

OLDMUTUAL INSURE LIMITED



ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2024



DO GREAT THINGS EVERY DAY

General information

Country of incorporation and domicile

South Africa

Nature of business and principal activities

Non-life insurance

Directors

Mr SC Gilbert
Ms L Bacela
Mr R Fenner
Ms X Kakana
Ms N Sallie
Mr J Strydom
Mr IG Williamson
Ms TP Zondi-Mthembu

Registered office

Wanooka Place
St Andrews Road
Parktown

Postal address

PO Box 1120
Johannesburg
2000

Holding company

Mutual and Federal Investments Proprietary Limited incorporated in South Africa

Ultimate holding company

Old Mutual Limited incorporated in South Africa

Secretary

Old Mutual Limited

Company registration number

1970/006619/06

Level of assurance

These financial statements have been audited in compliance with the applicable requirements of the Companies Act

Preparer

The financial statements were prepared under the supervision of:
L Bacela CA(SA), Financial Director





Contents

The reports and statements set out below comprise the financial statements presented to the shareholder:

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Directors' responsibility and approval statement

The directors 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 financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS). The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Company's financial statements. The financial statements have been audited by the Company's external auditor and the audit report is presented on pages 8 to 10.

Approval of financial statements

The financial statements set out on pages 11 to 70, which have been prepared on the going-concern basis, were approved by the Board of directors on 25 April 2025 and were signed on their behalf by:



Steffen Gilbert
Apr 25, 2025 10:26 PM HKT

SC Gilbert
Chairman



Lerato Bacela
Apr 25, 2025 4:55 PM SAST

L Bacela
Financial Director

Company Secretary's certification

In terms of section 88(2)(e) of the Companies Act, as amended, I certify that the Company has lodged with the Commissioner all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.



Kirsten, Elsabé

Apr 25, 2025 5:51 PM SAST

E Kirsten

Old Mutual Limited

Directors' report

The directors have pleasure in submitting their report on the financial statements of Old Mutual Insure Limited for the year ended 31 December 2024.

1. Nature of business

Old Mutual Insure Limited is incorporated in South Africa with interests in the insurance industry. There have been no material changes to the nature of the Company's business from the prior year.

2. Review of financial results and activities

The financial statements have been prepared in accordance with IFRS and the requirements of the Companies Act. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Company are set out in these financial statements.

3. Share capital

Authorised	Number of shares	
	2024	2023
Ordinary shares	350 000 000	350 000 000

Issued	Number of shares	
	2024 R million	2023 R million
Ordinary shares	32	32
	319 823 467	319 823 467

The Company did not issue any ordinary share in 2024 (2023: 1 ordinary share to the value of R300 million). Refer to note 19.

4. Dividends

The Company's dividend policy is to consider an interim and a final dividend in respect of each financial year. A dividend of R450 million was declared in respect of the year ended 31 December 2024 (31 December 2023: Nil).

5. Directorate

The directors in office during the year and as at the date of the signing of the financial statements are set out below:

Directors	Position as director	Changes
Mr SC Gilbert (Chairman)	Independent Non-executive Director	
Ms L Bacela	Executive Director (FD)	
Mr R Fenner	Independent Non-executive Director	Appointed 8 August 2024
Ms X Kakana	Independent Non-executive Director	
Mr G Napier	Executive Director (CEO)	Resigned 31 March 2024
Ms N Sallie	Independent Non-executive Director	
Mr J Strydom	Independent Non-executive Director	Appointed 31 October 2024
Mr IG Williamson	Non-executive Director	
Ms TP Zondi-Mthembu	Independent Non-executive Director	

6. Holding company

The Company's holding company is Mutual and Federal Investments Proprietary Limited which holds 100% (2023: 100%) of the Company's equity. Mutual and Federal Investments Proprietary Limited is incorporated in South Africa.

7. Ultimate holding company

The Company's ultimate holding company is Old Mutual Limited which is incorporated in South Africa.

8. Events after the reporting period

The directors are not aware of any material events (as defined per International Accounting Standards (IAS) 10 *Events After the Reporting Period*) after the reporting date of 31 December 2024 until the date of authorisation of these audited financial statements.

9. Going concern

The directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the Company financial statements have been prepared on a going-concern basis. The directors have satisfied themselves that the Company is in a sound financial position and that it has adequate cash resources to meet its foreseeable cash requirements.

10. Auditor

Ernst & Young Inc. continued in office as auditor for the Company for 2024.

11. Secretary

The Company Secretary is Old Mutual Limited.

Audit committee report

This report is provided by the Audit committee appointed in respect of the 2024 financial year of Old Mutual Insure Limited.

1. Composition and terms of reference

The committee comprises four Independent Non-executive Directors of the Company. The current members at the date of this report are Ms TP Zondi-Mthembu (Chairperson), Mr SC Gilbert, Ms N Sallie and Mr R Fenner.

The members have the necessary expertise to direct the committee in the execution of its duties.

The committee has a terms of reference, approved by the Board, dealing, *inter alia*, with its membership, frequency of meetings and responsibilities. The committee reviews reports from the external auditor, internal auditor and other combined assurance providers. The Chairperson of the committee reports to the Board on all matters discussed, highlighting key issues requiring action and 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.

2. Role of the Audit committee

The committee fulfilled its responsibilities as required by the Companies Act, Regulatory standards and its terms of reference. The committee performed among others, the following functions:

- reviewed the operational effectiveness of internal controls relating to financial reporting;
- reviewed the results of the work performed by the internal audit function on financial reporting, corporate governance, internal control and any significant investigations and management's responses;
- considered any other relevant matters referred to it by the Board of directors;
- reviewed the quality of financial information included in the annual financial statements;
- reviewed the annual financial statements taken as a whole to ensure they present a balanced and understandable assessment of the position, performance and future viability of the Company;
- reviewed and considered subsidiary company Audit committee reports, noting key matters raised and related action plans;
- reviewed the final dividend proposals and ensured that the Company had sufficient resources to make the dividend distribution, before recommending the proposal to the Board;
- reviewed the external auditor's submission to the Audit committee;
- discussed any issues and reservations arising from the internal and external auditors, and any matters the internal and external auditors wished to discuss (in the absence, where required, of executive directors and any other person who is not a member of the committee); and
- attended the trilateral meetings with the Prudential Authority and tracked actions emanating from the meeting.

3. Effectiveness of internal financial controls

The Audit committee is responsible for reviewing the effectiveness of systems of internal control and financial reporting.

During the year under review, the committee considered control deficiencies 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 as well as specific internal control reports from management. The Company's controls improvement initiative, and Finance and IT transformation projects continued to receive particular focus through the Audit and Information Technology committees, with the tracking of progress and management actions being a high priority.

Where deficient controls or matters were raised, the committee reviewed the progress on remediation plans and was satisfied that any material impact on the annual financial statements had been appropriately mitigated by management through manual controls and increased oversight, where necessary. The committee will continue to monitor the progress of the transformation projects and evaluate any remaining deficient controls as well as remediation plans in 2025.

Having considered, analysed, reviewed and discussed information provided by management, other Board committees, internal audit and the external auditor, the committee is of the opinion that the internal controls of the Company, 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.

4. External and internal audit

External audit

The committee ensured the appointment of a registered auditor as external auditor for the Company and the independence of that external auditor who in the opinion of the Audit committee, is independent of the Company. The Audit committee is satisfied that the external auditor, Ernst & Young Inc. and the audit partner are independent in compliance with the Companies Act and all other regulatory and legal requirements. Ernst & Young Inc. has provided assurance that its internal governance processes ensure, support and demonstrate its independence. The committee is satisfied with the quality of the external audit engagement. The report included the audit quality governance structure and the results of the monitoring of audit quality.

The committee approved the external audit plan, terms of engagement and remuneration for the external audit engagement.

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 auditor is able to perform for the Company and the Group. There were no significant non-audit services performed by the external auditor in the current year. Non-audit fees paid to the statutory auditor amounted to R2 million (2023: R1.7 million) and relate to regulatory reporting requirements as imposed by the Prudential Authority and Sasria.

Internal audit

The Head of Internal Audit functionally reports to the Chairperson of the Audit committee and the Audit committee is responsible for reviewing and approving the internal audit terms of reference and plan, the internal audit coverage as well as the resourcing and financial plans of the internal audit department. The committee has evaluated the independence of the internal audit function and is satisfied with the effectiveness of the internal audit arrangements and function.

5. Meetings

The committee held four scheduled meetings during the year under review and the required quorum was present at all meetings held.

Meetings for the year and attendance thereat are set out below:

Name	21 February 2024	16 May 2024	14 August 2024	12 November 2024
R Fenner	N/A	N/A	X	X
SC Gilbert	X	X	X	X
N Sallie	X	X	X	X
TP Zondi-Mthembu	X	X	X	X

6. Expertise and experience of the Financial Director and the finance team

The committee is satisfied that the expertise of the Financial Director is appropriate to meet the responsibilities of the position. The committee assessed the additional skills and resources recruited during the financial year under review and is satisfied that the finance function is appropriately capacitated to meet financial reporting requirements.

7. Combined assurance

The Audit committee is responsible for overseeing combined assurance activities and ensuring that these are effective in achieving its objectives. The Company's Combined Assurance framework establishes integrated and coordinated assurance activities between the three lines of assurance across all levels of the organisation.

The framework supports the internal decision making by management, the risk and compliance functions, the Board and its committees.

The committee anticipates that as the combined assurance framework matures, management and the Board will be able to place more reliance on the work of the various assurance providers – thereby reducing duplication of assurance activities whilst assuring the robustness of the control environment and management of risks. The committee reviewed and approved the combined assurance plan.

The committee is satisfied that the combined assurance model operated satisfactorily throughout the year.

8. Approval of the annual financial statements

The Audit committee reviewed the 2024 annual financial statements and considered factors and risks that may impact on the integrity of the report and is satisfied that they are prepared in accordance with IFRS and the Companies Act and are supported by reasonable and prudent judgements that have been consistently applied. The reports of the Capital Management committee and the Reserving committee were also considered in assessing the appropriateness of the judgements made relating to the valuation of insurance contract liabilities, subsidiaries and material asset impairments, if any. The Audit committee has also considered the conclusions of independent assurance providers in reviewing the relevant sections of the annual financial statements.

The committee is satisfied that, during the year under review, it has fulfilled its responsibilities regarding its terms of reference and believes that it complied with its legal, regulatory and other responsibilities.

On behalf of the Audit committee:



Thandeka Zondi

Apr 25, 2025 5:15 PM SAST

TP Zondi-Mthembu

Chairperson Audit committee

25 April 2025

Independent Auditor's Report

To the Shareholder of Old Mutual Insure Limited

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Old Mutual Insure Limited ('the company') set out on pages 11 to 70, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Old Mutual Insure Limited as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for opinion

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

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 (EAR Rule) we report:

Final materiality

The ISAs recognise that:

- misstatements, including omissions, are considered to be material if the misstatements, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements;
- judgements about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and
- judgements about matters that are material to users of the financial statements consider users as a group rather than as specific individual users, whose needs may vary greatly.

The amount we set as materiality represents a quantitative threshold used to evaluate the effect of misstatements to the financial statements as a whole based on our professional judgement. Qualitative factors are also considered in making final determinations regarding what is material to the financial statements.

We determined final materiality to be R134.6 million which is based on 1% of Revenue. We have identified that an activity-based measure was most appropriate given that the company conducts the business of a non-life insurer in the current economic environment. The non-life industry has noted the following occurrences within the last 3 years:

- Large business interruption claims due to Covid-19
- IFRS 17 reporting implications in profit figures in the previous year
- Catastrophic events which have profitability implications on non-life insurers as and when they occur.

Our review of information provided to users by the entity confirms our view that revenue is a key performance indicator when evaluating the entities' performance.

Key audit matters

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

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

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of the liability for incurred claims in relation to insurance contracts recognised in accordance with IFRS 17</p> <p>The company applies <i>IFRS 17 – Insurance Contracts</i> to its insurance and reinsurance contracts which has resulted in the recognition of insurance contract liabilities R3 865 million (2023: R3 971 million), reinsurance contract assets R2 365 million (2023: R2 586 million) and reinsurance contract liabilities of R185 million (2023: R141 million) for the year ended 31 December 2024.</p> <p>The liability for incurred claims (LIC) includes four components which relate to insurance loss events that have occurred before or at the reporting date being:</p> <ul style="list-style-type: none"> • Incurred but not reported claims (IBNR) (including the IBNER (incurred but not enough reported)). • Outstanding claims reported (OCR) (claims reported, approved but not yet settled). • Receivables from salvages and third party recoveries that relate to IBNR and OCR. • Directly estimated attributable expenses which relate to the claims processes. <p>The valuation of LIC was considered to be a matter of most significance to the current year’s audit and we identified it as a key audit matter due to significant audit effort in the evaluation of the significant judgement and estimation uncertainties in the future cash flow projection specifically from the IBNR component and the associated magnitude of the account.</p> <p>The disclosures required per IFRS 17 for these insurance and reinsurance contracts are set out in the audited financial statements in note 14.</p>	<p>On a sample basis, we performed procedures on the data included in the valuation model calculating the IBNR liability and the OCR liability mainly through agreeing the data in the underlying claims system focussing on the following key data points:</p> <ul style="list-style-type: none"> • Date of loss • Gross claim amount paid • Claim number • Loss event • Claim estimate <p>The data in the claims system was further agreed on a sample basis to appropriate supporting documentation to validate the above data. Further we agreed that all the relevant data in the claims system was included in the valuation system to support that the IFRS 17 information is complete and accurate.</p> <p>We assessed completeness of the above data by testing the claims data interface between the underlying system and the data applied in the model used to determine the liability for incurred claims.</p> <p>We use IFRS 17 guidance to evaluate the expense assumptions adopted by management with reference to the expense base and the relevant functional cost analysis, including the split of attributable and non-attributable expenses in terms of IFRS 17. Further evidence was obtained from the IFRS 17 approved policy and methodology papers that were adopted during the IFRS 17 transition. We inspected that the expenses were allocated to attributable and non-attributable classifications in accordance with this approved policy. The accuracy and completeness of expenses were agreed on a sample basis to supporting documentation in respect of both the nature and amount of the expense incurred.</p> <p>We assessed completeness of the salvages and third-party recoveries by reviewing movements in the account post year end and conducting asset verification procedures.</p> <p>We involved our internal actuarial specialists, to evaluate the model utilised by management to estimate the liability for incurred claims through the following procedures:</p> <ul style="list-style-type: none"> • We evaluated the model specifications and simplifications against the requirements of IFRS 17. • We independently calculated the IBNR component of the best estimate liability for incurred claims. Specifically, within relation to the loss triangles we focussed on: <ul style="list-style-type: none"> → claims development patterns; → claims severity and frequency within the triangles; and → large losses. • We performed sensitivity testing on key areas of judgement using our independently determined range of assumptions to establish a reasonable range for the IBNR. <p>We evaluated the adequacy of the disclosures made by management for the insurance and reinsurance contracts with reference to the requirements of IFRS 17 Insurance contracts.</p>

Based on the procedures performed over the valuation of the liability for incurred claims in relation to insurance contracts recognized in accordance with IFRS 17, we did not identify any significant matters requiring further consideration in concluding our procedures.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 70-page document titled “Old Mutual Insure Limited Annual Financial Statements for the year ended 31 December 2024”, which includes the Company secretary’s certification, Directors’ report and Audit committee report as required by the Companies Act of South Africa as well as the Directors’ responsibilities and approval statement. The other information does not include the financial statements and our auditor’s report thereon.

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

Independent Auditor's Report

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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

Audit tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Old Mutual Insure Limited for 3 years.

