the market.
Customer relationships: Existing in-force policyholders	*Income approach – multi-period excess earnings ("MEEM"):* This valuation approach states that the value of an intangible asset is given by the present value of the earnings it generates, net of a reasonable return on other assets also contributing to that stream of earnings. In applying the valuation technique, the useful life for the Customer relationships: Existing in-force policyholders intangible asset was determined to be 12 years based on Management assumptions which are in alignment with comparable transactions in the market.
Computer software	*Cost approach: replacement cost method:* This valuation approach is based on the current cost to recreate or duplicate the asset less an appropriate allowance for a decrease in value due to the passage of time or obsolescence. Incorporated in the cost approach is the economic principle of substitution, which states than an informed purchaser would pay no more for an asset than the cost of purchasing or producing a substitute asset with the same utility as the appraised asset. In applying this valuation technique, the useful life of Computer software was determined to be 7 years.
Customer-facing mobile application	*Cost approach: Carrying amount assumed to approximate Fair Value as at the Transaction date*: This valuation approach is based on the current cost to recreate or duplicate the asset less an appropriate allowance for a decrease in value due to the passage of time or obsolescence. Incorporated in the cost approach is the economic principle of substitution, which states that an informed purchaser would pay no more for an asset than the cost of purchasing or producing a substitute asset with the same utility as the appraised asset.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2025 R'000
Consideration transferred	**641,498**
Recognised amounts of identifiable net assets	**(536,597)**
Goodwill	**104,900**

The consideration transferred was determined based on level 2 inputs as per IFRS 13, where the contingent consideration was determined by discounting the R50 million payable 24 months after the acquisition date at a rate of 18.5%, aligning with the cost of equity, to reflect the time value of money, resulting in a present value of R35.6 million included in the purchase price.

Goodwill represents the intangible assets that do not qualify for separate recognition, and reflects the anticipated synergies and future economic benefits expected from the integration of Emerald Life into the Group operations.

Goodwill is presented as a separate line item in the Statement of Financial Position.

The Group identifies Emerald Life as a separate segment for reporting purposes.

The fair values of the contingent consideration and the underlying assets and liabilities of Emerald Life have been prepared on a provisional basis as allowed by IFRS 3.

3. INSURANCE AND REINSURANCE CONTRACTS*

3.1 Summary of insurance contracts issued and reinsurance contracts held

	Group				Group
(Assets)/Liabilities (R'000)	Life insurance – Risk business (GMM)	Life insurance – Risk business (PAA)	Life insurance – Savings business (VFA)	Short-term insurance (PAA)	Total
Year ended 30 June 2025					
Insurance contracts issued	**5,561,126**	**(23,430)**	**(546,163)**	**(5,442)**	**4,986,091**
Reinsurance contracts held	**(45,236)**	**6,852**	**–**	**–**	**(38,384)**
Total	**5,515,890**	**(16,579)**	**(546,163)**	**(5,442)**	**4,947,706**
Insurance contracts issued					
Insurance contract assets	**5,573,563**	**16,000**	**–**	**–**	**5,589,563**
Insurance contract liabilities	**(12,437)**	**(39,431)**	**(546,163)**	**(5,442)**	**(603,473)**
Total	**5,561,126**	**(23,430)**	**(546,163)**	**(5,442)**	**4,986,091**
Reinsurance contracts held					
Reinsurance contract assets	**377,997**	**6,852**	**–**	**–**	**384,848**
Reinsurance contract liabilities	**(423,232)**	**–**	**–**	**–**	**(423,232)**
Total	**(45,236)**	**6,852**	**–**	**–**	**(38,384)**
Year ended 30 June 2024					
Insurance contracts issued	3,173,456	(345)	(505,845)	(13,865)	2,653,401
Reinsurance contracts held	71,674	–	–	–	71,674
Total	3,245,130	(345)	(505,845)	(13,865)	2,725,075
Insurance contracts issued					
Insurance contract assets	3,173,456	–	–	–	3,173,456
Insurance contract liabilities	–	(345)	(505,845)	(13,865)	(520,055)
Total	3,173,456	(345)	(505,845)	(13,865)	2,653,401
Reinsurance contracts held					
Reinsurance contract assets	71,674		–	–	71,674
Reinsurance contract liabilities	–	–	–	–	–
Total	71,674	–	–	–	71,674

* *To accommodate the first-time consolidation of 1Life and Emerald Life into the Group, the Group has replaced previous disclosures and provided additional disclosures in the Group's condensed results notes 3 and 4 for the current year compared to prior year. These notes are comparable to the notes disclosed in the prior year audited annual financial statements.*

