



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 31 December 2020

MOMENTUM METROPOLITAN

Condensed consolidated interim financial statements

Contents

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

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Directors' statement

The Board is pleased to present the unaudited condensed interim results of Momentum Metropolitan Holdings Ltd (MMH or the Company) and its subsidiaries (collectively Momentum Metropolitan or the Group) for the period ended 31 December 2020. The preparation of the Group's results was supervised by the Group Finance Director, Risto Ketola (FIA, FASSA, CFA Charterholder).

Corporate events

Acquisitions

On 20 November 2020, the Group established Amandla Renewable Energy Fund (Pty) Ltd (the Fund) with TBI Investment Managers to facilitate investments in the renewable energy sector. The Group has a 50% shareholding of the ordinary shares within the Fund. It was determined that the Group exercises control over the Fund and the associated special purpose vehicle, Amandla Ilanga (RF) (Pty) Ltd.

On 30 November 2020, the Group, through its wholly owned subsidiary, Momentum Global Investment Management Ltd (MGIM), acquired 100% of the shares in Seneca Investment Managers Ltd (Seneca) for £8.22 million in cash and £1.97 million contingent consideration.

On 9 December 2020, the Group, through its 70% owned subsidiary, Momentum Short-term Insurance (Namibia) Ltd, acquired 100% in Alexander Forbes Insurance Company Namibia Ltd (AFIN) for N\$40 million in cash and N\$10 million contingent consideration.

The initial accounting for the Seneca and AFIN acquisitions have been provisionally determined at reporting date. At the date of finalisation of the condensed consolidated interim financial statements, the necessary valuations of certain assets had not been finalised and are therefore presented as preliminary.

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

Disposals

On 9 December 2020, MMH, through its subsidiary, Momentum Metropolitan Namibia Ltd, sold a 2% stake in Methhealth Namibia Administrators (Pty) Ltd (MHNA) for N\$4.5 million. As a result, the classification of MHNA has changed from an investment in subsidiary to an investment in associate.

Held for sale

As part of our plan to exit a number of African countries, the Group classified entities in three of these African countries, as held for sale at 30 June 2020. One of the three countries has since been exited, with the other country on track to be sold. Although all efforts were made to finalise the sale of Momentum Mozambique LDA, the conditions could not be met by the agreed deadline. The sale and purchase agreement has therefore expired and the sale will not proceed. This business is therefore no longer classified as held for sale. The December 2019 and June 2020 periods have been restated accordingly. The other remaining entities which the Group plans to exit do not yet meet all the International Financial Reporting Standards (IFRS) criteria to be classified as held for sale.

Isabelo – Employee share ownership programme

As announced in September 2020, the Group proposed to establish a broad-based employee share ownership scheme which was subject to obtaining approval from existing shareholders. All necessary approval has been received and the Group is in the process of setting up the scheme and units will be granted within the next few months.

Directors' statement continued

Basis of preparation of financial information

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

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

The accounting policies applied in the preparation of these financial statements are in terms of IFRS and are consistent with those adopted in the June 2020 period except as described below. Critical judgements and accounting estimates are disclosed in detail in the Group's Annual Financial Statements (AFS) for the year ended 30 June 2020, including changes in estimates that are an integral part of the insurance business. The Group is exposed to financial and insurance risks, details of which are also provided in the Group's Integrated Report and AFS.

New and revised standards effective for the period ended 31 December 2020 and relevant to the Group

The following new and amended standards and interpretations became effective for the first time in the current period and had no impact on the Group's earnings or net asset value (NAV):

- International Accounting Standards Board revision of the Conceptual Framework for Financial Reporting;
- IFRS 3 (Amendments) – Definition of a business;
- IFRS 9, IAS 39 and IFRS 7 (Amendments) – Interest rate benchmark reform;
- IAS 1 and IAS 8 (Amendments) – Definition of material; and
- IFRS 16 (Amendments) – Covid-19-related rent concessions.

Solvency assessment and going concern

The Covid-19 pandemic and the resultant uncertain economic environment, has continued to negatively affect the operating environment of the Group. As at 30 June 2020, Momentum Metropolitan raised additional provisions against the impact of the Covid-19 pandemic and the resultant deterioration in economic conditions. Over the six months ended 31 December 2020, additional data and information on the progression of Covid-19 in South Africa have emerged. To date the second wave of infections and deaths in South Africa has proven to be more severe than initially modelled. Based on the updated modelling, the Group has raised additional provisions with a net of tax impact of R655 million at 31 December 2020. The Group remains profitable, with robust levels of capital and liquidity and improved its regulatory solvency position over the six months. The Board, through the Audit Committee and Actuarial Committee, has received reports and updates on the operational and financial performance. The Board is satisfied with the Group's solvency and its ability to continue as a going concern.

Changes to the directorate, secretary and directors' shareholding

On 1 July 2020, Paballo Makosholo was appointed to the Board. On 26 November 2020, JJ Njeke retired as Chairman of the Board as well as from the Board. On the same date Sello Moloko was appointed as Chairman of the Board. Also on the same date, Khehla Shubane and Johan van Reenen retired from the Board.

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

Contingent liabilities and capital commitments

The Group is party to legal proceedings and appropriate provisions are made when losses are expected to materialise. The Group is not aware of capital commitments at 31 December 2020 that were not in the ordinary course of business.

Directors' statement continued

Events after the reporting period

Metropolitan Tanzania Insurance Company Ltd and Metropolitan Tanzania Life Assurance Company Ltd, which were classified as held for sale at 31 December 2020, have been sold during January 2021.

On 15 February 2021, Momentum Metropolitan Life Ltd listed two new subordinated debt instruments to the combined value of R750 million on the JSE. The proceeds of the issuance will be used to refinance the subordinated debt instrument, MMIG02, which will become callable on 17 March 2021.

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

Interim dividend declaration

Ordinary shares

- On 3 March 2021, a gross interim ordinary dividend of 25 cents per ordinary share was declared by the Board.
- The dividend is payable out of income reserves to all holders of ordinary shares recorded in the register of the Company at the close of business on Friday, 26 March 2021, and will be paid on Monday, 29 March 2021.
- The dividend will be subject to local dividend withholding tax at a rate of 20% unless the shareholder is exempt from paying dividend tax or is entitled to a reduced rate.
- This will result in a net final dividend of 20 cents per ordinary share for those shareholders who are not exempt from paying dividend tax.
- The last day to trade cum dividend will be Tuesday, 23 March 2021.
- The shares will trade ex dividend from the start of business on Wednesday, 24 March 2021.
- Share certificates may not be dematerialised or rematerialised between Wednesday, 24 March 2021 and Friday, 26 March 2021, both days inclusive.
- The number of ordinary shares at the declaration date was 1 497 475 356.
- MMH's income tax number is 975 2050 147.

Preference shares

- Dividends of R18.5 million (31.12.2019: R18.5 million; 30.06.2020: R18.5 million) (132 cents per share p.a.) were declared on the unlisted A3 MMH preference shares as determined by the Company's Memorandum of Incorporation.


The Board of directors' responsibility

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

Signed on behalf of the Board



Sello Moloko
Chairman



Hillie Meyer
Group Chief Executive

Centurion
3 March 2021

Directors' statement continued

Directors

MS Moloko (Chairman), HP Meyer (Group Chief Executive), JC Cilliers (Marais) (Deputy Chief Executive), RS Ketola (Group Finance Director), LM Chiume, P Cooper, F Daniels (Jakoet), L de Beer, Prof SC Jurisich, P Makosholo, Dr SL McPherson, V Nkonyeni, DJ Park, FJC Truter

Group company secretary

Gcobisa Tyusha

Website

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Telephone: +27 11 713 0800
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Sponsor – South Africa

Merrill Lynch South Africa (Pty) Ltd

Sponsor – Namibia

Simonis Storm Securities (Pty) Ltd

Auditors

Ernst & Young Inc.

Registered office

268 West Avenue, Centurion 0157

Registration number

2000/031756/06

JSE code

MTM

A2X code

MTM

NSX code

MMT

ISIN code

ZAE000269890

Momentum Metropolitan Life Ltd

(Incorporated in the Republic of South Africa)

Registration number

1904/002186/06

Company code

MMIG

SENS ISSUE

4 March 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION		31.12.2020 Rm	Restated 31.12.2019¹ Rm	Restated 30.06.2020¹ Rm
	Notes			
ASSETS				
Intangible assets		10 234	9 313	10 339
Owner-occupied properties		3 120	4 037	3 598
Property and equipment		411	394	391
Investment properties		9 562	9 332	9 042
Properties under development		137	219	118
Investments in associates and joint ventures		1 172	901	905
Employee benefit assets		684	486	652
Financial assets at fair value through profit and loss	10	446 238	438 818	426 887
Financial assets at amortised cost	10	7 047	9 969	9 794
Reinsurance contract assets		6 611	5 777	6 142
Deferred income tax		790	843	862
Insurance and other receivables		6 268	5 718	5 371
Current income tax assets		171	173	371
Assets relating to disposal groups held for sale		118	–	154
Cash and cash equivalents	10	28 646	25 389	31 823
Total assets		521 209	511 369	506 449
EQUITY				
Equity attributable to owners of the parent		22 961	23 964	22 593
Non-controlling interests		387	449	410
Total equity		23 348	24 413	23 003
LIABILITIES				
Insurance contract liabilities				
Long-term insurance contracts	2	120 721	118 951	114 554
Non-life insurance contracts	2	12 352	9 940	11 287
Investment contracts	2	292 064	281 583	280 174
– with discretionary participation features (DPF)	10	18 516	20 333	18 320
– designated at fair value through profit and loss	10	273 548	261 250	261 854
Financial liabilities at fair value through profit and loss	10	44 728	47 175	45 946
Financial liabilities at amortised cost	10	4 666	3 572	4 610
Reinsurance contract liabilities		2 266	1 996	2 277
Deferred income tax		2 763	3 107	2 926
Employee benefit obligations		778	1 015	1 228
Other payables		17 141	19 276	20 009
Provisions		72	121	76
Current income tax liabilities		231	220	238
Liabilities relating to disposal groups held for sale		79	–	121
Total liabilities		497 861	486 956	483 446
Total equity and liabilities		521 209	511 369	506 449

¹ Refer to note 11 for more information on the restatements.

CONDENSED CONSOLIDATED INCOME STATEMENT	Notes	6 mths to 31.12.2020 Rm	Restated 6 mths to 31.12.2019¹ Rm	Restated 12 mths to 30.06.2020¹ Rm
Net insurance premiums	2	18 071	16 030	33 281
Fee income	2, 2.3	4 382	4 178	8 418
Investment income		10 895	11 036	22 442
Net realised and unrealised fair value gains/(losses)		6 476	4 055	(12 711)
Net income		39 824	35 299	51 430
Net insurance benefits and claims	2	14 879	13 277	27 000
Change in actuarial liabilities and related reinsurance		5 179	(1 859)	(9 524)
Change in long-term insurance contract liabilities		5 431	(1 666)	(7 501)
Change in non-life insurance contract liabilities		(87)	8	(28)
Change in investment contracts with DPF liabilities		55	(169)	(2 187)
Change in reinsurance assets		(206)	(115)	(165)
Change in reinsurance liabilities		(14)	83	357
Fair value adjustments on investment contract liabilities		14 386	7 997	6 442
Fair value adjustments on collective investment scheme liabilities		(8 746)	1 396	1 613
Depreciation, amortisation and impairment expenses	2	622	568	2 115
Employee benefit expenses	2	3 112	3 187	6 354
Sales remuneration	2	3 494	3 411	6 634
Other expenses	2	3 819	3 522	6 856
Expenses		36 745	31 499	47 490
Results of operations		3 079	3 800	3 940
Share of loss of associates and joint ventures		(166)	(142)	(282)
Finance costs	6	(468)	(530)	(1 085)
Profit before tax		2 445	3 128	2 573
Income tax expense		(1 478)	(1 553)	(2 277)
Earnings for the period		967	1 575	296
Attributable to:				
Owners of the parent		909	1 520	188
Non-controlling interests		58	55	108
		967	1 575	296
Basic earnings per ordinary share (cents)		62.8	104.5	12.9
Diluted earnings per ordinary share (cents)		62.8	103.8	12.9

¹ Refer to note 11 for more information on the restatements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	6 mths to 31.12.2020 Rm	Restated 6 mths to 31.12.2019¹ Rm	Restated 12 mths to 30.06.2020¹ Rm
Earnings for the period	967	1 575	296
Other comprehensive (loss)/income, net of tax ²	(470)	79	665
Items that may subsequently be reclassified to income	(285)	64	411
Exchange differences on translating foreign operations ³	(275)	56	375
Share of other comprehensive (loss)/income of associates	(10)	8	36
Items that will not be reclassified to income	(185)	15	254
Own credit (losses)/gains on financial liabilities designated at fair value through profit and loss	(82)	–	69
Land and building revaluation	61	14	31
Remeasurements of post-employee benefit funds	(157)	3	163
Income tax relating to items that will not be reclassified	(7)	(2)	(9)
Total comprehensive income for the period	497	1 654	961
Total comprehensive income attributable to:			
Owners of the parent	449	1 599	846
Non-controlling interests	48	55	115
	497	1 654	961

¹ Refer to note 11 for more information on the restatements.