DocuSigned by:



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Ernst & Young Inc.
Antoinette Malherbe CA(SA)
Director

Registered Auditor

25 April 2025
102 Rivonia Rd,
Sandton
Gauteng
2196
South Africa

Statement of financial position

At 31 December 2024

Rm	Notes	2024	2023 Restated*	2022 Restated*
Assets				
Intangible assets	4	219	211	175
Equipment	5	98	106	123
Right-of-use assets	6	527	544	244
Deferred tax	16	127	49	–
Investments in subsidiaries	7	2 458	2 580	1 560
Investment in associate	8	24	9	9
Investments in employee share trusts	9	540	571	509
Loans receivable	26	77	39	27
Loans to share trusts	10	21	21	84
Retirement benefit asset	11	141	147	137
Investments and securities	27	4 121	2 898	2 718
Reinsurance contract assets	14	2 365	2 586	2 535
Current tax receivable		–	17	29
Trade and other receivables	12	456	528	465
Cash and cash equivalents	13	1 659	1 270	1 363
Total assets		12 833	11 576	9 978
Liabilities				
Debt instrument	29	750	500	500
Insurance contract liabilities	14	3 865	3 971	3 569
Reinsurance contract liabilities	14	185	141	71
Lease liabilities	6	642	629	301
Retirement benefit obligation	11	154	162	156
Current tax payable		124	–	–
Deferred tax	16	–	–	31
Share-based payment liability	17	67	60	66
Employee benefits	28	291	211	189
Trade and other payables	18	554	575	672
Total liabilities		6 632	6 249	5 555
Equity				
Share capital	19	2 612	2 612	2 312
Retained income		3 589	2 715	2 111
Total equity		6 201	5 327	4 423
Total equity and liabilities		12 833	11 576	9 978

* These numbers have been restated; refer to note 37

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2024

Rm	Notes	2024	2023 Restated*
Insurance revenue	20	13 473	12 515
Insurance service expenses	20	(11 243)	(11 548)
Net expenses from reinsurance contracts	20	(1 238)	(1 168)
Insurance service result		992	(201)
Finance expense from insurance contracts issued		(151)	(133)
Finance income from reinsurance contracts held		65	67
Net insurance finance expenses		(86)	(66)
Net insurance and investment result		906	(267)
Investment income	22	679	1 233
Other finance costs	23	(125)	(95)
Other operating expenses	21	(409)	(384)
Other operating income		49	48
Share of profit of associates accounted for using the equity method		1	–
Profit before taxation		1 101	535
Taxation	24	(230)	71
Profit for the year		871	606
Other comprehensive income:			
Items that will not be reclassified to profit or loss (net of taxation):			
Re-measurements on net defined benefit liability/asset		3	(2)
Other comprehensive income for the year net of taxation		3	(2)
Total comprehensive income for the year		874	604

* These numbers have been restated; refer to note 37

Statement of changes in equity

For the year ended 31 December 2024

Rm	Share capital	Share premium	Total share capital	Retained income	Total equity
Opening balance as previously reported	32	2 280	2 312	2 234	4 546
Prior year adjustments	–	–	–	(123)	(123)
Balance at 1 January 2023 as restated*	32	2 280	2 312	2 111	4 423
Profit for the year	–	–	–	606	606
Other comprehensive income	–	–	–	(2)	(2)
Total comprehensive income for the year	–	–	–	604	604
Issue of shares	–	300	300	–	300
Total contributions by and distributions to owners of the Company recognised directly in equity	–	300	300	–	300
Balance at 1 January 2024	32	2 580	2 612	2 715	5 327
Profit for the year	–	–	–	871	871
Other comprehensive income	–	–	–	3	3
Total comprehensive income for the year	–	–	–	874	874
Balance at 31 December 2024	32	2 580	2 612	3 589	6 201
Note	19	19	19		

* These numbers have been restated; refer to note 37

Statement of cash flows

For the year ended 31 December 2024

Rm	Notes	2024	2023 Restated*
Cash flows from operating activities			
Cash generated from/(used in) operations	30	1 099	(76)
Interest income	22	398	325
Dividends received	22	341	192
Finance costs	23	(125)	(95)
Tax (paid)/received	25	(167)	3
Net cash from operating activities		1 546	349
Cash flows from investing activities			
Purchase of equipment	5	(50)	(53)
Proceeds from sale of equipment	5	1	6
Purchases of intangible assets	4	(45)	(73)
Proceeds from sale of intangible assets	4	1	–
Purchases of investments in subsidiaries		–	(361)
Acquisition of associates		(15)	–
Repayment of loans and advances		(38)	–
Cash advanced in loans receivable		–	(12)
Net purchases of investments and securities		(1 209)	(150)
Net funding of share trust		10	(97)
Contributions to retirement benefit asset		–	2
Cash receipts on repayments of loans to share trusts		–	63
Net cash used in investing activities		(1 345)	(675)
Cash flows from financing activities			
Proceeds from issue of share capital		–	300
Proceeds from Issuance of subordinated debt		250	–
Cash repayments on lease liabilities		(62)	(94)
Net cash from financing activities		188	206
Total cash movement for the year			
Cash and cash equivalents at the beginning of the year		1 270	1 363
Loss on foreign exchange on cash and cash equivalents		–	27
Cash and cash equivalents at the end of the year	13	1 659	1 270

* These numbers have been restated; refer to note 37

Accounting policies

Corporate information

Old Mutual Insure Limited is a public company incorporated and domiciled in South Africa.

The financial statements for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on 25 April 2025.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going-concern basis in accordance with, and in compliance with, IFRS and International Financial Reporting Standards Interpretations Committee (IFRS IC) interpretations issued and effective at the time of preparing these financial statements and the Companies Act as amended.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in rand, which is the Company's functional currency.

The Company is not required to prepare a consolidated set of financial statements as the ultimate holding company, Old Mutual Limited, produces financial statements available for public use, which are available on its website, that comply with IFRS.

These accounting policies are consistent with the previous period.

1.2 Investment in structured entities

Special purpose vehicles are those entities directly or indirectly controlled by the Company and include share incentive trusts. To consider if control exists, consideration is given to how decisions about the relevant activities of the trusts are made. Control is assessed on a continuous basis and is reassessed as facts and circumstances change.

Special purpose vehicles are consolidated from the date on which the Company obtains control and are deconsolidated when control ceases.

Investments in special purpose vehicles in the financial statements of the Company are measured at fair value through profit or loss.

1.3 Investment in associate

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the statement of financial position at cost adjusted for post-acquisition changes in the Company's share of net assets of the associate, less any impairment losses.

The Company's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in an associate in excess of the Company's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the Company has incurred a legal or constructive obligation to make payments on behalf of the associate.

Dividends declared by associates reduce the carrying value of the equity-accounted investments in associates.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

When the Company reduces its level of significant influence or loses significant influence, the Company proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

The Company determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Company calculates the amount of the impairment as the difference between the recoverable amount of the associate and its carrying value. The carrying amount of such investments is reduced to recognise any impairment in the value of individual investments.

Accounting policies

1. Significant accounting policies continued

1.4 Equipment

Equipment is tangible assets which the Company holds for its own use or for rental to others and which is expected to be used for more than one year.

An item of equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably.

Equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. Day-to-day servicing costs are included in profit or loss in the year in which they are incurred.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	Six years
Motor vehicles	Straight line	Four to five years
Office equipment	Straight line	Five years
IT equipment	Straight line	Three years
Leasehold improvements	Straight line	Over lease term

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on equipment when there is an indicator that they may be impaired. When the carrying amount of an item of equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

1.5 Intangible assets

Intangible assets consist of internally developed computer software. Costs include employee costs of the software development team and an appropriate portion of relevant overheads.

An intangible asset is recognised when:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits;
- There are available technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

1.5 Intangible assets continued

Intangible assets are amortised on a straight-line basis over their useful life ranging between two to five years and are expected to have a nil residual value. The amortisation method, period and residual values are reviewed at each reporting period.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, customer lists and items similar in substance are not recognised as intangible assets unless acquired through a business combination.

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. An intangible asset that is not yet available for use or has an indefinite useful life is tested for impairment on an annual basis.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, internally generated	Straight line	Five years

1.6 Financial instruments

Financial instruments held by the Company are classified in accordance with the provisions of IFRS 9 *Financial Instruments*. Broadly, the classification possibilities, which are adopted by the Company, as applicable, are as follows:

Financial assets which are equity instruments are measured:

- Mandatorily at fair value through profit or loss;
- Designated as at fair value through other comprehensive income, this designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination.

Financial assets which are debt instruments are measured at:

- Amortised cost, this category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows;
- Fair value through other comprehensive income, this category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments;
- Mandatorily at fair value through profit or loss, this classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income; or
- Designated at fair value through profit or loss, this classification option can only be applied when it eliminates or significantly reduces an accounting mismatch.

Financial liabilities:

- Amortised cost;
- Mandatorily at fair value through profit or loss, this applies to contingent consideration in a business combination or to liabilities which are held for trading; or
- Designated at fair value through profit or loss, this classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair-value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Company are presented below:

Loans receivable at amortised cost

Classification

Loans to share trusts (note 10), and loans receivable (note 26) are classified as financial assets and subsequently measured at amortised cost.

They have been classified in this manner as the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Company's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the Company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Accounting policies

1. Significant accounting policies continued

1.6 Financial instruments continued

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income.

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

Impairment

The Company recognises a loss allowance for expected credit losses (ECL) on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12-month expected credit losses (12-month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12-month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Recoverables from reinsurance contracts take account of expected losses due to default of the reinsurers. The adjustment for the expected loss is based on a market-consistent assessment of the probability of default of the reinsurers, and the average loss resulting from this default (loss-given default). The adjustment is calculated separately.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the Company compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the Company considers that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the Company considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Company writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets and subsequently measured at amortised cost (note 12).

They have been classified in this manner as their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative interest using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Company measures the loss allowance for trade and other receivables at an amount equal to lifetime ECL, which represents the ECL that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of ECL

The Company makes use of a provision matrix as a practical expedient to the determination of ECL on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in profit or loss as a movement in the credit loss allowance (note 12).

Write-off policy

The Company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Accounting policies

1. Significant accounting policies continued

1.6 Financial instruments continued

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 7 and note 27. They are classified as mandatorily at fair value through profit or loss. As an exception to this classification, the Company may make an irrevocable election, on an instrument-by-instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

Recognition and measurement

Investments in equity instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments), depending on their classification. Details of the valuation policies and processes are presented in note 34.

Dividends received on equity investments are recognised in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income (note 22).

Impairment

Investments in equity instruments are not subject to impairment provisions.

Trade and other payables

Classification

Trade and other payables (note 18), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

Trade and other payables expose the Company to liquidity risk and possibly to interest rate risk. Refer to note 33 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at their carrying amount which is deemed to be fair value.

Debt instruments

Debt instruments issued by the Company comprise subordinated debt instruments held at amortised cost. Interest accruals are recognised as finance costs in the statement of profit or loss and other comprehensive income.

Periodic re-estimation of cash flows to reflect the movements in the market rates of interest will alter the effective interest rate. A floating-rate financial liability is recognised initially at an amount equal to the principal payable on maturity. Re-estimating the future interest payments has no significant effect on the carrying amount of the liability.

Derecognition

Financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The Company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction if at the time of the transaction, it does not affect accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- A transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- A business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Withholding tax on dividends and invoices is measured at the amount expected to be paid to the relevant tax authorities in the country from which dividend income or services rendered originates. The tax rates and tax laws used to compute the amount are those that are enacted when the dividend was declared.

Accounting policies

1. Significant accounting policies continued

1.8 Leases

The Company assesses whether a contract is, or contains a lease, at the inception of the contract.

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.

In order to assess whether a contract is, or contains a lease, management determines whether the asset under consideration is 'identified', which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgements and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative standalone prices of the lease components and the aggregate standalone price of the non-lease components (where non-lease components exist).

However, as an exception to the preceding paragraph, the Company has elected not to separate the non-lease components for leasehold property.

Details of leasing arrangements where the Company is a lessee are presented in note 6 Leases (company as lessee).

Lease liability

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 Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed lease payments, including in-substance fixed payments, less any lease incentives;
- 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 Company under residual value guarantees;
- The exercise price of purchase options, if the Company is reasonably certain to exercise the option;
- Lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- Penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 21 and note 6).

The lease liability is presented as a separate line item on the 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 lease payments made. Interest charged on the lease liability is included in finance costs (note 23).

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- There has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- There has been a change in the assessment of whether the Company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- There has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial 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);
- There has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or
- A lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the statement of financial position.

The right-of-use asset is initially measured at the amount of the corresponding lease liability, adjusted for the following:

- Any lease payments made at or before the commencement date;
- Any initial direct costs incurred;
- Any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- Less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of equipment. Refer to the accounting policy for equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.9 Impairment of non-financial assets

The Company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Company also:

- Tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed annually and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Share capital and equity

Ordinary shares are recognised and classified as 'share capital' in equity. Incremental costs directly attributable to the issue of ordinary shares are recognised in equity as a deduction from the proceeds, net of taxation. Transaction costs of an equity transaction are accounted for as a deduction from the proceeds to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Accounting policies

1. Significant accounting policies continued

1.11 Share-based payments

Cash-settled share-based payments

Services received in a share-based payment transaction are recognised when the services are received. A corresponding increase in a liability is recognised if the services were acquired in a cash-settled share-based payment transaction.

When the services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For cash-settled share-based payment transactions, the services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

Vesting conditions, other than market conditions, are not taken into account when estimating the fair value of cash-settled share-based payment at the measurement dates. These vesting conditions are taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction.

Market conditions and non-vesting conditions are taken into account when estimating the fair value of the cash-settled share-based payment.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the Company accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight-line basis over the vesting period).

If the share-based payments vest immediately the services received are recognised in full.

As an exception, when the Company is obligated, in terms of tax legislation, to withhold an amount of employees' tax associated with a share-based payment transaction (thus creating a net settlement feature), the full transaction is still accounted for as a cash-settled share-based payment transaction.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

When employees are paid retention bonuses in terms of the retention bonus plan and these beneficiaries are subject to retention periods, the cost associated with the retention bonus plan are recognised in the statement of profit or loss and other comprehensive income over the retention period.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

The Company contributes a fixed percentage of salary in respect of members of the defined contribution pension plans and this cost is recognised as an expense in profit or loss. The Company has no constructive obligation to pay further contributions to the fund if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method for a fund closed to new entrants and with less than 5% of the Company's employees participating in the fund.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised as an expense at the earlier of the following dates:

- When the plan amendment or curtailment occurs; and
- When the Company recognises related restructuring cost or termination benefits.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates:

- When the entity can no longer withdraw the offer of those benefits; and
- When the entity recognises costs for a restructuring which involves the payment of termination benefits.

Post-employment benefits

The Company provides post-retirement medical benefits to qualifying employees who joined the Company prior to 15 March 1999 by way of subsidising medical scheme contributions. The expected costs of these benefits are assessed in accordance with advice of qualified actuaries on an annual basis, using the projected unit credit method. The last valuation was performed at 31 December 2024. Service costs are recognised in profit or loss. Actuarial gains or losses are recognised in other comprehensive income.

1.13 Provisions and contingencies

Provisions are recognised when:

- The Company has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- Has a detailed formal plan for the restructuring, identifying at least:
 - The business or part of a business concerned;
 - The principal locations affected;
 - The location, function, and approximate number of employees who will be compensated for terminating their services;
 - The expenditures that will be undertaken; and
 - When the plan will be implemented.
- Has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Transactions are classified as contingencies where the Company's obligations depend on uncertain future events.

Items are classified as commitments where the Company commits itself to future transactions with external parties.

Contingent assets and contingent liabilities are not recognised.

2. Summary of significant accounting policies for insurance contracts

2.1 Summary of measurement approaches

The Company uses a single-measurement approach, depending on the type of contract, as per the table below:

Contracts issued	Product classification	Measurement model
Direct	Insurance contracts	PAA
Reinsurance inwards	Insurance contracts	PAA
Reinsurance contracts held		
Proportional reinsurance	Reinsurance contract held	PAA
Non-proportional reinsurance	Reinsurance contract held	PAA

2.1.1 Definition and classification

Insurance contracts are contracts under which the Company 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 Company uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Company 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 Company to financial risk are classified as investment contracts and follow financial instruments accounting under IFRS 9.

The Company does not have insurance contracts with direct participation features.

Accounting policies

2. Summary of significant accounting policies for insurance contracts continued

2.1 Summary of measurement approaches continued

2.1.1 Definition and classification continued

An insurance contract with direct participation features is defined by the Company 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 Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- The Company 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.

In the normal course of business, the Company 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.

2.1.2 Level of aggregation of insurance contracts

The Company manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

- Contracts that are onerous at initial recognition;
- Contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
- A group of remaining contracts.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

For all contracts measured using the premium allocation approach (PAA), the Company assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. This assessment is performed at a policyholder pricing groups level.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Company aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of:

- Contracts for which there is a net gain at initial recognition, if any;
- Contracts for which at initial recognition there is no significant possibility of a net gain arising subsequently; and
- Remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual-contract basis.

2.1.3 Separation of components of insurance contracts

Before the Company 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; and
- Promises to transfer distinct goods or distinct non-insurance services.