3. INSURANCE AND REINSURANCE CONTRACTS *continued*

3.2 Reconciliation of insurance contracts

3.2.1 Life insurance – Risk business (GMM)

Analysis by remaining coverage and incurred claims Assets/(Liabilities) (R'000)	Group 2025 Liabilities for remaining coverage Excluding loss component	Group 2025 Liabilities for remaining coverage Loss component	Group 2025 Liabilities for incurred claims	Group 2025 Total	Group 2024 (Restated) Liabilities for remaining coverage Excluding loss component[1]	Group 2024 (Restated) Liabilities for remaining coverage Loss component[1]	Group 2024 (Restated) Liabilities for incurred claims[1]	Group 2024 (Restated) Total
Opening insurance contract assets[1]	**3,971,984**	**(789,173)**	**(9,355)**	**3,173,456**	3,629,371	(673,421)	(8,565)	2,947,384
Opening insurance contract liabilities	**–**	**–**	**–**	**–**	–	–	–	–
Opening balance at 1 July 2024	**3,971,984**	**(789,173)**	**(9,355)**	**3,173,456**	3,629,371	(673,421)	(8,565)	2,947,384
Acquired Insurance contract assets – 1Life	**1,792,735**	**(55,957)**	**(406,227)**	**1,330,552**				
Acquired Insurance contract liabilities – 1Life	**(225)**	**(11,238)**	**(818)**	**(12,280)**				
Adjusted opening balance at the beginning of the year[1]	**5,764,494**	**(856,367)**	**(416,400)**	**4,491,728**	3,629,371	(673,421)	(8,565)	2,947,384
Changes in statement of profit and loss and OCI								
Insurance revenue	**2,424,770**	**–**	**–**	**2,424,770**	1,352,390	–	–	1,352,390
Contracts under the fair value transition approach	**1,354,843**	**–**		**1,354,843**	370,026	–	–	370,026
Other contracts	**1,069,927**			**1,069,927**	982,364			982,364
Insurance service expenses	**(1,621,562)**	**(68,025)**	**(414,852)**	**(2,104,440)**	(709,796)	(56,740)	(564,777)	(1,331,313)
Changes that relate to past and current services	**(1,621,562)**	**193,606**	**(414,852)**	**(1,842,809)**	(709,796)	166,773	(564,777)	(1,107,800)
Incurred insurance service expenses and claims[1]	**(747,912)**	**193,606**	**(641,867)**	**(1,196,172)**	–	166,773	(564,909)	(398,136)
Insurance acquisition cash flows expensed when incurred	**–**	**–**	**–**	**–**				–
Amortisation of insurance acquisition cash flows	**(711,948)**	**–**	**–**	**(711,948)**	(709,796)			(709,796)
Adjustment to liabilities for incurred claims	**(161,703)**	**–**	**227,015**	**65,311**			132	132
Changes that relate to future services	**–**	**(261,631)**	**–**	**(261,631)**	–	(223,513)	–	(223,513)
Losses for the net outflow recognised on initial recognition	**–**	**(251,756)**	**–**	**(251,756)**		(120,087)		(120,087)
Losses and reversal of losses on onerous contracts – subsequent measurement	**–**	**(9,875)**	**–**	**(9,875)**		(103,426)		(103,426)
Insurance service result	**803,207**	**(68,025)**	**(414,852)**	**320,330**	642,594	(56,740)	(564,777)	21,077
Insurance contracts finance income/(expenses) through profit and loss	**536,838**	**(82,369)**	**(30,545)**	**423,924**	287,518	(59,011)		228,507
Insurance contracts finance income/(expenses) through OCI	**677,399**	**(16,669)**	**–**	**660,730**	209,107			209,107
Total changes in statement of profit and loss and OCI	**2,017,444**	**(167,064)**	**(445,397)**	**1,404,984**	1,139,219	(115,751)	(564,777)	458,691
Cash flows								
Premiums and premium tax received[1]	**(2,955,883)**	**–**	**–**	**(2,955,883)**	(1,427,632)	–	–	(1,427,632)
Insurance acquisition cash flows[1]	**1,247,762**		**–**	**1,247,762**	631,027	–	–	631,027
Claims paid including investment components[1]	**909,617**		**462,918**	**1,372,535**	–	–	563,987	563,987
Other insurance service expenses paid			**–**	**–**	–	–	–	–
Total cash flows	**(798,504)**	**–**	**462,918**	**(335,586)**	(796,605)	–	563,987	(232,618)
Net closing balance at the end of the year[1]	**6,983,435**	**(1,023,431)**	**(398,879)**	**5,561,125**	3,971,984	(789,173)	(9,355)	3,173,456
Closing insurance contract assets[1]	**6,983,785**	**(1,011,820)**	**(398,403)**	**5,573,562**	3,971,984	(789,173)	(9,355)	3,173,456
Closing insurance contract liabilities	**(351)**	**(11,611)**	**(476)**	**(12,437)**				
Net closing balance at the end of the year[1]	**6,983,435**	**(1,023,431)**	**(398,879)**	**5,561,125**	3,971,984	(789,173)	(9,355)	3,173,456

1. *During the current financial year, a restatement was identified in the insurance and reinsurance note to the condensed financial statements. This restatement affected the Life Insurance-Risk business (GMM) section of the note. The following columns and rows of the note were restated: Liability for Remaining coverage Excluding loss component: Opening insurance contract assets and opening balance 1 July 2023: Previously reported amounts R3,688,308 restated to R3,629,371. Liability for Remaining coverage Excluding loss component: Premiums and premium tax received: Previously reported amounts R1,404,560 restated to R1,427,632. Liability for Remaining coverage Excluding loss component: Closing insurance contract assets and net closing balance at the end of the year: Previously reported amounts R4,053,994 restated to R3,971,984. Loss component: Opening insurance contract assets and opening balance 1 July 2023: Previously reported amounts R702,890 restated to R673,421. Loss component: Incurred insurance service expenses and claims: Previously reported amounts R137,548 restated to R166,773. Loss component: Closing insurance contract assets and net closing balance at the end of the year: Previously reported amounts R847,866 restated to R789,173. Liability for incurred claims: Opening insurance contract assets and opening balance 1 July 2023: Previously reported amounts R38,034 restated to R8,565. Liability for incurred claims: Incurred insurance service expenses and claims: Previously reported amounts R535,552 restated to R564,909. Liability for incurred claims: Claims paid including investment components: Previously reported amounts R540,914 restated to R563,987. Liability for incurred claims: Closing insurance contract assets and net closing balance at the end of the year: Previously reported amounts R32,672 restated to R9,355. Total: Premiums and premium tax received: Previously reported amounts R1,404,560 restated to R1,427,632. Total: Claims paid including investment components: Previously reported amounts R540,914 restated to R563,987. All the amounts presented are in (R'000).*

3. INSURANCE AND REINSURANCE CONTRACTS *continued*

3.2 Reconciliation of insurance contracts: VFA

3.2.2 Life insurance – Savings business (VFA)

Analysis by remaining coverage and incurred claims Assets/(Liabilities) (R'000	Group 2025 Liabilities for remaining coverage Excluding loss component	Group 2025 Liabilities for remaining coverage Loss component	Group 2025 Liabilities for incurred claims	Group 2025 Total	Group 2024 Liabilities for remaining coverage Excluding loss component	Group 2024 Liabilities for remaining coverage Loss component	Group 2024 Liabilities for incurred claims	Group 2024 Total
Opening insurance contract assets	**–**	**–**	**–**	**–**	–	–	–	–
Opening insurance contract liabilities	**(479,116)**	**(25,921)**	**(808)**	**(505,845)**	(456,215)	(29,837)	(955)	(487,007)
Net opening balance at the beginning of the year	**(479,116)**	**(25,921)**	**(808)**	**(505,845)**	(456,215)	(29,837)	(955)	(487,007)
Changes in statement of profit and loss and OCI								
Insurance revenue	**56,634**	**–**	**–**	**56,634**	70,539	–	–	70,539
Contracts under the fair value transition approach	**23,067**			**23,067**	25,313			25,313
Other contracts	**33,567**			**33,567**	45,226			45,226
Insurance service expenses	**(13,909)**	**517**	**(20,880)**	**(34,272)**	(22,855)	3,916	(24,872)	(43,811)
Changes that relate to past and current services	**(13,909)**	**217**	**(20,880)**	**(34,572)**	(22,855)	570	(24,872)	(47,157)
Incurred claims and other insurance service expenses		**217**	**(20,163)**	**(19,946)**		570	(24,925)	(24,355)
Amortisation of insurance acquisition cash flows	**(13,909)**			**(13,909)**	(22,855)			(22,855)
Changes that relate to past service (changes in fulfilment cash flows re LIC)			**(717)**	**(717)**			53	53
Changes that relate to future services								
Losses for the net outflow recognised on initial recognition		**(984)**		**(984)**		3,346		3,346
Losses and reversal of losses on onerous contracts – subsequent measurement		**1,284**		**1,284**				
Investment components	**108,321**		**(108,321)**	**–**	115,669		(115,669)	
Insurance service result	**151,047**	**517**	**(129,201)**	**22,363**	163,353	3,916	(140,541)	26,728
Insurance contracts finance income/(expenses) through profit and loss	**(45,810)**	**–**	**–**	**(45,810)**	(33,822)			(33,822)
Total changes in statement of profit and loss and OCI	**105,237**	**517**	**(129,201)**	**(23,448)**	129,531	3,916	(140,541)	(7,094)
Cash flows								
Premiums and premium tax received	**(155,060)**			**(155,060)**	(170,596)			(170,596)
Insurance acquisition cash flows	**9,016**			**9,016**	18,164			18,164
Claims paid including investment components			**129,174**	**129,174**			140,688	140,688
Other insurance service expenses paid				**–**				–
Total cash flows	**(146,045)**	**–**	**129,174**	**(16,870)**	(152,432)	–	140,688	(11,744)
Net closing balance at the end of the year	**(519,924)**	**(25,404)**	**(835)**	**(546,163)**	(479,116)	(25,921)	(808)	(505,845)
Closing insurance contract assets				**–**				–
Closing insurance contract liabilities	**(519,924)**	**(25,404)**	**(835)**	**(546,163)**	(479,116)	(25,921)	(808)	(505,845)
Net closing balance at the end of the year	**(519,924)**	**(25,404)**	**(835)**	**(546,163)**	(479,116)	(25,921)	(808)	(505,845)

