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OLDMUTUAL LIFE ASSURANCE COMPANY (SOUTH AFRICA) LIMITED

ANNUAL FINANCIAL STATEMENTS

Consolidated and separate
For the year ended 31 December 2023



DO GREAT THINGS EVERY DAY



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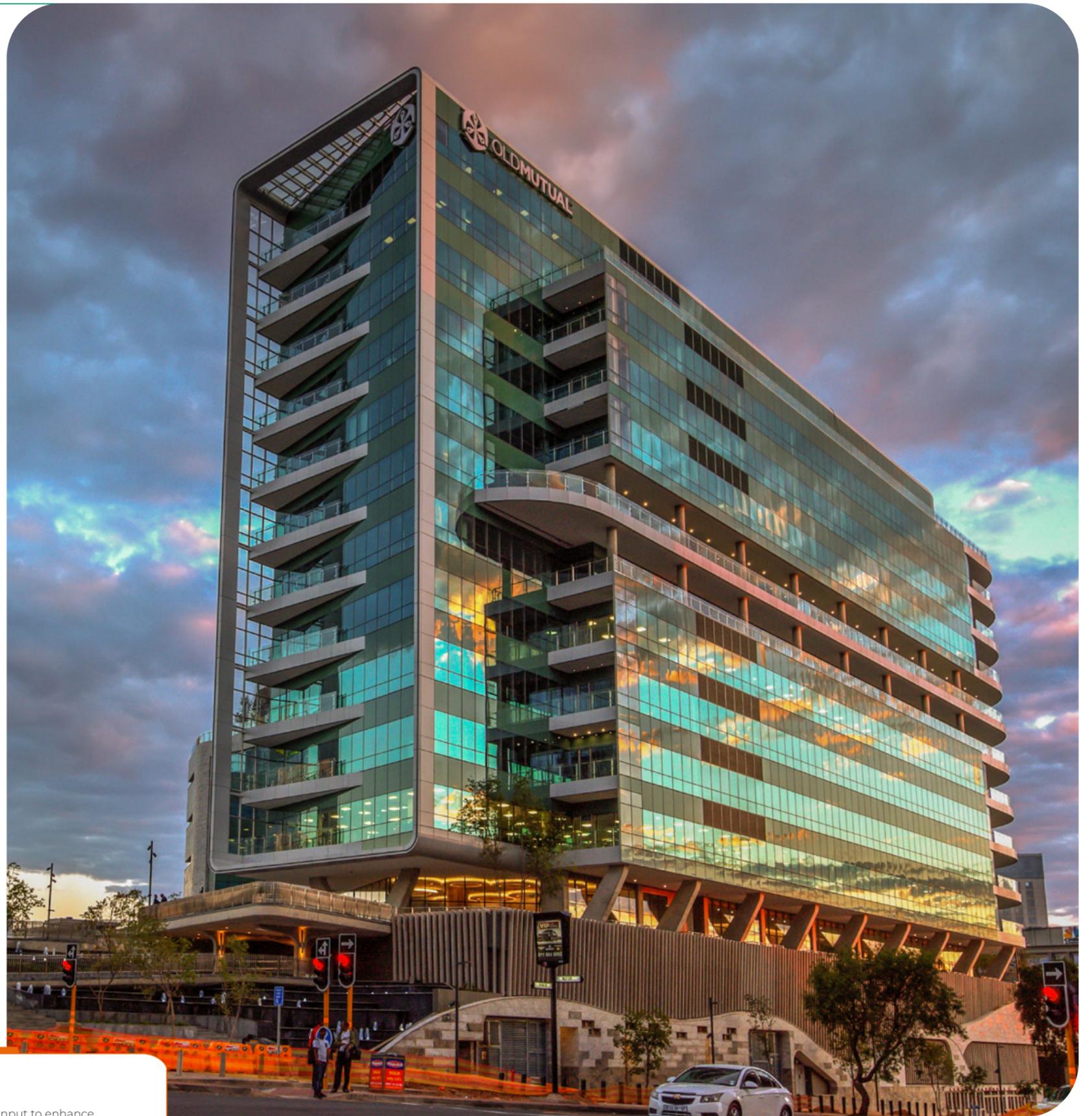
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The consolidated and separate financial statements were audited in terms of the Companies Act, 71 of 2008. The preparation of the Group's and separate annual financial statements was supervised by Casper Troskie CA(SA), Chief Financial Officer.

Feedback:

Your feedback is important to us, and we welcome your input to enhance the quality of our reporting. For any further feedback, please contact Investor Relations.





Directors' responsibility and approval statement

The directors of Old Mutual Life Assurance Company (South Africa) Limited (the Company) are required by the South African Companies Act, 71 of 2008, as amended (the Companies Act), to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial and non-financial information included in this report.

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of the Company, comprising the consolidated and separate statements of financial position at 31 December 2023, the consolidated and separate income statements, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and cash flows for the year then ended, and the consolidated and separate notes thereto, which include material accounting policy elections and other explanatory notes in accordance with International Financial Reporting Standards (IFRS), as issued by the IASB, including interpretations to IFRS as issued by the IFRS Interpretations Committee (IFRIC), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements, and requirements of the Companies Act. In addition, the directors are responsible for the preparation of the directors' report.

The directors are also ultimately responsible for such internal controls as they determine are necessary to enable the preparation of the consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records in addition to reducing the risk of loss or error cost-effectively and effective risk management. An effective system of internal financial controls provides reasonable assurance as to the reliability of financial information being reported. To the best of their knowledge and belief, the directors are satisfied that the system of internal controls provides reasonable assurance that reliance can be placed on financial records used in the preparation of the consolidated and separate financial statements during the financial year ended 31 December 2023.

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the foreseeable future.

It is the responsibility of the Company's independent external auditors to report on the fair presentation of the consolidated and separate financial statements. These financial statements have been audited in terms of section 29(1) of the Companies Act. Their unmodified report is included within these annual financial statements.

Approval of consolidated and separate annual financial statements

The consolidated and separate annual financial statements of Old Mutual Life Assurance Company (South Africa) Limited, as identified in the first paragraph, were approved by the Board of directors on 26 March 2024 and signed on their behalf by:

TA Manuel
Chairman

Cape Town
26 March 2024

IG Williamson
Chief Executive Officer



Chief Executive Officer and Chief Financial Officer's responsibility statement

The directors, whose names are stated below, hereby confirm that:

- (a) The annual financial statements set out on pages 5 to 189 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS
- (b) To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading
- (c) Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer
- (d) The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as Executive Directors with primary responsibility for implementation and execution of controls
- (e) Where we are not satisfied, we have disclosed to the Audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies
- (f) We are not aware of any fraud involving directors

IG Williamson
Chief Executive Officer

Cape Town
26 March 2024

CG Troskie
Chief Financial Officer



Certificate by the Group Company Secretary

In terms of Section 88(2)(e) of the South African Companies Act, 71 of 2008, as amended, I certify that Old Mutual Life Assurance Company (South Africa) Limited has lodged with the Commissioner all such returns and notices as required by the Companies Act for the year ended 31 December 2023, and that all such returns and notices appear to be true, correct and up to date.

EM Kirsten
Group Company Secretary
26 March 2024



Directors' report

The directors of Old Mutual Life Assurance Company (South Africa) Limited (the Company or the Group) have the pleasure of submitting their report on the consolidated and separate annual financial statements for the year ended 31 December 2023.

Review of activities

The principal activity of the Group is the transaction of all classes of life assurance, savings and retirement funding business. The Group underwrites life insurance risks associated with death and disability. It also issues a diversified portfolio of investment contracts and earns fee income from investment management service contracts.

The operating results and financial position of the Group and Company are set out in the income statements, statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and accompanying notes.

Profit before tax for the Group was R7 685 million (2022: R1 447 million), and profit after tax was R3 405 million (2022: R2 094 million).

Profit before tax for the Company was R8 482 million (2022: R589 million), and profit after tax was R4 620 million (2022: R1 656 million).

Consolidated and Company annual financial statements

In terms of International Financial Reporting Standards (IFRS), the Company is required to produce consolidated financial statements as its subordinated debt instruments are traded in a public market.

In the Company financial statements, the Company's investments in its subsidiaries, joint ventures, associate companies and structured entities are accounted for as financial assets at fair value through profit or loss and dividends are recognised when receivable.

Details of the financial results are set out on pages 16 to 189 of the consolidated annual financial statements and on pages 16 to 189 of the separate annual financial statements.

The directors have approved the consolidated and separate annual financial statements as reflected on pages 16 to 189, including the certificate by the Group Company Secretary on page 4 and the Audit committee report for the 2023 financial year on page 8.

Holding company

The Company's holding company is Old Mutual Emerging Markets Proprietary Limited, incorporated in South Africa.

Ultimate holding company

The Company's ultimate holding company is Old Mutual Limited, incorporated in South Africa and listed on the Johannesburg Stock Exchange, with secondary listings in Malawi, Namibia and Zimbabwe, and a standard listing on the London Stock Exchange.

Share capital

There were no changes in the authorised or issued ordinary share capital of the Company during the current and prior years.

Dividends

Dividends on ordinary shares amounting to R3 550 million (2022: R5 480 million) and dividends on preference shares amounting to Rnil (2022: Rnil) were declared during the year by the Company.

The directors of the Company acknowledged that it had applied the solvency and liquidity requirements of the Companies Act and Long-term Insurance Act, 52 of 1998, prior to the dividend declaration and reasonably concluded that the Company will satisfy same immediately after completing the distribution.

Borrowings

The directors may from time to time exercise all of the powers of the Company to (a) borrow for the purposes of the Company such sums as they think fit; and (b) secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of any securities, mortgage or charge upon all or any of the property or assets of the Company, provided that the Company may not borrow any assets without the prior written approval of the Prudential Authority, and the authorisation of the shareholders by an ordinary resolution.

Directors

Details of the members of the Board who served during the year and at the reporting date have been provided below.

The issuer is required, by the Insurance Act, to annually evaluate the performance of the Board of directors of the issuer and that of its committees, its Chair and its individual directors as set out by the King Code. The Board hereby confirms that it has performed a performance assessment for the reporting year, which was performed by an independent service provider (*The Board Practice*). The biographical information of the current directors can be found in note L.



Directors' report

The directors had no third party or company responsible for managing any business activities of the Group. Refer to note 13 for detailed related party disclosure.

Name	Position as director	Appointment date
TA Manuel ^f	Independent Non-executive Director	24.10.2017
PG de Beyer ^{a, ac, c, r}	Independent Non-executive Director	01.03.2012
AK Essien ^{c, r}	Independent Non-executive Director	24.10.2017
O Ighodaro ^{a, ac, r}	Independent Non-executive Director	22.09.2020
I Kgaboesele ^{a, ac}	Independent Non-executive Director	24.10.2017
J Langner ^{a, ac}	Independent Non-executive Director	20.05.2021
JR Lister ^{a, ac, r}	Independent Non-executive Director	24.10.2017
Dr SM Magwentshu-Rensburg ^c	Independent Non-executive Director	24.10.2017
TM Mokgosi-Mwantembe	Non-executive Director	24.10.2017
BP Silwanyana ^{a, ac, r}	Independent Non-executive Director	07.12.2023
JJ Strydom ^{a, ac}	Independent Non-executive Director	04.12.2023
CG Troskie	Executive Director	01.04.2018
IG Williamson	Executive Director	27.05.2019

^a Member of the Audit committee
^{ac} Member of the Actuarial committee
^c Member of the committee for Customer Affairs
^r Member of the Risk committee

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

Group Company Secretary

EM Kirsten is the Group Company Secretary.

Auditors

During the year, Deloitte & Touche and Ernst & Young Inc have been the joint auditors of the Group and the Company.

The auditors' engagement is in accordance with section 90 of the Companies Act of South Africa. The Audit committee confirms that it has complied with paragraph 7.3(e) III and IV of the JSE Debt Listing requirements, in that it has obtained the information detailed in paragraph 22.15(h) of section 22 of the JSE Listings Requirements, in their assessment of the suitability for re-appointment of the audit firm and designated individual partner, and secondly, that it has ensured that the auditors are re-appointed at the Annual General Meeting of shareholders.

Debt Officer

The Board has considered and is satisfied with the competence, qualifications and experience of the appointed Debt Officer, M van der Walt.

Events after the reporting period

The directors are not aware of any material events (as defined per IAS 10 *Events after the Reporting Period*) after the reporting date of 31 December 2023 until the date of authorisation of these audited consolidated financial statements.



Corporate Governance report

Corporate Governance framework

Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) is a licensed life insurer and wholly owned subsidiary of Old Mutual Limited, which is a Johannesburg Stock Exchange listed entity. Old Mutual Limited established a Group Governance framework (GGF) that adheres to King IV™. This framework outlines the minimum governance requirements for the Group and its subsidiary entities.

The Group is in compliance with King IV™ and requires that its subsidiaries comply with the King IV™ governance outcomes through application of the principles as set out in the code.

The OMLACSA Board is satisfied that during 2023 it complied with the GGF, and has applied the King IV™ principles on the same basis as the Group. Refer to the full Old Mutual Limited Corporate Governance Report 2023 at <https://www.oldmutual.com/investor-relations/reporting-centre/reports> for details of the application and explanation of the GGF principles, and King IV™ requirements.

Going concern

Although the key management focus from a performance perspective is on Old Mutual Limited and its segments, significant information is collected for OMLACSA due to its regulated nature. The business plan process focused on OMLACSA capital compliance and ensuring liquidity reserves remained sufficient.

Despite the challenging local economic environment, the results of the projections indicate that the Group is expected to remain sufficiently capitalised to continue as a going concern. No material uncertainty in relation to the going concern has been identified and no items were identified through the operational business plan process that are expected to negatively impact the ability to continue as a going concern.

Based on the reviews, no material uncertainties that would require disclosure have been identified in relation to the ability of OMLACSA to remain a going concern for at least the next 12 months. The directors therefore consider it appropriate for the going concern basis to be adopted in preparing the financial statements.



Audit committee report

This Audit committee report has been prepared based on the requirements of the South African Companies Act, 71 of 2008, as amended (Companies Act), the King Code of Governance for South African (King IV™*), the JSE Listings Requirements and other applicable regulatory requirements.

This report sets out how the Audit committee has satisfied its various statutory obligations during the year, as well as some of the focus areas considered and how these have been addressed by the committee.

Role and mandate

The committee's main role is to assist the Board in fulfilling its oversight responsibilities, in particular with regard to the integrity of the Group's financial statements, effectiveness of the systems of internal control, financial reporting and risk management.

In addition, the committee is responsible for assessing the effectiveness of the Group's internal audit function, the Chief Financial Officer and the independence and effectiveness of the Group's external auditors.

These responsibilities are in terms of the mandate of the Audit committee as defined in section 94(7) of the Companies Act and its terms of reference, which are available at <https://www.oldmutual.com/about/governance/>

Committee composition

The committee comprises of seven independent Non-executive Directors who all satisfy the requirements to serve as members of an Audit committee, as defined by section 94(7) of the Companies Act. Two out of the seven committee members are chartered accountants. Six of the seven members have risk management, finance and audit expertise, and one member has finance and audit expertise.

The Chairperson of the committee reports to the Board on its activities, all matters discussed, highlights key issues requiring action and makes recommendations for resolution. The Audit committee works closely with the Risk committee, which reviews risk management and compliance initiatives and monitors the effectiveness of the risk, compliance and internal control environment of the Group.

The Chairperson of the Audit committee is a member of the Risk committee, and the Chairperson of the Risk committee is a member of the Audit committee. This helps ensure that there is adequate communication between the two committees.

Name	Appointment date	Board status	Scheduled meeting attendance [#]
O Ighodaro (Chairperson) BSc (Hons), FCA (ICAEW), CA(SA)	22.09.2020	Independent Non-executive	5/5
PG de Beyer BBus Sci (Hons), FASSA	01.03.2012	Independent Non-executive	5/5
I Kgaboesele BCom, PDip (Acc), Dip (FMI), CA(SA)	24.10.2017	Independent Non-executive	4/5
J Langner BCom, FASSA, FFA	20.05.2021	Independent Non-executive	5/5
JR Lister BSc (Stats), FIA	24.10.2017	Independent Non-executive	5/5
BP Silwanyana BCom (Fin Acc), BCom (Hons), PGDA, MBA	11.12.2023	Independent Non-executive	0/0
JJ Strydom BSc (Hons) (Act), FIA, CFA, MBA	11.12.2023	Independent Non-executive	0/0

[#] In accordance with the Audit committee's terms of reference, it held the minimum of five scheduled meetings during 2023, convening five scheduled meetings along with four ad hoc meetings to adequately discharge its duties in accordance with its mandate

Invited attendees

The engagement partners of the external auditors and the Group Internal Audit Director are standing invitees to the Audit committee meetings, as are the Board Chairman, Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, Head of Actuarial Function and the Heads of Finance, Actuarial and Tax. Invitations to attend committee meetings are extended to senior executives and professional advisers as deemed appropriate. Directors of the Board who are not members of the committee have the right of attendance at Audit committee meetings.

When required, country and subsidiary Audit committee Chairpersons will be invited to attend meetings. The Group Company Secretary or her delegate is the secretary of the committee.

The committee Chairperson may, from time to time, attend subsidiaries' Audit committee meetings.

Contracts and matters in which directors and officers of the Company have an interest

The Group has adopted a Conflicts of Interest Policy, which sets out key provisions for both directors and employees to adhere to. Directors are required to confirm on a quarterly basis that their conflicts of interest disclosures are up to date, with a declaration being signed at each quarterly meeting.

Actuarial sub-committee

The Board constituted a separate Actuarial committee, which functions as a sub-committee of the Audit committee. All the Audit committee members are members of the Actuarial committee.

The Actuarial committee assists the Audit committee in ensuring that relevant actuarial matters are properly considered prior to decision making by the Audit committee. The Actuarial committee is chaired by JR Lister, an independent Non-executive Director and a qualified actuary. During the year, the Actuarial sub-committee met five times, and meeting attendance was 95%.

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Our commitment to independence, transparency and collaboration

The Audit committee encourages continuous improvement of and fosters adherence to the Group's policies, procedures and practices at all levels of the organisation.

Application of these policies encourages open communication with assurance providers, including the external auditors, senior management, internal audit, compliance, the risk functions and the Board.

The Group Internal Audit Director also has a direct reporting line to the committee, with unrestricted access to the committee Chairperson.

The independence of the committee is key to its effective functioning, while ensuring that it does not assume the functions of management.

As part of its mandate, it has the authority to investigate matters within the scope of its defined responsibility and to request information or explanations necessary for the performance of its functions.

Areas of focus during the year

Significant audit matters

The Audit committee routinely considers audit matters, as raised by the external auditors, relating to the annual financial statements.

Audit matter	How the Audit committee addressed the matter
Insurance contract liabilities	The committee, through the Actuarial committee, reviewed and interrogated reports from the Group Chief Actuary, Group Actuary and the external auditors on actuarial assumptions and basis changes.
Valuation of property assets	The committee reviewed the appropriateness of property asset valuations.
Valuation of investments and securities	Considered the appropriateness of investments and securities valuations, with a focus on Level 3 instruments.
IFRS 17	The committee reviewed key updated, policy and methodology decisions and upcoming milestones of the implementation of the IFRS 17 programme, which included the IFRS 17 external assurance progress report. It focused on understanding how IFRS 17 impacts the Group's financial results, considering the approach adopted by management, and monitoring the application and implementation thereof.
Goodwill and intangible valuations and impairments	The committee reviewed the goodwill and intangible assets impairment reviews that were based on the latest business planning inputs. It considered the sensitivity of the outcomes to declining growth rates and increasing discount rates.

Financial statements and integrated reporting process

During the year under review, the Audit committee:

- Reviewed the key audit matters identified by the external auditors and monitored the appropriateness of the management actions taken to address the key audit matters.
- Reviewed and debated key accounting, actuarial and tax judgements and were satisfied with how these were addressed.
- Analysed financial information included in the Group's interim and year-end results to ensure the accuracy and integrity of financial data disclosed externally.
- Remained apprised of key updates, policy and methodology decisions and upcoming milestones on the IFRS 17 programme.
- Reviewed and assessed the audited annual financial statements, and found the controls and financial reporting processes underpinning its compilation to be appropriate and effective.
- Recommended to the Board for approval the annual financial statements, interim and annual results and the financial information included in the 2023 Old Mutual Limited Integrated Report. Assessed and confirmed the appropriateness of the going concern assumption used in the interim and annual financial statements.
- Reviewed and approved the combined assurance plan for OMLACSA, ensuring the inclusion of material risk areas, acceptable coverage of business processes and that all reporting requirements were met. Confirmed that assurance activities result in an adequate, effective control environment and the integrity of reports can be relied upon for decision making.
- Reviewed reports from the Group Chief Actuary, Group Actuary and the joint external auditors on actuarial assumptions and the reliability and adequacy of the financial soundness results of Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) at 31 December 2023.
- Monitored the levels of the various capital measures in OMLACSA, ensuring that they are within acceptable ranges.

Internal controls and risk management

The Audit committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting and risk management, and for considering the findings of any major internal investigations into control weaknesses, fraud or misconduct, and management's response thereto.

The Audit and Risk committees delegate the duty to management to continuously identify, assess, mitigate and manage risks within the existing and changing risk profile of our operating environment. Mitigating controls are formulated to address the risks and the Board is kept abreast of progress on the Group's risk management plan.

During the year under review, the committee considered control issues identified from the various reports reviewed by the committee in the context of the overall effectiveness of internal controls. These reports included internal and external audit reports, reports from the Board's Risk committee, as well as specific internal control reports from management relating to internal attestation of financial and other controls. The Group's modernisation and transformational projects to upgrade various legacy IT platforms continued to receive particular focus from the Audit, Risk and Technology and Platforms committees.



Audit committee report



Where deficient controls or matters were raised, the committee reviewed the progress on remediation plans and was satisfied that any material impact on the Group's annual financial statements had been appropriately mitigated by management through manual controls and increased oversight, where necessary. Significant progress was noted by the committee in terms of improved controls and automation. The committee will continue to monitor and evaluate any remaining deficient controls as well as remediation plans in 2024.

Having considered, analysed, reviewed and discussed information provided by management, other Board committees, Internal Audit and the external auditors, the committee is of the opinion that the internal controls of the Group, together with management's additional procedures performed to mitigate identified control deficiencies can be relied upon as a reasonable basis for the preparation of the annual financial statements throughout the year under review.

Internal audit

Internal audit is the third line of assurance in the assurance model and provides independent assurance over the first and second lines of assurance operations and oversight functions.

Group internal audit is accountable to the Audit committee and has unrestricted access to the Chairperson of the Audit committee. Group internal audit meets with the Audit committee at least once a year without management being present, and has frequent interactions with the Chairperson of the Audit committee.

The Audit committee approves the internal audit plan and neither the Group Internal Audit Director nor the internal audit function reports into the executive committee rather than from an administrative perspective. Group internal audit is also independent from the activities it audits and from the day-to-day management of the Group. This maintains the functional and financial independence of the internal audit function.

During the year under review, the Audit committee:

- » Reviewed and approved the internal audit terms of reference and audit plan.
- » Evaluated the independence, effectiveness and performance of the internal audit function and compliance with its charter and audit plan. Confirmed the appropriateness of the expertise, experience and resources of the internal audit function and that of the Group Internal Audit Director.
- » Reviewed and approved the annual consolidated internal audit plan in consultation with the Group Internal Audit Director, ensuring that material risk areas were included, and that the coverage of risks and business processes was acceptable.
- » Reviewed and discussed with the Group Internal Audit Director the scope of work of the internal audit function, the issues identified as a result of its work and management's responsiveness to issues raised and agreed action plans.
- » Ensured coordination and cooperation between internal audit and the risk management and compliance functions.

The Audit committee is satisfied with the appropriateness of the expertise, experience and resources of the internal audit function and that of the Audit Director.

Chief Financial Officer

During the year under review, the Audit committee reviewed the performance and confirmed the suitability and appropriateness of the expertise and experience of the Chief Financial Officer, C Troskie, and the resources, expertise, succession planning and experience of the Group's Finance Function.

External auditors

The Audit committee is responsible for the appointment, compensation and oversight of the joint external auditors for the Group, namely Deloitte & Touche and Ernst & Young Inc. Deloitte & Touche has served as joint auditor of the Group since June 2018, whereas Ernst & Young was appointed in May 2022.

During the year under review, the Audit committee:

- » Assessed the suitability for appointment and re-appointment of the audit firms and designated audit partners, considering the relevant legislative and regulatory requirements and presented and included the appointment of the auditors.
- » Ensured that the appointment and the independence of the external auditors were in compliance with the Companies Act and all other regulatory and legal requirements.
- » Considered and recommended to the Board the appointment of the joint external auditors Deloitte and Touche (with John Kruger as designated registered auditor and joint signing partner for OMLACSA) and Ernst & Young Inc (with Eugene Breytenbach as designated registered auditor and joint signing partner for OMLACSA).
- » Monitored the effectiveness of the external auditors in terms of their audit quality, expertise and independence, as well as the execution of the audit plan.
- » Approved the joint external auditors' annual audit plan and ensured that all statutory and financial reporting requirements were met and material risks were identified and appropriately addressed.
- » Approved the audit fees for the 2023 year under review.
- » Monitored and ensured that fees for non-audit services were in line with the Group's policy on non-audit services and latest ethics standards, which are summarised in the Corporate Governance section of our website, and latest ethics standards.
- » Reviewed the external auditors' findings and recommendations and ensured that matters raised were resolved appropriately.
- » Convened with the external audit team, without management being present, and was assured that there were no unresolved areas of disagreement with management. Satisfaction was expressed with the skills and expertise in Group Finance and it was confirmed that throughout the audit there was good support from the management teams.
- » Ensured that the appointment and the independence of the external auditors were in compliance with the Companies Act and all other regulatory and legal requirements. Reviewed the arrangements in place to ensure appropriate rotation of the designated external audit partners as required in terms of section 92 of the Companies Act.
- » Confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act, 26 of 2005.

The Audit committee reviewed and approved the non-audit services policy, which governs the type, value, approval process and scope of non-audit services that the external auditors are able to perform for the Group. Only those non-audit services that do not impact the external auditors' independence and where it is best placed for the auditors to perform the services are permitted under the policy.

The Audit committee is satisfied with the independence and appropriateness of the expertise, experience and resources of the external auditors, the external audit partners and the quality of the external audit.

Combined assurance

The Audit committee is responsible for overseeing combined assurance activities and ensuring that these are effective in achieving its objectives.

The Group's Combined Assurance framework establishes integrated and coordinated assurance activities between the three lines of assurance across all levels of the organisation. There is continued and ongoing focus on increased collaboration and sharing of information as well as reducing duplication of activities. The committee reviewed and approved the combined assurance plan for the Group.

In accordance with the principle of proportionality of our Group Governance framework, both the Boards of non-operating holding companies and holding companies with own operations are required to adopt the Combined Assurance framework and ensure that the framework is implemented within their entity. Any areas of concern are escalated to the Audit committee.

The Audit committee is satisfied that assurance activities result in an adequate, effective control environment and the integrity of reports can be relied upon for decision making.

Committee training

As a part of the ongoing training for directors, the committee received detailed training on IFRS 17 and related transition methodologies on several occasions during the year under review, with a particular focus on its impact on opening balances in the Group's financial statements. The committee also received an update on the proposed amendments to the Companies Amendment Bill.

Committee performance

The performance of the committee is reviewed annually as part of the effectiveness review of the Board and all its committees. The externally facilitated review performed during 2023 concluded that the committee operated effectively and successfully discharged its responsibilities and duties during the year under review, complying with its terms of reference in all material aspects.

Key focus areas for 2024

- » Monitor and evaluate the Group's implementation of IFRS 17
- » Continue to monitor the functioning of OMLACSA's internal controls and financial processes to ensure those remain effective and are proportional to the Group's complexity
- » Continue to monitor OMLACSA's various capital measures, ensuring that they are within acceptable ranges
- » Continue to monitor, with the Old Mutual Limited Board Technology and Platforms committee, the finance modernisation and transformation initiatives, supporting the drive for simplifying and conforming finance data to further enhance the quality of the Group's financial reporting
- » Monitor the implementation of other new accounting standards
- » Review the Group's long-term actuarial assumptions, ensuring appropriateness for the current operating environment
- » Monitor methodology and assumptions used to calculate the Group's liabilities and solvency capital ratio

Conclusion

The Audit committee is satisfied that it has complied with all statutory duties as well as its duties under its terms of reference for the reporting period.

The Audit committee reviewed the Group Annual Financial Statements for the year ended 31 December 2023 and recommended them for approval to the Board.

On behalf of the Audit committee

O Ighodaro

Audit committee Chairperson

Cape Town

26 March 2024



Independent Auditors' report

To the shareholder of Old Mutual Life Assurance Company (South Africa) Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Old Mutual Life Assurance Company (South Africa) Limited and its subsidiaries (the Group and Company) set out on pages 16 to 188, which comprise of the separate and consolidated statements of financial position as at 31 December 2023, and the separate and consolidated income statements and statements of other comprehensive income, the separate and consolidated statements of changes in equity and the separate and consolidated statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of material accounting policy information, but excluding information marked as "unaudited".

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 31 December 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Key Audit Matters

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

The Key Audit Matters apply equally to the audit of the consolidated and separate financial statements.

Valuation of life insurance contract assets and liabilities

Refer to accounting policy elections note A1.3 and note F2

Key audit matter

How the matter was addressed in our audit

Initial application of IFRS 17

On 1 January 2023, the Group adopted IFRS 17: Insurance Contracts ('IFRS 17') which replaced IFRS 4: Insurance Contracts. The Group applied IFRS 17 to insurance contracts issued and reinsurance contracts held as at 1 January 2022, as described in note K, in accordance with the accounting policies outlined in Note F2.1. This standard requires the use of complex valuation models and assumptions to measure groups of insurance contracts as the total of estimates of present value of future cash flows ('PVFCF'), plus a risk adjustment for non-financial risk ('RA') and a contractual service margin ('CSM'). The CSM component is only relevant for groups of insurance contracts measured using the general measurement approach ('GMM') and the variable fee approach ('VFA').

As a result certain 2022 comparative amounts as presented in these consolidated financial statements have been restated for the adoption of IFRS 17.

Initial application of IFRS 17

Our procedures on the application of IFRS 17 included, amongst others:

- » Obtained an understanding and evaluated the design and implementation of management's controls (no control reliance placed) over the adoption of IFRS 17 accounting policies and the significant estimates and assumptions used in the determination of the Group's insurance contracts.
- » Evaluated the Group's accounting policies and actuarial methodology to assess compliance with IFRS 17.
- » Evaluated the analyses of contracts prepared by the Group for the purposes of classification according to the different measurement approaches and tested the compliance with IFRS 17 to the underlying contracts on a sample basis.
- » In respect of the transition approaches applied in the calculation of the CSM, evaluated the Group's assessment of the availability of reasonable and supportable historic information required by the fully retrospective approach and the appropriateness of simplifications, under the modified retrospective approach, or fair value approach applied and where applicable conducted testing to underlying contracts and data.

Valuation of life insurance contract assets and liabilities

Refer to accounting policy elections note A1.3 and note F2

Key audit matter

How the matter was addressed in our audit

The impact of initial application of IFRS 17 on the consolidated annual financial statements was a decrease of R6 087 million (R5 927 million in separate Company) to the Group's total equity as at 1 January 2022 as reflected in note K to the consolidated financial statements.

We assessed the impact of the initial application of IFRS 17 to be an area of focus due to the judgement to be applied and complexity on initial application as it related to the measurement of the Group's life insurance contract liabilities, including the CSM at the transition date. This required the application of significant auditor judgment and involved specialised actuarial skills and knowledge to assist in evaluating the audit evidence obtained. Key areas of focus and judgement include: the assessment of management's judgements in selecting transition approaches; the application of simplifications applied in the full retrospective approach and intended application going forward and determination of key assumptions as they pertain to the measurement of insurance contract assets and liabilities.

Accordingly, we have identified the initial application of IFRS 17 as a key audit matter.

The critical accounting judgements and impact of the initial application of IFRS 17 are set out in note K to the consolidated financial statements.

The valuation of life insurance contract assets and liabilities as at 31 December 2023.

The Group's insurance contract liabilities amount to R557 779 million (R557 618 million in separate Company) as at 31 December 2023 and represent a significant portion of its total liabilities. Insurance contract assets amount to R4 738 million (R4 577 million in separate Company). Insurance contract assets and liabilities are determined in accordance with IFRS 17.

The PVFCF contained in the insurance contract assets and liabilities are associated with significant uncertainties requiring the use of expert judgment embedded within complex actuarial models relying on subjective assumptions relating to future events. Key assumptions include mortality, persistency and economic assumptions. As a result of the long duration of life insurance products, relatively small changes in key assumptions may have a significant impact on the valuation of the present value of future cash flows.

The actuarial valuations are based on complex models/methodologies and other computations designed for which inadequate assumptions and or inaccurate input data may be used. The CSM is impacted by assumption changes to the PVFCF for future coverage that influences the release of the CSM in the current year and future periods.

Accordingly, given the complexity and judgment involved we have identified life insurance contract assets and liabilities as a key audit matter, which includes the PVFCF and CSM for remaining coverage.

- » Evaluated management's key judgements in their selection of the transition valuation approaches and inspection and assessment of available evidence supporting these decisions.
- » Assessed the appropriateness and consistency of key assumptions (both new and revised) considering industry and other external sources of benchmarking where applicable, and knowledge of the Group's products and the requirements of IFRS 17.
- » Performed testing of the completeness and accuracy of data used in the calculation of the transition balances to underlying source systems on a sample basis.
- » With the support of our IFRS 17 actuarial specialists tested the methodology and calculations of the IFRS 17 insurance contracts assets and liabilities including the transition CSM primarily through calculating an independent estimate of the of that component of insurance contract assets and liabilities for a sample of contracts and comparing our recalculation to the Group's results.
- » Considered whether the associated transition disclosures are compliant with IFRS 17 and with the methodologies and assumptions approved by the directors.

Valuation of life insurance contract assets and liabilities.

Our procedures over the insurance contracts assets and liabilities included, amongst others:

- » Obtained an understanding and evaluated the design and implementation of management's controls over the significant estimates and assumptions used in the determination of the Group's insurance contracts, including model data inputs.
- » With the support of IFRS 17 specialists considered whether the associated disclosures are compliant with IFRS 17.

To test the PVFCF and CSM, our audit procedures were executed with the assistance of our actuarial specialists:

- » Evaluated the key assumptions used, including their reasonableness based on experience studies, our knowledge of the Group, the products offered and available market and macroeconomic data. This included the review of a sample of experience studies supporting specific assumptions.
- » Performed tests to ensure the complete and accurate transfer of policyholder data from policy administration systems to the actuarial systems, leveraging management's key reconciliation controls where applicable.
- » Tested the methodology and logic of models used through independent recalculations on a sample of models, and a comparison of calculation logic to industry comparable models.
- » We assessed the appropriateness of management's data and assumptions applied in determining the CSM, including the coverage units for reasonability.
- » For significant model changes, we performed a review of the model/code changes, as necessary, and where appropriate, replicated the change impacts or assessed the methodology, assumptions and results of the significant model changes.
- » Reviewed analysis of actual experience over expected results for any unusual or unexpected results, ensuring these results were consistent with our audit tests of detail.



Independent Auditors' report

Valuation of level 3 financial instruments (investments and securities) (Consolidated financial statements)

Refer to accounting policy elections note A1.3 and disclosure note D3

Key audit matter	How the matter was addressed in our audit
<p>At 31 December 2023, investments and securities carried at fair value through profit or loss represented 86.8% in 2023 (93.9% of total assets in separate Company) in 2023 of total assets in the consolidated financial statements. Level 3 investments and securities amounted to R42 090 million (R76 382 million in separate Company) and represented 4.7% in 2023 (9.2% for separate Company) of the total balance.</p> <p>The valuation of level 3 financial instruments are determined using models where one or more significant inputs are unobservable. Investments and securities measured at fair value through profit or loss are a significant portion of total assets in the consolidated financial statements. The valuation risk is not uniform to all investment types and are higher for those assets expressed as level 3 under the fair value methodology. These asset valuations involve significant judgement and expertise.</p> <p>Given the level of judgement required in the selection and application of significant assumptions and unobservable inputs and the consequential impact upon profit or loss, our areas of focus relate to:</p> <ul style="list-style-type: none"> » The assumptions used, as these are largely non-observable inputs and include a significant level of judgement; » The reasonableness of the data ingested in the valuation models; and » Where applicable, the use of complex methodologies as opposed to observable prices. <p>Consequently, the determination of the fair value of investments and securities classified as level 3 financial instruments is more complex and/or judgemental, with a higher level of estimation uncertainty and we have identified this as a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> » Obtained an understanding and evaluated the design and implementation of key controls over the valuation of investments and securities to ensure the accuracy of inputs, the appropriateness of methodologies and the assessment by management of the final measurement of the investments and securities. » On a sample basis selecting level 3 instruments and performing the following procedures together with our internal valuation specialists: <ul style="list-style-type: none"> → Challenged and assessed the key inputs and assumptions used in the valuation models, such as estimated cash flows, growth rates, discount rates and significant unobservable inputs, and critically assessed the valuation methodologies against current market practice and industry standards; → Compared the valuation model methodologies and assumptions applied across the Group, ensuring consistency; → Assessed the reasonableness of the estimated cash flows by performing retrospective testing and comparing actual financial performance against previous forecasts where cash flow forecasts are required for the valuation; → Assessed the appropriateness of the pricing multiples used in certain valuations by comparing them with comparable listed companies, adjusted for comparability differences, sizes and liquidity; and → Performed independent valuations of the investments to ascertain a reasonable range of outcomes and determining whether management's calculated value falls within this range. » Assessed whether the disclosures in the consolidated financial statements in relation to the fair value of the investments and securities and the disclosures relating to the estimation uncertainty are complete, appropriate and in compliance with IFRS 13: Fair Value Measurement ('IFRS 13') and IFRS 7: Financial Instruments Disclosures ('IFRS 7') as disclosed in note D3.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 190 page document titled "Old Mutual Life Assurance Company (South Africa) Limited Annual Report for the year ended 31 December 2023", which includes the Directors' Report, the Corporate Governance Report, Audit Committee Report and Certificate by the Company Secretary as required by the Companies Act of South Africa, Directors responsibility and approval statement, the Chief Executive Officer's and Chief Financial Officer's Responsibility Statement and information marked as "unaudited" in the separate and consolidated financial statements, which we obtained prior to the date of this report. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Old Mutual Life Assurance Company (South Africa) Limited for six years and Ernst & Young Inc. has been the auditor of Old Mutual Life Assurance Company (South Africa) Limited for two years.

Ernst & Young Inc.

Per: Eugene Breytenbach
Chartered Accountant (SA)
Registered Auditor
Director

26 March 2024

Third Floor, Waterway House
3 Dock Road
V&A Waterfront
Cape Town
8001

Deloitte & Touche

Per: John Kruger
Chartered Accountant (SA)
Registered Auditor
Partner

26 March 2024

The Ridge
6 Marina Road
Portwood District
V&A Waterfront
8001



Separate and consolidated income statements

For the year ended 31 December

Rm	Notes	Separate		Consolidated	
		2023	2022 ¹	2023	2022 ¹
Insurance service result					
Insurance revenue	C1	37 432	36 005	38 734	37 155
Insurance service expenses	C6	(28 625)	(28 463)	(29 259)	(29 270)
Net (expenses)/income from reinsurance contracts	F2.5	(128)	87	(721)	(256)
Total insurance service result		8 679	7 629	8 754	7 629
Investment result					
Net investment return		91 503	(1 553)	106 321	3 711
Interest income on the effective interest method		736	486	1 138	779
Other investment return		90 767	(2 039)	105 183	2 932
Net finance expenses from insurance contracts	F2.5	(62 924)	(7 792)	(62 853)	(7 759)
Net finance income/(expenses) from reinsurance contracts	F2.5	367	(29)	357	5
Change in investment contract liabilities		(23 775)	6 099	(24 065)	6 025
Change in third-party interest in consolidated funds		-	-	(12 562)	(2 016)
Total net investment result	C2	5 171	(3 275)	7 198	(34)
Non-insurance revenue and income					
Fee and commission income, and income from service activities	C3	3 037	2 302	5 193	4 424
Other income		2 019	2 236	1 956	2 138
Total non-insurance revenue and income		5 056	4 538	7 149	6 562
Non-insurance expenses					
Credit impairment charges		(100)	(261)	(127)	(210)
Finance costs	C5	(904)	(532)	(906)	(532)
Other operating and administrative expenses ^{2,3}	C6	(9 420)	(7 510)	(14 277)	(11 846)
Total non-insurance expenses		(10 424)	(8 303)	(15 310)	(12 588)
Share of losses of associated undertakings and joint ventures after tax	H2	-	-	(106)	(117)
Loss on disposal of subsidiaries and associated undertakings		-	-	-	(5)
Profit before tax		8 482	589	7 685	1 447
Income tax (expense)/credit	C7	(3 862)	1 067	(4 280)	647
Profit after tax for the financial period		4 620	1 656	3 405	2 094
Attributable to					
Equity holders of the parent		4 620	1 656	3 393	2 025
Non-controlling interests		-	-	12	69
Profit after tax for the financial period		4 620	1 656	3 405	2 094

¹ These numbers have been restated, refer to note K

² With the implementation of IFRS 17, fee and commission expenses and other acquisition costs of R7 121 million (2022: R5 347 million) in the separate and R7 271 million (2022: R6 672 million) in the consolidated income statement have been reclassified between other insurance service expenses and other operating and administrative expenses as reflected in note C6.

³ Included in other operating and administrative expenses are finance costs of R168 million (2022: R77 million) in the separate and R853 million (2022: R589 million) in the consolidated income statements. This includes interest relating to funding that supports the operations (funding within policyholder investments) of R144 million (2022: R59 million) and interest on lease liabilities of R25 million (2022: R18 million) for OMLACSA separate. Included for OMLACSA Group is interest relating to funding that supports the operations of R828 million (R569 million) and interest on lease liabilities of R26 million (2022: R20 million). Refer to note C6 for further information



Separate and consolidated statements of comprehensive income

For the year ended 31 December

Rm	Notes	Separate		Consolidated	
		2023	2022 ¹	2023	2022 ¹
Profit after tax for the financial year		4 620	1 656	3 405	2 094
Other comprehensive income for the financial year					
Items that will not be reclassified to profit or loss					
Remeasurement gains on defined benefit plans		4	28	56	30
Fair value movements related to own credit risk on borrowed funds		(2)	(42)	(2)	(42)
Income tax on items that will not be reclassified to profit or loss	C7(c)	(1)	(162)	(1)	(162)
Items that may be reclassified to profit or loss		1	(176)	53	(174)
Currency translation differences on translating foreign operations ²		48	32	228	(87)
		48	32	228	(87)
Total other comprehensive income/(loss) for the financial year		49	(144)	281	(261)
Total comprehensive income for the financial year		4 669	1 512	3 686	1 833
Attributable to					
Equity holders of the parent					
Non-controlling interests		-	-	44	69
Ordinary shares		-	-	44	69
Total comprehensive income for the financial year		4 669	1 512	3 686	1 833

¹ These numbers have been restated, refer to note K

² Included in the currency translation of foreign operations are R196 million related to equity holders of the parent and R32 million related to the NCI in OMLACSA Consolidated



Separate and consolidated statements of financial position

At 31 December 2023

Rm	Notes	Separate			Consolidated		
		At 31 December 2023	At 31 December 2022 ¹	At 1 January 2022 ¹	At 31 December 2023	At 31 December 2022 ¹	At 1 January 2022 ¹
Assets							
Goodwill and other intangible assets	G1	4 409	3 947	3 742	4 839	4 340	4 139
Property, plant and equipment	G2(a)	3 564	3 313	3 771	4 906	3 562	3 815
Investment property	G2(b)	848	851	824	36 439	34 201	31 635
Deferred tax assets	G7(a)	2 892	3 330	3 406	3 082	3 533	3 610
Investments in associated undertakings and joint ventures	H2	–	–	–	729	804	1 286
Costs of obtaining contracts	G3	273	284	300	427	476	521
Loans and advances		280	34	6	630	309	6
Investments and securities	F1(a)	829 653	762 060	782 945	887 918	833 243	832 193
Other investments and securities including term deposits		809 534	737 578	762 209	865 853	808 260	810 749
Cash and cash equivalents		20 119	24 482	20 736	22 065	24 983	21 444
Insurance contract assets	F2.3	4 577	3 225	2 280	4 738	3 436	2 552
Reinsurance contract assets	F2.3	2 742	2 569	3 086	2 887	2 707	3 480
Current tax receivable		–	–	–	46	28	40
Amounts due by Group companies	H1(c)	5 431	5 095	6 477	2 952	2 352	3 794
Trade, other receivables and other assets	G4	9 515	7 633	9 131	42 761	26 399	13 692
Derivative financial instruments	F1(b)	8 099	9 394	6 273	8 193	9 629	6 348
Cash and cash equivalents		10 727	6 681	6 700	21 506	19 621	18 613
Assets held for sale	G9	–	–	–	698	–	268
Total assets		883 010	808 416	828 941	1 022 751	944 640	925 992
Liabilities							
Insurance contract liabilities	F2.3	557 618	523 954	547 845	557 779	523 481	547 444
Reinsurance contract liabilities	F2.3	34	18	8	598	497	448
Investment contract liabilities	F2.8	226 262	190 494	193 433	229 182	194 141	197 137
Third-party interests in consolidated funds		–	–	–	96 439	102 100	77 929
Borrowed funds	F3	10 486	9 024	8 474	10 486	9 024	8 474
Provisions	G5	1 368	1 109	1 178	1 430	1 176	1 263
Contract liabilities	G6	110	99	86	312	310	258
Deferred tax liabilities	G7(b)	3 812	2 046	5 385	4 565	2 777	6 061
Current tax payable		191	434	310	217	442	330
Amounts due to Group companies	H1(c)	465	472	2 562	466	480	2 563
Trade, other payables and other liabilities	G8	46 087	44 575	34 747	88 339	76 713	52 261
Derivative financial instruments	F1(b)	11 473	12 384	7 762	11 498	12 384	7 814
Total liabilities		857 906	784 609	801 790	1 001 311	923 525	901 982
Net assets		25 104	23 807	27 151	21 440	21 115	24 010
Shareholders' equity							
Equity attributable to the equity holders of the parent		25 104	23 807	27 151	20 724	20 443	23 521
Non-controlling interests							
Ordinary shares		–	–	–	716	672	489
Total non-controlling interests		–	–	–	716	672	489
Total equity		25 104	23 807	27 151	21 440	21 115	24 010

¹ These numbers have been restated; refer to note K



Separate and consolidated statements of cash flows

For the year ended 31 December

Rm	Notes	Separate		Consolidated	
		2023	2022	2023	2022
Cash flows from operating activities					
Profit/(loss) before tax		8 482	589	7 685	1 447
Non-cash movements in profit before tax	16	(51 045)	36 554	(45 829)	40 180
Net changes in working capital	16	54 956	(16 642)	32 336	5 302
Taxation paid		(1 929)	(2 255)	(2 293)	(2 616)
Net cash inflow/(outflow) from operating activities		10 464	18 246	(8 101)	44 313
Cash flows from investing activities					
Net (acquisition)/disposal of financial investments		(6 636)	(8 056)	13 447	(32 305)
Acquisition of investment properties		(3)	(12)	(2 312)	(640)
Acquisition of property, plant and equipment		(336)	(432)	(351)	(654)
Proceeds from disposal of property, plant and equipment		85	67	85	66
Acquisition of intangible assets		(874)	(623)	(910)	(663)
Acquisition of interests in subsidiaries, associated undertakings and joint ventures		–	–	(3)	–
Proceeds from disposal of interests in subsidiaries, associated undertakings and joint ventures		–	–	85	–
Net cash (outflow)/inflow from investing activities		(7 764)	(9 056)	10 041	(34 196)
Cash flows from financing activities					
Dividends paid to company's shareholders		(3 550)	(5 480)	(3 550)	(5 480)
Dividends paid to NCI		–	–	(7)	–
Lease repayments		(134)	(155)	(139)	(157)
Interest paid		(959)	(550)	(961)	(552)
Proceeds from issue of subordinated and other debt	F3	1 500	1 610	1 500	1 610
Subordinated and other debt repaid	F3	–	(977)	–	(977)
Net cash outflow from financing activities		(3 143)	(5 552)	(3 157)	(5 556)
Net cash (outflow)/inflow for the period		(443)	3 638	(1 218)	4 561
Effects of exchange rate changes on cash and cash equivalents		126	89	185	83
Cash and cash equivalents at beginning of the period		31 163	27 436	44 604	39 960
Cash and cash equivalents at end of the period		30 846	31 163	43 571	44 604
Comprising					
Cash and cash equivalents included in investment and securities		20 119	24 482	22 065	24 983
Cash and cash equivalents		10 727	6 681	21 506	19 621
Total cash and cash equivalents		30 846	31 163	43 571	44 604



Statements of changes in equity

For the year ended 31 December 2023

Rm	Separate							
	Share capital	Share premium	Property revaluation reserve	Share-based payments reserve	Liability credit reserve ²	Translation reserves	Retained earnings	Total equity
Balance at 31 December 2021¹	8	6 415	(40)	-	(335)	64	26 966	33 078
Adjustment on initial application of IFRS 17, net of tax	-	-	40	-	-	-	(5 967)	(5 927)
Restated opening balance	8	6 415	-	-	(335)	64	20 999	27 151
Profit after tax	-	-	-	-	-	-	1 656	1 656
Other comprehensive (loss)/income	-	-	-	-	(42)	32	(134)	(144)
Dividends ³	-	-	-	-	-	-	(5 480)	(5 480)
Share-based payment reserve movements	-	-	-	137	-	-	-	137
Other movements ⁴	-	-	-	-	-	-	487	487
Total changes	-	-	-	137	(42)	32	(3 471)	(3 344)
Balance at 31 December 2022	8	6 415	-	137	(377)	96	17 528	23 807
Profit after tax	-	-	-	-	-	-	4 620	4 620
Other comprehensive (loss)/income	-	-	-	-	(2)	48	3	49
Dividends ³	-	-	-	-	-	-	(3 550)	(3 550)
Share-based payment reserve movements	-	-	-	113	-	-	-	113
Other movements	-	-	-	-	-	-	65	65
Total changes	-	-	-	113	(2)	48	1 138	1 297
Balance at 31 December 2023	8	6 415	-	250	(379)	144	18 666	25 104

Rm	Consolidated								
	Share capital	Share premium	Property revaluation reserve	Share-based payments reserve	Liability credit reserve ²	Translation reserves	Retained earnings	Non-controlling interest	Total equity
Balance at 31 December 2021¹	8	6 415	(40)	-	(335)	136	23 424	489	30 097
Adjustment on initial application of IFRS 17, net of tax	-	-	40	-	-	-	(6 127)	-	(6 087)
Restated opening balance	8	6 415	-	-	(335)	136	17 297	489	24 010
Profit after tax for the financial year	-	-	-	-	-	-	2 025	69	2 094
Other comprehensive (loss)	-	-	-	-	(42)	(87)	(132)	-	(261)
Dividends ³	-	-	-	-	-	-	(5 480)	(7)	(5 487)
Share-based payment reserve movements	-	-	-	137	-	-	-	-	137
Other movements ⁴	-	-	-	-	-	380	121	121	622
Total changes	-	-	-	137	(42)	293	(3 466)	183	(2 895)
Balance at 31 December 2022	8	6 415	-	137	(377)	429	13 831	672	21 115
Profit after tax for the financial year	-	-	-	-	-	-	3 393	12	3 405
Other comprehensive (loss)/income	-	-	-	-	(2)	196	55	32	281
Transactions with the owners of the Company									
Dividends ³	-	-	-	-	-	-	(3 550)	(7)	(3 557)
Share-based payment reserve movements	-	-	-	113	-	-	-	-	113
Other movements	-	-	-	-	-	-	76	7	83
Total changes	-	-	-	113	(2)	196	(26)	44	325
Balance at 31 December 2023	8	6 415	-	250	(379)	625	13 805	716	21 440

¹ These numbers have been restated; refer to note K.

² In the liability credit reserve, the Group recognises fair value gains and losses on the borrowed funds designated at fair value through profit or loss. The cumulative fair value gains and losses as a result of changes in the credit risk of the issued bonds are recognised in other comprehensive income and not in profit or loss. The balance of the total fair value gains and losses on these instruments is recognised in profit or loss. Refer to notes D4 and F3(b) for information regarding amounts repaid.

³ The Company declared and paid dividends on ordinary shares amounting to R3 550 million (2022: R5 480 million) and dividends on preference shares amounting to Rnil million (2022: Rnil) during the year. The ordinary dividends for the year ended 31 December 2023 were paid in cash.

⁴ Included in other movements in retained earnings is the settlement of a share-based payment with Old Mutual South Africa Management Incentive Trust (a related party to the Group).

Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

A: Material accounting policies

A1: Basis of preparation

1.1 Statement of compliance

Old Mutual Life Assurance Company (South Africa) Limited is a company incorporated in South Africa.

The financial statements for the year ended 31 December 2023 consolidate the results of the Company and its subsidiaries (together the Group) and equity accounts for the Group's interest in associates and joint ventures (other than those held by investment-linked insurance funds and investments in venture capital divisions which are accounted for as investments at fair value through profit or loss).

The consolidated and separate financial statements (financial statements) comprise the consolidated and separate statements of financial position at 31 December 2023, the consolidated and separate income statements, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year ended 31 December 2023 and explanatory notes to the consolidated and separate financial statements. The financial statements are prepared on the going concern basis, which the directors believe is appropriate, taking into account the Group's most recent business plan and the capital and liquidity position. The financial statements were approved by the Board of directors on 26 March 2024.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), including interpretations of IFRS as issued by the IFRS Interpretations Committee (IFRIC), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements, and requirements of the Companies Act, 71 of 2008 (Companies Act).

The annual financial statements fairly present, in all material respects, the financial position, financial performance and cash flows of the Group in terms of the IFRS.

Only material information, as determined using the Group's internal framework for materiality, has been included in these annual financial statements. The Group's internal framework for materiality was developed taking into cognisance, the requirements of IFRS, the JSE Listings Requirements as well as other relevant statutory reporting requirements applicable to the Group. Information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of these financial statements make based on these financial statements.

The Group presents separately each material class of similar items. The Group also presents separately items of a dissimilar nature or function unless they are immaterial.

If a line item is not individually material, it is aggregated with other items either in these financial statements or in the notes. An item that is not sufficiently material to warrant separate presentation in the primary statements may warrant separate presentation in the notes.

When applying the IFRS the Group shall decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. The Group does not reduce the understanding of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

IFRS specifies information that is required to be included in the financial statements, which include the notes. The Group does not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material and could detract from providing meaningful and concise financial statements. This is the case even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Group may also provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

The principal accounting policies applied in the preparation of the consolidated and separate financial statements are set out and included in the specific notes to which they relate. These policies have been consistently applied. The consolidated and separate financial statements have been prepared under the historical cost convention modified to include the fair valuation of investment property and particular financial instruments to the extent required or permitted under IFRS as set out in the relevant accounting policies.

Amounts are stated in millions of rand (Rm), which is the presentation and the functional currency of the Company.

1.2 Comparative information

Comparative information presented at and for the year ended 31 December 2022 within these financial statements is consistent with the Group's audited consolidated financial statements for the year ended 31 December 2022, unless otherwise restated/represented as indicated.