The Company applies IFRS 17 to all remaining components of the contract with the exception of some acquisition components being treated under IFRS 9. The Company does not have any contracts that require further separation and thus all components of the contracts are measured under IFRS 17 with the exception of some acquisition components being treated under IFRS 9.

2.1.4 Recognition and derecognition

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; and
- When the Company 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. The cover start date will be used as the recognition date.

A group of reinsurance contracts held that covers the losses of separate insurance contracts on a proportionate basis (surplus or quota share reinsurance) is recognised at the later of:

- The beginning of the coverage period of the group; or
- The initial recognition of any underlying insurance contract.

The Company does not recognise a group of surplus or quota share reinsurance contracts held until it has recognised at least one of the underlying insurance contracts:

- A group of reinsurance contracts held that covers aggregate losses from underlying contracts in excess of a specified amount (non-proportionate reinsurance contracts, such as excess of loss reinsurance or stop loss arrangements) is recognised at the beginning of the coverage period of that group.

Only contracts that meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the groups is not reassessed in subsequent periods.

Accounting for contract modification and derecognition

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); or
- The contract is modified and certain additional criteria are met.

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

- i. If the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
 - Is not in scope of IFRS 17;
 - Results in different separable components;
 - Results in a different contract boundary; or
 - Belongs to a different group of contracts.
- ii. The original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
- iii. If the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC 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.

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

- i. If the contract is extinguished, any net difference between the derecognised part of the liability for remaining coverage (LRC) of the original contract and any other cash flows arising from extinguishments;
- ii. If the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
- iii. If the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC 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.

Accounting policies

2. Summary of significant accounting policies for insurance contracts continued

2.1 Summary of measurement approaches continued

2.1.5 Measurement

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

The Company uses the PAA for measuring contracts with a coverage period of one year or less. For contracts with a coverage period that extends beyond a year the basis for this is as per the table below.

Type of contracts	Basis for eligibility
Insurance contracts issued	
Direct	Coverage of more than a year, however, the differences in measurement of the remaining coverage component under general measurement model (GMM) and PAA are deemed to be immaterial in both absolute and in proportional terms.
Reinsurance inwards	Coverage of more than a year, however, the differences in measurements of the remaining coverage component under GMM and PAA are deemed to be immaterial in both absolute and in proportional terms.
Reinsurance contracts held	
Proportional reinsurance	Coverage of more than a year, however, the differences in measurement of the remaining coverage component under GMM and PAA are deemed to be immaterial in both absolute and in proportional terms.
Non-proportional reinsurance	Coverage of more than a year, however, the difference in measurement of the remaining coverage component under GMM and PAA are deemed to be immaterial in both absolute and in proportional items.

For insurance contracts issued, insurance acquisition cash flows are deferred and recognised over the coverage period of contracts in a group.

For insurance contracts issued, on initial recognition, the Company measures the liability for remaining coverage (LRC) at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the prepaid acquisition cash flows asset.

For reinsurance contracts held, on initial recognition, the Company 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:

- i. The LRC; and
- ii. 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:

- i. The remaining coverage; and
- ii. 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 LRC is:

- i. Increased for premiums received in the period;
- ii. Decreased for insurance acquisition cash flows paid in the period; and
- iii. Decreased for the amounts of expected premiums received recognised as insurance revenue for the services provided in the period.

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

- i. Increased for ceding premiums paid in the period; and
- ii. Decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period.

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

For contracts measured under the PAA, the liability for incurred claims (LIC) is measured as the future cash flows adjusted for the time value of money since most insurance contracts issued by the Company typically have a settlement period of over one year.

Most of the Company's contracts have a coverage period not exceeding one year and as a result the PAA approach can be used to calculate the liability for LRC in terms of IFRS 17. The remaining insurance and reinsurance contracts are to be valued under the GMM unless it can be demonstrated that the measurement of the LRC under the PAA does not differ materially when compared to the GMM. The Company has performed a qualitative and quantitative test to determine whether the measurement of those contracts with a coverage period in excess of one year are materially different between the PAA and GMM valuations and concluded that all insurance and reinsurance contracts are eligible to be measured under PAA. This assessment will be conducted annually.

If a group of contracts measured under the PAA becomes onerous, the Company increases the carrying amount of the LRC to the amounts of the fulfilment cash flows (FCF) with the amount of such an increase recognised in insurance service expenses and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF relating to the future service and the carrying amount of the LRC without the loss component. Where applicable, resulting changes in the loss component are disaggregated between insurance service expenses and insurance finance income or expenses for the effect of the time value of money, financial risk and effect of changes therein.

Fulfilment cash flows

Fulfilment cash flows within contract boundary

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

The estimates of future cash flows:

- i. Are based on a probability weighted mean of the full range of possible outcomes;
- ii. Are determined from the perspective of the Company, provided the estimates are consistent with observable market prices for market variables; and
- iii. 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 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. Refer to note 2.2.

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

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

The Company 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.

Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. This assessment is reviewed for every reporting period.

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 Company has a substantive obligation to provide the policyholder with insurance coverage or other services. A substantive obligation ends when:

- a. The Company 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; or
- b. Both of the following criteria are satisfied:
 - The Company 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; and
 - 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.

Accounting policies

2. Summary of significant accounting policies for insurance contracts continued

2.1 Summary of measurement approaches continued

2.1.5 Measurement continued

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk and financial risk, are considered.

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

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

The Company's quota share non-life reinsurance agreements held have an unlimited duration but are cancellable for new underlying business with a one-year notice period by either party. Thus, the Company 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' measurement.

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.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

Insurance acquisition costs

The Company includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

- i. Costs directly attributable to individual contracts and groups of contracts; and
- ii. Costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts.

Before a group of insurance contracts is recognised, the Company could pay directly attributable acquisition costs to originate them. When such prepaid costs are refundable in case of insurance contracts termination, they are recorded as a prepaid insurance acquisition cash flow asset within other assets and allocated to the carrying amount of a group of insurance contracts when the insurance contracts are subsequently recognised.

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 Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Company to the reinsurer. The Company will calculate the risk adjustment (RA) for reinsurance contracts held by determining the difference between the RA calculated for the underlying insurance contracts on a net of reinsurance basis and gross of reinsurance basis.

2.1.6 Amounts recognised in comprehensive income

Insurance service result from insurance contracts issued

Insurance revenue

As the Company provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration the Company expects to be entitled to in exchange for those services.

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 Company 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.

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:

- i. Incurred claims and benefits excluding investment components;
- ii. Other incurred directly attributable insurance service expenses;
- iii. Amortisation of insurance acquisition cash flows;
- iv. Changes that relate to past service (i.e. changes in the FCF relating to the LIC); and
- v. Changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the statement of profit or loss.

Insurance service result from reinsurance contracts held

Net income (expenses) from reinsurance contracts held

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

The Company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts.

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 Company 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; and
- 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 Company expects to recover from the reinsurance contracts.

Insurance finance income or 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 Company has chosen not to disaggregate insurance finance income and expenses between profit or loss and other comprehensive income (OCI). All insurance finance income and expenses for the period is presented in profit or loss. The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

Accounting policies

2. Summary of significant accounting policies for insurance contracts continued

2.1 Summary of measurement approaches continued

2.1.7 Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Any assets for insurance acquisition cash flows recognised before the corresponding insurance contracts are included in the carrying amount of the related groups of insurance contracts are allocated to the carrying amount of the portfolios of insurance contracts that they relate to.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

2.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed periodically. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected, i.e. not retrospectively.

Defined post-employment benefits

Assumptions are made regarding the discount rates, inflation rates and retirement ages in calculating the Company's post-retirement medical benefits. Details of these assumptions, which require judgement, are set out in note 11.

Share-based payment liability

The judgement applied in valuing the cash-settled share-based payment liability for employees relates to the assumption of the expected employee attrition and the associated vesting that is expected for each tranche of shares issued as set out in note 17.

Leases

Judgement is applied on whether the Company is reasonably certain to exercise extension options in the lease contract. Please refer to note 6.

Investment in subsidiaries

The Old Mutual Insure Capital Management committee approves the assumptions and inputs applied, which require judgement, in the fair value calculations relating to investments in subsidiaries. Observable market data is used as inputs to the extent that it is available. The valuation model used to determine the value of the subsidiaries is sensitive to the inputs (the projected business plans) as well as the assumptions (risk-adjusted discount rates) used. Judgement is applied in deriving these inputs and assumptions as set out in note 7.

Valuation of insurance contracts

Fulfilment cash flows

The Company'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 Company uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible scenarios.

Estimates of future cash flows

In estimating future cash flows, the Company 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 experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Company'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.

The Company's estimates of reported and unreported claims, adjusted by estimated salvages and resulting provisions, and related reinsurance recoveries are periodically reviewed and updated. Adjustments resulting from this review are reflected in the statement of profit or loss. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for predicting future outcomes.

The methods used, and the estimates made, are reviewed periodically by the Reserving committee, and are reviewed on an annual basis by both the Company Chief Actuary and the Head of Actuarial Control function.

A cash-back bonus is paid to policyholders based on a calculation as per the insurance contract. The bonuses are paid upon the policyholders meeting certain criteria in terms of their policy for the specified number of years (in this case, three years). The cash-back bonuses are accrued for the three-year period for all the policyholders meeting the criteria. This provision is made on a best-estimate basis and held within LIC.

The Company projects estimates of future expenses relating to the fulfilment of contracts in the scope of IFRS 17 utilising the planned future expenses as per the approved business plan. Attributable expenses comprise expenses directly attributable to the groups of contracts including an allocation of fixed and variable overheads.

Where estimates of expense-related cash flows are determined at the portfolio level or higher, they are first aggregated into two broad categories. Direct expenses which are expenses that are directly attributable to a particular portfolio, such as underwriting cost, claims costs and commissions and indirect expenses which are expenses that are not directly attributable to a particular portfolio, such as general and administrative expenses. Direct expenses are allocated to group of contracts to which they relate, indirect expenses are allocated to a group of contracts on the most appropriate method that reflects the reasonably attributable share of expenses for each group of contracts.

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 Company 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 the 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 for significant changes to long-term expectations. For insurance contracts denominated in US dollar, an appropriate risk-free US dollar yield curve is used.

Cash flows that vary based on the returns of any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and are 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 for major currencies:

Risk-free reference spot yields and expense inflation	2024	2023
Risk-free rates		
One year	7.0%	8.4%
Five years	9.4%	9.6%
Ten years	11.0%	12.2%
Twenty years	12.0%	14.5%

Accounting policies

2. Summary of significant accounting policies for insurance contracts continued

2.2 Significant judgements and sources of estimation uncertainty continued

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the Company 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 adjustments 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.

The risk adjustment for non-financial risk is determined using a confidence level technique. To determine the risk adjustments for non-financial risk for reinsurance contracts, the Company 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 Company 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.

Investment components

The Company 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. Investment components are excluded from insurance revenue and insurance service expenses.

Some reinsurance contracts have commission structures that results in an amount that will be payable to the reinsured in all scenarios. The investment component excluded from reinsurance service income and expenses is determined as the maximum commission receivable less any commissions settled as part of the net premium paid to the reinsurer.

Process used to determine assumptions

The ultimate cost of outstanding claims which are included in the LIC claims is estimated by using a range of standard actuarial claims projection techniques, such as:

- Development Factor Model (DFM); and
- Bornhuetter-Ferguson model.

These methods assume that the claim development patterns observed in the past will be appropriate for the future. In addition, the Bootstrap method is used to assess the variability of claim projections. These models produce results which are in line with the requirements of IFRS 17.

The model and methodology applied was consistent with that applied historically in determining the results, and these results were also reviewed by the Company actuary, as well as an independent review by the actuarial control function. The conclusion was that the results are reasonable and a best estimate liability.

To the extent that these methods use historical claim development information, they assume that the historical claims development pattern will likely occur again in the future. There are reasons that this may not be the case and insofar as they can be identified, have been allowed for by adjusting the methods. Such adjustments could include:

- Changes in processes that affect the development/recording of claims paid and incurred;
- Economic, legal, political and social trends;
- Changes in mix of business; or
- Random fluctuations including the impact of large claims.

Notes to the financial statements

3. New standards and interpretations

3.1 Standards and interpretations effective and not yet effective at reporting date

The following standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2024:

Standard/interpretation	Effective date: Years beginning on or after	Expected impact
Amendments to disclosure of supplier finance arrangements to IAS 7 <i>Statement of Cash Flows</i>	1 January 2024	The impact of the amendments was not material.
International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12	1 January 2024	The impact of the amendments was not material.
Classification of liabilities as current or non-current – Amendment to IAS 1	1 January 2024	The implementation had no impact.
Lease liability in a sale and leaseback – Amendments to IFRS 16	1 January 2024	Unlikely there will be a material impact.
Lack of exchangeability – Amendments to IAS 21	1 January 2025	Unlikely there will be a material impact.
Classification and measurement of financial instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026	Unlikely there will be a material impact.
IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027	Unlikely there will be a material impact.
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027	Impact is currently being assessed but assumed to be material.

4. Intangible assets

Rm	2024			2023		
	Cost/ valuation	Accumulated amortisation	Carrying value	Cost/ valuation	Accumulated amortisation	Carrying value
Computer software, other	346	(127)	219	291	(80)	211

Reconciliation of intangible assets – 2024

Rm	Opening balance	Additions	Transfer	Disposals	Amortisation	Total
Computer software, other	211	45	6	(1)	(42)	219

Reconciliation of intangible assets – 2023

Rm	Opening balance	Additions	Amortisation	Total
Computer software, other	175	73	(37)	211

Notes to the financial statements

5. Equipment

Rm	2024			2023		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	72	(62)	10	68	(51)	17
Motor vehicles	1	–	1	1	–	1
IT equipment	240	(173)	67	220	(153)	67
Leasehold improvements	54	(34)	20	47	(26)	21
Total	367	(269)	98	336	(230)	106

Reconciliation of equipment – 2024

Rm	Opening balance	Additions	Transfer	Disposals	Depreciation	Total
Furniture and fixtures	17	4	–	–	(11)	10
Motor vehicles	1	–	–	–	–	1
IT equipment	67	39	(6)	(1)	(32)	67
Leasehold improvements	21	7	–	–	(8)	20
	106	50	(6)	(1)	(51)	98

Reconciliation of equipment – 2023

Rm	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	27	2	–	(12)	17
Motor vehicles	1	–	–	–	1
IT equipment	69	49	(7)	(44)	67
Leasehold improvements	26	2	–	(7)	21
	123	53	(7)	(63)	106

6. Leases (company as lessee)

The Company leases several assets, including buildings, office equipment and motor vehicles. The lease of Wanooka Place makes up the majority of the right-of-use asset, which had an original lease term of seven years beginning on 1 July 2019, but in 2023 the lease was subsequently renewed for a further seven years.

All future cash flows to which the lessee is potentially exposed to are reflected in the measurement of lease liabilities.

Details pertaining to leasing arrangements, where the Company is a lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Rm	2024	2023
Leasehold property	473	512
Motor vehicles	54	32
	527	544

Additions to /(disposals of) right-of-use assets

Rm	2024	2023
Leasehold property	20	356
Motor vehicles	41	18
Office equipment	1	1
	62	375

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 21).

Rm	2024	2023
Leasehold property	59	59
Motor vehicles	19	15
Office equipment	1	1
	79	75

Other disclosures

Rm	2024	2023
Interest expense on lease liabilities	55	47
Expenses on short-term leases included in operating expenses	4	10
Variable lease payments not included in the measurement	14	50

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Rm	2024	2023
Within one year	108	94
Two to five years	418	362
More than five years	382	481
	908	937
Lease liabilities	642	629

7. Investment in subsidiaries

The following table lists the entities which are controlled directly by the Company, and the carrying amounts of the investments in the Company's separate financial statements.

Name of company	Held by	% holding 2024	% holding 2023	Carrying amount 2024 R million	Carrying amount 2023 R million
Old Mutual Alternative Risk Transfer Insure Limited	Old Mutual Insure Limited	100%	100%	137	169
Credit Guarantee Insurance Corporation of Africa Limited	Old Mutual Insure Limited	75%	75%	1 169	1 337
Elite Risk Acceptances Proprietary Limited	Old Mutual Insure Limited	100%	100%	22	20
Sintelum Proprietary Limited	Old Mutual Insure Limited	100%	100%	169	162
Old Mutual Holdings (Mauritius) Limited	Old Mutual Insure Limited	100%	100%	6	8
Versma Bestuurdienste Proprietary Limited	Old Mutual Insure Limited	51%	51%	22	21
Primak Insurance Brokers Proprietary Limited	Old Mutual Insure Limited	51%	51%	15	15
ONE Financial Services Holdings Proprietary Limited	Old Mutual Insure Limited	51%	51%	640	477
GENRIC Insurance Company Limited	Old Mutual Insure Limited	100%	100%	278	371
				2 458	2 580

In 2023 the Company acquired 100% of the share capital of GENRIC Insurance Company Limited a South African non-life insurer during the year for a consideration of R302 million.