3. INSURANCE AND REINSURANCE CONTRACTS *continued*

3.2 Reconciliation of insurance contracts

3.2.3 Life insurance – Risk business (PAA)

Analysis by remaining coverage and incurred claims Assets/(Liabilities) (R'000)	Group 2025 Liabilities for remaining coverage	Group 2025 Liabilities for incurred claims: Estimate of present value of future cash flows	Group 2025 Liabilities for incurred claims: Non-finance risk adjustment	Group 2025 Total	Group 2024 Liabilities for remaining coverage	Group 2024 Liabilities for incurred claims: Estimate of present value of future cash flows	Group 2024 Liabilities for incurred claims: Non-finance risk adjustment	Group 2024 Total
Opening insurance contract assets	–	–	–	–	–	–	–	–
Opening insurance contract liabilities	**(204)**	**(117)**	**(24)**	**(345)**	(12)	(150)	(30)	(192)
Opening balance at 1 July 2024	**(204)**	**(117)**	**(24)**	**(345)**	(12)	(150)	(30)	(192)
Acquired Insurance contract assets – 1Life	**12,757**	**(1,004)**	**(20)**	**11,733**				
Acquired Insurance contract liabilities – 1Life	**–**	**(123)**	**(2)**	**(125)**				
Adjusted opening balance at the beginning of the year	**12,553**	**(1,243)**	**(46)**	**11,264**	(12)	(150)	(30)	(192)
Insurance revenue								
Other contracts	**429,404**	**–**	**–**	**429,404**	3,094			3,094
Insurance service expenses	**(222,471)**	**(127,490)**	**(611)**	**(350,527)**	–	(1,947)	6	(1,941)
Incurred claims	**(55,284)**	**(117,694)**	**(115)**	**(173,093)**		(1,363)		(1,363)
Other insurance service expenses	**(137,504)**	**(6,761)**	**–**	**(144,265)**		(616)		(616)
Other movements related to current service	**–**	**(3,034)**	**–**	**(3,034)**				–
Amortisation of insurance acquisition cash flows	**(29,683)**	**–**	**(496)**	**(30,179)**				–
Adjustments to liabilities for incurred claims	**–**	**–**	**–**	**–**		32	6	38
Insurance service result	**206,933**	**(127,490)**	**(611)**	**78,833**	3,094	(1,947)	6	1,153
Total changes in statement of profit and loss and OCI	**206,933**	**(127,490)**	**(611)**	**78,833**	3,094	(1,947)	6	1,153
Cash flows								
Premiums and premium tax received	**(422,833)**	**–**	**–**	**(422,833)**	(3,286)			(3,286)
Claims paid including investment components	**176,690**	**122,367**	**–**	**299,057**		1,980		1,980
Other insurance service expenses paid	**–**	**–**	**–**	**–**				–
Insurance acquisition cash flows	**45,781**	**–**	**–**	**45,781**				–
Total cash flows	**(200,133)**	**122,367**	**–**	**(77,766)**	(3,286)	1,980	–	(1,306)
Net closing balance at the end of the year	**19,353**	**(6,366)**	**(657)**	**12,330**	(204)	(117)	(24)	(345)
Acquisition of insurance contract assets – Emerald Life	**–**	**–**	**–**	**–**				
Acquisition of insurance contract liabilities – Emerald Life	**(12,145)**	**(20,921)**	**(2,693)**	**(35,759)**				
	7,207	**(27,286)**	**(3,350)**	**(23,429)**				
Closing insurance contract assets	**19,352**	**(3,214)**	**(137)**	**16,000**				
Closing insurance contract liabilities	**(12,144)**	**(24,072)**	**(3,213)**	**(39,430)**	(204)	(117)	(24)	(345)
Net closing balance at the end of the year	**7,207**	**(27,286)**	**(3,350)**	**(23,429)**	(204)	(117)	(24)	(345)