IFRS 17 *Insurance Contracts* is effective for annual reporting periods starting 1 January 2023 and has been adopted by the Group. The impact of IFRS 17 has been included in note K and comparative information has been restated accordingly.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

A: Material accounting policies continued

A1: Basis of preparation continued

1.3 Accounting policy elections

The following material accounting policy elections have been made by the Company:

Area	Details
Financial instruments	The Group has elected to designate certain financial assets and liabilities at fair value through profit or loss to reduce the accounting mismatch that would arise otherwise. This measurement election is typically utilised with respect to financial assets held to support liabilities in respect of contracts with policyholders. Regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting.
Investment properties	The Group has elected to recognise all investment properties at fair value, with changes in fair value being recognised in profit or loss.
Property, plant and equipment	Land and buildings are stated at revalued amounts, being fair value less subsequent depreciation and impairment. Revaluation surpluses are recognised in equity, through other comprehensive income. When the property is disposed of, the cumulative revaluation surplus is transferred directly to retained earnings. On transition to IFRS 17, the Group no longer applies shadow accounting to insurance-related assets and liabilities. The Group now measures owner-occupied properties that are underlying items of direct participating contracts as assets at fair value through profit or loss to reduce accounting mismatches with the measurement of related contracts. Previously, owner-occupied properties were measured at revalued amounts less accumulated depreciation less any impairment losses. Plant and equipment are carried at cost less accumulated depreciation.
Investment in venture capital divisions and investment-linked insurance funds	In venture capital divisions and investment-linked insurance funds, the Group has elected to carry associate and joint-venture entities at fair value through profit or loss and these are included within investment and securities.
Investments in subsidiaries, associated undertakings and joint ventures	The Group has elected to recognise these investments at fair value in the Company's financial statements.

1.4 Going concern

The Group has performed a detailed going concern assessment in order to support the 2023 annual reporting process. This assessment has relied on the Group's 2024 to 2026 business plan and has considered the profitability, liquidity and solvency projections over the plan period together with other items that may impact the business' ability to continue as a going concern. The business plan delivered strong shareholder value creation while maintaining stable capital and solvency positions throughout the projection period.

No material uncertainty in relation to the ability to continue as a going concern has been identified. The directors therefore consider it appropriate for the going concern basis to be adopted in preparing the annual financial statements.

1.5 Foreign currency translation

Translation of foreign operations into the Group's presentation currency

The assets and liabilities held by foreign branches to support liabilities in respect of contracts with policyholders are translated from their respective functional currencies into the Group's presentation currency, using the period-end exchange rates, and their income and expenses using the average exchange rates for the year. Cumulative unrealised gains or losses resulting from translation of functional currencies to the presentation currency are included as a separate component of shareholders' equity. Upon the disposal of subsidiaries, the cumulative amount of exchange differences deferred in shareholders' equity is recognised in profit or loss.

The exchange rates used to translate the operating results, assets and liabilities of key foreign businesses to rand are:

	Year ended 31 December 2023		Year ended 31 December 2022	
	Income statement (average rate)	Statement of financial position (closing rate)	Income statement (average rate)	Statement of financial position (closing rate)
Pound sterling	22.9435	23.3763	20.1673	20.5865
US dollar	18.4525	18.3621	16.3700	17.0374

A2: Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The critical accounting estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the preparation of the consolidated financial statements of Old Mutual Life Assurance Company (South Africa) Limited for the year ended 31 December 2023.

The following sets out the items that require the Group to make critical estimates and judgements in the application of the relevant accounting policy, with additional detail provided below on key accounting judgements applied in the current year.

Critical accounting estimates and judgements	Accounting policy reference
Measurement of insurance and reinsurance assets and liabilities	F2
Fair value measurement of financial assets and liabilities	D2
Estimation of uncertain tax positions	C7
Investments in subsidiaries, associated undertakings and joint ventures	H1/H2
Impairment of goodwill and other intangible assets	G1
Fair value of property assets	G2(b)

A3: Liquidity analysis of the separate and consolidated statement of financial position

The separate and consolidated statements of financial position are in order of liquidity as is permitted by IAS 1 *Presentation of Financial Statements*.

Separate and consolidated statements of financial position captions generally expected to be recovered no more than 12 months after the reporting date are classified as current and as non-current if the expected recovery or settlement date is more than 12 months after the reporting date. The analysis of significant separate and consolidated statements of financial position captions into current and non-current are disclosed in the individual notes to which they relate.

A4: Items labelled as 'Other'

Where items have been found to be individually immaterial, they have been disclosed under the 'Other' category. Where applicable, footnotes have also been added to reflect the nature of these amounts and/or the major balances contained within these line items.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

A: Material accounting policies continued

A5: Impairment of investments and loss on disposal of subsidiaries

Changes of interest in subsidiaries in the Group financial statements

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company. When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Impairment of associates and joint ventures in the Group financial statements

The Group assesses at each reporting date whether there is objective evidence that the investment in associate or a joint venture is impaired. If such evidence of impairment exists, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value.

B: Segment information

B1: Basis of segmentation

Segments as presented represent the OMLACSA contribution to the segments of the Old Mutual Limited Group.

1.1 Segment presentation

The executive management team of Old Mutual Limited, with the support of the Board, is responsible for the assessment of performance and the allocation of resources for the continuing business operations during the year under review. The Group has identified the Chief Operating Decision Maker (CODM) to be the executive management team of Old Mutual Limited. The Group's operating segments have been identified based on the internal management reporting structure which is reflective of the nature of products and services as well as the target customer base. The managing directors of the operating segments form part of the executive team. Therefore, the CODM, being the executive team of Old Mutual Limited, is structured in a way reflective of the internal reporting structure.

The Group manages its business through the following operational segments, which are supported by central shareholder activities and enabling functions:

- » **Mass and Foundation Cluster:** A retail segment that operates in Life and Savings. It provides simple financial services products to customers in the low-income and lower-middle-income markets. These products are divided into four categories: (i) risk, including funeral cover, (ii) savings, (iii) lending and (iv) transactional products.
- » **Personal Finance and Wealth Management:** Personal Finance is a retail segment that operates primarily in Life and Savings. It provides holistic financial advice and long-term savings, investment, income and risk products and targets the middle-income market. Wealth Management is a retail segment targeting high-income and high-net-worth individuals that provides vertically integrated advice, investment solutions and funds, and other financial solutions.
- » **Old Mutual Investments:** Operates across Asset Management through three distinct businesses: (i) Asset Management comprising eight investment boutiques that provide asset management services to retirement and benefit funds and the retail market in partnership with Wealth, (ii) Alternatives, an unlisted alternatives investment business, and (iii) Specialised Finance, a proprietary risk and investment capability which manages and supports the origination of assets.
- » **Old Mutual Corporate:** Operates in Life and Savings and primarily provides Group risk, investments, annuities and consulting services to employee-sponsored retirement and benefit funds.
- » **Other Group Activities:** Comprises the activities related to the management of the Group's capital structure. This includes the management of shareholder investment assets including the associated shareholder investment return, intercompany eliminations and third-party borrowings including the associated finance costs.

1.2 Presentation and disclosure

Profit before tax, together with items such as investment return, finance costs and income from associated undertakings, measure the operational performance of the Group.

B2: Segmental income statement

For the year ended 31 December 2023 Rm	Consolidated						Total
	Mass and Foundation Cluster	Personal Finance and Wealth Manage- ment	Old Mutual Invest- ments	Old Mutual Corporate	Other Group activities and inter- company eliminations	Conso- lidation of funds	
Insurance service result							
Insurance revenue	10 490	17 624	-	10 620	-	-	38 734
Insurance service expenses	(8 498)	(13 332)	-	(7 370)	(59)	-	(29 259)
Net (expenses) from reinsurance contracts	65	55	-	(841)	-	-	(721)
Total insurance service result	2 057	4 347	-	2 409	(59)	-	8 754
Investment result							
Net investment return	2 282	67 904	5 922	32 047	(16 233)	14 399	106 321
Net finance (expenses) from insurance contracts	(2 822)	(37 002)	-	(22 888)	(141)	-	(62 853)
Net finance (expenses)/ income from reinsurance contracts	(4)	219	-	142	-	-	357
Change in investment contract liabilities	(3)	(12 203)	(5 620)	(6 428)	189	-	(24 065)
Change in third-party interest in consolidated funds	-	-	-	-	-	(12 562)	(12 562)
Total net investment result	(547)	18 918	302	2 873	(16 185)	1 837	7 198
Non-insurance revenue and income							
Fee and commission income, and income from service activities	33	5 610	735	293	(801)	(677)	5 193
Other income	75	313	13	864	660	31	1 956
Total non-insurance revenue and income	108	5 923	748	1 157	(141)	(646)	7 149
Non-insurance expenses							
Credit impairment charges	(1)	(107)	-	(11)	(8)	-	(127)
Finance costs	-	-	-	-	(906)	-	(906)
Other operating and administrative expenses	(517)	(15 184)	(8 052)	(4 294)	14 961	(1 191)	(14 277)
Total non-insurance expenses	(518)	(15 291)	(8 052)	(4 305)	14 047	(1 191)	(15 310)
Share of gains of associated undertakings and joint ventures after tax	1	2	-	10	(119)	-	(106)
Impairment of investments in associated undertakings	-	-	-	-	-	-	-
Loss on disposal of subsidiaries and associated undertakings	-	-	-	-	-	-	-
Profit before tax	1 101	13 899	(7 002)	2 144	(2 457)	-	7 685

Total inter-segments revenue included in total revenue is as follows: Mass and Foundation Cluster is R1 371 million (2022: R994 million), Personal Finance and Wealth Management is R11 523 million (2022: R5 711 million), Old Mutual Investments is R5 269 million (2022: R4 995 million), Old Mutual Corporate is R5 880 million (2022: R10 043 million) and Other Group activities is R9 108 million (2022: R6 613 million). The Group accounts for inter-segment revenues and transfers as if these transactions were with third parties.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

B: Segment information continued B2: Segmental income statement continued

For the year ended 31 December 2022 Rm	Consolidated						Total
	Mass and Foundation Cluster	Personal Finance and Wealth Manage- ment	Old Mutual Invest- ments	Old Mutual Corporate	Other Group activities and inter- company eliminations	Conso- li-dation of funds	
Insurance service result							
Insurance revenue	9 668	17 066	–	10 421	–	–	37 155
Insurance service expenses	(8 208)	(13 253)	–	(7 868)	59	–	(29 270)
Net income/(expenses) from reinsurance contracts	30	18	–	(304)	–	–	(256)
Total insurance service result	1 490	3 831	–	2 249	59	–	7 629
Investment result							
Net investment return	(10)	(12 083)	5 624	8 245	(1 650)	3 585	3 711
Net finance expenses from insurance contracts	(1 183)	(1 957)	–	(4 760)	141	–	(7 759)
Net finance income/ (expenses) from reinsurance contracts	1	(105)	–	109	–	–	5
Change in investment contract liabilities	(5)	12 096	(5 039)	(836)	(191)	–	6 025
Change in third-party interest in consolidated funds	–	–	–	–	–	(2 016)	(2 016)
Total net investment result	(1 197)	(2 049)	585	2 758	(1 700)	1 569	(34)
Non-insurance revenue and income							
Fee and commission income, and income from service activities	32	4 787	497	392	(647)	(637)	4 424
Other income	55	224	17	720	991	131	2 138
Total non-insurance revenue and income	87	5 011	514	1 112	344	(506)	6 562
Non-insurance expenses							
Credit impairment charges	3	(18)	–	40	(235)	–	(210)
Finance costs	–	–	–	–	(532)	–	(532)
Other operating and administrative expenses	(522)	(10 806)	(6 188)	(3 684)	10 417	(1 063)	(11 846)
Total non-insurance expenses	(519)	(10 824)	(6 188)	(3 644)	9 650	(1 063)	(12 588)
Share of gains of associated undertakings and joint ventures after tax	1	2	–	10	(130)	–	(117)
Loss on disposal of subsidiaries and associated undertakings	(1)	(1)	–	(3)	–	–	(5)
Profit before tax	(139)	(4 030)	(5 089)	2 482	8 223	–	1 447

B3: Segmental statement of financial position

At 31 December 2023 Rm	Consolidated						Total
	Mass and Foundation Cluster	Personal Finance and Wealth Manage- ment	Old Mutual Invest- ments	Old Mutual Corporate	Other Group activities and other inter- company elimination	Conso- li-dation of funds	
Insurance contract assets (Note F2)	3 083	1 493	–	162	–	–	4 738
Life risk and annuities	3 083	1 493	–	162	–	–	4 738
Other assets	34 009	468 348	75 233	310 004	7 849	122 570	1 018 013
Total assets¹	37 092	469 841	75 233	310 166	7 849	122 570	1 022 751
Insurance contract liabilities (note F2)	(30 535)	(322 243)	–	(205 001)	–	–	(557 779)
Life risk and annuities	(5 707)	(52 604)	–	(23 409)	–	–	(81 720)
Life savings	(24 828)	(269 639)	–	(181 592)	–	–	(476 059)
Investment contract liabilities	(50)	(103 871)	(64 732)	(62 140)	1 611	–	(229 182)
Other liabilities	(4 882)	(38 482)	(10 496)	(42 022)	4 102	(122 570)	(214 350)
Total liabilities	(35 467)	(464 596)	(75 228)	(309 163)	5 713	(122 570)	(1 001 311)
Net assets	1 625	5 245	5	1 003	13 562	–	21 440

At 31 December 2022 Rm	Consolidated						Total IFRS
	Mass and Foundation Cluster	Personal Finance and Wealth Manage- ment	Old Mutual Invest- ments	Old Mutual Corporate	Other Group activities and other inter- company elimination	Conso- li-dation of funds	
Insurance contract assets (note F2)	2 057	1 168	–	211	–	–	3 436
Life risk and annuities	2 057	1 168	–	211	–	–	3 436
Other assets	32 607	428 562	71 245	282 557	6 436	119 797	941 204
Total assets¹	34 664	429 730	71 245	282 768	6 436	119 797	944 640
Insurance contract liabilities (note F2)	(28 454)	(301 789)	–	(193 238)	–	–	(523 481)
Life risk and annuities	(5 157)	(46 711)	–	(22 423)	–	–	(74 291)
Life savings	(23 297)	(255 078)	–	(170 815)	–	–	(449 190)
Investment contract liabilities	(46)	(85 264)	(60 463)	(49 880)	1 512	–	(194 141)
Other liabilities	(6 057)	(38 490)	(10 850)	(39 415)	8 706	(119 797)	(205 903)
Total liabilities	(34 557)	(425 543)	(71 313)	(282 533)	10 218	(119 797)	(923 525)
Net assets	107	4 187	(68)	235	16 654	–	21 115

¹ Total assets held for sale included in total assets is as follows: Mass and Foundation Cluster R49 million (2022: R0 million), Personal Finance and Wealth Management R84 million (2022: R0 million), Old Mutual Corporate R565 million (2022: R0 million)



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

C: Separate and consolidated income statement notes

Accounting policies

The Group provides financial services, such as insurance and asset management services to our customers. Fees and commission from asset management services are accounted for as revenue from contracts with customers, while revenue from insurance contracts is accounted for in accordance with the accounting policies for insurance contracts, refer to note F2. Investment returns (fair value gains or losses, interest income and dividend income) earned on behalf of shareholders and customers are recognised in accordance with the accounting policies for financial instruments (note D).

Basic revenue recognition principle

The Group recognises revenue from contracts with customers based on the amount expected to be received from customers when the performance obligations agreed to by the Group have been satisfied. Performance obligations are satisfied through the transfer of the promised services to the customer. The Group transfers the promised service over time or at a point in time depending on the nature of the promised services. In the majority of instances, the performance obligations are satisfied as the Group renders the agreed financial services to its customers over time.

Asset management

Revenue from asset management consists of asset management fees, performance fees and administration fees. Fees are recognised as revenue over time as the Group provides the services. When the Group receives up-front payments for services to be rendered in the future, the payments are accounted for as contract liabilities.

If the amount of the fee can be reliably estimated, the Group recognises revenue over time as the services are rendered. If the fee cannot be reliably estimated, the recognition of fees is delayed until significant uncertainty regarding the Group's entitlement to the fee and the measurement of the fee have been resolved.

Fee and commission income is earned through providing asset management and related investment administration services to customers.

Fee and commission income is primarily based on funds under management, investment commitment values or amounts drawn from investors. Fee and commission income is generally recognised over time, on a monthly basis, as the services are rendered. Fee and commission income earned from collective investment schemes is recognised over time, on a daily basis, as the services are rendered.

Fee and commission income is generally realised during the first work week of the month succeeding the period of service. In some instances, fee and commission income is realised between 30 and 45 days in arrears or as agreed with our customers. Fee and commission income is realised through a reduction from our customers' investment portfolios or through a separate invoice and collection process.

In some instances, an initial fee is charged to the customers when entering into an investment agreement with the Group. The initial fee is collected as a reduction from the initial amount invested with the Group or through a separate payment made by the customer. Initial fees, which exceed the level of recurring fees and relate to the future provision of services are deferred and amortised over periods between five and ten years as the services are rendered.

The Group earns transaction fees from assisting customers with specific transactions on their portfolios. These fees are recognised when the transaction has been completed and are realised through a reduction in the customer portfolio.

The Group earns a performance fee if certain performance thresholds and other criteria are met. The performance fee is deducted from the portfolio or is invoiced separately as per the terms of the contract. The rate that the fee and commission income is charged at is agreed upon with our customers in investment mandates.

Contract assets and contract liabilities

A contract asset exists if the Group has recognised revenue, but the amount expected to be received is not yet due from the customer. Contract assets are measured by the amount of revenue recognised. A contract liability (deferred revenue liability) exists if the Group has received or is entitled to consideration in advance of the Group satisfying the performance obligation. The contract liability represents the obligation to provide the agreed services to the customer. The contract liability is recognised as revenue as the Group satisfies the related performance obligation to the customer.

Costs incurred in acquiring investment management service contracts

Incremental costs that are directly attributable to securing an investment management service contract are recognised as assets if the costs can be identified separately, measured reliably and it is probable that the costs will be recovered.

Costs of obtaining contracts are those costs that the Group incurs in acquiring investment management service contracts and are amortised as the related revenue is recognised.

Fee and commission expenses

Fee and commission expenses are those expenses which correspond to any economic benefit, other than clearing and execution services, that an asset manager receives in connection with the Collective Investment Scheme's (CIS) payment of commissions on transactions that involve the CIS portfolio securities. Fees and commissions are typically obtained from, or through, the executing brokerage whereby these costs are also incurred from obtaining sales from third-party agents. These are expensed when sales obtained through agents materialise, a commission will be a percentage of a premium paid where fees include referrals of clients to the Group.

Deferred acquisition costs (DAC)

Incremental costs of obtaining investment contracts with investment management services are capitalised to a DAC asset if they are separately identifiable, can be measured reliably and it is probable that they will be recovered. DAC is amortised to the income statement over the term of the contracts as the related services are rendered and revenue recognised, which varies from year to year depending on the outstanding term of the contracts in force. The DAC asset is tested for impairment bi-annually and written down when it is not expected to be fully recovered from fee income.

Other acquisition costs

These relate to those costs associated with new business in the Group. These costs are essentially incurred and recorded as not deferred due to the short-term nature of new business within the Group.

C1: Insurance service revenue

The Group's insurance service revenue is analysed as follows:

Year ended 31 December 2023	Rm	Notes	Separate		
			Life risk and annuities	Life savings	Total
Contracts not measured under the PAA					
Amounts relating to changes in liabilities for remaining coverage					
			17 982	7 786	25 768
			12 188	422	12 610
			2 166	2 414	4 580
			802	177	979
			2 938	3 434	6 372
			(112)	1 339	1 227
			3 996	1 265	5 261
Contracts not measured under the PAA					
			21 978	9 051	31 029
			6 403	-	6 403
			28 381	9 051	37 432
Separate					
Year ended 31 December 2022	Rm	Notes	Life risk and annuities	Life savings	Total
Contracts not measured under the PAA					
Amounts relating to changes in liabilities for remaining coverage					
			17 334	7 268	24 602
			12 251	423	12 674
			1 983	2 581	4 564
			726	180	906
			2 755	3 468	6 223
			(381)	616	235
			3 916	1 186	5 102
Contracts not measured under the PAA					
			21 250	8 454	29 704
			6 301	-	6 301
			27 551	8 454	36 005



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

C: Separate and consolidated income statement notes continued

C1: Insurance service revenue continued

		Consolidated		
Year ended 31 December 2023		Life risk and annuities	Life savings	Total
Rm	Notes			
Contracts not measured under the PAA				
Amounts relating to changes in liabilities for remaining coverage				
Expected incurred claims		18 817	7 786	26 603
Expected other insurance service expenses		12 416	422	12 838
Change in risk adjustment for non-financial risk for risk expired		2 216	2 414	4 630
CSM recognised for services provided		869	177	1 046
Other amounts relating to changes in liabilities for remaining coverage		3 367	3 434	6 801
Recovery of insurance acquisition cash flows		(51)	1 339	1 288
		3 999	1 265	5 264
		22 816	9 051	31 867
Contracts not measured under the PAA				
Contracts measured under the PAA		6 867	-	6 867
Total insurance revenue		29 683	9 051	38 734
Consolidated				
Year ended 31 December 2022		Life risk and annuities	Life savings	Total
Rm	Notes			
Contracts not measured under the PAA				
Amounts relating to changes in liabilities for remaining coverage				
Expected incurred claims		18 032	7 268	25 300
Expected other insurance service expenses		12 495	423	12 918
Change in risk adjustment for non-financial risk for risk expired		2 024	2 581	4 605
CSM recognised for services provided		789	180	969
Other amounts relating to changes in liabilities for remaining coverage		3 036	3 468	6 504
Recovery of insurance acquisition cash flows		(312)	616	304
		3 923	1 186	5 109
		21 955	8 454	30 409
Contracts not measured under the PAA				
Contracts measured under the PAA		6 746	-	6 746
Total insurance revenue		28 701	8 454	37 155

C2: Net investment result

The tables below analyse the investment result of the Company and the Group by line of business.

		Separate				
Year ended 31 December 2023		Life risk and annuities	Life savings	Investment contracts	Shareholder	Total
Rm	Notes					
Investment return						
Interest and similar income						
Loans and advances		9	-	-	17	26
Investments and securities		8 471	12 371	5 033	1 241	27 116
Cash and cash equivalents		56	105	286	263	710
Total interest and similar income		8 536	12 476	5 319	1 521	27 852
Dividend income from investments and securities		17	6 477	2 217	1 398	10 109
Net fair value (losses)/gains recognised in profit or loss		(3 482)	37 713	17 768	1 341	53 340
Rental income from investment properties	G2(b)	17	5	14	136	172
Net fair value losses on the revaluation of investment property	G2(b)	(6)	-	-	-	(6)
Net foreign currency gains		-	-	36	-	36
Total investment return recognised in profit or loss		5 082	56 671	25 354	4 396	91 503
Net finance (expenses)/income from insurance contracts						
Changes in fair value of underlying items of direct participation contracts		-	(57 915)	-	-	(57 915)
Effects of risk mitigation option		-	11	-	-	11
Interest accreted		(5 685)	(161)	-	-	(5 846)
Effect of changes in interest rates and other financial assumptions		611	-	-	-	611
Effect of measuring changes in estimates at current rates and adjusted CSM at the rate on initial recognition		215	-	-	-	215
Finance expenses from insurance contracts recognised in profit or loss		(4 859)	(58 065)	-	-	(62 924)
Net finance income from reinsurance contracts						
Interest accreted		110	-	-	-	110
Other finance income from reinsurance contracts		257	-	-	-	257
Effect of changes of non-performing risk of reinsurers		-	-	-	-	-
Total finance income from reinsurance contracts recognised in profit or loss		367	-	-	-	367
Change in investment contract liabilities	F2.8	-	-	(23 775)	-	(23 775)
Net investment result recognised in profit or loss		590	(1 394)	1 579	4 396	5 171
The fair value gains shown above are analysed according to their IFRS 9 categorisations as follows:						
Designated and mandatorily at fair value through profit or loss						53 340
Total interest income for assets not at amortised cost (effective interest)						736



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

C: Separate and consolidated income statement notes continued C2: Net investment result continued

Year ended 31 December 2022 Rm	Notes	Separate				Total
		Life risk and annuities	Life savings	Investment contracts	Shareholder	
Investment return						
Interest and similar income						
Loans and advances		–	2	7	–	9
Investments and securities		5 839	10 104	4 214	1 019	21 176
Cash and cash equivalents		21	68	246	142	477
Total interest and similar income		5 860	10 174	4 467	1 161	21 662
Dividend income from investments and securities		11	7 878	2 569	720	11 178
Net fair value losses recognised in profit or loss		(2 321)	(15 589)	(15 658)	(394)	(33 962)
Rental income from investment properties		16	6	1	127	150
Net fair value losses on the revaluation of investment property		(200)	–	–	–	(200)
Net fair value losses on the revaluation of owner-occupied property	G2(a)	–	(213)	–	–	(213)
Net foreign currency losses		–	–	(168)	–	(168)
Net investment return recognised in profit or loss		3 366	2 256	(8 789)	1 614	(1 553)
Net finance (expenses)/income from insurance contracts						
Changes in fair value of underlying items of direct participation contracts		–	(4 563)	–	–	(4 563)
Effects of risk mitigation option		–	(3)	–	–	(3)
Interest accreted		(4 196)	(55)	–	–	(4 251)
Effect of changes in interest rates and other financial assumptions		903	–	–	–	903
Effect of measuring changes in estimates at current rates and adjusted CSM at the rate on initial recognition		122	–	–	–	122
Finance expenses from insurance contracts recognised in profit or loss		(3 171)	(4 621)	–	–	(7 792)
Net finance income/(expenses) from reinsurance contracts						
Interest accreted		19	–	–	–	19
Other finance expenses from reinsurance contracts		(48)	–	–	–	(48)
Effect of changes of non-performing risk of reinsurers		–	–	–	–	–
Net finance expenses from reinsurance contracts recognised in profit or loss		(29)	–	–	–	(29)
Change in investment contract liabilities	F2.8	–	–	6 099	–	6 099
Net investment result recognised in profit or loss		166	(2 365)	(2 690)	1 614	(3 275)
The fair value gains shown above are analysed according to their IFRS 9 categorisations as follows:						
Designated and mandatorily at fair value through profit or loss						(33 962)
Total interest income for assets at amortised cost (effective interest)						486

Year ended 31 December 2023 Rm	Notes	Consolidated					Total
		Life risk and annuities	Life savings	Investment contracts	Shareholder	Consolidation of funds	
Investment return							
Interest and similar income							
Loans and advances		9	–	–	17	–	26
Investments and securities		7 226	12 371	4 728	1 285	3 838	29 448
Cash and cash equivalents		262	105	335	410	–	1 112
Total interest and similar income		7 497	12 476	5 063	1 712	3 838	30 586
Dividend income from investments and securities		150	6 477	2 233	417	2 638	11 915
Net fair value (losses)/gains recognised in profit or loss		(3 439)	37 713	17 781	765	7 923	60 743
Rental income from investment properties	G2(b)	2 245	5	617	136	–	3 003
Net fair value (losses)/gains on the revaluation of investment property	G2(b)	(179)	–	195	–	–	16
Net foreign currency gains		–	–	36	22	–	58
Total investment return recognised in profit or loss		6 274	56 671	25 925	3 052	14 399	106 321
Net finance (expenses)/income from insurance contracts							
Changes in fair value of underlying items of direct participation contracts		–	(57 915)	–	–	–	(57 915)
Effects of risk mitigation option		–	11	–	–	–	11
Interest accreted		(5 620)	(161)	–	–	–	(5 781)
Effect of changes in interest rates and other financial assumptions		618	–	–	–	–	618
Effect of measuring changes in estimates at current rates and adjusted CSM at the rate of initial recognition		214	–	–	–	–	214
Finance expenses from insurance contracts recognised in profit or loss		(4 788)	(58 065)	–	–	–	(62 853)
Net finance income from reinsurance contracts							
Interest accreted		103	–	–	–	–	103
Other finance income from reinsurance contracts		254	–	–	–	–	254
Effect of changes on non-performing risk of reinsurers		–	–	–	–	–	–
Total finance income from reinsurance contracts recognised in profit or loss		357	–	–	–	–	357
Change in investment contract liabilities	F2.8	–	–	(24 065)	–	–	(24 065)
Change in third-party interest in consolidated funds		–	–	–	–	(12 562)	(12 562)
Net investment result recognised in profit or loss		1 843	(1 394)	1 860	3 052	1 837	7 198
The fair value gains shown above are analysed according to their IFRS 9 categorisations as follows:							
Designated and mandatorily at fair value through profit or loss							60 744
Total interest income for assets not at amortised cost (effective interest)							1 138



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

C: Separate and consolidated income statement notes continued

C2: Net investment result continued

Year ended 31 December 2022 Rm	Notes	Consolidated					Total
		Life risk and annuities	Life savings	Investment contracts	Shareholder	Consolidation of funds	
Investment return							
Interest and similar income							
Loans and advances		–	2	7	–	–	9
Investments and securities		4 392	9 794	4 284	1 052	2 568	22 090
Cash and cash equivalents		64	68	413	225	–	770
Total interest and similar income		4 456	9 864	4 704	1 277	2 568	22 869
Dividend income from investments and securities		58	7 878	2 594	505	3 096	14 131
Net fair value losses recognised in profit or loss		(2 335)	(15 762)	(15 750)	(315)	(2 080)	(36 242)
Rental income from investment properties		2 730	6	1	128	–	2 865
Net fair value gains on the revaluation of investment property		446	–	–	–	–	446
Net fair value losses on the revaluation of owner-occupied property	G2(b)	–	(213)	–	–	–	(213)
Net foreign currency losses		–	–	(169)	24	–	(145)
Net investment return recognised in profit or loss		5 355	1 773	(8 620)	1 619	3 584	3 711
Net finance (expenses)/income from insurance contracts							
Changes in fair value of underlying items of direct participation contracts		–	(4 564)	–	–	–	(4 564)
Effects of risk mitigation option		–	(3)	–	–	–	(3)
Interest accreted		(4 157)	(55)	–	–	–	(4 212)
Effect of changes in interest rates and other financial assumptions		901	–	–	–	–	901
Effect of measuring changes in estimates at current rates and adjusted CSM at the rate of initial recognition		119	–	–	–	–	119
Finance expenses from insurance contracts recognised in profit or loss		(3 137)	(4 622)	–	–	–	(7 759)
Net finance income/(expenses) from reinsurance contracts							
Interest accreted		13	–	–	–	–	13
Other finance income from reinsurance contracts		3	–	–	–	–	3
Effect of changes on non-performing risk of reinsurers		(11)	–	–	–	–	(11)
Net finance income from reinsurance contracts recognised in profit or loss		5	–	–	–	–	5
Change in investment contract liabilities		–	–	6 025	–	–	6 025
Change in third-party interest in consolidated funds		–	–	–	–	(2 016)	(2 016)
Net investment result recognised in profit or loss		2 223	(2 849)	(2 595)	1 619	1 568	(34)
The fair value gains shown above are analysed according to their IFRS 9 categorisations as follows:							
Designated and mandatorily at fair value through profit or loss							(36 242)
Total interest income for assets at amortised cost (effective interest)							779



C3: Fee and commission income, and income from service activities

(a) Analysis of fee and commission income, and income from service activities

This note analyses the fees and commission earned by the Group from negotiating or participating in the negotiation of a transaction for third-party, transaction and performance fees earned and administration fees.

Year ended 31 December Rm	Separate		Consolidated	
	2023	2022	2023	2022
Fee and commission income	3 040	2 310	5 105	4 386
Transaction and performance fees	–	–	80	62
Administration fees ¹	(3)	(8)	8	(24)
	3 037	2 302	5 193	4 424

¹ Administration fees are negative due to deferred fee income exceeding the amount recycled through the income statement in the period

C4: Revenue from contracts with customers

IFRS 15 revenue

Fee and commission income

The fees and commission income are earned from negotiating a transaction from third parties, transaction and performance fees earned and the movement in deferred origination fee.

The judgements used in deferred origination fees include the period over which the origination fee is deferred.

Contract assets and contract liabilities

A contract asset exists if the Group has recognised revenue, but the amount expected to be received is not yet due from the customer. Contract assets are measured at the amount of revenue recognised. A contract liability (deferred revenue liability) exists if the Group has received or is entitled to consideration in advance of the Group satisfying the performance obligation. The contract liability represents the obligation to provide the agreed services to the customer. The contract liability is recognised as revenue as the Group satisfies the related performance obligations to the customer.

Non-IFRS 15 revenue

Insurance

Insurance service revenue is recognised using IFRS 17. The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. Refer to note F for the detailed accounting policies applied.

Investment return

This consists of interest and similar income that is recognised under IFRS 9. This includes interest income from Loans and advances, Investment and securities and Cash and cash equivalents. Also included are estimates and judgements around credit risk, the risk of default and the time value of money. There are no judgements made around dividends receivable as they only become receivable when declared. There are no material financial assets that are measured in other foreign currencies.

Other income

This includes income arising in the course of the Group's ordinary activities and has not been included in the items above.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

C: Separate and consolidated income statement notes continued

C4: Revenue from contracts with customers continued

Revenue from contracts with customers

Revenue from contracts with customers is disaggregated by primary segment and type of revenue. The Group believes it best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

The Group does not apply significant judgements to determine the costs incurred to obtain or fulfil contracts with customers. Revenue from contracts with customers is assessed if they contain contract assets. These assets are disclosed in note G3.

Year ended 31 December 2023 Rm	Consolidated						Total
	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Other Group activities and inter-company eliminations	Consolidation of funds	
Revenue from contracts with customers							
Fee and commission income	33	5 527	540	293	(611)	(677)	5 105
Transaction and performance fees	-	75	195	-	(190)	-	80
Administration fees	-	8	-	-	-	-	8
Fee and commission income, and income from service activities	33	5 610	735	293	(801)	(677)	5 193
Non-IFRS 15 revenue							
Insurance	10 490	17 624	-	10 620	-	-	38 734
Investment return and other	2 357	68 217	5 935	32 911	(15 573)	14 430	108 277
Total revenue from other activities	12 847	85 841	5 935	43 531	(15 573)	14 430	147 011
Total revenue	12 880	91 451	6 670	43 824	(16 374)	13 753	152 204

Year ended 31 December 2022 Rm	Consolidated						Total
	Mass and Foundation Cluster	Personal Finance and Wealth Management	Old Mutual Investments	Old Mutual Corporate	Other Group activities and inter-company eliminations	Consolidation of funds	
Revenue from contracts with customers							
Fee and commission income	32	4 753	451	392	(605)	(637)	4 386
Transaction and performance fees	-	58	46	-	(42)	-	62
Administration fees	-	(24)	-	-	-	-	(24)
Fee and commission income, and income from service activities	32	4 787	497	392	(647)	(637)	4 424
Non-IFRS 15 revenue							
Insurance	9 668	17 066	-	10 421	-	-	37 155
Investment return and other	45	(11 859)	5 641	8 965	(659)	3 716	5 849
Total revenue from other activities	9 713	5 207	5 641	19 386	(659)	3 716	43 004
Total revenue	9 745	9 994	6 138	19 778	(1 306)	3 079	47 428

C5: Finance costs

Finance costs include interest payable and gains and losses on revaluation of borrowed funds and on those derivative instruments which are used as economic hedges.

Year ended 31 December Rm	Separate		Consolidated	
	2023	2022	2023	2022
Interest on borrowed funds	936	526	937	526
Subordinated debt	936	526	937	526
Fair value (losses)/gains on borrowed funds and derivative instruments	(32)	6	(31)	6
Borrowed funds	(40)	(125)	(40)	(125)
Derivative instruments used as economic hedges	8	131	9	131
Total finance costs on debt instruments	904	532	906	532
The fair value (losses)/gains shown above are analysed according to their IFRS 9 categorisations as follows:				
Designated and mandatory at fair value through profit or loss	(32)	6	(31)	6

C6: Other operating and administrative expenses

This note gives further detail on the items included within other operating and administrative expenses.

Year ended 31 December Rm	Notes	Separate		Consolidated	
		2023	2022	2023	2022
Staff costs	C6(b)	6 138	5 191	6 369	5 474
Fee and commission expense and other acquisition costs		7 121	5 347	7 271	5 672
Depreciation	G2(a)	249	283	270	304
Computer, software and processing costs		2 036	1 772	2 079	1 811
Amortisation of other intangible assets and internally developed software	G1(d)	405	418	442	458
Impairment of goodwill and other intangible assets	G1(d)	-	-	-	4
Lease rentals – short-term and low-value assets		19	13	19	13
Asset management expenses		1 935	818	2 564	1 489
Technical and professional fees		814	734	846	796
Outsourcing expenses		13	12	209	185
Travel and entertainment expense – third party		175	120	178	123
(Reversal of impairment)/impairment of fixed assets	G2(a)	(134)	400	(134)	400
Auditors' remuneration – fees for audit service		90	62	90	62
Auditors' remuneration – fees for non-audit service		1	-	1	-
Other ¹		2 697	2 496	6 602	5 602
Total operating and administration expenses		21 559	18 384	26 806	23 111
Less: Amounts attributed to insurance acquisition cash flows		(6 630)	(5 883)	(6 783)	(5 998)
Other insurance service expenses		(5 509)	(4 991)	(5 746)	(5 267)
Other operating and administration expenses		9 420	7 510	14 277	11 846

¹ Included in other are finance costs of R168 million (2022: R77 million) in the separate and R853 million (2022: R589 million) in the consolidated income statements. This includes interest relating to funding that supports the operations (funding within policyholder investments) of R144 million (2022: R59 million) and interest on lease liabilities of R25 million (2022: R18 million) for OMLACSA separate. Included for OMLACSA Group is interest relating to funding that supports the operations of R828 million (R569 million) and interest on lease liabilities of R26 million (2022: R20 million).



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

C: Separate and consolidated income statement notes continued

C6: Other operating and administrative expenses continued

(a) Analysis of expenses

Total expenses consist of the following:

Year ended 31 December Rm	Notes	Separate		Consolidated	
		2023	2022	2023	2022
Insurance service expenses	F2.5	28 625	28 463	29 259	29 270
Claims and benefits		16 880	17 042	17 169	17 473
Other insurance service expense		5 276	4 851	5 513	5 129
Other insurance service expenses reallocated from operating and administration expenses		5 509	4 990	5 746	5 266
Expenses allocated to the loss component of the liability for remaining coverage		(233)	(140)	(233)	(138)
Losses and reversal of losses on onerous contracts		852	1 175	850	1 207
Amortisation of insurance acquisition cash flows		5 617	5 395	5 727	5 461
Other operating and administration expenses	C6	9 420	7 510	14 277	11 846
Total expenses		38 045	35 973	43 536	41 116

The table below provides the disaggregation of insurance service expenses by line of business:

Year ended 31 December Rm		Separate		Consolidated	
		2023	2022	2023	2022
Life risk and annuities		23 805	24 085	24 439	24 892
Life savings		4 820	4 378	4 820	4 378
Insurance service expenses		28 625	28 463	29 259	29 270

(b) Staff costs

Year ended 31 December Rm	Notes	Separate		Consolidated	
		2023	2022	2023	2022
Wages and salaries		4 291	3 961	4 484	4 187
Social security costs		25	25	26	25
Retirement obligations	11(d)	177	145	177	167
Bonus and incentive remuneration		723	586	746	632
Share-based payments					
Cash settled	12(f)	339	87	339	87
Equity settled	12(f)	180	88	180	88
Other		403	299	417	288
		6 138	5 191	6 369	5 474

C7: Income tax expense

Current tax

Included in the current tax charge are amounts relating to:

- » Normal income tax
- » Taxes payable on behalf of policyholders
- » Withholding tax borne by the Group

Current tax is the expected tax payable on the 'taxable income' as contemplated for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Group is subject to income taxes in numerous jurisdictions. The calculation of the Group's tax charge and worldwide provisions for income tax, necessarily involve a degree of estimation and judgement. At any given time, the Group typically has a number of open tax returns with various tax authorities and engages in active dialogue to resolve this. Taxation provisions relating to these open items are recognised based on the Group's estimate of the most likely outcome, after taking into account external advice where appropriate. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact profit or loss, current and deferred income tax assets and liabilities in the period that such determination is made.

C7: Income tax expense continued

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts required to be used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised for tax losses carried forward, only to the extent that realisation of the related tax benefit is probable, where on the basis of all available evidence, it is considered more likely than not that there will be suitable taxable profits against which the reversal of the deferred tax asset can be applied. In certain circumstances, as permitted by accounting guidance, deferred tax balances are not recognised. In particular, where the liability relates to the initial recognition of goodwill or transactions that are not 'business combinations' as contemplated and at the time of their occurrence, affect neither accounting nor taxable profits.

Deferred tax relating to items recognised outside profit or loss (for example, items adjusted against retained income) is accounted for on a similar basis. Deferred tax is recognised in alignment with the underlying transaction, either in other comprehensive income or directly in equity, as appropriate.

Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

Dividends tax

In South Africa, dividends tax is levied on the recipient of a dividend unless an exemption from this tax applies. In terms of the dividends tax provisions, the tax is withheld at a rate of 20% in the hands of certain qualifying shareholders, rather than in the hands of the entity which declares such dividend. As such, where dividends are declared and paid by the Group, the Group does not recognise dividends tax. Life insurers are subject to dividends tax in respect of dividends allocated to the Individual Policyholder Fund. The dividends tax is levied on the entity at a rate of 20% and is attributable to policyholder funds. This has been included in the current tax charge as withholding taxes.

Tax laws substantially enacted

In terms of IAS 12, both current and deferred tax assets and liabilities are to be valued applying the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Changes in tax laws should be regarded as being substantively enacted when the changes in tax laws have been approved by Parliament and signed into law, by the President.

In South Africa, amendments to tax legislation to cater for the impact of IFRS 17 on insurers are effective from 1 January 2023.

This legislation was signed by the President on 22 December 2022 and was therefore regarded as being substantively enacted as contemplated for the 31 December 2022 financial year. These changes did not have any impact on the current tax charge for the year ended 31 December 2022.

IAS 12 requires an entity to recognise deferred tax for temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. Deferred tax is recognised at 31 December 2022 in respect of the change in the carrying value of assets and liabilities at the end of the reporting period that arose in accordance with IFRS 17 restatements.

Significant accounting estimates and judgements – uncertain tax positions

The Group is committed to conducting its tax affairs in accordance with the tax legislation of the jurisdictions in which the Group operates. All interpretations by management are made with reference to the specific facts and circumstances of the transaction and in the context of relevant legislation, practice and directives.

Business and tax law complexity may result in the Group entering into transactions that expose the Group to tax, legal and business risks. Judgement is involved in determining whether there are uncertain tax positions. The Revenue Authorities in various jurisdictions in which the Group operates routinely review historic transactions undertaken and tax law interpretations made by the Group.

There are occasions where the Group's interpretation of tax law may be challenged by the Revenue Authorities. The financial statements include provisions that reflect the Group's assessment of liabilities which might reasonably be expected to materialise as part of their review.

The Group is satisfied that adequate provisions have been made to cater for the resolution of uncertain tax matters and that the resources required to fund such potential settlements, where necessary, are sufficient. Due to the level of estimation required in determining tax provisions, amounts ultimately payable may differ from the provisions recognised.

IFRIC 23 Uncertainty over Income Tax Treatments

The Group records and evaluates tax positions in terms of the following specific accounting standards/interpretation, which set out how to determine the accounting tax position, when there is uncertainty over income tax treatments:

- » IFRIC 23 *Uncertainty over Income Tax Treatments*
- » IAS 12 *Income Taxes*
- » IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*

Uncertain tax positions are based on the 'most likely outcome' of the liability based on a 'probability-weighted average' approach. Where applicable, the impact of IFRIC 23 on the tax positions of the respective legal entities in the Group, has been considered and adequate amounts provided.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

C: Separate and consolidated income statement notes continued

C7: Income tax expense continued

(a) Analysis of total income tax expense

The total income tax expense for the year comprises:

Year ended 31 December Rm	Separate		Consolidated	
	2023	2022	2023	2022
Current tax				
South Africa	1 408	2 128	1 837	2 474
Rest of Africa	–	–	(8)	3
Withholding taxes	304	287	315	297
Adjustments to current tax in respect of prior years	(23)	(34)	(23)	(43)
Total current tax	1 689	2 381	2 121	2 731
Deferred tax				
Deferred tax expense/(credit) relating to the origination and reversal of temporary differences	2 070	(3 088)	2 062	(3 014)
Effect on deferred tax of changes in tax rates	–	113	–	106
Adjustments to deferred tax in respect of prior years	103	(473)	97	(470)
Total deferred tax expense/(credit)	2 173	(3 448)	2 159	(3 378)
Total income tax expense/(credit)	3 862	(1 067)	4 280	(647)
Attributable to				
Shareholder funds	1 076	735	1 473	1 017
Policyholder funds	2 786	(1 802)	2 807	(1 664)
Total income tax expense/(credit)	3 862	(1 067)	4 280	(647)

For South African entities that are in a tax paying position, current tax has been provided at 27% (2022: 28%). The Group uses the South African tax rate in respect of its tax rate reconciliation as Old Mutual Life Assurance Company (South Africa) Limited is domiciled in South Africa and the most significant operations are in South Africa.

(b) Reconciliation of total income tax expense

The income tax expense charged to profit or loss differs from the income tax expense that would apply if all of the Group's profits from continuing operations from the different tax jurisdictions had been taxed at the South African standard corporation tax rate. The difference in the effective rate of the continuing operations is explained below:

Year ended 31 December Rm	Separate		Consolidated	
	2023	2022	2023	2022
Profit before tax	8 482	589	7 685	1 447
Tax at South African standard rate of 27.0% (2022: 28.0%)	2 290	165	2 075	405
Untaxed and low-taxed income ¹	(563)	(116)	(75)	(66)
Disallowable expenses ²	55	200	202	278
Adjustments to current tax in respect of prior years ³	12	(28)	11	(28)
Net movement on deferred tax assets not recognised	–	–	16	–
Adjustments to deferred tax in respect of prior years ³	30	(119)	30	(119)
Effect on deferred tax of changes in tax rates ³	–	113	–	106
Withholding taxes ³	4	14	4	14
Income tax attributable to policyholder returns	2 034	(1 296)	2 012	(1 234)
Other	–	–	5	(3)
Total income tax expense/(credit)	3 862	(1 067)	4 280	(647)

¹ This includes exempt income, capital gains tax at lower than corporate tax rate and non-taxable fair value movements

² Disallowable expenses include provisions, non-deductible expenses and impairments

³ The adjustments in respect of prior years, effect on deferred tax of changes in tax rates and withholding taxes included in the 'Reconciliation of total income tax expense' includes the shareholder tax component only.

(c) Income tax relating to components of other comprehensive income

The total income tax expense relating to items recognised in other comprehensive income for the year comprises the following:

Year ended 31 December Rm	Separate		Consolidated	
	2023	2022	2023	2022
Measurement gains on defined benefit plans	1	8	1	8
Other	–	154	–	154
Income tax on items that will not be reclassified subsequently to profit or loss	1	162	1	162

D: Financial assets and liabilities

Accounting policy

Classification and measurement of financial assets and financial liabilities

Initial recognition of financial assets

Financial instruments are measured at initial recognition at fair value net of directly attributable transaction costs, unless the financial instrument is classified as fair value through profit or loss. For instruments classified at fair value through profit or loss, attributable transaction costs are immediately expensed.

At initial recognition, the Group considers the appropriate classification as:

- » Amortised cost
- » Fair value through other comprehensive income (FVOCI) which may include debt or equity instruments
- » Fair value through profit or loss (FVTPL)

The classification of financial assets is based on whether the financial assets are equity instruments, debt instruments held or derivative assets. The classification and measurement of debt instruments is dependent on the business model in which the financial asset is managed and its contractual cash flow characteristics.

The business model refers to how the Group is managing its financial instruments to generate cash flows. Business model assessments are performed on shareholder and policyholder portfolios and consider investment mandates, and how the portfolios are being managed to generate cash flows and performance indicators. The Group first assesses the business model before considering whether an instrument meets the definition of the contractual cash flow test.

Only if the financial instruments are held in a business model to collect contractual cash flows or a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the cash flows characteristics test is performed.

Equity instruments held for trading or not designated as at FVOCI and derivative assets are mandatorily categorised as financial assets at FVTPL or not designated as at FVOCI. Derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9 are not accounted for separately. Instead, the hybrid financial instrument as a whole is assessed for classification.

A debt instrument is classified as a financial asset at amortised cost if it meets both of the following conditions (and is not designated as at FVTPL):

- » It is held within a business model where the objective is to hold assets to collect contractual cash flows
- » Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

A debt instrument is measured at FVOCI if it meets both of the following conditions (and is not designated as at FVTPL):

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

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

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

All debt instrument financial assets that were not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a debt instrument financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transaction costs that are directly attributable to the acquisition of financial assets are expensed in profit or loss for financial assets initially classified at FVTPL. For financial assets not classified at FVTPL, transaction costs are added to or deducted from the fair value at initial recognition.



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For the year ended 31 December 2023

D: Financial assets and liabilities continued

Subsequent measurement of financial assets

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial assets at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset when:

- » The contractual rights to the cash flows from the financial asset expire.
- » It transfers the rights to receive the contractual cash flows in a transaction in which either:
 - Substantially all of the risks and rewards of ownership of the financial asset are transferred.
 - The Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.
- » The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Initial recognition of financial liabilities

Financial liabilities not measured at FVTPL on initial recognition are measured at fair value less transaction costs that are incremental and directly attributable to the issue of the financial liability. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

Subsequent measurement of financial liabilities

Fair value movements attributable to changes in the credit risk of a financial liability designated at FVTPL are recorded in OCI and not recycled to profit or loss. On derecognition of the financial liability, the amount included in OCI is reclassified to retained earnings. The balance of the fair value movement is recorded in profit or loss.

Financial liabilities at amortised cost	These liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign currency exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Financial liabilities at fair value through profit or loss	These liabilities are subsequently measured at fair value. Net fair value gains and losses, including any interest expenses, are recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

D1: Categories of financial instruments

The analysis of financial assets and liabilities into their categories as defined in IFRS 9 *Financial Instruments* is set out in the tables below. Assets and liabilities of a non-financial nature or financial assets and liabilities that are specifically excluded from the scope of IFRS 9 are reflected in the non-financial assets and liabilities category.

Information about the methods and assumptions used in determining fair value is included in note D2.

At 31 December 2023 Rm	Separate				
	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non-financial other assets and liabilities
Assets					
Loans and advances	280	–	–	280	–
Investments and securities	829 653	676 086	153 283	284	–
Trade, other receivables and other assets	9 515	–	–	7 817	1 698
Derivative financial instruments	8 099	8 099	–	–	–
Amount due by Group companies	5 431	–	–	5 431	–
Cash and cash equivalents	10 727	–	–	10 727	–
Total assets that include financial instruments	863 705	684 185	153 283	24 539	1 698
Total other non-financial assets	19 305	–	–	–	19 305
Total assets	883 010	684 185	153 283	24 539	21 003
Liabilities					
Insurance contract liabilities	557 618	–	–	–	557 618
Reinsurance contract liabilities	34	–	–	–	34
Investment contract liabilities	226 262	–	226 025	237	–
Borrowed funds	10 486	–	10 486	–	–
Trade, other payables and other liabilities	46 087	–	–	42 846	3 241
Amount due to Group companies	465	–	–	465	–
Derivative financial instruments	11 473	11 473	–	–	–
Total liabilities that include financial instruments	852 425	11 473	236 511	43 548	560 893
Total other non-financial liabilities	5 481	–	–	–	5 481
Total liabilities	857 906	11 473	236 511	43 548	566 374



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

D: Financial assets and liabilities continued D1: Categories of financial instruments continued

At 31 December 2023 Rm	Consolidated				
	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non-financial other assets and liabilities
Assets					
Investments in associated undertakings and joint ventures	729	-	-	-	729
Loans and advances	630	-	-	630	-
Investments and securities	887 918	644 036	243 598	284	-
Trade, other receivables and other assets	42 761	-	-	40 558	2 203
Derivative financial instruments	8 193	8 193	-	-	-
Amount due by Group companies	2 952	-	-	2 952	-
Cash and cash equivalents	21 506	-	-	21 506	-
Total assets that include financial instruments	964 689	652 229	243 598	65 930	2 932
Total other non-financial assets	58 062	-	-	-	58 062
Total assets	1 022 751	652 229	243 598	65 930	60 994
Liabilities					
Insurance contract liabilities	557 779	-	-	-	557 779
Reinsurance contract liabilities	598	-	-	-	598
Investment contract liabilities	229 182	-	228 945	237	-
Third-party interest in consolidated funds	96 439	-	96 439	-	-
Borrowed funds	10 486	-	10 486	-	-
Trade, other payables and other liabilities	88 339	-	9 586	73 699	5 054
Amount due to Group companies	466	-	-	466	-
Derivative financial instruments	11 498	11 498	-	-	-
Total liabilities that include financial instruments	994 787	11 498	345 456	74 402	563 431
Total other non-financial liabilities	6 524	-	-	-	6 524
Total liabilities	1 001 311	11 498	345 456	74 402	569 955

At 31 December 2022 Rm	Separate				
	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non-financial other assets and liabilities
Assets					
Loans and advances	34	-	-	34	-
Investments and securities	762 060	611 462	149 318	1 280	-
Trade, other receivables and other assets	7 633	-	-	5 568	2 065
Derivative financial instruments	9 394	9 394	-	-	-
Amounts due by Group companies	5 095	-	-	5 095	-
Cash and cash equivalents	6 681	-	-	6 681	-
Total assets that include financial instruments	790 897	620 856	149 318	18 658	2 065
Total other non-financial assets	17 519	-	-	-	17 519
Total assets	808 416	620 856	149 318	18 658	19 584
Liabilities					
Insurance contract liabilities	523 954	-	-	-	523 954
Reinsurance contract liabilities	18	-	-	-	18
Investment contract liabilities	190 494	-	189 260	1 234	-
Borrowed funds	9 024	-	9 024	-	-
Trade, other payables and other liabilities	44 575	-	-	39 977	4 598
Amounts due to Group companies	472	-	-	472	-
Derivative financial instruments	12 384	12 384	-	-	-
Total liabilities that include financial instruments	780 921	12 384	198 284	41 683	528 570
Total other non-financial liabilities	3 688	-	-	-	3 688
Total liabilities	784 609	12 384	198 284	41 683	532 258

At 31 December 2022 Rm

Assets

	Total	Mandatorily fair value through profit or loss	Designated fair value through profit or loss	Amortised cost	Non-financial other assets and liabilities
Investments in associated undertakings and joint ventures	804	-	-	-	804
Loans and advances	309	-	-	309	-
Investments and securities ¹	833 243	568 726	263 237	1 280	-
Trade, other receivables and other assets	26 399	-	-	23 987	2 412
Derivative financial instruments	9 629	9 629	-	-	-
Amounts due by Group companies	2 352	-	-	2 352	-
Cash and cash equivalents	19 621	-	-	19 621	-
Total assets that include financial instruments	892 357	578 355	263 237	47 549	3 216
Total other non-financial assets	52 283	-	-	-	52 283
Total assets	944 640	578 355	263 237	47 549	55 499

Liabilities

Insurance contract liabilities	523 481	-	-	-	523 481
Reinsurance contract liabilities	497	-	-	-	497
Investment contract liabilities	194 141	-	192 907	1 234	-
Third-party interest in consolidated funds	102 100	-	102 100	-	-
Borrowed funds	9 024	-	9 024	-	-
Trade, other payables and other liabilities	76 713	-	8 271	62 985	5 457
Amounts due to Group companies	480	-	-	480	-
Derivative financial instruments	12 384	12 384	-	-	-
Total liabilities that include financial instruments	918 820	12 384	312 302	64 699	529 435
Total other non-financial liabilities	4 705	-	-	-	4 705
Total liabilities	923 525	12 384	312 302	64 699	534 140

¹ An error was detected regarding the IFRS 9 classification pertaining to debt instruments. As a result, debt instruments amounting to R1.3 billion were reclassified from designated at FVTPL to amortised cost.

D2: Fair values of financial assets and liabilities

The description of the determination of fair value and the fair value hierarchies of financial assets and liabilities described in this section applies to financial assets and liabilities for all the Group's businesses.

(a) Determination of fair value

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, or quoted prices cannot be obtained without undue effort, another valuation technique is used.

In general, the following inputs are taken into account when evaluating the fair value of financial instruments:

- » Assessing whether instruments are trading with sufficient frequency and volume, that they can be considered liquid
- » The inclusion of a measure of the counterparties' non-performance risk in the fair value measurement of loans and advances, which involves the modelling of dynamic credit spreads
- » The inclusion of credit valuation adjustment and debit valuation adjustment in the fair value measurement of derivative instruments
- » The inclusion of own credit risk in the calculation of the fair value of financial liabilities

There have been no significant changes in the valuation techniques applied when valuing financial instruments. The general principles applied to those instruments measured at fair value are outlined below:

Loans and advances

Loans and advances include mortgage loans, other asset-based loans, including collateralised debt obligations, and other secured and unsecured loans.