² Included within other comprehensive income is negative R7 million (Restated 31.12.2019: nil; Restated 30.06.2020: positive R9 million) relating to disposal groups held for sale at the end of the respective period.

³ Negative R4 million represents the foreign currency translation reserve (FCTR) reversal on the sale of Metropolitan Life Zambia Ltd and Metropolitan Health Zambia Ltd, giving rise to an income of the same extent in the income statement. In the December 2019 and June 2020 periods, positive R43 million represented the FCTR reversal on the sale of UBA Metropolitan Life Insurance Ltd (Nigeria) and Financial Partners Ltd, giving rise to a loss of the same extent in the income statement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Notes	6 mths to 31.12.2020 Rm	Restated 6 mths to 31.12.2019 ¹ Rm	Restated 12 mths to 30.06.2020 ¹ Rm
Changes in share capital				
Balance at beginning and end		9	9	9
Changes in share premium				
Balance at beginning		13 161	13 331	13 331
Decrease/(Increase) in treasury shares held on behalf of contract holders		41	(124)	(170)
Increase in treasury shares held by subsidiary for shareholders		(124)	–	–
Balance at end		13 078	13 207	13 161
Changes in other reserves				
Balance at beginning		2 257	1 721	1 721
Total comprehensive (loss)/income		(378)	79	589
Change in non-distributable reserves		–	(16)	(19)
Transfer to retained earnings		(156)	(15)	(34)
Balance at end	8	1 723	1 769	2 257
Changes in retained earnings				
Balance at beginning		7 166	7 959	7 959
Opening adjustment ²		–	(19)	(19)
Held for sale restatement		–	46	46
Restated opening balance		7 166	7 986	7 986
Total comprehensive income		827	1 520	257
Dividend declared		–	(510)	(1 092)
Transactions with non-controlling interests		2	(32)	(19)
Transfer from other reserves		156	15	34
Balance at end		8 151	8 979	7 166
Equity attributable to owners of the parent		22 961	23 964	22 593
Changes in non-controlling interests				
Balance at beginning		410	526	526
Total comprehensive income		48	55	115
Dividend paid		(65)	(56)	(178)
Transactions with owners		12	(56)	(33)
Sale of subsidiary		(18)	(20)	(20)
Balance at end		387	449	410
Total equity		23 348	24 413	23 003

¹ Refer to note 11 for more information on the restatements.

² This relates to the implementation and adoption of IFRS 16 in the prior financial year.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	6 mths to 31.12.2020 Rm	Restated 6 mths to 31.12.2019¹ Rm	Restated 12 mths to 30.06.2020¹ Rm
Cash flow from operating activities			
Cash utilised in operations	(7 983)	(8 017)	(11 843)
Interest and dividends received	10 131	10 391	21 114
Income tax paid	(1 422)	(2 138)	(3 370)
Interest paid	(449)	(503)	(1 013)
Net cash inflow/(outflow) from operating activities	277	(267)	4 888
Cash flow from investing activities			
Net investments in subsidiaries	(234)	103	(1 324)
Net investments in associates and joint ventures	(319)	(257)	(379)
Net loan repayments by related parties	(27)	60	21
Net purchases of owner-occupied properties	(120)	(84)	(204)
Net purchases of property and equipment	(126)	(101)	(185)
Net purchases of computer software	(23)	(29)	(59)
Dividends from associates	4	4	12
Net cash outflow from investing activities	(845)	(304)	(2 118)
Cash flow from financing activities			
Proceeds from borrowings	6 136	5 336	8 737
Repayment of borrowings	(7 553)	(6 656)	(6 747)
Dividends paid to equity holders	–	(510)	(1 092)
Dividends paid to non-controlling interest shareholders	(65)	(56)	(178)
Net purchases of treasury shares held on behalf of contract holders	41	(124)	(170)
Net purchases of treasury shares held by subsidiary for shareholders	(124)	–	–
Transactions with non-controlling interest shareholders	14	(108)	(52)
Other equity transactions	–	3	–
Net issue of subordinated call notes	–	750	–
Net cash (outflow)/inflow from financing activities	(1 551)	(1 365)	498
Net cash flow	(2 119)	(1 936)	3 268
Cash resources and funds on deposit at beginning	31 848	27 325	27 325
Foreign currency translation	(1 063)	–	1 255
Cash resources and funds on deposit at end	28 666	25 389	31 848
Made up as follows:			
Cash and cash equivalents	28 646	25 389	31 823
Assets relating to disposal groups held for sale	20	–	25
	28 666	25 389	31 848

¹ Refer to note 11 for more information on the restatements.

Notes to the condensed consolidated interim financial statements

NOTE 1

RECONCILIATION OF HEADLINE EARNINGS attributable to owners of the parent	Basic earnings			Diluted earnings		
	6 mths to 31.12.2020 Rm	Restated 6 mths to 31.12.2019 ¹ Rm	Restated 12 mths to 30.06.2020 ¹ Rm	6 mths to 31.12.2020 Rm	Restated 6 mths to 31.12.2019 ¹ Rm	Restated 12 mths to 30.06.2020 ¹ Rm
Earnings	909	1 520	188	909	1 520	188
Finance costs – convertible preference shares ²	–	–	–	–	19	–
Diluted earnings	909	1 539	188	909	1 539	188
Loss on step-up of joint venture	–	8	8	–	8	8
Intangible asset impairments ³	9	–	349	9	–	349
Tax on intangible asset impairments	(2)	–	(34)	(2)	–	(34)
Gain on sale of subsidiary ⁴	(167)	(118)	(118)	(167)	(118)	(118)
Impairments relating to held for sale entities	–	1	42	–	1	42
FCTR reversal on sale of foreign subsidiary	(4)	43	43	(4)	43	43
Investment in associates impairments	61	–	–	61	–	–
Impairment of owner-occupied property below cost ⁵	3	16	568	3	16	568
Tax on impairment of owner-occupied property below cost	–	(5)	(10)	–	(5)	(10)
Headline earnings⁶	809	1 465	1 036	809	1 484	1 036
Adjustments for MMH shares held by policyholder funds	–	–	–	(42)	57	(18)
Amortisation of intangible assets relating to business combinations	–	–	–	226	231	466
Finance costs – convertible preference shares ²	–	–	–	19	–	37
Normalised headline earnings^{7,8}	1 012	1 772	1 521	1 012	1 772	1 521

¹ Refer to note 11 for more information on the restatements.

² The finance costs relating to the Kagiso Tiso Holdings (Pty) Ltd (KTH) preference shares are anti-dilutive in the current and June 2020 periods and it accordingly was only taken into account in the calculation of normalised headline earnings for those periods.

³ The June 2020 impairments related mainly to:

- Goodwill, customer relationships, brands, and broker network in Non-life Insurance due to a lower recoverable amount.
- Computer software in Shareholders, Momentum Life, and Momentum Metropolitan Health due to the software no longer being in use.
- Value of in-force business acquired in Shareholders due to a decrease in the asset values that back these liabilities.

⁴ The current period relates mainly to the sale of the controlling interest of MHNA as well as the sale of Metropolitan Life Zambia Ltd and Metropolitan Health Zambia Ltd in the Momentum Metropolitan Africa segment. The prior periods related to the sale of UBA Metropolitan Life Insurance Ltd (Nigeria) and Metropolitan Life Swaziland Ltd in the Momentum Metropolitan Africa segment and Financial Partners Ltd in the Momentum Investments segment.

⁵ The impairment in the June 2020 period mainly related to the impairment of the Marc Tower 2. The value of the property was previously recorded at the cost of development as it was still under construction. The impairment could largely be attributed to the decline in market rental rates for office property in Sandton as well as considering the weak property market outlook as a result of the Covid-19 pandemic.

⁶ Headline earnings consist of operating profit, investment return, investment variances and basis and other changes. The long-term insurance industry exemption which allows that net realised and unrealised fair value gains on investment properties not being excluded from headline earnings has been applied.

⁷ Normalised headline earnings adjust for gains and losses relating to MMH shares held by policyholder funds, the amortisation of intangible assets relating to business combinations as well as B-BBEE costs. It includes basis changes and investment variances of negative R522 million (Restated 31.12.2019: positive R31 million; 30.06.2020: negative R1 560 million). The Group has aligned the definition of investment variances between embedded value and published reporting in light of the alignment between the liability basis used. The Group believes this consistency will enhance the reader's understanding of the supplementary information disclosed. December 2019 has been restated accordingly. June 2020 has already been prepared on this basis.

⁸ Refer to note 2 for an analysis of normalised headline earnings per segment.

Notes to the condensed consolidated interim financial statements continued

NOTE 1 continued

EARNINGS PER SHARE (cents) attributable to owners of the parent	6 mths to 31.12.2020	Restated 6 mths to 31.12.2019 ¹	Restated 12 mths to 30.06.2020 ¹
Basic			
Earnings	62.8	104.5	12.9
Headline earnings	55.9	100.7	71.3
Weighted average number of shares (million) ²	1 448	1 455	1 452
Basic number of shares in issue (million)	1 443	1 451	1 448
Diluted³			
Normalised headline earnings	67.6	118.2	101.5
Weighted average number of shares (million) ⁴	1 498	1 499	1 499
Diluted number of shares in issue (million)	1 491	1 499	1 499
Earnings	62.8	103.8	12.9
Headline earnings	55.9	100.1	71.3
Weighted average number of shares (million) ²	1 448	1 483	1 452

¹ Refer to note 11 for more information on the restatements.

² For basic and diluted earnings and headline earnings per share, treasury shares held on behalf of contract holders are deemed to be cancelled.

³ On a diluted basis, the KTH preference shares were anti-dilutive in the current and June 2020 periods. For diluted earnings and headline earnings, these preference shares were therefore ignored in accordance with IAS 33. Normalised headline earnings treats the preference shares as if they were ordinary equity. This treatment is consistent with how the preference shares were treated in prior periods.

⁴ For normalised headline earnings per share, treasury shares held on behalf of contract holders are deemed to be issued.

Notes to the condensed consolidated interim financial statements continued

NOTE 2 SEGMENTAL REPORT

The Group's reporting view reflects the following segments:

- **Momentum Life:** Momentum Life includes protection, savings and life insurance products focused on the middle and affluent client segments.
- **Momentum Investments:** Momentum Investments consists of the Momentum Wealth platform business, local and offshore asset management operations, retail annuities and guaranteed investments, as well as Eris Properties.
- **Metropolitan Life:** Metropolitan Life focusses on the lower and middle income retail market segment, with a range of protection and savings products.
- **Momentum Corporate:** Momentum Corporate offers group risk, annuities, pension savings and umbrella fund (FundsAtWork) products.
- **Momentum Metropolitan Health:** Provides healthcare solutions to individuals, corporates and the public sector within a range of structures and products.
- **Non-life Insurance:** Non-life Insurance comprises the retail general insurance offering, Momentum Short-term Insurance, Momentum Insurance, and the cell captive insurer, Guardrisk.
- **Momentum Metropolitan Africa:** This segment includes our African operations.
- **New Initiatives:** This includes India, aYo, Multiply Money, Exponential Ventures and Momentum Consult.
- **Shareholders:** The Shareholders segment includes some costs not allocated to operating segments (eg certain holding company expenses).

The Executive Committee of the Group assesses the performance of the operating segments based on normalised headline earnings. Normalised headline earnings adjust the standard JSE definition of headline earnings for the dilutive impact of finance costs related to preference shares that can be converted into ordinary shares of the Group, the impact of treasury shares, the amortisation of intangible assets arising from business combinations and B-BBEE costs. It includes basis changes and investment variances.