Notes to the financial statements

8. Investment in associates

The following table lists all of the associates in the Company:

Name of company	Held by	% ownership interest 2024	% ownership interest 2023	Carrying amount 2024 R million	Carrying amount 2023 R million
Merx Underwriting Managers Proprietary Limited	Old Mutual Insure Limited	25%	25%	9	9
Frontline Underwriting Managers Proprietary Limited	Old Mutual Insure Limited	50%	–	15	–
				24	9

During the year the Company acquired 50% of the share capital of Frontline Underwriting Managers Proprietary Limited a South African underwriting manager for a consideration of R15 million.

Aggregated individually immaterial associates accounted for using the equity method

Rm	Carrying amount 2024	Carrying amount 2023
Carrying value of investments	24	9
Share of profit/(loss) from continuing operations	–	(1)

9. Investment in employee share trusts

Interest in employee share trusts

The Mutual and Federal Management Incentive Trust, The Mutual and Federal Senior Black Management Trust, Old Mutual Insure Employee Incentive Trust and Old Mutual Insure Broad-based Black Economic Empowerment Employee Trust (the employee share trusts) were set up for the benefit of employees. The Mutual and Federal Development trust was set up for the primary objective to provide or secure finance for black brokers wishing to develop brokerage business to service the non-life insurance market in South Africa. Legally all shares are held by the trusts. The statement of financial positions of the employee share trusts are set out below:

Name of company	Carrying amount 2024	Carrying amount 2023
Rm		
The Mutual and Federal Management Incentive Trust	129	159
The Mutual and Federal Senior Black Management Trust	123	126
The Mutual and Federal Development Trust	57	51
Old Mutual Insure Employee Incentive Trust	99	87
Old Mutual Insure Broad-based Black Economic Empowerment Trust	132	148
	540	571

Summarised financial information of employee share trust

2024

Summarised statement of financial position

Assets Rm	Investment in Old Mutual shares*	Other assets	Total assets
The Mutual and Federal Management Incentive Trust	–	131	131
The Mutual and Federal Senior Black Management Trust	–	124	124
The Mutual and Federal Development Trust	26	61	87
Old Mutual Insure Employee Incentive Trust	96	5	101
Old Mutual Insure Broad-based Black Economic Empowerment Trust	126	12	138
	248	333	581

Liabilities Rm	Loan from Old Mutual Insure	Other current liabilities	Total liabilities
The Mutual and Federal Management Incentive Trust	–	(2)	(2)
The Mutual and Federal Senior Black Management Trust	–	(1)	(1)
The Mutual and Federal Development Trust	(14)	(16)	(30)
Old Mutual Insure Employee Incentive Trust	–	(2)	(2)
Old Mutual Insure Broad-based Black Economic Empowerment Trust	–	(6)	(6)
	(14)	(27)	(41)

* The closing market value is calculated using the closing Old Mutual Limited share price of R12.51 at 31 December 2024

2023

Summarised statement of financial position

Assets Rm	Investment in Old Mutual shares*	Other assets	Total current assets
The Mutual and Federal Management Incentive Trust	39	127	166
The Mutual and Federal Senior Black Management Trust	18	117	135
The Mutual and Federal Development Trust	27	53	80
Old Mutual Insure Employee Incentive Trust	93	4	97
Old Mutual Insure Broad-based Black Economic Empowerment Trust	150	11	161
	327	312	639

Liabilities Rm	Loan from Old Mutual Insure	Other current liabilities	Total liabilities
The Mutual and Federal Management Incentive Trust	–	(7)	(7)
The Mutual and Federal Senior Black Management Trust	–	(9)	(9)
The Mutual and Federal Development Trust	(14)	(15)	(29)
Old Mutual Insure Employee Incentive Trust	–	(10)	(10)
Old Mutual Insure Broad-based Black Economic Empowerment Trust	–	(13)	(13)
	(14)	(54)	(68)

* The closing market value is calculated using the closing Old Mutual Limited share price of R12.98 at 31 December 2023

Valuation techniques and inputs

The value of these employee trusts is calculated using net asset value, as the net asset value approximates fair value. The listed ordinary Old Mutual Limited shares are the main asset in these trusts. The fair value of the shares is obtained from an active market. Please refer to note 34 for further information on the fair value hierarchy.

10. Loans to share trusts

Schedule of loans to share trusts

Rm	2024	2023
The Mutual and Federal Development Trust	14	14
The Mutual and Federal Management Incentive Trust (Namibia)	7	7
	21	21

Notes to the financial statements

11. Retirement benefits

Defined benefit plan

Defined benefit plan obligation

The Company has an obligation to staff employed before 15 March 1999 for post-retirement medical aid subsidies in respect of retired and existing employees. Per this plan the Company has an obligation in respect of the post-retirement medical aid cost of the following members:

- Current continuation members (i.e. members who retired from the service of the employer or whose service was terminated by the employer on account of age, ill-health or other disability, and dependants of members who have died in service or after retirement); and
- Future continuation members (i.e. current in-service members who are eligible for an employer subsidy that are employees of Old Mutual Insure Limited Group and joined prior to 15 March 1999). This defined benefit plan exposes the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The obligation is calculated in accordance with Advisory Practice Note 301 of the Actuarial Society of South Africa and uses the projected unit credit method. The valuation date is 31 December 2024.

Defined benefit plan asset

The defined benefit plan is administered by a single medical fund that is legally separated from the Company.

There is no asset ceiling applicable to the defined benefit plan asset, and there were no plan amendments, curtailments or settlements.

The Company has provided for this liability towards the retired members by purchasing a Company annuity policy from Old Mutual Life Assurance Company (South Africa) Limited (OMLACSA), with the medical scheme being the beneficiary of the policy. The annuity policy is effectively an insurance policy with the following characteristics:

- The annuity guarantees the present value of the liability using the consumer price index as the base for the escalating benefits in respect of existing retirees only;
- The policy will take on the liability in respect of the in-service members employed before 15 March 1999 and members of the designated fund, as and when they retire; and
- The Company will take on the shortfall between the actual subsidy increases and the contractual price index (CPI) escalation that is declared each year; and to cater for the above shortfalls, additional premiums will be payable by the Company in the future.

Carrying value

Rm	2024	2023
Present value of the defined benefit obligation – wholly unfunded	(154)	(162)
Fair value of plan assets	141	147
	(13)	(15)

Reconciliation of defined benefit obligation

Rm	2024	2023
Opening balance	(162)	(156)
Current service cost	(1)	(1)
Interest cost	(16)	(15)
Actuarial gain/(loss)	9	(5)
Benefits paid	16	15
	(154)	(162)

Reconciliation of plan assets

Rm	2024	2023
Opening balance	147	137
Interest return	17	12
Actuarial (loss)/gain	(7)	11
Benefits paid	(16)	(15)
Contributions received	–	2
	141	147

Asset allocation

	2024	2023
Cash and Money Market	5%	1%
Insurance policy	95%	99%
	100%	100%

Key assumptions used

	2024	2023
Assumptions used on last valuation		
Retirement ages	62 years	62 years
Discount rates – in-service members	12.50%	12.50%
Discount rates – continuation members	9.90%	10.00%
Medical inflation rate – continuation members	6.10%	6.90%
Expected investment return	10.21%	10.30%

Mortality rates of in service members are in accordance with the SA 85 – 90 (Light) ultimate table and mortality rates of continuation members are in accordance with PA90, adjusted for the Company's experience and mortality improvements.

Sensitivity analysis

The impact on profit or loss for the Company when the discount rate is increased by 1% is an increase of R10 million (2023: R5.7 million), when the discount rate is decreased by 1%, a decrease of R12 million (2023: R21 million). The impact on profit or loss for the Company when the medical inflation rate is increased by 1%, is a decrease of R13 million (2023: R22 million) and when the medical inflation rate is decreased by 1%, an increase of R11 million (2023: R6.8 million).

12. Trade and other receivables

Rm	2024	2023 Restated*
Financial instruments		
Trade receivables	263	332
Trade receivables – related parties	19	26
Loss allowance	(21)	(4)
Trade receivables at amortised cost	261	354
Accrued interest	70	56
Non-financial instruments		
VAT	–	18
Prepayments	125	100
Total trade and other receivables	456	528

* These numbers have been restated; refer to note 37

Exposure to credit risk

A loss allowance of R21 million (2023: R4 million) has been recognised in the current year. A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 *Financial Instruments*, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The Company's historical credit loss experience does not show significantly different loss patterns for different customer segments.

13. Cash and cash equivalents

Rm	2024	2023
Cash and cash equivalents consist of:		
Bank balances	1 175	949
Short-term deposits	484	321
	1 659	1 270

14. Insurance and reinsurance contracts

Rm	2024	2023 Restated*
Insurance contract liabilities	(3 865)	(3 971)
Reinsurance contract assets	2 365	2 586
Reinsurance contract liabilities	(185)	(141)

Notes to the financial statements

15. Insurance contracts issued

Reconciliation of the liability for remaining coverage and the liability for incurred claims
2024

Insurance contracts issued Rm	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding loss component	Loss component		
Opening insurance contract liabilities	693	13	3 265	3 971
Insurance revenue	(13 473)	–	–	(13 473)
Insurance service expenses				
Incurring claims and other directly attributable expenses	–	–	9 822	9 822
Changes that relate to past service – adjustments to the LIC	–	–	(420)	(420)
Losses on onerous contracts and reversal of those losses	–	(5)	–	(5)
Insurance acquisition cash flows amortisation	1 846	–	–	1 846
Insurance service expenses	1 846	(5)	9 402	11 243
Insurance service result	(11 627)	(5)	9 402	(2 230)
Finance expenses from insurance contracts issued	–	–	151	151
Total amounts recognised in comprehensive income	(11 627)	(5)	9 553	(2 079)
Other changes	–	–	(99)	(99)
Cash flows				
Premiums received	13 538	–	–	13 538
Claims and other directly attributable expenses paid	–	–	(9 592)	(9 592)
Insurance acquisition cash flows	(1 874)	–	–	(1 874)
Total cash flows	11 664	–	(9 592)	2 072
Net balance at the end of the year	730	8	3 127	3 865

2023 restated*

Insurance contracts issued Rm	Liability for remaining coverage		Liability for incurred claims	Total
	Excluding loss component	Loss component		
Opening insurance contract liabilities	417	13	3 139	3 569
Insurance revenue	(12 515)	–	–	(12 515)
Insurance service expenses				
Incurring claims and other directly attributable expenses	–	–	10 296	10 296
Changes that relate to past service – adjustments to the LIC	–	–	(457)	(457)
Insurance acquisition cash flows amortisation	1 709	–	–	1 709
Insurance service expenses	1 709	–	9 839	11 548
Insurance service result	(10 806)	–	9 839	(967)
Finance expenses from insurance contracts issued	–	–	133	133
Total amounts recognised in comprehensive income	(10 806)	–	9 972	(834)
Other changes	–	–	(95)	(95)
Cash flows				
Premiums received	12 820	–	–	12 820
Claims and other directly attributable expenses paid	–	–	(9 751)	(9 751)
Insurance acquisition cash flows	(1 738)	–	–	(1 738)
Total cash flows	11 082	–	(9 751)	1 331
Net balance at the end of the year	693	13	3 265	3 971

* The amounts within this note have been restated; refer to note 37

Reconciliation of the measurement components of insurance contract balances 2024

Insurance contracts issued Rm	Present value of future cash flows	Risk adjusted for non- financial risk	Total
Opening insurance contract liabilities	3 869	102	3 971
Changes that relate to current service			
Insurance revenue from contracts measured under the PAA	(13 473)	–	(13 473)
Experience adjustments	11 575	93	11 668
	(1 898)	93	(1 805)
Changes that relate to future service			
Changes in estimates that result in onerous contract losses or reversal of losses	(5)	–	(5)
	(5)	–	(5)
Changes that relate to past service			
Changes that relate to past service – adjustments to the LIC	(355)	(65)	(420)
Insurance service result	(2 258)	28	(2 230)
Finance (income)/expenses from insurance contracts issued	146	5	151
Total amounts recognised in comprehensive income	(2 112)	33	(2 079)
Other changes	(99)	–	(99)
Cash flows			
Premiums received	13 538	–	13 538
Claims and other directly attributable expenses paid	(9 592)	–	(9 592)
Insurance acquisition cash flows	(1 874)	–	(1 874)
Total cash flows	2 072	–	2 072
Net balance at the end of the year	3 730	135	3 865
Closing insurance contract liabilities	3 730	135	3 865

2023 restated*

Insurance contracts issued Rm	Present value of future cash flows	Risk adjusted for non- financial risk	Total
Opening insurance contract liabilities	3 433	136	3 569
Changes that relate to current service			
Insurance revenue from contracts measured under the PAA	(12 515)	–	(12 515)
Experience adjustments	11 932	73	12 005
	(583)	73	(510)
Changes that relate to past service			
Changes that relate to past service – adjustments to the LIC	(344)	(113)	(457)
Insurance service result	(927)	(40)	(967)
Finance (income)/expenses from insurance contracts issued	127	6	133
Total amounts recognised in comprehensive income	(800)	(34)	(834)
Other changes	(95)	–	(95)
Cash flows			
Premiums received	12 820	–	12 820
Claims and other directly attributable expenses paid	(9 751)	–	(9 751)
Insurance acquisition cash flows	(1 738)	–	(1 738)
Total cash flows	1 331	–	1 331
Net balance at the end of the year	3 869	102	3 971
Closing insurance contract liabilities	3 869	102	3 971

* The amounts within this note have been restated; refer to note 37

Notes to the financial statements

15. Insurance contracts issued continued Reconciliation of the remaining coverage and incurred claims 2024

Reinsurance contracts held Rm	Remaining coverage	Incurred claims	Total
Opening reinsurance contract liabilities	(97)	(44)	(141)
Opening reinsurance contract assets	(668)	3 254	2 586
Net balance at beginning of the year	(765)	3 210	2 445
Net income/(expenses) from reinsurance contracts held			
Reinsurance expenses	(1 802)	–	(1 802)
Claims recovered	–	1 004	1 004
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	–	(440)	(440)
Net income/(expenses) from reinsurance contracts held	(1 802)	564	(1 238)
Finance expenses from reinsurance contracts issued	–	65	65
Total amounts recognised in comprehensive income	(1 802)	629	(1 173)
Investment components	(78)	78	–
Cash flows			
Premiums paid	2 497	–	2 497
Claims received	–	(1 589)	(1 589)
Total cash flows	2 497	(1 589)	908
Net balance at the end of the year	(148)	2 328	2 180
Closing reinsurance contract liabilities	(181)	(4)	(185)
Closing reinsurance contract assets	33	2 332	2 365
Net balance at the end of the year	(148)	2 328	2 180

2023 restated*

Reinsurance contracts held Rm	Remaining coverage	Incurred claims	Total
Opening reinsurance contract liabilities	(160)	89	(71)
Opening reinsurance contract assets	36	2 499	2 535
Net balance at beginning of the year	(124)	2 588	2 464
Net income/(expenses) from reinsurance contracts held			
Reinsurance expenses	(2 168)	–	(2 168)
Claims recovered	–	910	910
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	–	94	94
Changes that relate to future service	(4)	–	(4)
Net income/(expenses) from reinsurance contracts held	(2 172)	1 004	(1 168)
Finance expenses from reinsurance contracts issued	–	67	67
Total amounts recognised in comprehensive income	(2 172)	1 071	(1 101)
Investment components	(97)	97	–
Cash flows			
Premiums paid	1 623	–	1 623
Claims received	–	(541)	(541)
Total cash flows	1 623	(541)	1 082
Net balance at the end of the year	(770)	3 215	2 445
Closing reinsurance contract liabilities	(97)	(44)	(141)
Closing reinsurance contract assets	(673)	3 259	2 586
Net balance at the end of the year	(770)	3 215	2 445

* The amounts within this note have been restated; refer to note 37

Reconciliation of the measurement components of reinsurance contract balances 2024