In the absence of an observable market for these instruments, the fair value is determined by using internally developed models that are specific to the instrument and that incorporate all available observable inputs. These models involve discounting the contractual cash flows by using a credit-adjusted zero-coupon rate.



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For the year ended 31 December 2023

D: Financial assets and liabilities continued

D2: Fair values of financial assets and liabilities continued

(a) Determination of fair value continued

Investments and securities

Investments and securities include government and government-guaranteed securities, listed and unlisted debt securities, preference shares and debentures, listed and unlisted equity securities, listed and unlisted pooled investments (see below), short-term funds and securities treated as investments and certain other securities.

Pooled investments represent the Group's holdings of shares/units in open-ended investment companies, unit trusts, mutual funds and similar investment vehicles. Pooled investments are recognised at fair value. The fair values of pooled investments are based on widely published prices that are regularly updated or models based on the market prices of investments held in the underlying pooled investment funds.

Other investments and securities that are recognised at fair value are measured at observable market prices where available. In the absence of observable market prices, these investments and securities are fair valued utilising one or more of the following techniques: discounted cash flows, the application of an EBITDA multiple or any other relevant technique.

Investments in associated undertakings and joint ventures held by investment-linked insurance funds and venture capital divisions

Investments in associated undertakings and joint ventures are valued using appropriate valuation techniques. These techniques may include price earnings multiples, discounted cash flows or the adjusted value of similar completed transactions.

Derivative financial instruments

The fair value of derivatives is determined with reference to the exchange-traded prices of the specific instruments. In situations where the derivatives are traded over the counter the fair value of the instruments is determined by using the discounted cash flows or any other relevant technique.

Investment contract liabilities

The fair value of the investment contract liabilities is determined with reference to the fair value of the underlying funds that are held by the Group.

Third-party interest in consolidation of funds

Third-party interests in consolidation of funds are measured at the attributable fair value of the net assets of each fund.

Borrowed funds

The fair values of amounts included in borrowed funds are based on quoted market prices at the reporting date where applicable, or by reference to quoted prices of similar instruments.

Other financial assets and liabilities

The fair values of other financial assets and liabilities (comprising cash and cash equivalents; cash with central banks; trade, other receivables and other assets; and trade, other payables, other liabilities and advances due to and from Group companies) reasonably approximate their carrying amounts as included in the statement of financial position as they are short-term in nature or re-priced to current market rates frequently.

(b) Fair value hierarchy

Fair values are determined according to the following hierarchy:

Description of hierarchy	Types of instruments classified in the respective levels
Level 1 – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.	Listed equity securities, listed government securities and other listed debt securities and similar instruments that are actively traded, actively traded pooled investments, listed borrowed funds and reinsurers' share of policyholder liabilities.
Level 2 – valuation techniques using observable inputs: financial assets and liabilities with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.	Unlisted equity and debt securities where the valuation is based on models involving no significant unobservable data, with a majority determined with reference to observable prices. Certain loans and advances, certain privately placed debt instruments, third-party interests in consolidated funds and investment contract liabilities.
Level 3 – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.	Unlisted equity and securities with significant unobservable inputs, securities where the market is not considered sufficiently active, including certain inactive pooled investments, and derivatives embedded in certain portfolios of insurance contracts where the derivative is not closely related to the host contract and the valuation contains significant unobservable inputs.

The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process.

All businesses have significant processes in place to perform reviews of the appropriateness of the valuation of Level 3 instruments.

The majority of valuation techniques employ only observable data, so the reliability of the fair value measurement is high. However, certain financial assets and liabilities are valued on the basis of valuation techniques that feature one or more significant inputs that are unobservable and, for them, the derivation of fair value is more judgemental. A financial asset or liability in its entirety is classified as valued using significant unobservable inputs if a significant proportion of that asset or liability's carrying amount is driven by unobservable inputs.

In this context, 'unobservable' means that there is little or no current market data available for which to determine the price at which an arm's length transaction would be likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value. Furthermore, in some cases, the majority of the fair value derived from a valuation technique with significant unobservable data may be attributable to observable inputs.

Consequently, the effect of uncertainty in determining unobservable inputs will generally be restricted to uncertainty about the overall fair value of the asset or liability being measured.

D3: Disclosure of financial assets and liabilities measured at fair value

(a) Financial assets and liabilities measured at fair value, classified according to fair value hierarchy

The table below presents a summary of the financial assets and liabilities that are measured at fair value in the consolidated statement of financial position according to their IFRS 9 classification. The most material financial asset measured at fair value relates to investments and securities. The Group has exposure to listed and unlisted investments, with a large portion of these investments backing policyholder liabilities.

At 31 December 2023 Rm	Separate			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investments and securities	829 369	403 198	349 789	76 382
Derivative financial instruments – assets	8 099	66	8 033	–
Total financial assets measured at fair value	837 468	403 264	357 822	76 382
Financial liabilities measured at fair value				
Investment contract liabilities	226 025	–	226 025	–
Borrowed funds	10 486	–	10 486	–
Derivative financial instruments – liabilities	11 473	95	11 378	–
Total financial liabilities measured at fair value	247 984	95	247 889	–

At 31 December 2022 Rm	Separate			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investments and securities	760 780	361 459	333 496	65 825
Derivative financial instruments – assets	9 394	53	9 341	–
Total financial assets measured at fair value	770 174	361 512	342 837	65 825
Financial liabilities measured at fair value				
Investment contract liabilities	189 260	–	189 260	–
Borrowed funds	9 024	–	9 024	–
Derivative financial instruments – liabilities	12 384	13	12 371	–
Total financial liabilities measured at fair value	210 668	13	210 655	–



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D: Financial assets and liabilities continued

D3: Disclosure of financial assets and liabilities measured at fair value continued

(a) Financial assets and liabilities measured at fair value, classified according to fair value hierarchy continued

At 31 December 2023 Rm	Consolidated			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investments and securities	887 634	489 741	355 803	42 090
Derivative financial instruments – assets	8 193	66	8 127	–
Total financial assets measured at fair value	895 827	489 807	363 930	42 090
Financial liabilities measured at fair value				
Investment contract liabilities	228 945	–	228 945	–
Third-party interests in consolidated funds	96 439	–	96 439	–
Borrowed funds	10 486	–	10 486	–
Other liabilities	9 586	–	9 586	–
Derivative financial instruments – liabilities	11 498	95	11 403	–
Total financial liabilities measured at fair value	356 954	95	356 859	–

At 31 December 2022 Rm	Consolidated			
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Investments and securities ¹	831 963	424 248	368 874	38 841
Derivative financial instruments – assets	9 629	53	9 576	–
Total financial assets measured at fair value	841 592	424 301	378 450	38 841
Financial liabilities measured at fair value				
Investment contract liabilities	192 907	–	192 907	–
Third-party interests in consolidated funds	102 100	–	102 100	–
Borrowed funds	9 024	–	9 024	–
Other liabilities	8 271	–	8 271	–
Derivative financial instruments – liabilities	12 384	13	12 371	–
Total financial liabilities measured at fair value	324 686	13	324 673	–

¹ The fair value hierarchy has been updated as a result of the error noted in note D1

Level 2 investment and securities

Level 2 assets comprise mainly pooled investments that are not listed on an exchange, but are valued using market observable prices. Pooled investments represent the Group's holdings of shares or units in open-ended investment companies, unit trusts, mutual funds and similar investment vehicles which are not consolidated.

Structured notes and other derivatives are generally valued using option pricing models. For structured notes and other derivatives, principal assumptions concern the future volatility of asset values and the future correlation between asset values. For these valuations, estimates are based on available market data, which may include the use of a proxy method to derive volatility or correlation from comparable assets for which market data is more readily available, and examination of historical levels.

Other assets classified as Level 2 include unlisted corporate debt, floating rate notes, money market instruments, listed debt securities that were not actively traded during the period and cash balances that are treated as short-term funds. The Level 2 instruments are valued based on discounted projected cash flows, relative yields, or cost basis with reference to market-related inputs. Main inputs used for Level 2 valuations include bond curves and interbank swap interest rate curves.

(b) Level 3 fair value hierarchy disclosure

The table below reconciles the opening balances of Level 3 financial assets and liabilities to closing balances at the end of the period.

Year ended 31 December Rm	Separate		Consolidated	
	2023	2022	2023	2022 ¹
Level 3 financial assets – investments and securities				
At beginning of the year	65 825	62 599	38 841	34 546
Total net fair value gains/(losses) recognised in profit or loss	5 387	1 737	5 147	(5 752)
Purchases	11 143	16 255	9 088	32 395
Sales	(6 382)	(15 027)	(10 574)	(22 609)
Transfers in	405	397	405	397
Transfers out	–	(164)	–	(164)
Foreign exchange and other	4	28	(817)	28
Total Level 3 financial assets	76 382	65 825	42 090	38 841
Unrealised fair value gains/(losses) relating to assets held at 31 December recognised in profit or loss	3 862	(3 550)	4 053	2 495

¹ As part of the Group's enhanced disclosure efforts, the previously disclosed 'net movement on consolidated investment funds', has been separated into the appropriate movement categories

Transfer between fair value hierarchies

The Group deems a transfer to have occurred between Level 1 and Level 2 when an active, traded primary market ceases to exist for that financial instrument. During the year listed debt securities to the value of R1 532 million (2022: R4 014 million) were transferred from Level 1 to Level 2 as these securities were not actively traded on their primary exchange during the reporting period.

Similarly, the Group deems a transfer to have occurred between Level 2 and Level 1 when an instrument becomes actively traded on the primary market. During the period, listed bonds to the value of R7 859 million (2022: R2 147 million) were transferred from Level 2 to Level 1 as these securities were actively traded on their primary exchange during the reporting period. Pooled investments to the value of R10 million (2022: R50 million) were also transferred from Level 2 to Level 1 as markets in which these instruments trade, have become active. Pooled investments of R589 million, unlisted debt securities of R53 million and equity securities of R2 million (2022: pooled investments of R1 308 million) were also transferred from Level 1 to Level 2 as markets in which these instruments trade have become less active.

A transfer between Level 2 and Level 3 occurs when any significant inputs used to determine fair value of the instrument become unobservable. At 31 December 2023, Level 3 assets comprised unlisted private company shares, unlisted debt securities and unlisted pooled investments mainly held by policyholder funds for which the majority of the investment risk is borne by policyholders. Unlisted debt securities of R405 million (2022: R26 million) were transferred from Level 2 to Level 3, reflecting the valuation technique used to value these investments as inputs became unobservable.

During the period, there were no equity or debt instruments transferred from Level 3 to Level 2 (2022: R164 million).

For all reporting periods, the Group did not have any Level 3 financial liabilities.

(c) Effect of changes in significant unobservable assumptions to reasonable possible alternatives

Favourable and unfavourable changes are determined on the basis of changes in the value of the financial asset or liability as a result of varying the levels of the unobservable parameters using statistical techniques. When parameters are not amenable to statistical analysis, quantification of uncertainty is judgemental.

When the fair value of a financial asset or liability is affected by more than one unobservable assumption, the figures shown reflect the most favourable or most unfavourable change from varying the assumptions individually.

The valuations of the private equity investments are performed on an asset-by-asset basis using a valuation methodology appropriate to the specific investment and in line with industry guidelines. In determining the valuation of the investment the principal assumption used is the valuation multiples applied to the main financial indicators (such as adjusted earnings). The source of these multiples may include multiples for comparable listed companies which have been adjusted for discounts for non-tradeability and valuation multiples earned on transactions in comparable sectors.

The valuations of asset-backed securities are determined by discounted cash flow models that generate the expected value of the asset, incorporating benchmark information on factors such as prepayment patterns, default rates, loss severities and the historical performance of the underlying assets. The outputs from the models used are calibrated with reference to similar securities for which external market information is available.

The following table sets out information on significant unobservable inputs used in measuring financial instruments classified as Level 3.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

D: Financial assets and liabilities continued

D3: Disclosure of financial assets and liabilities measured at fair value continued

(c) Effect of changes in significant unobservable assumptions to reasonable possible alternatives continued

Valuation technique	Significant unobservable input	Range of unobservable inputs	
		2023	2022
Discounted cash flow (DCF)	Risk adjusted discount rate:		
	» Equity risk premium	2.5% – 5.95%	2.5% – 6.0%
	» Liquidity discount rate	5.0% – 20.0%	3.9% – 40.0%
	» Nominal risk-free rate	3.8% – 17.6%	3.8% – 17.6%
	» Credit spreads	1.6% – 15.0%	1.5% – 13.1%
	» Dividend growth rate	Not applicable	Not applicable
	» Internal rate of return	13.0% – 30.0%	13.0% – 30.0%
	» Preference dividend accrual rate	8.64% – 12.5%	5.9% – 12.5%
	» Marketability discount	10.0% – 30.0%	10.0% – 30.0%
Price earnings (PE) model/multiple/ embedded value	PE ratio/multiple	2 – 11.71 times	2 – 10 times
Sum of parts	PE ratio and DCF	See PE ratio and DCF	See PE ratio and DCF

There has been no change to the nature of the key unobservable inputs to Level 3 financial instruments and the inter-relationship therein from those disclosed in the financial statements for the year ended 31 December 2023. For the purposes of the sensitivity analysis, the most significant unobservable input used to value Level 3 investments and securities has been increased/decreased by 10%. Although the variability of economic indicators may have been more severe during the current period than this, the use of this increment will afford the user the opportunity to assess the impact under multiple economic scenarios.

Separate					
Rm	At 31 December 2023	At 31 December 2022		At 31 December 2023	At 31 December 2022
Types of financial instruments	Fair values	Valuation techniques used	Significant unobservable input	Fair value measurement sensitivity to unobservable inputs	
Assets					
Investments and securities	76 382	65 825	DCF Market comparable companies approach Adjusted net asset values	Equity risk premium Liquidity discount rate Nominal risk-free rate Credit spreads EBITDA multiples PE ratios Dividend growth rate Internal rate of return	Favourable: 4 971 Unfavourable: 4 891 Favourable: 4 359 Unfavourable: 4 188

Consolidated					
Rm	At 31 December 2023	At 31 December 2022		At 31 December 2023	At 31 December 2022
Types of financial instruments	Fair values	Valuation techniques used	Significant unobservable input	Fair value measurement sensitivity to unobservable inputs	
Assets					
Investments and securities	42 090	38 841	DCF Market comparable companies approach Adjusted net asset values	Equity risk premium Liquidity discount rate Nominal risk-free rate Credit spreads EBITDA multiples PE ratios Dividend growth rate Internal rate of return	Favourable: 3 090 Unfavourable: 3 007 Favourable: 3 296 Unfavourable: 3 084

The table below shows the sensitivity of the fair value of investments and securities per type of instrument at 31 December:

Separate						
Rm	2023	2022		2023	2022	
Types of financial instruments	Fair values	Most significant unobservable input	Sensitivities			
			Favourable impact	Unfavourable impact	Favourable impact	Unfavourable impact
Investment in subsidiaries, associated undertakings and joint ventures	28 417	26 542	PE ratio/multiple Price book value multiple	1 885	1 887	1 839 1 801
Debt securities, preference shares and debentures	4 610	4 529	Discount rate Credit spreads	34	34	272 258
Equity securities	4 778	6 815	PE ratio/multiple Marketability discount rate	406	397	291 262
Pooled investments and other	38 577	27 939	Net asset value of underlying investments	2 646	2 573	1 957 1 867
Total	76 382	65 825		4 971	4 891	4 359 4 188

Consolidated						
Rm	2023	2022		2023	2022	
Types of financial instruments	Fair values	Most significant unobservable input	Sensitivities			
			Favourable impact	Unfavourable impact	Favourable impact	Unfavourable impact
Debt securities, preference shares and debentures	5 168	5 628	Discount rate Credit spreads	34	34	272 258
Equity securities	5 555	23 385	PE ratio/multiple Marketability discount rate Net asset value of underlying investments	406	397	1 807 1 614
Pooled investments and other	31 367	9 828		2 650	2 576	1 217 1 212
Total	42 090	38 841		3 090	3 007	3 296 3 084

Fair value gains of R5 387 million (2022: R1 737 million) (separate) and fair value gains of R5 147 million (2022: R5 752 million) (consolidated) were recognised on Level 3 assets during the year. The gains are attributable to the approach followed in performing valuations due to low levels of volatility with respect to economic outlook and due to higher comparable multiples.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

D: Financial assets and liabilities continued

D4: Financial instruments designated as FVTPL

Financial instruments have been classified as designated as FVTPL where the Group has satisfied the criteria as described in the accounting policies (refer to note D1). Fair value movements on financial assets designated at FVTPL is recognised in investment return in the consolidated income statement.

Where the business model of a portfolio met the definition of amortised cost or FVOCI, the Group elected to designate the portfolio at FVTPL. This was done to eliminate a mismatch between the valuation of the investment assets and the valuation of the policyholder liability. The policyholder liability is valued at FVTPL and hence the assets backing the policyholder liability should also be at FVTPL.

Designation of instruments as FVTPL is consistent with the Group's documented risk management strategy and investment mandates. The fair value of the instruments is managed and reviewed on a regular basis by the risk and investment functions of the Group. The risk of the portfolio is measured and monitored on a fair value basis.

Certain borrowed funds that would otherwise be categorised as financial liabilities at amortised cost under IFRS 9, have been designated as FVTPL. Information relating to the change in fair value of these items as it relates to credit risk is shown in the table below.

Rm	Separate and consolidated			
	Financial liabilities where the change to own credit risk is recognised in OCI			
	Fair value	Current financial year	Cumulative	Contractual maturity amount
Borrowed funds at 31 December 2023	10 486	2	381	10 383
Borrowed funds at 31 December 2022	9 024	42	379	8 883

The fair values of other categories of financial liabilities designated as FVTPL do not change significantly in respect of credit risk.

The change in fair value due to credit risk of financial liabilities designated at FVTPL has been determined as the difference between fair values determined using a liability curve (adjusted for credit) and a risk-free liability curve. This difference is cross-checked to market-related data on credit spreads, where available. The basis for not using credit default swaps to determine the change in fair value due to credit risk is the unavailability of reliable market-priced instruments.

D5: Fair value hierarchy for assets and liabilities not measured at fair value

Certain financial instruments of the Group are not carried at fair value, principally investments and securities, and certain borrowed funds and other financial assets and financial liabilities that are measured at amortised cost. The calculation of the fair value of these financial instruments represents the Group's best estimate of the value at which these financial assets could be exchanged, or financial liabilities transferred, between market participants at the measurement date.

The Group's estimate of fair value does not necessarily represent the amount it would be able to realise on the sale of the asset or transfer of the financial liability in an involuntary liquidation or distressed sale. More information on financial assets measured at amortised cost can be found in note D1.5. The fair value of these assets approximates its carrying value.

The table below shows the fair value hierarchy for those assets not measured as fair value. Additional information regarding these and other financial instruments not carried at fair value is provided in the narrative following the table.

At 31 December 2023 Rm	Separate				
	Carrying value	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Financial assets					
Investments and securities	284	284	-	284	-
Financial liabilities					
Investment contract liabilities	237	237	-	237	-
At 31 December 2023 Rm	Consolidated				
	Carrying value	Fair value	Fair value hierarchy		
			Level 1	Level 2	Level 3
Financial assets					
Investments and securities	284	284	-	284	-
Financial liabilities					
Investment contract liabilities	237	237	-	237	-

D5: Fair value hierarchy for assets and liabilities not measured at fair value continued

At 31 December 2022 Rm	Carrying value	Fair value	Separate		
			Fair value hierarchy		
			Level 1	Level 2	Level 3
Financial assets					
Investments and securities	1 280	1 282	-	1 282	-
Financial liabilities					
Investment contract liabilities ¹	1 234	1 238	-	1 238	-

¹ As part of the Group's enhanced disclosure efforts, the fair value of investment contract liabilities has been included in the above table

At 31 December 2022 Rm	Carrying value	Fair value	Consolidated		
			Fair value hierarchy		
			Level 1	Level 2	Level 3
Financial liabilities					
Investment contract liabilities ¹	1 234	1 238	-	1 238	-

¹ As part of the Group's enhanced disclosure efforts, the fair value of investment contract liabilities has been disclosed

For trade, other receivables and other assets, cash and cash equivalents and trade, other payables and other liabilities, the carrying amount approximates fair value due to the short-term nature of these balances.

Loans and advances principally comprise variable rate financial assets. The interest rates on these variable-rate instruments are adjusted when the applicable benchmark interest rates change and, therefore, the carrying amount approximates fair value.

For amounts due by/to Group companies, the carrying amount approximates fair value.

The table below displays the Group's primary valuation techniques used in determining the fair value of its financial assets and financial liabilities:

	Valuation technique	Significant inputs
Financial assets		
Investments and securities	Discounted cash flow model	Yield curve
Loans and advances	Discounted cash flow model	Yield curve
Amounts due by Group companies	Discounted cash flow model	Yield curve
Financial liabilities		
Investment contract liabilities	Discounted cash flow model	Spot curve
Borrowed funds	Discounted cash flow model	Yield curve
Amounts due to Group companies	Discounted cash flow model	Yield curve

D6: Master netting or similar agreements

The Group offsets financial assets and liabilities in the consolidated statement of financial position when it has a legally enforceable right to do so and intends to settle on a net basis simultaneously. Certain master netting agreements do not provide the Group with the current legally enforceable right to offset the instruments.

The majority of these transactions are governed by the principles of International Swaps and Derivatives Association or similar types of agreements. These agreements aim to protect the parties in the event of default.

At 31 December 2023 Rm	Separate				
	Gross amount of financial instrument	Amounts offset in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Amounts that may be netted off on the occurrence of a future event ¹	Position not available to be offset
Financial assets					
Derivative financial instruments – assets	8 099	-	8 099	(7 530)	569
Financial liabilities					
Derivative financial instruments – liabilities	11 473	-	11 473	(7 530)	3 943

¹ This represents the amounts that could be offset in the event of default and includes collateral received/pledged at the reporting date. These arrangements are typically governed by master netting and collateral arrangements. Details of the Group's security lending arrangements can be found in note E1



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

D: Financial assets and liabilities continued

At 31 December 2022 Rm	Separate				
	Gross amount of financial instrument	Amounts offset in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Amounts that may be netted off on the occurrence of a future event ¹	Position not available to be offset
Financial assets					
Derivative financial instruments – assets	9 394	–	9 394	(8 727)	667
Financial liabilities					
Derivative financial instruments – liabilities	12 384	–	12 384	(8 727)	3 657

¹ This represents the amounts that could be offset in the event of default and includes collateral received/pledged at the reporting date. These arrangements are typically governed by master netting and collateral arrangements. Details of the Group's security lending arrangements can be found in note E1

At 31 December 2023 Rm	Consolidated				
	Gross amount of financial instrument	Amounts offset in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Amounts that may be netted off on the occurrence of a future event ¹	Position not available to be offset
Financial assets					
Derivative financial instruments – assets	8 193	–	8 193	(7 530)	663
Financial liabilities					
Derivative financial instruments – liabilities	11 498	–	11 498	(7 530)	3 968

At 31 December 2022 Rm	Consolidated				
	Gross amount of financial instrument	Amounts offset in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Amounts that may be netted off on the occurrence of a future event ¹	Position not available to be offset
Financial assets					
Derivative financial instruments – assets	9 629	–	9 629	(8 727)	902
Financial liabilities					
Derivative financial instruments – liabilities	12 384	–	12 384	(8 727)	3 657

¹ This represents the amounts that could be offset in the event of default and includes collateral received/pledged at the reporting date. These arrangements are typically governed by master netting and collateral arrangements. Details of the Group's security lending arrangements can be found in note E1

Cash and bond collateral amounts not offset against derivative assets and liabilities for separate and consolidated in the statement of financial position are R3 001 million (2022: R2 487 million).

E: Financial risk and capital management

The Group is exposed to financial risk through its financial assets, financial liabilities (investment contracts, customer deposits and borrowings), reinsurance assets and insurance liabilities. The key focus of financial risk management for the Group is ensuring that the proceeds from its financial assets are sufficient to fund the obligations arising from its insurance. The most important components of financial risk are credit risk, market risk (arising from changes in equity, bond prices, interest and foreign exchange rates) and liquidity risk.

The Board of directors has overall responsibility for the establishment and oversight of the Group's Risk Management framework. The Board of directors has established the Board Risk committee (BRC), which is responsible for developing and monitoring the Group's risk management policies through the Group Risk Control Function. The BRC reports regularly to the Board of directors on its activities.

The Group's risk preferences and appetite limits are set out as part of the Group strategy and describe specific risk preferences and metrics. This Strategy is reviewed, at a minimum, annually by the Old Mutual Limited Board and subsidiary risk preferences and appetite limits may need to be adjusted accordingly.

The Group manages asset and liability mismatches within a Market Risk Management framework together with a Liquidity Risk Management framework, both approved by the Group Asset and Liability committee (ALCO). The aim of the frameworks is to ensure the identification of the applicable financial risks across the Group and provide guidance on the management (including mitigation) of the risks in line with the Group risk strategy.

The principal mitigation technique with regard to market risk (and asset/liability mismatches) for insurance contracts where shareholders bear the market risk is to match appropriate assets with the liabilities arising from these insurance contracts. Investment contracts (i.e. unit-linked and with-profit products) where policyholders require the market risk exposure are managed within a set mandate considering the risk profile of the relevant customer base. The shareholder investment portfolio is managed within a set mandate considering the Group risk strategy and the market risk exposure resulting from the chosen investments.

For insurance contracts defined as non-profit (i.e. benefits not linked to underlying asset performance) and those with embedded derivatives (i.e. benefits consist of upside participation and downside protection), the resultant market, credit and liquidity risk exposures are borne by the shareholder. The liabilities are translated into financial risk metrics and appropriate hedging strategies (which include derivative instruments) ensure that these exposures are managed within appetite. The notes below explain how the financial risks are managed using the categories utilised in the Market Risk framework. Note F2 explains in more detail how insurance risk is managed.

E1: Credit risk

Credit risk refers to the risk that a counterparty to a financial instrument will cause a financial loss to the Group by failing to discharge an obligation to repay cash or deliver another financial asset. Losses incurred due to credit risk include actual losses from defaults, declines in the market value of the Group's assets due to credit rating downgrades and/or spread widening, or impairments and write-downs. Credit risk in the Group arises from trading and investing activities.

The Group also has material exposure through its insurance businesses where credit risk arises predominantly through the management of credit assets backing non-profit contracts (mostly annuity products), but also through direct credit exposure through invested shareholder capital in assets such as fixed-income securities, investment properties and retail lending.

The valuation of investment credit securities and associated credit spreads are driven by a variety of factors including general market conditions such as the macroeconomic environment, supply and demand dynamics of investment credit, market liquidity as well as counter-specific information. Listed credit instruments are recorded at its market value as reflected on the exchange. The valuation policy for unlisted credit assets outlines the consideration given to general spread direction in the market and a hierarchy of inputs to be used in valuations including the latest traded prices of similar assets and adjusted for instrument level specifics.

The Group is also exposed to concentration risk, which is the risk of default by counterparties or in investments in which it has taken large positions, or which are highly correlated. The Group maintains limits on the values of transactions with single counterparties or investments in specific sectors.

The Group is also exposed to credit risk which results indirectly from activities undertaken in the normal course of business such as premium payments, outsourcing contracts, reinsurance, exposure from material suppliers, lending of securities and lending to consumers.

1.1 Credit risk governance

Credit risk is monitored through the Old Mutual Limited Management Credit Risk committee (MCRC), a sub-committee of the Old Mutual Limited Balance Sheet committee (BSC), to enable the Group Executive committee (Exco) to discharge their obligations in terms of the Group's aggregated credit risk appetites, exposures and risk management.

The scope and authority of the committee extends to all activities of the Group in which credit or counterparty credit risks are present. This includes credit risk arising through banking and insurance activities, encompassing both institutional and retail credit. The committee relies on the work and reporting of the credit committees in the various credit-related businesses across the Group and assists the Exco in setting and monitoring credit policy and credit risk in the Group.

1.2 Credit risk management

Credit risk is managed through the implementation of comprehensive policies, processes and controls to ensure a sound credit risk management environment with appropriate credit granting, administration, measurement, monitoring and reporting of credit risk exposure.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

E: Financial risk and capital management continued

E1: Credit risk continued

1.2 Credit risk management continued

The key objective of the Group's Level 1 credit policy is to establish and define the overall framework for the consistent and unified governance, oversight, identification, measurement, monitoring, reporting and management of credit risk and counterparty credit risk across Old Mutual. The Level 1 credit policy sets out the high-level principles which must be applied in this regard. Boards of subsidiaries engaging in business activities that take on credit or counterparty credit risk, in any form (in non-profit funds, asset-based fees, surplus assets, banking and lending, investment guarantee reserves or debtors) regardless of whether it is for the shareholders or policyholders are required to adopt this policy and ensure all the applicable requirements are implemented and complied with unless it is expressly agreed otherwise.

The Group's Level 2 credit policies and frameworks apply to all businesses taking on credit risk and counterparty credit risk. Level 2 credit policies and frameworks are split into two distinct portfolios: investment credit risk and banking credit risk. The Level 2 credit risk policies and frameworks set out detailed requirements which must be applied in investment management, banking and lending business units. In addition, these Level 2 policies set out the roles and responsibilities of governance committees, business units, functions and individuals involved in credit risk management processes throughout the Group for the business units and functions within the scope of the policy.

The Level 3 credit policies in the business units set out the detailed requirements for each business unit in alignment with the relevant Level 2 credit policy.

The Group manages its credit risk by having a comprehensive risk strategy for all risk types including credit risk, sound investment processes across single assets, single counterparties and aggregate credit portfolio, and comprehensive limit frameworks in place. The risk strategy includes a risk-return framework which sets the overall risk appetite and the risk appetite for specific risk types including credit risk.

Limit frameworks implemented place limits, where applicable, on single facilities, counterparties or groups of counterparties, industry segments, maturity bands and products and are based on both regulatory and economic risk considerations.

The Group ensures comprehensive mandates for the management of credit portfolios relating to insurance businesses are in place, including frameworks, policies and procedures to ensure the appropriate oversight of credit risk. The robust framework ensures a process for identifying, measuring, analysing, monitoring and reporting on risks, including a rigorous model risk governance framework and an independent group model validation capability. Credit risk management follows a rigorous operating model including governance committees, as well as Group and business unit roles focused on the management and oversight of credit risk in accordance with Old Mutual Limited's Three Lines of Defence Model. The Group implements formalised and strict escalation processes relating to credit governance and the application, testing and monitoring of risk mitigation actions.

Each investment credit asset acquired follows a strict credit approval process, supported by a credit analysis considering both qualitative and quantitative aspects taking into account the risk-return profile. This includes, inter alia, financial and industry analysis and risk assessments coupled with Environmental, Social and Governance analysis. Where applicable, external public credit ratings are considered and the credit quality of exposures is reviewed at least on an annual basis.

Risk monitoring ensures that the risk management approaches in place are effective. The Group employs an active risk monitoring approach both at Group level and business unit (BU) level based on the stated risk appetite and corresponding limits set to manage credit risk. The Group monitors credit risk at a portfolio level (aggregated over the BUs) while BUs monitor credit risk on, inter alia, individual deal, mandate, fund, product, customer segment, regional, counterparty, economic sector category levels, whichever is applicable, as well as on a BU portfolio level. Credit risk exposures are monitored and assessed using appropriate metrics, including trend analysis and communicated to the relevant governance and management committees. Credit risk is monitored against early warning thresholds and exposures are monitored against limits.

The ongoing monitoring and a proactive view of emerging risks are integrated in the granting of new credit. The credit risk appetite and limits are accordingly adjusted to manage the portfolio in view of actual and potential changes in macroeconomic conditions. Portfolio management actions exist in the investment credit asset environment to reduce the exposure to certain counterparties or industries based on this outlook.

Collateral is mainly used in the investment credit portfolios to mitigate the amount of credit risk taken. This is part of the process to ensure OMLACSA has appropriate legal protection in the event of default. Stricter loan covenant or higher levels or better quality collateral are required based on the counterparty and industry outlook.

Within the expected credit loss (ECL) process, the provision is monitored as part of the ongoing management of the underlying credit portfolio. This includes monitoring of the actual credit experience to the expected levels of the following components; default rates, recovery rates and movements between the different ECL stages. The impact of any changes in the ECL parameters is calculated and reported at BU level. These impacts, together with all other credit risk metrics are reported to the MCRC (a sub-committee of the Board) on a quarterly basis as part of a forward-looking approach to manage credit risk given emerging risks, opportunities and the defined risk appetite. The financial impact of the ECL provision on each BU is included in the monthly finance reporting process.

1.3 Internal credit risk ratings

The Group uses internal credit risk ratings that reflect its assessment of the probability of default of individual counterparties in the investment businesses.

The assessment of credit risk across the Group relies on internally developed rating models to categorise exposures according to their probability of default and loss given default. The rating models comprise 28 rating categories (OM1 to OM28). These ratings are determined by incorporating both qualitative and quantitative information that builds on information from established rating agencies like Standard & Poor's and Moody's, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour.

At initial recognition, each risk exposure is allocated to the credit rating based on the available information about the counterparty. All exposures are subsequently monitored through general and tailored procedures. The data used to monitor these exposures include, but are not limited to, credit information from external rating agencies, changes in business and economic conditions, payment record and ageing, customer behaviour, affordability metrics, utilisation of credit limits, probability of default or any other applicable quantitative and qualitative factors.

1.4 Concentrations of credit risk

A concentration of credit risk exists when a number of counterparties are located in a geographical region or are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The Group manages its credit exposure based on the carrying value of the financial instruments and insurance and reinsurance assets.

1.5 Exposure to credit risk: Financial assets at amortised cost and debt instruments at fair value through profit or loss

The Group holds collateral and other credit enhancements against certain of its credit exposures.

The following table sets out the maximum exposure to credit risk on financial assets within the scope of IFRS 9 impairment model, debt instruments measured at fair value through profit or loss outside of the scope of IFRS 9 impairment model:

At 31 December 2023 Rm	Separate		
	Total financial assets	Within IFRS 9 ECL allowance scope	Outside of IFRS 9 ECL allowance scope
Loans and advances	280	280	-
Investments and securities	829 653	284	829 369
Government and government-guaranteed securities	103 190	-	103 190
Other debt securities, preference shares and debentures	84 167	284	83 883
Short-term funds and securities treated as investments	32 169	-	32 169
Other ¹	610 127	-	610 127
Trade, other receivables and other assets	9 515	7 817	1 698
Derivative financial instruments – assets	8 099	-	8 099
Amount due by Group companies	5 431	5 431	-
Cash and cash equivalents	10 727	10 727	-

¹ Other includes equity securities and pooled investments which are not exposed to credit risk

At 31 December 2022 Rm	Separate		
	Total financial assets	Within IFRS 9 ECL allowance scope	Outside of IFRS 9 ECL allowance scope
Loans and advances	34	34	-
Investments and securities	762 060	1 280	760 780
Government and government-guaranteed securities	98 759	-	98 759
Other debt securities, preference shares and debentures	84 622	1 280	83 342
Short-term funds and securities treated as investments	36 024	-	36 024
Other ¹	542 655	-	542 655
Trade, other receivables and other assets	7 633	5 568	2 065
Derivative financial instruments – assets	9 394	-	9 394
Amount due by Group companies	5 095	5 095	-
Cash and cash equivalents	6 681	6 681	-

¹ Other includes equity securities and pooled investments which are not exposed to credit risk



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

E: Financial risk and capital management continued

E1: Credit risk continued

1.5 Exposure to credit risk: Financial assets at amortised cost and debt instruments at fair value through profit or loss continued

At 31 December 2023 Rm	Consolidated		
	Total financial assets	Within IFRS 9 ECL allowance scope	Outside of IFRS 9 ECL allowance scope
Loans and advances	630	630	-
Investments and securities	887 918	284	887 634
Government and government-guaranteed securities	116 506	-	116 506
Other debt securities, preference shares and debentures	93 230	284	92 946
Short-term funds and securities treated as investments	37 331	-	37 331
Other ¹	640 851	-	640 851
Trade, other receivables and other assets	42 761	40 558	2 203
Derivative financial instruments – assets	8 193	-	8 193
Amount due by Group companies	2 952	2 952	-
Cash and cash equivalents	21 506	21 506	-

At 31 December 2022 Rm	Consolidated		
	Total financial assets	Within IFRS 9 ECL allowance scope	Outside of IFRS 9 ECL allowance scope
Loans and advances	309	309	-
Investments and securities	833 243	1 280	831 963
Government and government-guaranteed securities	111 888	-	111 888
Other debt securities, preference shares and debentures	99 492	1 280	98 212
Short-term funds and securities treated as investments	53 747	-	53 747
Other ¹	568 116	-	568 116
Trade, other receivables and other assets	26 399	23 987	2 412
Derivative financial instruments – assets	9 629	-	9 629
Amount due by Group companies	2 352	2 352	-
Cash and cash equivalents	19 621	19 621	-

¹ Other includes equity securities and pooled investments which are not exposed to credit risk

1.6 Collateral

(i) Financial collateral

The Group takes financial collateral to support exposures in its securities lending activities. Cash collateral is included as part of cash and cash equivalents. These transactions are entered into under terms and conditions that are standard industry practice for securities lending activities.

At 31 December 2023, the Group has cash collateral of R4 568 million (2022: R1 548 million).

The Company conducts securities lending activities as a lender in respect of some of its listed equities and bonds. The fair value of collateral accepted as security for securities lending arrangements amounts to R6 007 million (2022: R1 548 million).

OMLACSA has placed government securities amounting to R29 229 million (2022: R28 107 million) as collateral for deposits received under repurchase agreements.

These amounts represent assets that have been transferred, but do not qualify for derecognition under IFRS 9. The associated liabilities amounted to R28 653 million (2022: R27 070 million).

1.7 Analysis of financial assets held at amortised cost

At 31 December 2023 Rm	Gross carrying amount	Allowance for ECL	Net amount	Separate		
				Allowance for ECL		
				Stage 1	Stage 2	Stage 3
Loans and advances	282	(2)	280	(2)	-	-
Investments and securities	284	-	284	-	-	-
Trade, other receivables and other assets	8 068	(251)	7 817	-	(251)	-
Amount due by Group companies	5 431	-	5 431	-	-	-
Cash and cash equivalents	10 727	-	10 727	-	-	-
	24 792	(253)	24 539	(2)	(251)	-

At 31 December 2022 Rm	Gross carrying amount	Allowance for ECL	Net amount	Separate		
				Allowance for ECL		
				Stage 1	Stage 2	Stage 3
Loans and advances	34	-	34	-	-	-
Investments and securities	1 280	-	1 280	-	-	-
Trade, other receivables and other assets	5 812	(244)	5 568	-	(244)	-
Amount due by Group companies	5 095	-	5 095	-	-	-
Cash and cash equivalents	6 681	-	6 681	-	-	-
	18 902	(244)	18 658	-	(244)	-

At 31 December 2023 Rm	Gross carrying amount	Allowance for ECL	Net amount	Consolidated		
				Allowance for ECL		
				Stage 1	Stage 2	Stage 3
Loans and advances	632	(2)	630	(2)	-	-
Investments and securities	284	-	284	-	-	-
Trade, other receivables and other assets	40 888	(330)	40 558	-	(330)	-
Amount due by Group companies	2 952	-	2 952	-	-	-
Cash and cash equivalents	21 506	-	21 506	-	-	-
	66 262	(332)	65 930	(2)	(330)	-

At 31 December 2022 Rm	Gross carrying amount	Allowance for ECL	Net amount	Consolidated		
				Allowance for ECL		
				Stage 1	Stage 2	Stage 3
Loans and advances	309	-	309	-	-	-
Investments and securities	1 280	-	1 280	-	-	-
Trade, other receivables and other assets	24 343	(356)	23 987	-	(356)	-
Amount due by Group companies	2 352	-	2 352	-	-	-
Cash and cash equivalents	19 621	-	19 621	-	-	-
	47 905	(356)	47 549	-	(356)	-

The simplified approach for trade receivables has been applied, resulting in measuring the loss allowance at an amount equal to lifetime ECLs. The allowances have been displayed under Stage 2 as allowances within this stage are also calculated on a lifetime ECL basis.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

E: Financial risk and capital management continued

E1: Credit risk continued

1.8 Credit quality analysis

The following tables set out information about the credit quality of debt and similar securities according to their credit rating (Moody's, Standard and Poor's, or equivalent). The total carrying amounts represent the maximum exposure to credit risk at the reporting date:

At 31 December 2023 Rm	Separate						Total
	Loans and advances ¹	Government securities	Other debt securities	Short-term funds	Derivative financial instruments – assets ¹	Cash and cash equivalents ¹	
Investment grade (AAA to BBB)	–	1 930	39 403	9 723	3 177	10 704	64 937
Sub-investment grade (BB and lower)	–	101 160	34 279	16 798	4 872	23	157 132
Not rated	280	100	10 485	5 648	50	–	16 563
Total	280	103 190	84 167	32 169	8 099	10 727	238 632

¹ As part of the Group's continued disclosure enhancement efforts, the credit quality for loans and advances, derivative financial assets and cash and cash equivalents has been disclosed

At 31 December 2022 Rm	Separate				Total
	Government securities	Other debt securities	Short-term funds		
Investment grade (AAA to BBB)	1 763	36 762	14 565		53 090
Sub-investment grade (BB and lower)	96 465	35 647	19 759		151 871
Not rated	531	10 933	1 700		13 164
Total	98 759	83 342	36 024		218 125

At 31 December 2023 Rm	Consolidated						Total
	Loans and advances ¹	Government securities	Other debt securities	Short-term funds	Derivative financial instruments – assets ¹	Cash and cash equivalents ¹	
Investment grade (AAA to BBB)	–	1 929	42 454	9 723	3 233	19 527	76 866
Sub-investment grade (BB and lower)	–	114 476	42 090	21 945	4 878	98	183 487
Not rated	630	101	8 686	5 663	82	1 881	17 043
Total	630	116 506	93 230	37 331	8 193	21 506	277 396

¹ As part of the Group's continued disclosure enhancement efforts, the credit quality for loans and advances, derivative financial assets and cash and cash equivalents has been disclosed

At 31 December 2022 Rm	Consolidated				Total
	Government securities	Other debt securities	Short-term funds		
Investment grade (AAA to BBB)	1 763	36 762	14 565		53 090
Sub-investment grade (BB and lower)	96 465	35 647	19 759		151 871
Not rated	13 660	27 083	19 423		60 166
Total	111 888	99 492	53 747		265 127

Reinsurance assets

Reinsurance treaties are only entered into with reinsurers who comply with local regulatory requirements and have an international or national credit rating of A- or better.

E2: Market risk

Market risk is the potential impact of unfavourable changes in foreign exchange rates, interest rates and equity prices on the financial position and financial performance of the Group. Market risk arises differently across the Group's businesses depending on the types of financial assets and liabilities held, which in turn is driven by the nature of the business activities.

The Group has developed risk policies which set out the practices which are used to monitor and manage market risk. These policies are cascaded to business units across the Group. Each of the business units has its own established set of policies, principles and governance processes to monitor and manage market risk within its individual businesses and in accordance with local regulatory requirements.

Market risks on policies where the terms are guaranteed in advance and the investment risk is carried by the shareholders (e.g. guaranteed non-profit annuities) are predominantly matched with suitably dated interest-bearing assets which minimises interest rate risk and ensures adequate asset and liability matching. Residual risk exposures are minimal and within risk appetite and, where applicable, absorbed by discretionary margins (e.g. savings products).

The Asset-liability Management (ALM) value chain for these products is generally as follows:

- » Match interest rate risk with suitable assets – see more detail in note E2.2 Interest rate risk.
- » Manage the counterparty credit risk due to derivative trading with banks through suitable collateral- and margin management processes.
- » Manage the liquidity risk resulting from the above collateral and margin management process by holding adequate sources of liquid assets which can serve as collateral (for more details see note E3 Liquidity risk).
- » In order to generate liquidity, we might enter securitised short-term funding contracts to create cash liquidity from the matching assets – e.g. repurchase agreements (repos). These transactions require similar collateral processes to derivatives and would create similar collateral and margin risk as described above (for more details see note E3 Liquidity risk).
- » Cash raised from the above repo positions, introduce potential liquidity risk and more specifically repo roll risk; we manage this by holding sufficient liquidity to be able to step in and fund short-dated funding gaps where and when applicable (for more details see note E3 Liquidity risk).

Market risks on with-profit policies, where investment risk is shared between policyholders and shareholders, are minimised by appropriate bonus declaration practices and having suitable mandates for asset allocation (the stock selection and investment analysis process is supported by well-developed research functions). In addition, shareholder risk is further minimised through dynamically managed hedging strategies based on the risk attached to the various shareholder guarantees. Where residual risk exposures exist (specifically sensitivity to rate and equity volatility) adequate discretionary margins are held to absorb adverse market movements.

Market risk resulting from shareholder investments is managed through set asset allocation mandates in line with the Group risk strategy. For the South African shareholder-listed equity portfolio, we aim to limit capital losses using a hedged equity strategy. The hedging strategy is executed primarily in the form of zero-cost collars where the exposure to losses is limited to 5% – 15% of the investment value while underlying equities track the Capped SWIX total return index.

The principal market risk arising in the Group's banking operations is interest rate risk on the banking book resulting from repricing and/or maturity mismatches between on and off-balance sheet components in all banking business. Governance structures are in place to achieve effective independent monitoring and management of market risk.

E2.1: Currency translation risk

The Group has exposure to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rates.

The Company operates in Hong Kong, Guernsey and Isle of Man through branches and in China through an associate. This creates an additional source of foreign currency translation risk which arises from the fact that the branches use US dollar and the joint venture the Chinese Yuan Renminbi as their functional currencies, whereas the functional currency of the Company is rand.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

E: Financial risk and capital management continued

E2: Market risk continued

E2.1: Currency translation risk continued

At 31 December 2023 Rm	Separate					
	ZAR	GBP	USD	EUR	Other	Total
Assets						
Reinsurance contract assets	2 742	-	-	-	-	2 742
Insurance contract assets	4 577	-	-	-	-	4 577
Loans and advances	280	-	-	-	-	280
Investments and securities	740 873	10 578	71 756	4 198	2 248	829 653
Amounts due by Group companies	5 431	-	-	-	-	5 431
Trade, other receivables and other assets	9 385	-	130	-	-	9 515
Derivative financial instruments – assets	8 099	-	-	-	-	8 099
Cash and cash equivalents	9 281	321	908	165	52	10 727
Total assets that include financial instruments	780 668	10 899	72 794	4 363	2 300	871 024
Total non-financial assets	11 708	-	278	-	-	11 986
Total assets	792 376	10 899	73 072	4 363	2 300	883 010
Liabilities						
Reinsurance contract liabilities	34	-	-	-	-	34
Insurance contract liabilities	557 618	-	-	-	-	557 618
Investment contract liabilities	139 317	10 357	70 280	3 866	2 442	226 262
Borrowed funds	10 486	-	-	-	-	10 486
Amounts due to Group companies	465	-	-	-	-	465
Trade, other payables and other liabilities	45 393	53	596	45	-	46 087
Derivative financial instruments – liabilities	11 473	-	-	-	-	11 473
Total liabilities that include financial instruments	764 786	10 410	70 876	3 911	2 442	852 425
Total non-financial liabilities	3 580	1	1 900	-	-	5 481
Total liabilities	768 366	10 411	72 776	3 911	2 442	857 906

At 31 December 2022 Rm	Separate					
	ZAR	GBP	USD	EUR	Other	Total
Assets						
Reinsurance contract assets	3 225	-	-	-	-	3 225
Insurance contract assets	2 569	-	-	-	-	2 569
Loans and advances	34	-	-	-	-	34
Investments and securities	689 468	9 517	58 195	2 949	1 931	762 060
Amounts due by Group companies	5 095	-	-	-	-	5 095
Trade, other receivables and other assets	7 405	52	176	-	-	7 633
Derivative financial instruments – assets	9 394	-	-	-	-	9 394
Cash and cash equivalents	5 544	205	846	78	8	6 681
Total assets that include financial instruments	722 734	9 774	59 217	3 027	1 939	796 691
Total non-financial assets	11 435	25	257	6	2	11 725
Total assets	734 169	9 799	59 474	3 033	1 941	808 416
Liabilities						
Reinsurance contract liabilities	18	-	-	-	-	18
Insurance contract liabilities	523 954	-	-	-	-	523 954
Investment contract liabilities	118 915	9 380	57 390	2 672	2 137	190 494
Borrowed funds	9 024	-	-	-	-	9 024
Amounts due to Group companies	472	-	-	-	-	472
Trade, other payables and other liabilities	44 465	63	-	47	-	44 575
Derivative financial instruments – liabilities	12 384	-	-	-	-	12 384
Total liabilities that include financial instruments	709 232	9 443	57 390	2 719	2 137	780 921
Total non-financial liabilities	2 919	7	758	-	4	3 688
Total liabilities	712 151	9 450	58 148	2 719	2 141	784 609

At 31 December 2023 Rm	Consolidated					
	ZAR	GBP	USD	EUR	Other	Total
Assets						
Reinsurance contract assets	2 887	-	-	-	-	2 887
Insurance contract assets	4 738	-	-	-	-	4 738
Loans and advances	630	-	-	-	-	630
Investments and securities	798 845	10 874	71 756	4 195	2 248	887 918
Amounts due by Group companies	2 952	-	-	-	-	2 952
Trade, other receivables and other assets	42 353	57	133	62	156	42 761
Derivative financial instruments – assets	8 137	-	-	13	43	8 193
Cash and cash equivalents	19 130	326	951	965	134	21 506
Total assets that include financial instruments	879 672	11 257	72 840	5 235	2 581	971 585
Total non-financial assets	44 411	32	312	3 392	3 019	51 166
Total assets	924 083	11 289	73 152	8 627	5 600	1 022 751
Liabilities						
Reinsurance contract liabilities	598	-	-	-	-	598
Insurance contract liabilities	557 779	-	-	-	-	557 779
Investment contract liabilities	142 237	10 357	70 280	3 866	2 442	229 182
Third-party interest in consolidation of funds	96 439	-	-	-	-	96 439
Borrowed funds	10 486	-	-	-	-	10 486
Amounts due to Group companies	466	-	-	-	-	466
Trade, other payables and other liabilities	81 740	882	1 436	2 077	2 204	88 339
Derivative financial instruments – liabilities	11 488	-	10	-	-	11 498
Total liabilities that include financial instruments	901 233	11 239	71 726	5 943	4 646	994 787
Total non-financial liabilities	4 231	6	1 900	165	222	6 524
Total liabilities	905 464	11 245	73 626	6 108	4 868	1 001 311

At 31 December 2022 Rm	Consolidated					
	ZAR	GBP	USD	EUR	Other	Total
Assets						
Reinsurance contract assets	2 707	-	-	-	-	2 707
Insurance contract assets	3 436	-	-	-	-	3 436
Loans and advances	309	-	-	-	-	309
Investments and securities	762 770	9 949	55 644	2 949	1 931	833 243
Amounts due by Group companies	2 352	-	-	-	-	2 352
Trade, other receivables and other assets	25 985	61	180	167	6	26 399
Derivative financial instruments – assets	9 520	-	-	109	-	9 629
Cash and cash equivalents	18 002	220	855	536	8	19 621
Total assets that include financial instruments	825 081	10 230	56 679	3 761	1 945	897 696
Total non-financial assets	35 896	26	4 523	6 497	2	46 944
Total assets	860 977	10 256	61 202	10 258	1 947	944 640
Liabilities						
Reinsurance contract liabilities	497	-	-	-	-	497
Insurance contract liabilities	523 481	-	-	-	-	523 481
Investment contract liabilities	122 562	9 380	57 390	2 672	2 137	194 141
Third-party interest in consolidation of funds	100 519	-	1 581	-	-	102 100
Borrowed funds	9 024	-	-	-	-	9 024
Amounts due to Group companies	480	-	-	-	-	480
Trade, other payables and other liabilities	70 098	758	2 408	3 449	-	76 713
Derivative financial instruments – liabilities	12 384	-	-	-	-	12 384
Total liabilities that include financial instruments	839 045	10 138	61 379	6 121	2 137	918 820
Total non-financial liabilities	3 560	16	758	367	4	4 705
Total liabilities	842 605	10 154	62 137	6 488	2 141	923 525

The Group may reduce currency translation risk through the use of currency swaps, currency borrowings and forward foreign exchange contracts.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

E: Financial risk and capital management continued

E2: Market risk continued

E2.1: Currency translation risk continued

Sensitivity analysis

The following analysis is performed for reasonably possible movements in key variables, with all other variables held constant, showing the impact on, profit before tax, and equity due to changes in the fair value of currency-sensitive monetary assets and liabilities, including those relating to insurance and reinsurance contracts. The correlation of variables will have a significant effect in determining the ultimate impact of currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. The method used for deriving sensitivity information and significant variables did not change from the previous year:

Rm	Separate				
	Change in exchange rate	Impact on profit after tax		Impact on equity	
		Strength-ening	Weakening	Strength-ening	Weakening
At 31 December 2023					
GBP	10%	(49)	49	(49)	49
USD	10%	(30)	30	(30)	30
At 31 December 2022					
GBP	10%	(35)	35	(35)	35
USD	10%	(133)	133	(133)	133

Rm	Consolidated				
	Change in exchange rate	Impact on profit after tax		Impact on equity	
		Strength-ening	Weakening	Strength-ening	Weakening
At 31 December 2023					
GBP	10%	(4)	4	(4)	4
USD	10%	47	(47)	47	(47)
At 31 December 2022					
GBP	10%	(10)	10	(10)	10
USD	10%	94	(94)	94	(94)

E2.2: Interest rate risk

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the Group's earnings and the value of its assets, liabilities and capital.

The Group has due regard to the nature of the liabilities and guarantees given to policyholders. Generally, the interest rate risk of such liabilities is managed by investing in fixed-interest assets of similar duration.

For guaranteed annuities and protection products (life, funeral, disability and critical illness cover), the interest rate risk is managed by investing in fixed-interest assets of varying terms, in order to hedge the liability's exposure to interest rate risk across the yield curve.

For products with embedded guarantees, investment guarantee reserves (IGRs) are calculated on a market-consistent basis. These IGRs are sensitive to movements in interest rates as well as the implied volatility of interest rates, with a reduction in interest rates and/or an increase in implied interest rate volatility increasing the reserves held. Economic hedging is largely in place to mitigate the impact of interest rate movements. A discretionary margin is also held for the potential ineffectiveness of such hedging strategies and for the movements in implied volatilities which are not hedged.

The Group has a policy of hedging the underlying items of insurance contracts with direct participation features by investing in appropriate assets. The fair value movement in underlying items of life savings contracts is therefore matched by equal and opposite movements in hedging assets. Consequently, only the impact on the components of the liability other than the underlying items and financial instruments backing these reserves components is disclosed.

Shareholder capital is also exposed to interest rate risk due to fluctuations in the market value of government bonds within the shareholder funds. Interest rate risk also arises due to changes in the fair value of fixed-rate debt when interest rates move, which is hedged using swaps.

Changes in interest rates mainly affect profit or loss, and equity, net of tax as follows.

Profit or loss and equity	Separate and consolidated	
	Profit or loss	Equity
» Interest revenue and other finance costs on floating-rate financial instruments (assuming that interest rates had varied by 100 basis points during the year)		
» Changes in the fair value of derivatives and fixed-rate financial instruments measured at FVTPL		
» Changes in the fair value of underlying items of direct participating contracts recognised as insurance finance income or expenses		
» Changes in the amount of the Group's share of the fair value of underlying items of onerous direct participating contracts		
» Changes in fulfilment cash flows of onerous direct participating contracts arising from interest rate guarantees		
» Insurance finance income or expenses recognised in profit or loss for participating and non-life contracts as a result of discounting future cash flows at a revised current rate		
» The net effect of the risk mitigation option recognised in profit or loss		

Sensitivity analysis

An analysis of the sensitivity of the Group's profit and loss and equity to a 1% increase or decrease in interest rates at the reporting date, assuming that all other variables remain constant, is presented below.