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

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

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Notes	Momentum											Reconciling items ²	Total	
	Momentum Life Rm	Momentum Invest-ments Rm	Momentum Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Momentum Non-life Insurance Rm	Momentum Metropolitan Africa ¹ Rm	New Initiatives Rm	Share-holders Rm	Segmental total Rm				
6 mths to 31.12.2020														
Revenue														
Net insurance premiums	4 573	14 054	3 767	6 994	454	5 785	2 439	-	-	38 066	(19 995)	18 071		
Recurring premiums	4 341	368	3 201	5 838	453	5 059	1 950	-	-	21 210	(6 180)	15 030		
Single premiums	232	13 686	566	1 156	1	726	489	-	-	16 856	(13 815)	3 041		
Fee income	689	1 849	49	484	999	682	152	35	14	4 953	(571)	4 382		
Fee income	668	1 562	49	483	990	682	149	31	-	4 614	(232)	4 382		
Intergroup fee income	21	287	-	1	9	-	3	4	14	339	(339)	-		
Expenses														
Net payments to contract holders	4 979	13 405	3 264	8 804	305	3 417	1 299	-	-	35 473	(20 594)	14 879		
External payments	1 606	1 508	1 378	702	968	2 013	867	124	103	9 269	1 778	11 047		
Other expenses ³	687	419	657	43	25	1 291	358	14	-	3 494	-	3 494		
Sales remuneration	825	819	692	560	769	631	386	108	413	5 203	1 344	6 547		
Administration expenses	35	186	-	-	3	-	2	-	7	233	773	1 006		
Asset management, direct property and other fee expenses	59	84	29	99	171	91	121	2	(317)	339	(339)	-		
Intergroup expenses														
Normalised headline earnings	332	440	328	(212)	86	258	304	(257)	(267)	1 012	-	1 012		
Operating profit/(loss) ⁴	401	610	415	(325)	116	336	239	(258)	(142)	1 392	-	1 392		
Tax on operating profit/(loss)	(127)	(150)	(117)	89	(26)	(95)	(49)	-	(27)	(502)	-	(502)		
Investment return	64	(30)	32	26	(5)	19	132	1	(89)	150	-	150		
Tax on investment return	(6)	10	(2)	(2)	1	(2)	(18)	-	(9)	(28)	-	(28)		
Covered	363	355	328	(208)	-	-	277	-	(109)	1 006	-	1 006		
Non-covered	(31)	85	-	(4)	86	258	27	(257)	(158)	6	-	6		
	332	440	328	(212)	86	258	304	(257)	(267)	1 012	-	1 012		
Basis changes and investment variances⁵	(247)	90	(63)	(402)	-	-	100	-	-	(522)	-	(522)		
Actuarial liabilities	71 969	173 066	34 717	99 764	38	30 781	14 802	-	-	425 137	-	425 137		

¹ The 'Momentum Metropolitan Africa' column includes amounts received/incurred by companies the Group has decided to exit as at the end of the respective period. Net insurance premiums R198 million; external payments R136 million and administration expenses R116 million.

² The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; direct property (R260 million) and asset management fees for all entities (R51.3 million), except non-life entities, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; asset management fees from cell captive business (R1.021 million); the amortisation of intangible assets relating to business combinations (R312 million); expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

³ Other expenses consists of the following line items on the income statement: depreciation, amortisation and impairment expenses, employee benefit expenses, sales remuneration and other expenses.

⁴ Operating profit is normalised headline earnings, gross of tax less investment return.

⁵ Basis changes and investment variances are included in normalised headline earnings and are net of tax. The reported numbers represent basis changes on in-force business and investment variances that are aligned with embedded value reporting.

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Notes	Momentum Life Rm	Momentum Investments Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health ¹ Rm	Non-life Insurance Rm	Momentum Metropolitan Africa ² Rm	New Initiatives Rm	Shareholders Rm	Segmental total Rm	Reconciling items ³ Rm	Total Rm
Restated 6 mths to 31.12.2019⁴												
Revenue												
Net insurance premiums	4 714	12 625	3 671	7 763	428	6 847	2 350	–	–	38 398	(22 368)	16 030
Recurring premiums	4 431	334	3 144	6 190	426	4 042	1 970	–	–	20 537	(6 561)	13 976
Single premiums	283	12 291	527	1 573	2	2 805	380	–	–	17 861	(15 807)	2 054
Fee income	642	1 828	62	317	1 027	687	151	20	18	4 752	(574)	4 178
Fee income	621	1 548	62	317	1 013	687	151	19	–	4 418	(240)	4 178
Intergroup fee income	21	280	–	–	14	–	–	1	18	334	(334)	–
Expenses												
Net payments to contract holders												
External payments	5 009	12 310	2 866	7 440	300	2 143	1 372	–	–	31 440	(18 163)	13 277
Other expenses ⁵	1 812	1 522	1 317	730	952	1 777	952	98	45	9 205	1 483	10 688
Sales remuneration	699	415	572	41	16	1 281	382	5	–	3 411	–	3 411
Administration expenses	922	874	722	605	752	433	456	91	296	5 151	1 313	6 464
Asset management, direct property and other fee expenses	123	171	–	–	4	–	2	–	9	309	504	813
Intergroup expenses	68	62	23	84	180	63	112	2	(260)	334	(334)	–
Normalised headline earnings^{6,7}	603	282	416	308	80	143	208	(240)	(28)	1 772	–	1 772
Operating profit/(loss) ⁸	674	383	486	355	105	157	47	(243)	(47)	1 917	–	1 917
Tax on operating profit/(loss)	(200)	(112)	(137)	(100)	(27)	(42)	9	1	(23)	(631)	–	(631)
Investment return	155	13	80	63	3	35	131	2	106	588	–	588
Tax on investment return	(26)	(2)	(13)	(10)	(1)	(7)	21	–	(64)	(102)	–	(102)
Covered	629	249	416	310	–	–	239	–	28	1 871	–	1 871
Non-covered	(26)	33	–	(2)	80	143	(31)	(240)	(56)	(99)	–	(99)
Basis changes and investment variances⁹	603	282	416	308	80	143	208	(240)	(28)	1 772	–	1 772
Actuarial liabilities	(3)	11	(10)	29	–	–	4	–	–	31	–	31
	73 225	163 453	35 455	98 797	28	26 101	13 415	–	–	410 474	–	410 474

¹ Following a revision to its internal operating structure, Momentum Metropolitan has split the health business, previously included in the Momentum Corporate segment, into its own segment. December 2019 has been restated accordingly. The Momentum Metropolitan Africa column includes amounts received/incurred by companies the Group has decided to exit as at the end of the respective period: Net insurance premiums R328 million; external payments R196 million and administration expenses R144 million.

² The 'Reconciling items' column includes: investment contract business premiums and claims; intergroup fee income and expenses; direct property (R247 million) and asset management fees for all entities (R341 million), except non-life entities, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; asset management fees from cell captive business (R983 million); the amortisation of intangibles relating to business combinations (R312 million); expenses relating to consolidated collective investment schemes and other minor adjustments to expenses and fee income.

³ Refer to note 11 for more information on the restatements other than bad debts 1, 6, 7 and 9.

⁴ Other expenses consists of the following line items on the income statement: depreciation, amortisation and impairment expenses; employee benefit expenses; sales remuneration; and other expenses.

⁵ The split used to analyse normalised headline earnings has been redefined into operating profit and investment return. Operating profit is generated from trading or operating activities whereas investment return is generated from investment activities on shareholder funds or assets. December 2019 has been restated accordingly.

⁶ In light of changes to internal performance metrics (and to retain alignment between internal and external reporting), a decision was taken to allocate investment returns to operating segments in proportion to regulatory capital requirements for the main life licence. This allows for a consistent measurement of return on equity (also proportionally allocated to regulatory capital requirements) at a segmental level. December 2019 has been restated accordingly.

⁷ Operating profit is normalised headline earnings gross of tax less investment return.

⁸ Basis changes and investment variances are included in normalised headline earnings and are net of tax. The reported numbers represent basis changes on in-force business and investment variances that are aligned with embedded value reporting. The Group has aligned the definition of investment variances between embedded value and published reporting in light of the alignment between the liability basis used. The Group believes this consistency will enhance the readers understanding of the supplementary information disclosed. December 2019 has been restated accordingly.

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Notes	Momentum Life Rm	Momentum Investments Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health ¹ Rm	Non-life Insurance Rm	Momentum Metropolitan Africa ² Rm	New Initiatives Rm	Share-holders Rm	Segmental total Rm	Reconciling items ³ Rm	Total Rm
Restated												
12 mths to 30.06.2020⁴												
Revenue												
Net insurance premiums	9 466	24 067	7 085	15 340	857	13 527	4 698	–	–	75 040	(41 759)	33 281
Recurring premiums	8 896	734	6 025	12 327	855	9 745	3 926	–	–	42 508	(12 994)	29 514
Single premiums	570	23 333	1 060	3 013	2	3 782	772	–	–	32 532	(28 765)	3 767
Fee income	1 316	3 288	116	952	2 104	1 398	314	29	49	9 566	(1 148)	8 418
Intergroup fee income	1 272	2 732	116	951	2 036	1 398	314	25	–	8 844	(426)	8 418
	44	556	–	1	68	–	–	4	49	722	(722)	–
Expenses												
Net payments to contract holders												
External payments	9 093	22 658	5 435	15 278	407	4 984	2 518	–	–	60 373	(33 373)	27 000
Other expenses ⁵	3 368	3 025	2 426	1 503	1 978	4 106	1 861	254	862	19 373	2 586	21 959
Sales remuneration	1 277	829	1 075	90	40	2 611	703	9	–	6 634	–	6 634
Administration expenses	1 754	1 722	1 305	1 235	1 530	1 368	912	240	1 338	11 404	2 371	13 775
Asset management, direct property and other fee expenses	218	360	–	–	8	–	3	–	24	613	937	1 550
Intergroup expenses	119	114	46	178	400	127	233	5	(500)	722	(722)	–
Normalised headline earnings^{6,7}	578	340	393	177	156	405	317	(509)	(336)	1 521	–	1 521
Operating profit/(loss) ⁸	590	420	422	152	210	494	88	(518)	(12)	1 846	–	1 846
Tax on operating profit/(loss)	(190)	(107)	(120)	(48)	(52)	(146)	(18)	7	(208)	(882)	–	(882)
Investment return	199	33	100	80	(2)	69	229	2	(99)	611	–	611
Tax on investment return	(21)	(6)	(9)	(7)	–	(12)	18	–	(17)	(54)	–	(54)
Covered	631	209	393	188	–	–	353	–	(176)	1 598	–	1 598
Non-covered	(53)	131	–	(11)	156	405	(36)	(509)	(160)	(77)	–	(77)
Basis changes and investment variances⁹	578	340	393	177	156	405	317	(509)	(336)	1 521	–	1 521
Actuarial liabilities	(271)	(272)	(412)	(470)	–	–	(135)	–	–	(1 560)	–	(1 560)
	69 917	165 404	33 800	93 992	30	29 226	13 646	–	–	406 015	–	406 015

¹ Following a revision to its internal operating structure, Momentum Metropolitan has split the health business, previously included in the Momentum Corporate segment, into its own segment. June 2020 has been restated accordingly.

² The 'Momentum Metropolitan Africa' column includes amounts received/incurred by companies the Group has decided to exit as at the end of the respective period. Net insurance premiums R567 million, external payments R335 million and administration expenses R272 million.

³ The 'Reconciling items' column includes investment contract business premiums and claims; intergroup fee income and expenses; direct property (R478 million), and asset management fees for all entities (R459 million), except non-life entities, that are set off against investment income for management reporting purposes but shown as an expense for accounting purposes; asset management fees from cell captive business (R1 678 million), the amortisation of intangible assets relating to business combinations (R662 million); expenses relating to consolidated collective investment schemes; and other minor adjustments to expenses and fee income.

⁴ Refer to note 11 for more information on the restatements other than footnotes 1, 6 and 7.

⁵ Other expenses consist of the following line items on the income statement: depreciation, amortisation and impairment expenses, employee benefit expenses, sales remuneration and other expenses.

⁶ The split used to analyse normalised headline earnings has been redefined into operating profit and investment return. Operating profit is generated from trading or operating activities whereas investment return is generated from investment activities on shareholder funds or assets. June 2020 has been restated accordingly.

⁷ In light of changes to internal performance metrics (and to retain alignment between internal and external reporting), a decision was taken to allocate investment returns to operating segments in proportion to regulatory capital requirements for the main life licence. This allows for a consistent measurement of return on equity (also proportionally allocated to regulatory capital requirements) at a segmental level. June 2020 has been restated accordingly.