Reinsurance contracts held Rm	Present value of future cash flows	Risk adjusted for non- financial risk	Total
Opening reinsurance contract liabilities	(141)	–	(141)
Opening reinsurance contract assets	2 545	41	2 586
Net balance at beginning of the year	2 404	41	2 445
Changes that relate to current service			
Reinsurance expenses – contracts measured under the PAA	(1 802)	–	(1 802)
Experience adjustments	984	20	1 004
	(818)	20	(798)
Changes that relate to past service			
Changes that relate to past service – adjustments to the incurred claims	(424)	(16)	(440)
Net income/(expenses) from reinsurance contracts held	(1 242)	4	(1 238)
Finance income/(expenses) from reinsurance contracts held	63	2	65
Total amounts recognised in comprehensive income	(1 179)	6	(1 173)
Cash flows			
Premiums paid net of ceding commissions	2 497	–	2 497
Recoveries from reinsurance	(1 589)	–	(1 589)
Total cash flows	908	–	908
Net balance at the end of the year	2 133	47	2 180
Closing insurance contract liabilities	(185)	–	(185)
Closing reinsurance contract assets	2 318	47	2 365
Net balance at the end of the year	2 133	47	2 180

2023 restated*

Reinsurance contracts held Rm	Present value of future cash flows	Risk adjusted for non- financial risk	Total
Opening insurance contract liabilities	(75)	4	(71)
Opening insurance contract assets	2 473	62	2 535
Net balance at beginning of the year	2 398	66	2 464
Changes that relate to current service			
Reinsurance expenses – contracts measured under the PAA	(2 168)	–	(2 168)
Experience adjustments	889	21	910
Changes that relate to future service			
Changes in the FCF that do not adjust the CSM for the group of underlying insurance contracts	(4)	–	(4)
	(4)	–	(4)
Changes that relate to past service			
Changes that relate to past service – adjustments to the incurred claims	143	(49)	94
Net income/(expenses) from reinsurance contracts held	(1 140)	(28)	(1 168)
Finance income/(expenses) from reinsurance contracts held	64	3	67
Total amounts recognised in comprehensive income	(1 076)	(25)	(1 101)
Cash flows			
Premiums paid net of ceding commissions	1 623	–	1 623
Recoveries from reinsurance	(541)	–	(541)
Total cash flows	1 082	–	1 082
Net balance at the end of the year	2 404	41	2 445
Closing insurance contract liabilities	(141)	–	(141)
Closing insurance contract assets	2 545	41	2 586
Net balance at end of year	2 404	41	2 445

* The amounts within this note have been restated; refer to note 37

Notes to the financial statements

15. Insurance contracts issued continued

Reconciliation of the measurement components of reinsurance contract balances continued

The reinsurance portion of the incurred claims component of the insurance contract liabilities disclosed above is inclusive of an amount owed by the reinsurers to the Company as reported per the reinsurance bordereau. The values relating to the reinsurer debtors as at the year end are presented in the table below which discloses the composition of the incurred claims.

Reinsurance contracts issued Rm	2024	2023 Restated*
BEL undiscounted	1 183	1 230
BEL discounted	(68)	(96)
RA (discounted)	47	41
Incurring claims component	1 162	1 175
Other insurance balances	-	-
Reinsurance agents balances	1 166	2 040
Total liabilities for incurred claims	2 328	3 215

* The amounts within this note have been restated; refer to note 37

Gross claims payment development

Reporting year	Estimate of cumulative claims gross of reinsurance						
	Total	2024	2023	2022	2021	2020	2019 and prior
Rm							
At the end of accident year	37 492	7 086	6 947	9 325	6 561	7 573	-
One year later	28 453	-	6 660	8 670	6 386	6 737	-
Two years later	21 631	-	-	8 549	6 345	6 737	-
Three years later	13 106	-	-	-	6 349	6 757	-
Four years later	6 750	-	-	-	-	6 750	-
Five years later	55 065	-	-	-	-	-	55 065
	90 459	7 086	6 660	8 549	6 349	6 750	55 065
Cumulative payments	(87 215)	(5 134)	(6 103)	(8 407)	(6 199)	(6 481)	(54 891)
Gross undiscounted liabilities for incurred claims	3 244	1 952	557	142	150	269	174
Amounts subject to uncertainty	129						
Effect of discounting	(246)						
Total gross liabilities for incurred claims	3 127						

Net claims payment development

Reporting year	Estimate of cumulative claims net of reinsurance						
	Total	2024	2023	2022	2021	2020	2019 and prior
Rm							
At the end of accident year	29 148	6 317	6 070	6 702	5 288	4 771	-
One year later	20 984	-	5 431	6 874	4 654	4 024	-
Two years later	14 694	-	-	6 551	3 779	4 365	-
Three years later	9 068	-	-	-	3 595	5 474	-
Four years later	5 230	-	-	-	-	5 230	-
Five years later	46 197	-	-	-	-	-	46 197
	73 320	6 317	5 431	6 551	3 595	5 230	46 197
Cumulative payments	(71 309)	(4 779)	(5 287)	(6 467)	(3 535)	(5 167)	(46 073)
Gross undiscounted liabilities for incurred claims	2 011	1 537	144	83	60	63	124
Amounts subject to uncertainty	129						
Effect of discounting							
Reinsurance debtor	(1 166)						
Total gross liabilities for incurred claims	799						

16. Deferred tax

Rm	2024	2023
Deferred tax liability		
Investments	(9)	(4)
Netted against assets	30	80
Transitional adjustment*	(6)	(67)
Other deferred tax liability	(15)	(9)
Total deferred tax liability	-	-
Deferred tax asset		
Share grant	25	32
Right-of-use asset/lease liability	31	23
Provisions	88	64
Retirement benefits	4	4
Property and equipment	9	5
Netted against liabilities	(30)	(80)
Other temporary differences	-	1
Deferred tax balance from temporary differences other than unused tax losses	127	49
Total deferred tax asset	127	49
* The transitional tax impact of IFRS 17 is R64 million post the amendments to S28 of the Income Tax Act (2023: R128 million) which will be realised over the remaining phase-in period of one year (2025: final year).		
Reconciliation of deferred tax asset/(liability)		
At beginning of year	49	(31)
(Decrease)/increase in share grants and share schemes	(3)	12
Temporary differences arising from property and equipment	4	3
(Increase)/decrease in investments and securities	(5)	5
Movement in other temporary differences	24	49
IFRS 17 transition	61	(4)
Prior year adjustment	(3)	15
	127	49

17. Share-based payment liability

Rm	2024	2023
Employee share awards (Old Mutual Limited shares)	(67)	(60)

Overview of the employee incentive programmes

The Mutual and Federal Management Incentive Scheme and the Old Mutual Insure Employee Incentive Trust

The primary purpose of these schemes is to attract, reward and retain senior and middle management. Restricted shares (RSP) are awarded to management for retention and attraction purposes.

Bonus plan

40% of an employee's before tax bonus is invested in ordinary Old Mutual Limited shares. The RSP shares are not subject to corporate performance targets (CPTs) and will vest immediately, subject to the condition that the employee remains in the Company's employment for a period of three years from grant date. Participants are paid dividends in respect of the RSP share awards and are entitled to exercise the voting rights in respect of the ordinary Old Mutual Limited shares.

Long-term incentive plan (LTIP)

A long-term incentive plan is awarded to key employees who are critical to the Company achieving its strategic and financial objectives over three years. The share awards are subject to employees meeting CPTs and will be determined at the time of vesting based on multiples of the employees' total guaranteed pay.

The Mutual and Federal Senior Black Management Incentive Scheme and the Old Mutual Insure Broad-based Black Economic Empowerment Employee Scheme

These schemes operate for the benefit of selected senior black management of the Company for retention and attraction purposes.

Notes to the financial statements

17. Share-based payment liability continued

Overview of the employee incentive programmes continued

Bonus plan

The RSP shares are not subject to CPTs and will vest immediately, subject to the condition that the employee remains in the Company's employment for a period of three years from grant date. Participants are paid dividends in respect of the RSP share awards and are entitled to exercise the voting rights in respect of the ordinary Old Mutual Limited shares. 40% of an employee's before tax bonus is invested in ordinary Old Mutual Limited shares.

Retention plan

RSP share awards are not subject to CPTs and will vest immediately, subject to the resolute condition that the participant remains in the employment of the Company for a period of time. Participants are paid dividends in respect of RSP share awards and are entitled to exercise the voting rights in respect of the ordinary Old Mutual Limited shares. Participants may only take delivery of the shares at the following intervals: four years (one-third), five years (one-third) and six years (one-third).

Long-term incentive plan (LTIP)

A long-term incentive plan is awarded to key employees who are critical to the Company achieving its strategic and financial objectives over three years. The share awards are subject to employees meeting CPTs and will be determined at the time of vesting based on multiples of the employees' total guaranteed pay.

All of the above are cash-settled plans, in terms of IFRS 2 *Share Based Payments* as the Company is not obliged to settle with Old Mutual Insure Limited equity.

	The Mutual and Federal Senior Black Management Trust	Old Mutual Insure Employee Incentive Trust	Old Mutual Insure Broad-based Black Economic Empowerment Employee Trust
At 1 January 2023	148 055	4 009 646	8 619 159
Number of shares granted	–	2 916 688	3 408 590
Number of shares vested/settled	(134 891)	(1 741 310)	(3 472 009)
Number of shares forfeited due to resignations	(7 848)	(393 261)	(1 765 637)
Number of shares reinstated	–	(15 248)	(56 799)
At 31 December 2023	5 316	4 776 515	6 733 304
Number of shares granted	–	2 941 218	3 829 149
Number of shares vested/settled	(5 298)	(1 647 551)	(2 685 661)
Number of shares forfeited due to resignations	–	(860 991)	(2 526 680)
Number of shares transferred between trusts*	–	81 182	174 466
Total number of shares in issue at 31 December 2024	18	5 290 373	5 524 579

* Shares transferred between trusts as well as the transfer of shares from the holding company due to staff movements

The share price of Old Mutual Limited shares at 31 December 2024 was R12.51 (2023: R12.98).

The share price at grant date was used to determine the fair value of the RSPs. Expected dividends were not considered when the fair value of the RSPs was determined as the holders of the RSPs are entitled to dividends throughout the vesting period of the shares. Dividends are received by the share trust and then paid directly to the holders of the RSPs. The payment of dividends is offset against the dividend income.

18. Trade and other payables

Rm	2024	2023 Restated*
Financial instruments		
Trade payables	51	73
Trade payables – related parties	35	22
Other payables	261	197
Commission payables	174	283
Non-financial instruments		
VAT	33	–
	554	575

* The amounts within this note have been restated; refer to note 37

19. Share capital

Rm	2024	2023
Authorised		
350 000 000 ordinary shares of 10 cents each	35	35
Issued		
319 823 467 ordinary shares of 10 cent each (2023: 319 823 467)	32	32
Share premium	2 580	2 580
	2 612	2 612

20. Insurance revenue and expenses

Insurance revenue and insurance service result

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held by product line for 2024 and 2023 is included in the following table:

Rm	2024	2023
Insurance revenue		
Insurance revenue from contracts measured under the PAA	13 473	12 515
Total insurance revenue	13 473	12 515
Insurance service expenses		
Incurred claims and other directly attributable expenses	(9 822)	(10 296)
Changes that relate to past service – adjustments to the LIC	420	457
Losses on onerous contracts and reversal of those losses	5	–
Insurance acquisition cash flows amortisation	(1 846)	(1 709)
Total insurance service expenses	(11 243)	(11 548)
Reinsurance expenses – contracts measured under the PAA	(1 802)	(2 168)
Claims recovered	1 004	910
Changes that relate to past service – adjustments to incurred claims	(440)	90
Total net expenses from reinsurance contracts held	(1 238)	(1 168)
Total insurance service result	992	201

21. Operating profit

Operating profit for the year is stated after charging the following, among others:

Expenses by nature

The total marketing expenses, general and administrative expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Rm	2024	2023
Employee costs	1 910	1 765
Audit fees	21	26
Non-audit service fees	2	2
Depreciation, amortisation and impairment	172	175
Directors' emoluments	5	5
Foreign exchange loss/(gain)	3	(13)
Lease expenses	18	60
Marketing expenses	201	222
Professional fees	177	168
Computer expenses	340	305
Administration fees	50	52
Repairs and maintenance of property and equipment	23	36
Other expenses and recoveries	(115)	317
	2 807	3 120
Less: Amounts attributed to insurance service expenses	(2 398)	(2 734)
	409	386

Notes to the financial statements

22. Investment income

Rm	2024	2023
Dividend income		
Group entities		
Subsidiaries – Local	340	188
Equity instruments at fair value through profit or loss		
Unlisted investments – Local	1	4
Total dividend income	341	192
Interest income		
Bank and other cash	137	106
Investment and securities	274	216
Loans receivable at amortised cost	–	1
Other	1	2
Total interest income	412	325
Fair value gains and losses		
Subsidiaries	(122)	659
Investments and securities	14	(27)
Old Mutual Limited shares	(5)	7
Share trusts	41	27
Realised (losses)/gains	(2)	50
Total fair value gains and losses	(74)	716
Total investment income	679	1 233

23. Finance costs

Rm	2024	2023
Lease liabilities	55	47
Interest paid on debt instrument	70	48
Total finance costs	125	95

24. Taxation

Major components of the tax expense

Rm	2024	2023
Current		
Local income tax – current period	306	8
Local income tax – prior period (over)/under provision	(1)	1
Foreign income tax or withholding tax – current period	3	–
	308	9
Deferred		
Originating and reversing temporary differences	(81)	(65)
Arising from previously unrecognised tax loss	3	(15)
	(78)	(80)
	230	(71)
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	1 101	535
Tax at the applicable tax rate of 27% (2023: 27%)	298	144
Tax effect of adjustments on taxable income		
Non-taxable income	(90)	(260)
Disallowed expenses	20	58
Prior year	1	(14)
Other	1	–
	230	(71)

25. Tax refunded/(paid)

Rm	2024	2023
Balance at beginning of the year	17	29
Current tax recognised in profit or loss	(308)	(9)
Balance at end of the year	124	(17)
	(167)	3

26. Loans receivable

Rm	2024	2023
Loans receivable are presented at amortised cost, which is net of loss allowance, as follows:		
Business loans	6	26
The loans are interest free with fixed repayment terms. The loans were issued as part of the Covid-19 relief programme to small businesses.		
EBM Project Proprietary Limited	1	1
The loan is unsecured and bears interest prime plus 2%.		
Independent Brokers Administrators	3	5
The loans are interest free with no fixed repayment terms.		
PWV Insurance Brokers Proprietary Limited	5	7
The loans are interest free with no fixed repayment terms.		
Letsema Brokers Solutions Proprietary Limited	62	–
The loan is unsecured and bears interest at the prime rate.		
	77	39

27. Investments and securities

Rm	2024	2023
Mandatorily at fair value through profit or loss:		
Listed shares	50	86
The fair value of the listed ordinary shares is based on a quoted market price in an active market of an identical instrument.		
Unlisted shares	20	20
The carrying value of the unlisted ordinary shares is based on a valuation of their net assets and where appropriate, an adjustment for systemic and non-systemic risk.		
Unlisted money market funds	4 007	2 748
The average interest rate on money market instruments earned during the year was 9.46% (2023: 7.63%)		
Preference shares	44	44
Preference shares are held with Letsema and have a preference share coupon rate of 72% of the prime interest rate.		
	4 121	2 898

28. Employee benefits

Rm	2024	2023
Leave accrual	69	62
Bonus accrual	222	149
	291	211

29. Debt instrument

Rm	2024	2023
Unsecured subordinated callable floating rate note	750	500

Old Mutual Capital Holdings Proprietary Limited provided unsecured subordinated debt of R750 million (2023: R500 million) to the Company. This was issued as a five-year floating rate note with a rate applied of three-month JIBAR with a spread of 155 bps.