Rm	Separate and consolidated			
	Profit or loss		Equity	
	Increase	Decrease	Increase	Decrease
For the year ended 31 December 2023				
Life risk and annuities				
Insurance contracts (net of reinsurance contracts)	2 534	(3 371)	2 534	(3 371)
Financial instruments	(2 770)	3 204	(2 770)	3 204
Life savings¹				
Insurance contracts (net of reinsurance contracts)	33	(39)	33	(39)
Financial instruments	(83)	99	(83)	99
Shareholder funds				
Financial instruments	(131)	144	(131)	144

¹ Sensitivity impacts on life savings contracts were not calculated prior to 2023 as they were not considered material. In 2023 these impacts were calculated and disclosed as part of our methodology improvement process.

Rm	Separate and consolidated			
	Profit or loss		Equity	
	Increase	Decrease	Increase	Decrease
For the year ended 31 December 2022				
Life risk and annuities				
Insurance contracts (net of reinsurance contracts)	3 103	(2 922)	3 103	(2 922)
Financial instruments	(3 287)	3 117	(3 287)	3 117
Shareholder funds				
Financial instruments	(98)	108	(98)	108



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

E: Financial risk and capital management continued

E2: Market risk continued

E2.3: Equity price risk

Equity price risk is the risk that fluctuating equity prices will unfavourably affect the Group's earnings and the value of its assets, liabilities and capital.

There is limited exposure to equity price risk in non-profit products as equity securities are generally not regarded as suitable to match such insurance obligations (where the main risk is interest rate risk).

Indirect shareholder exposure to equity price risk exists where fees earned on products (primarily smoothed bonus, with profit annuities and unit-linked) are based on the underlying portfolio.

Shareholder capital is also exposed to equity price risk due to equity investments forming part of the Strategic Asset Allocation (or SAA) strategy. The exposure of South African shareholder capital investments to adverse movements in equity prices is mitigated to a large degree by the utilisation of equity hedging instruments.

For insurance contracts with embedded guarantees valued using the VFA, the IGRs are calculated on a market-consistent basis that is sensitive to movements in equity prices as well as implied equity volatility, with a reduction in equity prices and/or an increase in implied equity volatility, typically increasing the reserves held. Economic hedging is largely in place to mitigate the impact of interest rate movements and any hedge ineffectiveness is reflected in profit or loss. Where equity price risk is not hedged the impact of equity price movements on investment guarantee reserves would unlock the CSM and not impact profit or loss directly.

The Group has a policy of hedging the underlying items of insurance contracts with direct participation features by investing in appropriate assets. The fair value movement in underlying items of life savings contracts is therefore matched by equal and opposite movements in hedging assets. Consequently only the impact on the components of the liability other than the underlying items and financial instruments backing these reserves components is disclosed.

Changes in interest rates mainly affect profit or loss, and equity, net of tax as follows.

Profit or loss and equity

- » Changes in the fair value of equity investments measured at FVTPL that are not underlying items
- » Changes in the amount of the Group's share of the fair value of underlying items of onerous direct participating contracts
- » Changes in fulfilment cash flows of onerous direct participating contracts arising from equity guarantees
- » The net effect of the risk mitigation option recognised in profit or loss

Sensitivity analysis

An analysis of the Group's sensitivity to a 5% increase or decrease in equity prices at the reporting date, assuming that all other variables remain constant, is presented below.

For the year ended 31 December 2023 Rm	Separate and consolidated			
	Profit or loss		Equity	
	Increase	Decrease	Increase	Decrease
Life risk and annuities				
Insurance contracts (net of reinsurance contracts)	76	(78)	76	(78)
Financial instruments	(9)	9	(9)	9
Shareholder funds				
Financial instruments	257	(303)	257	(303)
	Separate and consolidated			
	Profit or loss		Equity	
	Increase	Decrease	Increase	Decrease
For the year ended 31 December 2022 Rm				
Life savings				
Insurance contracts (net of reinsurance contracts)	23	(27)	23	(27)
Financial instruments	–	–	–	–
Shareholder funds				
Financial instruments	269	(295)	269	(295)

E3: Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Financial assets that count as available liquidity include cash and money market accounts in holding companies, undrawn amounts in revolving credit facilities and dividends declared by subsidiaries. Financial assets are used to meet liquidity requirements that arise from central expenses, planned transactions, dividend declarations, subsidiary liquidity shortfalls (if any), capital support and external debt calls.

Subsidiaries are responsible for managing their own liquidity needs in line with the Group liquidity risk policy. This allows the subsidiaries to withstand severe stress events while also taking into account any applicable local regulations. The work is overseen by the local subsidiary Company's Board, which for material subsidiaries includes Group representation. Liquidity is also held centrally to meet the liquidity demands of a listed holding company.

The Group liquidity position is monitored over a forecast period of 36 months. The Group's liquidity risk appetite is to maintain sufficient liquidity to withstand a 1-in-200-year stress event over a one-year period while meeting the demands of ongoing operations.

The primary sources of liquidity risk are:

- » Within the Insurance businesses, where derivative instruments may be used for the purposes of hedging and efficient portfolio management. The largest exposure of this nature relates to annuity and risk product portfolios in OMLACSA. The derivative instruments give rise to collateral calls in a changing interest rate environment. These are managed by performing detailed stress tests and ensuring adequate liquidity exists to cover potential collateral and margin calls.
- » Within the Group's central treasury function, where the key liquidity risks relate to the balance between remittances received from the businesses either by way of operations or through capital items, compared to central costs including debt funding and/or capital or liquidity demands of the businesses.

The above risks are mitigated by a combination of holding ample readily accessible liquidity where the risks lie, whether these arise from shareholder commitments or policyholder liabilities, having access to contingent sources of liquidity such as revolving credit facilities, management processes to monitor lending covenants and suitable management actions to proactively remedy any deterioration in the covenant status or liquidity coverage. In the event of a liquidity risk scenario occurring the actual actions to be taken will be tailored to the specific circumstances.

The contractual maturities of the Group's insurance contracts and financial liabilities are set out in notes F2 and F3.

E4: Insurance risk

The Group assumes liability risk, sometimes referred to as insurance risk, by issuing both life and general insurance contracts under which the Group agrees to compensate the policyholder or beneficiary if a specified uncertain future event affecting the policyholder occurs. This risk includes mortality and morbidity risk for life insurance contracts, as well as non-life risk from events such as fire or accident arising under general insurance contracts. As such, the Group is exposed to the uncertainty surrounding the timing and severity of such claims.

The principal risk is that the frequency and severity of claims are greater than expected and that the Group does not charge premiums appropriate for the risk accepted. Insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

Another key risk is that the actual return on the portfolio of assets held by the Group is not sufficient to cover the return assumption used in calculating claims and other reserves.

The Group's risk philosophy is therefore to hold capital where the risks lie and the Group only takes on risks that we can understand, price appropriately and have the skills to monitor and manage.

Risk management objectives and policies for mitigating insurance risk

- The Group manages insurance risk through the following mechanisms:
- » An agreed risk preference for all risk types, including those relating to insurance.
 - » The diversification of business over several classes of insurance and large numbers of uncorrelated individual risks, by which the Group seeks to reduce variability in loss experience.
 - » The maintenance and use of information management systems, which provide current data on the risks to which the business is exposed and the quantification of such risks.
 - » Actuarial models, which use the above information to calculate premiums and monitor decrements and claims patterns. Past experience and statistical methods are used.
 - » Guidelines for concluding insurance contracts and assuming insurance risks. These include underwriting principles and product pricing procedures.
 - » Reinsurance, which is used to limit the Group's exposure to large single claims and catastrophes. When selecting a reinsurer, consideration is given to those companies that provide high security using rating information from both public and private sources.
 - » The mix of assets, which is driven by the nature and term of the insurance liabilities. The management of assets and liabilities is closely monitored to ensure that there are sufficient interest-bearing assets to match the guaranteed portion of liabilities. Hedging instruments are used at times to limit exposure to the equity market and interest rate movements.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

E: Financial risk and capital management continued

E4: Insurance risk continued

Management of insurance risks

The following table summarises the variety of insurance risks to which the Group is exposed, and the methods by which it seeks to mitigate these risks.

Risk type	Nature of risk	Risk management
Liability – mortality	Misalignment of policyholders to the appropriate pricing basis or impact of anti-selection or random fluctuation in deaths, resulting in a loss.	Experience is closely monitored. Mortality rates can be reset at the end of the guarantee term. Underwriting limits, health requirements, spread of risks and training of underwriters and reinsurance all mitigate the risk.
Liability – morbidity	Misalignment of policyholders to the appropriate pricing basis or impact of anti-selection or random fluctuation in disability/critical illness, resulting in a loss.	Experience is closely monitored. Morbidity rates can be reset at the end of the guarantee term. Underwriting limits, health requirements, spread of risks and training of underwriters all mitigate the risk.
Liability – longevity	Possible increase in annuity costs due to policyholders living longer.	For non-profit annuities, improvement in longevity is allowed for in pricing and valuation. Experience is closely monitored. For with-profit annuity business, the longevity risk is carried by policyholders and any mortality profit or loss is reflected in bonuses declared.
Liability – mortality catastrophe	Natural and non-natural disasters could result in increased mortality risk and payouts on policies.	Catastrophe excess of loss reinsurance treaty covers claims from one incident occurring within a specified period between a range of specified limits.
Liability – morbidity catastrophe	Natural and non-natural disasters could result in increased morbidity risk and payouts on policies.	Catastrophe excess of loss reinsurance treaty covers claims from one incident occurring within a specified period between a range of specified limits.
Market – yield curve movement	Lower swap curves and higher volatilities cause investment guarantee reserves to increase.	A discretionary margin is added to the value of guarantees, determined on a market-consistent stochastic basis and included in current reserves. Hedging is largely in place for most products. Fewer and lower guarantees are typically provided on new business.
Market – asset price movement	Unfavourable movements in asset prices may result in asset values being less than guaranteed policy values, particularly on smooth bonus business. (This product delivers stable, or 'smooth' returns over time, the smoothing approach delivers investment returns in the form of annual bonuses.)	An investment guarantee reserve has been set up to mitigate the risk of poor market performance relative to investment guarantees. Shareholder risk is further minimised through dynamically managed hedging strategies based on the risk attached to the various shareholder guarantees. Where residual risk exposures exist (specifically sensitivity to rate and equity volatility) adequate discretionary margins are held to absorb adverse market movements. An investment guarantee reserve has been set up to mitigate the risk of poor market performance relative to investment guarantees.

Risk type	Nature of risk	Risk management
Tax	Tax risk is the risk that the projected taxation basis for basic life assurance business is incorrect, resulting in contracts being incorrectly priced. Tax risk also represents potential changes in the interpretation or application of prevailing tax legislation applicable to either policyholders or shareholders, resulting in higher taxes reducing profitability or increasing shareholder tax burdens.	The taxation position of the operations is projected annually and tax changes will result in changes to new business pricing models as part of the annual control cycle. High risk issues and emerging trends are reported internally on a quarterly basis.
Policyholder behaviour	The risk that business performance will be below projections as a result of negative variances in new business volumes and margins, and lapse, rebate and expense experience. A natural consequence of doing business, which is proportional to the size of our business, is that it will grow as the businesses grow. These arise as a result of new products and new business.	Good business practices and disciplines. When selling new business, the Group will only sell products that meet its customers' needs and which they can afford, which then has a better chance of staying on books (this benefits both the customer and the Group). The Group offers innovative products to suit different clients and needs, enabling it to find opportunities even in challenging market conditions. In order to limit lapse risk, products are designed to limit the financial loss on surrender, subject to 'Treating Customers Fairly' principles. Expense risk is limited through the quarterly monitoring of budgets and forecasts.
Business volume risk	Business volumes are not in line with those allowed for in the pricing of products, meaning the expenses are not fully recovered.	Business volumes are closely monitored, and pricing assumptions may be updated to allow appropriately for the expenses incurred by the Group in writing and maintaining policies.
Expenses	Expense risk is the risk that actual expenses and expense inflation differ from expected levels. Higher expenses and expense inflation may result in emerging profit falling below the Group's profit objectives.	Expense levels are monitored quarterly against budgets and forecasts. An activity-based costing process is used to allocate costs relating to processes and activities to individual product lines. Some products' structures include variable maintenance charges. These charges are reviewed annually in light of changes in maintenance expense levels. This review may result in changes in charge levels, subject to Treating Customers Fairly principles.
Lapse risk	Lapse risk arises where policies lapse before initial costs are recouped, or where lapse experience differs from pricing assumptions.	Product design also allows for surrender penalties in early surrender with certain products. Experience is closely monitored. Premium rates can be reset at the end of the guarantee term. Old Mutual Rewards benefits offered to our customers also contribute towards encouraging persistence.
Mass lapse risk	Mass lapse risk is the risk that the Group will not be able to continue operations after losing the policyholders due to market panic or some other external event.	The Group holds the capital to guard against a mass lapse scenario. This includes an allowance for operating expenses over a one-year period.

Concentration of insurance risk

The Group manages concentration risk through various mechanisms and monitors the opportunities for mitigating actions. Such mechanisms include: underwriting principles and product pricing procedures, reinsurance and the diversification of business over several classes of insurance and large numbers of uncorrelated individual risks.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

E: Financial risk and capital management continued

E4: Insurance risk continued

Underlying items of contracts with direct participation features

The following table sets out the composition and fair value of the underlying items of the Group's life-savings contracts¹.

Year ended 31 December Rm	Separate and consolidated	
	2023	2022
Cash and cash equivalents	15 600	18 154
Government bonds	32 520	30 267
Other debt securities	26 978	30 182
Equities	108 881	108 216
Pooled investments	277 533	248 360
Properties	15 059	15 396
Other	68	215
	476 639	450 790

¹ The company and the Group's life-savings contracts are insurance contracts with direct participation features, measured using the variable fee approach

Sensitivity analysis

Changes in key assumptions used to value insurance contracts would result in increases or decreases to the insurance contract provisions recorded, with impact on profit/(loss) and/or shareholders' equity. The effect of a change in assumption is mitigated by the offset (partial or full) to the bonus stabilisation reserve in the case of smoothed bonus products in South Africa.

The following tables demonstrate the effect of a change in a key assumption on policyholder liabilities related to insurance contracts while other assumptions remain unchanged. The analysis presents the sensitivities both before and after risk mitigation by reinsurance.

For the year ended 31 December 2023 Rm	Notes	Separate					
		CSM		Profit or loss		Equity	
		Gross	Net	Gross	Net	Gross	Net
Life risk and annuities							
5% increase in mortality rates		(2 592)	(1 931)	(575)	(528)	(575)	(528)
5% decrease in mortality rates		2 645	1 970	575	527	575	527
5% increase in morbidity rates		(678)	(491)	(63)	(82)	(63)	(82)
5% decrease in morbidity rates		681	492	62	82	62	82
5% increase in annuitant mortality rates		584	584	(44)	(44)	(44)	(44)
5% decrease in annuitant mortality rates		(618)	(618)	47	47	47	47
10% increase in discontinuance (lapse) rates		(1 034)	(1 072)	(283)	(302)	(283)	(302)
10% decrease in discontinuance (lapse) rates		1 147	1 192	290	308	290	308
10% increase in maintenance rates (expenses)		(1 044)	(1 071)	(280)	(253)	(280)	(253)
10% decrease in maintenance rates (expenses)		1 044	1 071	278	251	278	251
Life savings							
5% increase in mortality rates		(114)	(114)	(25)	(25)	(25)	(25)
5% decrease in mortality rates		114	114	25	25	25	25
5% increase in morbidity rates		(12)	(12)	(3)	(3)	(3)	(3)
5% decrease in morbidity rates		12	12	3	3	3	3
5% increase in annuitant mortality rates		(49)	(49)	6	6	6	6
5% decrease in annuitant mortality rates		52	52	(6)	(6)	(6)	(6)
10% increase in discontinuance (lapse) rates		(849)	(849)	(76)	(76)	(76)	(76)
10% decrease in discontinuance (lapse) rates		928	928	82	82	82	82
10% increase in maintenance rates (expenses)		(573)	(573)	(108)	(108)	(108)	(108)
10% decrease in maintenance rates (expenses)		576	576	109	109	109	109

For the year ended 31 December 2022 Rm	Notes	Separate					
		CSM		Profit or loss		Equity	
		Gross	Net	Gross	Net	Gross	Net
Life risk and annuities							
5% increase in mortality rates		(2 305)	(1 672)	(668)	(645)	(668)	(645)
5% decrease in mortality rates		2 701	1 643	619	627	619	627
5% increase in morbidity rates		(596)	(436)	(86)	(94)	(86)	(94)
5% decrease in morbidity rates		598	437	86	94	86	94
5% increase in annuitant mortality rates		573	573	(46)	(46)	(46)	(46)
5% decrease in annuitant mortality rates		(606)	(606)	51	51	51	51
10% increase in discontinuance (lapse) rates		(936)	(965)	(245)	(288)	(245)	(288)
10% decrease in discontinuance (lapse) rates		1 039	1 077	267	312	267	312
10% increase in maintenance rates (expenses)		(764)	(764)	(360)	(360)	(360)	(360)
10% decrease in maintenance rates (expenses)		758	758	366	366	366	366
Life savings							
5% increase in mortality rates		(101)	(101)	(3)	(3)	(3)	(3)
5% decrease in mortality rates		102	102	3	3	3	3
5% increase in morbidity rates		(17)	(17)	–	–	–	–
5% decrease in morbidity rates		18	18	–	–	–	–
5% increase in annuitant mortality rates		(45)	(45)	8	8	8	8
5% decrease in annuitant mortality rates		48	48	(8)	(8)	(8)	(8)
10% increase in discontinuance (lapse) rates		(942)	(942)	(28)	(28)	(28)	(28)
10% decrease in discontinuance (lapse) rates		1 036	1 036	31	31	31	31
10% increase in maintenance rates (expenses)		(581)	(581)	(58)	(58)	(58)	(58)
10% decrease in maintenance rates (expenses)		594	594	60	60	60	60

For the year ended 31 December 2023 Rm	Notes	Consolidated					
		CSM		Profit or loss		Equity	
		Gross	Net	Gross	Net	Gross	Net
Life risk and annuities							
5% increase in mortality rates		(2 592)	(1 931)	(575)	(528)	(575)	(528)
5% decrease in mortality rates		2 645	1 970	575	527	575	527
5% increase in morbidity rates		(678)	(491)	(63)	(82)	(63)	(82)
5% decrease in morbidity rates		681	492	62	82	62	82
5% increase in annuitant mortality rates		584	584	(44)	(44)	(44)	(44)
5% decrease in annuitant mortality rates		(618)	(618)	47	47	47	47
10% increase in discontinuance (lapse) rates		(1 034)	(1 072)	(283)	(302)	(283)	(302)
10% decrease in discontinuance (lapse) rates		1 147	1 192	290	308	290	308
10% increase in maintenance rates (expenses)		(1 044)	(1 071)	(280)	(253)	(280)	(253)
10% decrease in maintenance rates (expenses)		1 044	1 071	278	251	278	251
Life savings							
5% increase in mortality rates		(114)	(114)	(25)	(25)	(25)	(25)
5% decrease in mortality rates		114	114	25	25	25	25
5% increase in morbidity rates		(12)	(12)	(3)	(3)	(3)	(3)
5% decrease in morbidity rates		12	12	3	3	3	3
5% increase in annuitant mortality rates		(49)	(49)	6	6	6	6
5% decrease in annuitant mortality rates		52	52	(6)	(6)	(6)	(6)
10% increase in discontinuance (lapse) rates		(849)	(849)	(76)	(76)	(76)	(76)
10% decrease in discontinuance (lapse) rates		928	928	82	82	82	82
10% increase in maintenance rates (expenses)		(573)	(573)	(108)	(108)	(108)	(108)
10% decrease in maintenance rates (expenses)		576	576	109	109	109	109



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

E: Financial risk and capital management continued E4: Insurance risk continued

For the year ended 31 December 2022 Rm	Notes	Consolidated					
		CSM		Profit or loss		Equity	
		Gross	Net	Gross	Net	Gross	Net
Life risk and annuities							
5% increase in mortality rates		(2 305)	(1 672)	(668)	(645)	(668)	(645)
5% decrease in mortality rates		2 701	1 643	619	627	619	627
5% increase in morbidity rates		(596)	(436)	(86)	(94)	(86)	(94)
5% decrease in morbidity rates		598	437	86	94	86	94
5% increase in annuitant mortality rates		573	573	(46)	(46)	(46)	(46)
5% decrease in annuitant mortality rates		(606)	(606)	51	51	51	51
10% increase in discontinuance (lapse) rates		(936)	(965)	(245)	(288)	(245)	(288)
10% decrease in discontinuance (lapse) rates		1 039	1 077	267	312	267	312
10% increase in maintenance rates (expenses)		(764)	(764)	(360)	(360)	(360)	(360)
10% decrease in maintenance rates (expenses)		758	758	366	366	366	366
Life savings							
5% increase in mortality rates		(101)	(101)	(3)	(3)	(3)	(3)
5% decrease in mortality rates		102	102	3	3	3	3
5% increase in morbidity rates		(17)	(17)	-	-	-	-
5% decrease in morbidity rates		18	18	-	-	-	-
5% increase in annuitant mortality rates		(45)	(45)	8	8	8	8
5% decrease in annuitant mortality rates		48	48	(8)	(8)	(8)	(8)
10% increase in discontinuance (lapse) rates		(942)	(942)	(28)	(28)	(28)	(28)
10% decrease in discontinuance (lapse) rates		1 036	1 036	31	31	31	31
10% increase in maintenance rates (expenses)		(581)	(581)	(58)	(58)	(58)	(58)
10% decrease in maintenance rates (expenses)		594	594	60	60	60	60

Sensitivity analysis

Changes in underwriting risk variables mainly affect the CSM, profit or loss and equity, net of tax as follows.

CSM	Profit or loss and equity
Changes in fulfilment cash flows not relating to any loss components, other than those recognised as insurance finance income or expenses.	Changes in fulfilment cash flows relating to loss components.
	Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.

Assumptions

Actuarial methods are used to estimate the ultimate cost of claims and there are underlying assumptions with these methods. These include the assumption that past experience is a reasonable guide for the future development of claims. In some classes of business, where processes or systems change, adjustments are made in order to estimate the ultimate claims. Judgement is applied where needed, but the methods are reviewed by the Head of Actuarial for reasonability.

Guarantees and options

Some of the insurance contracts issued by the Group contain guarantees and options, the ultimate liability for which will depend significantly on the number of policyholders exercising their options and on market and investment conditions applying at that time.

Certain life assurance contracts include the payment of guaranteed values to policyholders on maturity, death, disability or survival. The published liabilities include the provision for both the intrinsic and time value of the options and guarantees.

The time value of options and guarantees has been valued using a market-consistent stochastic asset model that is in alignment with the Advisory Practice Notes (APN) issued by the Actuarial Society of South Africa as guidance, APN 110 in particular. The options and guarantees that could have a material effect on the amount, timing and uncertainty of future cash flows are described in the following table:

Product category	Description of options and guarantees
Retail	
Death, disability, point and/or maturity guarantees	A closed block of universal life business with an underlying minimum growth rate guarantee (4.25% p.a. for life and endowment business and 4.75% p.a. for retirement annuity business), and smoothed bonus business with vested bonuses, applicable when calculating death, disability and maturity claims.
Guaranteed annuity options	Retirement annuities sold prior to June 1997 contain guaranteed annuity options, whereby the policyholder has an option to exchange the full retirement proceeds for a minimum level of annuity income at maturity.
Corporate	
Vested bonuses in respect of pre-retirement with-profits business	There is a material pre-retirement savings smoothed bonus portfolio. Vested bonuses affect the calculation of benefit payments when a member exits from the scheme as the face value is paid out. If, however, a scheme terminates, the lower of face and market value is paid out and the vested bonuses are not guaranteed.
Guaranteed annuity payments in respect of with-profit annuity business	There is a significant with-profit annuity portfolio. The underlying pricing interest rate is guaranteed and as such the current level of annuity payments (including past declared bonuses) cannot be reduced. If, however, a scheme terminates, the lower of the liability value on the Financial Soundness Valuation basis and the underlying asset market value is paid out.

The following disclosures are provided within the principles of APN 110 issued by the Actuarial Society.

Investment guarantee reserves have been calculated using an internal economic scenario generator (ESG) model that generates product-specific economic scenarios. These scenarios comprise interest rates, inflation and fund returns. The model is calibrated to South African derivative market data (where available and reliable), according to the Group's specific calibration requirements. The calibration has been performed as at 31 December 2023.

The risk-free zero coupon yield curve has been derived from mid-swap spot rates at the calibration date.

Term (years)	Annualised zero-coupon yield
1	8.4%
2	8.0%
3	8.0%
4	8.1%
5	8.3%
10	9.8%
15	10.6%
20	10.7%
25	10.0%
30	9.3%

Maturity (years)	Strike	Price	Implied volatility
1	Spot	6.30%	21.70%
1	0.8 times spot	1.99%	27.22%
1	Forward	7.84%	20.44%
5	Spot	9.22%	24.08%
5	1.04^5 times spot	16.36%	23.36%
5	Forward	17.02%	23.32%
20	Spot	2.14%	27.63%
20	1.04^20 times spot	9.67%	27.70%
20	Forward	21.85%	27.84%

Description of derivative contract ¹	Calculated price (% of spot price)
Five-year put with a strike price equal to (1.04)^5 of spot, on an underlying index constructed as 60% FTSE/JSE Top 40 and 40% ALBI, with rebalancing of the underlying index back to these weights taking place yearly.	7.12%
Twenty-year put option based on an interest rate with a strike equal to the present five-year forward rate as at maturity of the put option (stripped from the zero coupon yield curve), which pays out if the five-year interest rate at the time of maturity (in 20 years) is lower than this strike.	0.31%

¹ Note that the FTSE/JSE TOP40 referred to in this section is a capital return index, whereas the ALBI is a total return index



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E: Financial risk and capital management continued

E5: Capital management

The Company aims to maintain its solvency levels within the target range of between 175% to 210%. The target range has been set with reference to the requirements of relevant stakeholders and seeks to ensure we maintain sufficient, but not excessive, financial strength to support stakeholder requirements and retain financial flexibility through the maintenance of sufficient liquidity.

The Prudential Standards prescribed under the Insurance Act seek to improve policyholder protection and contribute to financial stability by aligning insurers' regulatory capital requirements with underlying risks. It also strengthens the regulatory requirements in respect of governance, risk management and internal controls for insurers and aligns with international standards. In accordance with the Prudential Standards, each insurance company must maintain own funds to cover at a minimum their capital requirements. In practice, companies will hold a buffer above this minimum requirement. The solvency capital requirements (SCR) are the primary solvency capital requirement for South African insurers. The SCR is calibrated to correspond to the amount of own funds that an insurer needs to hold at a confidence level of 99.5% over a one-year period. The SCR can be calculated either using the Standard Formula or an Internal Model.

The required capital for OMLACSA, which is the major component of the Group solvency, is calculated using the Standard Formula. This requires the calculation of capital requirements for each key risk category, namely business risk, market risk, life liability risk, credit, counterparty and concentration risk, operational risk and currency risk. The capital requirements for each risk category are aggregated using a prescribed correlation matrix, which allows for diversification effects between some of the risk categories. Subject to regulatory approval, the Standard Formula allows for certain methodology elections to be made.

The Company's solvency capital position must be compliant with regulatory requirements at all times. In addition to the calculated regulatory capital requirement, the Company holds a buffer above these minimum requirements that will allow it to remain compliant after a predefined extreme adverse scenario. The primary sources of capital used by the Company are shareholders equity and qualifying subordinated debt. There are a number of constraints, including the Company's desired credit rating, required liquidity and dividend capacity, which inform the optimal mix of capital sources.

At 31 December 2023 Rm (unaudited)	Optimal target range	2023	2022 ¹	Change (2023 vs 2022)
OMLACSA				
Eligible own funds		59 062	59 530	(1%)
Solvency capital requirement (SCR)		29 011	27 857	4%
Solvency ratio (%)	175% to 210%	204%	214%	(1 000 bps)

¹ The prior year has been re-presented to align results to the audited Prudential Authority submission



F: Analysis of financial and insurance assets and liabilities

F1: Investment and securities and derivative financial assets and liabilities

(a) Investments and securities

The table below analyses the investments and securities that the Group invests in, either for its own proprietary behalf (shareholder funds) or on behalf of third parties (either policyholder funds or pooled investments).

At 31 December Rm	Separate		Consolidated	
	2023	2022	2023	2022
Investments in Group undertakings				
Associated undertakings, joint ventures and subsidiaries	28 772	26 542	–	–
Capital advances to Group undertakings ¹	7 200	5 004	7 200	5 004
Old Mutual Limited	1 639	1 041	1 639	1 152
	37 611	32 587	8 839	6 156
Other financial assets				
Government and government-guaranteed securities	103 190	98 759	116 506	111 888
Other debt securities, preference shares and debentures	84 167	84 622	93 230	99 492
Listed	24 811	24 982	24 811	24 982
Unlisted	59 356	59 640	68 419	74 510
Equity securities	160 175	154 118	309 667	302 944
Listed	155 327	147 219	301 859	277 971
Unlisted	4 848	6 899	7 808	24 973
Pooled investments ²	412 341	355 930	320 901	257 491
Listed	133 230	112 943	137 083	115 984
Unlisted	279 111	242 987	183 818	141 507
Short-term funds and securities treated as investments ³	32 169	36 024	37 331	53 747
Other	–	20	1 444	1 525
Total investments and securities	829 653	762 060	887 918	833 243

¹ Refer to note H1(c)(i) for disclosure relating to the capital advances to Group undertakings

² Pooled investments represent the Group's holdings of shares or units in open-ended investment companies, unit trusts, mutual funds and similar investment vehicles which are not consolidated

³ Included in Short-term funds and securities treated as investments are cash and cash equivalents of R20 119 million (2022: R24 482 million) for the separate and R22 065 (2022: R24 983 million) for the consolidated accounts

The Company conducts securities lending activities as lender in respect of some of its listed equities and bonds. The fair value of collateral accepted as security for securities lending arrangements amounts to R6 007 million (2022: R1 548 million).

OMLACSA has placed government securities and negotiable certificates of deposits amounting to R29 229 million (2022: R28 107 million) as collateral for deposits received under repurchase agreements.

These amounts represent assets that have been transferred but which do not qualify for derecognition under IFRS 9. The associated liabilities amounted to R28 653 million (2022: R27 070 million).

Investments and securities (separate) are regarded as current and non-current assets based on the intention with which the financial assets are held, as well as their contractual maturity profile. Of the amounts shown above, R23 855 million (2022: R22 625 million) is expected to be recoverable within 12 months from the reporting date and R805 798 million (2022: R739 435 million) is expected to be recovered more than 12 months from the reporting date.

Investments and securities (consolidated) are regarded as current and non-current assets based on the intention with which the financial assets are held, as well as their contractual maturity profile. Of the amounts shown above, R23 855 million (2022: R24 562 million) is expected to be recoverable within 12 months from the reporting date and R864 063 million (2022: R808 681 million) is expected to be recovered more than 12 months from the reporting date.

The majority of the listed equity securities are traded on well-established exchanges such as the New York Stock Exchange, London Stock Exchange and Johannesburg Securities Exchange.

The Group's holdings of unlisted equity securities arise principally from private equity investments and unlisted investment vehicles.



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For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

(b) Derivative financial assets and liabilities

Derivative financial assets and liabilities predominantly consist of interest rate swaps and bond forward contracts used to economically hedge the Group's borrowed fund fixed and variable rate exposures.

At 31 December Rm	Separate							
	2023				2022			
	Carrying value		Notional value		Carrying value		Notional value	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	8 013	(11 100)	383 861	147 740	8 456	(11 107)	138 337	363 464
Forward rate agreements	20	(278)	150 534	25 181	806	(787)	74 963	134 035
Other (options and futures)	66	(95)	-	-	132	(490)	-	-
Total	8 099	(11 473)	534 395	172 921	9 394	(12 384)	213 300	497 499

R464 million (2022: R1 055 million) of the total derivative financial assets of R8 099 million (2022: R9 394 million) is regarded as current, with the remainder being non-current.

R422 million (2022: R1 631 million) of the total derivative financial liabilities of R11 473 million (2022: R12 384 million) is regarded as current, with the remainder being non-current.

At 31 December Rm	Consolidated							
	2023				2022			
	Carrying value		Notional value		Carrying value		Notional value	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate swaps	8 075	(11 125)	383 861	147 740	8 582	(11 107)	138 337	363 464
Forward rate agreements	19	(278)	150 534	25 181	806	(787)	74 963	134 035
Other (options and futures)	99	(95)	-	-	241	(490)	-	-
Total	8 193	(11 498)	534 395	172 921	9 629	(12 384)	213 300	497 499

R464 million (2022: R1 138 million) of the total derivative financial assets of R8 193 million (2022: R9 629 million) is regarded as current, with the remainder being non-current.

R422 million (2022: R1 631 million) of the total derivative financial liabilities of R11 498 million (2022: R12 384 million) is regarded as current, with the remainder being non-current.

Maturity analysis

The table below provides the maturity profile of the anticipated future cash flows, based on contractual maturity dates for derivative liabilities. It is presented on an undiscounted basis and will therefore differ from the carrying value of derivative liabilities above:

At 31 December Rm	Separate
	2023
Less than one year	(508)
Greater than one year and less than five years	(1 387)
Greater than five years	(22 365)
Total	(24 260)

At 31 December Rm	Consolidated
	2023
Less than one year	(511)
Greater than one year and less than five years	(1 411)
Greater than five years	(22 365)
Total	(24 287)

F2: Insurance and investment contracts

F2.1: Accounting policies

Classification of contracts

Insurance contracts are contracts under which the Group accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Group uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

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. Some investment contracts without discretionary participation features issued by the Group fall under this category.

Some investment contracts issued by the Group contain discretionary participation features (DPF), 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 insurance contracts with direct participation features 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.

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
- » 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

All other insurance contracts originated by the Group are insurance contracts without direct participation features.

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

Separation of components of insurance contracts

Before the Group accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- » Cash flows relating to embedded derivatives that are required to be separated
- » Cash flows relating to distinct investment components
- » Promises to transfer distinct goods or distinct non-insurance services

The Group applies IFRS 17 to all remaining components of the contract.

Level of aggregation of insurance contracts

The Group manages insurance contracts issued by product lines within an operating segment. Insurance contracts within a product line that are subject to similar risks and are managed together are aggregated into a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

Recognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- » The beginning of the coverage period
- » The date when the first payment from the policyholder is due or actually received, if there is no due date
- » When the Group determines that a group of contracts becomes onerous

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Investment contracts with DPF are initially recognised at the date the Group becomes a party to the contract. The Group becomes party to a contract when the Group accepts the first payment, which is the date from which the Group has an obligation to provide investment-return or investment-related service.

The Group recognises a group of proportionate reinsurance contracts held from the later of:

- » The beginning of the coverage period of the group of reinsurance contracts held
- » The date of initial recognition of any underlying contract



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2: Insurance and investment contracts continued

F2.1: Accounting policies continued

Recognition

If the Group recognises an onerous group of underlying contracts before the beginning of the coverage period of the group of reinsurance contracts held, then the group of proportionate reinsurance contracts held is recognised at the same time as the onerous group of underlying contracts.

The Group recognises a group of non-proportionate reinsurance contracts held (such as Group-wide catastrophe stop-loss reinsurance) from the beginning of the coverage period of the group of reinsurance contracts; this is typically the first period in which premiums are paid or reinsurance recoveries are received.

Reinsurance contracts are to be recognised in full for all underlying insurance contracts expected to be issued that fall within the boundary of the reinsurance contracts held. An insurance contract is derecognised when it is:

- » Extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled)
- » The contract is modified and certain additional criteria are met

Modification

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the fulfilment cash flows (FCF), unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

- (a) If the modified terms had been included at contract inception and the Group would have concluded that the modified contract:
 - (i) Is not in scope of IFRS 17;
 - (ii) Results in different separable components
 - (iii) Results in a different contract boundary
 - (iv) Belongs to a different group of contracts
- (b) The original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa
- (c) The original contract was accounted for under the premium allocation approach (PAA), but the modification means that the contract no longer meets the eligibility criteria for that approach

Derecognition

When an insurance contract not accounted for under the PAA is derecognised from within a group of insurance contracts, the Group:

- (a) Adjusts the FCF to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the Group.
- (b) Adjusts the contractual service margin (CSM) (unless the decrease in the FCF is allocated to the loss component of the liability for remaining coverage (LFRC) of the Group) in the following manner, depending on the reason for the derecognition:
 - (i) If the contract is extinguished, in the same amount as the adjustment to the FCF relating to future service.
 - (ii) If the contract is transferred to a third party, in the amount of the FCF adjustment in (a) less the premium charged by the third party.
 - (iii) If the original contract is modified resulting in its derecognition, in the amount of the FCF adjustment in (a) adjusted for the premium the Group would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognising the new contract in this case, the Group assumes such a hypothetical premium as actually received.
- (c) Adjusts the number of coverage units for the expected remaining coverage to reflect the number of coverage units removed.

When an insurance contract accounted for under the PAA is derecognised, adjustments to the FCF to remove related rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

- (a) If the contract is extinguished, any net difference between the derecognised part of the LFRC of the original contract and any other cash flows arising from extinguishment
- (b) If the contract is transferred to the third party, any net difference between the derecognised part of the LFRC of the original contract and the premium charged by the third party
- (c) If the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LFRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification

Measurement

Fulfilment cash flows

The fulfilment cash flows (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 payout for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

- (a) Are based on a probability-weighted mean of the full range of possible outcomes
- (b) Are determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables
- (c) Reflect conditions existing at the measurement date

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the liability for incurred claims (LIC).

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 discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of contracts.

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.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the Group belongs. Other costs that are incurred in fulfilling the contracts include:

- » Claims handling, maintenance and administration costs
- » Recurring commissions payable on instalment premiums receivable within the contract boundary
- » Costs that the Group will incur in providing investment services
- » Costs that the Group will incur in performing investment activities to the extent that the Group performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs
- » Income tax and other costs specifically chargeable to the policyholders under the terms of the contracts

Contract boundary

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

- (a) The Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks
- (b) Both of the following criteria are satisfied:
 - (i) The Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio
 - (ii) The pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date

In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, which are issued together with the main insurance contracts form part of a single insurance contract with all the cash flows within its boundary.

Some insurance contracts issued by the Group provide policyholders with an option to buy an annuity upon the initially issued policies' maturity. The Group assesses its practical ability to reprice such insurance contracts in their entirety to determine if annuity-related cash flows are within or outside of the insurance contract boundary. As a result of this assessment, non-guaranteed annuity options are not measured by the Group until they are exercised.

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

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added.

Cash flows are within the boundaries of investment contracts with DPF if they result from a substantive obligation of the Group to deliver cash at a present or future date.

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.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2: Insurance and investment contracts continued

F2.1: Accounting policies continued

Contract boundary

The Group's quota share life reinsurance agreements generally have an unlimited duration but are cancellable for new underlying business with a one-month notice period (individual business) or a three-month notice period (Group business) by either party. Facultative arrangements tend to be written as one-year contracts. Thus, the Group treats such reinsurance contracts as a series of annual contracts that cover underlying business issued within a year. Estimates of future cash flows arising from all underlying contracts issued and expected to be issued within one year's boundary are included in each of the reinsurance contracts' measurements.

The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts may include mandatory or voluntary reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of 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.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

Initial measurement – groups of contracts not measured under the PAA

Contractual service margin

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
- 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 loss from onerous insurance contracts is recognised in profit or loss immediately with no CSM recognised on the balance sheet on initial recognition.

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
- Cash flows arising from the contracts in the group at that date, including consideration received for the contracts as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date

For onerous contracts acquired as part of business combinations, the Group recognises the difference between the consideration paid (after excluding amounts relating to other assets/liabilities acquired) and the FCF as goodwill or as a gain on a bargain purchase. For onerous contracts acquired as part of a transfer of insurance contracts, this difference is recognised as a loss in profit or loss.

The Group establishes a loss component of the liability for remaining coverage for this excess.

For reinsurance contracts acquired where the underlying contracts are onerous at the date of acquisition or transfer a loss recovery component (LRC) is set up at the date of acquisition or transfer.

The LRC will be recognised as goodwill or as a gain on a bargain purchase where the business was acquired as part of a business combination. For transfers of insurance contracts, this difference is recognised as an income in profit or loss.

Subsequent measurement – groups of contracts not measured under the PAA

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

- The LFRC, comprising:
 - The FCF related to future service allocated to the Group at that date
 - The CSM of the Group at that date
- The LIC, comprising the FCF related to past service allocated to the Group at the reporting date

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

- The remaining coverage, comprising:
 - The FCF related to future service allocated to the Group at that date
 - The CSM of the Group at that date
- The incurred claims, comprising the FCF related to past service allocated to the Group at the reporting date

For a group of contracts to which the premium allocation approach does not apply, the Group continues to treat the premiums receivable from the intermediary as future cash flows within the boundary of an insurance contract and, applying IFRS 17, includes them in the measurement of the group of insurance contracts until recovered in cash.

Changes in fulfilment cash flows

The FCF is 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 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
- Changes that relate to future service are recognised by adjusting the CSM or the loss component within the LFRC as per the policy below

For insurance contracts measured under the general measurement model (GMM), the following adjustments relate to future service and thus adjust the CSM:

- 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
- Changes in estimates of the present value of future cash flows in the LFRC, except those relating to the effect of the time value of money and the effect of financial risk and changes thereof
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period
- Differences between any policyholder loan expected to become repayable (plus any insurance finance income or expenses related to that expected repayment before it becomes repayable in the period) and the actual policyholder loan that becomes repayable in the period
- Changes in the risk adjustment for non-financial risk that relate to future service

Adjustments (a) to (d) are measured using the locked-in discount rates as described in the section Interest accretion on the CSM below.

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

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

For insurance contracts under the variable fee approach (VFA), the following adjustments relate to future service and thus adjust the CSM:

- Changes in the Group's share of the fair value of the underlying items, except to the extent that the Group has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows
- Changes in the FCF that do not vary based on the returns of underlying items:
 - Changes in the effect of the time value of money and financial risks including the effect of financial guarantees
 - 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
 - Changes in estimates of the present value of future cash flows in the LFRC, except those described in paragraphs (iv) to (vi)
 - Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period
 - Differences between any policyholder loan expected to become repayable in the period and the actual policyholder loan that becomes repayable in the period
 - Changes in the risk adjustment for non-financial risk that relate to future service

Adjustments (ii) to (vi) are measured using the current discount rates.

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

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

Changes to the contractual service margin

For insurance contracts issued, at the end of each reporting period, the carrying amount of the CSM is adjusted by the Group to reflect the effect of the following changes:

- The effect of any new contracts added to the group.
- For contracts measured under the GMM, interest accreted on the carrying amount of the CSM.
- Changes in the FCF relating to future service are recognised by adjusting the CSM. Changes in the FCF are recognised in the CSM to the extent the CSM is available. When an increase in the FCF 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 within the LFRC. When the CSM is zero, changes in the FCF adjust the loss component within the LFRC with correspondence to insurance service expenses. The excess of any decrease in the FCF over the loss component reduces the loss component to zero and reinstates the CSM.
- The effect of any currency exchange differences.
- The amount recognised as insurance revenue for services provided during the period determined after all other adjustments above.

For a group of reinsurance contracts held, the carrying amount of the CSM at the end of each reporting period is adjusted to reflect changes in the FCF in the same manner as a group of underlying insurance contracts issued, except that when underlying contracts are onerous and thus changes in the underlying FCF related to future service are recognised in insurance service expenses by adjusting the loss component, respective changes in the FCF of reinsurance contracts held are also recognised in the insurance service result.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2: Insurance and investment contracts continued

F2.1: Accounting policies continued

Interest accretion on the CSM

Under the GMM, interest is accreted on the CSM using discount rates determined at initial recognition that are applied to nominal cash flows (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 CSM added to the group and their corresponding discount curves over the total CSM.

Adjusting the CSM for changes in the FCF relating to future service

The CSM is adjusted for changes in the FCF measured by applying the discount rates as specified above in the Changes in fulfilment cash flows section.

Release of the CSM to profit or loss

The amount of the CSM recognised in profit or loss for services in the period is determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining expected coverage period of the group of insurance contracts based on coverage units.

The total number of coverage units in a group is the quantity of coverage provided by the contracts in the group over the expected coverage period. The coverage units are determined at each reporting period-end prospectively by considering:

- The number of benefits provided by contracts in the group
- The expected coverage duration of contracts in the group
- The likelihood of insured events occurring, only to the extent that they affect the expected duration of contracts in the group

For reinsurance contracts held, the CSM is released to profit or loss as services are received from the reinsurer in the period.

The Group changes the treatment of accounting estimates made in previous annual financial statements when applying IFRS 17 in this subsequent annual reporting period.

Onerous contracts – loss component

When adjustments to the CSM exceed the amount of the CSM, the group of contracts becomes onerous and the Group recognises the excess in insurance service expenses and records it as a loss component of the LFRC.

When a loss component exists, the Group allocates the following between the loss component and the remaining component of the LFRC for the respective group of contracts, based on the ratio of the loss component 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
- Finance income/(expenses) from insurance contracts issued

The amounts of loss component allocation in (a) and (b) above reduce the respective components of insurance revenue and are not reflected in insurance service expenses.

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

Initial and subsequent measurement – groups of contracts measured under the PAA

The Group uses the PAA for measuring contracts with a coverage period of one year or less, or where it reasonably expects that such a simplification would produce a measurement of the liability for remaining coverage that would not differ materially from the one that would be produced by applying the General Measurement Model.

On initial recognition of insurance contracts issued, the Group measures the LFRC at the amount of premiums received, less any acquisition cash flows allocated to the group of contracts adjusted for any amounts arising from the derecognition of any prepaid acquisition cash flows asset.

For groups of insurance contracts measured under the PAA that do not contain contracts with a coverage period greater than one year, the Group expenses acquisition cash flows as the costs are incurred.

On initial recognition of reinsurance contracts held, the Group measures the remaining coverage at the amount of ceding premiums paid.

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

- The LFRC
- The LIC, comprising the FCF related to past service allocated to the Group at the reporting date

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

- The remaining coverage
- The incurred claims, 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 LFRC is:

- Increased for premiums received in the period
- Decreased for insurance acquisition cash flows paid in the period (if applicable)
- Decreased for the amounts of expected premiums received recognised as insurance revenue for the services provided in the period
- Increased for accretion of interest (if applicable)
- Increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses (if applicable)

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- Increased for ceding premiums paid in the period
- Decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period

The Group does not adjust the LFRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money where, at initial recognition, the entity expects the time between any premium becoming due and providing the related insurance contract services is one year or less.

If a group of contracts becomes onerous, the Group increases the carrying amount of the LFRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognised in insurance service expenses.

Subsequently, the Group amortises the amount of the loss component within the LFRC by decreasing insurance service expenses. The loss component amortisation is based on the passage of time over the remaining coverage period of contracts within an onerous group. If facts and circumstances indicate that the expected profitability of the onerous group during the remaining coverage has changed, then the Group remeasures the FCF by applying the GMM and reflects changes in the FCF by adjusting the loss component as required until the loss component is reduced to zero.

For a group of contracts to which the premium allocation approach applies, the Group does not increase the liability for remaining coverage, it does so only when it recovers the premiums in cash from the intermediary.

Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows under (iii)) are included in the carrying amount of the related portfolios of contracts.

The Group disaggregates amounts recognised in the statement of profit or loss into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

Insurance revenue and expenses

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows:

Measurement and presentation

Insurance revenue – Contracts not measured under the PAA

The Group recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the Group expects to receive consideration, and comprises the following items.

- » A release of the CSM, measured based on coverage units provided (see Release of the CSM below).
- » Changes in the risk adjustment for non-financial risk relating to current services.
- » Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts (see (v)), which are recognised as insurance revenue and insurance service expenses at that date.
- » Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment and amounts related to incurred policyholder tax expenses for the participating segment.

In addition, the Group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The Group recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

Insurance revenue – Contracts measured under the PAA

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Group allocates expected premiums equally to each period of related insurance contract services, unless the expected pattern of the release of risk during the coverage period differs significantly from an even basis. In the latter case, expected premium receipts are allocated to the period based on the expected timing of incurred claims and other incurred insurance service expenses.

Loss components

For contracts not measured under the PAA, the Group establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

Changes in fulfilment cash flows relating to future services and changes in the amount of the Group's share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2: Insurance and investment contracts continued

F2.1: Accounting policies continued

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- » Incurred claims and other insurance service expenses: For some life risk contracts, incurred claims also include premiums waived on death or detection of critical illness.
- » Amortisation of insurance acquisition cash flows: For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- » Losses on onerous contracts and reversals of such losses.
- » Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- » Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the Group expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

For a group of reinsurance contracts covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- » On recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised
- » For changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts.

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals)

The Group has chosen not to disaggregate insurance finance income and expenses between profit or loss and OCI. All insurance finance income and expenses for the period are presented in profit or loss.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service results and insurance finance income or expenses.

F2.2: Significant judgements and estimates

Fulfilment cash flows

The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Group uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

Estimates of future cash flows

In estimating future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

Investment guarantees embedded in insurance contracts and investment contracts with discretionary participation features are measured using stochastic modelling techniques because the guarantee does not move symmetrically with different investment return scenarios. The Group's measurement of the investment guarantee reserves incorporates a full range of scenarios representing possible future investment return (or interest rate) environments.

Contract boundaries

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Group's substantive rights and obligations under the contract.

Insurance contracts

Some term assurance and critical illness contracts issued by the Group have annual terms that are guaranteed to be renewable each year. The Group determines that the cash flows related to future renewals (i.e. the guaranteed renewable terms) of these contracts are outside the contract boundary. This is because the premium charged for each year reflects the Group's expectation of its exposure to risk for that year and, on renewal, the Group can reprice the premium to reflect the reassessed risks for the next year based on claims experience and expectations for the respective portfolio. Any renewal of the contract is treated as a new contract and is recognised, separately from the initial contract, when the recognition criteria are met.

Some universal life contracts contain a guaranteed annuity option, which allows the policyholder to convert, on maturity of the stated term, the maturity benefit into an immediately starting life-contingent annuity at a predetermined rate. The Group has assessed the contract boundary for the entire contract, including the option, and concluded that the cash flows related to the guaranteed annuity option fall within the boundary of the contract. This is because the Group does not have the practical ability to reprice the contract on maturity of the stated term.

Reinsurance contracts

Each of the Group's quota share reinsurance contracts has an annual term, covers underlying contracts issued within the term on a risk-attaching basis and provides unilateral rights to both the Group and the reinsurer to terminate the cession of new business at any time by giving three months' notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Group expects to issue and cede under the reinsurance contract within the next three months. Subsequently, expected cash flows beyond the end of this initial notice period are considered cash flows of new reinsurance contracts and are recognised, separately from the initial contract, as they fall within the rolling three-month notice period.

Each of the Group's excess of loss and stop loss reinsurance contracts has an annual term and covers claims from underlying contracts incurred within the year (i.e. loss occurring). Cash flows within the contract boundary are those arising from underlying claims incurred during the year.

Life and savings

Assumptions about mortality/longevity, morbidity and policyholder behaviour that are used in estimating future cash flows are developed by product type at local entity level, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

Mortality/longevity and morbidity assumptions are generally developed using a blend of national mortality data, industry trends and the local entity's recent experience. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts.

Policyholder behaviour is a key assumption in the measurement of life savings and participating insurance contracts. Each type of policyholder behaviour is estimated by product type, based on trends in recent experience.

Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Group generally determines the risk-free rates using the observed mid-price swap yield curves for AA-rated banks (adjusted for the bank's credit risk). The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only on significant changes to long-term expectations. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium as appropriate. Illiquidity premiums are generally determined by comparing the spreads on corporate bonds with the costs of CDSs with matching critical terms for the same issuer.

Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity. When the present value of future cash flows is estimated by stochastic modelling, the cash flows are discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity.

The table below sets out the yield curves used to discount the cash flows of insurance contracts.

South African risk-free reference spot yields and expense inflation	Separate and consolidated	
	At 31 December 2023	At 31 December 2022
Risk-free (based on bond curve)		
One year	8.4%	8.0%
Five years	9.6%	9.6%
10 years	12.2%	11.9%
20 years	14.5%	13.0%
Expense inflation (based on bond curve)		
One year	4.3%	4.0%
Five years	5.3%	5.6%
10 years	6.9%	7.1%
20 years	9.0%	8.1%



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2: Insurance and investment contracts continued

F2.2: Significant judgements and estimates continued

Risk adjustment for non-financial risk

Risk adjustment for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk, separately for the non-life and other contracts, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustment for non-financial risk reflects the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

The risk adjustment for non-financial risk is determined using a confidence level technique. To determine the risk adjustment for non-financial risk for reinsurance contracts, the Group applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

Applying a confidence level technique, the Group estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

Contractual service margin

Determination of coverage units

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year based on the number of coverage units provided in the year, which is determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

The Group determines the quantity of the benefits provided under each contract as follows.

Benefit type	Coverage unit
Lump sum pure risk benefits	Projected total sum assured in-force
Income protection benefits (where the insured event is defined as the policyholder becoming sick or disabled)	Present value of regular payments on claim inception
Income protection benefits (where the insured event is defined as the policyholder continuing to be sick or disabled)	Projected regular payment in-force
Waiver of premium benefits (payable on death or where the insured event is defined as the policyholder becoming sick or disabled)	Present value of waived premiums on claim inception
Waiver of premium benefits (where the insured event is defined as the policyholder continuing to be sick or disabled)	Projected waived premium in-force
Guaranteed and inflation-linked annuities	<ul style="list-style-type: none"> » Insurance service » Projected annuity in-force (outside of the guaranteed period) Investment service <ul style="list-style-type: none"> → Option 1: Present value of annuity payments remaining within the guaranteed period → Option 2: Projected annuity in-force (within the guaranteed period)
Reinsurance benefits	Projected total reinsurance sum assured in-force
Investment contracts with discretionary participation features	Underlying item (unit fund and bonus smoothing account)
Universal life contracts with direct participation features	Higher of projected total sum assured in-force (excluding accelerated benefits) and underlying item (unit fund and bonus smoothing account)
Conventional reversionary bonus contracts	Projected total sum assured in-force (including projected bonuses)

For insurance contracts that provide both insurance coverage and investment services, the assessment of the quantity of benefits entails determining the relative weighting of the benefits provided to the policyholder by these services, determining how the benefits provided by each service change over the coverage period and aggregating those different benefits.

To determine the relative weighting of the benefits provided by insurance coverage and investment services, the Group generally considers the selling prices for the services had they been offered on a standalone basis and adjusts the quantity of benefits for each service in proportion to those standalone selling prices. The standalone selling price for a service may be evidenced by observable prices when the Group sells that service separately to policyholders with similar characteristics.

Risk mitigation option

The Group uses derivatives and other instruments to mitigate the financial risk arising from financial guarantees in certain participating contracts in accordance with its documented risk management objective and strategy for mitigating financial risk. An economic offset exists between the insurance contracts and the risk-mitigating items, and credit risk does not dominate the economic offset.

The Group has chosen to recognise changes in the amount of its share of the fair value of the underlying items and changes in fulfilment cash flows due to changes in the effect of financial risk not arising from underlying items that are mitigated by the use of derivatives or reinsurance contracts in profit or loss and not to adjust the CSM.

Investment components

The Group identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. Investment components are excluded from insurance revenue and insurance service expenses.

Some participating contracts have explicit surrender values. The investment component excluded from insurance revenue and insurance service expenses is determined as the surrender value specified in the contractual terms less any accrued fees and surrender charges.