⁸ Operating profit is normalised headline earnings gross of tax less investment return.

⁹ Basis changes and investment variances are included in normalised headline earnings and are net of tax. The reported numbers represent basis changes on in-force business and investment variances that are aligned with embedded value reporting.

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Note 2.1

Change in normalised headline earnings	Notes	Change %	6 mths to 31.12.2020 Rm	Restated 6 mths to 31.12.2019 ¹ Rm	Restated 12 mths to 30.06.2020 ¹ Rm
Momentum Life		(45)	332	603	578
Momentum Investments		56	440	282	340
Metropolitan Life		(21)	328	416	393
Momentum Corporate		(169)	(212)	308	177
Momentum Metropolitan Health ²		8	86	80	156
Non-life Insurance		80	258	143	405
Momentum Metropolitan Africa		46	304	208	317
Normalised headline earnings from operating segments		(25)	1 536	2 040	2 366
New Initiatives		(7)	(257)	(240)	(509)
Shareholders		(854)	(267)	(28)	(336)
Total normalised headline earnings	2	(43)	1 012	1 772	1 521

¹ In light of changes to internal performance metrics (and to retain alignment between internal and external reporting), a decision was taken to allocate investment returns to operating segments in proportion to regulatory capital requirements for the main life licence. This allows for a consistent measurement of return on equity (also proportionally allocated to regulatory capital requirements) at a segmental level. December 2019 and June 2020 have been restated accordingly.

² Following a revision to its internal operating structure, Momentum Metropolitan has split the health business, previously included in the Momentum Corporate segment, into its own segment. December 2019 and June 2020 have been restated accordingly.

Note 2.2 Segmental analysis

Covered definitions

Protection: This includes all life insurance business, generally open to new business. Momentum Life includes the Myriad protection business; Metropolitan Life includes all funeral business and Momentum Corporate includes all risk business.

Long-term savings: This includes all recurring and single premium savings business, generally open to new business.

Annuities and structured products: This includes all guaranteed investment and life annuities as well as guaranteed structured products in Momentum Investments.

Traditional: Includes all older generation products (universal life, conventional with and without profit).

Other: Includes miscellaneous reserves and unallocated sources of revenue and expenses.

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Note 2.2 Segmental analysis continued

Notes	Momentum Life Rm	Momentum Investments Rm	Momentum Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health Rm	Non-life Insurance Rm	Momentum Metropolitan Africa Rm	New Initiatives Rm	Shareholders Rm	Total Rm
6 mths to 31.12.2020										
Covered										
Protection	158	-	125	(390)	-	-	90	-	-	(17)
Long-term savings	97	86	60	103	-	-	102	-	-	448
Annuities and structured products	-	289	99	56	-	-	15	-	-	459
Traditional	59	-	19	-	-	-	8	-	-	86
Other	(5)	-	(5)	(1)	-	-	3	-	10	2
Investment return	54	(20)	30	24	-	-	59	-	(119)	28
Total	363	355	328	(208)	-	-	277	-	(109)	1 006
Non-covered										
Investment and savings	-	85	-	-	-	-	-	-	-	85
Life insurance	-	-	-	-	-	-	15	-	-	15
Health	-	-	-	-	90	-	50	-	-	140
Momentum Multiply	(30)	-	-	-	-	-	-	-	-	(30)
Non-life insurance	-	-	-	-	-	66	(13)	-	-	53
Cell captives	-	-	-	-	-	175	-	-	-	175
Holding company expenses	-	-	-	-	-	-	(55)	-	(74)	(129)
New Initiatives India	-	-	-	-	-	-	-	(145)	-	(145)
New Initiatives aYo	-	-	-	-	-	-	-	(68)	-	(68)
Other	(5)	-	-	(4)	-	-	(25)	(45)	(105)	(184)
Investment return	4	-	-	-	(4)	17	55	1	21	94
Total	(31)	85	-	(4)	86	258	27	(257)	(158)	6
Normalised headline earnings	332	440	328	(212)	86	258	304	(257)	(267)	1 012

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Note 2.2 Segmental analysis continued

Notes	Momentum Life Rm	Momentum Investments Rm	Momentum Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Health ¹ Rm	Non-life Insurance Rm	Momentum Metropolitan Africa ² Rm	New Initiatives Rm	Shareholders Rm	Total Rm
Restated 6 mths to 31.12.2019^{3,4}										
Covered										
Protection	308	–	165	80	–	–	47	–	–	600
Long-term savings	71	58	98	113	–	–	36	–	–	376
Annuities and structured products	–	189	65	65	–	–	18	–	–	337
Traditional	131	–	22	–	–	–	2	–	–	155
Other	(1)	(3)	(1)	(1)	–	–	41	–	(63)	(28)
Investment return	120	5	67	53	–	–	95	–	91	431
Total	629	249	416	310	–	–	239	–	28	1 871
Non-covered										
Investment and savings	–	27	–	–	–	–	–	–	–	27
Life insurance	–	–	–	–	–	–	(11)	–	–	(11)
Health	–	–	–	–	78	–	8	–	–	86
Momentum Multiply	(31)	–	–	–	–	–	–	–	–	(31)
Non-life insurance	–	–	–	–	–	(42)	(12)	–	–	(54)
Cell captives	–	–	–	–	–	157	–	–	–	157
Holding company expenses	–	–	–	–	–	–	(50)	–	(41)	(91)
New initiatives India	–	–	–	–	–	–	–	(150)	–	(150)
New initiatives aYo	–	–	–	–	–	–	–	(48)	–	(48)
Other	(4)	–	–	(2)	–	–	(23)	(44)	34	(39)
Investment return	9	6	–	–	2	28	57	2	(49)	55
Total	(26)	33	–	(2)	80	143	(31)	(240)	(56)	(99)
Normalised headline earnings	603	282	416	308	80	143	208	(240)	(28)	1 772

¹ Following a revision to its internal operating structure, Momentum Metropolitan has split the health business, previously included in the Momentum Corporate segment, into its own segment. December 2019 has been restated accordingly.

² Momentum Metropolitan Africa has paired the releases of distinct discretionary margins with the most relevant product to more accurately reflect the net impact of the releases with the performance of the products. December 2019 has been restated accordingly.

³ The split used to analyse normalised headline earnings has been redefined into operating profit and investment return. Operating profit is generated from trading or operating activities whereas investment return is generated from investment activities on shareholder funds or assets. December 2019 has been restated accordingly.

⁴ In light of changes to internal performance metrics (and to retain alignment between internal and external reporting), a decision was taken to allocate investment returns to operating segments in proportion to regulatory capital requirements for the main life licence. This allows for a consistent measurement of return on equity (also proportionally allocated to regulatory capital requirements) at a segmental level. December 2019 has been restated accordingly.

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Note 2.2 Segmental analysis continued

Notes	Momentum Life Rm	Momentum Investments Rm	Momentum Metropolitan Life Rm	Momentum Metropolitan Corporate Rm	Momentum Metropolitan Health ¹ Rm	Non-life Insurance Rm	Momentum Metropolitan Africa ² Rm	New Initiatives Rm	Shareholders Rm	Total Rm
Restated										
12 mths to 30.06.2020^{3,4}										
Covered										
Protection	338	–	260	(34)	–	–	378	–	–	942
Long-term savings products	142	102	153	(24)	–	–	4	–	–	377
Annuities and structured products	–	75	(124)	180	–	–	33	–	–	164
Traditional	(2)	–	57	–	–	–	26	–	–	81
Other	(10)	1	(44)	(7)	–	–	(258)	–	(66)	(384)
Investment return	163	31	91	73	–	–	170	–	(110)	418
Total	631	209	393	188	–	–	353	–	(176)	1 598
Non-covered										
Investment and savings	–	135	–	–	–	–	–	–	–	135
Life insurance	–	–	–	–	–	–	(19)	–	–	(19)
Health	–	–	–	–	158	–	50	–	–	208
Momentum Multiply	(61)	–	–	–	–	–	–	–	–	(61)
Non-life insurance	–	–	–	–	–	20	(17)	–	–	3
Cell captives	–	–	–	–	–	328	–	–	–	328
Holding company expenses	–	–	–	–	–	–	(114)	–	(143)	(257)
New Initiatives India	–	–	–	–	–	–	–	(290)	–	(290)
New Initiatives aYo	(7)	–	–	–	–	–	–	(108)	–	(108)
Other	15	(4)	–	(11)	–	–	(13)	(113)	(11)	(155)
Investment return	–	–	–	–	(2)	57	77	2	(6)	139
Total	(53)	131	–	(11)	156	405	(36)	(509)	(160)	(77)
Normalised headline earnings	578	340	393	177	156	405	317	(509)	(336)	1 521

¹ Following a revision to its internal operating structure, Momentum Metropolitan has split the health business, previously included in the Momentum Corporate segment, into its own segment. June 2020 has been restated accordingly.

² Momentum Metropolitan Africa has paired the releases of distinct discretionary margins with the most relevant product to more accurately reflect the net impact of the releases with the performance of the products. June 2020 has been restated accordingly.

³ The split used to analyse normalised headline earnings has been redefined into operating profit and investment return. Operating profit is generated from trading or operating activities whereas investment return is generated from investment activities on shareholder funds or assets. June 2020 has been restated accordingly.

⁴ In light of changes to internal performance metrics (and to retain alignment between internal and external reporting), a decision was taken to allocate investment returns to operating segments in proportion to regulatory capital requirements for the main life licence. This allows for a consistent measurement of return on equity (also proportionally allocated to regulatory capital requirements) at a segmental level. June 2020 has been restated accordingly.

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Note 2.2 Segmental analysis continued

Note 2.2.1 Momentum Investments – non-covered business

	Notes	6 mths to 31.12.2020 Rm	Restated 6 mths to 31.12.2019 ¹ Rm	Restated 12 mths to 30.06.2020 ¹ Rm
Revenue		830	823	1 657
Fee income		815	796	1 614
Performance fees		–	–	1
Investment income		16	24	47
Fair value (losses)/gains		(1)	3	(5)
Expenses and finance costs		(725)	(767)	(1 466)
Other expenses		(709)	(747)	(1 424)
Finance costs		(16)	(20)	(42)
Share of profit of associates		7	4	3
Profit before tax		112	60	194
Income tax expense		(26)	(25)	(64)
Non-controlling interest		(1)	(2)	1
Normalised headline earnings		85	33	131
Operating profit before tax	2.2	113	50	194
Tax on operating profit	2.2	(28)	(23)	(59)
Investment return		–	7	(5)
Tax on investment return		–	(1)	1
Normalised headline earnings		85	33	131

¹ The split used to analyse normalised headline earnings has been redefined into operating profit and investment return. Operating profit is generated from trading or operating activities whereas investment return is generated from investment activities on shareholder funds or assets. December 2019 and June 2020 have been restated accordingly.

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Note 2.2 Segmental analysis continued

Note 2.2.2 Health – non-covered business

	Notes	Momentum Metropolitan Health Rm	Momentum Metropolitan Africa Rm	Total Rm
6 mths to 31.12.2020				
Revenue		1 458	382	1 840
Net insurance premiums		454	268	722
Fee income		990	93	1 083
Investment income		1	21	22
Intergroup fees		13	–	13
Expenses and finance costs		(1 295)	(276)	(1 571)
Net payments to contract holders		(305)	(155)	(460)
Change in actuarial liabilities		(4)	(2)	(6)
Other expenses		(985)	(118)	(1 103)
Finance costs		(1)	(1)	(2)
Share of profit of associates		14	–	14
Profit before tax		177	106	283
Income tax expense		(44)	(34)	(78)
Non-controlling interest		(47)	(14)	(61)
Normalised headline earnings		86	58	144
Operating profit before tax	2.2	116	74	190
Tax on operating profit	2.2	(26)	(24)	(50)
Investment return		(5)	11	6
Tax on investment return		1	(3)	(2)
Normalised headline earnings		86	58	144
Closed schemes		23	58	81
Open scheme		31	–	31
Other		32	–	32
		86	58	144

	Principal members	Lives
Momentum Metropolitan Health principal members	1 118 341	
Momentum Metropolitan Africa lives		429 026

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Note 2.2 Segmental analysis continued

Note 2.2.2 Health – non-covered business continued

	Notes	Momentum Metropolitan Health Rm	Momentum Metropolitan Africa Rm	Total Rm
Restated				
6 mths to 31.12.2019¹				
Revenue				
		1 466	398	1 864
Net insurance premiums		431	277	708
Fee income		1 013	105	1 118
Investment income		21	16	37
Intergroup fees		1	–	1
Expenses and finance costs				
		(1 290)	(348)	(1 638)
Net payments to contract holders		(300)	(201)	(501)
Change in actuarial liabilities		(4)	–	(4)
Other expenses		(983)	(147)	(1 130)
Finance costs		(3)	–	(3)
Profit before tax				
		176	50	226
Income tax expense		(45)	(21)	(66)
Non-controlling interest		(51)	(12)	(63)
Normalised headline earnings				
		80	17	97
Operating profit before tax	2.2	105	19	124
Tax on operating profit	2.2	(27)	(11)	(38)
Investment return		3	11	14
Tax on investment return		(1)	(2)	(3)
Normalised headline earnings				
		80	17	97
Closed schemes				
		41	17	58
Open scheme				
		20	–	20
Other				
		19	–	19
		80	17	97

	Principal members	Lives
Momentum Metropolitan Health principal members	1 107 857	
Momentum Metropolitan Africa lives		427 803

¹ The split used to analyse normalised headline earnings has been redefined into operating profit and investment return. Operating profit is generated from trading or operating activities whereas investment return is generated from investment activities on shareholder funds or assets. December 2019 has been restated accordingly.