Notes to the financial statements

30. Cash generated from/(used in) operations

Rm	2024	2023
Profit before taxation	1 101	535
Adjustments for non-cash items		
Depreciation, amortisation, impairments and reversals of impairments	172	175
Losses/(gains) on exchange differences	3	(13)
Fair value losses/(gains)	115	(689)
Finance cost on insurance contracts	151	133
Finance income on reinsurance contracts	(65)	(67)
Movement in defined benefit plan	(4)	2
Employee trust fair value movement	(41)	(27)
Movements in net insurance contract provisions	73	421
Non-cash flow movement in share-based payment	64	60
Movement in bad debt allowance	17	(46)
Adjust for items which are presented separately		
Interest income	(412)	(325)
Dividends received	(341)	(192)
Finance costs	125	95
Changes in working capital		
Decrease in trade and other receivables	69	(63)
(Decrease)/increase in trade and other payables	(21)	(97)
Increase in lease liability	13	–
Increase in employee benefits	80	22
	1 099	(76)

31. Related parties

Relationships

Ultimate holding company	Old Mutual Limited
Holding company	Mutual and Federal Investments Proprietary Limited
Subsidiaries	Refer to note 7
Employee share trusts	Refer to note 9
Associates	Refer to note 8
Fellow subsidiaries	Old Mutual Emerging Markets Proprietary Limited Old Mutual Life Assurance Company (South Africa) Limited Old Mutual Investment Group Limited Old Mutual Direct Holdings Limited Old Mutual Short-term Insurance (Botswana) Limited Old Mutual Short-term Insurance (Namibia) Limited Personal Financial Advice Limited

Relationships continued

Rm	2024	2023
Related party balances		
Loan accounts – Owning (to)/by related parties		
Mutual and Federal Development Trust	14	14
Mutual and Federal Management Incentive Trust (Namibia)	7	7
Old Mutual Capital Holdings Proprietary Limited	(750)	(500)
Amounts included in trade receivable/(trade payable) regarding related parties		
Old Mutual Limited Group entities	(35)	10
Old Mutual Short-term Insurance (Botswana) Limited	1	8
Old Mutual Short-term Insurance (Namibia) Limited	7	(22)
Old Mutual Alternative Risk Transfer Insurance Limited	3	–
Sintelum Proprietary Limited	6	6
Elite Risk Acceptances Proprietary Limited	2	2
Post-retirement medical aid asset		
Old Mutual Life Assurance Company (South Africa) Limited	141	147
Related party transactions		
Rent paid to/(received from) related parties		
Credit Guarantee Insurance Corporation of Africa Limited	(12)	(30)
Old Mutual Limited	6	40
Commission paid		
Old Mutual Life Assurance Company (South Africa) Limited	200	177
Administration fees paid to/(received from) related parties		
Old Mutual Limited Group entities	155	149
Old Mutual Alternative Risk Transfer Insure Limited	(36)	(26)
Credit Guarantee Insurance Corporation of Africa Limited	(7)	(6)
Elite Risk Acceptances Proprietary Limited	2	6
Sintelum Proprietary Limited	4	(25)
Old Mutual Short-term Insurance (Namibia) Limited	(15)	–
Old Mutual Short-term Insurance (Botswana) Limited	(13)	–
Reinsurance premium received		
Old Mutual Alternative Risk Transfer Insure Limited	(449)	(383)
GENRIC Insurance Company Limited	(31)	–
Reinsurance claims paid		
Old Mutual Alternative Risk Transfer Insure Limited	229	192
GENRIC Insurance Company Limited	14	–
Acquisition costs paid		
Old Mutual Alternative Risk Transfer Insure Limited	158	124
GENRIC Insurance Company Limited	7	–
Interest expense		
Old Mutual Capital Holdings Proprietary Limited	70	47
Dividends received from related parties		
Credit Guarantee Insurance Corporation of Africa Limited	300	188
Old Mutual Alternative Risk Transfer Insure Limited	40	–

Notes to the financial statements

32. Directors' and prescribed officers' emoluments

Executive 2024

Directors' emoluments R000	Basic salary	Bonuses and performance-related payments*	Pensions receivable or received	IFRS 2 expenses included in profit or loss	Total
Services as director or prescribed officer					
Mr G Napier	1 251	–	71	–	1 322
Ms L Bacela	3 491	1 948	183	647	6 269
Mr C Nortje	3 265	3 872	325	530	7 992
	8 007	5 820	579	1 177	15 583

* The bonus amount includes the cash portion for performance relating to the current year that is paid in the following year as well as any retention values paid during the year.

2023

Directors' emoluments R000	Basic salary	Bonuses and performance-related payments*	Pensions receivable or received	IFRS 2 expenses included in profit or loss	Total
Services as director or prescribed officer					
Mr G Napier	5 297	3 730	281	3 602	12 910
Ms L Bacela	3 174	1 196	206	195	4 771
	8 471	4 926	487	3 797	17 681

* The bonus amount includes the cash portion for performance relating to the current year that is paid in the following year as well as any retention values paid during the year.

Securities issued

The following shares were issued to the executive directors or individuals related to them in the year under review. Shares awarded for performance relating to the year under review are granted in the following year:

Issue date	Vesting date	Share price R	Opening number of shares	Number of shares granted	Number of vested shares	Number of forfeited shares	Closing number of shares	Estimate closing value at fair value R000
Ms L Bacela	31 March 2023	30 April 2024	12.51	5 082	–	–	5 082	64
	31 March 2023	30 April 2025	12.51	5 082	–	–	5 082	64
	31 March 2023	30 April 2026	12.51	5 082	–	–	5 082	64
	31 March 2023	30 April 2026	12.51	67 227	–	–	67 227	841
	8 April 2024	8 April 2025	12.51	–	23 644	–	23 644	296
	8 April 2024	8 April 2026	12.51	–	56 726	–	56 726	710
	8 April 2024	8 April 2027	12.51	–	56 726	–	56 726	710
	8 April 2024	8 April 2028	12.51	–	56 726	–	56 726	710
Mr G Napier	9 April 2021	9 April 2024	–	211 050	–	(211 050)	–	–
	9 April 2021	9 April 2025	–	194 216	–	(194 216)	–	–
	9 April 2021	9 April 2026	–	194 216	–	(194 216)	–	–
	31 December 2021	9 April 2025	–	32 807	–	(32 807)	–	–
	31 December 2021	9 April 2026	–	32 807	–	(32 807)	–	–
	13 April 2022	13 April 2025	–	120 558	–	(120 558)	–	–
	13 April 2022	13 April 2026	–	120 558	–	(120 558)	–	–
	13 April 2022	13 April 2027	–	120 558	–	(120 558)	–	–
	31 March 2023	31 March 2024	–	66 019	–	(66 019)	–	–
	31 March 2023	31 March 2025	–	66 019	–	(66 019)	–	–
	31 March 2023	31 March 2026	–	66 019	–	(66 019)	–	–
			1 307 300	193 822	(277 069)	(947 758)	276 295	3 459

	Issue date	Vesting date	Share price R	Opening number of shares	Number of shares transferred*	Number of shares granted	Number of vested shares	Number of forfeited shares	Closing number of shares	Estimate closing
Mr										
C Nortje	26 Mar 2020	26 Mar 2025	12.51		49 908				49 908	624
	9 Apr 2021	9 Apr 2025	12.51		77 606				77 606	971
	9 Apr 2021	9 Apr 2026	12.51		77 606				77 606	971
	3 Dec 2021	26 Mar 2025	12.51		8 431				8 431	106
	3 Dec 2021	9 Apr 2025	12.51		13 111				13 111	164
	3 Dec 2021	9 Apr 2026	12.51		13 112				13 112	164
	13 Apr 2022	13 Apr 2025	12.51		72 869				72 869	912
	13 Apr 2022	13 Apr 2026	12.51		38 738				38 738	485
	13 Apr 2022	13 Apr 2027	12.51		38 738				38 738	485
	31 Mar 2023	31 Mar 2025	12.51		41 681				41 681	521
	31 Mar 2023	31 Mar 2026	12.51		41 681				41 681	521
	8 Apr 2024	8 Apr 2025	12.51			44 128			44 128	552
	8 Apr 2024	8 Apr 2026	12.51			90 076			90 076	1 127
	8 Apr 2024	8 Apr 2027	12.51			90 076			90 076	1 127
	8 Apr 2024	8 Apr 2028	12.51			45 948			45 948	575
					473 481	270 228	-	-	743 709	9 305

Non-executive 2024

Directors' emoluments R000	Basic salary	Bonuses and performance-related payments*	Fees for services as director	Other material benefits	Pensions receivable or received	IFRS 2 fair value of unvested shares at year end [^]	Total
Services as director or prescribed officer							
Ms TP Zondi-Mthembu	-	-	1 417	-	-	-	1 417
Mr SC Gilbert	-	-	1 626	-	-	-	1 626
Mr IG Williamson	10 332	7 220	-	124	375	23 191	41 242
Ms N Sallie	-	-	670	-	-	-	670
Ms X Kakana	-	-	556	-	-	-	556
Mr R Fenner	-	-	424	-	-	-	424
Mr J Strydom	-	-	89	-	-	-	89
	10 332	7 220	4 782	124	375	23 191	46 024

* The bonus amount includes the cash portion for performance relating to the current year that is paid in the following year as well as any retention values paid during the year.

[^] Paid by Old Mutual Limited Group Company and the IFRS 2 Fair value of unvested shares at year end is valued using the equity-settled share-based payment methodology.

2023

Directors' emoluments R000	Basic salary	Bonuses and performance-related payments*	Fees for services as director	Other material benefits	Pensions receivable or received	IFRS 2 fair value of unvested shares at year end [^]	Total
Services as director or prescribed officer							
Mr GS Palser	-	-	903	-	-	-	903
Ms TP Zondi-Mthembu	-	-	1 311	-	-	-	1 311
Mr SC Gilbert	-	-	1 188	-	-	-	1 188
Mr MA Scharneck	-	-	1 579	-	-	-	1 579
Mr IG Williamson	9 817	7 924	-	187	356	13 058	31 342
Ms N Sallie	-	-	30	-	-	-	30
Ms X Kakana	-	-	346	-	-	-	346
	9 817	7 924	5 357	187	356	13 058	36 699

* The bonus amount includes the cash portion for performance relating to the current year that is paid in the following year as well as any retention values paid during the year.

[^] Paid by Old Mutual Limited Group Company and the IFRS 2 Fair value of unvested shares at year end is valued using the equity-settled share-based payment methodology.

Notes to the financial statements

32. Directors' and prescribed officers' emoluments continued Securities issued

	Issue date	Vesting date	Share price	Opening number of shares	Number of shares granted	Number of vested shares	Number of forfeited shares	Closing number of shares	Estimate closing value at fair value R000
Mr IG Williamson	9 April 2021	9 April 2024	12.51	735 877	–	264 714	471 163	–	–
	9 April 2021	9 April 2025	12.51	703 226	–	–	471 161	232 064	2 903
	9 April 2021	9 April 2026	12.51	703 225	–	–	471 162	232 065	2 903
	13 April 2022	13 April 2024	12.51	49 097	–	49 097	–	–	–
	13 April 2022	13 April 2025	12.51	388 473	–	–	–	388 473	4 860
	13 April 2022	13 April 2026	12.51	339 377	–	–	–	339 377	4 246
	13 April 2022	13 April 2027	12.51	339 377	–	–	–	339 377	4 246
	31 March 2023	31 March 2024	12.51	123 847	–	123 847	–	–	–
	31 March 2023	31 March 2025	12.51	123 847	–	–	–	123 847	1 549
	31 March 2023	31 March 2026	12.51	123 848	–	–	–	123 848	1 549
	8 March 2024	8 March 2025	12.51	–	156 661	–	–	156 661	1 960
	8 March 2024	8 March 2026	12.51	–	559 269	–	–	559 269	6 996
	8 March 2024	8 March 2027	12.51	–	559 269	–	–	559 269	6 996
	8 March 2024	8 March 2028	12.51	–	402 609	–	–	402 609	5 037
				3 630 194	1 677 808	437 658	1 413 486	3 456 859	43 245

33. Financial instruments and risk management

Categories of financial instruments

Categories of assets 2024

Rm	Notes	Total	Mandatorily at fair value through profit or loss	Designated fair value through profit or loss	Financial assets at amortised cost	Non-financial assets at fair value	Non-financial assets at other than fair value	Current assets*	Non-current assets*
Intangible assets	4	219	–	–	–	–	219	–	219
Equipment	5	98	–	–	–	–	98	–	98
Right-of-use asset	6	527	–	–	–	–	527	79	448
Deferred tax	16	127	–	–	–	–	127	–	127
Investments in subsidiaries	7	2 458	–	2 458	–	–	–	–	2 458
Investment in associate	8	24	–	–	–	–	24	–	24
Loans to share trusts	10	21	–	–	21	–	–	7	14
Interest in employee share trusts	9	540	–	540	–	–	–	–	540
Loans receivable	26	77	–	–	77	–	–	6	71
Retirement benefit asset	11	141	–	–	–	141	–	–	141
Reinsurance contract assets	14	2 365	–	–	–	–	2 365	2 172	193
Investments and securities	27	4 121	4 121	–	–	–	–	4 121	–
Trade and other receivables	12	456	–	–	331	–	125	456	–
Cash and cash equivalents	13	1 659	–	–	1 659	–	–	1 659	–
		12 833	4 121	2 998	2 088	141	3 485	8 500	4 333

* Current assets and liabilities refer to amounts that are expected to be recovered or settled within 12 months from the reporting date and non-current assets and liabilities refer to amounts that are expected to be recovered or settled after 12 months from the reporting date.

Categories of assets 2023

Rm	Notes	Total	Mandatorily at fair value through profit or loss	Designated fair value through profit or loss	Financial assets at amortised cost	Non- financial assets at fair value	Non- financial assets at other than fair value	Current assets*	Non- current assets*
Intangible assets	4	211	–	–	–	–	211	–	211
Equipment	5	106	–	–	–	–	106	–	106
Right-of-use asset	16	544	–	–	–	–	544	83	461
Deferred tax	16	49	–	–	–	–	49	–	49
Investments in subsidiaries	7	2 580	–	2 580	–	–	–	–	2 580
Investment in associate	8	9	–	–	–	–	9	–	9
Loans to share trusts	10	21	–	–	21	–	–	7	14
Interest in employee share trusts	9	571	–	571	–	–	–	–	571
Loans receivable	26	39	–	–	39	–	–	–	39
Retirement benefit asset	11	147	–	–	–	147	–	–	147
Reinsurance contract assets	29	2 586	–	–	–	–	2 586	1 950	636
Investment and securities	27	2 898	2 898	–	–	–	–	2 898	–
Current tax receivable	25	17	–	–	–	–	17	17	–
Trade and other receivables	12	528	–	–	410	–	118	528	–
Cash and cash equivalents	13	1 270	–	–	1 270	–	–	1 270	–
		11 576	2 898	3 151	1 740	147	3 640	6 753	4 823

* Current assets and liabilities refer to amounts that are expected to be recovered or settled within 12 months from the reporting date and non-current assets and liabilities refer to amounts that are expected to be recovered or settled after 12 months from the reporting date.

Categories of liabilities 2024

Rm	Notes	Total	Designated fair value through profit or loss	Financial liabilities at amortised cost	Non- financial liabilities at fair value	Non- financial liabilities at other than fair value	Current liabilities*	Non- current liabilities*
Insurance contract liabilities	14	3 865	–	–	–	3 865	3 072	793
Lease liabilities	6	642	–	–	–	642	54	588
Debt instrument	29	750	–	750	–	–	–	750
Reinsurance contract liabilities	14	185	–	–	–	185	170	15
Retirement benefit obligation	11	154	–	–	–	154	–	154
Share-based payment liability	17	67	–	–	–	67	44	23
Employee benefits	28	291	–	–	–	291	291	–
Current tax payable	25	124	–	–	–	124	124	–
Trade and other payables	18	554	–	521	–	33	554	–
		6 632	–	1 271	–	5 361	4 309	2 323

* Current assets and liabilities refer to amounts that are expected to be recovered or settled within 12 months from the reporting date and non-current assets and liabilities refer to amounts that are expected to be recovered or settled after 12 months from the reporting date.

Notes to the financial statements

33. Financial instruments and risk management continued

Categories of financial instruments continued

Categories of liabilities continued

2023

Rm	Notes	Total	Designated fair value through profit or loss	Financial liabilities at amortised cost	Non-financial liabilities at fair value	Non-financial liabilities at other than fair value	Current liabilities*	Non-current liabilities*
Insurance contract liabilities	14	3 971	–	–	–	3 971	3 169	802
Lease liabilities	6	629	–	–	–	629	96	533
Reinsurance contract liabilities	14	141	–	–	–	141	102	39
Debt instrument	29	500	–	500	–	–	–	500
Retirement benefit obligation	11	162	–	–	–	162	15	147
Share-based payment liability	17	60	–	–	–	60	45	15
Employee benefits	28	211	–	–	–	211	211	–
Trade and other payables	18	575	–	575	–	–	575	–
		6 249	–	1 075	–	5 174	4 213	2 036

* Current assets and liabilities refer to amounts that are expected to be recovered or settled within 12 months from the reporting date and non-current assets and liabilities refer to amounts that are expected to be recovered or settled after 12 months from the reporting date.