F2.3: Insurance and reinsurance contracts

Rm	Notes	Separate		At 31 December 2022	
		At 31 December 2023		Assets	Liabilities
		Assets	Liabilities	Assets	Liabilities
Insurance contracts					
Total life and guaranteed savings		4 577	(557 618)	3 225	(523 954)
Life risk and annuities		4 577	(81 559)	3 225	(74 764)
Life savings		–	(476 059)	–	(449 190)
Total insurance contracts		4 577	(557 618)	3 225	(523 954)
Of which:					
Expected to be recovered/(settled) more than 12 months after the reporting date		3 197	(501 365)	2 334	(469 576)
Expected to be recovered/(settled) within 12 months after the reporting date		1 380	(56 253)	891	(54 378)
Reinsurance contracts					
Total life and guaranteed savings		2 742	(34)	2 569	(18)
Life risk and annuities		2 742	(34)	2 569	(18)
Life savings		–	–	–	–
Total reinsurance contracts		2 742	(34)	2 569	(18)
Of which:					
Expected to be recovered/(settled) more than 12 months after the reporting date		2 405	212	2 178	(148)
Expected to be recovered/(settled) within 12 months after the reporting date		337	(246)	391	130

The maximum exposure to credit risk from reinsurance contracts is R3 155 million (2022: R3 173 million). The maximum exposure to credit risk from insurance contracts is insignificant.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2: Insurance and investment contracts continued

F2.3: Insurance and reinsurance contracts continued

Rm	Notes	Consolidated			
		At 31 December 2023		At 31 December 2022	
		Assets	Liabilities	Assets	Liabilities
Insurance contracts					
Total life and guaranteed savings		4 738	(557 779)	3 436	(523 481)
Life risk and annuities		4 738	(81 720)	3 436	(74 291)
Life savings		-	(476 059)	-	(449 190)
Total insurance contracts		4 738	(557 779)	3 436	(523 481)
Of which:					
Expected to be recovered/(settled) more than 12 months after the reporting date		3 200	(500 996)	2 401	(469 278)
Expected to be recovered/(settled) within 12 months after the reporting date		1 538	(56 783)	1 035	(54 203)
Reinsurance contracts					
Total life and guaranteed savings		2 887	(598)	2 707	(497)
Life risk and annuities		2 887	(598)	2 707	(497)
Life savings		-	-	-	-
Total reinsurance contracts		2 887	(598)	2 707	(497)
Of which:					
Expected to be recovered/(settled) more than 12 months after the reporting date		2 585	190	2 270	(165)
Expected to be recovered/(settled) within 12 months after the reporting date		302	(788)	437	(332)

The maximum exposure to credit risk from reinsurance contracts is R3 330 million (2022: R3 402 million). The maximum exposure to credit risk from insurance contracts is insignificant.

F2.4: Movements in the carrying amounts of insurance and reinsurance contracts

The following reconciliations show how the net carrying amounts of insurance and reinsurance in each line of business changed during the year as a result of cash flows and amounts recognised in the income statement.

For each line of business, the Group presents a table that separately analyses movements in the liability for remaining coverage and movement in the liability for incurred claims and reconciles these movements to the line items in the income statement.

A second reconciliation is presented for contracts not measured under the PAA, which separately analyses changes in the estimates for the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

The estimates of the present value of the future cash flows from insurance and reinsurance assets represent the Group's maximum exposure to credit risk from these assets.

F2.5: Analysis of insurance and reinsurance contracts

(a) Insurance contracts: Life risk and annuities

(i) Analysis by remaining coverage and incurred claims

Year ended 31 December 2023 Rm	Separate					
	Liability for remaining coverage		Liabilities for incurred claims			
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under the PAA		Total
Estimates of present value of future cash flows				Risk adjustment for non-financial risk		
Net opening balance (insurance contracts)	(53 473)	(4 765)	(3 229)	(10 026)	(46)	(71 539)
Represented by:						
Opening insurance assets	5 198	(1 705)	(268)	-	-	3 225
Opening insurance liabilities	(58 671)	(3 060)	(2 961)	(10 026)	(46)	(74 764)
Changes in profit or loss						
Insurance revenue	28 381	-	-	-	-	28 381
Contracts under the modified retrospective approach	3 420	-	-	-	-	3 420
Contracts under the fair value approach	5 676	-	-	-	-	5 676
Other contracts	19 285	-	-	-	-	19 285
Insurance service expenses	(4 353)	(35)	(14 627)	(4 771)	(19)	(23 805)
Incurred claims and other insurance service expenses	-	621	(14 618)	(4 907)	-	(18 904)
Amortisation of insurance acquisition cash flows	(4 353)	-	-	-	-	(4 353)
Losses and reversal of losses on onerous contracts	-	(656)	-	-	-	(656)
Adjustments to liabilities for incurred claims	-	-	(9)	136	(19)	108
Insurance service result	24 028	(35)	(14 627)	(4 771)	(19)	4 576
Insurance finance expense	(3 931)	(395)	(1)	(532)	-	(4 859)
Total changes in profit or loss	20 097	(430)	(14 628)	(5 303)	(19)	(283)
Investment components	2 208	-	(2 208)	-	-	-
Cash flows						
Premiums received	(32 526)	-	-	-	-	(32 526)
Insurance acquisition cash flows paid	5 424	-	-	-	-	5 424
Insurance claims paid, including investment components	-	-	14 460	4 962	-	19 422
Other expenses paid	-	-	2 236	285	-	2 521
Total cash flows (insurance contracts)	(27 102)	-	16 696	5 247	-	(5 159)
Foreign currency exchange differences and other	-	-	(1)	-	-	(1)
Net closing balance (insurance contracts)	(58 270)	(5 195)	(3 370)	(10 082)	(65)	(76 982)
Represented by:						
Closing insurance assets	7 470	(2 356)	(537)	-	-	4 577
Closing insurance liabilities	(65 740)	(2 839)	(2 833)	(10 082)	(65)	(81 559)
Net closing balance (insurance contracts)	(58 270)	(5 195)	(3 370)	(10 082)	(65)	(76 982)



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2.5: Analysis of insurance and reinsurance contracts continued

- (a) Insurance contracts: Life risk and annuities continued
(i) Analysis by remaining coverage and incurred claims continued

Year ended 31 December 2023 Rm	Consolidated					
	Liability for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under the PAA		
			Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
Net opening balance (insurance contracts)	(53 106)	(4 793)	(3 203)	(9 703)	(50)	(70 855)
Represented by:						
Opening insurance assets	5 543	(1 733)	(374)	-	-	3 436
Opening insurance liabilities	(58 649)	(3 060)	(2 829)	(9 703)	(50)	(74 291)
Changes in profit or loss						
Insurance revenue	29 683	-	-	-	-	29 683
Contracts under the modified retrospective approach	3 420	-	-	-	-	3 420
Contracts under the fair value approach	5 666	-	-	-	-	5 666
Other contracts	20 597	-	-	-	-	20 597
Insurance service expenses	(4 462)	(35)	(14 967)	(4 955)	(20)	(24 439)
Incurring claims and other insurance service expenses	-	619	(15 004)	(5 019)	-	(19 404)
Amortisation of insurance acquisition cash flows	(4 462)	-	-	-	-	(4 462)
Losses and reversal of losses on onerous contracts	-	(654)	-	-	-	(654)
Adjustments to liabilities for incurred claims	-	-	37	64	(20)	81
Insurance service result	25 221	(35)	(14 967)	(4 955)	(20)	5 244
Insurance finance expense	(3 906)	(396)	(1)	(484)	(1)	(4 788)
Total changes in profit or loss	21 315	(431)	(14 968)	(5 439)	(21)	456
Investment components	2 208	-	(2 208)	-	-	-
Cash flows						
Premiums received	(33 846)	-	-	-	-	(33 846)
Insurance acquisition cash flows paid	5 490	-	-	-	-	5 490
Insurance claims paid, including investment components	-	-	14 683	4 317	-	19 000
Other expenses paid	-	-	2 322	449	-	2 771
Total cash flows (insurance contracts)	(28 356)	-	17 005	4 766	-	(6 585)
Foreign currency exchange differences and other	-	2	-	-	-	2
Net closing balance (insurance contracts)	(57 939)	(5 222)	(3 374)	(10 376)	(71)	(76 982)
Represented by:						
Closing insurance assets	7 749	(2 363)	(647)	(1)	-	4 738
Closing insurance liabilities	(65 688)	(2 859)	(2 727)	(10 375)	(71)	(81 720)
Net closing balance (insurance contracts)	(57 939)	(5 222)	(3 374)	(10 376)	(71)	(76 982)

Year ended 31 December 2022 Rm	Separate					
	Liability for remaining coverage		Liabilities for incurred claims			Total
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under the PAA		
			Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
Net opening balance (insurance contracts)	(52 010)	(4 042)	(3 427)	(9 677)	(45)	(69 201)
Represented by:						
Opening insurance assets	3 313	(862)	(171)	-	-	2 280
Opening insurance liabilities	(55 323)	(3 180)	(3 256)	(9 677)	(45)	(71 481)
Changes in profit or loss						
Insurance revenue	27 551	-	-	-	-	27 551
Contracts under the modified retrospective approach	3 544	-	-	-	-	3 544
Contracts under the fair value approach	5 970	-	-	-	-	5 970
Other contracts	18 037	-	-	-	-	18 037
Insurance service expenses	(4 209)	(396)	(14 042)	(5 437)	(1)	(24 085)
Incurring claims and other insurance service expenses	-	577	(14 076)	(5 502)	-	(19 001)
Amortisation of insurance acquisition cash flows	(4 209)	-	-	-	-	(4 209)
Losses and reversal of losses on onerous contracts	-	(973)	-	-	-	(973)
Adjustments to liabilities for incurred claims	-	-	34	65	(1)	98
Insurance service result	23 342	(396)	(14 042)	(5 437)	(1)	3 466
Insurance finance expense	(2 495)	(326)	-	(350)	-	(3 171)
Total changes in profit or loss	20 847	(722)	(14 042)	(5 787)	(1)	295
Investment components	1 835	-	(1 835)	-	-	-
Cash flows						
Premiums received	(28 851)	-	-	-	-	(28 851)
Insurance acquisition cash flows paid	4 705	-	-	-	-	4 705
Insurance claims paid, including investment components	-	-	13 899	5 187	-	19 086
Other expenses paid	-	-	2 176	251	-	2 427
Total cash flows (insurance contracts)	(24 146)	-	16 075	5 438	-	(2 633)
Foreign currency exchange differences and other	1	(1)	-	-	-	-
Net closing balance (insurance contracts)	(53 473)	(4 765)	(3 229)	(10 026)	(46)	(71 539)
Represented by:						
Closing insurance assets	5 198	(1 705)	(268)	-	-	3 225
Closing insurance liabilities	(58 671)	(3 060)	(2 961)	(10 026)	(46)	(74 764)
Net closing balance (insurance contracts)	(53 473)	(4 765)	(3 229)	(10 026)	(46)	(71 539)



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2.5: Analysis of insurance and reinsurance contracts continued

(a) Insurance contracts: Life risk and annuities continued

(i) Analysis by remaining coverage and incurred claims continued

Year ended 31 December 2022 Rm	Consolidated					
	Liability for remaining coverage		Liabilities for incurred claims			
	Excluding loss component	Loss component	Contracts not under PAA	Contracts under the PAA		Total
			Estimates of present value of future cash flows	Risk adjustment for non-financial risk		
Net opening balance (insurance contracts)	(51 624)	(4 042)	(3 435)	(9 378)	(49)	(68 528)
Represented by:						
Opening insurance assets	3 702	(862)	(288)	-	-	2 552
Opening insurance liabilities	(55 326)	(3 180)	(3 147)	(9 378)	(49)	(71 080)
Changes in profit or loss						
Insurance revenue	28 701	-	-	-	-	28 701
Contracts under the modified retrospective approach	3 544	-	-	-	-	3 544
Contracts under the fair value approach	5 970	-	-	-	-	5 970
Other contracts	19 187	-	-	-	-	19 187
Insurance service expenses	(4 275)	(424)	(14 402)	(5 790)	(1)	(24 892)
Incurring claims and other insurance service expenses	-	582	(14 536)	(5 996)	-	(19 950)
Amortisation of insurance acquisition cash flows	(4 275)	-	-	-	-	(4 275)
Losses and reversal of losses on onerous contracts	-	(1 006)	-	-	-	(1 006)
Adjustments to liabilities for incurred claims	-	-	134	206	(1)	339
Insurance service result	24 426	(424)	(14 402)	(5 790)	(1)	3 809
Insurance finance expense	(2 492)	(326)	-	(320)	-	(3 138)
Total changes in profit or loss	21 934	(750)	(14 402)	(6 110)	(1)	671
Investment components	1 835	-	(1 835)	-	-	-
Cash flows						
Premiums received	(30 070)	-	-	-	-	(30 070)
Insurance acquisition cash flows paid	4 820	-	-	-	-	4 820
Insurance claims paid, including investment components	-	-	14 137	5 411	-	19 548
Other expenses paid	-	-	2 330	374	-	2 704
Total cash flows (insurance contracts)	(25 250)	-	16 467	5 785	-	(2 998)
Foreign currency exchange differences and other	(1)	(1)	2	-	-	-
Net closing balance (insurance contracts)	(53 106)	(4 793)	(3 203)	(9 703)	(50)	(70 855)
Represented by:						
Closing insurance assets	5 543	(1 733)	(374)	-	-	3 436
Closing insurance liabilities	(58 649)	(3 060)	(2 829)	(9 703)	(50)	(74 291)
Net closing balance (insurance contracts)	(53 106)	(4 793)	(3 203)	(9 703)	(50)	(70 855)

(ii) Analysis by measurement component – contracts not measured under the PAA

Year ended 31 December 2023 Rm	Separate					Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
Net opening balance (insurance contracts)	(29 291)	(3 697)	(8 065)	(6 304)	(14 503)	(61 860)
Represented by:						
Opening insurance assets	4 870	(616)	-	-	(1 029)	3 225
Opening insurance liabilities	(34 161)	(3 081)	-	-	(27 843)	(65 085)
Changes in profit or loss						
Changes that relate to current services	213	833	674	680	1 584	3 984
CSM recognised for services provided	-	-	674	680	1 584	2 938
Release of risk adjustment for the risk expired	-	802	-	-	-	802
Experience adjustments	213	31	-	-	-	244
Changes that relate to future services	2 302	(581)	(50)	(812)	(1 514)	(655)
Contracts initially recognised in the year	1 960	(698)	-	-	(1 915)	(653)
Changes in estimates that adjust the CSM	362	99	(50)	(812)	401	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(20)	18	-	-	-	(2)
Changes that relate to past services						
Adjustment to liabilities for incurred claims	7	(15)	-	-	-	(8)
Insurance service result	2 522	237	624	(132)	70	3 321
Insurance finance expense	(1 580)	(239)	(700)	(429)	(1 380)	(4 328)
Total changes in profit or loss	942	(2)	(76)	(561)	(1 310)	(1 007)
Cash flows						
Premiums received	(26 040)	-	-	-	-	(26 040)
Insurance acquisition cash flows paid	5 067	-	-	-	-	5 067
Insurance claims paid, including investment components	14 460	-	-	-	-	14 460
Other expenses paid	2 236	-	-	-	-	2 236
Total cash flows (insurance contracts)	(4 277)	-	-	-	-	(4 277)
Effect of movements in exchange rates and other	-	-	-	-	-	-
Net closing balance (insurance contracts)	(32 626)	(3 699)	(8 141)	(6 865)	(15 813)	(67 144)
Represented by:						
Closing insurance assets	6 478	(826)	-	-	(1 075)	4 577
Closing insurance liabilities	(39 104)	(2 873)	-	-	(29 744)	(71 721)
Net closing balance (insurance contracts)	(32 626)	(3 699)	-	-	(30 819)	(67 144)



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2.5: Analysis of insurance and reinsurance contracts continued

(a) Insurance contracts: Life risk and annuities continued

(ii) Analysis by measurement component – contracts not measured under the PAA continued

Year ended 31 December 2023 Rm	Consolidated					Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin			
			Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
Net opening balance (insurance contracts)	(28 101)	(3 787)	(8 065)	(6 719)	(14 875)	(61 547)
Represented by:					Contractual service margin	Total
Opening insurance assets	5 848	(696)			(1 715)	3 437
Opening insurance liabilities	(33 949)	(3 091)			(27 944)	(64 984)
Changes in profit or loss						
Changes that relate to current services	210	900	674	679	2 014	4 477
CSM recognised for services provided	-	-	674	679	2 014	3 367
Release of risk adjustment for the risk expired	-	869	-	-	-	869
Experience adjustments	210	31	-	-	-	241
Changes that relate to future services	2 897	(646)	(50)	(805)	(2 028)	(632)
Contracts initially recognised in the year	2 405	(748)	-	-	(2 310)	(653)
Changes in estimates that adjust the CSM	492	81	(50)	(805)	282	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	-	21	-	-	-	21
Changes that relate to past services						
Adjustment to liabilities for incurred claims	48	(15)	-	-	-	33
Insurance service result	3 155	239	624	(126)	(14)	3 878
Insurance finance expense	(1 484)	(245)	(700)	(429)	(1 431)	(4 289)
Total changes in profit or loss	1 671	(6)	(76)	(555)	(1 445)	(411)
Cash flows						
Premiums received	(27 069)	-	-	-	-	(27 069)
Insurance acquisition cash flows paid	5 114	-	-	-	-	5 114
Insurance claims paid, including investment components	14 683	-	-	-	-	14 683
Other expenses paid	2 322	-	-	-	-	2 322
Total cash flows (insurance contracts)	(4 950)	-	-	-	-	(4 950)
Effect of movements in exchange rates and other	-	(5)	-	-	-	(5)
Net closing balance (insurance contracts)	(31 380)	(3 798)	(8 141)	(7 274)	(16 320)	(66 913)
Represented by:					Contractual service margin	Total
Closing insurance assets	7 561	(915)			(1 908)	4 738
Closing insurance liabilities	(38 941)	(2 883)			(29 827)	(71 651)
Net closing balance (insurance contracts)	(31 380)	(3 798)			(31 735)	(66 913)

Year ended 31 December 2022 Rm	Separate					Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin			
			Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
Net opening balance (insurance contracts)	(27 500)	(3 763)	(9 431)	(6 571)	(12 523)	(59 788)
Represented by:					Contractual service margin	Total
Opening insurance assets	3 444	(359)			(806)	2 279
Opening insurance liabilities	(30 944)	(3 404)			(27 719)	(62 067)
Changes in profit or loss						
Changes that relate to current services	327	753	666	622	1 467	3 835
CSM recognised for services provided	-	-	666	622	1 467	2 755
Release of risk adjustment for the risk expired	-	726	-	-	-	726
Experience adjustments	327	27	-	-	-	354
Changes that relate to future services	289	(631)	1 512	(23)	(2 283)	(1 136)
Contracts initially recognised in the year	1 935	(530)	-	-	(2 053)	(648)
Changes in estimates that adjust the CSM	(1 145)	(114)	1 512	(23)	(230)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(501)	13	-	-	-	(488)
Changes that relate to past services						
Adjustment to liabilities for incurred claims	28	6	-	-	-	34
Insurance service result	644	128	2 178	599	(816)	2 733
Insurance finance expense	(452)	(61)	(812)	(332)	(1 164)	(2 821)
Total changes in profit or loss	192	67	1 366	267	(1 980)	(88)
Cash flows						
Premiums received	(22 472)	-	-	-	-	(22 472)
Insurance acquisition cash flows paid	4 413	-	-	-	-	4 413
Insurance claims paid, including investment components	13 899	-	-	-	-	13 899
Other expenses paid	2 176	-	-	-	-	2 176
Total cash flows (insurance contracts)	(1 984)	-	-	-	-	(1 984)
Effect of movements in exchange rates and other	1	(1)	-	-	-	-
Net closing balance (insurance contracts)	(29 291)	(3 697)	(8 065)	(6 304)	(14 503)	(61 860)
Represented by:					Contractual service margin	Total
Closing insurance assets	4 870	(616)			(1 029)	3 225
Closing insurance liabilities	(34 161)	(3 081)			(27 843)	(65 085)
Net closing balance (insurance contracts)	(29 291)	(3 697)			(28 872)	(61 860)



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2.5: Analysis of insurance and reinsurance contracts continued

(a) Insurance contracts: Life risk and annuities continued

(ii) Analysis by measurement component – contracts not measured under the PAA continued

Year ended 31 December 2022 Rm	Consolidated					
	Contractual service margin					Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
Net opening balance (insurance contracts)	(26 679)	(3 835)	(9 431)	(6 986)	(12 523)	(59 454)
Represented by:					Contractual service margin	Total
Opening insurance assets	4 121	(421)			(1 149)	2 551
Opening insurance liabilities	(30 800)	(3 414)			(27 791)	(62 005)
Changes in profit or loss						
Changes that relate to current services						
CSM recognised for services provided	225	816	666	622	1 748	4 077
Release of risk adjustment for the risk expired	-	-	666	622	1 748	3 036
Experience adjustments	-	789	-	-	-	789
	225	27	-	-	-	252
Changes that relate to future services						
Contracts initially recognised in the year	952	(709)	1 512	(23)	(2 906)	(1 174)
Changes in estimates that adjust the CSM	2 327	(582)	-	-	(2 404)	(659)
Changes in estimates that result in losses and reversal of losses on onerous contracts	(852)	(135)	1 512	(23)	(502)	-
	(523)	8	-	-	-	(515)
Changes that relate to past services						
Adjustment to liabilities for incurred claims	128	8	-	-	-	136
Insurance service result	1 305	115	2 178	599	(1 158)	3 039
Insurance finance expense	(411)	(69)	(812)	(332)	(1 194)	(2 818)
Total changes in profit or loss	894	46	1 366	267	(2 352)	221
Cash flows						
Premiums received	(23 288)	-	-	-	-	(23 288)
Insurance acquisition cash flows paid	4 503	-	-	-	-	4 503
Insurance claims paid, including investment components	14 137	-	-	-	-	14 137
Other expenses paid	2 330	-	-	-	-	2 330
Total cash flows (insurance contracts)	(2 318)	-	-	-	-	(2 318)
Effect of movements in exchange rates and other	2	2	-	-	-	4
Net closing balance (insurance contracts)	(28 101)	(3 787)	(8 065)	(6 719)	(14 875)	(61 547)
Represented by:					Contractual service margin	Total
Closing insurance assets	5 848	(696)			(1 715)	3 437
Closing insurance liabilities	(33 949)	(3 091)			(27 944)	(64 984)
Net closing balance (insurance contracts)	(28 101)	(3 787)			(29 659)	(61 547)

(iii) Analysis by remaining coverage and incurred claims

Year ended 31 December 2023 Rm	Separate						
	Remaining coverage component	Incurred claims component					Total
		Excluding loss recovery component	Loss recovery component	Contracts under the PAA			
			Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contract not under the PAA		
Net opening balance (reinsurance contracts)	(1 046)	408	2 261	16	912	2 551	
Represented by:							
Opening reinsurance assets	(28)	181	2 261	12	143	2 569	
Opening reinsurance liabilities	(1 018)	227	-	4	769	(18)	
Changes in profit or loss							
Allocation of reinsurance premiums paid	(2 296)	-	-	-	-	(2 296)	
Amounts recoverable from reinsurers							
Recoveries of incurred claims and other insurance service expenses	-	115	465	(4)	1 592	2 168	
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-	807	-	1 561	2 368	
Adjustments to assets for incurred claims	-	115	-	-	-	115	
	-	-	(342)	(4)	31	(315)	
Net expenses from reinsurance contracts	(2 296)	115	465	(4)	1 592	(128)	
Net finance income from reinsurance contracts	228	(13)	152	-	-	367	
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-	
Total changes in profit or loss	(2 068)	102	617	(4)	1 592	239	
Investment components							
Cash flows							
Premiums paid net of ceding commission and other attributable expenses	2 145	-	-	-	-	2 145	
Amounts received	-	-	(640)	-	(1 587)	(2 227)	
Total cash flows (reinsurance contracts)	2 145	-	(640)	-	(1 587)	(82)	
Effect of movements in exchange rates and other	-	-	-	-	-	-	
Net closing balance (reinsurance contracts)	(969)	510	2 238	12	917	2 708	
Represented by:							
Closing reinsurance assets	8	302	2 238	12	182	2 742	
Closing reinsurance liabilities	(977)	208	-	-	735	(34)	
Net closing balance (reinsurance contracts)	(969)	510	2 238	12	917	2 708	



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2.5: Analysis of insurance and reinsurance contracts continued

(a) Insurance contracts: Life risk and annuities continued

(iii) Analysis by remaining coverage and incurred claims continued

Year ended 31 December 2023 Rm	Consolidated					
	Remaining coverage component		Incurred claims component			Total
	Excluding loss recovery component	Loss recovery component	Contracts under the PAA			
Estimates of present value of future cash flows			Risk adjustment for non-financial risk	Contract not under the PAA		
Net opening balance (reinsurance contracts)	(1 621)	408	2 501	21	901	2 210
Represented by:						
Opening reinsurance assets	16	181	2 292	12	206	2 707
Opening reinsurance liabilities	(1 637)	227	209	9	695	(497)
Changes in profit or loss						
Allocation of reinsurance premiums paid	(3 155)	-	-	-	-	(3 155)
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	-	115	496	(3)	1 826	2 434
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-	839	-	1 821	2 660
Adjustments to assets for incurred claims	-	115	-	-	-	115
Adjustments to assets for incurred claims	-	-	(343)	(3)	5	(341)
Net expenses from reinsurance contracts	(3 155)	115	496	(3)	1 826	(721)
Net finance income from reinsurance contracts	219	(14)	152	-	-	357
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
Total changes in profit or loss	(2 936)	101	648	(3)	1 826	(364)
Investment components						
Cash flows						
Premiums paid net of ceding commission and other attributable expenses	2 992	-	-	-	-	2 992
Amounts received	-	-	(788)	-	(1 758)	(2 546)
Total cash flows (reinsurance contracts)	2 992	-	(788)	-	(1 758)	446
Effect of movements in exchange rates and other	-	(1)	-	(2)	-	(3)
Net closing balance (reinsurance contracts)	(1 565)	508	2 361	16	969	2 289
Represented by:						
Closing reinsurance assets	37	302	2 252	13	283	2 887
Closing reinsurance liabilities	(1 602)	206	109	3	686	(598)
Net closing balance (reinsurance contracts)	(1 565)	508	2 361	16	969	2 289

Year ended 31 December 2022 Rm	Separate					
	Remaining coverage component		Incurred claims component			Total
	Excluding loss recovery component	Loss recovery component	Contracts under the PAA			
Estimates of present value of future cash flows			Risk adjustment for non-financial risk	Contract not under the PAA		
Net opening balance (reinsurance contracts)	(1 019)	378	2 530	16	1 173	3 078
Represented by:						
Opening reinsurance assets	(1 011)	378	2 530	16	1 173	3 086
Opening reinsurance liabilities	(8)	-	-	-	-	(8)
Changes in profit or loss						
Allocation of reinsurance premiums paid	(2 973)	-	-	-	-	(2 973)
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	-	53	1 364	-	1 643	3 060
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-	837	-	1 615	2 452
Adjustments to assets for incurred claims	-	53	-	-	-	53
Adjustments to assets for incurred claims	-	-	527	-	28	555
Net expenses from reinsurance contracts	(2 973)	53	1 364	-	1 643	87
Net finance income from reinsurance contracts	(92)	(23)	86	-	-	(29)
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
Total changes in profit or loss	(3 065)	30	1 450	-	1 643	58
Investment components						
Cash flows						
Premiums paid net of ceding commission and other attributable expenses	3 038	-	-	-	-	3 038
Amounts received	-	-	(1 719)	-	(1 904)	(3 623)
Total cash flows (reinsurance contracts)	3 038	-	(1 719)	-	(1 904)	(585)
Effect of movements in exchange rates and other	-	-	-	-	-	-
Net closing balance (reinsurance contracts)	(1 046)	408	2 261	16	912	2 551
Represented by:						
Closing reinsurance assets	(28)	181	2 261	12	143	2 569
Closing reinsurance liabilities	(1 018)	227	-	4	769	(18)
Net closing balance (reinsurance contracts)	(1 046)	408	2 261	16	912	2 551



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2.5: Analysis of insurance and reinsurance contracts continued

(a) Insurance contracts: Life risk and annuities continued

(iii) Analysis by remaining coverage and incurred claims continued

Year ended 31 December 2022 Rm	Consolidated					
	Remaining coverage component		Incurred claims component			Total
	Excluding loss recovery component	Loss recovery component	Contracts under the PAA			
		Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contract not under the PAA		
Net opening balance (reinsurance contracts)	(1 303)	378	2 763	21	1 173	3 032
Represented by:						
Opening reinsurance assets	(786)	378	2 763	21	1 104	3 480
Opening reinsurance liabilities	(517)	-	-	-	69	(448)
Changes in profit or loss						
Allocation of reinsurance premiums paid	(3 658)	-	-	-	-	(3 658)
Amounts recoverable from reinsurers						
Recoveries of incurred claims and other insurance service expenses	-	53	1 429	-	1 920	3 402
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	53	-	-	-	53
Adjustments to assets for incurred claims	-	-	530	-	(27)	503
Net expenses from reinsurance contracts	(3 658)	53	1 429	-	1 920	(256)
Net finance income from reinsurance contracts	(84)	(23)	86	-	-	(21)
Effect of changes in non-performance risk of reinsurers	(11)	-	-	-	37	26
Total changes in profit or loss	(3 753)	30	1 515	-	1 957	(251)
Investment components	-	-	-	-	-	-
Cash flows						
Premiums paid net of ceding commission and other attributable expenses	3 435	-	-	-	-	3 435
Amounts received	-	-	(1 777)	-	(2 230)	(4 007)
Total cash flows (reinsurance contracts)	3 435	-	(1 777)	-	(2 230)	(572)
Effect of movements in exchange rates and other	-	-	-	-	1	1
Net closing balance (reinsurance contracts)	(1 621)	408	2 501	21	901	2 210
Represented by:						
Closing reinsurance assets	16	181	2 292	12	206	2 707
Closing reinsurance liabilities	(1 637)	227	209	9	695	(497)
Net closing balance (reinsurance contracts)	(1 621)	408	2 501	21	901	2 210

(iv) Analysis by measurement component – contracts not measured under the PAA

Year ended 31 December 2023 Rm	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin			Total
			Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
Net opening balance (reinsurance contracts)	407	331	(79)	14	(338)	335
Represented by:						
Opening reinsurance assets	243	10			101	354
Opening reinsurance liabilities	164	321			(504)	(19)
Changes in profit or loss						
Changes that relate to current services						
CSM recognised for services received	-	-	23	(4)	(13)	6
Release of risk adjustment for the risk expired	-	(25)	-	-	-	(25)
Experience adjustments	1	-	-	-	-	1
Changes that relate to future services	(260)	91	(249)	17	517	116
Contracts initially recognised in the year	93	3	-	-	1	97
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	2	17	19
Changes in estimates that adjust the CSM	(353)	88	(249)	15	499	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	-	-	-	-	-	-
Changes that relate to past services						
Adjustment to liabilities for incurred claims	30	1	-	-	-	31
Net income or expenses from reinsurance contracts	(229)	67	(226)	13	504	129
Net finance income from reinsurance contracts	264	(11)	(5)	-	(32)	216
Effect of changes in non-performance risk	-	-	-	-	-	-
Total changes in profit or loss	35	56	(231)	13	472	345
Cash flows						
Premiums paid net of ceding commission and other attributable expenses	1 425	-	-	-	-	1 425
Amounts received	(1 587)	-	-	-	-	(1 587)
Total cash flows (reinsurance contracts)	(162)	-	-	-	-	(162)
Effect of movements in exchange rates and other	-	(3)	-	-	(1)	(4)
Net closing balance (reinsurance contracts)	280	384	(310)	27	133	514
Represented by:						
Closing reinsurance assets	444	14			87	545
Closing reinsurance liabilities	(164)	370			(237)	(31)
Net closing balance (reinsurance contracts)	280	384			(150)	514



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2.5: Analysis of insurance and reinsurance contracts continued

(a) Insurance contracts: Life risk and annuities continued

(iv) Analysis by measurement component – contracts not measured under the PAA continued

Year ended 31 December 2023 Rm	Consolidated					Total
	Contractual service margin					
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
Net opening balance (reinsurance contracts)	320	360	(78)	203	(310)	495
Represented by:					Contractual service margin	Total
Opening reinsurance assets	156	39			319	514
Opening reinsurance liabilities	164	321			(504)	(19)
Changes in profit or loss						
Changes that relate to current services	45	(38)	23	(13)	(79)	(62)
CSM recognised for services received	-	-	23	(13)	(79)	(69)
Release of risk adjustment for the risk expired	-	(38)	-	-	-	(38)
Experience adjustments	45	-	-	-	-	45
Changes that relate to future services	(343)	103	(249)	10	583	104
Contracts initially recognised in the year	75	10	-	-	12	97
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	2	5	7
Changes in estimates that adjust the CSM	(418)	93	(249)	8	566	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	-	-	-	-	-	-
Changes that relate to past services						
Adjustment to liabilities for incurred claims	4	1	-	-	-	5
Net income or expenses from reinsurance contracts	(294)	66	(226)	(3)	504	47
Net finance income from reinsurance contracts	235	(19)	(6)	21	(13)	218
Effect of changes in non-performance risk	-	10	-	-	-	10
Total changes in profit or loss	(59)	57	(232)	18	491	275
Cash flows						
Premiums paid net of ceding commission and other attributable expenses	1 385	-	-	-	-	1 385
Amounts received	(1 758)	-	-	-	-	(1 758)
Total cash flows (reinsurance contracts)	(373)	-	-	-	-	(373)
Effect of movements in exchange rates and other	-	-	-	-	1	1
Net closing balance (reinsurance contracts)	(112)	417	(310)	221	182	398
Represented by:					Contractual service margin	Total
Closing reinsurance assets	353	32			261	646
Closing reinsurance liabilities	(465)	385			(168)	(248)
Net closing balance (reinsurance contracts)	(112)	417			93	398

Year ended 31 December 2022 Rm	Separate					Total
	Contractual service margin					
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
Net opening balance (reinsurance contracts)	1 147	378	(319)	25	(565)	666
Represented by:					Contractual service margin	Total
Opening reinsurance assets	1 152	378			(859)	671
Opening reinsurance liabilities	(5)	-			-	(5)
Changes in profit or loss						
Changes that relate to current services	(78)	(30)	8	(2)	37	(65)
CSM recognised for services received	-	-	8	(2)	37	43
Release of risk adjustment for the risk expired	-	(30)	-	-	-	(30)
Experience adjustments	(78)	-	-	-	-	(78)
Changes that relate to future services	(375)	(14)	249	(9)	244	95
Contracts initially recognised in the year	197	9	-	-	(206)	-
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	1	94	95
Changes in estimates that adjust the CSM	(572)	(23)	249	(10)	356	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	-	-	-	-	-	-
Changes that relate to past services						
Adjustment to liabilities for incurred claims	28	1	-	-	-	29
Net income or expenses from reinsurance contracts	(425)	(43)	257	(11)	281	59
Net finance income from reinsurance contracts	(30)	(4)	(16)	-	(54)	(104)
Effect of changes in non-performance risk	-	-	-	-	-	-
Total changes in profit or loss	(455)	(47)	241	(11)	227	(45)
Cash flows						
Premiums paid net of ceding commission and other attributable expenses	1 619	-	-	-	-	1 619
Amounts received	(1 904)	-	-	-	-	(1 904)
Total cash flows (reinsurance contracts)	(285)	-	-	-	-	(285)
Effect of movements in exchange rates and other	-	-	(1)	-	-	(1)
Net closing balance (reinsurance contracts)	407	331	(79)	14	(338)	335
Represented by:					Contractual service margin	Total
Closing reinsurance assets	243	10			101	354
Closing reinsurance liabilities	164	321			(504)	(19)
Net closing balance (reinsurance contracts)	407	331			(403)	335



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2.5: Analysis of insurance and reinsurance contracts continued

(a) Insurance contracts: Life risk and annuities continued

(iv) Analysis by measurement component – contracts not measured under the PAA continued

Year ended 31 December 2022 Rm	Consolidated					Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin			
			Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
Net opening balance (reinsurance contracts)	794	400	(319)	214	(565)	524
Represented by:	Estimates of present value of future cash flows	Risk adjustment for non-financial risk			Contractual service margin	Total
Opening reinsurance assets	917	394			(709)	602
Opening reinsurance liabilities	(123)	6			39	(78)
Changes in profit or loss						
Changes that relate to current services	391	(38)	8	(2)	(11)	348
CSM recognised for services received	-	-	8	(2)	(11)	(5)
Release of risk adjustment for the risk expired	-	(38)	-	-	-	(38)
Experience adjustments	391	-	-	-	-	391
Changes that relate to future services	(455)	(1)	249	(9)	311	95
Contracts initially recognised in the year	209	13	-	-	(222)	-
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM	-	-	-	1	94	95
Changes in estimates that adjust the CSM	(664)	(14)	249	(10)	439	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	-	-	-	-	-	-
Changes that relate to past services						
Adjustment to liabilities for incurred claims	(27)	-	257	(11)	300	416
Net (expenses) from reinsurance contracts	(91)	(39)	(16)	-	(44)	(97)
Net finance income from reinsurance contracts	(45)	8	-	-	-	(11)
Effect of changes in non-performance risk	(1)	(10)	-	-	-	-
Total changes in profit or loss	(137)	(41)	241	(11)	256	308
Cash flows						
Premiums paid net of ceding commission and other attributable expenses	1 891	-	-	-	-	1 891
Amounts received	(2 230)	-	-	-	-	(2 230)
Total cash flows (reinsurance contracts)	(339)	-	-	-	-	(339)
Effect of movements in exchange rates and other	2	1	-	-	(1)	2
Net closing balance (reinsurance contracts)	320	360	(78)	203	(310)	495
Represented by:	Estimates of present value of future cash flows	Risk adjustment for non-financial risk			Contractual service margin	Total
Closing reinsurance assets	156	39			319	514
Closing reinsurance liabilities	164	321			(504)	(19)
Net closing balance (reinsurance contracts)	320	360			(185)	495

(b) Insurance contracts: Life savings (i) Analysis by remaining coverage and incurred claims

Year ended 31 December 2023 Rm	Separate			
	Liability for remaining coverage		Liabilities for incurred claims	
	Excluding loss component	Loss component	Contracts not under PAA	Total
Net opening balance (insurance contracts)	(444 068)	(572)	(4 550)	(449 190)
Represented by:				
Opening insurance assets	-	-	-	-
Opening insurance liabilities	(444 068)	(572)	(4 550)	(449 190)
Changes in profit or loss				
Insurance revenue	9 051	-	-	9 051
Contracts under the modified retrospective approach	4 152	-	-	4 152
Contracts under the fair value approach	2 718	-	-	2 718
Other contracts	2 181	-	-	2 181
Insurance service expenses	(1 265)	(102)	(3 453)	(4 820)
Incurred claims and other insurance service expenses	-	94	(3 486)	(3 392)
Amortisation of insurance acquisition cash flows	(1 265)	-	-	(1 265)
Losses and reversal of losses on onerous contracts	-	(196)	-	(196)
Adjustments to liabilities for incurred claims	-	-	33	33
Insurance service result	7 786	(102)	(3 453)	4 231
Insurance finance expense	(57 904)	-	(161)	(58 065)
Total changes in profit or loss	(50 118)	(102)	(3 614)	(53 834)
Investment components	65 542	-	(65 542)	-
Cash flows				
Premiums received	(43 205)	-	-	(43 205)
Insurance acquisition cash flows paid	1 207	-	-	1 207
Insurance claims paid, including investment components	-	-	66 085	66 085
Other expenses paid	-	-	2 878	2 878
Total cash flows (insurance contracts)	(41 998)	-	68 963	26 965
Effect of movements in exchange rates and other	-	-	-	-
Net closing balance (insurance contracts)	(470 642)	(674)	(4 743)	(476 059)
Represented by:				
Closing insurance assets	-	-	-	-
Closing insurance liabilities	(470 643)	(674)	(4 742)	(476 059)
Net closing balance (insurance contracts)	(470 643)	(674)	(4 742)	(476 059)



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2.5: Analysis of insurance and reinsurance contracts continued

(b) Insurance contracts: Life savings continued

(i) Analysis by remaining coverage and incurred claims continued

Year ended 31 December 2023 Rm	Consolidated			
	Liability for remaining coverage		Liabilities for incurred claims	
	Excluding loss component	Loss component	Contracts not under PAA	Total
Net opening balance (insurance contracts)	(444 068)	(572)	(4 550)	(449 190)
Represented by:				
Opening insurance assets	-	-	-	-
Opening insurance liabilities	(444 068)	(572)	(4 550)	(449 190)
Changes in profit or loss				
Insurance revenue	9 051	-	-	9 051
Contracts under the modified retrospective approach	4 152	-	-	4 152
Contracts under the fair value approach	2 718	-	-	2 718
Other contracts	2 181	-	-	2 181
Insurance service expenses	(1 265)	(102)	(3 453)	(4 820)
Incurred claims and other insurance service expenses	-	94	(3 486)	(3 392)
Amortisation of insurance acquisition cash flows	(1 265)	-	-	(1 265)
Losses and reversal of losses on onerous contracts	-	(196)	-	(196)
Adjustments to liabilities for incurred claims	-	-	33	33
Insurance service result	7 786	(102)	(3 453)	4 231
Insurance finance (expense)	(57 904)	-	(161)	(58 065)
Total changes in profit or loss	(50 118)	(102)	(3 614)	(53 834)
Investment components	65 542	-	(65 542)	-
Cash flows				
Premiums received	(43 205)	-	-	(43 205)
Insurance acquisition cash flows paid	1 207	-	-	1 207
Insurance claims paid, including investment components	-	-	66 085	66 085
Other expenses paid	-	-	2 878	2 878
Total cash flows (insurance contracts)	(41 998)	-	68 963	26 965
Effect of movements in exchange rates and other	-	-	-	-
Net closing balance (insurance contracts)	(470 642)	(674)	(4 743)	(476 059)
Represented by:				
Closing insurance assets	-	-	-	-
Closing insurance liabilities	(470 642)	(674)	(4 743)	(476 059)
Net closing balance (insurance contracts)	(470 642)	(674)	(4 743)	(476 059)

Year ended 31 December 2022 Rm	Separate			
	Liability for remaining coverage		Liabilities for incurred claims	
	Excluding loss component	Loss component	Contracts not under PAA	Total
Net opening balance (insurance contracts)	(471 277)	(442)	(4 645)	(476 364)
Represented by:				
Opening insurance assets	-	-	-	-
Opening insurance liabilities	(471 277)	(442)	(4 645)	(476 364)
Changes in profit or loss				
Insurance revenue	8 454	-	-	8 454
Contracts under the modified retrospective approach	4 124	-	-	4 124
Contracts under the fair value approach	2 621	-	-	2 621
Other contracts	1 709	-	-	1 709
Insurance service expenses	(1 186)	(130)	(3 062)	(4 378)
Incurred claims and other insurance service expenses	-	72	(3 036)	(2 964)
Amortisation of insurance acquisition cash flows	(1 186)	-	-	(1 186)
Losses and reversal of losses on onerous contracts	-	(202)	-	(202)
Adjustments to liabilities for incurred claims	-	-	(26)	(26)
Insurance service result	7 268	(130)	(3 062)	4 076
Insurance finance expense	(4 566)	-	(55)	(4 621)
Total changes in profit or loss	2 702	(130)	(3 117)	(545)
Investment components	65 120	-	(65 120)	-
Cash flows				
Premiums received	(41 814)	-	-	(41 814)
Insurance acquisition cash flows paid	1 202	-	-	1 202
Insurance claims paid, including investment components	-	-	65 581	65 581
Other expenses paid	-	-	2 751	2 751
Total cash flows (insurance contracts)	(40 612)	-	68 332	27 720
Effect of movements in exchange rates and other	(1)	-	-	(1)
Net closing balance (insurance contracts)	(444 068)	(572)	(4 550)	(449 190)
Represented by:				
Closing insurance assets	-	-	-	-
Closing insurance liabilities	(444 068)	(572)	(4 550)	(449 190)
Net closing balance (insurance contracts)	(444 068)	(572)	(4 550)	(449 190)



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2.5: Analysis of insurance and reinsurance contracts continued

(b) Insurance contracts: Life savings continued

(i) Analysis by remaining coverage and incurred claims continued

Year ended 31 December 2022 Rm	Consolidated			
	Liability for remaining coverage		Liabilities for incurred claims	
	Excluding loss component	Loss component	Contracts not under PAA	Total
Net opening balance (insurance contracts)	(471 277)	(442)	(4 645)	(476 364)
Represented by:				
Opening insurance assets	-	-	-	-
Opening insurance liabilities	(471 277)	(442)	(4 645)	(476 364)
Changes in profit or loss				
Insurance revenue	8 454	-	-	8 454
Contracts under the modified retrospective approach	4 124	-	-	4 124
Contracts under the fair value approach	2 621	-	-	2 621
Other contracts	1 709	-	-	1 709
Insurance service expenses	(1 186)	(130)	(3 062)	(4 378)
Incurred claims and other insurance service expenses	-	72	(3 036)	(2 964)
Amortisation of insurance acquisition cash flows	(1 186)	-	-	(1 186)
Losses and reversal of losses on onerous contracts	-	(202)	-	(202)
Adjustments to liabilities for incurred claims	-	-	(26)	(26)
Insurance service result	7 268	(130)	(3 062)	4 076
Insurance finance expense	(4 566)	-	(55)	(4 621)
Total changes in profit or loss	2 702	(130)	(3 117)	(545)
Investment components	65 120	-	(65 120)	-
Cash flows				
Premiums received	(41 814)	-	-	(41 814)
Insurance acquisition cash flows paid	1 202	-	-	1 202
Insurance claims paid, including investment components	-	-	65 581	65 581
Other expenses paid	-	-	2 751	2 751
Total cash flows (insurance contracts)	(40 612)	-	68 332	27 720
Effect of movements in exchange rates and other	(1)	-	-	(1)
Net closing balance (insurance contracts)	(444 068)	(572)	(4 550)	(449 190)
Represented by:				
Closing insurance assets	-	-	-	-
Closing insurance liabilities	(444 068)	(572)	(4 550)	(449 190)
Net closing balance (insurance contracts)	(444 068)	(572)	(4 550)	(449 190)

(ii) Analysis by measurement component – contracts not measured under the PAA

Year ended 31 December 2023 Rm	Separate					Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
Net opening balance (insurance contracts)	(422 105)	(1 221)	(8 013)	(14 457)	(3 394)	(449 190)
Represented by:						
Opening insurance assets	-	-	-	-	-	-
Opening insurance liabilities	(422 105)	(1 221)	-	-	(25 864)	(449 190)
Changes in profit or loss						
Changes that relate to current services	775	185	2 002	1 042	390	4 394
CSM recognised for services provided	-	-	2 002	1 042	390	3 434
Release of risk adjustment for the risk expired	-	177	-	-	-	177
Experience adjustments	775	8	-	-	-	783
Changes that relate to future services	3 071	(162)	(1 109)	(912)	(1 084)	(196)
Contracts initially recognised in the year	534	(101)	-	-	(595)	(162)
Changes in estimates that adjust the CSM	2 572	(62)	(1 109)	(912)	(489)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(35)	1	-	-	-	(34)
Changes that relate to past services						
Adjustment to liabilities for incurred claims	34	(1)	-	-	-	33
Insurance service result	3 880	22	893	130	(694)	4 231
Insurance finance (expense)	(57 462)	-	-	(603)	-	(58 065)
Total changes in profit or loss	(53 582)	22	893	(473)	(694)	(53 834)
Cash flows						
Premiums received	(43 205)	-	-	-	-	(43 205)
Insurance acquisition cash flows paid	1 207	-	-	-	-	1 207
Insurance claims paid, including investment components	66 085	-	-	-	-	66 085
Other expenses paid	2 878	-	-	-	-	2 878
Total cash flows (insurance contracts)	26 965	-	-	-	-	26 965
Effect of movements in exchange rates and other	-	-	-	-	1	-
Net closing balance (insurance contracts)	(448 722)	(1 199)	(7 120)	(14 930)	(4 087)	(476 059)
Represented by:						
Closing insurance assets	-	-	-	-	-	-
Closing insurance liabilities	(448 722)	(1 199)	-	-	(26 138)	(476 059)
Net closing balance (insurance contracts)	(448 722)	(1 199)	-	-	(26 138)	(476 059)



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2.5: Analysis of insurance and reinsurance contracts continued

(b) Insurance contracts: Life savings continued

(ii) Analysis by measurement component – contracts not measured under the PAA continued

Year ended 31 December 2023 Rm	Consolidated					Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts fair value approach	Other contracts	
Net opening balance (insurance contracts)	(422 105)	(1 221)	(7 843)	(14 627)	(3 394)	(449 190)
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk			Contractual service margin	Total
Represented by:						
Opening insurance assets	–	–			–	–
Opening insurance liabilities	(422 105)	(1 221)			(25 864)	(449 190)
Changes in profit or loss						
Changes that relate to current services	775	185	2 002	1 042	390	4 394
CSM recognised for services provided	–	–	2 002	1 042	390	3 434
Release of risk adjustment for the risk expired	–	177	–	–	–	177
Experience adjustments	775	8	–	–	–	783
Changes that relate to future services	3 071	(162)	(1 109)	(912)	(1 084)	(196)
Contracts initially recognised in the year	534	(101)	–	–	(595)	(162)
Changes in estimates that adjust the CSM	2 572	(62)	(1 109)	(912)	(489)	–
Changes in estimates that result in losses and reversal of losses on onerous contracts	(35)	1	–	–	–	(34)
Changes that relate to past services						
Adjustment to liabilities for incurred claims	34	(1)	–	–	–	33
Insurance service result	3 880	22	893	130	(694)	4 231
Insurance finance (expense)	(57 462)	–	–	(603)	–	(58 065)
Total changes in profit or loss	(53 582)	22	893	(473)	(694)	(53 834)
Cash flows						
Premiums received	(43 205)	–	–	–	–	(43 205)
Insurance acquisition cash flows paid	1 207	–	–	–	–	1 207
Insurance claims paid, including investment components	66 085	–	–	–	–	66 085
Other expenses paid	2 878	–	–	–	–	2 878
Total cash flows (insurance contracts)	26 965	–	–	–	–	26 965
Effect of movements in exchange rates and other	–	–	–	–	–	–
Net closing balance (insurance contracts)	(448 722)	(1 199)	(6 950)	(15 100)	(4 088)	(476 059)
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk			Contractual service margin	Total
Represented by:						
Closing insurance assets	–	–			–	–
Closing insurance liabilities	(448 722)	(1 199)			(26 138)	(476 059)
Net closing balance (insurance contracts)	(448 722)	(1 199)			(26 138)	(476 059)

Year ended 31 December 2022 Rm	Separate					Total
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
Net opening balance (insurance contracts)	(447 814)	(1 369)	(9 100)	(14 803)	(3 278)	(476 364)
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk			Contractual service margin	Total
Represented by:						
Opening insurance assets	–	–			–	–
Opening insurance liabilities	(447 814)	(1 369)			(27 181)	(476 364)
Changes in profit or loss						
Changes that relate to current services	649	187	2 136	1 054	278	4 304
CSM recognised for services provided	–	–	2 136	1 054	278	3 468
Release of risk adjustment for the risk expired	–	180	–	–	–	180
Experience adjustments	649	7	–	–	–	656
Changes that relate to future services	1 913	(36)	(1 049)	(636)	(394)	(202)
Contracts initially recognised in the year	371	(84)	–	–	(467)	(180)
Changes in estimates that adjust the CSM	1 559	53	(1 049)	(636)	73	–
Changes in estimates that result in losses and reversal of losses on onerous contracts	(17)	(5)	–	–	–	(22)
Changes that relate to past services						
Adjustment to liabilities for incurred claims	(23)	(3)	–	–	–	(26)
Insurance service result	2 539	148	1 087	418	(116)	4 076
Insurance finance expense	(4 549)	–	–	(72)	–	(4 621)
Total changes in profit or loss	(2 010)	148	1 087	346	(116)	(545)
Cash flows						
Premiums received	(41 814)	–	–	–	–	(41 814)
Insurance acquisition cash flows paid	1 202	–	–	–	–	1 202
Insurance claims paid, including investment components	65 581	–	–	–	–	65 581
Other expenses paid	2 751	–	–	–	–	2 751
Total cash flows (insurance contracts)	27 720	–	–	–	–	27 720
Effect of movements in exchange rates and other	(1)	–	–	–	–	(1)
Net closing balance (insurance contracts)	(422 105)	(1 221)	(8 013)	(14 457)	(3 394)	(449 190)
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk			Contractual service margin	Total
Represented by:						
Closing insurance assets	–	–			–	–
Closing insurance liabilities	(422 105)	(1 221)			(25 864)	(449 190)
Net closing balance (insurance contracts)	(422 105)	(1 221)			(25 864)	(449 190)



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2.5: Analysis of insurance and reinsurance contracts continued

(b) Insurance contracts: Life savings continued

(ii) Analysis by measurement component – contracts not measured under the PAA continued

Year ended 31 December 2022 Rm	Consolidated					
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin			Total
			Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	
Net opening balance (insurance contracts)	(447 814)	(1 369)	(9 100)	(14 803)	(3 278)	(476 364)
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk			Contractual service margin	Total
Represented by:						
Opening insurance assets	–	–			–	–
Opening insurance liabilities	(447 814)	(1 369)			(27 181)	(476 364)
Changes in profit or loss						
Changes that relate to current services	649	187	2 136	1 054	278	4 304
CSM recognised for services provided	–	–	2 136	1 054	278	3 468
Release of risk adjustment for the risk expired	–	180	–	–	–	180
Experience adjustments	649	7	–	–	–	656
Changes that relate to future services	1 913	(36)	(1 049)	(636)	(394)	(202)
Contracts initially recognised in the year	371	(84)	–	–	(467)	(180)
Changes in estimates that adjust the CSM	1 559	53	(1 049)	(636)	73	–
Changes in estimates that result in losses and reversal of losses on onerous contracts	(17)	(5)	–	–	–	(22)
Changes that relate to past services						
Adjustment to liabilities for incurred claims	(23)	(3)	–	–	–	(26)
Insurance service result	2 539	148	1 087	418	(116)	4 076
Insurance finance expense	(4 549)	–	–	(72)	–	(4 621)
Total changes in profit or loss	(2 010)	148	1 087	346	(116)	(545)
Cash flows						
Premiums received	(41 814)	–	–	–	–	(41 814)
Insurance acquisition cash flows paid	1 202	–	–	–	–	1 202
Insurance claims paid, including investment components	65 581	–	–	–	–	65 581
Other expenses paid	2 751	–	–	–	–	2 751
Total cash flows (insurance contracts)	27 720	–	–	–	–	27 720
Effect of movements in exchange rates and other	(1)	–	–	–	–	(1)
Net closing balance (insurance contracts)	(422 105)	(1 221)	(8 013)	(14 457)	(3 394)	(449 190)
	Estimates of present value of future cash flows	Risk adjustment for non-financial risk			Contractual service margin	Total
Represented by:						
Closing insurance assets	–	–			–	–
Closing insurance liabilities	(422 105)	(1 221)			(25 864)	(449 190)
Net closing balance (insurance contracts)	(422 105)	(1 221)			(25 864)	(449 190)

F2.6: Effect of contracts initially recognised in the year

The following table summarises the effect on the measurement components of insurance and reinsurance contracts arising from the initial recognition of contracts not measured under the PAA that were initially recognised during the year:

Year ended 31 December 2023 Rm	Separate		
	Profitable contracts issued	Onerous contracts issued	Total insurance contracts issued
Insurance contracts: Life risk and annuities			
Insurance acquisition cash flows	(2 608)	(2 133)	(4 741)
Claims and other insurance service expenses payable	(11 423)	(3 260)	(14 683)
Estimate of present value of cash outflows	(14 031)	(5 393)	(19 424)
Estimate of present value of cash inflows	16 351	5 033	21 384
Risk adjustment for non-financial risk	(405)	(293)	(698)
Contractual service margin	(1 915)	–	(1 915)
Losses recognised on initial recognition	–	(653)	(653)

Year ended 31 December 2023 Rm	Separate		
	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total reinsurance contracts issued
Reinsurance contracts: Life risk and annuities			
Estimate of present value of cash outflows	–	(616)	(616)
Estimate of present value of cash inflows	–	709	709
Risk adjustment for non-financial risk	–	3	3
Contractual service margin	–	1	1
Income recognised on initial recognition	–	97	97