3. INSURANCE AND REINSURANCE CONTRACTS *continued*

3.2 Reconciliation of insurance contracts: PAA

3.2.4 Short-term insurance (PAA)

Analysis by remaining coverage and incurred claims Assets/(Liabilities) (R'000)	Group 2025 Liabilities for remaining coverage	Group 2025 Liability for incurred claims: Estimate of present value of future cash flows	Group 2025 Liability for incurred claims: Non-finance risk adjustment	Group 2025 Total	Group 2024 Liabilities for remaining coverage	Group 2024 Liability for incurred claims: Estimate of present value of future cash flows	Group 2024 Liability for incurred claims: Non-finance risk adjustment	Group 2024 Total
Opening insurance contract liabilities	**(7,331)**	**(6,171)**	**(363)**	**(13,865)**	(12,363)	(7,072)	(421)	(19,856)
Net opening balance at the beginning of the year	**(7,331)**	**(6,171)**	**(363)**	**(13,865)**	(12,363)	(7,072)	(421)	(19,856)
Insurance revenue	**491,942**			**491,942**	505,108			505,108
Insurance service expenses	**(184,518)**	**(154,275)**	**156**	**(338,637)**	(242,966)	(115,860)	79	(358,747)
Incurred claims		**(36,208)**	**(3,618)**	**(39,826)**		(37,360)	(3,872)	(41,232)
Other insurance services expenses		**(109,372)**		**(109,372)**		(70,098)		(70,098)
Other movements related to current service			**3,449**	**3,449**			3,569	3,569
Amortisation of insurance acquisition cash flows	**(184,518)**			**(184,518)**	(242,966)			(242,966)
Adjustments to liabilities for incurred claims		**(8,695)**	**325**	**(8,369)**		(8,402)	382	(8,019)
Insurance service result	**307,423**	**(154,275)**	**156**	**153,305**	262,142	(115,860)	79	146,361
Insurance contracts finance expenses through profit and loss		**(1,916)**	**(136)**	**(2,052)**		(503)	(19)	(522)
Insurance contracts finance income/(expenses) through OCI		**(13)**	**(1)**	**(14)**		(21)	(2)	(23)
Total changes in statement of profit and loss and OCI	**307,423**	**(156,204)**	**19**	**151,239**	262,142	(116,384)	58	145,816
Cash flows								
Premiums and premium tax received	**(483,724)**			**(483,724)**	(500,076)			(500,076)
Insurance acquisition cash flows	**184,518**			**184,518**	242,966			242,966
Claims paid including investment components		**156,390**		**156,390**		117,285		117,285
Total cash flows	**(299,205)**	**156,390**	**–**	**(142,816)**	(257,110)	117,285	–	(139,825)
Net closing balance at the end of the year	**887**	**(5,985)**	**(344)**	**(5,442)**	(7,331)	(6,171)	(363)	(13,865)
Closing insurance contract liabilities	**887**	**(5,985)**	**(344)**	**(5,442)**	(7,331)	(6,171)	(363)	(13,865)
Net closing balance at the end of the year	**887**	**(5,985)**	**(344)**	**(5,442)**	(7,331)	(6,171)	(363)	(13,865)

3. INSURANCE AND REINSURANCE CONTRACTS *continued*

3.3 Reconciliation of reinsurance contracts

3.3.1 Life insurance – Risk business (GMM)

Analysis by remaining coverage and incurred claims Assets/(Liabilities) (R'000)	Group 2025 Assets for remaining coverage Excluding loss recovery component	Group 2025 Assets for remaining coverage Loss recovery component	Group 2025 Assets for incurred claims	Group 2025 Total	Group 2024 Assets for remaining coverage Excluding loss recovery component	Group 2024 Assets for remaining coverage Loss recovery component	Group 2024 Assets for incurred claims	Group 2024 Total
Opening reinsurance contract assets	**22,958**	**57,578**	**(8,862)**	**71,674**	28,737	45,149	(588)	73,298
Opening reinsurance contract liabilities				**–**	–	–	–	–
Opening balance at 1 July 2024	**22,958**	**57,578**	**(8,862)**	**71,674**	28,737	45,149	(588)	73,298
Acquired reinsurance contract assets – 1Life	**124,487**	**23,249**	**116,074**	**263,811**				
Acquired reinsurance contract liabilities – 1Life	**(48,384)**	**13**	**16,311**	**(32,060)**				
Adjusted opening balance at the beginning of the year	**99,061**	**80,840**	**123,524**	**303,425**	28,737	45,149	(588)	73,298
Changes in statement of profit and loss and OCI								
Allocation of reinsurance premiums paid	**(371,019)**	**–**	**–**	**(371,019)**	195,833	–	–	195,833
CSM recognised for services received	**(39,226)**	**–**	**–**	**(39,226)**	(59,506)	–	–	(59,506)
Change in risk adjustment for non-financial risk for risk transferred	**(3,701)**	**–**	**–**	**(3,701)**	2,492			2,492
Expected recoveries of incurred claims and other insurance service expense	**(307,512)**	**–**	**–**	**(307,512)**	136,794			136,794
Experience adjustments	**(20,579)**	**–**	**–**	**(20,579)**	(913)			(913)
Restatement and other changes	**–**	**–**	**–**		(1,112)			(1,112)
Amounts recoverable from reinsurers	**161,179**	**(11,515)**	**(181,840)**	**(32,176)**	–	(3,859)	168,288	(172,147)
Changes that relate to past and current services	**161,343**	**(38,807)**	**(181,840)**	**(59,304)**	–	38,950	168,288	(129,338)
Recoveries of incurred claims and other insurance service expenses	**161,343**	**(38,807)**	**(184,968)**	**(62,432)**		38,950	174,019	135,069
Adjustments to assets for incurred claims	**–**	**–**	**3,128**	**3,128**			5,731	(5,731)
Changes that relate to future service	**(164)**	**27,292**	**–**	**27,128**	–	42,809	–	42,809
Recoveries of losses on onerous underlying contracts on initial recognition	**–**	**69,581**	**–**	**69,581**		84,798		84,798
Recoveries and reversals of recoveries of losses on onerous underlying contracts – subsequent measurement	**(164)**	**(42,289)**	**–**	**(42,453)**		(41,989)		(41,989)
Net (income)/expenses from reinsurance contracts held	**(209,840)**	**(11,515)**	**(181,840)**	**(403,195)**	195,833	(3,859)	168,288	(23,686)
Reinsurance contracts finance income/(expenses) through profit and loss	**11,107**	**12,535**	**4,180**	**27,822**	4,605	8,570		13,175
Reinsurance contracts finance income/(expenses) through OCI	**30,016**	**1,801**	**–**	**31,816**	(2,525)			(2,525)
Total changes in statement of profit and loss and OCI	**(168,717)**	**2,821**	**(177,660)**	**(343,556)**	193,753	(12,429)	168,288	(13,036)
Cash flows								
Reinsurance premiums and premium tax paid	**388,387**	**–**	**–**	**388,387**	187,974			187,974
Amounts received from reinsurers relating to incurred claims	**(161,343)**	**–**	**146,718**	**(14,625)**			(176,562)	(176,562)
Total cash flows	**227,044**	**–**	**146,718**	**373,762**	187,974	–	(176,562)	11,412
Acquisition of reinsurance contract liabilities – Emerald	**(378,868)**	**–**	**–**	**(378,868)**	–	–	–	–
Net closing balance at the end of the year	**(221,480)**	**83,661**	**92,582**	**(45,237)**	(22,958)	(57,578)	(8,862)	71,674
Closing reinsurance contract assets	**217,158**	**79,713**	**81,124**	**377,995**	(22,958)	(57,578)	(8,862)	71,674
Closing reinsurance contract liabilities	**(438,638)**	**3,948**	**11,458**	**(423,232)**				–
Net closing balance at the end of the year	**(221,480)**	**83,661**	**92,582**	**(45,237)**	(22,958)	(57,578)	(8,862)	71,674