Financial risk management

Overview

The Board has overall responsibility for the Company's systems of internal control and risk management. The Executive Management is responsible for the management and implementation of the Company enterprise risk management framework and governance frameworks.

To assist the Board in the execution of its fiduciary duties with regard to risk management, legal and regulatory compliance accountabilities, the Company Risk and Compliance committee has been constituted with the following responsibilities:

- Assisting the Board in setting risk strategy in liaison with management;
- Assisting the Board in overseeing the Company's compliance with applicable legal and regulatory requirements and industry standards;
- Providing independent and objective oversight of risk management, also taking account of reports by management on all categories of identified material risks, appropriateness and effectiveness of associated key risk mitigation measures and assessment of exposures relative to the risk appetite;
- Approving the risk policy and framework;
- Providing oversight over optimal capital management; and
- Ensuring the establishment of independent risk management, compliance and actuarial control functions and reviewing their effectiveness.

The Board has delegated to the Company Audit committee oversight of financial reporting and external auditor, internal controls, the internal audit, and ensuring the integrity of financial reporting and financial controls. The internal control systems continue to be enhanced and developed to safeguard the assets of the Company and to ensure timely and reliable monitoring and reporting. The Company Audit committee has the following responsibilities:

- Ensuring compliance with all statutory duties imposed in terms of the Companies Act and, where appropriate, the recommendations of the King Code;
- Overseeing the preparation of the financial statements that convey appropriate information about the operations of the Company, its sustainability and financial reporting;
- Reviewing the expertise, resources and experience of the Company's finance function, and disclosing the results of the review in an annual report;
- Overseeing internal audit and considering the effectiveness of internal audit at least annually;
- Reporting to the Board on the assessment from internal audit on the adequacy of the internal controls;
- Overseeing the management of the financial reporting risks, including IT related risks, and the effective functioning of the internal financial controls;
- Ensuring the annual financial statements of the Company comply with relevant legislation;
- Reviewing the accounting policies of the Company on an annual basis; and
- Ensuring compliance with all statutory requirements in relation to the external auditor including the review of the quality and effectiveness of the audit process and assessing whether the external auditor has performed the audit as planned.

The risk identification process is used to build an aggregated view of all significant risks faced by the Company. The risk appetite framework governs how the risks should be managed within the Company. It is within this risk appetite framework that the Company has selected its asset allocation and reinsurance programme which are among the most important determinants of risk and capital requirements within the Company.

Set out below are the key responsibilities of the various control functions:

Risk management

- Direct and assist in the coordination and monitoring of risk management activities;
- Maintain and update the risk methodology and risk management system for the Company. This includes the identification, assessment, monitoring and reporting of the key risks;
- Monitor and report progress on management action plans in mitigating key risk, facing the Company;
- Drive risk management by promoting awareness of risk management to both management and staff;
- Regularly provide written reports to senior management, other key persons in control functions and the Board of directors on the insurer's risk profile and details on the risk exposures facing the insurer and related mitigation actions as appropriate;
- Establish a forward-looking assessment of the risk profile and financial position of the insurer;
- Ensure that effective risk management training programmes are established;
- Assist management with the embedding of risk management in the day-to-day business activities of the Company; and
- Ensure that risk management is considered when setting strategic goals and objectives.

Compliance

- Monitor and report on compliance with regulatory requirements;
- Assess the appropriateness of policies, processes, and controls in respect of legal, regulatory, and ethical obligations and the effective monitoring thereof by the insurer;
- Ensure that regular training is conducted on compliance obligations, particularly for employees in positions of trust or responsibility, or who are involved in activities that have significant legal or regulatory risk;
- Monitor that systems and controls are in place to ensure that the Company's exposure to regulatory compliance risk is within the Company's risk appetite;
- Coordinate and manage the Company's relationship with its regulators;
- Evaluate the impact of forthcoming legislative and/or regulatory changes and provide advice on potential process and control changes required and whether the proposed controls will be adequate; and
- Report to the Company Risk and Compliance committee on the status of compliance of the Company.

Actuarial control

The purpose of the actuarial control function is the following:

- Review and report on the reliability and adequacy of the regulatory solvency assessment and management (SAM) technical provisions and solvency calculation results;
- Review and report on the adequacy of the reinsurance and other risk transfer arrangements;
- Review and report on the appropriateness of the risk policies relating to the actuarial scope of work, including particularly policies relating to underwriting, reinsurance, and asset liability management;
- Advise on actuarial matters relating to the Own Risk and Solvency Assessment (ORSA);
- Advise on the long-term solvency of the companies in the Group, utilising possible scenarios; and
- Advise on the actuarial soundness of product development and design, including the terms and conditions of insurance contracts and pricing and the estimations of the capital required to underwrite the product.

Internal audit

The purpose of Group internal audit is to strengthen the Company's ability to create, protect, and sustain value by providing the Board and Executive Management with independent, risk-based, and objective assurance, advice and insight. This is done by:

- Assessing whether all significant risks, both current and emerging, are identified and appropriately reported by management and the risk function to the Board;
- Assessing whether the risks identified are adequately controlled; and
- By challenging executive management to improve the effectiveness of governance, risk management and internal controls.

Internal audit is strategically well-positioned to achieve its objectives. The Head of Internal Audit is accountable to the Chairman of the Audit committee and has access to the Chairman of the Board. Further to this:

- The internal audit function has financial independence through the Old Mutual Insure Limited Audit committee approving a budget to allow Company internal audit to meet the requirements of its mandate;
- Internal audit is functionally independent from the activities it audits and from the day-to-day internal control processes of the Company;
- Internal audit can conduct assignments on its own initiative, with free and unfettered access to people and information, in respect of any relevant department, establishment or function of the Company, including the activities of branches and subsidiaries and outsourced activities;
- Internal audit meets with the Audit committee at least once a year without management being present, and has frequent interactions with the Chairman of the Audit committee; and
- Functional independence of the Head of Internal Audit and the internal audit function is further maintained by not directly reporting into executive management. Internal audit does, however, have unrestricted access to the Company executive committee as individuals and are present in key meetings and forums, to provide input and feedback.

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

Notes to the financial statements

33. Financial instruments and risk management continued

Internal audit continued

Types of insurance contracts

The types of insurance contracts that may have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below:

Accident – Provides indemnity for loss of, or damage to, mainly movable property for losses caused by crime, certain accidental damage, such as damage to goods in transit or accidental damage to glass. Included under the accident classes are legal liabilities an insured may incur as a result of accidental damage to third-party property or accidental death or injury to a third-party caused by the insured.

Personal accident – Provides compensation arising out of the death, permanent or temporary total disability of the insured, the family of the insured or possibly the employees of a business. Such death or disability is restricted to certain accidents and does not provide the wider cover available from the life insurance industry.

Engineering – Provides indemnity for loss sustained through the use of machinery and equipment or the erection of buildings or structures. This type of contract includes contract works, removal of support, project delay, construction plant, machinery breakdown, loss of profits, deterioration of stock, dismantling, transit and erection, works damage and electronic equipment.

Liability – Provides cover for risks relating to the incurring of a liability other than relating to a risk covered more specifically under another insurance contract.

Marine – Provides indemnity for both cargo and hull classes of business. Cargo covers physical loss of or damage to cargo, with a project delay option. Hull covers loss or damage to pleasure craft or commercial vessels as a result of accidents and also includes legal liability as a result of the accident.

Motor – Provides indemnity for loss of or damage to the insured motor vehicle. The cover is normally on an all-risks basis providing a wide scope of cover following an accident or a theft of the vehicle, but the insured can select restricted forms of cover, such as cover for fire and theft only. Legal liabilities arising out of the use or ownership of the motor vehicle following an accident for damage to third-party property or death or injury to a third-party are also covered under this class of business.

Property – Provides indemnity for loss of, or damage to, immovable and movable property caused by perils, such as fire, lightning, explosion, weather, water, earthquake and malicious damage. The fire classes also include business interruption policies which insure the loss of profits incurred by a business as a result of loss or damage to the insured property by these perils.

The return to shareholders under the above products arises from the total premiums charged to policyholders less the amounts paid to cover claims and the expenses incurred by the Company. There is also scope for the Company to earn investment income owing to the time delay between the receipt of premiums and the payment of claims.

Risk that arises from insurance contracts

Insurance risk and policies for mitigating insurance risk

The primary activity of the Company relates to the assumption of the risk of loss from events involving persons or organisations. Such risks may relate to any of the abovementioned classes of business. As such, the Company is exposed to the uncertainty surrounding the timing and severity of claims under insurance contracts.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts.

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

The Company manages its insurance risk through the underwriting strategy, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of reinsurance and monitoring of emerging issues. The Company also employs staff experienced in claims handling and rigorously applies standardised policies and procedures around claims assessment. These actions are described on the following page.

Sensitivities

The liability for incurred claims is sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following sensitivity analysis shows the impact on gross and net liabilities, profit after tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

Sensitivities have been updated to more closely reflect management's own internal metrics for the measurement of risk events and their impact on the profit or loss of the entity.

2024

Rm	Fulfilment cash flow (FCF)			Profit/loss			Impact on equity	
	Gross	Reinsurance	Net	Gross	Reinsurance	Net	Gross	Net
Base	(6 381)	642	(5 739)	1 757	(1 163)	594	–	–
5% increase in ultimate claims	(6 700)	674	(6 026)	1 438	(1 130)	308	(319)	(286)
5% decrease in ultimate claims	(6 062)	610	(5 452)	2 076	(1 195)	881	319	286

2023

Rm	Fulfilment cash flow (FCF)			Profit/loss			Impact on equity	
	Gross	Reinsurance	Net	Gross	Reinsurance	Net	Gross	Net
Base	(7 002)	1 101	(5 901)	641	(1 102)	(461)	–	–
5% increase in ultimate claims	(7 352)	1 156	(6 196)	291	(1 047)	(756)	(350)	(295)
5% decrease in ultimate claims	(6 652)	1 046	(5 606)	991	(1 157)	(166)	350	295

Underwriting strategy

The Company's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a large portfolio of similar risks, and risks in different insurance classes spread over a large geographical area. The underwriting strategy is set out in an annual business plan and risk appetite that determines the classes of business to be written, the territories in which business is to be written and the industry sectors to which the Company is prepared to accept exposure. Adherence to the underwriting delegated authorities is managed through the underwriting portfolio management and quality assurance processes.

Pricing of the Company's insurance products is generally based upon historical claims frequencies and claims severity averages, adjusted for inflation and modelled catastrophes trended forward to recognise anticipated changes in claims patterns. While claims remain the Company's principal cost, the Company also makes allowance in pricing for acquisition expenses, administration expenses, the cost of reinsurance and for a profit loading that adequately covers the required return on capital.

Underwriting limits are set in order to manage exposure and to ensure that the underwriting policy is consistently applied. Underwriting performance is monitored continuously and the pricing and underwriting parameters are revised accordingly. Risk factors considered as part of the review would typically include factors such as past loss experiences, past insurance history, type and value of the asset covered, security measures taken to protect the asset and major use of the covered items.

Reinsurance strategy

Reinsurance risk refers to the possibility that the reinsurance coverage obtained may not adequately or effectively align with the Company's risk management strategy and objectives. To manage potential losses and safeguard its capital resources, the Company reinsures a portion of the risks it takes on. This is achieved through a combination of proportional and non-proportional reinsurance treaties, which help to minimise overall volatility and limit net exposure to any single risk or event to within the predetermined annual risk appetite limits. The Company's approach to reinsurance is guided by four key principles: establishing long-term strategic partnerships, continuously refining its portfolio, sharing intellectual property, and ensuring alignment of results with reinsurers while managing volatility. Changes to reinsurance treaties and new products are subject to additional checks in order to minimise this risk.

Exposure relating to individual policies

The Company concludes a combination of proportional and non-proportional reinsurance treaties to reduce the net exposure on any one risk based on the Company's risk appetite.

Notes to the financial statements

33. Financial instruments and risk management continued

Underwriting strategy continued

Concentrations of insurance risk and policies mitigating the concentrations

Within the insurance business, concentrations of risk may arise where a particular event or series of events could impact heavily upon the Company's resources. Business is mainly carried out in South Africa with the bulk of exposure in Gauteng, followed by Cape Town. One of the key concentration risks is exposure to natural catastrophes. Using external catastrophe models, we can assess the likely risk from various perils that are driven by location which indicate that an earthquake in/near Gauteng or Cape Town being the most severe risk. This risk is mitigated using reinsurance contracts spread across multiple high quality reinsurers. The Company has exposure to most major lines of insurance business, but the bulk of exposure is to property and motor risk based on the capital requirements by line of business. Inflation, exchange rates and cost of labour/repairs/building therefore represent a shared risk. This is mitigated by regular monitoring of claims costs and appropriate and quick action taken to adjust prices as the environment changes.

Exposure relating to catastrophe events

The Company uses a number of modelling tools to monitor aggregation and to simulate catastrophe losses in order to measure the effectiveness of the reinsurance programmes and the net exposure of the Company.

As a result of a hardening reinsurance market, exposure to retained catastrophe losses has increased significantly compared to the prior period.

The Company considers that its most significant single loss would arise in the event of a severe earthquake in Gauteng. However, exposure to multiple storms in a single year or a severe recession can give rise to a higher net retained loss in severe years (1 in 200). The Company's policies for mitigating catastrophe risk exposure include the use of proportional and excess-of-loss reinsurance.

Measurement of insurance liabilities

The best estimate reserve represents the expected value of the insurance liabilities, essentially the mean in a range of possible outcomes in the development of unreported claims and the future development of notified claims. Risk margins are added to the best estimate to reflect the uncertainty of the ultimate cost of claims. The levels of the defined incurred but not reported (IBNR) provisions and the risk margins are assessed annually by management against the Company's past claims experience and adjusted accordingly.

The methods applied by the Company use historical claims development information (where applicable) and therefore the underlying bases assume that the historical claims development pattern will occur again in the future. There are reasons why this may not always be the case, which, insofar as they can be identified, are allowed for by modifying the methods. Such reasons include:

- Changes in processes that affect the development/recording of claims paid and incurred;
- Economic, legal, political and social trends;
- Changes in mix of business; and
- Random fluctuations, including the impact of large losses.

There were no significant changes to these methodologies from the prior year.

Changes in experience such as reduced motor claims frequency can result in a different mix or magnitude of claims and, therefore, exhibit different claims and runoff characteristics when compared to historic experience.

Claims development

The Company is liable for all insured events that occurs during the term of the contract, even if the loss is discovered after the end of the contract term, subject to predetermined time scales dependent on the nature of the insurance contract. The Company is therefore exposed to the risk that claims reserves will not be adequate to fund historic claims (run-off risk). To manage run-off risk the Company takes all the reasonable steps to ensure that it has appropriate information regarding its claims exposures and adopts sound reserving practices.

The majority of the Company's insurance contracts are classified as 'short tailed', meaning that most claims are settled within a year after the loss date. This contrasts with the 'long tailed' classes where the claims cost takes longer to materialise and settle. The Company's long-tailed business is generally limited to liability, personal accident, third-party motor liability, certain engineering classes and salvages on trade credit claims. Please refer to note 15 for claims development information.

Other risks and policies mitigating these risks

The Company is exposed to the risk of false, invalid and exaggerated claims. Software to aid the detection of fraud is in place to improve the Company's ability to proactively detect and prevent fraudulent claims.

Capital risk management

The Company targets a multiple of at least 1.35 times (2023: 1.3 times) the solvency capital requirement (SCR) under SAM regulatory basis.

The SCR is calibrated to ensure that capital is sufficient to withstand a 1 in 200 year event. Therefore, due to the 1.35 times target, the Company is effectively capitalised to withstand an event that is even more rare than 1 in 200 years.

Capital is allocated to lines of business based on the volatility and nature of the risks associated with each line of business and the SAM capital requirements for each line of business. Investment allocations and reinsurance programmes are based on the Company's risk appetite, which recognises the impact on the solvency position.

The Company's stress and scenario testing framework assesses the impact on the capital position of the Company under a range of different possible events. These include instantaneous shocks, one-year shocks and multi-year scenarios.