Year ended 31 December 2023 Rm	Consolidated		
	Profitable contracts issued	Onerous contracts issued	Total insurance contracts issued
Insurance contracts: Life risk and annuities			
Insurance acquisition cash flows	(2 633)	(2 133)	(4 766)
Claims and other insurance service expenses payable	(11 621)	(3 260)	(14 881)
Estimate of present value of cash outflows	(14 254)	(5 393)	(19 647)
Estimate of present value of cash inflows	17 019	5 033	22 052
Risk adjustment for non-financial risk	(455)	(293)	(748)
Contractual service margin	(2 310)	–	(2 310)
Losses recognised on initial recognition	–	(653)	(653)

Year ended 31 December 2023 Rm	Consolidated		
	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total reinsurance contracts issued
Reinsurance contracts: Life risk and annuities			
Estimate of present value of cash outflows	(75)	(665)	(740)
Estimate of present value of cash inflows	70	745	815
Risk adjustment for non-financial risk	3	7	10
Contractual service margin	2	10	12
Income recognised on initial recognition	–	97	97



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For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2.6: Effect of contracts initially recognised in the year continued

The following table summarises the effect on the measurement components of insurance and reinsurance contracts arising from the initial recognition of contracts not measured under the PAA that were initially recognised during the year:

Year ended 31 December 2022 Rm	Separate		
	Profitable contracts issued	Onerous contracts issued	Total insurance contracts issued
Insurance contracts: Life risk and annuities			
Insurance acquisition cash flows	(2 243)	(2 092)	(4 335)
Claims and other insurance service expenses payable	(9 274)	(2 811)	(12 085)
Estimate of present value of cash outflows	(11 517)	(4 903)	(16 420)
Estimate of present value of cash inflows	13 860	4 495	18 355
Risk adjustment for non-financial risk	(290)	(240)	(530)
Contractual service margin	(2 053)	-	(2 053)
Losses recognised on initial recognition	-	(648)	(648)

Year ended 31 December 2022 Rm	Separate		
	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total reinsurance contracts issued
Reinsurance contracts: Life risk and annuities			
Estimate of present value of cash outflows	-	(529)	(529)
Estimate of present value of cash inflows	-	726	726
Risk adjustment for non-financial risk	-	9	9
Contractual service margin	-	(206)	(206)
Income recognised on initial recognition	-	-	-

Year ended 31 December 2022 Rm	Consolidated		
	Profitable contracts issued	Onerous contracts issued	Total insurance contracts issued
Insurance contracts: Life risk and annuities			
Insurance acquisition cash flows	(2 261)	(2 094)	(4 355)
Claims and other insurance service expenses payable	(9 440)	(2 833)	(12 273)
Estimate of present value of cash outflows	(11 701)	(4 927)	(16 628)
Estimate of present value of cash inflows	14 450	4 505	18 955
Risk adjustment for non-financial risk	(345)	(237)	(582)
Contractual service margin	(2 404)	-	(2 404)
Losses recognised on initial recognition	-	(659)	(659)

Year ended 31 December 2022 Rm	Consolidated		
	Contracts initiated without loss-recovery component	Contracts initiated with loss-recovery component	Total reinsurance contracts issued
Reinsurance contracts: Life risk and annuities			
Estimate of present value of cash outflows	(87)	(631)	(718)
Estimate of present value of cash inflows	80	847	927
Risk adjustment for non-financial risk	3	10	13
Contractual service margin	4	(226)	(222)
Income recognised on initial recognition	-	-	-

The following table summarises the effect on the measurement components of insurance and reinsurance contracts arising from the initial recognition of contracts not measured under the PAA that were initially recognised during the year:

Year ended 31 December 2023 Rm	Separate		
	Profitable contracts issued	Onerous contracts issued	Total insurance contracts issued
Insurance contracts: Life savings			
Insurance acquisition cash flows	(636)	(457)	(1 093)
Claims and other insurance service expenses payable	(13 590)	(8 444)	(22 034)
Estimate of present value of cash outflows	(14 226)	(8 901)	(23 127)
Estimate of present value of cash inflows	14 888	8 773	23 661
Risk adjustment for non-financial risk	(67)	(34)	(101)
Contractual service margin	(595)	-	(595)
Losses recognised on initial recognition	-	(162)	(162)

Year ended 31 December 2023 Rm	Consolidated		
	Profitable contracts issued	Onerous contracts issued	Total insurance contracts issued
Insurance contracts: Life savings			
Insurance acquisition cash flows	(636)	(457)	(1 093)
Claims and other insurance service expenses payable	(13 590)	(8 444)	(22 034)
Estimate of present value of cash outflows	(14 226)	(8 901)	(23 127)
Estimate of present value of cash inflows	14 888	8 773	23 661
Risk adjustment for non-financial risk	(67)	(34)	(101)
Contractual service margin	(595)	-	(595)
Losses recognised on initial recognition	-	(162)	(162)

Year ended 31 December 2022 Rm	Separate		
	Profitable contracts issued	Onerous contracts issued	Total insurance contracts issued
Insurance contracts: Life savings			
Insurance acquisition cash flows	(440)	(564)	(1 004)
Claims and other insurance service expenses payable	(11 980)	(8 497)	(20 477)
Estimate of present value of cash outflows	(12 420)	(9 061)	(21 481)
Estimate of present value of cash inflows	12 929	8 923	21 852
Risk adjustment for non-financial risk	(42)	(42)	(84)
Contractual service margin	(467)	-	(467)
Losses recognised on initial recognition	-	(180)	(180)

Year ended 31 December 2022 Rm	Consolidated		
	Profitable contracts issued	Onerous contracts issued	Total insurance contracts issued
Insurance contracts: Life savings			
Insurance acquisition cash flows	(440)	(564)	(1 004)
Claims and other insurance service expenses payable	(11 980)	(8 497)	(20 477)
Estimate of present value of cash outflows	(12 420)	(9 061)	(21 481)
Estimate of present value of cash inflows	12 929	8 923	21 852
Risk adjustment for non-financial risk	(42)	(42)	(84)
Contractual service margin	(467)	-	(467)
Losses recognised on initial recognition	-	(180)	(180)



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2.7: Contractual service margin maturity analysis

The following table illustrates when the Group expects to realise the remaining CSM as revenue for contracts not measured under the PAA:

Year ended 31 December 2023 Rm	Separate				Total
	Less than one year	One to five years	Six to 10 years	More than 10 years	
Insurance contracts					
Total life	(5 922)	(18 075)	(13 818)	(19 141)	(56 956)
Life risk and annuities	(2 750)	(8 688)	(7 298)	(12 083)	(30 819)
Life savings	(3 172)	(9 387)	(6 520)	(7 058)	(26 137)
Total insurance contracts	(5 922)	(18 075)	(13 818)	(19 141)	(56 956)
Reinsurance contracts					
Total life	(12)	(42)	(37)	(59)	(150)
Life risk and annuities	(12)	(42)	(37)	(59)	(150)
Life savings	-	-	-	-	-
Total reinsurance contracts	(12)	(42)	(37)	(59)	(150)

Year ended 31 December 2023 Rm	Consolidated				Total
	Less than one year	One to five years	Six to 10 years	More than 10 years	
Insurance contracts					
Total life	(6 290)	(18 525)	(13 899)	(19 159)	(57 873)
Life risk and annuities	(3 117)	(9 137)	(7 379)	(12 102)	(31 735)
Life savings	(3 173)	(9 388)	(6 520)	(7 057)	(26 138)
Total insurance contracts	(6 290)	(18 525)	(13 899)	(19 159)	(57 873)
Reinsurance contracts					
Total life	32	76	23	(38)	93
Life risk and annuities	32	76	23	(38)	93
Life savings	-	-	-	-	-
Total reinsurance contracts	32	76	23	(38)	93

Year ended 31 December 2022 Rm	Separate				Total
	Less than one year	One to five years	Six to 10 years	More than 10 years	
Insurance contracts					
Total life	(5 689)	(17 446)	(13 309)	(18 292)	(54 736)
Life risk and annuities	(2 567)	(8 161)	(6 847)	(11 297)	(28 872)
Life savings	(3 122)	(9 285)	(6 462)	(6 995)	(25 864)
Total insurance contracts	(5 689)	(17 446)	(13 309)	(18 292)	(54 736)
Reinsurance contracts					
Total life	(37)	(118)	(95)	(153)	(403)
Life risk and annuities	(37)	(118)	(95)	(153)	(403)
Life savings	-	-	-	-	-
Total reinsurance contracts	(37)	(118)	(95)	(153)	(403)

The following table illustrates when the Group and the Company expects to realise the remaining CSM as revenue for contracts not measured under the PAA:

Year ended 31 December 2022 Rm	Consolidated				Total
	Less than one year	One to five years	Six to 10 years	More than 10 years	
Insurance contracts					
Total life	(6 002)	(17 829)	(13 366)	(18 326)	(55 523)
Life risk and annuities	(2 880)	(8 543)	(6 904)	(11 332)	(29 659)
Life savings	(3 122)	(9 286)	(6 462)	(6 994)	(25 864)
Total insurance contracts	(6 002)	(17 829)	(13 366)	(18 326)	(55 523)
Reinsurance contracts					
Total life	(2)	(22)	(41)	(120)	(185)
Life risk and annuities	(2)	(22)	(41)	(120)	(185)
Life savings	-	-	-	-	-
Total reinsurance contracts	(2)	(22)	(41)	(120)	(185)

F2.8: Investment contract liabilities

The following table reconciles the movements of the Group's investment contracts:

Year ended 31 December Rm	Separate	
	2023	2022
Opening balance	190 494	193 433
Contributions received	31 771	20 845
Maturities, withdrawals and surrenders	(24 240)	(22 051)
Fair value movements	23 775	(6 099)
Foreign exchange and other movements	4 462	4 366
Balance at end of the year	226 262	190 494

Year ended 31 December Rm	Consolidated	
	2023	2022
Opening balance	194 141	197 137
Contributions received	31 771	21 008
Maturities, withdrawals and surrenders	(24 661)	(22 369)
Fair value movements	24 065	(6 025)
Foreign exchange and other movements	3 866	4 390
Balance at end of the year	229 182	194 141



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For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F2.9: Maturity analysis

The following table shows a maturity analysis of cash flows for participating insurance contracts and risk insurance and reinsurance contracts which reflects the dates on which the cash flows are expected to occur, for portfolios which are in a liability position.

This analysis does not include the liability for remaining coverage for contracts measured under the PAA.

The maturity analysis for investment contracts reflects the contractual maturity dates. The majority of investment contracts are open ended and have no fixed maturity date. These contracts are included in the one year or less category.

Year ended 31 December 2023 Rm	Separate						
	Undiscounted cash flows						Total
	One year or less	One to two years	Two to three years	Three to four years	Four to five years	More than five years	
Net policyholder cash flows							
Insurance contract cash flows	(57 888)	(49 818)	(50 376)	(51 247)	(52 137)	(2 461 982)	(2 723 448)
Life risk and annuities	(4 502)	(3 778)	(3 904)	(4 181)	(4 537)	(236 114)	(257 016)
Life savings	(53 386)	(46 040)	(46 472)	(47 066)	(47 600)	(2 225 868)	(2 466 432)
Reinsurance contract cash flows	(36)	(47)	(58)	(65)	(72)	7 302	7 024
Life risk and annuities	(36)	(47)	(58)	(65)	(72)	7 302	7 024
Investment contract cash flows	(226 499)	(568)	(2 395)	(3 588)	(3 964)	(227)	(237 241)
Unit-linked investment contracts and similar contracts	(208 863)	-	-	-	-	-	(208 863)
Other investment contracts	(17 636)	(568)	(2 395)	(3 588)	(3 964)	(227)	(28 378)
Net policyholder cash flows	(284 423)	(50 433)	(52 829)	(54 900)	(56 173)	(2 454 907)	(2 953 665)

Year ended 31 December 2023 Rm	Consolidated						
	Undiscounted cash flows						Total
	One year or less	One to two years	Two to three years	Three to four years	Four to five years	More than five years	
Net policyholder cash flows							
Insurance contract cash flows	(57 187)	(49 636)	(50 206)	(51 086)	(51 983)	(2 456 400)	(2 716 498)
Life risk and annuities	(3 801)	(3 596)	(3 734)	(4 020)	(4 383)	(230 532)	(250 066)
Life savings	(53 386)	(46 040)	(46 472)	(47 066)	(47 600)	(2 225 868)	(2 466 432)
Reinsurance contract cash flows	(109)	(108)	(112)	(102)	(90)	7 162	6 641
Life risk and annuities	(109)	(108)	(112)	(102)	(90)	7 162	6 641
Investment contract cash flows	(229 419)	(568)	(2 395)	(3 588)	(3 964)	(227)	(240 161)
Unit-linked investment contracts and similar contracts	(211 783)	-	-	-	-	-	(211 783)
Other investment contracts	(17 636)	(568)	(2 395)	(3 588)	(3 964)	(227)	(28 378)
Net policyholder cash flows	(286 715)	(50 312)	(52 713)	(54 776)	(56 037)	(2 449 465)	(2 950 018)

The following table shows a maturity analysis of cash flows for participating insurance contracts and risk insurance and reinsurance contracts which reflects the dates on which the cash flows are expected to occur, for portfolios which are in a liability position.

This analysis does not include the liability for remaining coverage for contracts measured under the PAA.

The maturity analysis for investment contracts reflects the contractual maturity dates. The majority of investment contracts are open ended and have no fixed maturity date. These contracts are included in the one year or less category.

Year ended 31 December 2022 Rm	Separate						
	Undiscounted cash flows						Total
	One year or less	One to two years	Two to three years	Three to four years	Four to five years	More than five years	
Net policyholder cash flows							
Insurance contract cash flows	(52 701)	(46 645)	(45 302)	(45 978)	(48 085)	(2 118 831)	(2 357 542)
Life risk and annuities	(3 168)	(2 556)	(2 690)	(2 911)	(3 241)	(217 967)	(232 533)
Life savings	(49 533)	(44 089)	(42 612)	(43 067)	(44 844)	(1 900 864)	(2 125 009)
Reinsurance contract cash flows	(23)	(19)	(31)	(32)	(36)	14 058	13 917
Life risk and annuities	(23)	(19)	(31)	(32)	(36)	14 058	13 917
Investment contract cash flows	(191 567)	(248)	(578)	(2 514)	(3 713)	(263)	(198 883)
Unit-linked investment contracts and similar contracts	(176 933)	-	-	-	-	-	(176 933)
Other investment contracts	(14 634)	(248)	(578)	(2 514)	(3 713)	(263)	(21 950)
Net policyholder cash flows	(244 291)	(46 912)	(45 911)	(48 524)	(51 834)	(2 105 036)	(2 542 508)

Year ended 31 December 2022 Rm	Consolidated						
	Undiscounted cash flows						Total
	One year or less	One to two years	Two to three years	Three to four years	Four to five years	More than five years	
Net policyholder cash flows							
Insurance contract cash flows	(53 381)	(46 645)	(45 302)	(45 978)	(48 085)	(2 118 831)	(2 358 222)
Life risk and annuities	(3 848)	(2 556)	(2 690)	(2 911)	(3 241)	(217 967)	(233 213)
Life savings	(49 533)	(44 089)	(42 612)	(43 067)	(44 844)	(1 900 864)	(2 125 009)
Reinsurance contract cash flows	(23)	(19)	(31)	(32)	(36)	14 058	13 917
Life risk and annuities	(23)	(19)	(31)	(32)	(36)	14 058	13 917
Investment contract cash flows	(195 214)	(248)	(578)	(2 514)	(3 713)	(263)	(202 530)
Unit-linked investment contracts and similar contracts	(180 580)	-	-	-	-	-	(180 580)
Other investment contracts	(14 634)	(248)	(578)	(2 514)	(3 713)	(263)	(21 950)
Net policyholder cash flows	(248 618)	(46 912)	(45 911)	(48 524)	(51 834)	(2 105 036)	(2 546 835)

Life risk and annuities contracts have zero amounts payable on demand.

Unit-linked and similar investment contract policyholders have the option to terminate or transfer their contracts at any time and to receive the surrender or transfer value of their policies, being the policyholders' account values less applicable surrender fees. Although these liabilities are payable on demand, the Group does not expect all these amounts to be paid out within one year of the reporting date.

In the separate financial statements, for life savings contracts with a carrying value of R449 billion (2022: R422 billion), the amount payable on demand at 31 December 2023 is R319 billion (2022: R266 billion). (2022: R176 billion).

In the consolidated financial statements, for life savings contracts with a carrying value of R449 billion (2022: R422 billion), the amount payable on demand as at 31 December 2023 is R319 billion (2022: R266 billion).



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

F: Analysis of financial and insurance assets and liabilities continued

F3: Borrowed funds

At 31 December Rm	Notes	Separate		Consolidated	
		2023	2022	2023	2022
Subordinated debt securities	F3(a)	10 486	9 024	10 486	9 024

Included in the amount above for OMLACSA separate and consolidated is an amount of R2 958 million (2022: R691 million) that is regarded as current, with the remainder regarded as non-current.

Maturity analysis

The table below provides the maturity profile of the anticipated future cash flows, based on contractual maturity dates for borrowed funds, including interest. It is presented on an undiscounted basis, and will, therefore, differ from both carrying value and fair value of borrowed funds:

At 31 December Rm	Separate and consolidated	
	2023	2022
Less than one year	2 958	691
Greater than one year and less than five years	8 823	10 263
Greater than five years	1 907	-
Total	13 688	10 954

(a) Subordinated debt securities

At 31 December Rm	Tier	Maturity date	Separate and consolidated	
			2023	2022
Non-banking				
R500 million at three-month JIBAR + 1.55%	Tier 2	October 2027	500	500
R1 110 million at three-month JIBAR + 1.55%	Tier 2	June 2027	1 114	1 110
R1 500 million at three-month JIBAR + 1.54%	Tier 2	September 2026	1 512	1 506
R2 000 million at three-month JIBAR + 1.55%	Tier 2	June 2024	2 005	2 010
R1 150 million at 10.96%	Tier 2	March 2030	1 175	1 208
R623 million at 11.35%	Tier 2	September 2030	647	660
R2 000 million at three-month JIBAR + 1.93%	Tier 2	November 2025	2 027	2 030
R859 million at three-month JIBAR + 1.50%	Tier 2	May 2028	865	-
R641 million at three-months JIBAR + 1.34%	Tier 2	November 2028	641	-
Total net subordinated debt securities			10 486	9 024

On 23 May 2023 and 03 November 2023 Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA) issued a R859 million and R641 million floating rate subordinated debt instrument under the R25 billion Multi-Issuer Note Programme. The subordinated note is guaranteed by Old Mutual Limited and has a coupon rate of three-month Johannesburg Interbank Average Rate (JIBAR) plus 150bps and 134bps, payable quarterly in arrears. The maturity date of this instrument is 28 May 2028 and 03 November 2028. No subordinated debt instruments have been redeemed in the current period.

(b) Reconciliation of borrowed funds arising from financing activities

Year ended 31 December Rm	Separate and consolidated	
	2023	2022
Balance at beginning of the year	9 024	8 474
Changes from financing cash flows	566	149
Proceeds from issue of subordinated and other debt	1 500	1 610
Proceeds from issue of subordinated debt securities	1 500	1 610
Redemption of borrowed funds	-	(977)
Redemption of subordinated debt securities	-	(977)
Interest paid	(934)	(484)
Non-cash changes	896	401
Fair value changes	(40)	(125)
Accrued interest	936	526
Balance at end of the year	10 486	9 024

G: Non-financial assets and liabilities

G1: Goodwill and other intangible assets

Goodwill arises on the acquisition of a business and represents the premium of the amount paid over the fair value of identifiable assets and liabilities. Other intangible assets include those assets which were initially recognised on a business combination and software development costs related to amounts recognised for in-house systems development.

(a) Goodwill and goodwill impairment

Goodwill arising on the acquisition of a subsidiary undertaking is recognised as an asset at the date that control is achieved (the acquisition date). Goodwill is measured as the excess of, the aggregate of (i) the consideration transferred, (ii) the amount of any non-controlling interest in the acquiree, and (iii) if the business combination is achieved in stages, the acquisition date fair value of the acquirers previously held equity interest, over the net of the acquisition amounts of the identifiable assets acquired and the liabilities assumed. If the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest (if any), this excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is allocated to one or more cash-generating units (CGUs), being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

On loss of control of a subsidiary undertaking, any attributable goodwill is included in the determination of any profit or loss on disposal. On disposal of a business, where goodwill on acquisition is allocated to the CGU, goodwill is allocated to the disposal on a relative basis.

Goodwill is not amortised, but is reviewed for impairments at least once annually for each CGU, by comparing the carrying amount of each CGU to its recoverable amount, being the higher of that CGU's value in use or fair value less costs to sell. Any impairment losses are recognised immediately in profit or loss and are not subsequently reversed. The appropriateness of the CGUs is evaluated on an annual basis.

(b) Internally developed software

Internally developed software (software) is amortised over its estimated useful life, where applicable. Such assets are stated at cost less accumulated amortisation and impairment losses. Software is recognised in the consolidated statement of financial position if, and only if, it is probable that the relevant future economic benefits attributable to the software will flow to the Group and its cost can be measured reliably.

Costs incurred in the research phase are expensed in profit or loss whereas costs incurred in the development phase are capitalised when the requirements of IAS 38 relating to the recognition of internally generated assets have been met.

The main criterion is that future economic benefits can be identified as a result of the development expenditure.

Amortisation is charged to other operating and administrative expenses in profit or loss on a straight-line basis over the estimated useful lives of the relevant software, which range between two and 15 years, depending on the nature and use of the software. This excludes capitalised software that has not been brought into use yet.

(c) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.



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For the year ended 31 December 2023

G: Non-financial assets and liabilities continued

G1: Goodwill and other intangible assets continued

(d) Analysis of goodwill and other intangible assets

The following table analyses the movements in cost, amortisation and impairment of goodwill and other intangible assets for the year ended 31 December 2023 and the year ended 31 December 2022:

Rm	Separate		Consolidated	
	Intangible assets	Goodwill	Intangible assets	Total
Cost				
Balance at 1 January 2022	4 281	544	4 628	5 172
Additions	623	–	663	663
Disposals and retirements	(44)	–	(45)	(45)
Balance at 31 December 2022	4 860	544	5 246	5 790
Additions	874	–	910	910
Disposals and retirements	(16)	(66)	(34)	(100)
Transfer from PPE	276	–	276	276
Foreign exchange and other movements	(148)	14	(48)	(34)
Balance at 31 December 2023	5 846	492	6 350	6 842
Amortisation and impairment losses				
Balance at 1 January 2022	539	309	724	1 033
Amortisation	418	–	458	458
Impairments	–	–	4	4
Disposals and retirements	(44)	–	(45)	(45)
Balance at 31 December 2022	913	309	1 141	1 450
Amortisation	405	–	442	442
Impairments	–	–	–	–
Disposals and retirements	(15)	–	(33)	(33)
Transfer from PPE	162	–	162	162
Foreign exchange and other movements	(28)	14	(32)	(18)
Balance at 31 December 2023	1 437	323	1 680	2 003
Net carrying value				
Balance at 31 December 2022	3 947	235	4 105	4 340
Balance at 31 December 2023	4 409	169	4 670	4 839
At 31 December			2023	2022
Old Mutual Wealth			169	169
Old Mutual Corporate			–	66
Goodwill, net of impairment losses			169	235

In the performance of goodwill impairment testing, the Group's CGUs mostly used discounted cash flow models, which incorporated planned business performance, with a risk-adjusted discount rate reflecting the cost of equity as appropriate for the CGU.

The carrying value of intangible assets is reviewed for indicators of impairment annually. If indicators of impairment exist, the particular asset is tested for impairment.

During the previous year, Old Mutual Investment Services impaired Intangibles by R4 million. No impairments were recognised in 2023.

All of the remaining year-end goodwill and intangible asset impairment reviews indicated that there is sufficient headroom to maintain these balances, with no additional impairments required to be recognised.

G2: Fixed assets

(a) Property, plant and equipment

Buildings that are owner-occupied are recorded at fair value. Owner-occupied properties are valued as at 31 December each year by external professional valuers. Fair value is determined by reference to market-based evidence. For each business, the valuation methodology adopted is dependent upon the nature of the property. Income-generating assets are valued using discounted cash flows and vacant land and property are valued according to sales of comparable properties.

The Group assesses and adjusts (if required) the useful life, residual value and depreciation method for property and equipment on an annual basis.

Leased assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. Contracts where the service provider has a substantive right to substitute the asset for an alternative asset during the lease term are not regarded as a lease, but instead a service contract. Accordingly, these contracts are not accounted for in accordance with IFRS 16. The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

Category	Valuation model	Measurement
Land	Revaluation model	<ul style="list-style-type: none"> » Land is stated at revalued amounts and is not depreciated. » Increases or decreases in the carrying amount are taken to OCI and presented in a revaluation reserve in equity. » The revaluation reserve will be released in equity when the asset is sold.
Buildings	Revaluation model	<ul style="list-style-type: none"> » Stated at revalued amounts. Depreciated over a period of 50 years using the straight-line method. » Revaluation gains and losses on owner-occupied property are recognised in the consolidated statement of comprehensive income. Losses that offset previous gains in respect of the same asset are charged against the property revaluation reserve, and all other losses are charged to the income statement as an impairment. » On revaluation any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the property concerned and the net amount restated to the revalued amount. » On derecognition, any gain or loss on disposal, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss in the period the asset is derecognised.
Land and buildings measured at fair value	Fair value model	<ul style="list-style-type: none"> » Owner-occupied properties that are underlying items of the Group's direct participating contracts are measured at fair value. Changes in fair values are recognised as gains in profit or loss and included in net investment return.
Plant and equipment	Cost model	<ul style="list-style-type: none"> » Plant and equipment, principally computer equipment, motor vehicles, fixtures and fittings are stated at cost less accumulated depreciation and impairment losses. The maximum estimated useful life ranges from three to 10 years.
Leased assets	Cost model	<ul style="list-style-type: none"> » The lease term is defined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with both: <ul style="list-style-type: none"> → Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option. → Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. » If the lease transfers ownership of the underlying assets to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee will depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.



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For the year ended 31 December 2023

G: Non-financial assets and liabilities continued
G2: Fixed assets continued
(a) Property, plant and equipment continued

Category	Valuation model	Measurement
Lease liability (Group as lessee)	Amortised cost	<p>The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:</p> <ul style="list-style-type: none"> » Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable. » Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date. » The amount expected to be payable by the lessee under residual value guarantees. » The exercise price of purchase options, if the lessee is reasonably certain to exercise the options. » Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease. <p>The lease liability is included in Trade, other payables and other liabilities line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:</p> <ul style="list-style-type: none"> » The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate. » The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used). » A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. <p>The Group did not make any such adjustments during the periods presented.</p>

Property, plant and equipment owned by the Group

The following tables analyse land, buildings, plant and equipment and buildings leased by the Group.

Rm	Separate						Total
	Land (revalued)	Buildings (revalued)	Land and buildings (fair value)	Plant and equipment	Total owned	Leased buildings	
Gross carrying amount							
Balance at 1 January 2022	206	1 172	2 000	1 227	4 605	602	5 207
Additions	–	14	–	277	291	141	432
(Decrease)/increase arising from revaluation	(30)	105	–	–	75	–	75
Net loss from fair value adjustments	–	–	(213)	–	(213)	–	(213)
Transfer within property, plant and equipment ¹	50	1 737	(1 787)	–	(0)	–	–
Disposals	–	(50)	–	(96)	(146)	(236)	(382)
Foreign exchange and other movements	(84)	84	–	–	–	–	–
Balance at 31 December 2022	142	3 062	–	1 408	4 612	507	5 119
Additions	–	165	–	171	336	150	486
Increase arising from revaluation	–	74	–	–	74	–	74
Transfers to intangible assets	–	–	–	(276)	(276)	–	(276)
Disposals	–	(63)	–	(279)	(342)	(96)	(438)
Foreign exchange and other movements	(43)	43	–	–	–	–	–
Balance at 31 December 2023	99	3 281	–	1 024	4 404	561	4 965
Accumulated depreciation and impairment losses							
Balance at 1 January 2022	–	157	–	895	1 052	384	1 436
Depreciation charge for the year	–	12	–	152	164	119	283
Impairments ²	–	400	–	–	400	–	400
Disposals	–	–	–	(88)	(88)	(227)	(315)
Foreign exchange and other movements	–	12	–	(10)	2	–	2
Balance at 31 December 2022	–	581	–	949	1 530	276	1 806
Depreciation charge for the year	–	12	–	131	143	106	249
Reversal of impairment ²	–	(134)	–	–	(134)	–	(134)
Transfers to intangible assets	–	–	–	(162)	(162)	–	(162)
Disposals	–	–	–	(261)	(261)	(92)	(353)
Foreign exchange and other movements	–	–	–	–	–	(5)	(5)
Balance at 31 December 2023	–	459	–	657	1 116	285	1 401
Net carrying amount at:							
31 December 2022	142	2 481	–	459	3 082	231	3 313
31 December 2023	99	2 822	–	367	3 288	276	3 564

¹ During the 2022 financial year, Mutual Park was transferred from a with-profit policyholder portfolio to the OMLACSA shareholder portfolio.

² In 2023, the R138 million reversal of impairment recognised in 2023 relates to a reversal of impairment on 1 Mutual Place in Sandton and R4 million impairment on Mutual Park. The R402 million impairment loss recognised in 2022 relates to a R558 million impairment of Mutual Park in Cape Town and a reversal of impairment of R156 million on 1 Mutual Place in Sandton. The attractiveness of office space in Sandton decreased due to COVID-19 impacts, which led to a decrease in the fair value of 1 Mutual Place in the prior year. The decrease resulted in the fair value dropping below the cost of the property and therefore, as per IAS 16, the loss was recognised in the income statement as an impairment loss.

Both the Mutual Park and 1 Mutual Place buildings are in the Other Group activities segment.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

G: Non-financial assets and liabilities continued

G2: Fixed assets continued

(a) Property, plant and equipment continued

Property, plant and equipment owned by the Group

The following tables analyse land, buildings, plant and equipment and buildings leased by the Group.

Rm	Consolidated						
	Land (revalued)	Buildings (revalued)	Land and buildings (fair value)	Plant and equipment	Total owned	Leased buildings	Total
Gross carrying amount							
Balance at 1 January 2022	205	1 167	2 000	1 311	4 683	635	5 318
Additions	-	221	-	285	506	148	654
Decrease arising from revaluation	(30)	105	-	-	75	-	75
Net gain/(loss) from fair value adjustments	-	-	(213)	-	(213)	-	(213)
Transfer (to)/from investment property ¹	50	1 737	(1 787)	-	-	-	-
Disposals	-	(50)	-	(126)	(176)	(237)	(413)
Foreign exchange and other movements	(83)	83	-	-	-	-	-
Balance at 31 December 2022	142	3 263	-	1 470	4 875	546	5 421
Additions ³	-	1 243	-	196	1 439	158	1 597
Increase arising from revaluation	-	74	-	-	74	-	74
Transfers to intangible assets	-	-	-	(276)	(276)	-	(276)
Disposals	-	(63)	-	(285)	(348)	(102)	(450)
Foreign exchange and other movements	(43)	43	-	-	-	1	1
Balance at 31 December 2023	99	4 560	-	1 105	5 764	603	6 367
Accumulated depreciation and impairment losses							
Balance at 1 January 2022	-	154	-	949	1 103	400	1 503
Depreciation charge for the year	-	11	-	162	173	131	304
Impairments ²	-	400	-	-	400	-	400
Disposals	-	-	-	(117)	(117)	(231)	(348)
Foreign exchange and other movements	-	12	-	(11)	1	(1)	-
Balance at 31 December 2022	-	577	-	983	1 560	299	1 859
Depreciation charge for the year	-	13	-	138	151	119	270
Reversal of impairment ²	-	(134)	-	-	(134)	-	(134)
Disposals	-	-	-	(266)	(266)	(100)	(366)
Transfers to intangible assets	-	-	-	(162)	(162)	-	(162)
Foreign exchange and other movements	-	-	-	-	-	(6)	(6)
Balance at 31 December 2023	-	456	-	693	1 149	312	1 461
Net carrying amount at:							
31 December 2022	142	2 686	-	487	3 315	247	3 562
31 December 2023	99	4 104	-	412	4 615	291	4 906

¹ During the 2022 financial year, Mutual Park was transferred from a with-profit policyholder portfolio to the OMLACSA shareholder portfolio

² In 2023, the R138 million reversal of impairment recognised in 2023 relates to a reversal of impairment on 1 Mutual Place in Sandton and R4 million impairment on Mutual Park. The R402 million impairment loss recognised in 2022 relates to a R558 million impairment of Mutual Park in Cape Town and a reversal of impairment of R156 million on 1 Mutual Place in Sandton. The attractiveness of office space in Sandton decreased due to COVID-19 impacts, which led to a decrease in the fair value of 1 Mutual Place in the prior year. The decrease resulted in the fair value dropping below the cost of the property and therefore, as per IAS 16, the loss was recognised in the income statement as an impairment loss

Both the Mutual Park and 1 Mutual Place buildings are in the Other Group activities segment.

³ Assets to the value of R1 078 million are included in additions and relate to the Group looking through certain investments deemed to be controlled during the current year

(i) Property, plant and equipment

The Group engages internal and independent external valuers to determine the carrying value of its owner-occupied property. Fair Value is determined by reference to market-based evidence. The valuations are carried out at intervals throughout the year by internal valuers and every three years by external valuers.

The carrying value that would have been recognised had owner-occupied property been carried under the historic cost model would be R3 395 million (2022: R3 408 million) for the Group and Company.

Property, plant and equipment are classified as Level 3 in terms of the fair value hierarchy. Level 3 fair value measurements are those that include the use of significant unobservable inputs. The significant non-observable inputs used in the valuations are the expected rental values per square foot and the capitalisation rates. Details of the valuation techniques and ranges of estimates for unobservable inputs are disclosed in note G2(b).

(ii) Leases as lessee

Year ended 31 December Rm	Separate	
	2023	2022
Amounts recognised in profit or loss		
Finance expense on lease liabilities	25	18
Lease expenses relating to short-term leases	15	8
Lease expenses relating to low-value leases	5	5
Amounts recognised in statement of cash flows		
Total cash outflows on repayment of leases	134	154
Total cash outflows on interest paid on leases	25	18

Year ended 31 December Rm	Consolidated	
	2023	2022
Amounts recognised in profit or loss		
Finance expense on lease liabilities	26	20
Lease expenses relating to short-term leases	15	8
Lease expenses relating to low-value leases	5	5
Amounts recognised in statement of cash flows		
Total cash outflows on repayment of leases	139	156
Total cash outflows on interest paid on leases	26	20

Analysis of lease costs

The following table sets out the maturity analysis of undiscounted outstanding commitments under non-cancellable operating leases:

At 31 December Rm	Separate	
	2023	2022
Within one year	78	104
Greater than one year and less than five years	169	161
After five years	65	-
	312	265

At 31 December Rm	Consolidated	
	2023	2022
Within one year	81	104
Greater than one year and less than five years	170	161
After five years	65	-
	316	265



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

G: Non-financial assets and liabilities continued

G2: Fixed assets continued

(a) Property, plant and equipment continued

(iii) Lease renewal options

Some leases of office buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

At 31 December 2023 Rm	Separate	
	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities
Office buildings	288	-

At 31 December 2022 Rm	Separate	
	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities
Office buildings	243	-

At 31 December 2023 Rm	Consolidated	
	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities
Office buildings	293	-

At 31 December 2022 Rm	Consolidated	
	Lease liabilities recognised (discounted)	Potential future lease payments not included in lease liabilities
Office buildings	250	-

(b) Investment property

Classification

Investment properties are held to earn rentals or for capital appreciation or both and are not significantly occupied by the Group or any of its subsidiaries. Certain investment properties are matched to policyholder liabilities.

Measurement

Investment properties are measured at fair value as determined by a registered independent valuer at least every three years, and annually by locally qualified staff, having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued.

For practical reasons, valuations are carried out on a cyclical basis over a 12-month period due to the large number of properties involved. In the event of a material change in market and property-specific conditions between the valuation date and reporting date, an internal valuation is performed and adjustments are made to reflect any material changes in value.

Surpluses and deficits arising from changes in fair value and rental income are reflected as investment income in investment return in the income statement, as appropriate.

Fair value hierarchy of the Group's properties

The following table reconciles the fair value measurements of the Group's investment properties:

Year ended 31 December Rm	Notes	Separate		Consolidated	
		2023	2022	2023	2022
Balance at beginning of the year		851	824	34 201	31 635
Additions		3	12	2 222	1 831
Disposals		-	-	-	(53)
Net increase from fair value adjustments		(6)	15	16	661
Foreign exchange and other movements		-	-	698	(22)
Transfer (to)/from assets held for sale	G9	-	-	(698)	149
Balance at end of the year		848	851	36 439	34 201

All of the Group's investment properties are located in Africa, Romania and Bulgaria and are principally held within the policyholder funds.

The value of freehold and leasehold properties are as follows:

Year ended 31 December Rm	Separate	
	2023	2022
Freehold	848	851
Leasehold	-	-
	848	851

Year ended 31 December Rm	Consolidated	
	2023	2022
Freehold	36 439	34 201
Leasehold	-	-
	36 439	34 201

Amounts recognised in profit or loss for investment properties

The following table analyses the amounts recognised in profit or loss for investment properties owned, right-of-use assets and investment properties subject to operating lease:

Year ended 31 December Rm	Notes	Separate		Consolidated	
		2023	2022	2023	2022
Rental income from investment property	C2	172	18	3 003	2 658
Direct operating expenses arising from investment property that did not generate rental income		(33)	(36)	(1 594)	(1 325)



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

G: Non-financial assets and liabilities continued

G2: Fixed assets continued

(c) Fair value hierarchy of the Group's property

The fair value of the Group's properties is categorised into Level 3 of the fair value hierarchy.

Overall, there has been an increase in the property assets balance. This was largely attributable to additions and fair value in the current financial year.

Unobservable inputs are inputs for which there is no market data available. They are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

The information in the table below discloses the significant unobservable inputs used at year-end in measuring investment and owner-occupied properties categorised at Level 3:

Type of property	Valuation approach	Key unobservable inputs	Range of estimates for unobservable inputs
Income-generating assets – office/retail/industrial properties and owner-occupied properties	Valued using the internationally and locally recognised discounted cash flow (DCF) method. A minimum of five years (if required for specific leases, a longer period is used) of net income is discounted at a market-related rate, together with the present value of the capitalised net income in year six. Net income is determined by considering gross income, vacancies and lease obligations from which all normalised operating expenditure is deducted. The discount rate is determined with reference to the current market conditions and is constantly monitored by reference to comparable market transactions.	Valuation capitalisation and discount rates are based on industry guidelines predominantly from South African Property Owners Association (SAPOA) and Investment Property Databank (IPD) as well as comparison to listed property funds in South Africa. For properties in Bulgaria and Romania, valuation yields and discount rates are based on industry guidelines from the Bulgarian National Statistics Institute and Association of Authorised Romanian Valuers (ANEVAR), respectively. Where market rentals are used, these are based on the valuers' assumptions and information they have based on similar valuations they have done or sourced from external brokers. Vacancy rates are based on property-specific data.	South African properties Office Capitalisation rates: 8.50% (2022: 8.25%) Discount rates: 13.0% (2022: 12.75%) Market rentals: R205 per m ² (2022: R270 per m ²) Vacancy rates: 0.0% (2022: 0.0%) Retail Capitalisation rates: 6.75% to 10.0% (2022: 6.75% to 10.0%) Discount rates: 12.75% to 15.50% (2022: 12.75% to 15.50%) Market rentals: R130 to R516.24 m ² (2022: R58.51 to R287.85 per m ²) Vacancy rates: 0.0% to 16.48% (2022: 0.0% to 9.84%) Industrial Capitalisation rates: 8.5% to 11.0% (2022: 8.5% to 11.0%) Discount rates: 13.0% to 15.0% (2022: 13.25% to 15%) Market rentals: R36 to R72.09 m ² (2022: R33.71 to R77.58 per m ²) Vacancy rates: 0.0% to 10.01% (2022: 0.0% to 6.60%) Bulgarian properties Office Capitalisation rates: 7.6% (2022: 7.4% to 7.6%) Discount rates: 10.4% to 10.6% (2022: 10.9% to 11.1%) Market rentals per EUR12 to EUR17 per m ² (2022: EUR11 to EUR16 per m ²) Vacancy rates: 4.0% to 5.0% (2022: 2.5% to 2.75%) Romanian properties Office Capitalisation rates: 6.91% (2022: 6.9%) Discount rates: 8.91% (2022: 8.9%) Market rentals: EUR16 per m ² (2022: EUR15 per m ²) Vacancy rates: 5% (2022: 2.5%)
Land (South Africa)	Valued according to the existing zoning and town planning scheme at the date of valuation with a cost allocation for the pro rata share of construction costs actually incurred and paid by the owner-allocated pro rata to the land portions in proportion to the bulk available for each portion. However, there are cases where exceptional circumstances need to be considered.	The land per m ² and bulk per m ² are based on comparable sales and zoning conditions. Discount rates are based on industry guidelines predominantly from SAPOA and IPD as well as comparison to listed property funds in South Africa.	Land value per m ² : R100 to R250 (2022: R100 to R250)
Near-vacant properties	Land value per m ² : R100 to R250 (2022: R100 to R250)	Recent sales of land in the area and local government valuation rolls adjusted for estimated cost of demolition.	Land value per m ² : R75 to R250 (2022: R75 to R250)

(d) Sensitivity analysis

The table below indicates the sensitivity of the aggregate property market values for a movement in discount and capitalisation rates and market rentals:

Year ended 31 December Rm	Consolidated	
	2023	2022
An increase of 1% in discount rates would decrease the fair value by:	(1 296)	(1 113)
A decrease of 1% in discount rates would increase the fair value by:	1 371	1 188
An increase of 1% in capitalisation rates would decrease the fair value by:	(2 295)	(2 102)
A decrease of 1% in capitalisation rates would increase the fair value by:	2 970	2 737
An increase of 10% in market rentals per m ² would increase the fair value by:	2 375	2 211
A decrease of 10% in market rentals per m ² would decrease the fair value by:	(2 363)	(2 145)
An increase of 1% in vacancy rates would decrease the fair value by:	(307)	(318)
A decrease of 1% in vacancy rates would increase the fair value by:	286	218

The assessment above depicts the potential impact on profit or (loss) as a result of the change in the parameter identified.

(e) Operating lease arrangements (with the Group as lessor)

Investment property comprises a portfolio of retail, commercial and industrial properties that are leased to third parties. These leases are classified as operating leases because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets. Each lease has a defined lease period and financial terms. Renewal negotiations with tenants commence prior to expiry of their current lease agreement. Lease periods vary and are dependent on the tenant and property type. Contingent rents charged are immaterial. During the year ended 31 December 2023, rental concessions of R3 million (2022: R9 million) were provided to tenants of the South African property portfolio.

At 31 December Rm	Consolidated	
	2023	2022
Total future minimum lease receivables under operating leases		
Within one year	2 534	2 442
Greater than one year and less than five years	6 381	5 063
After five years	2 587	1 545
	11 502	9 050



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

G: Non-financial assets and liabilities continued

G3: Costs of obtaining contracts

Costs of obtaining contracts relate to costs that the Group incurred to obtain new business. These acquisition costs are capitalised in the statement of financial position and are amortised in profit or loss over the life of the contracts.

The following table analyses the movements in deferred acquisition costs relating to investment and asset management contracts.

Year ended 31 December Rm	Separate	
	Investment contracts	
Balance at 1 January 2022	300	
New business	173	
Amortisation	(274)	
Foreign exchange and other movements	85	
Balance at 31 December 2022	284	
New business	43	
Amortisation	(77)	
Foreign exchange and other movements	23	
Balance at 31 December 2023	273	

Separate

Based on the maturity profile of the above assets, R58 million (2022: R79 million) is expected to be earned within 12 months from the reporting date. R215 million (2022: R205 million) is non-current.

Year ended 31 December Rm	Consolidated		
	Investment contracts	Asset management	Total
Balance at 1 January 2022	300	221	521
New business	173	1	174
Amortisation	(274)	(32)	(306)
Foreign exchange and other movements	85	2	87
Balance at 31 December 2022	284	192	476
New business	43	29	72
Amortisation	(77)	(68)	(145)
Foreign exchange and other movements	23	1	24
Balance at 31 December 2023	273	154	427

Consolidated

Based on the maturity profile of the above assets, R108 million (2022: R106 million) is expected to be earned within 12 months from the reporting date. R319 million (2022: R370 million) is non-current.

G4: Trade, other receivables and other assets

At 31 December Rm	Separate		Consolidated	
	2023	2022	2023	2022
Amounts owed by policyholders	111	131	111	134
Amounts owed by intermediaries	357	484	357	493
Outstanding settlements	–	–	31 323	17 295
Other receivables	1 013	1 131	1 515	1 638
Accrued interest and rent	5 195	3 704	5 232	3 734
Prepayments and accrued income	820	344	1 035	563
Other assets	2 019	1 839	3 188	2 542
Total trade, other receivables and other assets	9 515	7 633	42 761	26 399

The trade, other receivables and other assets are presented net of ECLs. Refer to note E1 for further details.

Included in the amounts above for OMLACSA separate is an amount of R8 771 million (2022: R7 516 million) that is regarded as current, with the remainder regarded as non-current.

Included in the amounts above for OMLACSA consolidated is an amount of R42 293 million (2022: R26 281 million) that is regarded as current, with the remainder regarded as non-current.

G5: Provisions

Year ended 31 December Rm	Separate			
	Compensation provisions	Provision for donations	Other	Total
Balance at 31 December 2022	280	591	238	1 109
Unused amounts reversed	–	–	(2)	(2)
Charge to profit or loss	63	174	212	449
Utilised during the year	(34)	(49)	(90)	(173)
Transfer to other liabilities	–	–	(25)	(25)
Foreign exchange and other movements	–	–	10	10
Balance at 31 December 2023	309	716	343	1 368

Year ended 31 December Rm	Consolidated			
	Compensation provisions	Provision for donations	Other	Total
Balance at 31 December 2022	280	591	305	1 176
Unused amounts reversed	–	–	(2)	(2)
Charge to profit or loss	63	174	226	463
Utilised during the year	(34)	(49)	(108)	(191)
Transfer to other liabilities	–	–	(26)	(26)
Foreign exchange and other movements	–	–	10	10
Balance at 31 December 2023	309	716	405	1 430



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

G: Non-financial assets and liabilities continued

G5: Provisions continued

Separate and consolidated analysis of provisions

Compensation provisions at 31 December 2023 comprise:

- » R152 million (2022: R140 million) relating to regulatory uncertainty.
- » R44 million (2022: R50 million) relating to multiple causal events.
- » R113 million (2022: R90 million) relating to the provision for clawback of prescribed claims. This provision is held to allow for the probable future payment of claims that have been previously reversed.

Of the total compensation provisions, R309 million (2022: R280 million) is estimated to be payable after 12 months from the reporting date.

Provisions for donations

The provision for donations is predominately held in respect of commitments made by the South African business to the future funding of charitable donations. The funds were made available on the closure of the Group's unclaimed shares trusts which were set up as part of the demutualisation in 1999 and closed in 2006. All of this is regarded to be payable after more than one year due to the long-term nature of the agreements in place.

Other provisions

Other provisions include amounts for the resolution of legal uncertainties and the settlement of other claims raised by contracting parties. Based on the maturity profile of other provisions, the total balance is estimated to be payable within 12 months from the reporting date.

Material, provisions and accruals are discounted at discount rates specific to the risks inherent in the liability. The timing and final amounts of payments in respect of provisions, particularly those in respect of litigation claims and similar actions against the Group, are uncertain and could result in adjustments to the amounts recorded.

Due to the nature of the above provisions, the timing of the expected cash outflows is uncertain. Estimates of these provisions are reviewed annually and are adjusted as and when new circumstances arise.

The effects of discounting for all provisions noted above are immaterial.

G6: Contract liabilities

Contract liabilities relate to initial fees received for the future provision of services that the Group will render on investment management contracts. These fees are recognised as a liability in the separate and consolidated statement of financial position and are recognised in the separate and consolidated income statements over the expected life of the contracts as the performance obligations are transferred. The table below analyses the movements in contract liabilities.

Year ended 31 December Rm	Separate		Consolidated	
	2023	2022	2023	2022
Balance at 1 January	99	86	310	258
Fees and commission income deferred	43	80	134	181
Revenue recognised during the year	(63)	(58)	(138)	(122)
Foreign exchange and other movements	31	(9)	6	(7)
Balance at 31 December	110	99	312	310

Based on the maturity profile of the above liabilities from a Company perspective, R43 million (2022: R52 million) is expected to be earned within 12 months from the reporting date. R67 million (2022: R47 million) is non-current.

Based on the maturity profile of the above liabilities from a consolidated perspective, R49 million (2022: R114 million) is expected to be earned within 12 months from the reporting date. R263 million (2022: R196 million) is non-current.

G7: Deferred tax assets and liabilities

Deferred income taxes are calculated on all temporary differences at the tax rate applicable to the jurisdiction in which the temporary differences arise.

(a) Deferred tax assets

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable, where on the basis of all available evidence, it is considered more likely than not that there will be suitable taxable profits against which the reversal of the deferred tax asset can be deducted.

The following table provides an analysis of the deferred tax assets account:

At 31 December Rm	Separate		Consolidated	
	2023	2022	2023	2022
Deferred tax asset				
Tax losses carried forward ¹	574	546	670	677
Accelerated capital allowances	-	-	6	(1)
Other temporary differences ²	2 318	2 784	2 406	2 857
Total	2 892	3 330	3 082	3 533

¹ A significant portion of the carried forward tax losses (deferred tax asset of R574 million; R546 million in 2022) relate to transfer losses incurred between policyholder and shareholder funds within OMLACSA. A deferred tax asset of R221 million relates to COVID-19 provisions raised in 2020 and 2021, which have been partially utilised in 2022 and 2023. Further, a deferred tax asset has been recognised in respect of cumulative tax losses amounting to R95 million by Adviceworx Proprietary Limited, on the basis that the entity has exceeded its business case for the last three consecutive reporting periods, thus demonstrating the recoverability of the deferred tax asset against future taxable profits. Management has interrogated the business case for all entities for which assets have been raised and is confident that these entities will generate sufficient future taxable profits against which these losses will be utilised.

² Included in other temporary differences is the transitional tax impact of IFRS 17 of R2 318 million (2022: R2 781 million) which will be realised over the remaining phase-in period of five years (2022: six years).

The amounts for which no deferred tax asset has been recognised comprise:

At 31 December Rm	Consolidated			
	2023		2022	
	Gross amount	Tax	Gross amount	Tax
Unrelieved tax losses				
Less than a year	124	12	40	11
Second to fifth years inclusive	27	4	398	108
After five years	3 147	850	3 129	845
	3 298	866	3 567	964
Other temporary differences	807	218	707	191
Total	4 105	1 084	4 274	1 155

(b) Deferred tax liabilities

The following table provides an analysis of the deferred tax liabilities account:

At 31 December Rm	Separate		Consolidated	
	2023	2022	2023	2022
Deferred tax liabilities				
Capital gains tax – shareholder	284	229	307	229
Capital gains tax – policyholder	3 273	1 600	3 959	2 263
Other temporary differences	255	217	299	285
Total	3 812	2 046	4 565	2 777
Reconciliation of net deferred tax asset/(liability)				
At beginning of the year	1 284	(1 979)	756	(2 451)
Income statement charge	(2 173)	3 448	(2 160)	3 378
Foreign exchange and other movements	(30)	(82)	(78)	(68)
Charged to other comprehensive income	(1)	(103)	(1)	(103)
At end of the year	(920)	1 284	(1 483)	756



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

G: Non-financial assets and liabilities continued

G8: Trade, other payables and other liabilities

At 31 December Rm	Notes	Separate		Consolidated	
		2023	2022	2023	2022
Amounts owed to policyholders		470	438	651	773
Amounts owed to intermediaries		296	473	314	488
Accruals		1 232	1 638	1 512	1 890
Post-employment benefits	11	1 383	1 354	1 383	1 354
Share-based payments – cash-settled scheme liabilities		423	343	454	343
Trade creditors		753	304	1 310	462
Outstanding settlements		2 771	4 449	30 589	24 329
Liability in respect of repurchase agreements		28 653	27 070	28 653	27 070
Obligations in relation to collateral holdings		5 469	4 740	5 469	4 740
Lease liabilities	G8.1	288	243	293	250
Interest bearing liabilities	G8.2	–	–	10 341	9 394
Short-term employee benefits ¹		1 089	572	1 113	631
Other liabilities		3 260	2 951	6 257	4 989
Trade, other payables and other liabilities		46 087	44 575	88 339	76 713

¹ As part of the Group's enhanced disclosure efforts, short-term employee benefits have been separately disclosed. Previously, this was included as Other liabilities

Included in the amounts above for OMLACSA separate is an amount of R45 921 million (2022: R42 921 million) that is regarded as current, with the remainder regarded as non-current.

Included in the amounts above for OMLACSA consolidated is an amount of R60 557 million (2022: R65 306 million) that is regarded as current, with the remainder regarded as non-current.

G8.1: Lease liabilities

The following table provides an analysis of the lease liabilities included in trade, other payables and other liabilities:

At 31 December Rm	Separate		Consolidated	
	2023	2022	2023	2022
Balance at 1 January	243	236	250	253
Additions	154	142	155	145
Interest accrued	25	19	26	20
Repayments (capital)	(134)	(154)	(139)	(156)
Other movements ¹	–	–	1	(12)
Balance at 31 December	288	243	293	250

¹ Includes interest paid

G8.2: Interest-bearing liabilities

The following table provides an analysis of the interest-bearing liabilities included in trade, other payables and other liabilities:

Year ended 31 December Rm	Maturity date	Consolidated	
		2023	2022
Floating rate term loans			
R500 million drawn of a R500 million facility at three-month JIBAR + 2%	April 2024	512	513
R500 million drawn of a R500 million facility at three-month JIBAR + 1.63%	May 2026	510	508
R500 million drawn of a R500 million facility at three-month JIBAR + 1.715%	May 2027	512	508
EUR61 million drawn of EUR61 million facility at three-month EURIBOR + 2.25%	February 2024	1 234	1 192
EUR38 million drawn of EUR38 million facility at three-month EURIBOR + 2.70%	November 2027	768	549
EUR58 million drawn of a EUR58 million facility at three-month EURIBOR + 2.70%	November 2027	1 200	790
R500 million drawn of a R500 million facility at three-month JIBAR + 1.85%	March 2024	501	504
EUR44 million drawn of EUR44 million facility at three-month EURIBOR + 2.25%	March 2025	804	749
R78 million drawn of a R78 million facility at three-month JIBAR + 2.00%	May 2025	79	79
R400 million drawn of a R400 million facility at three-month JIBAR + 1.70%	April 2026	411	407
R300 million drawn of a R300 million facility at three-month JIBAR + 1.70%	April 2026	308	306
R128 million drawn of a R600 million facility at one-month JIBAR + 1.6%	May 2025	128	–
R500 million drawn of a R500 million facility at three-month JIBAR + 2.19%	June 2025	510	512
R500 million drawn of a R500 million facility at three-month JIBAR + 2.12%	June 2024	506	509
R300 million drawn of a R300 million facility at three-month JIBAR + 1.3%	June 2024	303	–
R300 million drawn of a R300 million facility at three-month JIBAR + 1.45%	June 2026	303	–
R300 million drawn of a R300 million facility at three-month JIBAR + 1.5%	November 2027	303	–
R300 million drawn of a R300 million facility at three-month JIBAR + 1.72%	June 2029	305	–
Fixed rate term loans			
EUR16 million drawn at 5.6%	May 2023	329	291
R979 million drawn at 6.74%	June 2023	–	976
GBP21.5 million drawn at 3.5%	July 2025	478	407
R300 million drawn at 8.70%	April 2023	–	306
GBP15 million drawn at 4.5%	February 2026	337	288
Total fixed and variable rate term loans		10 341	9 394

Property to the value of R23 001 million (2022: R21 930 million) has been pledged as security for the interest-bearing liabilities reflected in the table above.