3. INSURANCE AND REINSURANCE CONTRACTS *continued*

3.3 Reconciliation of reinsurance contracts

3.3.2 Life insurance – Risk business (PAA)

	Group				Group			
	2025				2024			
Analysis by remaining coverage and incurred claims		Asset for incurred claims				Asset for incurred claims		
Assets/(Liabilities) (R'000)	Asset for remaining coverage	Estimate of present value of future cash flows	Non-finance risk adjustment	Total	Asset for remaining coverage	Estimate of present value of future cash flows	Non-finance risk adjustment	Total
Opening reinsurance contract assets	–		–	–	–		–	–
Net opening balance at the beginning of the year (June)	–	–	–	–	–	–	–	–
Changes in statement of profit and loss and OCI								
Allocation of reinsurance premiums paid:	–	–	–	–	–	–	–	–
Post Transition	–			–	–	–	–	–
Amounts recoverable from reinsurers	–	–	–	–	–	–	–	–
Changes that relate to past and current services:	–	–	–	–	–	–	–	–
Recoveries of incurred claims and other insurance service expense			–	–				–
Adjustments to assets for incurred claims			–	–				–
Changes that relate to future service:	–	–	–	–				
Recoveries of losses on onerous underlying contracts on initial recognition				–				–
Recoveries and reversals of recoveries of losses on onerous underlying contracts – subsequent measurement				–				–
Net (income)/expenses from reinsurance contracts held	–	–	–	–	–	–	–	–
Reinsurance contracts finance (income)/expenses through profit and loss				–				–
Reinsurance contracts finance (income)/expenses through OCI				–				–
Total changes in statement of profit and loss and OCI	–	–	–	–	–	–	–	–
Cash flows								
Premiums and premium tax paid	–			–				–
Amounts recovered			–	–				–
Total cash flows	–	–	–	–	–	–	–	–
Acquisition of Emerald Life[1]	**(9,093)**		**15,945**	**6,852**				–
Other non-cash movements			–	–				
Net closing balance at the end of the year	–	–	–	–	–	–	–	–
Closing reinsurance contract assets[1]	**(9,093)**	–	**15,945**	**6,852**	–	–	–	–
Net closing balance at the end of the year	**(9,093)**	–	**15,945**	**6,852**	–	–	–	–

1 Balance of Emerald Life taken on at 30 June 2025.

4. INSURANCE REVENUE

Income/(expenses) (R'000)	Group: Life insurance – Risk business (GMM)	Life insurance – Risk business (PAA)	Life insurance – Savings business (VFA)	Short-term Insurance (PAA)	Total
Year ended 30 June 2025					
Insurance revenue from contracts not measured under the PAA					
Amounts relating to changes in liabilities for remaining coverage	**1,712,822**	**–**	**56,634**	**–**	**1,769,456**
CSM recognised for services provided	**375,476**		**33,706**		**409,181**
Change in risk adjustment for non-financial risk for risk expired	**94,291**		**1,912**		**96,204**
Expected incurred claims and other insurance service expenses	**1,284,824**		**7,108**		**1,291,932**
Experience adjustments not related to future service	**(41,769)**		**13,909**		**(27,861)**
Recovery of insurance acquisition cash flows	**711,948**				**711,948**
Insurance revenue from contracts not measured under the PAA	**2,424,770**	**–**	**56,634**	**–**	**2,481,405**
Insurance revenue from contracts measured under the PAA		**429,404**		**491,942**	**921,346**
Total insurance revenue	**2,424,770**	**429,404**	**56,634**	**491,942**	**3,402,751**
Year ended 30 June 2024					
Insurance revenue from contracts not measured under the PAA					
Amounts relating to changes in liabilities for remaining coverage	642,595	–	47,684	–	690,279
CSM recognised for services provided	328,596		30,558		359,154
Change in risk adjustment for non-financial risk for risk expired	30,925		2,315		33,240
Expected incurred claims and other insurance service expenses	363,002		14,811		377,813
Experience adjustments not related to future service	(79,928)		–		(79,928)
Recovery of insurance acquisition cash flows	709,795		22,855		732,650
Insurance revenue from contracts not measured under the PAA	1,352,390	–	70,539	–	1,422,929
Insurance revenue from contracts measured under the PAA	–	3,094	–	505,108	508,202
Total insurance revenue	1,352,390	3,094	70,539	505,108	1,931,131

5. TAX

(R'000)	Year ended 30 June 2025	2024
Current and deferred tax	**(216,728)**	(168,151)
Policyholder deferred tax raised/(recognised) in terms of IAS 12[1]	**25,195**	(74,341)
Normal tax – IPF	**(19,184)**	(19,255)
IFRS 17 tax adjustment	**(29,842)**	45,626
Tax	**(240,559)**	(216,120)

1. The Individual Policyholder Fund has an estimated tax loss of R591 million (2024: R821 million) for Clientele Life, and R1,194 million for 1Life.

6. RECONCILIATION OF NET PROFIT TO HEADLINE EARNINGS

(R'000)	Year ended 30 June 2025	2024
Net profit for the period attributable to equity holders of the Group	**1,054,738**	329,937
Bargain purchase gain	**(403,152)**	–
Loss on disposal of property and equipment	**8,332**	–
Headline earnings for the period	**659,918**	329,937

6.1 Ratios per Share

(Cents)	Year ended 30 June 2025	2024	% Change
Headline earnings per share	**147.08**	98.39	49%
Diluted headline earnings per share	**145.33**	98.27	48%
Earnings per share	**235.07**	98.39	139%
Diluted earnings per share	**232.28**	98.27	136%
Net asset value per share	**1,317.07**	979.00	34%
Diluted net asset value per share	**1,301.46**	977.79	33%
Dividends per share – paid*	**125.00**	125.00	0%
Ordinary shares in issue ('000)	**453,262**	335,334	
Weighted average ordinary shares ('000)	**448,692**	335,326	
Diluted average ordinary shares ('000)	**454,072**	335,741	

* *Dividends per share has been calculated based on the number of shares qualifying for the dividend of 453,149.*

7. DISCLOSABLE OPERATING EXPENSES

Included in the operating expenses of each segment are the following required disclosable amounts:

30 June 2025 (R'000)	Life Insurance	1Life Insurance	Non-life Insurance	CBC Rewards, Mobile & Direct Rewards	Holding entity & Property	Consoli-dation entries	Total
Depreciation	**25,767**	**1,191**	**7,122**	**360**	**2,017**	**(22,720)**	**13,736**
Amortisation	**8,140**		**584**	**4,361**	**3**	**13,406**	**26,494**
Administration and marketing	**298,723**	**208,983**	**40,633**	**78,141**	**23,014**		**649,494**
Agency, Broker, Funeral parlour and outsourced sales	**227,363**	**306,089**	**43,038**				**576,490**
Employee benefit expense	**540,936**	**428,934**	**52,060**	**66,800**	**6,880**	**(2,509)**	**1,093,101**
	1,100,929	**945,197**	**143,437**	**149,662**	**31,914**	**(11,823)**	**2,359,315**
30 June 2024* (R'000)							
Depreciation	25,298		5,607	61	1,635	(19,329)	13,272
Amortisation	8,279		635	4,983	3		13,900
Administration and marketing	325,342		39,865	58,417	22,678		446,302
Agency, Broker, Funeral parlour and outsourced sales	221,326		42,207				263,533
Employee benefit expense	508,194		56,036	56,163	6,819	(7,059)	620,153
	1,088,439		144,350	119,624	31,135	(26,388)	1,357,160