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Note 2.2 Segmental analysis continued

Note 2.2.2 Health – non-covered business continued

Notes	Momentum Metropolitan Health Rm	Momentum Metropolitan Africa Rm	Total Rm
Restated 12 mths to 30.06.2020¹			
Revenue	2 930	834	3 764
Net insurance premiums	857	585	1 442
Fee income	2 036	213	2 249
Investment income	35	36	71
Intergroup fees	2	–	2
Expenses and finance costs	(2 616)	(682)	(3 298)
Net payments to contract holders	(602)	(389)	(991)
Change in actuarial liabilities	(8)	–	(8)
Other expenses	(2 000)	(290)	(2 290)
Finance costs	(6)	(3)	(9)
Share of profit of associates	4	–	4
Profit before tax	318	152	470
Income tax expense	(79)	(51)	(130)
Non-controlling interests	(83)	(32)	(115)
Normalised headline earnings	156	69	225
Operating profit before tax	210	80	290
Tax on operating profit	(52)	(30)	(82)
Investment return	(3)	24	21
Tax on investment return	1	(5)	(4)
Normalised headline earnings	156	69	225
Closed schemes	73	69	142
Open scheme	60	–	60
Other	23	–	23
	156	69	225

	Principal members	Lives
Momentum Metropolitan Health principal members	1 108 442	
Momentum Metropolitan Africa lives		427 531

¹ The split used to analyse normalised headline earnings has been redefined into operating profit and investment return. Operating profit is generated from trading or operating activities whereas investment return is generated from investment activities on shareholder funds or assets. June 2020 has been restated accordingly.

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Note 2.2 Segmental analysis continued

Note 2.2.3 Non-life insurance

	Notes	Non-life business Rm	Cell captive business Rm	Momentum Metropolitan Africa Rm	Total Rm
6 mths to 31.12.2020					
Net insurance premiums		998	–	116	1 114
Fee income		9	448	20	477
Management fees		–	281	–	281
Investment fees		–	38	–	38
Underwriting fees		–	126	–	126
Other fee income		9	3	20	32
Investment income		38	74	23	135
Total income		1 045	522	159	1 726
Expenses and finance costs		(923)	(289)	(149)	(1 361)
Net payments to contract holders		(455)	–	(63)	(518)
Change in actuarial liabilities		–	–	(6)	(6)
Acquisition costs ¹		(73)	–	(23)	(96)
Other expenses		(395)	(280)	(57)	(732)
Finance costs		–	(9)	–	(9)
Profit before tax		122	233	10	365
Income tax expense		(35)	(62)	–	(97)
Non-controlling interest		–	–	(1)	(1)
Normalised headline earnings		87	171	9	267
Operating profit/(loss) before tax	2.2	98	238	(14)	322
Tax on operating profit/(loss)	2.2	(32)	(63)	1	(94)
Investment return		24	(5)	23	42
Tax on investment return		(3)	1	(1)	(3)
Normalised headline earnings		87	171	9	267
Momentum Short-term Insurance (including Admin)		5	–	–	5
Momentum Insurance		82	–	2	84
Guardrisk Group		–	171	–	171
Tanzania		–	–	–	–
Momentum Short-term Insurance (Namibia)		–	–	–	–
Cannon Short-term		–	–	7	7
		87	171	9	267

¹ The acquisition costs relating to the cell captive business are included in underwriting fees.

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Note 2.2 Segmental analysis continued

Note 2.2.3 Non-life insurance continued

Notes	Non-life business Rm	Cell captive business Rm	Momentum Metropolitan Africa Rm	Total Rm
Restated				
6 mths to 31.12.2019¹				
Net insurance premiums	481	–	101	582
Fee income	–	388	17	405
Management fees	–	233	–	233
Investment fees	–	47	–	47
Underwriting fees	–	105	–	105
Other fee income	–	3	17	20
Investment income	34	72	14	120
Total income	515	460	132	1 107
Expenses and finance costs	(541)	(242)	(127)	(910)
Net payments to contract holders	(310)	–	(67)	(377)
Change in actuarial liabilities	–	–	11	11
Acquisition costs ²	(50)	–	(20)	(70)
Other expenses	(181)	(230)	(51)	(462)
Finance costs	–	(12)	–	(12)
(Loss)/Profit before tax	(26)	218	5	197
Income tax expense	4	(53)	(2)	(51)
Non-controlling interest	–	–	(1)	(1)
Normalised headline earnings	(22)	165	2	145
Operating (loss)/profit before tax	(52)	209	(11)	146
Tax on operating (loss)/profit	10	(52)	(1)	(43)
Investment return	26	9	14	49
Tax on investment return	(6)	(1)	–	(7)
Normalised headline earnings	(22)	165	2	145
Momentum Short-term Insurance (including Admin)	(22)	–	–	(22)
Guardrisk Group	–	165	–	165
Swaziland	–	–	4	4
Tanzania	–	–	–	–
Momentum Short-term Insurance (Namibia)	–	–	(1)	(1)
Cannon Short-term	–	–	(1)	(1)
	(22)	165	2	145

¹ The split used to analyse normalised headline earnings has been redefined into operating profit and investment return. Operating profit is generated from trading or operating activities whereas investment return is generated from investment activities on shareholder funds or assets. December 2019 has been restated accordingly.

² The acquisition costs relating to the cell captive business are included in underwriting fees.

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Note 2.2 Segmental analysis continued

Note 2.2.3 Non-life insurance continued

Notes	Non-life business Rm	Cell captive business Rm	Momentum Metropolitan Africa Rm	Total Rm
Restated				
12 mths to 30.06.2020¹				
Net insurance premiums	1 320	–	218	1 538
Fee income	8	774	34	816
Management fees	–	407	–	407
Investment fees	–	111	–	111
Underwriting fees	–	247	–	247
Other fee income	8	9	34	51
Investment income	86	179	40	305
Total income	1 414	953	292	2 659
Expenses and finance costs	(1 304)	(500)	(273)	(2 077)
Net payments to contract holders	(660)	–	(114)	(774)
Acquisition costs ²	(137)	–	(42)	(179)
Other expenses	(507)	(481)	(117)	(1 105)
Finance costs	–	(19)	–	(19)
Profit before tax	110	453	19	582
Income tax expense	(40)	(118)	(1)	(159)
Non-controlling interest	–	–	(2)	(2)
Normalised headline earnings	70	335	16	421
Operating profit/(loss) before tax	47	446	(17)	476
Tax on operating profit/(loss)	(27)	(118)	–	(145)
Investment return	63	6	33	102
Tax on investment return	(13)	1	–	(12)
Normalised headline earnings	70	335	16	421
Momentum Short-term Insurance (including Admin)	(18)	–	–	(18)
Momentum Insurance	88	–	–	88
Guardrisk Group	–	335	–	335
Swaziland	–	–	2	2
Tanzania	–	–	4	4
Momentum Short-term Insurance (Namibia)	–	–	–	–
Cannon Short-term	–	–	10	10
	70	335	16	421

¹ The split used to analyse normalised headline earnings has been redefined into operating profit and investment return. Operating profit is generated from trading or operating activities whereas investment return is generated from investment activities on shareholder funds or assets. June 2020 has been restated accordingly.

² The acquisition costs relating to the cell captive business are included in underwriting fees.

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Note 2.2 Segmental analysis continued

Note 2.2.4 India – non-covered business¹

	Notes	6 mths to 31.12.2020 Rm	6 mths to 31.12.2019 Rm	12 mths to 30.06.2020 Rm
Gross written premiums		1 203	662	1 900
Net earned premiums		721	439	1 275
Fee income		13	8	19
Net incurred claims		(356)	(295)	(625)
Total management expenses		(664)	(442)	(1 205)
Net commission expenses		(60)	(37)	(101)
Underwriting loss		(346)	(327)	(637)
Investment income		57	33	91
Operating loss		(289)	(294)	(546)
Investment income on excess		17	15	15
Loss before and after tax		(272)	(279)	(531)
MMH share of results (49%)		(133)	(137)	(260)
Group support costs		(12)	(13)	(30)
Normalised headline earnings	2.2	(145)	(150)	(290)
Number of lives		9 539 387	5 183 852	8 348 644

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

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Note 2.3 Segment IFRS 15 – Revenue from contracts with customers

	Notes	Total revenue in scope of IFRS 15					Total fee income Rm
		Contract administration Rm	Trust and fiduciary services Rm	Health administration Rm	Cell captive commission Rm	Other fee income Rm	
6 mths to 31.12.2020							
Momentum Life		559	5	–	–	104	668
Momentum Investments		897	605	–	–	60	1 562
Metropolitan Life		18	–	–	–	31	49
Momentum Corporate		249	210	–	–	24	483
Momentum Metropolitan Health		1	–	982	–	7	990
Non-life Insurance		38	–	–	609	35	682
Momentum Metropolitan Africa		19	10	4	–	116	149
New Initiatives		–	–	–	–	31	31
Segmental total		1 781	830	986	609	408	4 614
Reconciling items		–	(233)	–	–	1	(232)
Total	2	1 781	597	986	609	409	4 382
Restated							
6 mths to 31.12.2019^{1,2}							
Momentum Life		389	5	–	–	227	621
Momentum Investments		917	624	–	–	7	1 548
Metropolitan Life		29	–	–	–	33	62
Momentum Corporate		65	225	–	–	27	317
Momentum Metropolitan Health		2	–	1 004	–	7	1 013
Non-life Insurance		94	–	–	558	35	687
Momentum Metropolitan Africa		16	9	8	–	118	151
New Initiatives		–	–	–	–	19	19
Segmental total		1 512	863	1 012	558	473	4 418
Reconciling items		–	(240)	–	–	–	(240)
Total	2	1 512	623	1 012	558	473	4 178
Restated							
12 mths to 30.06.2020¹							
Momentum Life		886	11	–	–	375	1 272
Momentum Investments		1 370	1 258	–	–	104	2 732
Metropolitan Life		54	–	–	–	62	116
Momentum Corporate		433	463	–	–	55	951
Momentum Metropolitan Health		3	–	2 018	–	15	2 036
Non-life Insurance		154	–	–	1 190	54	1 398
Momentum Metropolitan Africa		33	25	10	–	246	314
New Initiatives		–	–	–	–	25	25
Segmental total		2 933	1 757	2 028	1 190	936	8 844
Reconciling items		–	(431)	–	–	5	(426)
Total	2	2 933	1 326	2 028	1 190	941	8 418

¹ Following a revision to its internal operating structure, Momentum Metropolitan has split the health business, previously included in the Momentum Corporate segment, into its own segment. December 2019 and June 2020 have been restated accordingly.

² Refer to note 11 for more information on the restatements other than footnote 1.