G8.3: Maturity analysis

The table below provides the maturity profile of the anticipated future cash flows, based on contractual maturity dates for trade, other payables and other liabilities that are classified as financial liabilities. It is presented on an undiscounted basis, and will therefore, differ from the carrying value of trade, other payables and other liabilities above:

At 31 December Rm	Separate
	2023
Less than one year	42 680
Greater than one year and less than five years	167
Greater than five years	–
Total	42 847

At 31 December Rm	Consolidated
	2023
Less than one year	55 503
Greater than one year and less than five years	7 703
Greater than five years	25 251
Total	88 457



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

G: Non-financial assets and liabilities continued

G9: Assets and liabilities held for sale

The Group reclassified investment property to the value of R698 million into assets held for sale. The net fair value loss arising from the valuation of these properties on transfer date amounted to R62 million and was recognised in investment returns in the income statement.

In 2022, the Group disposed of an investment property (R119 million) classified as held for sale and reclassified an investment property previously classified as held for sale (R149 million). The reclassification occurred due to the terms of the sales agreement not being met within the provided timelines and, as a result, expired. The net fair value gain arising from the valuation of these properties on transfer date amounted to Rnil million and was recognised in investment returns in the income statement.

Assets held for sale per segment have been disclosed in note B3.

Year ended 31 December Rm	Consolidated	
	2023	2022
Assets classified as held for sale		
Investment property	698	-
Total assets	698	-

G10: Share capital

Share capital

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

(a) Authorised share capital

At 31 December Rm	Separate and consolidated	
	2023	2022
10 000 000 ordinary shares of R1 each	10	10
10 redeemable preference shares of R1 each	-	-
10 000 000 redeemable, no par value preference shares	-	-
	10	10

(b) Issued share capital and share premium

At 31 December Rm	Separate and consolidated	
	2023	2022
8 000 001 ordinary shares	8	8
One redeemable preference share of R1	-	-
Share premium	6 415	6 415



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

H: Interests in subsidiaries, associates and joint ventures

Basis of consolidation and equity accounting

	Subsidiaries	Associates	Joint ventures
Typical shareholding in the assessment of entities that are not structured entities	Greater than 50%	Between 20% and 50%	Between 20% and 50%
Nature of the relationship	Entities over which the Group has control as defined in IFRS 10 are consolidated.	Entities over which the Group has significant influence as defined in IAS 28.	A joint arrangement in terms of which the Group and the other contracting parties have joint control as defined in IFRS 11.

Critical accounting estimates and judgements – Investments in subsidiaries, associated undertakings and joint ventures

The Group has applied the following key judgements in the application of the requirements of the consolidation set of standards (IFRS 10 *Consolidated Financial Statements* and IFRS 11 *Joint Arrangements*):

Consolidation of subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Consolidation of investment funds and securitisation vehicles

The Group acts as a fund manager for a number of investment funds. In determining whether the Group controls such a fund, it will focus on an assessment of the aggregate economic interests of the Group (comprising any carried interests and expected management fees) and the investor's rights to remove the fund manager. This general assessment is supplemented by an assessment of third-party rights in the investment funds, with regard to their practical ability to allow the Group not to control the fund. The Group assesses, on an annual basis, such interests to determine if the fund will be consolidated. The non-controlling interests in investment funds consolidated by the Group are classified as third-party interests in consolidated funds, a financial liability, in the consolidated statement of financial position. These interests are classified at FVTPL and measured at fair value, which is equal to the bid value of the number of units of the investment funds' scheme not owned by the Group.

The Group has sponsored certain asset-backed financing (securitisation) vehicles under its securitisation programme which are run according to pre-determined criteria that are part of the initial design of the vehicles. The Group is exposed to variability of returns from the vehicles through its holding of junior debt securities in the vehicles. It has concluded that it controls these vehicles and therefore has consolidated these asset-backed financing vehicles.

Structured entities

The Group is required to make judgements on what constitutes a structured entity. Accounting standards define a structured entity as an entity designed so that its activities are not governed by way of voting rights. In assessing whether the Group has power over such investees in which it has an economic interest, the Group considers numerous factors. These factors may include the purpose and design of the investee, its practical ability to direct the relevant activities of the investee, the nature of its relationship with the investee and the size of its exposure to the variability of returns of the investee. The Group has evaluated all exposures and has concluded that all investments in investment funds as well as certain securitisation vehicles and other funding vehicles represent investments in structured entities.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

H: Interests in subsidiaries, associates and joint ventures continued

H1: Subsidiaries

(a) Investments in subsidiaries and Group enterprises

The following table lists the Company's significant investments in subsidiaries whose results are included in the consolidated financial statements. All shares held are ordinary shares and are held directly or indirectly by the Company.

	2023			2022
	Number of issued ordinary shares	% interest	Carrying value	Carrying value
Unlisted subsidiaries				
Old Mutual Technology Holdings Ltd ¹	11 000	100%	2	11
Community Property Holdings (Pty) Ltd ²	1 988 561 149	83.6%	6 174	5 270
Old Mutual Alternative solutions Ltd ¹	450 000 001	100%	2	84
Old Mutual Alternative Risk Transfer Ltd ¹	125	100%	95	21
Old Mutual Wealth (Pty) Ltd ¹	12 200	100%	6 323	5 660
Old Mutual Real Estate Holding Company (Pty) Ltd ¹	2 218 244 991	100%	15 066	14 210
Grand Central Airport (Pty) Ltd ¹	18 000	100%	186	188
REMchannel (Pty) Ltd ³	153	100%	–	65
Blue Hawk VI (Pty) Limited ¹	1	100%	358	354

¹ Country of incorporation: Republic of South Africa

² Included in the investment in Community Property Holding Proprietary Limited is a loan receivable of R4 000 million (2022: R3 526 million)

³ Disposals of businesses and other similar transactions during the current reporting period. The carrying value on disposal of subsidiaries largely represents the carrying value incurred by OMLACSA on the disposal of its investment in REMchannel Proprietary Limited. It was sold for R66.7 million

(b) Non-controlling interests in subsidiaries

The following table summarises the information relating to the Group's subsidiaries that have material non-controlling interests:

At 31 December 2023 Rm	Community Property Holdings (Pty) Ltd	Other subsidiaries ¹	Total
Consolidated statement of financial position			
Total assets	1 838		
Current assets	472		
Non-current assets	1 366		
Total liabilities	(1 448)		
Current liabilities	(362)		
Non-current liabilities	(1 086)		
Net assets	390		
Non-controlling interests	423	293	716
Non-controlling interests (%)	16%		
Consolidated income statement			
Total revenue	715		
Profit before tax	38		
Income tax expense	(48)		
Loss after tax for the financial year	(10)		
Non-controlling interests	24	(12)	12
Consolidated statement of cash flows			
Net increase in cash and cash equivalents	(281)		

¹ Disclosed as part of the 'Other' non-controlling interest balances are amounts relating to entities which are not 100% held by OMLACSA subsidiaries

(b) Non-controlling interests in subsidiaries continued

At 31 December 2022 Rm	Community Property Holdings (Pty) Ltd	Other subsidiaries ¹	Total
Consolidated statement of financial position			
Total assets	1 603		
Current assets	759		
Non-current assets	844		
Total liabilities	(1 209)		
Current liabilities	(177)		
Non-current liabilities	(1 032)		
Net assets	394		
Non-controlling interests	390	282	672
Non-controlling interests (%)	13%		
Consolidated income statement			
Total revenue	614		
Profit before tax	87		
Income tax expense	(44)		
Profit after tax for the financial year	43		
Non-controlling interests	35	34	69
Consolidated statement of cash flows			
Net increase in cash and cash equivalents	420		

¹ Disclosed as part of the 'Other' non-controlling interest balances are amounts relating to entities which are not 100% held by OMLACSA subsidiaries

During the year ended 31 December 2023, dividends of R7 million (2022: R7 million) were paid to non-controlling interests.

(c) (i) Analysis of capital advances to Group undertakings

The Company has advanced capital amounting to R7 200 million (2022: R5 004 million) to Old Mutual Capital Holding Proprietary Limited.

(ii) Amounts due by/(to) Group companies

The following tables provide an analysis of the amount due to and from Group companies.

At 31 December Rm	Separate	
	2023	2022
Subsidiaries and associates		
Old Mutual Alternative Risk Transfer Ltd	1 616	1 588
Old Mutual Unit Trust Managers (RF) (Pty) Ltd	23	100
Old Mutual Real Estate Holding Company (Pty) Ltd	601	783
Old Mutual Wealth Trust Company (Pty) Ltd	34	28
Grand Central Airport (Pty) Ltd	4	4
Old Mutual Investment Services (Pty) Ltd	195	236
	2 473	2 739

At 31 December Rm	Separate		Consolidated	
	2023	2022	2023	2022
Holding companies				
Old Mutual Emerging Markets (Pty) Ltd (intermediary holding company)	3	203	3	203
Old Mutual Limited (ultimate holding company)	130	112	130	112
	133	315	133	315



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For the year ended 31 December 2023

H: Interests in subsidiaries, associates and joint ventures continued

H1: Subsidiaries continued

(c) (ii) Amounts due by/(to) Group companies continued

At 31 December Rm	Separate		Consolidated	
	2023	2022	2023	2022
Fellow subsidiaries				
Old Mutual (Africa) Holdings (Pty) Ltd	66	43	66	43
Old Mutual (South Africa) Share Trust	(281)	(281)	(281)	(281)
Old Mutual Investment Administrators (Pty) Ltd	26	18	26	18
Old Mutual Specialised Finance (Pty) Ltd	(103)	(18)	(103)	(18)
Old Mutual Finance (Pty) Ltd	435	356	435	356
Old Mutual Black Distributors Trust	32	36	32	36
Old Mutual Transaction Services (Pty) Ltd	20	17	20	17
Futuregrowth Asset Management (Pty) Ltd	3	1	3	1
Old Mutual Alternative Investments (Pty) Ltd	(13)	(2)	(13)	(2)
Old Mutual Investment Services (Pty) Ltd	(2)	(7)	(2)	(7)
OMSA Management Incentive Trust	1	1	1	1
Old Mutual Direct Holdings (Pty) Ltd	–	2	–	2
Old Mutual Investment Group (Pty) Ltd	(20)	(25)	(20)	(25)
African Infrastructure Investment Managers (Pty) Ltd	6	24	6	24
Old Mutual Life Assurance Company (Namibia) Ltd – Life	250	217	250	217
Old Mutual Life Assurance Co (Swaziland) Ltd	8	1	8	1
Faulu Microfinance Bank Ltd	1	1	1	1
Old Mutual Life Assurance Company (Ghana) Ltd	3	3	3	3
Old Mutual Insure Limited	16	135	16	135
Old Mutual Life Insurance Company (Botswana) Ltd	(3)	(2)	(3)	(2)
UAP Holdings Ltd	–	13	–	13
Old Mutual Limited Broad-Based Black Economic Empowerment Employee Trust	1 008	848	1 008	848
Old Mutual Limited Employee Trust	703	119	703	119
Old Mutual International (Guernsey) Ltd	1	–	–	–
OMSA Broad-Based Employee Share Trust	–	(102)	–	(102)
Old Mutual West Africa Company Ltd	1	1	1	1
Old Mutual Foundation (Charitable Trust)	7	10	7	10
Old Mutual Financial Services Botswana (Pty) Ltd	3	3	3	3
Black Distributors SPV	17	17	17	17
REMchannel (Pty) Ltd	8	2	8	2
Mutual & Federal Investments (Pty) Ltd	(1)	(1)	(1)	(1)
Old Mutual Capital Holding (Pty) Ltd	6	66	6	66
Old Mutual Zimbabwe Ltd	0	17	0	17
Old Mutual Life Assurance Company Zimbabwe Ltd	10	–	10	–
Old Mutual Funeral Services (Pty) Ltd	2	–	2	–
Old Mutual Rewards (Pty) Ltd	14	18	14	18
Old Mutual Education SPV	0	4	0	4
Old Mutual Nigeria Life Assurance Company Ltd	(1)	(1)	(1)	(1)
Fairbairn Consult (Pty) Ltd	(11)	(3)	(11)	(3)
Old Mutual Emerging Markets Ltd (OSI)	33	–	33	–
Old Mutual East African Holdings Group Limited	20	20	20	20
Old Mutual Holdings plc	13	–	13	–
Old Mutual plc	(18)	(18)	(18)	(18)
Main Street 1844 Proprietary Limited	42	–	42	–
Masthead (Pty) Ltd	1	–	1	–
Celestis Brokers Services (Pty) Ltd	(3)	–	(3)	–
Risk Finance	(1)	–	(1)	–
Other	61	35	55	24
	2 360	1 569	2 353	1 557
	4 966	4 623	2 486	1 872

At 31 December Rm	Separate		Consolidated	
	2023	2022	2023	2022
Amounts due by Group companies	5 431	5 095	2 952	2 352
Amounts due to Group companies	(465)	(472)	(466)	(480)
	4 966	4 623	2 486	1 872

All amounts due by or to Group companies above are unsecured, interest-free and are not subject to fixed terms of repayment.

(d) Transactions with related entities

The Company's immediate holding company is Old Mutual Emerging Markets (Proprietary) Limited, incorporated in South Africa, which holds 100% of the Company's ordinary shares. The ultimate holding company is Old Mutual Limited, incorporated in South Africa.

At 31 December Rm	2023 – Separate			
	Holding company	Fellow subsidiaries	Subsidiaries	Associates
Income statement				
Interest income	–	104	1 792	–
Dividend income	–	17	986	–
Fee income/(expense)	–	298	(326)	–
Insurance revenue	–	–	103	–
Insurance service expense	–	–	92	–
Net income/(expense) from reinsurance contracts	–	–	11	–
Statement of financial position				
Zero coupon bonds held	–	160	–	–
Collateral owing	–	(1 446)	–	–
Call loans including interest	–	1 500	–	–
Promissory notes	–	640	–	–
Statement of changes in equity				
Dividends declared	(3 550)	–	–	–

At 31 December Rm	2022 – Separate			
	Holding company	Fellow subsidiaries	Subsidiaries	Associates
Income statement				
Interest income	–	74	1 840	–
Dividend income	–	–	222	–
Fee income/(expense)	–	(419)	(451)	–
Insurance revenue	–	–	83	–
Insurance service expense	–	–	57	–
Net income/(expense) from reinsurance contracts	–	–	37	–
Statement of financial position				
Zero coupon bonds held	–	135	–	–
Collateral owing	–	(1 555)	–	–
Call loans including interest	–	1 643	–	–
Promissory notes	–	595	–	–
Statement of changes in equity				
Dividends declared	(5 480)	–	–	–



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

H: Interests in subsidiaries, associates and joint ventures continued

H1: Subsidiaries continued

(d) Transactions with related entities continued

At 31 December Rm	2023 – Consolidated			
	Holding company	Fellow subsidiaries	Subsidiaries	Associates
Income statement				
Interest income	-	28	(3)	-
Dividend income	-	17	-	-
Fee income/(expense)	-	298	(326)	-
Insurance revenue	-	-	103	-
Insurance service expense	-	-	92	-
Net income/(expense) from reinsurance contracts	-	-	11	-
Statement of financial position				
Zero coupon bonds held	-	160	-	-
Collateral owing	-	(1 446)	-	-
Call loans including interest	-	1 500	-	-
Promissory notes	-	640	-	-
Statement of changes in equity				
Dividend expense	(3 550)	-	-	-

At 31 December Rm	2022 – Consolidated			
	Holding company	Fellow subsidiaries	Subsidiaries	Associates
Income statement				
Interest income	-	(7)	-	-
Fee income/(expense)	-	(419)	-	-
Insurance revenue	-	-	83	-
Insurance service expense	-	-	57	-
Net income/(expense) from reinsurance contracts	-	-	37	-
Statement of financial position				
Zero coupon bonds held	-	135	-	-
Collateral owing	-	(1 555)	-	-
Call loans including interest	-	1 643	-	-
Promissory notes	-	595	-	-
Statement of changes in equity				
Dividends declared	(5 480)	-	-	-

At 31 December 2023, debt funding with a fair value of R4 093 million (2022: R4 277 million) was lent to Old Mutual Specialised Finance Proprietary Limited.

H2: Investments in associated undertakings and joint ventures

(a) Aggregate Group investment in associated undertakings and joint ventures

The following table presents the aggregate amounts for investment in associated undertakings and joint ventures at 31 December:

Year ended 31 December Rm	Consolidated	
	2023	2022
Balance at beginning of the year	804	1 286
Additions of investment in associated undertakings and joint ventures	3	-
Disposal of investment in associated undertakings and joint ventures ¹	(19)	(3)
Share of profit after tax	(106)	(117)
Dividend income	(66)	(13)
Foreign exchange and other movements ¹	113	(349)
Balance at end of the year	729	804

¹ During 2022, R456 million was moved from 'Investments in associated undertaking and joint ventures' to 'Investments and securities', as these assets back policyholder liabilities

(b) Analysis of equity-accounted and fair value investments in associated undertakings and joint ventures

Of the total carrying value of associates and joint ventures, Rnil million (2022: Rnil) relates to those that are measured at fair value and R729 million (2022: R804 million) relates to those that have been equity accounted.

The Group's equity-accounted and fair value investments in associated undertakings and joint ventures are as follows:

At 31 December 2023 Rm	Carrying amount	Group share of profit
Associated undertakings		
Individually immaterial associates ¹	155	12
Total investment in associate undertakings	155	12
Joint ventures		
Individually immaterial joint ventures ¹	574	(118)
Total investment in joint ventures	574	(118)
Total investments in associates and joint ventures	729	(106)

¹ During 2023, there were no individual material associates or joint ventures to be separately disclosed

At 31 December 2022 Rm	Carrying amount	Group share of profit
Associated undertakings		
Individually immaterial associates ¹	143	13
Total investments in associate undertakings	143	13
Joint ventures		
Individually immaterial joint ventures ¹	661	(130)
Total investments in joint ventures	661	(130)
Total investments in associates and joint ventures	804	(117)

¹ During 2023, there were no individual material associates or joint ventures to be separately disclosed

(c) Aggregate financial information of immaterial investments in joint ventures

The aggregate financial information of other immaterial investments in associated undertakings and joint ventures is as follows:

At 31 December Rm	2023	2022
(Loss)/profit from continuing operations	(411)	22
Total comprehensive loss	(411)	(239)

(d) Contingent liabilities and commitments

At 31 December 2023 and 31 December 2022, the Group had no significant contingent liabilities or commitments relating to investments in associated undertakings and joint ventures.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

H: Interests in subsidiaries, associates and joint ventures continued

H3: Structured entities

(a) Group's involvement in structured entities

In structured entities, voting rights are not the predominant factor in deciding who controls the entity but rather the Group's exposure to the variability of returns from these entities. The Group acts as fund manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of decision-making rights as fund manager, the investor's rights to remove the fund manager and the aggregate economic interests of the Group in the fund in the form of interest held and exposure to variable returns.

In most instances, the Group's decision-making authority, in its capacity as fund manager, with regard to these funds is regarded to be well-defined. Discretion is exercised when decisions regarding the relevant activities of these funds are being made. Fund management agreements include only terms, conditions or amounts that are customarily present in arrangements for similar services and level of skills negotiated on an arm's length basis. The Group has concluded that it acts as an agent on behalf of the investors in all instances.

The Group is considered to be acting as principal where the Group is the fund manager and is able to make the investment decisions on behalf of the unit holders, earn a variable fee, and there are no kick-out rights that would remove the Group as fund manager.

The Group has not provided any non-contractual support to any consolidated or unconsolidated structured entities.

The Group has committed to providing certain liquidity facilities for certain securitisation vehicles.

Refer to note H: Basis of consolidation and equity accounting, for the Group's policy on consolidation.

The table below summarises the types of structured entities the Group does not consolidate, but may have an interest in:

Type of structured entity	Nature	Purpose	Interest held by the Group
» Investment funds	» Manage client funds through the investment in assets	» Generate fees from managing assets on behalf of third-party investors	» Investments in units issued by the fund
» Security vehicles	» Hold and realise assets as a result of the default of a client	» These entities seek to protect the collateral of the Group on the default of a loan	» At 31 December 2023, the Group held no value in security vehicles
» Client's investment entities	» Hold client investment assets	» Generates various sources of income for the Group	» None

The Group's holdings in investment vehicles are subject to the terms and conditions of the respective investment vehicle's offering documentation and are susceptible to market price risk arising from uncertainties about future values of those investment vehicles. All of the investment vehicles in the investment portfolios are managed by portfolio managers who are compensated by the respective investment vehicles for their services. Such compensation generally consists of an asset-based fee and a performance-based incentive fee, and is reflected in the valuation of the investment vehicles.

(b) Interest in unconsolidated structured entities

The Group invests in unconsolidated structured entities as part of its normal investment and trading activities. The Group's total interest in unconsolidated structured entities is classified as investments and securities held at fair value through profit or loss. The Group does not sponsor any of the unconsolidated structured entities.

The table below provides a summary of the carrying value of the Group's interest in unconsolidated structured entities for both continuing operations and those classified as held for distribution:

At 31 December Rm	Consolidated	
	2023	2022
Debt securities, preference shares and debentures	1 042	1 157
Equity securities	2 722	2 758
Pooled investment funds	181 179	169 724
	184 943	173 639

The Group's maximum exposure to loss with regard to the interests presented above is the carrying amount of the Group's investments. Once the Group has disposed of its shares or units in a fund, it ceases to be exposed to any risk from that fund. The Group's holdings in the above unconsolidated structured entities are largely less than 50% and, as such, the net asset value of these structured entities is likely to be significantly higher than their carrying value.

Pooled investment funds include the following investments:

Fund 1

The fund aims to create long-term wealth for investors within the constraints governing retirement funds. It aims to outperform the average return of similar funds without assuming any more risk. The fund invests in government securities, listed and unlisted debt securities, and listed and unlisted equity securities. As at year end, the Company's interest in the fund totalled R8 330 million compared to a total fund size of R184 500 million.

Fund 2

The fund aims to achieve the best possible investment growth for retirement savers (within the constraints of Regulation 28 of the Pension Funds Act) over the long term. The fund invests in government securities, listed and unlisted debt securities, and listed and unlisted equity securities. As at year end, the Company's interest in the fund totalled R7 662 million compared to a total fund size of R110 490 million.

Fund 3

The fund aims to provide a total return (the combination of income and capital growth) by investing in equities (e.g. company shares). Other investments may include the units of other funds (including foreign funds) and derivatives. As at year end, the Company's interest in the fund totalled R3 070 million compared to a total fund size of R13 100 million.

Remaining funds

The remaining R145 407 million across almost 1 500 funds with various investment strategies.

(c) Other interests in unconsolidated structured entities

The Group receives management fees and other fees in respect of its asset management businesses that manage investments in which the Group has no holding. These also represent interests in unconsolidated structured entities. As these investments are not held by the Group, the investment risk is borne by the external investors and therefore the Group's maximum exposure to loss relates to future management fees. The Group does not sponsor any of the funds or investment vehicles from which it receives fees.

I: Other notes

II: Post-employment benefits

The Group's post-retirement schemes provide for the retirement, medical and disability benefits of employees and have been designed and are administered in accordance with local conditions and practices in the countries concerned and include both defined contribution and defined benefit schemes. The assets of these schemes are held in separate trustee-administered funds. Actuarial advice confirms that the existing assets are adequate to secure members' benefits over the remaining service lives of participating employees. The schemes are reviewed at least on a triennial basis or in accordance with local practice and regulations. In the intervening years, the actuary reviews the continuing appropriateness of the assumptions applied. The actuarial assumptions used to calculate the projected benefit obligations of the Group's pension schemes vary according to the economic conditions of the countries in which they operate. The post-retirement medical aid benefit is no longer offered by the Group and therefore the disclosure relates to winding up of this benefit.

The movement analysis of post-employment benefits presented in note II(a) includes the information for all of the Group's pension schemes, including movements in plan assets for the year.

Restriction on the ability to access individual pension fund surpluses

The Group has pension fund surpluses and its ability to access the surpluses is regulated by local laws and regulations. In all situations, the Group does not have the unilateral right to access these surpluses as the use of the surplus must be approved by the relevant governing bodies of the pension funds.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

I: Other notes continued

II: Post-employment benefits continued

(a) Liability for defined benefit obligations

Year ended 31 December Rm	Separate and consolidated			
	Pension plans		Other post-retirement benefit schemes	
	2023	2022	2023	2022
Changes in projected benefit obligation				
Projected defined benefit obligation at beginning of the year	181	217	1 354	1 306
Current service cost	-	-	13	13
Interest cost on benefit obligation	19	21	144	132
Measurement gains arising from experience adjustments	(26)	(57)	(56)	(30)
Benefits paid	-	-	(72)	(67)
Foreign exchange and other movements	-	-	-	-
Projected defined benefit obligation at end of the year	174	181	1 383	1 354
Change in plan assets				
Plan assets at fair value at beginning of the year	181	217	-	-
Actual return on plan assets	(7)	(36)	-	-
Plan assets at fair value at end of the year	174	181	-	-
Net defined benefit obligation	-	-	(1 383)	(1 354)
Net amount recognised in consolidated statement of financial position	-	-	(1 383)	(1 354)

(b) Principal actuarial assumptions

The significant actuarial assumptions and sensitivities of the defined benefit liabilities to changes in those assumptions are set out below:

	Separate and consolidated			
	Pension plans		Other post-retirement benefit schemes	
	2023	2022	2023	2022
Discount rate used	10.9%	11.1%	10.9%	10.5%
Price inflation	5.3%	6.3%	7.4%	7.0%
Rate of future salary increases	6.8%	7.3%	9.9%	8.0%
Expected return on plan assets	10.9%	11.1%	11.4%	10.9%

Actuarial assumptions used in calculating the projected benefit obligation are based on mortality estimates in line with those adopted for the 92 series of mortality tables prepared by the Continuous Mortality Investigation Bureau of the Institute of Actuaries.

Year ended 31 December 2023 Rm	Separate and consolidated				
	Reasonable possible change	Pension plans		Other post-retirement benefit schemes	
		%	Increase	Decrease	Increase
Sensitivity analysis of significant assumptions					
Increase in discount rate	1.0%	166	183	1 251	1 567
Increase in accrued service liabilities due to salary increases	1.0%	183	166	-	-
Increase in assumed health cost trend rates	1.0%	-	-	1 571	1 245

Year ended 31 December 2022 Rm	Reasonable possible change	Separate and consolidated			
		Pension plans		Other post-retirement benefit schemes	
	%	Increase	Decrease	Increase	Decrease
Sensitivity analysis of significant assumptions					
Increase in discount rate	1.0%	180	170	1 207	1 534
Increase in accrued service liabilities due to salary increases	1.0%	184	179	-	-
Increase in assumed health cost trend rates	1.0%	-	-	1 537	1 201

(c) Plan asset allocation

Plan asset allocation related to all of the Group's pension schemes is as follows:

Year ended 31 December %	Separate and consolidated	
	2023	2022
Equity securities	51.9	54.8
Debt securities	25.5	23.4
Property	6.2	6.5
Annuities and other	16.4	15.3
	100.0	100.0

(d) Expenses recognised in the income statements

Year ended 31 December Rm	Separate and consolidated			
	Pension plans		Other post-retirement benefit schemes	
	2023	2022	2023	2022
Current service costs	-	-	13	13
Net interest cost	19	21	145	132
Total (included in staff costs)	19	21	158	145

I2: Share-based payments

(a) Share incentive schemes

The Group incentivises employees through a number of share incentive schemes. These include an employee share ownership plan (ESOP), long-term incentive plan (LTIP) and broad-based incentive (BBI) schemes. The ESOP, LTIP and BBI schemes are cash-settled, except where the Company is not obligated to settle the share awards; these are equity-settled. More information on the Group's share incentive schemes is available in the Old Mutual Limited Remuneration Report, which will be released in March 2024 and can be accessed at <https://www.oldmutual.com/investor-relations/reporting-centre/reports/>

Employee share ownership plan (ESOP)

These awards are granted under the Employee Share Ownership Plan (ESOP) rules. ESOP consists of the deferred short-term incentive, buyout/sign-on and retention awards.

Deferred short-term incentive awards

A portion of the annual short-term incentive award, for middle management and above, is mandatorily deferred for a maximum period of three years. This deferral is converted to forfeitable Old Mutual Limited shares for participants in South Africa and Namibia. Awards granted from 2021 vest in three equal tranches on the first, second and third anniversaries of the award, and have no further financial performance conditions. The awards are subject to malus and clawback conditions.

Buyout/sign-on awards

These awards support the recruitment of key and/or critical talent into the organisation subject to stringent policy guidelines. Buyout awards replace potential loss of income/unvested awards for new joiners, and/or address any financial obligations that the new joiner may have with their previous employer. Sign-on awards increase the overall competitiveness and attractiveness of an offer, specifically for the recruitment of scarce skills or high-potential individuals. These awards are preferably granted in forfeitable Old Mutual Limited shares for participants in South Africa and Namibia.

Retention awards

These awards are granted in special circumstances to retain key talent based on the outcomes of the Group Talent Management Strategy, or scarce and/or critical skills identified as a potential flight risk. The awards typically vest after three years.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

I: Other notes continued
I2: Share-based payments continued
(a) Share incentive schemes

Long-term incentive plan (LTIP)

LTIP awards are granted under the Long-term Incentive Plan (LTIP) rules. These awards are granted to executives and select senior managers, on a discretionary basis, subject to a minimum individual performance condition. These awards aim to align senior management and shareholder interests. Awards granted in 2021 and 2022 are conditional Old Mutual Limited shares for participants in South Africa and Namibia. Vesting is subject to the achievement of Company and individual performance targets, and vest in equal tranches on the third, fourth and fifth anniversaries of the award. These LTIP awards were then replaced by the forfeitable deferred performance award (DPA) still issued under the LTIP rules. The first DPA grant is expected in the April 2024 cycle. The DPA share awards will vest subject to acceptable individual performance outcomes as well as continued employment. The awards are subject to malus and clawback conditions.

Broad-based incentive scheme (BBI)

B-BBEE listing awards

A once-off broad-based share incentive scheme was awarded in September 2018 to all employees permanently employed at the time of Old Mutual listing on the JSE and still in service on the date of grant. This award was in recognition of each employee's contribution to the smooth transition to listing, and the anticipated future contribution they would make to the Group. In terms of this scheme, 25 254 employees were initially allocated 366 Old Mutual Limited shares each, totalling 8 485 344 shares (at a share price of R29.80). This initial grant was supplemented by a further 128 Old Mutual Limited shares at a share price of R22.00 (3 232 512 shares in total). The total Old Mutual Limited shares allocated were 11 717 856. The awards, granted under the ESOP rules, all vested on 18 September 2020. After taking into account the lapse of shares linked to leavers, 11 122 496 Old Mutual Limited shares vested at a share price of R10.07.

B-BBEE Bula Tsela awards

A once-off broad-based share incentive scheme awarded 205.3 million new Old Mutual Limited ordinary shares during the 2022 year to the following groups:

- » Qualifying Old Mutual employees, as part of the Old Mutual Bula Tsela Employee Transaction granted under the ESOP rules (grant date: 6 December 2022)
- » A Community Trust for the support of eligible black South African individuals and groups as part of the Old Mutual Bula Tsela Community Transaction (grant date: 12 August 2022)
- » Qualifying black South African individuals and groups whose applications pursuant to the public offer were successful, as part of the Old Mutual Bula Tsela Retail Transaction (grant date: 21 November 2022)

The Old Mutual Bula Tsela Community and Retail Transactions do not impact OMLACSA.

The Old Mutual Bula Tsela Employee Transaction has the following core elements:

- » 78 125 166 shares were issued under the employee scheme, with 20% of these shares (the Other Employee Subscription Shares) issued at a subscription price equal to the post-retail offer closing date VWAP (R10.22 per share, five-day VWAP as at 1 November 2022) and 80% of these shares (the Notionally-funded Employee (NVE) Subscription Shares) issued at their fair value as determined through the use of a Monte Carlo option pricing model. The subscription price equated to R3.39 per share.
- » This option pricing model calculates the potential benefit accruing to beneficiaries, taking into account various assumptions/inputs, including the number of shares issued, the price at which shares are trading, and the cost of funding provided to the beneficiaries over the 10-year term.
- » Employees will be allocated shares that will vest in tranches after four (25%), six (25%) and eight (50%) years. Shares may not be traded until the completion of a 10-year lock-in period. Employees will be entitled to a 15% trickle dividend on the NVE shares (remaining dividend will be used to settle the NVE) and 100% of the dividend on the remaining shares during the vesting period.

The cash-settled share-based payment is expensed on a graded vesting basis as a result of the various vesting tranches. The expense is adjusted to reflect the actual number of share rights for which the vesting conditions are met.

(b) Measurements and assumptions

The income statement charge is measured as the change in the fair value of the cash-settled share-based payment liability during the reporting period.

The March 2023 grant cycle of 24 013 739 (April 2022: 13 613 150) shares awarded were granted from the Old Mutual Limited Broad-based Black Economic Empowerment Employee Trust (OML BBEEET) as a free award funded by excess capital transferred from the OMSA Management Incentive Trust. The Company was not obligated to settle this award and therefore the awards have been treated as equity-settled. Refer to the statement of changes in equity for the related share-based payment reserve.

(c) Forfeitable/restricted share grants

The following table summarises the fair value of restricted shares granted by the Group during the year:

Instruments granted and purchased during the year		Separate and consolidated	
		Number granted	Weighted average fair value
Shares in Old Mutual Limited (Johannesburg Stock Exchange)	2023	39 914 641	R11.54
	2022	76 255 855	R7.80

	Number of shares 2023	Weighted average fair value grant date R	Number of shares 2022	Weighted average fair value grant date R
Deferred Short-term Incentive Awards (ESOP)				
Movements in unvested shares				
1 January ¹	34 565 955	10.46	37 086 410	13.10
Transferred employees ³	47 572	12.00	–	–
Granted	22 197 729	11.90	13 138 508	13.79
Settled	(19 766 958)	11.70	(12 208 630)	13.87
Lapsed	(1 751 873)	13.06	(3 450 333)	10.46
31 December¹	35 292 425	13.06	34 565 955	10.46
Long-term Incentive Plan Awards (LTIP)				
Movements in unvested shares				
1 January ¹	18 334 749	10.46	15 535 164	13.10
Transferred employees ³	(416 344)	12.00	–	–
Granted	–	–	4 906 094	13.79
Settled	(4 339)	12.23	(3 817)	10.59
Lapsed	(940 590)	13.06	(2 102 692)	10.46
31 December¹	16 973 476	13.06	18 334 749	10.46
Buyout/Sign-on Awards (ESOP)				
Movements in unvested shares				
1 January ¹	3 446 874	10.46	2 125 029	13.10
Transferred employees ³	106 204	12.00	–	–
Granted	864 117	11.92	1 600 159	12.24
Settled	(34 371)	11.98	(25 400)	11.07
Lapsed	(103 316)	13.06	(252 914)	10.46
31 December¹	4 279 508	13.06	3 446 874	10.46
Retention Awards (ESOP)				
Movements in unvested shares				
1 January ¹	16 876 303	10.46	15 880 958	13.10
Transferred employees ³	106 243	12.00	–	–
Granted	14 350 331	11.90	5 355 671	13.77
Settled	(3 491 794)	11.79	(1 987 984)	12.29
Lapsed	(2 025 090)	13.06	(2 372 342)	10.46
31 December¹	25 815 993	13.06	16 876 303	10.46
Broad-based Incentive Awards (BBI)				
Movements in unvested shares				
1 January ¹	1 856	10.46	3 248	13.10
Settled	–	–	(1 392)	10.20
31 December¹	1 856	13.06	1 856	10.46
B-BBEE Bula Tsela Awards				
Movements in unvested shares				
1 January ¹ – Other employee shares	10 124 407	10.46	–	–
1 January ¹ – NVE shares	40 497 628	3.42	–	–
Transferred employees ³	(291 989)	4.63	–	–
Other employee shares granted	500 329	11.93	10 251 085	10.59
NVE shares granted ²	2 002 135	4.61	41 004 340	3.5
Lapsed	(10 773 383)	6.90	(633 390)	4.83
31 December^{1,2} – Other employee shares	8 411 667	13.06	10 124 407	10.46
31 December^{1,2} – NVE shares	33 647 460	5.36	40 497 628	3.42

¹ Share value at reporting date

² The weighted average exercise price on grant date was R9.00 (2022: R8.72) and at 31 December 2023 was R8.88 (2022: R8.77)

³ During the year, the employment of certain employees moved into and out of the Company, which included a pro rata of the awards previously made to them

No adjustment was made in the above weighted average fair value for expected dividends where the holder of the restricted share is entitled to dividends throughout the vesting period.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

I: Other notes continued

I2: Share-based payments continued

(d) Deferred short-term incentive awards – forecast

The annual bonus allocation (South Africa and Namibia) gives rise to deferred short-term incentive awards. The start of the vesting period of these awards has been determined as 1 January of the year prior to the date of issue, to take into account the element of the award linked to previous performance. The initial fair value is determined by estimating the level of awards to be made in the following year, taking into account expected Company and individual performance.

The Group anticipates awards under the South African scheme of 35 076 675 restricted shares (2022: 20 102 765). The restricted shares have been valued using a share price of R12.00 (2022: R15.00). The method used to calculate the forecast grant is based on a rand value determined at 1 January using the last reported share price, which is not adjusted for changes in the share price until the actual awards are made.

(e) Financial impact

Year ended 31 December Rm	Separate		Consolidated	
	2023	2022	2023	2022
Expense arising from cash-settled share plans	339	87	339	87
Expense arising from equity-settled share plans	180	88	180	88
Closing balance of liability for cash-settled share awards	423	343	423	343
Closing balance of liability for equity-settled share awards	251	137	251	137

I3: Related parties

(a) Transactions with key management personnel, remuneration and other compensation

The Company's key management personnel include all members of the Board, (both Executive and Non-executive Director) and Prescribed Officers as defined by the Companies Act. In addition, due to the influence on the planning, direction and control over the activities of the Group, all members of the Executive committee will also be included as key management personnel.

The definition of key management personnel also includes the close family members of key management personnel and any entity over which key management exercises control or joint control. Close family members are those family members who may influence, or be influenced by that person in their dealings with the Group. These may include the person's domestic partner and children, the children of the person's domestic partner, and dependants of the person or the person's domestic partner.

The Directors' emolument disclosure required by the Companies Act are set out in note L. Disclosures required in terms of King IV™ will be disclosed in the Old Mutual Limited Remuneration Report, which will be released in March 2024, and can be accessed at <https://www.oldmutual.com/investor-relations/reporting-centre/reports>. Compensation paid to the Board of directors is aggregated below, together with the aggregate compensation paid to the Executive committee members (Exco), as well as the number of share options and instruments held.

Year ended 31 December	2023		2022	
	Number of personnel	Rm	Number of personnel	Rm
Directors' fees	11	24	11	23
Remuneration		124		104
Salaries and other benefits	9	85	10	82
Share-based payment expense	9	39	10	22
		148		127

Restricted shares	2023		2022	
	Number of personnel	Number of options/shares '000s	Number of personnel	Number of options/shares '000s
Outstanding at beginning of the year	9	16 170	10	12 535
Leavers	1	(837)	1	(728)
New appointments	–	–	–	–
Granted during the year	–	1 785	–	5 483
Lapsed during the year	–	(706)	–	(429)
Released during the year	–	(1 800)	–	(691)
Outstanding at end of the year	8	14 612	9	16 170

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence at and for the year ended 31 December 2023 were as follows:

Year ended 31 December	2023		2022	
	Number of personnel	Value Rm	Number of personnel	Value Rm
Current accounts	4	–	4	–
Credit cards	–	–	–	–
Mortgages	–	–	–	–
Investments	9	178	9	136
Property and casualty contracts				
Total premium paid during the year	7	–	6	–
Claims paid during the year	–	–	–	–
Life insurance products				
Total sum assured/value of investment at end of the year	9	73	12	91
Pensions				
Value of pension plans as at end of the year	9	137	10	110

Transactions with key management personnel are made on terms equivalent to those that prevail in arm's length transactions.

Various members of key management personnel hold or have at various times during the year held, investments managed by asset management businesses of the Group. These include unit trusts, mutual funds and hedge funds. None of the amounts concerned are material in the context of the funds managed by the Group business concerned, and all of the investments have been made by the individuals concerned either on terms which are the same as those available to external customers generally or, where that is not the case, on the same terms as were available to employees of the business generally.

(b) Transactions and balances with other related parties

Material subsidiaries of the Group are identified in note H1(a) and the Group's material investments in associated undertakings and joint ventures are identified in note H2.

No transactions between the Group and its related parties, other than key management personnel disclosed above, occurred during the current and previous reporting period.

(c) Investments in the Kutana Group of companies

Thoko Mokgosi-Mwantembe, a Non-executive Director of the Company, is also the Chief Executive Officer and sole equity holder of Kutana Capital Proprietary Limited (Kutana).

Old Mutual Specialised Finance provided preference share funding to Luxanio 220 (RF) Proprietary Limited, a wholly owned subsidiary of Kutana. In June 2023, all the preference shares funding provided to Luxanio 220 (c.R315 million as of December 2022) was repaid and refinanced by the Old Mutual Hybrid Equity Fund 1 (Fund 1). Fund 1 is a limited liability partnership, and the Group holds c.99% of the interest in Fund 1. In line with the nature of this structure, the Group has no influence over the investment decisions of this fund.

The Group continues to review relationships where Kutana has significant influence in the wider structure and has provided additional information with respect to these relationships.

The Group, through various of its operating subsidiaries, has provided debt funding as part of a consortium of lenders to In2Food Group Proprietary Limited through an entity called Middle Road Packers (Middle Road), an entity in which Kutana has an effective ownership of 35%.

The Group indirectly holds a 31% minority stake in Middle Road alongside Kutana's 35% interest, which was acquired by the Old Mutual Private Equity Fund IV (Fund IV) prior to Thoko Mokgosi-Mwantembe having been appointed as a non-executive Director of the Company and OMLACSA. Fund IV is a limited liability partnership and the Group holds c.88% of the interest in Fund IV. In line with the nature of this structure, the Group has no influence over the investment decisions of this fund. These structures within the Group ensure that the independence of our asset management businesses is maintained.

The transactions concluded with the Kutana Group of companies and fellow subsidiaries arose in the ordinary course of business and were conducted on the same commercial terms, including interest rates and security, as comparable transactions with third-party counterparties. The transactions did not involve more than the normal risk of repayment, nor do they present any other unfavourable features of the Group.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

I: Other notes continued

13: Related parties continued

(a) Transactions with key management personnel, remuneration and other compensation continued

Year ended 31 December Rm	2023	2022
Debt instruments held		
Preference shareholding – Luxanio 220 (RF) (Pty) Ltd	–	315
Mezzanine debt – In2Food Group (Pty) Ltd	60	60
Term loan A – In2Food Group (Pty) Ltd	182	196
Term loan B – In2Food Group (Pty) Ltd	200	200
Income earned		
Preference dividends accrued – Luxanio 220 (RF) (Pty) Ltd	16	26
Mezzanine debt interest accrued – In2Food Group (Pty) Ltd	1	1
Term loan A interest accrued – In2Food Group (Pty) Ltd	2	2
Term loan B interest accrued – In2Food Group (Pty) Ltd	2	2

14: Contingent liabilities

The Group has provided certain guarantees for specific client obligations, in return for which the Group has received a fee. The Group has evaluated the extent of the possibility of the guarantees being called on and has provided them appropriately.

Contingent liabilities – legal proceedings

The Group operates in a legal and regulatory environment that exposes it to litigation risks. As a result, the Group is involved in disputes and legal proceedings that arise in the ordinary course of business. Legal expenses incurred in respect of these disputes and legal proceedings are expensed as incurred. Claims, if any, cannot be reasonably estimated at this time but the Group does not expect the ultimate resolution of any of the proceedings to which it is party to have a significant adverse effect on the financial position of the Group.

Tax

The Group is committed to conducting its tax affairs in accordance with the tax legislation of the jurisdictions in which the Group operates. All interpretations by management are made with reference to the specific facts and circumstances of the transaction and in the context of relevant legislation, practice and directives. All positions taken are vigorously tested and are defensible.

Business and tax law complexity may result in the Group entering into transactions that expose the Group to tax, legal and business risks. Judgement is involved in determining whether there are uncertain tax positions. The revenue authorities in various jurisdictions in which the Group operates routinely review historic transactions undertaken and tax law interpretations made by the Group.

There are occasions where the Group's interpretation of tax law may be challenged by the revenue authorities. The financial statements include provisions that reflect the Group's assessment of liabilities which might reasonably be expected to materialise as part of their review.

The Board is satisfied that adequate provisions have been made to cater for the resolution of uncertain tax matters and that the resources required to fund such potential settlements, where necessary, are sufficient. Due to the level of estimation required in determining tax provisions amounts eventually payable may differ from the provision recognised.

Consumer protection

The Group is committed to treating customers fairly and supporting our customers in meeting their lifetime goals is central to how our businesses operate. We routinely engage with our customers and regulators to ensure that we meet this commitment. There is the risk of regulatory intervention across various jurisdictions, giving rise to the potential for customer redress which can result in retrospective changes to policyholder benefits, penalties or fines. The Group monitors the exposure to these actions and makes provision for the related costs as appropriate.

Old Mutual Finance agreements

Various agreements between the Old Mutual Life Assurance Company (South Africa) Limited and Old Mutual Finance contain provisions regarding the seat cost model with respect to insurance sales and servicing conducted in the Old Mutual Finance branch network. There is a disagreement as to the accuracy of charges to the Old Mutual Life Assurance Company (South Africa) Limited for the current and prior reporting periods. In the event that Old Mutual Finance persists with a formal claim for under-recovery of historical charges, the legal merit and quantum of the matter will be resolved through arbitration and/or legal proceedings. The matter was resolved in that the parties entered into a settlement agreement.

Old Mutual Unit Trust Managers and Living Hands Umbrella Trust case

The Living Hands Umbrella Trust (the trust), formerly known as the Matco Trust, was invested in Old Mutual unit trust funds, which were administered by Old Mutual Unit Trusts Managers (RF) Proprietary Limited (OMUT).

In October 2004, OMUT was instructed by its client, Matco, to disinvest the unit trust holdings. After verifying the authenticity of the disinvestment instruction, OMUT processed the disinvestment and transferred the cash value of the assets held at the time into the bank account of its client, Matco Trust. After receiving the deposits into its bank account, Matco placed the funds under the control of Fidentia Asset Management Proprietary Limited (Fidentia). OMUT believes that its actions were in accordance with its contract with Matco as well as the applicable laws and regulations.

The case was brought against OMUT by the Living Hands Umbrella Trust. The court found that, although OMUT had acted in accordance with the client's instructions, it should have further interrogated the instruction and informed the regulator about it prior to effecting payment.

OMUT was granted leave to appeal the court judgment ordering OMUT to pay R1.7 billion on 12 December 2022 to the Supreme Court of Appeal. The appeal hearing took place on 14 March 2024 and judgment has been reserved. No further information is disclosed as the outcome of the liability, as quantified in the judgment of 12 July 2022, is subject to appeal proceedings.

15: Commitments

The Group's management is confident that future net revenues and existing funding arrangements will be sufficient to cover these commitments.

At 31 December Rm	2023	2022
Investment property	685	580
Intangible assets	255	167

The Group entered into agreements where it has committed to provide capital to funds and partnerships it has invested in. The total undrawn commitment at 31 December 2023 is R17 521 million (2022: R17 776 million).

The Group encumbered its investment in N3 Toll Concession (N3TC) in favour of a group of funders (including commercial banks and financial institutions) as security for financing to the value of R26 million (2022: R20 million).

Old Mutual Guernsey, a branch of the Group, reserved USD238.4 million (2022: USD244 million) of policyholder assets in a trust; currently, the trustees are Credit Suisse. This is a requirement by the Guernsey regulator.

The Group has evaluated the extent of the possibility of the guarantees being called on and has provided appropriately.

Commitments under derivative instruments

The Group enters into option contracts, financial features contracts, forward rate and interest rate swap agreements, and other financial agreements in the normal course of business.

The Group has options to acquire further stakes in businesses dependent on various circumstances which are regarded by the Group as collectively and individually immaterial.

16: Cash flow information

Management considers it appropriate for all cash flows relating to investment portfolios backing policyholder liabilities and supporting regulatory and Group risk-adjusted minimum capital levels, to be reflected as cash flows from investing activities rather than as cash flows from operating activities.

Cash and cash equivalents

Cash and cash equivalents comprise:

- » Coins and bank notes
- » Money at call and short notice
- » Balances with central banks (other than mandatory reserve deposits)

Cash and cash equivalents only include items held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. Cash and cash equivalents have a maturity of less than three months from the date of acquisition.

Cash and cash equivalents included in the cash flow statement comprise coins and bank notes, money at call and short notice, balances with central banks, mandatory reserve deposits held with central banks and cash and cash equivalents subject to the consolidation of funds.

Cash and cash equivalents held within Investment and securities

Cash and cash equivalents held within the policyholder portfolio and for risk management are disclosed under the sub-total 'Investments and securities'.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

I: Other notes continued

16.1: Cash flows from operating activities

Year ended 31 December Rm	Notes	Separate		Consolidated	
		2023	2022	2023	2022
Non-cash movements and adjustments to profit before tax					
Amortisation		419	634	449	642
Depreciation	C6	249	283	270	304
Net fair value (gains) or losses	C2	(53 340)	33 961	(60 744)	36 240
Net fair value losses on the revaluation of owner-occupied property	C2	–	213	–	213
Net fair value losses and gains on the revaluation of investment property	C2	6	200	(16)	(446)
Impairment of intangibles	C6	–	–	–	4
(Reversal of impairment)/impairment of fixed assets	C6	(134)	400	(134)	400
Credit impairment charges		100	261	127	210
Finance costs (including interest and similar expenses)		959	550	961	552
Share based payment charge		519	119	519	120
Non-cash changes in consolidated investment funds		–	–	12 562	2 016
Loss on disposal of subsidiaries and associated undertakings		–	–	–	5
Charges to provisions and post employment benefits obligations		177	(67)	177	(80)
Total non-cash movements and adjustments to profit before tax		(51 045)	36 554	(45 829)	40 180
Changes in working capital					
Costs to obtain contracts		(44)	(239)	(74)	(242)
Contract liabilities		66	77	132	180
Insurance and reinsurance contracts		49 491	(25 423)	51 451	(25 078)
Investment contracts		6 474	(1 820)	5 457	(1 951)
Loans and advances		(348)	(289)	(450)	(513)
Trade, other receivables and other assets		(1 936)	1 434	(16 240)	(12 776)
Trade, other payables and other liabilities		868	11 238	9 673	26 592
Consolidation of funds		–	–	(17 728)	20 643
Loans to/from group companies		(344)	(708)	(614)	(641)
Collateral owing		729	(912)	729	(912)
Total changes in working capital		54 956	(16 642)	32 336	5 302

17: Events after the reporting date

Other than the aforementioned, the directors are not aware of any material events (as defined per IAS 10 *Events after the Reporting Period*) after the reporting date of 31 December 2023 until the date of authorisation of these audited separate and consolidated financial statements.

J: Future standards, amendments to standards and interpretations not early-adopted in the 2023 financial statements

A number of new standards and amendments to standards are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted any of the forthcoming new or amended standards in preparing these consolidated financial statements.

Amendments to standards

The Group has adopted the following amendments for the first time in the annual reporting period commencing 1 January 2023:

- » IFRS 17 (including amendments to IFRS 17) – Refer to note K for the impact of the adoption of IFRS 17 *Insurance Contracts*
- » Amendment to IAS 1 and IFRS Practice Statement 2 *Disclosure of accounting policies*
- » IAS 8 amendment on changes in the definition of accounting estimates
- » IAS 12 amendment on deferred tax related to assets and liabilities arising from a single transaction
- » IAS 12 amendment relating to International Tax Reform – Pillar Two Model Rules

Except for IFRS 17, these standards are not expected to have a material impact on the financial statements.

New standards and amendments to standards issued but not effective

The following Standards were issued but not effective for the period commencing 1 January 2023:

- » IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*¹
- » Amendment to IAS 1 *Classification of liabilities as current or non-current*²
- » Amendment to IFRS 16 *Lease Liability in a Sale and Leaseback*²
- » Amendments to IAS 7 and IFRS 7 *Supplier Finance Arrangements*²

¹ The IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting
² Effective on 1 January 2024

These standards and amendments to standards are not expected to have a material impact on the financial statements.

K: Standards adopted in the 2023 audited separate and consolidated Annual Financial Statements

The Group has initially applied IFRS 17 *Insurance Contracts*, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these consolidated annual financial statements.

The nature and effects of the key changes in the Group's accounting policies as a result of adopting IFRS 17 are summarised below.

K1: Implementation of IFRS 17 *Insurance Contracts* (IFRS 17)

1.1: Summary

IFRS 17 is a comprehensive new accounting standard for insurance contracts that governs recognition, measurement, presentation and disclosure.

Whereas IFRS 4 allowed insurers to use existing local practice for the measurement of policyholder liabilities, IFRS 17 provides for a comprehensive and consistent approach to insurance contracts. The new standard affected the financial statements and key performance indicators of all entities in the Group that issue insurance contracts (such as term and life insurance, life annuities and disability insurance) as well as investment contracts with discretionary participation features (such as with-profit annuities and smooth bonus investments).

South African local practice for the measurement of policyholder liabilities under IFRS 4 for long-term insurers followed the Financial Soundness Valuation basis as set out in actuarial guidance issued by the Actuarial Society of South Africa in Standard of Actuarial Practice 104. Under this guidance, provisions were valued using realistic expectations of future experience, with margins for prudence and deferral of profit emergence.

IFRS 17 introduces a measurement model for insurance contracts based on the estimates of the present value of future cash flows that are expected to arise as the Group fulfils the contracts, an explicit risk adjustment for non-financial risk (together these represent the fulfilment cash flows) and a contractual service margin (CSM).

Estimates of the present value of future cash flows under IFRS 17 are calculated similarly to the local practice applied in South Africa under IFRS 4. The main difference between IFRS 4 and IFRS 17 measurement relates to how margins are calculated and released over time (i.e. compulsory and discretionary margins for prudence applied under IFRS 4, versus the risk adjustment for non-financial risk and CSM required under IFRS 17).

Contracts where components of the contract are currently separated between IFRS 4 and IFRS 9 *Financial Instruments* (IFRS 9) based on investment fund choice are no longer separated under IFRS 17. Investment contracts with smoothed bonus investment options meet the definition of an investment contract with discretionary participation features and are therefore accounted for under IFRS 17 as a whole, resulting in a reclassification from IFRS 9 to IFRS 17.

The default model is the General Measurement Model (GMM), which is mainly used for measuring life risk (including reinsurance) and annuity contracts. The GMM is supplemented by a specific modification called the Variable Fee Approach (VFA) for measurement of contracts where policyholders participate in underlying items (life savings contracts and other with-profit contracts). IFRS 17 also makes provision for a simplified approach, the Premium Allocation Approach (PAA), mainly for short-duration contracts.

Regardless of the measurement model used, the basic revenue recognition principle of IFRS 17 is that profit is recognised over the lifetime of a group of insurance contracts, as services are provided, but losses are recognised immediately if the group of insurance contracts is onerous. No profit is recognised on initial recognition.

Under IFRS 17, the discount rate used to reflect the time value of money in the fulfilment cash flows is based on the characteristics of the liability.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

K: Standards adopted in the 2023 audited separate and consolidated Annual Financial Statements continued

K1: Implementation of IFRS 17 Insurance Contracts (IFRS 17) continued

1.2: Impact of the adoption of IFRS 17

The impact of initial application of IFRS 17 on the separate and consolidated annual financial statements was a decrease of R5 927 million and R6 087 million to the Group's total equity at 1 January 2022 respectively. Total equity as at 31 December 2021 under IFRS 4 was R33 078 million for the separate accounts and R30 097 million for the consolidated accounts.

The impact on Group equity as a result of transition to IFRS 17 arises because of the different requirements of IFRS 17 compared to the accounting policies and actuarial methodologies used under IFRS 4. The differences include the removal of compulsory and discretionary margins that were required or allowed under IFRS 4 but not under IFRS 17, offset by the requirement to set up a CSM and risk adjustment under IFRS 17. The CSM and risk adjustment will be released into profit over time as service is provided and as risk expires, respectively.