* *During the current year, the Group provided additional disclosable items relating to operating expenses on a segment basis in line with the IFRIC's 2024 agenda decision. This led to a representation of the prior year condensed financial statements.*

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

The following table presents the Group's financial assets and liabilities that are measured at fair value through profit or loss at 30 June 2025:

(R'000)	Level 1	Level 2	Level 3	Total
Assets				
Listed equity securities	**645,043**		**–**	**645,043**
Foreign Listed equity securities	**103,876**	**–**	**–**	**103,876**
Unlisted equity securities	**–**	**–**	**28,850**	**28,850**
Promissory notes and fixed deposits	**–**	**7,670,808**	**–**	**7,670,808**
Funds on deposit	**–**	**401,979**	**–**	**401,979**
Fixed interest securities	**–**	**1,352,096**	**–**	**1,352,096**
Government and public authority bonds	**388,685**	**–**	**–**	**388,685**
Foreign Bonds	**65,134**	**–**	**–**	**65,134**
Total assets	**1,202,738**	**9,424,883**	**28,850**	**10,656,471**
Liabilities				
Financial liabilities at fair value through profit or loss	**–**	**9,784,599**	**35,602**	**9,820,200**
Total Liabilities	**–**	**9,784,599**	**35,602**	**9,820,200**

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

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

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

Level 3 unlisted equity securities of R28.9 million as at 30 June 2025 (2024: R38.9 million) consist of preference shares, valued using a Monte Carlo simulation with primary inputs consisting of the Clientèle Limited share price, the dividend yield and 75% of the prime interest rate.

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

LEVEL 3 FINANCIAL INSTRUMENTS

The following table presents the changes in level 3 financial instruments for the year ended 30 June 2025:

	30 June 2025		
(R'000)	Financial assets at fair value through profit or loss: fixed interest securities	Financial assets at fair value through profit or loss: unlisted equity securities	Financial liability at fair value through profit or loss
Opening balances	**1**	**38,983**	
Issued			**35,602**
Transfer in from level 2		**–**	
Fair value Gain/(Loss)		**(11,498)**	
Interest raised during the year		**3,550**	
Repayments		**(2,185)**	
Closing balance	**1**	**28,849**	**35,602**

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

Changes to the Board

- Mr. Adrian Domonic't Hooft Enthoven resigned as Non-Executive Director, effective 02 July 2024;
- Mr. Gavin Knighton Chadwick was appointed as Non-Executive Director, effective 02 July 2024;
- Mr. Thomas John Creamer was appointed as Non-Executive Director, effective 19 July 2024;
- Mr. Eben Johan Smit resigned as Group Company Secretary, effective 31 March 2025; and
- Ms. Fatima Roberts was appointed as Group Company Secretary, effective 1 April 2025.

Changes to issued share capital

- Following the allocation of bonus rights to staff as at 30 June 2025, and the issue of new shares for the acquisition of 1Life, Clientèle Limited's issued share capital was increased from 335,333,619 to 453,261,595.

Bonus rights

- 112,220 bonus rights were issued to staff during the year.

Capital and Other Commitments

YTI financial guarantee

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

Depfin

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

Nedbank guarantee

Clientèle Limited has provided a financial guarantee to Nedbank Limited on behalf of Clientèle Property East Proprietary Limited and Clientèle Property North Proprietary Limited, which are subsidiaries of Clientèle Life Assurance Company Limited.

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

The Group has recognised the loans as loans at amortised cost, with a financial liability guarantee of R1.0 million.

Investec financial guarantee

Clientèle Limited has provided a financial guarantee to AEL Investment Holdings Proprietary Limited ("Investec") on behalf of Clientèle Life.

The financial guarantee is over preference share funding amounting to R570 million.

The Group has initially recognised the preference share funding at its fair value of R570 million, along with its related financial liability guarantee of R1.6 million.

Related Party Transactions

In the current year, Clientèle Limited entered into a loan agreement in terms of which Clientèle Life Assurance Company Limited advanced an amount of R570 million as a loan to Clientèle Limited.

Transactions between Clientèle Limited and its subsidiaries have been eliminated on consolidation.

In the current year, 1Life incurred R174.5 million in management and support costs, and advertising and marketing costs. The costs arose from transactions with TIH and its subsidiaries. As at 30 June 2025, R1.65 million owed by TIH in respect of these costs remains outstanding, to be settled in cash in the next financial year.

Events after the reporting period

Mr. Ian Kirk was appointed as a Non-Executive Director, effective 1 July 2025.

Mr. Murray Alexander Raisbeck was appointed as an alternative director to Mr. Tom Creamer on the Clientèle board, effective 1 July 2025.

Group Embedded Value Results (Not Reviewed)

GROUP EMBEDDED VALUE

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

Deloitte & Touche (South Africa) has not reviewed the Group EV results.

The EV comprises:

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

The PVIF is the present value of future after-tax profits (on the Management Accounts Basis) arising from covered business in force as at 30 June 2025.

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

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

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

All material business written by the Group has been covered by EV Methodology as outlined in Advisory Practice Notice, APN 107 of ASSA, including:

- Life insurance policies regulated in terms of the Long-term Insurance Act, 1998 and the Insurance Act 18, 2017;
- Legal insurance business where EV Methodology has been used to determine future shareholder entitlements; and
- Annuity income arising from non-insurance contracts (including IFA business fees, Clientèle Rewards, Clientèle Mobile, Direct Rewards contracts and fees earned for the use of digital applications).

1Life and Emerald Life became part of the Clientèle Group during July 2024 and June 2025 respectively. This publication shows a consolidated position for the 30 June 2025 results; however, the 30 June 2024 results excluded those of both 1Life and Emerald Life. The acquisition of these entities is dealt with explicitly in the analysis of the change in Embedded Value (AOEV).

The Risk Discount Rate ("RDR") decreased over the year to 13.2% p.a. (30 June 2024: 14.3% p.a.) for Clientèle (excluding 1Life and Emerald). 1Life's RDR as at 30 June 2025 was 13.9% p.a. Emerald Life's RDR as at 30 June 2025 was 13.2% p.a. The difference in RDR between the entities relates to differences in the DMT of the businesses.