Notes to the condensed consolidated interim financial statements continued

NOTE 2 continued

Note 2.4 Segment revenue per geographical basis

	Notes	SA Rm	Non-SA Rm	Total revenue Rm
6 mths to 31.12.2020				
Momentum Life		5 241	–	5 241
Momentum Investments		15 261	355	15 616
Metropolitan Life		3 816	–	3 816
Momentum Corporate		7 477	–	7 477
Momentum Metropolitan Health		1 444	–	1 444
Non-life Insurance		5 646	821	6 467
Momentum Metropolitan Africa		–	2 588	2 588
New Initiatives		31	–	31
Segmental total		38 916	3 764	42 680
Reconciling items		(18 946)	(1 281)	(20 227)
Total	2	19 970	2 483	22 453
Restated				
6 mths to 31.12.2019^{1,2}				
Momentum Life		5 335	–	5 335
Momentum Investments		13 916	257	14 173
Metropolitan Life		3 733	–	3 733
Momentum Corporate		8 080	–	8 080
Momentum Metropolitan Health		1 441	–	1 441
Non-life Insurance		6 830	704	7 534
Momentum Metropolitan Africa		–	2 501	2 501
New Initiatives		19	–	19
Segmental total		39 354	3 462	42 816
Reconciling items		(21 625)	(983)	(22 608)
Total	2	17 729	2 479	20 208
Restated				
12 mths to 30.06.2020¹				
Momentum Life		10 738	–	10 738
Momentum Investments		26 202	597	26 799
Metropolitan Life		7 201	–	7 201
Momentum Corporate		16 291	–	16 291
Momentum Metropolitan Health		2 893	–	2 893
Non-life Insurance		13 522	1 403	14 925
Momentum Metropolitan Africa		–	5 012	5 012
New Initiatives		25	–	25
Segmental total		76 872	7 012	83 884
Reconciling items		(40 238)	(1 947)	(42 185)
Total	2	36 634	5 065	41 699

¹ Following a revision to its internal operating structure, Momentum Metropolitan has split the health business, previously included in the Momentum Corporate segment, into its own segment. December 2019 and June 2020 have been restated accordingly.

² Refer to note 11 for more information on the restatements other than footnote 1.

Notes to the condensed consolidated interim financial statements continued

NOTE 3

NON-CONTROLLING INTERESTS (legal percentages)	31.12.2020 %	31.12.2019 %	30.06.2020 %
Cannon Assurance	33.7	33.7	33.7
Eris Property Group	23.5	23.5	23.5
Metropolitan Health Ghana	15.0	0.9	15.0
Metropolitan Kenya	33.7	33.7	33.7
Metropolitan Tanzania	33.0	33.0	33.0
Momentum Metropolitan Namibia	0.7	0.7	0.7
Momentum Mozambique	33.0	33.0	33.0
Metropolitan Health Corporate	49.0	49.0	49.0
Momentum Short-term Insurance (Namibia)	30.0	30.0	30.0
Alexander Forbes Insurance Company Namibia	30.0	–	–
Entities sold during period			
Methealth Namibia Administrators ¹	–	49.0	49.0
Metropolitan Health Zambia	–	0.8	–

¹ The Group's effective interest in this entity declined from 51% to 49%, as a result of the 2% stake sold in the current period.

NOTE 4

BUSINESS COMBINATIONS

DECEMBER 2020

Seneca

On 30 November 2020, the Group, through its wholly owned subsidiary, MGIM, acquired 100% of the shares in Seneca for £8.22 million in cash and £1.97 million contingent consideration. The contingent consideration is dependent on certain targets being met. If no targets are met, the payment will be nil and if the targets are met, a maximum payment of £5 million will be made.

The acquisition provides an opportunity for growth, which is the Group's current focus.

There were no other significant business combinations for the 6 months ended December 2020.

DECEMBER 2019

There were no significant business combinations for the 6 months ended December 2019.

JUNE 2020

Alexander Forbes Short-term Insurance

On 31 January 2020, MMH, through its wholly owned subsidiary, Momentum Metropolitan Strategic Investments (Pty) Ltd, acquired the Alexander Forbes Short-term Insurance (AFI) business for R2.04 billion in cash. AFI has since been renamed to Momentum Insurance.

The assets purchased include:

- 100% of the shares in Alexander Forbes Administration Services (Pty) Ltd, Alexander Forbes Direct (Pty) Ltd and Alexander Forbes Insurance Company Ltd;
- the information technology software which supports AFI; and
- the trademarks specific to AFI.

Notes to the condensed consolidated interim financial statements continued

NOTE 4 continued

BUSINESS COMBINATIONS continued

JUNE 2020 continued

Alexander Forbes Short-term Insurance continued

The strategic acquisition is in line with Momentum Metropolitan's overall Reset and Grow strategy and specifically aims to fast track growth of the non-life insurance interests of the Group.

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

	31.12.2020 Rm	30.06.2020 Rm
Purchase consideration in total	218	2 038
Fair value of net assets		
Intangible assets	229	380
Tangible assets	1	18
Financial instrument assets	10	8
Insurance and other receivables	–	289
Cash and cash equivalents	26	611
Other assets	–	11
Insurance contract liabilities	–	(358)
Financial instrument liabilities	–	(16)
Other liabilities	(48)	(297)
Net identifiable assets acquired	218	646
Goodwill recognised	–	1 392
Contingent liability payments	(42)	–
Purchase consideration in cash	176	2 038
Revenue	7	384
Earnings	1	88

The initial accounting for the acquisition of Seneca has been provisionally determined at reporting date. At the date of finalisation of the condensed consolidated interim financial statements, the necessary valuations of certain assets had not been finalised and are therefore presented as preliminary.

In addition to the Seneca acquisition disclosed, net cash outflow of R31 million was incurred on acquiring AFIN.

The AFI acquisition in the prior period resulted in R1.39 billion goodwill being recognised attributable to certain anticipated operating synergies. The goodwill is not deductible for tax purposes.

Notes to the condensed consolidated interim financial statements continued

NOTE 5

	31.12.2020 Rm	31.12.2019 Rm	30.06.2020 Rm
RECONCILIATION OF GOODWILL			
Cost	2 766	1 377	2 764
Accumulated impairment	(476)	(272)	(476)
Balance at end	2 290	1 105	2 288
Balance at beginning	2 288	1 105	1 105
Business combinations ¹	2	–	1 392
Impairment charges ²	–	–	(209)
Balance at end	2 290	1 105	2 288

¹ The June 2020 period related to the acquisition of AFI.

² Goodwill relating to Momentum Short-term Insurance (Non-life Insurance segment) was impaired in the June 2020 period due to a lower recoverable amount.

NOTE 6

	31.12.2020 Rm	31.12.2019 Rm	30.06.2020 Rm
FINANCE COSTS			
Subordinated debt	179	213	440
Cost of carry positions	101	149	288
Other finance costs	117	114	227
Redeemable preference shares	71	54	130
Total	468	530	1 085

NOTE 7

	31.12.2020 Rm	Restated 31.12.2019 ¹ Rm	30.06.2020 Rm
DISPOSAL OF SUBSIDIARY RECONCILIATION			
Assets/(liabilities) disposed of:			
Financial assets at fair value through profit and loss	–	744	744
Cash and cash equivalents	58	177	177
Other assets	46	94	94
Long-term insurance contracts	(13)	(219)	(219)
Investment contracts with DPF	–	(244)	(244)
Investment contracts designated at fair value through profit and loss	–	(227)	(227)
Other liabilities	(67)	(133)	(133)
Net assets sold	24	192	192
Non-controlling interests disposed of	(18)	(20)	(20)
Investment in associate recognised	(168)	–	–
Profit on sale of subsidiary	167	118	118
Cash flow from sale of subsidiary	5	290	290

¹ In the December 2019 period the cash flow from the sale of subsidiary was disclosed on a net cash basis; being the cash and cash equivalents proceeds received less the cash and cash equivalents remaining in the subsidiary sold. The current and June 2020 periods reflect the gross cash basis. December 2019 has been restated accordingly.

In the current period, the Group disposed of its entire holding in Metropolitan Life Zambia Ltd and Metropolitan Health Zambia Ltd and a portion of its holding in MHNA. MHNA is now classified as an investment in associate as the Group has significant influence over it.

In the December 2019 and June 2020 periods, the Group disposed of its entire holding in Financial Partners Ltd, UBA Metropolitan Life Insurance Ltd (Nigeria), and Metropolitan Life Swaziland Ltd.

Notes to the condensed consolidated interim financial statements continued

NOTE 8

OTHER RESERVES	31.12.2020 Rm	31.12.2019 Rm	30.06.2020 Rm
Land and building revaluation reserve	510	624	619
Foreign currency translation reserve	58	(3)	337
Non-distributable reserve	82	60	68
Employee benefit revaluation reserve	103	103	263
Fair value adjustment for preference shares issued by MMH	940	940	940
Equity-settled share-based payment arrangements	30	45	30
Total	1 723	1 769	2 257

NOTE 9

DIVIDENDS	2021	2020
Ordinary listed MMH shares (cents per share)		
Interim – March	25	40
Final – September		–
Total	25	40

MMH convertible redeemable preference shares (issued to KTH)

The A3 MMH preference shares were redeemable at 31 December 2020 at a redemption value of R9.18 per share unless converted into MMH ordinary shares on a one-for-one basis prior to that date. The preference shares were not redeemed on 31 December 2020 and an extension was entered into on 1 January 2021 for a further 18 months. The ordinary shares were originally issued at a price of R10.18 per share. Dividends are payable on the remaining preference shares at 132 cents per annum (payable March and September). MMH subscribed for a cumulative, redeemable preference share in Off The Shelf Investments 108 (Pty) Ltd (a subsidiary of KTH) which is linked to the A3 preference shares acquired in 2011. The dividends on the Off The Shelf Investments preference share aligns the A3 preference share dividend to the ordinary dividends.

A3 MMH preference share dividends – KTH	2021 Rm	2020 Rm
Interim – March	19	19
Final – September		19
Total	19	38

Notes to the condensed consolidated interim financial statements continued

NOTE 10

FINANCIAL INSTRUMENTS SUMMARISED BY MEASUREMENT CATEGORY IN TERMS OF IFRS 9

	At fair value through profit and loss			Amortised cost Rm	Not in scope of IFRS 9 Rm	Total Rm
	Mandatorily Rm	Designated ¹ Rm	Total fair value Rm			
31.12.2020						
Unit-linked investments	162 098	–	162 098	–	–	162 098
Debt securities	44 772	107 669	152 441	468	–	152 909
Equity securities ²	96 195	–	96 195	–	–	96 195
Funds on deposit and other money market instruments	15 178	15 997	31 175	141	–	31 316
Derivative financial assets	4 329	–	4 329	–	–	4 329
Financial assets at amortised cost	–	–	–	6 438	–	6 438
Insurance and other receivables (excluding accelerated rental and prepayments)	–	–	–	–	5 631	5 631
Cash and cash equivalents	–	–	–	28 646	–	28 646
Total financial assets	322 572	123 666	446 238	35 693	5 631	487 562
Investment contracts with DPF	–	–	–	–	18 516	18 516
Investment contracts designated at fair value through profit and loss	–	273 548	273 548	–	–	273 548
Collective investment scheme liabilities	–	27 593	27 593	–	–	27 593
Subordinated call notes	–	4 513	4 513	–	–	4 513
Carry positions	–	5 609	5 609	–	–	5 609
Derivative financial liabilities	6 520	–	6 520	–	–	6 520
Financial liabilities at amortised cost	–	–	–	4 414	252	4 666
Other payables (excluding premiums in advance and deferred revenue liability)	–	–	–	9 284	6 135	15 419
Other borrowings	143	350	493	–	–	493
Total financial liabilities	6 663	311 613	318 276	13 698	24 903	356 877

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

² Equity securities are classified as fair value through profit and loss at inception.

Notes to the condensed consolidated interim financial statements continued

NOTE 10 continued

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

	Fair value through profit and loss			Amortised cost Rm	Not in scope of IFRS 9 Rm	Total Rm
	Mandatorily Rm	Designated ¹ Rm	Total fair value Rm			
Restated 31.12.2019²						
Unit-linked investments	169 934	–	169 934	–	–	169 934
Debt securities	40 420	98 942	139 362	410	–	139 772
Equity securities ³	100 737	–	100 737	–	–	100 737
Funds on deposit and other money market instruments	12 471	14 141	26 612	77	–	26 689
Derivative financial assets	2 173	–	2 173	–	–	2 173
Financial assets at amortised cost	–	–	–	9 482	–	9 482
Insurance and other receivables (excluding accelerated rental and prepayments)	–	–	–	–	5 115	5 115
Cash and cash equivalents	–	–	–	25 389	–	25 389
Total financial assets	325 735	113 083	438 818	35 358	5 115	479 291
Investment contracts with DPF	–	–	–	–	20 333	20 333
Investment contracts designated at fair value through profit and loss	–	261 250	261 250	–	–	261 250
Collective investment scheme liabilities	–	34 282	34 282	–	–	34 282
Subordinated call notes	–	5 184	5 184	–	–	5 184
Carry positions	–	5 181	5 181	–	–	5 181
Derivative financial liabilities	2 422	–	2 422	–	–	2 422
Financial liabilities at amortised cost	–	–	–	3 215	357	3 572
Other payables (excluding premiums in advance and deferred revenue liability)	–	–	–	12 134	5 494	17 628
Other borrowings	96	10	106	–	–	106
Total financial liabilities	2 518	305 907	308 425	15 349	26 184	349 958

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

² Refer to note 11 for more information on the restatements.