The various portfolios of business in the Group are impacted in different ways by the transition to IFRS 17. The majority of the Group impact arises mostly from Mass and Foundation Cluster. The impacts for the other Group entities are less material. The most material impact observed is for the Mass and Foundation Cluster Risk portfolio where liabilities increase on transition to IFRS 17. IFRS 4 required the set-up of material lapse margins associated with expected higher levels of lapses at early durations for this portfolio – these margins were then released into profit at early durations under IFRS 4 as the high early lapse risk expired. Under IFRS 17 the CSM is released more slowly. As service is provided the measure of service provided for this portfolio is based on the sum assured for the contracts rather than the level of lapses.

This, together with a history of favourable basis changes following management and other interventions that increase the CSM under IFRS 17 rather than directly impacting profit as was the case under IFRS 4, results in an increase in liabilities that will be released over time into profit.

The reporting requirements introduced by IFRS 17 also result in a shift of liabilities for segmental reporting purposes, with no overall impact for OMLACSA or the Group, from Old Mutual Corporate to Personal Finance and Wealth Management.

As noted above, the Group has provided the restated comparative information for 2022 in these consolidated annual financial statements.

Included below is the reconciliation of the separate and consolidated statement of financial position from IFRS 4 to IFRS 17 at transition:

Rm	Separate			
	Notes	At 31 December 2021 As Reported	IFRS 17 Transitional adjustments	At 1 January 2022 Restated
Assets				
Goodwill and other intangible assets		3 742	–	3 742
Property, plant and equipment		3 771	–	3 771
Investment property		824	–	824
Deferred tax assets		1 085	2 321	3 406
Costs of obtaining contracts		1 214	(914)	300
Loans and advances		177	(171)	6
Investments and securities		782 900	45	782 945
Other investments and securities including term deposits		762 164	45	762 209
Cash and cash equivalents		20 736	–	20 736
Insurance contract assets		–	2 280	2 280
Reinsurance contract assets		–	3 086	3 086
Reinsurers' share of policyholder liabilities		3 704	(3 704)	–
Amounts due by Group companies		6 477	–	6 477
Trade, other receivables and other assets		10 792	(1 661)	9 131
Derivative financial instruments		6 273	–	6 273
Cash and cash equivalents		6 700	–	6 700
Total assets		827 659	1 282	828 941
Liabilities				
Insurance contract liabilities		145 733	402 112	547 845
Reinsurance contract liabilities		–	8	8
Investment contract liabilities		585 877	(392 444)	193 433
Borrowed funds		8 474	–	8 474
Provisions		1 178	–	1 178
Contract liabilities		704	(618)	86
Deferred tax liabilities		5 385	–	5 385
Current tax payable		310	–	310
Amounts due to Group companies		2 562	–	2 562
Trade, other payables and other liabilities		36 596	(1 849)	34 747
Derivative financial instruments		7 762	–	7 762
Total liabilities		794 581	7 209	801 790
Net assets		33 078	(5 927)	27 151
Shareholders' equity				
Equity attributable to the equity holders of the parent		33 078	(5 927)	27 151
Total equity		33 078	(5 927)	27 151

Rm	Consolidated			
	Notes	At 31 December 2021 As reported	IFRS 17 Transitional adjustments	At 1 January 2022 Restated
Assets				
Goodwill and other intangible assets		4 139	–	4 139
Property, plant and equipment		3 815	–	3 815
Investment property		31 635	–	31 635
Deferred tax assets		1 289	2 321	3 610
Investments in associated undertakings and joint ventures		1 286	–	1 286
Costs of obtaining contracts		1 435	(914)	521
Loans and advances		177	(171)	6
Investments and securities		832 121	72	832 193
Other investments and securities including term deposits		810 677	72	810 749
Cash and cash equivalents		21 444	–	21 444
Insurance contract assets		–	2 552	2 552
Reinsurance contract assets		–	3 480	3 480
Reinsurers' share of policyholder liabilities		3 847	(3 847)	–
Current tax receivable		40	–	40
Amounts due by Group companies		3 794	–	3 794
Trade, other receivables and other assets		15 776	(2 084)	13 692
Derivative financial instruments		6 348	–	6 348
Cash and cash equivalents		18 516	97	18 613
Assets held for sale		268	–	268
Total assets		924 486	1 506	925 992
Liabilities				
Insurance contract liabilities		146 165	401 279	547 444
Reinsurance contract liabilities		–	448	448
Investment contract liabilities		588 791	(391 654)	197 137
Third-party interests in consolidated funds		77 929	–	77 929
Borrowed funds		8 474	–	8 474
Provisions		1 263	–	1 263
Contract liabilities		876	(618)	258
Deferred tax liabilities		5 992	69	6 061
Current tax payable		329	1	330
Amounts due to Group companies		2 563	–	2 563
Trade, other payables and other liabilities		54 193	(1 932)	52 261
Derivative financial instruments		7 814	–	7 814
Total liabilities		894 389	7 593	901 982
Net assets		30 097	(6 087)	24 010
Shareholders' equity				
Equity attributable to the equity holders of the parent		29 608	(6 087)	23 521
Non-controlling interests				
Ordinary shares		489	–	489
Total non-controlling interests		489	–	489
Total equity		30 097	(6 087)	24 010

The changes brought about by IFRS 17 did not change the underlying economics of our business or our strategy. While IFRS 17 does result in changes to the timing of profit recognition from insurance contracts, it does not change the overall level of profit nor does it have any impact on our non-insurance, for example asset management, businesses.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

K: Standards adopted in the 2023 audited separate and consolidated Annual Financial Statements continued

K1: Implementation of IFRS 17 Insurance Contracts (IFRS 17) continued

1.3: Transition to IFRS 17

Selection of transition approach

The Group has adopted IFRS 17 by applying the full retrospective approach wherever practicable to do so for groups of contracts in force as at 1 January 2022, as required by IFRS 17.

The Group considers a retrospective calculation to be impracticable if historical contract data (including data on past assumptions and actual cash flows) or calculation models do not exist, cannot be obtained or approximated without applying hindsight, or cannot be obtained, built or suitably modified by applying every reasonable effort to do so. The Group applied judgement in assessing these criteria.

The Group has determined that for certain groups of contracts, such information was not available. To the extent that it is impracticable to apply the full retrospective approach, the Group applied the modified retrospective approach or the fair value approach to groups of contracts in force as at 1 January 2022.

Where information required for the modified retrospective approach was not available without undue cost or effort, or cannot be reliably estimated, the Group applied the fair value approach. The Group applied judgement in assessing these criteria.

Application of IFRS 17 at 1 January 2022, required the Group to:

- » Derecognise any existing balances that would not exist had IFRS 17 been applied and recognise the IFRS 17 balances that replace these
- » Recognise a net deferred tax asset based on the net impact of derecognising such balances and the IFRS 17 balances that would replace these, in accordance with tax regulations concerning the implementation of IFRS 17 as issued for jurisdictions where the Group operates
- » Recognised any resulting net difference in equity

Full retrospective approach

Under the full retrospective approach, the Group identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied. The full retrospective approach was used for all groups of contracts, other than where noted below.

Modified retrospective approach

The modified retrospective approach aims to achieve results that are as close as possible to the full retrospective approach using the information available for these groups of insurance contracts. These modifications and simplifications, as permitted by IFRS 17, are therefore only used to the extent that information required to apply the full retrospective approach is not available. This specifically applies to identification and classification of groups of insurance contracts, as well as determination of CSM or loss components to be recognised.

The Group has applied the modified retrospective approach for certain groups of contracts in portfolios in OMLACSA.

The Group applied judgement to determine which modifications to use for each group of contracts. The following modifications were used (noting that this is the full list of all modifications used and that not all modifications were used for all groups of contracts applying the modified retrospective approach):

- » Modifications related to the classification and grouping of contracts:
 - Information available at the transition date was used to group contracts according to profitability and determine whether an insurance contract would qualify as an insurance contract eligible for the VFA
 - Contracts issued more than one year apart were aggregated into groups, whereas the full retrospective application would have required contracts to be aggregated into groups including only contracts issued within one year of each other
- » Modifications related to measurement at date of initial recognition:
 - Future cash flows at the date of initial recognition were estimated as the amount of the future projected cash flows at the transition date (or earlier date where feasible), adjusted by the actual cash flows that are known to have occurred before that date
 - The risk adjustment for non-financial risk at the date of initial recognition was estimated by adjusting the risk adjustment at transition date by the expected release of risk before the transition date (determined by reference to the release of risk for similar insurance contracts)
 - The discount rates at the date of initial recognition were determined using the prevailing yield curve as at the transition date
- » Modifications related to measurement at transition date:
 - The amount of CSM recognised in profit or loss before the transition date was estimated by comparing the remaining coverage units with the coverage units provided before the transition date
 - The CSM as at the transition date was estimated using actual cash flows for VFA groups

Fair value approach

Under the fair value approach, the CSM at the transition date is calculated as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. The Group has applied the requirements of IFRS 13 *Fair Value Measurement* to determine the fair value of groups of contracts, with the exception of the demand deposit floor requirement which IFRS 17 specifies should not be applied.

The fair value is effectively the consideration that would be paid or received for a group of insurance contracts to enable a market participant to earn their required rate of return in a notional transaction involving the group of contracts. The Group used the income approach (as defined by IFRS 13) to determine this amount.

The fair value was calculated by discounting the expected funds becoming available for distribution to a market participant (referred to as distributable income, under the income approach), at the required rate of return. This calculation allows for a market participants' view of capital requirements and expectations of future real-world returns. The Group applied judgement to determine the method and assumptions used to calculate the fair value.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

K: Standards adopted in the 2023 audited separate and consolidated Annual Financial Statements continued

K1: Implementation of IFRS 17 Insurance Contracts (IFRS 17) continued

1.3: Transition to IFRS 17 continued

Fair value approach

The Group has applied the fair value approach on transition for certain groups in portfolios in OMLACSA and OMART.

The Group has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition, as permitted by the standard. The Group has also used reasonable and supportable information available at the transition date in order to:

- » Identify groups of insurance contracts
- » Determine whether contracts are eligible for the VFA
- » Identify any discretionary cash flows for insurance contracts measured under the GMM

The discount rates for the group of contracts applying the fair value approach were determined using the prevailing yield curve as at the transition date.

1.4: Significant judgements, estimates and accounting policies

The Group's significant judgements and estimates relating to IFRS 17 have been included in note F2.2. Detailed accounting policies are included in note F2.1.

1.5: Consequential amendments to other IFRS standards and resulting accounting policy election

The International Accounting Standards Board made amendments to several other standards when it issued IFRS 17. The Group elected to apply the following consequential amendments on transition to IFRS 17:

1.5.1: IAS 16 Property, Plant and Equipment

The Group holds owner-occupied property as the underlying item for groups of insurance contracts measured under the VFA. As permitted by paragraph 29A, the Group elected to measure such properties using the fair value model in accordance with IAS 40 Investment Property. As such, the Group now measures owner-occupied properties at fair value through profit or loss to reduce accounting mismatches with the measurement of related contracts. In addition, the Group no longer applies shadow accounting to owner-occupied properties. Previously, revaluation gains and losses on owner-occupied property were recognised in the consolidated statement of comprehensive income. Losses that offset previous gains in respect of the same asset were charged against the property revaluation reserve, and all other losses are charged to the income statement as an impairment. In addition, on revaluation, any accumulated depreciation at the date of the revaluation was eliminated against the gross carrying amount of the property concerned and the net amount restated to the revalued amount.

There is no equity impact on transition as these properties were always held at fair value. R2 000 million of PPE, previously measured using the revaluation model is now measured at fair value through profit and loss as at 1 January 2022.

L: Directors' and Prescribed Officers' emoluments

The directors' emoluments disclosures required by the Companies Act are set out below and include disclosure in relation to Executive Directors and Prescribed Officers. Disclosures required in terms of King IV™ will be disclosed in the Old Mutual Limited Remuneration Report which will be released in March 2024 and can be accessed on <https://www.oldmutual.com/investor-relations/reporting-centre/reports>

Executive Directors	Iain Williamson		Casper Troskie	
	2023	2022	2023	2022
Salary	9 817 524	9 303 372	5 773 113	5 466 725
Other benefits	187 061	369 761	–	–
Retirement benefits	356 076	337 428	209 388	198 275
TGP	10 360 661	10 010 561	5 982 501	5 665 000
Bonus amounts	7 923 928	6 632 047	4 656 618	4 427 280
Total excluding share-based payments	18 284 589	16 642 608	10 639 119	10 092 280
IFRS 2 fair value of unvested shares at year-end owed to director	13 057 502	9 440 828	6 993 774	6 636 620
Number of shares vested	287 164	105 904	267 241	171 241
Class of share	Ordinary	Ordinary	Ordinary	Ordinary

Prescribed Officers	Zureida Ebrahim		Clarence Nethengwe	
	2023	2022	2023	2022
Salary	4 989 050	4 472 775	5 290 613	4 858 775
Retirement benefits	180 950	162 225	191 888	176 225
TGP	5 170 000	4 635 000	5 482 501	5 035 000
Bonus amounts	3 970 163	3 154 788	4 564 061	3 461 211
Total excluding share-based payments	9 140 163	7 789 788	10 046 562	8 496 211
IFRS 2 fair value of unvested shares at year-end owed to director	5 109 321	2 352 294	6 265 320	5 302 497
Number of shares vested	79 405	–	163 899	119 813
Class of share	Ordinary	Ordinary	Ordinary	Ordinary

Prescribed Officers	Kerrin Land		Prabashini Moodley	
	2023	2022	2023	2022
Salary	5 112 088	4 757 450	4 540 325	4 224 288
Retirement benefits	185 413	172 550	164 675	153 213
TGP	5 297 501	4 930 000	4 705 000	4 377 501
Bonus amounts	3 970 610	3 366 753	4 395 022	2 982 174
Total excluding share-based payments	9 268 111	8 296 753	9 100 022	7 359 675
IFRS 2 fair value of unvested shares at year-end owed to director	5 159 471	4 147 247	4 247 784	2 906 613
Number of shares vested	158 736	52 654	112 945	69 368
Class of share	Ordinary	Ordinary	Ordinary	Ordinary



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

L: Directors' and Prescribed Officers' emoluments continued

Bonus share awards

Change in bonus share awards disclosure

Old Mutual unbundled our Nedbank holding in 2021. This impacted the unvested shares held by directors and Prescribed Officers with them receiving Old Mutual shares instead of Nedbank shares. This resulted in an additional tranche of awards, subject to the same timeframes and conditions of the original grant. The detailed split (original tranche together with Old Mutual shares replacing Nedbank shares) was provided in the 2021 and 2022 Annual Financial Statements. From 2023 onwards, given the same vesting dates and rules, the presentation has been simplified to show these tranches as a combined tranche.

	Award date	Vesting date	Issue price (ZAR)	2022 20-day year-end VWAP (ZAR)	Share units					Value (pre-tax)			
					2023 20-day year-end VWAP (ZAR)	Opening balance on 1 Jan 2023 (Number)	Granted during 2023 (Number)	Lapsed during 2023 (Number)	Settled during 2023 (Number)	Closing balance on 31 Dec 2023 (Number)	Value of lapsed awards during 2023 (ZAR)	Value of settled awards during 2023 (ZAR)	Estimated closing fair value on 31 Dec 2023 (ZAR)
Iain Williamson²													
Long-term Incentive Plan													
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	10.44	11.92	297 936	-	297 936	-	-	3 399 450	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	10.44	11.92	297 936	-	297 936	-	-	3 399 450	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	10.44	11.92	297 935	-	297 935	-	-	3 399 438	-	-
2021 Tranche 1 ¹	09-Apr-21	09-Apr-24	13.09	10.44	11.92	703 227	-	-	-	703 227	-	-	2 766 606
2021 Tranche 2 ¹	09-Apr-21	09-Apr-25	13.09	10.44	11.92	703 226	-	-	-	703 226	-	-	2 766 602
2021 Tranche 3 ¹	09-Apr-21	09-Apr-26	13.09	10.44	11.92	703 225	-	-	-	703 225	-	-	2 766 598
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	10.44	11.92	339 376	-	-	-	339 376	-	-	2 176 713
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	10.44	11.92	339 377	-	-	-	339 377	-	-	2 176 720
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	10.44	11.92	339 377	-	-	-	339 377	-	-	2 176 720
Deferred Short-term Incentive													
2020	26-Mar-20	26-Mar-23	11.95	10.44	11.92	205 417	-	-	205 417	-	-	2 343 808	-
2021 Tranche 2	09-Apr-21	09-Apr-23	13.09	10.44	11.92	32 651	-	-	32 651	-	-	385 608	-
2021 Tranche 3	09-Apr-21	09-Apr-24	13.09	10.44	11.92	32 650	-	-	-	32 650	-	-	389 243
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	10.44	11.92	49 096	-	-	49 096	-	-	553 312	-
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	10.44	11.92	49 097	-	-	-	49 097	-	-	585 319
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	10.44	11.92	49 097	-	-	-	49 097	-	-	585 319
2023 Tranche 1	31-Mar-23	31-Mar-24	11.90	10.44	11.92	-	123 847	-	-	123 847	-	-	1 476 466
2023 Tranche 2	31-Mar-23	31-Mar-25	11.90	10.44	11.92	-	123 848	-	-	123 848	-	-	1 476 477
2023 Tranche 3	31-Mar-23	31-Mar-26	11.90	10.44	11.92	-	123 848	-	-	123 848	-	-	1 476 477
Total						4 439 623	371 543	893 807	287 164	3 630 195	10 198 338	3 282 728	5 989 301

¹ The once-off LTIP top-up award made in 2021 has been combined with the annual 2021 LTIP award values as the same performance and vesting conditions linked to the annual 2021 LTIP award apply.
² Long term incentive plan estimated closing fair values on 31 December 2023 are shown based on estimated vesting values.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

L: Directors' and Prescribed Officers' emoluments continued Bonus share awards continued

	Award date	Vesting date	Issue price (ZAR)	2022 20-day year-end VWAP (ZAR)	Share units					Value (pre-tax)			
					2023 20-day year-end VWAP (ZAR)	Opening balance on 1 Jan 2023 (Number)	Granted during 2023 (Number)	Lapsed during 2023 (Number)	Settled during 2023 (Number)	Closing balance on 31 Dec 2023 (Number)	Value of lapsed awards during 2023 (ZAR)	Value of settled awards during 2023 (ZAR)	Estimated closing fair value on 31 Dec 2023 (ZAR)
Casper Troskie³													
Long-term Incentive Plan													
2018 Tranche 3 ²	18-Sep-18	28-Sep-23	21.58	10.44	11.92	38 245	-	-	38 245	-	-	467 736	-
2018 Special Grant Tranche 3 ²	14-Dec-18	28-Sep-23	22.00	10.44	11.92	14 511	-	-	14 511	-	-	177 470	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	10.44	11.92	122 272	-	122 272	-	-	1 395 124	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	10.44	11.92	122 272	-	122 272	-	-	1 395 124	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	10.44	11.92	122 271	-	122 271	-	-	1 395 112	-	-
2021 Tranche 1 ¹	09-Apr-21	09-Apr-24	13.09	10.44	11.92	237 338	-	-	-	237 338	-	-	933 725
2021 Tranche 2 ¹	09-Apr-21	09-Apr-25	13.09	10.44	11.92	237 339	-	-	-	237 339	-	-	933 729
2021 Tranche 3 ¹	09-Apr-21	09-Apr-26	13.09	10.44	11.92	237 340	-	-	-	237 340	-	-	933 733
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	10.44	11.92	166 183	-	-	-	166 183	-	-	1 065 876
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	10.44	11.92	166 183	-	-	-	166 183	-	-	1 065 876
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	10.44	11.92	166 184	-	-	-	166 184	-	-	1 065 882
Deferred Short-term Incentive													
2020	26-Mar-20	26-Mar-23	11.95	10.44	11.92	160 421	-	-	160 421	-	-	1 830 404	-
2021 Tranche 2	09-Apr-21	09-Apr-23	13.09	10.44	11.92	24 683	-	-	24 683	-	-	291 506	-
2021 Tranche 3	09-Apr-21	09-Apr-24	13.09	10.44	11.92	24 684	-	-	-	24 684	-	-	294 275
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	10.44	11.92	29 381	-	-	29 381	-	-	331 124	-
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	10.44	11.92	29 381	-	-	-	29 381	-	-	350 271
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	10.44	11.92	29 382	-	-	-	29 382	-	-	350 283
2023 Tranche 1	31-Mar-23	31-Mar-24	11.90	10.44	11.92	-	82 675	-	-	82 675	-	-	985 626
2023 Tranche 2	31-Mar-23	31-Mar-25	11.90	10.44	11.92	-	82 676	-	-	82 676	-	-	985 638
2023 Tranche 3	31-Mar-23	31-Mar-26	11.90	10.44	11.92	-	82 676	-	-	82 676	-	-	985 638
Total						1 928 070	248 027	366 815	267 241	1 542 041	4 185 360	3 098 240	9 950 552

¹ The once-off LTIP top-up award made in 2021 has been combined with the annual 2021 LTIP award values as the same performance and vesting conditions linked to the annual 2021 LTIP award apply

² Vesting date changed to 28 September due to closed period that resulted in a delayed vesting

³ Long term incentive plan estimated closing fair values on 31 December 2023 are shown based on estimated vesting values



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

L: Directors' and Prescribed Officers' emoluments continued Bonus share awards continued

	Award date	Vesting date	Issue price (ZAR)	2022 20-day year-end VWAP (ZAR)	Share units					Value (pre-tax)			
					2023 20-day year-end VWAP (ZAR)	Opening balance on 1 Jan 2023 (Number)	Granted during 2023 (Number)	Lapsed during 2023 (Number)	Settled during 2023 (Number)	Closing balance on 31 Dec 2023 (Number)	Value of lapsed awards during 2023 (ZAR)	Value of settled awards during 2023 (ZAR)	Estimated closing fair value on 31 Dec 2023 (ZAR)
Zureida Ebrahim'													
Long-term Incentive Plan													
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	10.44	11.92	135 968	-	-	-	135 968	-	-	872 081
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	10.44	11.92	135 968	-	-	-	135 968	-	-	872 081
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	10.44	11.92	135 969	-	-	-	135 969	-	-	872 087
Deferred Short-term Incentive													
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	10.44	11.92	3 263	-	-	3 263	-	36 774	-	-
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	10.44	11.92	3 263	-	-	-	3 263	-	-	38 900
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	10.44	11.92	3 264	-	-	-	3 264	-	-	38 912
2023 Tranche 1	31-Mar-23	31-Mar-24	11.90	10.44	11.92	-	58 913	-	-	58 913	-	-	702 343
2023 Tranche 2	31-Mar-23	31-Mar-25	11.90	10.44	11.92	-	58 913	-	-	58 913	-	-	702 343
2023 Tranche 3	31-Mar-23	31-Mar-26	11.90	10.44	11.92	-	58 913	-	-	58 913	-	-	702 343
Buyout Award													
2022 Tranche 1a	13-Apr-22	13-Apr-23	13.79	10.44	11.92	76 142	-	-	76 142	-	858 120	-	-
2022 Tranche 2a	13-Apr-22	13-Apr-24	13.79	10.44	11.92	76 143	-	-	-	76 143	-	-	907 753
2022 Tranche 1b	13-Apr-22	13-Apr-25	13.79	10.44	11.92	120 860	-	-	-	120 860	-	-	775 180
2022 Tranche 2b	13-Apr-22	13-Apr-26	13.79	10.44	11.92	120 861	-	-	-	120 861	-	-	775 187
2022 Tranche 3b	13-Apr-22	13-Apr-27	13.79	10.44	11.92	120 861	-	-	-	120 861	-	-	775 187
Total						932 562	176 739	-	79 405	1 029 896	-	894 894	8 034 397

¹ Long term incentive plan estimated closing fair values on 31 December 2023 are shown based on estimated vesting values



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

L: Directors' and Prescribed Officers' emoluments continued Bonus share awards continued

	Award date	Vesting date	Issue price (ZAR)	2022 20-day year-end VWAP (ZAR)	Share units					Value (pre-tax)			
					2023 20-day year-end VWAP (ZAR)	Opening balance on 1 Jan 2023 (Number)	Granted during 2023 (Number)	Lapsed during 2023 (Number)	Settled during 2023 (Number)	Closing balance on 31 Dec 2023 (Number)	Value of lapsed awards during 2023 (ZAR)	Value of settled awards during 2023 (ZAR)	Estimated closing fair value on 31 Dec 2023 (ZAR)
Clarence Nethengwe²													
Long-term Incentive Plan													
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	10.44	11.92	110 044	-	110 044	-	-	1 255 602	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	10.44	11.92	110 044	-	110 044	-	-	1 255 602	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	10.44	11.92	110 046	-	110 046	-	-	1 255 625	-	-
2021 Tranche 1 ¹	09-Apr-21	09-Apr-24	13.09	10.44	11.92	237 312	-	-	-	237 312	-	-	933 623
2021 Tranche 2 ¹	09-Apr-21	09-Apr-25	13.09	10.44	11.92	237 312	-	-	-	237 312	-	-	933 623
2021 Tranche 3 ¹	09-Apr-21	09-Apr-26	13.09	10.44	11.92	237 312	-	-	-	237 312	-	-	933 623
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	10.44	11.92	143 522	-	-	-	143 522	-	-	920 531
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	10.44	11.92	143 522	-	-	-	143 522	-	-	920 531
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	10.44	11.92	143 522	-	-	-	143 522	-	-	920 531
Deferred Short-term Incentive													
2020	26-Mar-20	26-Mar-23	11.95	10.44	11.92	113 469	-	-	113 469	-	-	1 294 681	-
2021 Tranche 2	09-Apr-21	09-Apr-23	13.09	10.44	11.92	18 511	-	-	18 511	-	-	218 615	-
2021 Tranche 3	09-Apr-21	09-Apr-24	13.09	10.44	11.92	18 510	-	-	-	18 510	-	-	220 670
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	10.44	11.92	31 919	-	-	31 919	-	-	359 727	-
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	10.44	11.92	31 919	-	-	-	31 919	-	-	380 528
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	10.44	11.92	31 920	-	-	-	31 920	-	-	380 540
2023 Tranche 1	31-Mar-23	31-Mar-24	11.90	10.44	11.92	-	64 635	-	-	64 635	-	-	770 558
2023 Tranche 2	31-Mar-23	31-Mar-25	11.90	10.44	11.92	-	64 635	-	-	64 635	-	-	770 558
2023 Tranche 3	31-Mar-23	31-Mar-26	11.90	10.44	11.92	-	64 635	-	-	64 635	-	-	770 558
Total						1 718 884	193 905	330 134	163 899	1 418 756	3 766 829	1 873 023	8 855 874

¹ The once-off LTIP top-up award made in 2021 has been combined with the annual 2021 LTIP award values as the same performance and vesting conditions linked to the annual 2021 LTIP award apply.
² Long term incentive plan estimated closing fair values on 31 December 2023 are shown based on estimated vesting values.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

L: Directors' and Prescribed Officers' emoluments continued Bonus share awards continued

	Award date	Vesting date	Issue price (ZAR)	2022 20-day year-end VWAP (ZAR)	Share units					Value (pre-tax)			
					2023 20-day year-end VWAP (ZAR)	Opening balance on 1 Jan 2023 (Number)	Granted during 2023 (Number)	Lapsed during 2023 (Number)	Settled during 2023 (Number)	Closing balance on 31 Dec 2023 (Number)	Value of lapsed awards during 2023 (ZAR)	Value of settled awards during 2023 (ZAR)	Estimated closing fair value on 31 Dec 2023 (ZAR)
Kerrin Land²													
Long-term Incentive Plan													
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	10.44	11.92	110 044	-	110 044	-	-	1 255 602	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	10.44	11.92	110 044	-	110 044	-	-	1 255 602	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	10.44	11.92	110 046	-	110 046	-	-	1 255 625	-	-
2021 Tranche 1 ¹	09-Apr-21	09-Apr-24	13.09	10.44	11.92	142 388	-	-	-	142 388	-	-	560 177
2021 Tranche 2 ¹	09-Apr-21	09-Apr-25	13.09	10.44	11.92	142 388	-	-	-	142 388	-	-	560 177
2021 Tranche 3 ¹	09-Apr-21	09-Apr-26	13.09	10.44	11.92	142 389	-	-	-	142 389	-	-	560 181
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	10.44	11.92	143 522	-	-	-	143 522	-	-	920 531
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	10.44	11.92	143 522	-	-	-	143 522	-	-	920 531
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	10.44	11.92	143 522	-	-	-	143 522	-	-	920 531
Deferred Short-term Incentive²													
2020	26-Mar-20	26-Mar-23	11.95	10.44	11.92	107 847	-	-	107 847	-	-	1 230 534	-
2021 Tranche 2	09-Apr-21	09-Apr-23	13.09	10.44	11.92	18 511	-	-	18 511	-	-	218 615	-
2021 Tranche 3	09-Apr-21	09-Apr-24	13.09	10.44	11.92	18 510	-	-	-	18 510	-	-	220 670
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	10.44	11.92	32 378	-	-	32 378	-	-	364 900	-
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	10.44	11.92	32 379	-	-	-	32 379	-	-	386 012
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	10.44	11.92	32 379	-	-	-	32 379	-	-	386 012
2023 Tranche 1	31-Mar-23	31-Mar-24	11.90	10.44	11.92	-	62 871	-	-	62 871	-	-	749 529
2023 Tranche 2	31-Mar-23	31-Mar-25	11.90	10.44	11.92	-	62 871	-	-	62 871	-	-	749 529
2023 Tranche 3	31-Mar-23	31-Mar-26	11.90	10.44	11.92	-	62 872	-	-	62 872	-	-	749 540
Total						1 429 869	188 614	330 134	158 736	1 129 613	3 766 829	1 814 049	7 683 420

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² Long term incentive plan estimated closing fair values on 31 December 2023 are shown based on estimated vesting values.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

L: Directors' and Prescribed Officers' emoluments continued Bonus share awards continued

	Award date	Vesting date	Issue price (ZAR)	2022 20-day year-end VWAP (ZAR)	Share units					Value (pre-tax)			
					2023 20-day year-end VWAP (ZAR)	Opening balance on 1 Jan 2023 (Number)	Granted during 2023 (Number)	Lapsed during 2023 (Number)	Settled during 2023 (Number)	Closing balance on 31 Dec 2023 (Number)	Value of lapsed awards during 2023 (ZAR)	Value of settled awards during 2023 (ZAR)	Estimated closing fair value on 31 Dec 2023 (ZAR)
Prabashini Moodley²													
Long-term Incentive Plan													
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	10.44	11.92	97 818	-	97 818	-	-	1 116 103	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	10.44	11.92	97 818	-	97 818	-	-	1 116 103	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	10.44	11.92	97 819	-	97 819	-	-	1 116 115	-	-
2021 Tranche 1 ¹	09-Apr-21	09-Apr-24	13.09	10.44	11.92	156 273	-	-	-	156 273	-	-	614 803
2021 Tranche 2 ¹	09-Apr-21	09-Apr-25	13.09	10.44	11.92	156 273	-	-	-	156 273	-	-	614 803
2021 Tranche 3 ¹	09-Apr-21	09-Apr-26	13.09	10.44	11.92	156 275	-	-	-	156 275	-	-	614 810
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	10.44	11.92	128 414	-	-	-	128 414	-	-	823 631
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	10.44	11.92	128 414	-	-	-	128 414	-	-	823 631
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	10.44	11.92	128 415	-	-	-	128 415	-	-	823 637
Deferred Short-term Incentive													
2020	26-Mar-20	26-Mar-23	11.95	10.44	11.92	85 102	-	-	85 102	-	-	971 014	-
2021 Tranche 2	09-Apr-21	09-Apr-23	13.09	10.44	11.92	16 543	-	-	16 543	-	-	195 373	-
2021 Tranche 3	09-Apr-21	09-Apr-24	13.09	10.44	11.92	16 544	-	-	-	16 544	-	-	197 232
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	10.44	11.92	11 300	-	-	11 300	-	-	127 351	-
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	10.44	11.92	11 301	-	-	-	11 301	-	-	134 727
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	10.44	11.92	11 301	-	-	-	11 301	-	-	134 727
2023 Tranche 1	31-Mar-23	31-Mar-24	11.90	10.44	11.92	-	55 689	-	-	55 689	-	-	663 907
2023 Tranche 2	31-Mar-23	31-Mar-25	11.90	10.44	11.92	-	55 690	-	-	55 690	-	-	663 919
2023 Tranche 3	31-Mar-23	31-Mar-26	11.90	10.44	11.92	-	55 690	-	-	55 690	-	-	663 919
Total						1 299 610	167 069	293 455	112 945	1 060 279	3 348 321	1 293 738	6 773 746

¹ The once-off LTIP top-up award made in 2021 has been combined with the annual 2021 LTIP award values as the same performance and vesting conditions linked to the annual 2021 LTIP award apply.
² Long term incentive plan estimated closing fair values on 31 December 2023 are shown based on estimated vesting values.



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L: Directors' and Prescribed Officers' emoluments continued Bonus share awards continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units				Value (pre-tax)			
				2021 20-day year-end VWAP (ZAR)	2022 20-day year-end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Iain Williamson²													
Long-term Incentive Plan													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	12.27	10.44	84 646	-	84 646	-	-	1 142 721	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	84 646	-	84 646	-	-	1 142 721	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	84 646	-	84 646	-	-	1 142 721	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	297 936	-	-	-	297 936	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	297 936	-	-	-	297 936	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	297 935	-	-	-	297 935	-	-	-
2021 Tranche 1 ¹	09-Apr-21	09-Apr-24	13.09	12.27	10.44	703 227	-	-	-	703 227	-	-	-
2021 Tranche 2 ¹	09-Apr-21	09-Apr-25	13.09	12.27	10.44	703 226	-	-	-	703 226	-	-	-
2021 Tranche 3 ¹	09-Apr-21	09-Apr-26	13.09	12.27	10.44	703 225	-	-	-	703 225	-	-	-
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	339 376	-	-	339 376	-	-	1 091 753
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	339 377	-	-	339 377	-	-	1 091 757
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	339 377	-	-	339 377	-	-	1 091 757
Deferred Short-term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	12.27	10.44	73 253	-	-	73 253	-	-	988 916	-
2020	26-Mar-20	26-Mar-23	11.95	12.27	10.44	205 417	-	-	-	205 417	-	-	2 145 503
2021 Tranche 1	09-Apr-21	09-Apr-22	13.09	12.27	10.44	32 651	-	-	32 651	-	-	441 768	-
2021 Tranche 2	09-Apr-21	09-Apr-23	13.09	12.27	10.44	32 651	-	-	-	32 651	-	-	341 027
2021 Tranche 3	09-Apr-21	09-Apr-24	13.09	12.27	10.44	32 650	-	-	-	32 650	-	-	341 017
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	49 096	-	-	49 096	-	-	512 789
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	49 097	-	-	49 097	-	-	512 800
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	49 097	-	-	49 097	-	-	512 800
Total						3 634 045	1 165 420	253 938	105 904	4 439 623	3 428 163	1 430 684	7 641 203

¹ The once-off LTIP top-up award made in 2021 has been combined with the annual 2021 LTIP award values as the same performance and vesting conditions linked to the annual 2021 LTIP award apply
² Long term incentive plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

L: Directors' and Prescribed Officers' emoluments continued Bonus share awards continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units					Value (pre-tax)		
				2021 20-day year-end VWAP (ZAR)	2022 20-day year-end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Casper Troskie²													
Long-term Incentive Plan													
2018 Tranche 2	18-Sep-18	18-Sep-22	21.58	12.27	10.44	38 245	-	-	38 245	-	-	405 015	-
2018 Tranche 3	18-Sep-18	18-Sep-23	21.58	12.27	10.44	38 245	-	-	-	38 245	-	-	-
2018 Special Grant Tranche 2	14-Dec-18	18-Sep-22	22.00	12.27	10.44	14 511	-	-	14 511	-	-	153 671	-
2018 Special Grant Tranche 3	14-Dec-18	18-Sep-23	22.00	12.27	10.44	14 511	-	-	-	14 511	-	-	-
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	12.27	10.44	93 110	-	93 110	-	-	1 256 985	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	93 110	-	93 110	-	-	1 256 985	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	93 112	-	93 112	-	-	1 257 012	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	122 272	-	-	-	122 272	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	122 272	-	-	-	122 272	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	122 271	-	-	-	122 271	-	-	-
2021 Tranche 1 ¹	09-Apr-21	09-Apr-24	13.09	12.27	10.44	237 338	-	-	-	237 338	-	-	-
2021 Tranche 2 ¹	09-Apr-21	09-Apr-25	13.09	12.27	10.44	237 339	-	-	-	237 339	-	-	-
2021 Tranche 3 ¹	09-Apr-21	09-Apr-26	13.09	12.27	10.44	237 340	-	-	-	237 340	-	-	-
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	166 183	-	-	166 183	-	-	534 601
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	166 183	-	-	166 183	-	-	534 601
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	166 184	-	-	166 184	-	-	534 605
Deferred Short-term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	12.27	10.44	93 802	-	-	93 802	-	-	1 266 327	-
2020	26-Mar-20	26-Mar-23	11.95	12.27	10.44	160 421	-	-	-	160 421	-	-	1 675 537
2021 Tranche 1	09-Apr-21	09-Apr-22	13.09	12.27	10.44	24 683	-	-	24 683	-	-	333 961	-
2021 Tranche 2	09-Apr-21	09-Apr-23	13.09	12.27	10.44	24 683	-	-	-	24 683	-	-	257 805
2021 Tranche 3	09-Apr-21	09-Apr-24	13.09	12.27	10.44	24 684	-	-	-	24 684	-	-	257 815
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	29 381	-	-	29 381	-	-	306 873
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	29 381	-	-	29 381	-	-	306 873
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	29 382	-	-	29 382	-	-	306 884
Total						1 791 949	586 694	279 332	171 241	1 928 070	3 770 982	2 158 974	4 715 594

¹ The once-off LTIP top-up award made in 2021 has been combined with the annual 2021 LTIP award values as the same performance and vesting conditions linked to the annual 2021 LTIP award apply
² Long-term incentive plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

L: Directors' and Prescribed Officers' emoluments continued Bonus share awards continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units				Value (pre-tax)			
				2021 20-day year-end VWAP (ZAR)	2022 20-day year-end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Zureida Ebrahim¹													
Long-term Incentive Plan													
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	135 968	-	-	135 968	-	-	437 401
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	135 968	-	-	135 968	-	-	437 401
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	135 969	-	-	135 969	-	-	437 405
Deferred Short-term Incentive													
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	3 263	-	-	3 263	-	-	34 081
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	3 263	-	-	3 263	-	-	34 081
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	3 264	-	-	3 264	-	-	34 091
Buyout Award													
2022 Tranche 1a	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	76 142	-	-	76 142	-	-	795 274
2022 Tranche 2a	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	76 143	-	-	76 143	-	-	795 285
2022 Tranche 1b	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	120 860	-	-	120 860	-	-	388 800
2022 Tranche 2b	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	120 861	-	-	120 861	-	-	388 803
2022 Tranche 3b	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	120 861	-	-	120 861	-	-	388 803
Total						-	932 562	-	-	932 562	-	-	4 171 425

¹ Long-term incentive plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

L: Directors' and Prescribed Officers' emoluments continued Bonus share awards continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units				Value (pre-tax)			
				2021 20-day year-end VWAP (ZAR)	2022 20-day year-end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Clarence Nethengwe²													
Long-term Incentive Plan													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	12.27	10.44	82 765	–	82 765	–	–	1 117 314	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	82 765	–	82 765	–	–	1 117 328	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	82 764	–	82 764	–	–	1 117 328	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	110 044	–	–	–	110 044	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	110 044	–	–	–	110 044	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	110 046	–	–	–	110 046	–	–	–
2021 Tranche 1 ¹	09-Apr-21	09-Apr-24	13.09	12.27	10.44	237 312	–	–	–	237 312	–	–	–
2021 Tranche 2 ¹	09-Apr-21	09-Apr-25	13.09	12.27	10.44	237 312	–	–	–	237 312	–	–	–
2021 Tranche 3 ¹	09-Apr-21	09-Apr-26	13.09	12.27	10.44	237 312	–	–	–	237 312	–	–	–
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	–	143 522	–	–	143 522	–	–	461 702
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	–	143 522	–	–	143 522	–	–	461 702
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	–	143 522	–	–	143 522	–	–	461 702
Deferred Short-term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	12.27	10.44	101 302	–	–	101 302	–	–	1 367 577	–
2020	26-Mar-20	26-Mar-23	11.95	12.27	10.44	113 469	–	–	–	113 469	–	–	1 185 141
2021 Tranche 1	09-Apr-21	09-Apr-22	13.09	12.27	10.44	18 511	–	–	18 511	–	–	250 454	–
2021 Tranche 2	09-Apr-21	09-Apr-23	13.09	12.27	10.44	18 511	–	–	–	18 511	–	–	193 340
2021 Tranche 3	09-Apr-21	09-Apr-24	13.09	12.27	10.44	18 510	–	–	–	18 510	–	–	193 330
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	–	31 919	–	–	31 919	–	–	333 382
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	–	31 919	–	–	31 919	–	–	333 382
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	–	31 920	–	–	31 920	–	–	333 392
Total						1 560 667	526 324	248 294	119 813	1 718 884	3 351 970	1 618 031	3 957 073

¹ The once-off LTIP top-up award made in 2021 has been combined with the annual 2021 LTIP award values as the same performance and vesting conditions linked to the annual 2021 LTIP award apply.
² Long-term incentive plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.



Notes to the consolidated and separate financial statements

For the year ended 31 December 2023

L: Directors' and Prescribed Officers' emoluments continued Bonus share awards continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units				Value (pre-tax)			
				2021 20-day year-end VWAP (ZAR)	2022 20-day year-end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Kerrin Land⁴													
Long-term Incentive Plan													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	12.27	10.44	43 442	-	43 442	-	-	586 454	-	-
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	43 442	-	43 442	-	-	586 467	-	-
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	43 441	-	43 441	-	-	586 467	-	-
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	110 044	-	-	-	110 044	-	-	-
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	110 044	-	-	-	110 044	-	-	-
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	110 046	-	-	-	110 046	-	-	-
2021 Tranche 1 ¹	09-Apr-21	09-Apr-24	13.09	12.27	10.44	142 388	-	-	-	142 388	-	-	-
2021 Tranche 2 ¹	09-Apr-21	09-Apr-25	13.09	12.27	10.44	142 388	-	-	-	142 388	-	-	-
2021 Tranche 3 ¹	09-Apr-21	09-Apr-26	13.09	12.27	10.44	142 389	-	-	-	142 389	-	-	-
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	143 522	-	-	143 522	-	-	461 702
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	-	143 522	-	-	143 522	-	-	461 702
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	-	143 522	-	-	143 522	-	-	461 702
Deferred Short-term Incentive^{2,3}													
2019 MTI: Multi-managers Defensive Fund of Funds	13-Jun-19	23-Mar-21	6.94	8.30	7.97	91 494	-	-	91 494	-	-	729 207	-
2019	20-Mar-19	20-Mar-22	21.75	12.27	10.44	34 143	-	-	34 143	-	-	460 931	-
2020	26-Mar-20	26-Mar-23	11.95	12.27	10.44	107 847	-	-	-	107 847	-	-	1 126 421
2021 Tranche 1	09-Apr-21	09-Apr-22	13.09	12.27	10.44	18 511	-	-	18 511	-	-	250 454	-
2021 Tranche 2	09-Apr-21	09-Apr-23	13.09	12.27	10.44	18 511	-	-	-	18 511	-	-	193 340
2021 Tranche 3	09-Apr-21	09-Apr-24	13.09	12.27	10.44	18 510	-	-	-	18 510	-	-	193 330
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	-	32 378	-	-	32 378	-	-	338 176
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	-	32 379	-	-	32 379	-	-	338 186
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	-	32 379	-	-	32 379	-	-	338 186
Total											1 759 388	1 440 592	3 912 745

¹ The once-off LTIP top-up award made in 2021 has been combined with the annual 2021 LTIP award values as the same performance and vesting conditions linked to the annual 2021 LTIP award apply

² A portion of Kerrin Land's deferred short-term incentive is invested in unit trusts and not Old Mutual Limited shares

³ A total number of shares is not provided as her unvested awards are a combination of Old Mutual Limited shares and unit trusts

⁴ Long-term incentive plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values



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For the year ended 31 December 2023

L: Directors' and Prescribed Officers' emoluments continued Bonus share awards continued

	Award date	Vesting date	Issue price (ZAR)	Share units		Share units				Value (pre-tax)			
				2021 20-day year-end VWAP (ZAR)	2022 20-day year-end VWAP (ZAR)	Opening balance on 1 Jan 2022 (Number)	Granted during 2022 (Number)	Lapsed during 2022 (Number)	Settled during 2022 (Number)	Closing balance on 31 Dec 2022 (Number)	Value of lapsed awards during 2022 (ZAR)	Value of settled awards during 2022 (ZAR)	Estimated closing fair value on 31 Dec 2022 (ZAR)
Prabashini Moodley²													
Long-term Incentive Plan													
2019 Tranche 1	20-Mar-19	20-Mar-22	21.75	12.27	10.44	18 811	–	18 811	–	–	253 949	–	–
2019 Tranche 2	20-Mar-19	20-Mar-23	21.75	12.27	10.44	18 811	–	18 811	–	–	253 949	–	–
2019 Tranche 3	20-Mar-19	20-Mar-24	21.75	12.27	10.44	18 811	–	18 811	–	–	253 949	–	–
2020 Tranche 1	26-Mar-20	26-Mar-23	11.95	12.27	10.44	97 818	–	–	–	97 818	–	–	–
2020 Tranche 2	26-Mar-20	26-Mar-24	11.95	12.27	10.44	97 818	–	–	–	97 818	–	–	–
2020 Tranche 3	26-Mar-20	26-Mar-25	11.95	12.27	10.44	97 819	–	–	–	97 819	–	–	–
2021 Tranche 1 ¹	09-Apr-21	09-Apr-24	13.09	12.27	10.44	156 273	–	–	–	156 273	–	–	–
2021 Tranche 2 ¹	09-Apr-21	09-Apr-25	13.09	12.27	10.44	156 273	–	–	–	156 273	–	–	–
2021 Tranche 3 ¹	09-Apr-21	09-Apr-26	13.09	12.27	10.44	156 275	–	–	–	156 275	–	–	–
2022 Tranche 1	13-Apr-22	13-Apr-25	13.79	12.27	10.44	–	128 414	–	–	128 414	–	–	413 101
2022 Tranche 2	13-Apr-22	13-Apr-26	13.79	12.27	10.44	–	128 414	–	–	128 414	–	–	413 101
2022 Tranche 3	13-Apr-22	13-Apr-27	13.79	12.27	10.44	–	128 415	–	–	128 415	–	–	413 104
Deferred Short-term Incentive													
2019	20-Mar-19	20-Mar-22	21.75	12.27	10.44	52 825	–	–	52 825	–	–	713 138	–
2020	26-Mar-20	26-Mar-23	11.95	12.27	10.44	85 102	–	–	–	85 102	–	–	888 858
2021 Tranche 1	09-Apr-21	09-Apr-22	13.09	12.27	10.44	16 543	–	–	16 543	–	223 827	–	–
2021 Tranche 2	09-Apr-21	09-Apr-23	13.09	12.27	10.44	16 543	–	–	–	16 543	–	–	172 785
2021 Tranche 3	09-Apr-21	09-Apr-24	13.09	12.27	10.44	16 544	–	–	–	16 544	–	–	172 796
2022 Tranche 1	13-Apr-22	13-Apr-23	13.79	12.27	10.44	–	11 300	–	–	11 300	–	–	118 024
2022 Tranche 2	13-Apr-22	13-Apr-24	13.79	12.27	10.44	–	11 301	–	–	11 301	–	–	118 035
2022 Tranche 3	13-Apr-22	13-Apr-25	13.79	12.27	10.44	–	11 301	–	–	11 301	–	–	118 035
Total						1 006 266	419 145	56 433	69 368	1 299 610	761 847	936 965	2 827 839

¹ The once-off LTIP top-up award made in 2021 has been combined with the annual 2021 LTIP award values as the same performance and vesting conditions linked to the annual 2021 LTIP award apply.
² Long-term incentive plan estimated closing fair values on 31 December 2022 are shown based on estimated vesting values.



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For the year ended 31 December 2023

L: Directors' and Prescribed Officers' emoluments continued Bonus share awards continued

Non-executive Directors	2023	2022
Trevor Manuel (Chairman)	5 406 475	5 148 062
Peter de Beyer	2 066 290	2 205 360
Albert Essien	1 992 948	1 608 018
Olufunke Ighodaro	2 208 363	2 034 536
Itumeleng Kgaboesele	1 928 933	1 792 423
Jaco Langner	1 571 271	1 470 584
John Lister	5 685 633	4 369 401
Dr Sizeka Magwentshu-Rensburg	1 920 451	1 738 244
Thoko Mokgosi-Mwantembe	1 131 963	1 089 615
Nosipho Molohe (Resigned 30 June 2022)	–	607 603
Marshall Rapiya (Retired 31 July 2022)	–	864 336
Busisiwe Silwanyana (Appointed 7 December 2023)	86 245	–
Johann Jurie Strydom (Appointed 4 December 2023)	86 245	–
	24 084 817	22 928 182

The above amounts are exclusive of VAT.

M: Biographical information on the directors (unaudited)

Trevor Manuel (South African) (67*)

Trevor is the Independent Chairman of the Board. He served in the South African government for more than 20 years, including as Minister of Finance and as Minister in the Presidency, responsible for the National Planning Commission.

During his ministerial career, he assumed a number of *ex officio* positions at international bodies, including the United Nations Commission for Trade and Development, the World Bank, the International Monetary Fund, the G20, the African Development Bank Group and SADC.

Iain Williamson (South African) (53*)

Iain was appointed Chief Executive Officer of the Company in July 2020 after serving as the Interim Chief Executive Officer from May 2019. He joined the Group in 1993 and, following various roles across employee benefits and personal finance, he relocated to London in a Corporate Development role at Old Mutual plc. Iain returned to South Africa in 2003, serving in a number of roles across distribution, technology and finance before being promoted to Chief Financial Officer of Retail Affluent and then Managing Director of the Retail Affluent segment. He was appointed as Old Mutual Emerging Markets' Finance Director in 2015, as Chief Operating Officer in 2017, and has also previously been the Interim Chief Executive Officer in 2017.

Casper Troskie (South African) (60*)

Casper was appointed as Chief Financial Officer of the Group in March 2018. Before joining the Old Mutual, he spent seven years as the Financial Director of the Liberty Group, serving on the Boards of Liberty Holdings, Liberty Group and STANLIB.

Prior to that, he held the position of Chief Financial Officer at the Standard Bank Group, as well as holding leadership positions at Deloitte.

Peter de Beyer (South Africa) (67*)

Peter is an Independent Non-executive Director. He worked for the Old Mutual Group from 1978 to 2008, starting his career in actuarial and technical roles, and progressing through executive roles in a variety of business units. After demutualisation and the listing of Old Mutual plc in 1999, Peter was appointed Deputy Managing Director of Old Mutual South Africa, responsible for the retail businesses, and at his retirement in 2008, was Managing Director (customer solutions for Old Mutual South Africa). He has subsequently served as an Independent Non-executive Director of a number of Old Mutual subsidiaries in Africa, including the Old Mutual Emerging Markets Board from 2012. He has also served as Independent Chairperson of OMLACSA.

Albert Essien (Ghanaian) (68*)

Albert is an Independent Non-executive Director. He started his banking career with the National Investment Bank Limited in Accra and subsequently joined the corporate banking department of Ecobank Ghana. He previously served as the Group Chief Executive Officer of Ecobank and led Ecobank's expansion into Burundi, Kenya, Malawi, Rwanda, South Africa, Tanzania, Uganda and Zambia. Albert also led Ecobank's negotiations in the formation of the Ecobank-Nedbank alliance.

Olufunke Ighodaro (Nigerian and British) (60*)

Olufunke is an Independent Non-executive Director. She is a Non-executive Director of Telkom SOC Limited and Sabvest Capital Limited.

Olufunke has over 22 years' experience operating at executive Board level, having previously served as Chief Financial Officer of JSE-listed companies namely Tiger Brands Limited, Primedia Limited, and as Executive Director and Chief Financial Officer designate of Barloworld Limited. She was an Executive Director of EMTS Limited (trading as 9mobile), Nigeria's fourth-largest telco, and founded and led the private equity business of the Kagiso Trust Investment Group.

Itumeleng Kgaboesele (South African) (52*)

Itumeleng is an Independent Non-executive Director. He has over 20 years of financial services experience, having held executive positions with Hambros Bank Limited, Deutsche Bank AG London and Merrill Lynch.

Jaco Langner (South African) (50*)

Jaco is an Independent Non-executive Director. He is an actuary with more than 25 years' financial services, management and insurance expertise and former Managing Director of Alexander Forbes Life. Jaco has extensive experience in establishing new business lines and turnaround strategies, and co-funded the insurtech company, Surion Proprietary Limited, in 2018.

John Lister (British) (65*)

John is an Independent Non-executive Director. He has over three decades of experience in the insurance sector and is a finance and risk specialist. He is the former Chief Risk Officer of AVIVA plc and Chief Financial Officer and Chief Actuary of its UK life and savings business. He was the former Chairman of the Risk committee of Delta Lloyd Limited, Netherlands, prior to its sale to the NN Group. He has significant experience and knowledge across a number of areas, including capital management, risk management and regulatory engagement.

Sizeka Magwentshu-Rensburg (South African) (64*)

Sizeka is an Independent Non-executive Director. She has extensive experience spanning over 25 years in the small, medium and micro-enterprise (SMME) development space in South Africa and Southern Africa. She currently serves on the Board of the Industrial Development Corporation. She served on various Boards of state-owned enterprises and was a member of the South African Ministerial Advisory committee on SMME Development (Ministry of Economic Development).

Thoko Mokgosi-Mwantembe (South African) (62*)

Thoko is a Non-executive Director. Her career spans numerous sectors, including pharmaceuticals companies such as Logos Pharmaceutical and Glaxo Wellcome. She is the former Chief Executive Officer of Alcatel South Africa Proprietary Limited, Hewlett Packard South Africa Proprietary Limited and former Non-executive Director of Vodacom Group Limited.

Busisiwe Silwanyana (South African) (50*)

Busisiwe is an Independent Non-executive Director. She is also an Independent Non-executive Director at Stefanutti Stocks Limited and is the Chairperson of the Social and Ethics committee and the Audit and Risk committees. She is also an Independent Non-executive Director of YeboYethu (RF) Limited and YeboYethu Investment (RF) Limited, and is the Chairperson of the Audit and Risk committees.

Jurie Strydom (South African) (48*)

Jurie is an Independent Non-executive Director. He is the Chairman and majority shareholder of FSPHub and the Chairman of the Common Good Foundation.

After graduating, Jurie spent a few years at Sanlam, working initially as an Investment Actuary before becoming a General Manager. After a brief stint as Chief Executive at Alexander Forbes Life, Jurie took up the positions of Chief Executive of Regent Insurance Group and Executive Director of Imperial Holdings. In 2016, he returned to Sanlam, where he served as Chief Executive of Life and Savings (previously Sanlam Personal Finance) until June 2022.

* Age as at 31 December 2023



Administration

Registered name:

Old Mutual Life Assurance Company (South Africa) Limited

Country of incorporation:

South Africa

Registration number:

1999/004643/06

Registered office

Mutualpark
Jan Smuts Drive
Pinelands
Cape Town
7405
South Africa
Telephone: +27 (0)21 509 9111

Postal address

PO Box 66
Cape Town
8000
South Africa

Directors**Independent Non-executive**

Trevor Manuel (Chairman)
Peter de Beyer
Albert Essien
Olufunke Ighodaro
Itumeleng Kgaboesele
Jaco Langer
John Lister
Dr Sizeka Magwentshu-Rensburg
Busisiwe Silwanyana
Jurie Strydom

Group Company Secretary

Elsabé Kirsten

Non-executive

Thoko Mokgosi-Mwantembe

Executive

Iain Williamson (Chief Executive Officer)
Casper Troskie (Chief Financial Officer)

Public Officer

Nazrien Kader

Debt Officer

Martin van der Walt