The EV can be summarised as follows:

	Year ended 30 June	
(R'000)	**2025**	2024
Required Economic Capital	**733,921**	656,246
Free surplus excluding preference share funding	**891,532**	675,264
Adjusted Net Worth ("ANW") of covered business, excluding preference share funding	**1,625,452**	1,331,510
Preference share funding	**(570,697)**	
Adjusted Net Worth ("ANW")	**1,054,755**	1,331,510
CoC	**(166,351)**	(145,501)
PVIF	**8,276,405**	4,860,017
EV of covered business	**9,164,809**	6,046,026
Clientèle (excluding 1Life and Emerald) RDR % p.a.	**13.2**	14.3
1Life RDR % p.a.	**13.9**	
Emerald Life RDR % p.a.	**13.2**	

The Preference Shares worth R570 million issued to Investec (as part of the Emerald Life acquisition) are treated as Tier 2 capital for purposes of the Prudential Solvency basis. For the published financials and the ANW above, this item is treated as a loan on the balance sheet.

The Required Economic Capital (June 2025) is based on the Management Accounts Basis and has been set at one times the Economic Capital Requirement for both Clientèle Life (R476.5 million) and Clientèle General (R173.7 million), and at 1.15 times the Economic Capital Requirement for Emerald Life (R83.8 million). This was set to zero for 1Life – see below.

The ANW of covered business is defined as the value of all assets allocated to the covered business that are not required to back the liabilities of covered business. Free Surplus is the ANW less the Required Economic Capital attributed to covered business.

The 1Life economic capital basis as at 30 June 2025 is calculated using the Management Accounts Basis adjusted to be before elimination of negatives. The elimination of negative reserves for EV is thus more onerous than the economic capital base, thus the CoC is already captured inside the ANW.

The CoC is the opportunity cost of having to hold the Required Economic Capital of R733.9 million as at 30 June 2025 (30 June 2024: R656.2 million).

The PVIF is the present value of future after-tax profits (on the Management Accounts Basis) arising from covered business in force as at 30 June 2025.

The Group EV increased from R6.046 billion at 30 June 2024 to R9.165 billion as at 30 June 2025 after the issue of shares as payment for the acquisition of 1Life of R2.055 billion (EV as at 30 June 2024) and the payment of the annual dividend of R566.4 million in October 2024.

The ANW is net of the once-off project costs relating to the 1Life integration, the Emerald acquisition and other due diligence projects (R99.6 million).

EV Earnings (EVE) is the change in Embedded Value over the period after making allowance for any dividends paid. For purposes of this calculation the opening EV included 1Life's EV as at 30 June 2024. Recurring Embedded Value Earnings (REVE) uses the EVE as a base and removes the impact of the change in economic assumptions and other once-off items.

The EVE of R1.630 billion (21.6% annualised return on EV) includes a positive impact from changes in economic assumptions (mainly RDR) as well as other once-off items. The REVE of R1.269 billion, which translates into an annualised Recurring Return on EV ("RRoEV") of 16.8% gives a more accurate reflection of EV growth over the year.

RECONCILIATION OF TOTAL EQUITY TO ANW

	Year ended 30 June	
(R'000)	**2025**	2024
Total equity and reserves per the Statement of Financial Position (IFRS 17)	**5,909,564**	3,282,851
Elimination of insurance contracts assets recognised in terms of IFRS 17	**(2,695,746)**	(2,120,761)
Adjusting IFRS 9 recurring premium savings policies' liability to allow for negative rand reserves	**179,939**	85,261
Removal of preference share funding liability	**570,697**	
Other adjustments from IFRS 17 to Management Accounts Basis	**387**	
Total Equity on Management Accounts Basis, excluding preference share funding liability	**3,964,841**	1,247,351
Adjusted for deferred profits on investment business	**53,970**	57,591
Adjusting non-financial assets to fair value (Clientèle)	**40,488**	61,350
Adjusting non-financial assets to fair value (1Life)	**(1,783,512)**	
Adjusting non-financial assets to fair value (Emerald)	**(2,154)**	
Reversal of investment in Direct Rewards	**(13,252)**	(13,787)
Bonus Rights Scheme adjustment	**(15,008)**	(11,152)
Net of tax impact of adjusting Single Premium business to market value	**(8,527)**	(9,844)
Removal of net Goodwill on acquisitions	**(611,394)**	
ANW excluding preference share funding	**1,625,452**	1,331,510
Preference share funding	**(570,697)**	
ANW	**1,054,755**	1,331,510

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

VALUE OF NEW BUSINESS ("VNB")

The VNB represents the present value of projected after-tax profits (on the Management Accounts Basis) at the point of sale on new covered business commencing during the year ended 30 June 2025, less the CoC pertaining to this business. The assumptions used in the VNB calculations were consistent with the VIF assumptions as at 30 June 2025, and the actual cash flows in the year are from projections on the Management Accounts Basis.

The New Business profit margin is the VNB expressed as a percentage of the present value of future premiums (and other annuity fee income) pertaining to the same business.

(R'000)	VNB	Present Value of New Business Premiums	New Business profit margin
30 June 2025			
Single premium business	**42,945**	**1,632,828**	**2.6%**
Recurring premium and other business	**287,204**	**4,373,157**	**6.6%**
Total	**330,148**	**6,005,985**	**5.5%**
30 June 2024			
Single premium business	12,119	858,788	1.4%
Recurring premium and other business	208,217	1,600,509	13.0%
Total	220,336	2,459,298	9.0%

LONG-TERM ECONOMIC ASSUMPTIONS

The RDR has been determined using a top-down weighted average cost of capital approach, with the equity return calculated using the Capital Asset Pricing Model ("CAPM") theory. In terms of current actuarial guidance, the RDR has been set as the risk free rate plus a beta multiplied by the assumed equity risk premium. It has been assumed that the equity risk premium is 3.5% (30 June 2024: 3.5%). The beta pertaining to the Clientèle share price is normally relatively low, which is partially a consequence of the relatively small free float of shares. After careful consideration, the Board has decided to continue to use a more conservative beta of 1, as opposed to Clientèle's actual beta of 0.1755, in the calculation of the RDR. The Board draws the reader's attention to the RDR sensitivity analysis in the next table, which allows for sensitivity comparisons using various alternative RDRs.