³ Equity securities are classified as fair value through profit and loss at inception.

Notes to the condensed consolidated interim financial statements continued

NOTE 10 continued

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

	Fair value through profit and loss			Amortised cost Rm	Not in scope of IFRS 9 Rm	Total Rm
	Mandatorily Rm	Designated ¹ Rm	Total fair value Rm			
Restated 30.06.2020²						
Unit-linked investments	159 953	–	159 953	–	–	159 953
Debt securities	40 473	104 080	144 553	479	–	145 032
Equity securities ³	91 498	–	91 498	–	–	91 498
Funds on deposit and other money market instruments	11 851	15 734	27 585	161	–	27 746
Derivative financial assets	3 298	–	3 298	–	–	3 298
Financial assets at amortised cost	–	–	–	9 154	–	9 154
Insurance and other receivables (excluding accelerated rental and prepayments)	–	–	–	–	4 783	4 783
Cash and cash equivalents	–	–	–	31 823	–	31 823
Total financial assets	307 073	119 814	426 887	41 617	4 783	473 287
Investment contracts with DPF	–	–	–	–	18 320	18 320
Investment contracts designated at fair value through profit and loss	–	261 854	261 854	–	–	261 854
Collective investment scheme liabilities	–	28 467	28 467	–	–	28 467
Subordinated call notes	–	4 431	4 431	–	–	4 431
Carry positions	–	7 444	7 444	–	–	7 444
Derivative financial liabilities	5 463	–	5 463	–	–	5 463
Financial liabilities at amortised cost	–	–	–	4 292	318	4 610
Other payables (excluding premiums in advance and deferred revenue liability)	–	–	–	12 682	5 615	18 297
Other borrowings	115	26	141	–	–	141
Total financial liabilities	5 578	302 222	307 800	16 974	24 253	349 027

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

² Refer to note 11 for more information on the restatements.

³ Equity securities are classified as fair value through profit and loss at inception.

Notes to the condensed consolidated interim financial statements continued

NOTE 10 continued

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

Note 10.1 Financial instruments fair value hierarchy

The different valuation method levels have been defined as follows:

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

FINANCIAL ASSETS	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
31.12.2020				
Securities at fair value through profit and loss	299 032	142 837	4 369	446 238
Unit-linked investments				
Collective investment schemes ¹				
Local unlisted or listed quoted	106 030	924	–	106 954
Foreign unlisted or listed quoted	39 766	194	30	39 990
Foreign unlisted unquoted	–	1 748	302	2 050
Other unit-linked investments				
Local unlisted or listed quoted	3 035	11	–	3 046
Local unlisted unquoted	–	7 193	2 239	9 432
Foreign unlisted or listed quoted	368	38	–	406
Foreign unlisted unquoted	–	27	193	220
Debt securities				
Stock and loans to government and other public bodies				
Local listed	52 531	12 476	–	65 007
Foreign listed	1 524	3 246	2	4 772
Unlisted	–	3 976	520	4 496
Other debt instruments				
Local listed	–	39 094	18	39 112
Foreign listed	174	2 988	64	3 226
Unlisted	–	35 081	747	35 828
Equity securities				
Local listed	63 900	3	2	63 905
Foreign listed	31 499	526	129	32 154
Unlisted	–	18	118	136
Funds on deposit and other money market instruments	–	31 170	5	31 175
Derivative financial assets – held for trading	205	4 124	–	4 329
	299 032	142 837	4 369	446 238

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

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

Notes to the condensed consolidated interim financial statements continued

NOTE 10 continued

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

Note 10.1 Financial instruments fair value hierarchy continued

FINANCIAL ASSETS continued	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Restated				
31.12.2019¹				
Securities at fair value through profit and loss	298 442	135 778	4 598	438 818
Unit-linked investments				
Collective investment schemes ²				
Local unlisted or listed quoted	106 471	615	–	107 086
Foreign unlisted or listed quoted	48 286	191	112	48 589
Foreign unlisted unquoted	–	493	957	1 450
Other unit-linked investments				
Local unlisted or listed quoted	1 909	419	–	2 328
Local unlisted unquoted	–	8 591	1 675	10 266
Foreign unlisted unquoted	1	1	41	43
Foreign unlisted or listed quoted	–	–	172	172
Debt securities				
Stock and loans to government and other public bodies				
Local listed	40 236	12 267	–	52 503
Foreign listed	1 575	2 969	2	4 546
Unlisted	–	4 251	537	4 788
Other debt instruments				
Local listed	–	38 800	3	38 803
Foreign listed	235	2 336	64	2 635
Unlisted	–	35 507	580	36 087
Equity securities				
Local listed	75 274	6	8	75 288
Foreign listed	24 437	566	256	25 259
Unlisted	–	4	186	190
Funds on deposit and other money market instruments	–	26 607	5	26 612
Derivative financial assets – held for trading	18	2 155	–	2 173
	298 442	135 778	4 598	438 818

¹ Refer to note 11 for more information on the restatements.

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

Notes to the condensed consolidated interim financial statements continued

NOTE 10 continued

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

Note 10.1 Financial instruments fair value hierarchy continued

FINANCIAL ASSETS continued	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
30.06.2020				
Securities at fair value through profit and loss	285 068	137 817	4 002	426 887
Unit-linked investments				
Collective investment schemes ¹				
Local unlisted or listed quoted	101 356	648	–	102 004
Foreign unlisted or listed quoted	43 832	208	231	44 271
Foreign unlisted unquoted	–	1 179	425	1 604
Other unit-linked investments				
Local unlisted or listed quoted	1 892	63	–	1 955
Local unlisted unquoted	–	8 010	1 766	9 776
Foreign unlisted or listed quoted	20	8	29	57
Foreign unlisted unquoted	–	70	216	286
Debt securities				
Stock and loans to government and other public bodies				
Local listed	46 575	12 596	–	59 171
Foreign listed	55	3 134	3	3 192
Unlisted	–	3 927	553	4 480
Other debt instruments				
Local listed	208	38 848	22	39 078
Foreign listed	314	2 707	–	3 021
Unlisted	–	35 155	456	35 611
Equity securities				
Local listed	59 000	4	1	59 005
Foreign listed	31 626	568	172	32 366
Unlisted	–	4	123	127
Funds on deposit and other money market instruments	–	27 580	5	27 585
Derivative financial assets – held for trading	190	3 108	–	3 298
	285 068	137 817	4 002	426 887

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

Notes to the condensed consolidated interim financial statements continued

NOTE 10 continued

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

Note 10.1 Financial instruments fair value hierarchy continued

FINANCIAL LIABILITIES	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
31.12.2020				
Investment contracts designated at fair value through profit and loss	–	273 525	23	273 548
Financial liabilities at fair value through profit and loss	25 146	19 118	464	44 728
Collective investment scheme liabilities	25 139	2 444	10	27 593
Subordinated call notes	–	4 513	–	4 513
Carry positions	–	5 609	–	5 609
Derivative financial liabilities – held for trading	7	6 513	–	6 520
Other borrowings	–	39	454	493
	25 146	292 643	487	318 276
Restated				
31.12.2019¹				
Investment contracts designated at fair value through profit and loss	–	261 222	28	261 250
Financial liabilities at fair value through profit and loss	34 160	12 801	214	47 175
Collective investment scheme liabilities	34 160	–	122	34 282
Subordinated call notes	–	5 184	–	5 184
Carry positions	–	5 181	–	5 181
Derivative financial liabilities – held for trading	–	2 422	–	2 422
Other borrowings	–	14	92	106
	34 160	274 023	242	308 425
30.06.2020				
Investment contracts designated at fair value through profit and loss	–	261 828	26	261 854
Financial liabilities at fair value through profit and loss	26 019	19 795	132	45 946
Collective investment scheme liabilities	26 019	2 426	22	28 467
Subordinated call notes	–	4 431	–	4 431
Carry positions	–	7 444	–	7 444
Derivative financial liabilities – held for trading	–	5 463	–	5 463
Other borrowings	–	31	110	141
	26 019	281 623	158	307 800

¹ Refer to note 11 for more information on the restatements.

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

Notes to the condensed consolidated interim financial statements continued

NOTE 10 continued

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

Note 10.2 Reconciliation of the fair value of level 3 financial assets

	At fair value through profit and loss				
	Unit-linked investments Rm	Debt securities Rm	Equity securities Rm	Funds on deposit and other money market instruments Rm	Total Rm
6 mths to 31.12.2020					
Opening balance	2 667	1 034	296	5	4 002
Total gains/(losses) in net realised and unrealised fair value gains in the income statement					
Realised (losses)/gains	(9)	6	(3)	–	(6)
Unrealised gains/(losses)	16	57	(61)	–	12
Accrued interest in investment income in the income statement	2	–	–	–	2
Purchases	372	657	44	–	1 073
Sales	(304)	(421)	–	–	(725)
Settlements	(7)	(46)	–	–	(53)
Transfers into level 3 ¹	27	64	16	–	107
Transfers out to level 2 ²	–	–	(43)	–	(43)
Closing balance	2 764	1 351	249	5	4 369
Restated					
6 mths to 31.12.2019³					
Opening balance	2 258	1 216	321	48	3 843
Total gains/(losses) in net realised and unrealised fair value gains in the income statement					
Realised gains/(losses)	3 000	19	(22)	–	2 997
Unrealised (losses)/gains	(326)	(73)	8	(2)	(393)
Accrued interest in investment income in the income statement	–	1	–	–	1
Purchases	3 879	426	80	–	4 385
Sales	(6 392)	(400)	(29)	–	(6 821)
Settlements ⁴	(13)	(8)	–	(41)	(62)
Transfers into level 3 ¹	551	5	100	–	656
Transfers out to level 2 ²	–	–	(8)	–	(8)
Closing balance	2 957	1 186	450	5	4 598

¹ Transfers into level 3 unit-linked investments relates mainly to a change in the observability of inputs in the current period and assets with stale prices in the prior period. Transfers into level 3 debt securities relates mainly to assets with stale prices in the current period. In the prior period, it related to a change in the observability of inputs. Transfers into level 3 equity securities relates mainly to assets with stale prices in the current and prior periods.

² Transfers out to level 2 relates mainly to assets with inputs to valuation techniques that are no longer stale.

³ Refer to note 11 for more information on the restatements other than footnote 4.

⁴ Settlements of funds on deposit and other money market instruments were reallocated from transfers out of level 3 as through further interrogation it was deemed more appropriate.

Notes to the condensed consolidated interim financial statements continued

NOTE 10 continued

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

Note 10.2 Reconciliation of the fair value of level 3 financial assets continued

	At fair value through profit and loss				Total Rm
	Unit-linked investments Rm	Debt securities Rm	Equity securities Rm	Funds on deposit and other money market instruments Rm	
12 mths to 30.06.2020					
Opening balance	2 258	1 216	321	48	3 843
Transfer to assets relating to disposal groups held for sale	(7)	–	–	–	(7)
Transfer from other asset classes	–	(21)	–	–	(21)
Total gains/(losses) in net realised and unrealised fair value gains in the income statement					
Realised gains/(losses)	3 044	60	(63)	–	3 041
Unrealised (losses)/gains	(401)	(35)	69	(2)	(369)
Accrued interest in investment income in the income statement	–	4	–	–	4
Purchases	4 489	681	7	–	5 177
Sales	(6 745)	(863)	(44)	–	(7 652)
Settlements	–	(37)	–	–	(37)
Transfers into level 3 ¹	29	89	99	–	217
Transfers out to level 2 ²	–	(60)	(93)	(41)	(194)
Closing balance	2 667	1 034	296	5	4 002

¹ Transfers into level 3 unit-linked investments and equity securities relates mainly to assets with stale prices. Transfers into level 3 debt securities relates mainly to a change in the observability of inputs.

² Transfers out to level 2 relates mainly to assets with inputs to valuation techniques that are no longer stale.