Operational risk

Operational risk is the risk of direct or indirect losses resulting from human factors and inadequate or failed internal processes and systems. Operational risk is inherent in the Company's operations. Major sources of operational risk can relate to among others operational process reliability, information security, outsourcing of operations, dependence on key suppliers, implementation of strategic and operational change, integration of acquisitions, fraud, human error such as not placing of all the necessary facultative reinsurance correctly, client service quality, inadequacy of business continuity arrangements, recruitment, training and retention of employees, and the social and environmental impact of the before mentioned on the Company.

The Company manages operational risk by a comprehensive system of internal controls. From a risk governance perspective, the three lines of assurance approach is used to identify and monitor the various levels of controls, oversight and assurance, including consideration of role-player independence. The Company has developed and implemented a number of contingency plans including business resilience plans in order to ensure the business is able to carry on operating with limited disruption should an adverse event occur.

Regulatory compliance risk

Regulatory compliance risk is the risk that the Company is not able to meet regulatory requirements, which may impact the Company's reputation and/or give rise to penalties or fines.

The Board of directors and management actively monitor the changes in the regulatory and compliance landscape. The possible implications for the business plans and governance structures going forward are analysed regularly and the necessary changes are implemented. The Company seeks constructive engagement with the various regulators and policymakers.

Market conduct risk is the risk that a firm's behaviour may result in unfair treatment of its clients. Regulatory requirements relating to conduct risk are continually being strengthened by conduct risk mitigation initiatives such as the Retail Distribution Review and the Conduct of Financial Institutions Bill. The Old Mutual Limited Group Market Conduct Framework, to which the Company adheres, was implemented and covers these regulated aspects.

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance policy liabilities. The most important components of this financial risk are credit risk, liquidity risk and market risk (including equity price risk, interest rate risk and foreign currency risk). Each of these financial risks is described below, together with a summary of the ways in which the Company manages these risks.

Credit risk

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

- Amounts due from insurance policyholders included in LRC;
- Amounts due from insurance contract intermediaries and third-party recoveries;
- Investments and cash, cash equivalents and bonds;
- Reinsurers' share of general insurance liabilities as included in the LRC and LIC;
- Amounts due from reinsurers and third-parties in respect of claims already paid included in the LIC; and
- Loans to share trusts, other loans receivable and trade receivables.

Exposures to large individual policyholders, groups of policyholders and third parties are monitored as part of the credit control process.

The Company has increased the credit loss allowances relating to amounts due from agents and reinsurers during the year, included in the LRC.

Notes to the financial statements

33. Financial instruments and risk management continued

Credit risk continued

In order to calculate the credit loss allowances, management determines whether the loss allowance should be calculated on a 12 months or on a lifetime expected credit-loss basis. This determination depends on whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12-month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Consistent with prior periods, management applies the principle that if a financial asset's credit risk is low at year end, then, by implication the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12-month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management considers information, such as payment history to date, the industry in which the customer operates or is employed, the period for which the customer has been in business or been employed and relevant external credit references.

Reputable financial institutions are used for investing and cash-handling purposes. In excess of 98% (2023: 98%) of money market instruments and cash and cash equivalents are placed with institutions that have a national long-term credit rating of at least A-.

The maximum exposure to credit risk is presented in the table below:

Analysis of the credit quality and maximum exposure to credit risk of the financial and insurance related assets:

2024

Rm	AAA	AA	A	BBB and lower	Not rated	Total
Reinsurance contract assets	–	635	1 679	51	–	2 365
Unlisted money market funds	1 519	2 402	5	4	77	4 007
Loans receivable	–	–	–	–	77	77
Loans to share trusts	–	–	–	–	21	21
Cash and cash equivalents	–	1 659	–	–	–	1 659
Trade and other receivables	–	–	–	–	456	456
	1 519	4 696	1 684	55	631	8 585

2023

Rm	AAA	AA	A	BBB and lower	Not rated	Total
Reinsurance contract assets	–	902	1 639	45	–	2 586
Unlisted money market funds	999	1 710	2	–	37	2 748
Loans receivable	–	–	–	–	39	39
Loans to share trusts	–	–	–	–	21	21
Cash and cash equivalents	–	1 270	–	–	–	1 270
Trade and other receivables	–	–	–	–	528	528
	999	3 882	1 641	45	625	7 192

AAA	The financial instrument is judged to be of the highest quality, with minimal credit risk and indicates the best quality issuers that are reliable and stable. Included in the AAA rating is the AAA- as well as AAA+
AA	The financial instrument is judged to be of high quality and is subject to very low credit risk and indicates quality issuers. Included in the AA rating is the AA- as well as AA+.
A	The financial instrument is considered upper-medium grade and is subject to low credit risk although certain economic situations can more readily affect the issuers' financial soundness adversely than those rated AAA or AA. Included in the A rating is the A- as well as A+.
BBB	The financial instrument is subject to moderate credit risk and indicates medium-class issuers which are currently satisfactory.
Not rated	This is where the exposure is not risk-rated in an active market, such as loans and advances and unlisted ordinary shares.

Reinsurance credit risk

Under the terms of reinsurance agreements, reinsurers agree to reimburse the ceded amount in the event that a gross claim is paid. Consequently, the Company is exposed to the credit risk of the reinsurer.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in accessing funds to meet commitments to policyholders under policy contracts and in respect of financial liabilities.

The Company sets limits on the minimum proportions of maturing funds available to meet such calls and unexpected levels of demand.

The Company has sufficient cash resources to settle its liabilities as they fall due. The Company's investment strategy to back insurance funds with cash and high-quality money market and other interest-bearing instruments reduces the risk of default and ensures sufficient liquidity.

The liquidity position of the Company is monitored on a weekly basis.

Liquidity analysis of liabilities

Based on historical and future expected trends, the Company has estimated the probable cash outflows associated with gross general insurance liabilities and used estimates of the likely liquidity of other liabilities. The liquidity profile of the related reinsurance assets is expected to be similar to the profile of the liabilities. The Company acknowledges that the unearned premium provision that will be recognised as earned premium in the future, will most likely not lead to claim cash outflows equal to this provision.

The liquidity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2024

Rm	Less than three months	Three months to one year	One to three years	More than three years	Total
Assets					
Reinsurance contract assets	1 570	602	181	12	2 365
Unlisted money market funds	–	4 007	–	–	4 007
Loans receivable	–	6	18	53	77
Loans to share trusts	–	7	14	–	21
Cash and cash equivalents	1 659	–	–	–	1 659
Trade and other receivables	331	–	–	–	331
Liabilities					
Trade and other payables	(521)	–	–	–	(521)
Insurance contract liabilities	(1 725)	(1 347)	(619)	(174)	(3 865)
Reinsurance contract liabilities	(123)	(47)	(14)	(1)	(185)
Debt instruments	–	–	–	(750)	(750)
	1 191	3 228	(420)	(860)	3 139

2023

Rm	Less than three months	Three months to one year	One to three years	More than three years	Total
Assets					
Reinsurance contract assets	456	1 494	437	199	2 586
Unlisted money market funds	–	2 748	–	–	2 748
Loans receivable	–	–	39	–	39
Loans to share trusts	–	–	21	–	21
Cash and cash equivalents	1 270	–	–	–	1 270
Trade and other receivables	410	–	–	–	410
Liabilities					
Trade and other payables	(575)	–	–	–	(575)
Reinsurance contract liabilities	(25)	(77)	(24)	(15)	(141)
Debt instrument	–	–	–	(500)	(500)
Insurance contracts liabilities	(1 431)	(1 738)	(659)	(143)	(3 971)
	105	2 427	(186)	(459)	1 887

Foreign currency risk

The Company is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies with transactions in United States dollar being the main foreign currency impacting the Company. This exposure is limited to the underwriting operations in foreign currencies, credit insurance, transactions with foreign reinsurers and equity investments in foreign companies.

The Company does not take on cover on foreign currency transactions and balances as the net exposure is considered minimal.

Notes to the financial statements

33. Financial instruments and risk management continued

Exposure in rand

The net carrying amounts, in rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in rand by converting the foreign currency at the rate when the production system is closed. The movement in foreign exchange rates from the production close date, to the reporting date, will not have a significant impact on the results, as the foreign-denominated business is of low value.

US dollar exposure:

Rm	2024	2023
Assets		
Cash and cash equivalents	500	386
Reinsurance contract assets	1	25
Liabilities		
Trade and other payables	(353)	(268)
Insurance contracts	(63)	(60)
Net US dollar exposure	84	83

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

US dollar exposure

Assets		
Cash and cash equivalents	27	21
Reinsurance contract assets	–	1
Liabilities		
Trade and other payables	(19)	(13)
Insurance contracts	(3)	(3)
Net US dollar exposure	5	4

Exchange rates

The following closing exchange rates were applied at reporting date:

Rand per unit of foreign currency

US dollar	18.32	18.31
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Foreign currency sensitivity analysis

The following information presents the sensitivity of the Company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

An increase or decrease of 10% in the US dollar currency rate would result in a change of R8 million (2023: R10 million) to the profit after tax and a resultant increase or decrease in retained earnings.

Interest rate risk

Assets subject to interest rate fluctuations include cash instruments, including unlisted money market funds.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

An increase or decrease of 1% in the interest rate on cash instruments would result in a change of R6 million (2023: R10 million) to the profit after tax of the Company and a resultant increase or decrease in retained earnings.

Equity price risk

Equity price risk – unlisted equities

The Company has investments in unlisted equities that are exposed to market risk. These include strategic investments in insurance-related undertakings and subsidiaries. The unlisted equities are selected by management after consideration of the benefits and corresponding risk related to the investment.

Equity price risk – listed equities

The Company has investments in listed equities that are exposed to market risk.

34. Fair value information

Fair value hierarchy

Levels of fair value measurements

2024

Rm	Level 1	Level 2	Level 3	Total
Non-current non-hedging derivative liabilities				
Investments in subsidiaries	–	–	2 458	2 458
Investment in employee share trusts	–	–	540	540
	–	–	2 998	2 998
Investments at fair value				
Unlisted shares	–	–	20	20
Listed shares	–	50	–	50
Unlisted money market funds	1 621	2 351	35	4 007
Preference shares	–	–	44	44
	1 621	2 401	99	4 121

2023

Rm	Level 1	Level 2	Level 3	Total
Non-current non-hedging derivative liabilities				
Investments in subsidiaries	–	–	2 580	2 580
Investments in employee share trusts	–	–	571	571
	–	–	3 151	3 151
Investments at fair value				
Unlisted shares	–	–	20	20
Listed shares	–	86	–	86
Preference shares	–	–	44	44
Unlisted money market funds	628	2 083	37	2 748
	628	2 169	101	2 898

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs which reflect assumptions that market participants would use when pricing an asset or liability). Unobservable inputs are developed using best available data.

Valuations techniques and inputs

Investments in subsidiaries

Material subsidiary companies are being valued using the discounted cash flow method and net asset value is used as a proxy for the valuation of less material subsidiaries. The discounted cash flow methodology uses inputs relating to the future cash flows based on the specific entity's three-year business plan and cash flows thereafter are determined using a terminal growth rate determined with reference to the entities historic growth rate as well as the growth rate percentage used within the business plan that has been capped at the average future indicated inflation rate over three years of 5%. The cash flows are discounted using a discount rate range between 18.06% to 25.04% which considers the risk-free rate, market rate premium and levered Beta. The valuations are then adjusted for each entity's specific risk premium such as key management dependencies, forecasting variations, customer dependencies and the cost of small company equity investments.

Investments in employee share trusts

The valuation techniques and inputs are disclosed in note 9.

Notes to the financial statements

34. Fair value information continued

Valuations techniques and inputs continued

Investments at fair value

Unlisted shares

Unlisted shares are valued using a combined price/earnings ratio and enterprise value approach where the information is available. The net asset value is used when the financial information is not available.

Preference shares

Preference shares are valued using the coupon rate method. The present value of the expected future cash flows is determined based on a coupon rate of 72% of prime.

Unlisted money market instruments

Unlisted money market instruments are valued at the net asset value of the underlying investments.

Movement analysis of Level 3 instruments

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

Rm	2024	2023
Investments at fair value		
Opening balance	101	65
Acquisition of investment	–	37
Revaluation of investments to fair value through profit or loss	–	(2)
Revaluation of unlisted instruments	(8)	1
	93	101
Investments in subsidiaries, associates and share trusts		
Opening balance	3 151	2 069
Fair value adjustment through profit or loss	(81)	686
Acquisition of subsidiary	–	302
Additional capital invested	40	155
Disinvestment of capital	(112)	(61)
	2 998	3 151

Sensitivity analysis for investments at fair value

A sensitivity analysis performed on the investment in subsidiaries indicates that an increase of 10% in the discount rate will result in a maximum impact of 13.2% (2023: 28.7%) or R331 million (2023: R793 million) in the calculated fair value.

If the market interest rate associated with the unlisted money market investments changes by 10% the impact on fair value as well as the profit or loss would be R27 million (2023: R22 million).

The unlisted empowerment private equity value has been determined based on an offer price and as a result no sensitivity was performed.

Further information relating to investments at fair value is contained in note 27 of the financial statements.

35. Going concern

The directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going-concern basis. The directors are satisfied that the Company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors are not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Company.

The directors have reviewed the budgets and cash flow forecasts for the next 12 months, as well as the current liquidity and solvency position of the Company and believe that the Company has adequate financial resources to continue in operation for the foreseeable future.

36. Events after the reporting period

The directors are not aware of any material events (as defined per International Accounting Standards (IAS) 10 *Events After the Reporting Period*) after the reporting date of 31 December 2024 until the date of authorisation of these audited financial statements.

37. Prior period restatements

During the current financial year, the Company has restated the prior period statement of financial position and statement of profit or loss and other comprehensive income. This restatement relates to periods before the earliest period presented in these financial statements requiring restatement of the opening balances of assets, liabilities and equity.

During the current period, it was identified that there was a claim incurred that was incorrectly treated in the transitional numbers when adopting IFRS 17 for the 1 January 2022 balances. There were further adjustments relating to the recognition of bad debts within insurance revenue and refinement of expense data used in the IFRS 17 valuation process. These misstatements impacted the 2022 and 2023 financial periods.

Included below is a summary of the impact of restatements on the statement of financial position as at 1 January 2023:

Rm	As previously reported at 1 January 2023	Adjustment	Restated balance at 1 January 2023
Assets			
Reinsurance contract assets	2 622	(87)	2 535
Trade and other receivables	421	44	465
Total assets	3 043	(43)	3 000
Liabilities			
Insurance contract liabilities	3 506	63	3 569
Reinsurance contract liabilities	21	50	71
Trade and other payables	705	(33)	672
Total liabilities	4 232	80	4 312
Equity			
Retained income	2 234	(123)	2 111
Total equity	2 234	(123)	2 111

Included below is a summary of the impact of restatements on the statement of financial position as at 31 December 2023:

Rm	As previously reported at 31 December 2023	Adjustment	Restated balance at 31 December 2023
Assets			
Reinsurance contract assets	2 587	(1)	2 586
Trade and other receivables	498	30	528
Total assets	3 085	29	3 114
Liabilities			
Insurance contract liabilities	3 993	(22)	3 971
Reinsurance contract liabilities	203	(62)	141
Trade and other payables	325	250	575
Total liabilities	4 521	166	4 687
Equity			
Retained income	2 852	(137)	2 715
Total equity	2 852	(137)	2 715

Notes to the financial statements

37. Prior period restatements continued

Included below is a summary of the impact of restatements on the statement of profit and loss and other comprehensive income as at 31 December 2023:

Rm	As previously reported at 31 December 2023	Adjustment	Restated at 31 December 2023
Insurance revenue	12 526	(11)	12 515
Insurance service expenses	(11 541)	(7)	(11 548)
Net expenses from reinsurance contracts	(1 169)	1	(1 168)
Other operating expenses	(386)	2	(384)
Other operating income	47	1	48
Profit before taxation	549	(14)	535
Taxation	71	–	71
Profit for the year	620	(14)	606

Included below is a summary of the impact of restatements on the notes to the statement of cash flows as at 31 December 2023:

Rm	As previously reported at 31 December 2023	Adjustment	Restated at 31 December 2023
Cash flows from operating activities			
Profit before taxation	549	(14)	535
Movements in net insurance contract provisions	704	(283)	421
(Increase)/decrease in trade and other receivables	(77)	14	(63)
Increase/(decrease) trade and other payables	(380)	283	(97)
Net cash from operating activities	796	–	796



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