	Year ended 30 June			
(%)	Clientèle 2025	1Life 2025	Emerald 2025	2024
Risk Discount Rate	**13.2**	**13.9**	**13.2**	14.3
Non-unit investment return	**9.7**	**10.4**	**9.7**	10.8
Unit Investment return	**11.1**			12.3
Expense inflation	**4.6**	**4.8**	**4.6**	5.9
Corporate tax	**27.0**	**27.0**	**27.0**	27.0
Gross of tax Equity return	**12.2**			13.3
Gross of tax Cash return	**7.7**			8.8
Gross of tax Bond return	**9.7**			10.8
Gross of tax Risk Free return	**9.7**	**10.4**	**9.7**	10.8

RDR SENSITIVITIES

The table below gives a summary of the RDR sensitivity results for the EV and VNB:

RDR Sensitivities

(R'000)	EV	VNB
RDR -2%	10,316,596	453,836
RDR -1%	9,697,359	387,158
RDR as at June 2025	**9,164,809**	**330,148**
RDR +1%	8,690,710	276,125
RDR as at June 2024	8,662,774	271,419
RDR +2%	8,275,747	229,314

EV PER SHARE

	Year ended 30 June	
(Cents)	2025	2024
EV per share	**2,021.97**	1,802.99
Diluted EV per share	**2,018.36**	1,800.80

SEGMENT INFORMATION

The table below shows the EV split between segments for the years ended 30 June 2025 and 30 June 2024:

(R'000)	ANW	PVIF	CoC	EV
30 June 2025				
Long-term insurance: Clientèle Life	884,041	3,813,408	(115,843)	**4,581,606**
Long-term insurance: 1Life	218,711	2,194,297	-	**2,413,008**
Long-term insurance: Emerald Life	102,709	648,734	(16,248)	**735,194**
Short-term insurance	338,759	1,395,542	(34,260)	**1,700,041**
CBC Rewards, Clientèle Mobile & Direct Rewards	(77,774)	224,424		**146,650**
Preference share funding	(570,697)			**(570,697)**
Other	159,006			**159,006**
Total	1,054,755	8,276,405	(166,351)	**9,164,809**
30 June 2024				
Long-term insurance	988,259	3,414,424	(110,336)	4,292,347
Short-term insurance	317,843	1,291,115	(35,165)	1,573,792
CBC Rewards, Clientèle Mobile & Direct Rewards	(75,505)	154,478		78,973
Other	100,913			100,913
Total	1,331,510	4,860,017	(145,501)	6,046,026

The VNB can be split between segments as follows:

	Year ended 30 June	
(R'000)	2025	2024
Long-term insurance: Clientèle Life	**126,221**	104,825
Long-term insurance: 1Life	**101,022**	
Long-term insurance: Emerald Life (6 days)*	**1,442**	
Short-term insurance	**55,207**	73,077
CBC Rewards, Clientèle Mobile & Direct Rewards	**46,257**	42,434
Total	**330,148**	220,336

* *The annualised VNB for Emerald Life would have been R86.5 million.*

EV EARNINGS ANALYSIS

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

(R'000)	Notes	Year ended 30 June 2025 ANW	VIF	CoC	EV	30 June ended 2024 EV
Closing EV		1,054,755	8,276,405	(166,352)	**9,164,809**	6,046,026
Opening EV		1,331,509	4,860,017	(145,501)	**6,046,025**	5,887,476
New shareholder capital		467,827	1,707,574	(51,122)	**2,124,279**	–
Net impact of 1Life transaction		(167,357)	128,350	(29,862)	**(68,869)**	–
Opening EV adjusted for 1Life		1,631,979	6,695,941	(226,485)	**8,101,435**	5,887,476
Dividends		(566,449)			**(566,449)**	(420,682)
Adjusted EV at the beginning of the year		1,065,530	6,695,941	(226,485)	**7,534,986**	5,466,794
EV earnings		(10,775)	1,580,464	60,133	**1,629,822**	579,232
Reversal of impact of economic assumption changes		(8,820)	(456,235)	4,934	**(460,121)**	40,981
Reversal of change in treatment of reinstatements and other once off impacts		99,612			**99,612**	34,352
Recurring EV Earnings		80,017	1,124,229	65,067	**1,269,313**	654,565
Annualised Recurring Return on EV					**16.8%**	12.0%
Annualised Return on EV					**21.6%**	10.6%
Components of EV earnings						
VNB		(874,535)	1,212,651	(7,968)	**330,148**	220,336
Expected return on covered business			906,358	9,028	**915,387**	639,558
Expected profit transfer		1,267,419	(1,267,419)		**–**	–
Expected return on ANW		101,612			**101,612**	76,438
Withdrawal and unpaid premium experience variance	1	(70,932)	(255,164)	(8,948)	**(335,045)**	(203,308)
Claims and reinsurance experience variance		83,888	7,746		**91,634**	3,676
Once-off 1Life integration and project costs	2	(99,612)			**(99,612)**	(42,423)
YTI guarantee cost in respect of B-BBEE share financing		(1,237)			**(1,237)**	(1,180)
Changes in non-economic assumptions and modelling	3	97,010	(111,209)	85,187	**70,988**	(41,950)
Bonus Rights Scheme		(1,180)			**(1,180)**	1,664
Goodwill and Medium-term Incentive scheme	4	(44,781)	(5,652)		**(50,433)**	(10,130)
Sundry experience variance		(35,074)	(10,339)	854	**(44,558)**	(23,654)
EV operating return		422,579	476,973	78,152	**977,705**	619,027
Investment return variances on ANW		61,015		3,126	**64,141**	1,186
Impact of economic assumption changes		8,820	456,235	(4,934)	**460,121**	(40,981)
Emerald Embedded Value at take-on	5	102,709	647,256	(16,212)	**733,752**	–
Emerald purchase price	5	(605,896)			**(605,896)**	–
EV earnings		(10,775)	1,580,464	60,133	**1,629,822**	579,232

NOTES

Note 1

The challenges in the collections environment were exacerbated in the last quarter of the financial year following the introduction of "Registered Mandates" by the banking industry. The scale and frequency of banking service outages increased during the period. The Group also continues to operate in an extremely tough environment. Withdrawal experience for the period was still above assumption, and consequently these assumptions were worsened.

Note 2

Primarily pertaining to the reversal of once-off project expenses (e.g. costs pertaining to the 1Life integration, the Emerald acquisition and other due diligence exercises).

Note 3

The following table shows the impact of the non-economic change in basis on the Embedded Value for policies which have been in-force for at least 12 months as at 30 June 2025:

(R'000's)	2025
Withdrawal, NTU and unmet assumptions	**(300,095)**
Mortality assumptions	**155,194**
Renewal expense assumptions	**60,986**
Cost of Capital alignment following acquisitions	**80,984**
Improved modelling of acquired business	**73,919**
Total	**70,988**

Note 4

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

Note 5

The Emerald Life acquisition was approved as of 24 June 2025.

Definitions and Interpretations: IFRS 17

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

Sponsor: PricewaterhouseCoopers Corporate Finance Proprietary Limited

Clientèle Limited

(Registration number 2007/023806/06)
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Clientèle LIFE · Clientèle GENERAL · Clientèle INVESTMENTS · iFA (A division of Clientèle Life. With iFA, NOW YOU CAN.) · CBC REWARDS · Clientèle MOBILE · 1Life Changing Lives · Emerald Life

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STUDIO 5

2025 Clientèle Condensed Group Results

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