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

Notes to the condensed consolidated interim financial statements continued

NOTE 10 continued

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

Note 10.2 Reconciliation of the fair value of level 3 financial assets continued

Sensitivity of significant level 3 financial assets measured at fair value to changes in key assumptions:

	At fair value through profit and loss	
	Unit-linked investments Rm	Debt securities Rm
31.12.2020		
Carrying amount	2 764	1 351
Assumption change	10% increase/ (decrease) in unit price	1% increase/ (decrease) in discount rates
Effect of increase in assumption	276	15
Effect of decrease in assumption	(276)	(25)
Restated		
31.12.2019¹		
Carrying amount	2 957	1 186
Assumption change	10% increase/ (decrease) in unit price	1% increase/ (decrease) in discount rates
Effect of increase in assumption	296	17
Effect of decrease in assumption	(296)	(13)
30.06.2020		
Carrying amount	2 667	1 034
Assumption change	10% increase/ (decrease) in unit price	1% increase/ (decrease) in discount rates
Effect of increase in assumption	267	466
Effect of decrease in assumption	(267)	498

¹ Refer to note 11 for more information on the restatements.

Notes to the condensed consolidated interim financial statements continued

NOTE 10 continued

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

Note 10.3 Reconciliation of the fair value of level 3 financial liabilities

	At fair value through profit and loss			
	Investment contracts designated at fair value through profit and loss Rm	Collective investment scheme liabilities Rm	Other borrowings Rm	Total Rm
6 mths to 31.12.2020				
Opening balance	26	22	110	158
Total gains in net realised and unrealised fair value gains in the income statement				
Unrealised gains	(3)	–	(16)	(19)
Issues	–	–	360	360
Settlements	–	(12)	–	(12)
Closing balance	23	10	454	487
Restated				
6 mths to 31.12.2019¹				
Opening balance	29	63	108	200
Total (gains)/losses in net realised and unrealised fair value gains in the income statement				
Realised gains	–	(18)	–	(18)
Unrealised (gains)/losses	(1)	52	(9)	42
Issues	–	37	–	37
Sales	–	(2)	–	(2)
Settlements	–	(9)	(7)	(16)
Contract holder movements				
Investment return	–	(1)	–	(1)
Closing balance	28	122	92	242
12 mths to 30.06.2020				
Opening balance	29	63	108	200
Total losses/(gains) in net realised and unrealised fair value gains in the income statement				
Realised losses/(gains)	1	(4)	(5)	(8)
Unrealised (gains)/losses	–	(16)	22	6
Total gains in other comprehensive income	–	(5)	(3)	(8)
Sales	–	(4)	–	(4)
Settlements	–	(12)	(5)	(17)
Contract holder movements				
Benefits paid	(5)	–	(7)	(12)
Investment return	1	–	–	1
Closing balance	26	22	110	158

¹ Refer to note 11 for more information on the restatements.

Sensitivity: Increasing/decreasing the unobservable inputs of the underlying entity by 10% would decrease/increase the carrying amount of level 3 other borrowings by R86 million and R20 million (31.12.2019: R19 million and R19 million; 30.06.2020: R4 million and R4 million), respectively. Increasing/decreasing the unobservable discount rate by 1% would decrease/increase the carrying amount of the preference shares included in level 3 other borrowings by R8 million and R9 million (31.12.2019: nil; 30.06.2020: nil) respectively.

Notes to the condensed consolidated interim financial statements continued

NOTE 11

RESTATEMENTS

The following restatements were made to the consolidated statement of financial position, income statement and statement of cash flows for the following periods:

Statement of financial position	Before restatement Rm	CIS conso- lidation ¹ Rm	IFRS 4 ² Rm	Property ³ Rm	Held for sale ⁴ Rm	After restatement Rm
as at 31.12.2019						
Intangible assets	9 344	-	(31)	-	-	9 313
Owner-occupied properties	4 999	-	-	(962)	-	4 037
Property and equipment	390	-	-	-	4	394
Investment properties	8 370	-	-	962	-	9 332
Financial assets at fair value through profit and loss	438 940	(122)	-	-	-	438 818
Financial assets at amortised cost	9 956	-	(20)	-	33	9 969
Reinsurance contract assets	5 773	-	-	-	4	5 777
Insurance and other receivables	5 698	-	20	-	-	5 718
Current income tax assets	170	-	-	-	3	173
Assets relating to disposal groups held for sale	60	-	-	-	(60)	-
Cash and cash equivalents	25 380	(55)	-	-	64	25 389
Equity attributable to owners of the parent	(23 916)	-	-	-	(48)	(23 964)
Insurance contract liabilities						
Long-term insurance contracts	(115 617)	-	(3 334)	-	-	(118 951)
Investment contracts						
- with DPF	(23 215)	-	2 882	-	-	(20 333)
- designated at fair value through profit and loss	(261 732)	-	482	-	-	(261 250)
Financial liabilities at fair value through profit and loss	(47 352)	177	-	-	-	(47 175)
Other payables	(19 260)	-	1	-	(17)	(19 276)
Liabilities relating to disposal groups held for sale	(17)	-	-	-	17	-
as at 30.06.2020						
Property and equipment	387	-	-	-	4	391
Financial assets at amortised cost	9 743	-	-	-	51	9 794
Assets relating to disposal groups held for sale	229	-	-	-	(75)	154
Cash and cash equivalents	31 747	-	-	-	76	31 823
Equity attributable to owners of the parent	(22 537)	-	-	-	(56)	(22 593)
Other payables	(19 979)	-	-	-	(30)	(20 009)
Liabilities relating to disposal groups held for sale	(151)	-	-	-	30	(121)

Notes to the condensed consolidated interim financial statements continued

NOTE 11 continued

RESTATEMENTS continued

	Before restatement Rm	CIS conso- lidation ¹ Rm	IFRS 4 ² Rm	Property ³ Rm	Held for sale ⁴ Rm	After restatement Rm
Income statement						
for the 6 mths to 31.12.2019						
Net insurance premiums	15 949	—	81	—	—	16 030
Fee income	4 315	(85)	(52)	—	—	4 178
Investment income	10 992	44	—	—	—	11 036
Net realised and unrealised fair value gains	4 011	73	(29)	—	—	4 055
Net insurance benefits and claims	(13 040)	—	(237)	—	—	(13 277)
Change in actuarial liabilities and related reinsurance	1 317	—	349	—	—	1 666
Change in long-term insurance contract liabilities	513	—	(344)	—	—	169
Change in investment contracts with DPF liabilities	(8 224)	—	227	—	—	(7 997)
Fair value adjustments on investment contract liabilities	(1 283)	(113)	—	—	—	(1 396)
Fair value adjustments on collective investment scheme liabilities	(570)	—	—	—	2	(568)
Depreciation, amortisation and impairment expenses	(3 608)	81	5	—	—	(3 522)
Other expenses	1 573	—	—	—	2	1 575
Earnings for the period	1 518	—	—	—	2	1 520
Attributable to:	55	—	—	—	—	55
Owners of the parent	1 573	—	—	—	2	1 575
Non-controlling interests	104.3	—	—	—	0.2	104.5
Basic earnings per ordinary share (cents)	103.6	—	—	—	0.2	103.8
Diluted earnings per ordinary share (cents)						
for the 12 mths to 30.06.2020						
Depreciation, amortisation and impairment expenses	(2 125)	—	—	—	10	(2 115)
Earnings for the period	286	—	—	—	10	296
Attributable to:						
Owners of the parent	178	—	—	—	10	188
Non-controlling interests	108	—	—	—	—	108
Basic earnings per ordinary share (cents)	286	—	—	—	10	296
Diluted earnings per ordinary share (cents)	12.3	—	—	—	0.6	12.9
	12.3	—	—	—	0.6	12.9

Notes to the condensed consolidated interim financial statements continued

NOTE 11 continued

RESTATEMENTS continued

Statement of cash flows

for the period ended 31.12.2019

Cash utilised in operations
Cash resources and funds on deposit at beginning
Cash resources and funds on deposit at end

for the period ended 30.06.2020

Cash utilised in operations
Cash resources and funds on deposit at end

	Before restatement Rm	CIS conso- lidation ¹ Rm	IFRS 4 ² Rm	Property ³ Rm	Held for sale ⁴ Rm	After restatement Rm
	(7 797)	(233)	-	-	13	(8 017)
	27 147	178	-	-	-	27 325
	25 431	(55)	-	-	13	25 389
	(11 846)	-	-	-	3	(11 843)
	31 845	-	-	-	3	31 848

¹ A reassessment of control over collective investment schemes under IFRS 10 resulted in additional funds that are managed by asset managers owned by the Group being consolidated and all funds that are managed by external asset managers being unconsolidated. In addition, at 31 December 2019, the cross-holding in collective investment schemes was overstated by R930 million. 31 December 2019 has been restated accordingly.

² Products in Momentum Life that provide a guarantee to return premiums on death were not previously included in the assessment of insurance risk and were incorrectly accounted for as investment contracts designated at fair value through profit and loss as well as investment contracts with DPF. Reclassifying these products as insurance products is the driver for the increase in Insurance contract liabilities. A second, separate correction was that investment contracts with DPF (including those recognised within Metropolitan Life) have been re-assessed so that only those with significant discretion are included in this classification. This only affected the balance between investment contracts with and without DPF, both of which ultimately reflect increases due to the first effect. A third, separate correction relates to some of the third party cells in Guardrisk Life Ltd, which do not have significant insurance risk but were previously disclosed as part of Insurance contract liabilities. These liabilities have been reallocated to investment contracts designated at fair value through profit and loss to correctly reflect the nature of the risks. 31 December 2019 has been restated accordingly.

³ The Group reclassified a portion of the 102 Rivonia Road property from Owner-occupied properties to Investment properties as this assessment had not previously been performed for each portion of the building that could be sold separately or leased out separately under a finance lease. 31 December 2019 has been restated accordingly.

⁴ Although all efforts were made to finalise the sale of Momentum Mozambique LDA, the conditions could not be met by the agreed deadline. The sale and purchase agreement has therefore expired and the sale will not proceed. This business is therefore no longer classified as held for sale. The impact of this has resulted in the statement of financial position, income statement and statement of cash flows being restated as if the entity was never classified as held for sale in accordance with the requirements of IFRS 5. December 2019 and June 2020 have been restated accordingly.

Embedded value information

Embedded value results	31.12.2020 Rm	31.12.2019 Rm	30.06.2020 Rm
Covered business			
Equity attributable to owners of the parent	22 961	23 916	22 537
Fair value adjustments on Metropolitan business acquisition and other consolidation adjustments	(2 623)	(2 545)	(2 739)
Net assets – non-covered business within life insurance companies	(4 121)	(5 173)	(4 073)
Net assets – non-covered business outside life insurance companies	(4 868)	(2 988)	(4 797)
Value of Momentum Metropolitan Life Ltd preference shares issued	–	(500)	–
Diluted adjusted net worth – covered business	11 349	12 710	10 928
Net value of in-force business	20 727	22 170	19 601
Diluted embedded value – covered business	32 076	34 880	30 529
Non-covered business			
Net assets – non-covered business within life insurance companies	4 121	5 173	4 073
Net assets – non-covered business outside life insurance companies	4 868	2 988	4 797
Consolidation adjustments ¹	(2 405)	(1 140)	(2 429)
Adjustments for dilution ²	567	689	650
Diluted adjusted net worth – non-covered business	7 151	7 710	7 091
Write-up to directors' value	1 611	218	904
Non-covered business	4 165	2 448	3 425
Holding company expenses ³	(1 425)	(1 412)	(1 398)
International holding company expenses ³	(1 129)	(818)	(1 123)
Diluted embedded value – non-covered business	8 762	7 928	7 995
Diluted adjusted net worth	18 500	20 420	18 019
Net value of in-force business	20 727	22 170	19 601
Write-up to directors' value	1 611	218	904
Diluted embedded value	40 838	42 808	38 524
Required capital – covered business (adjusted for qualifying debt) ⁴	2 748	2 579	3 995
Free surplus – covered business	8 601	10 131	6 933
Diluted embedded value per share (cents)	2 739	2 856	2 570
Diluted adjusted net worth per share (cents)	1 241	1 362	1 202
Diluted number of shares in issue (million) ⁵	1 491	1 499	1 499

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

² Adjustments for dilution are made up as follows:

- Treasury shares held on behalf of contract holders: R313 million (31.12.2019: R435 million; 30.06.2020: R396 million); and
- Liability – MMH convertible preference shares issued to KTH: R254 million (31.12.2019: R254 million; 30.06.2020: R254 million).

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

⁴ The required capital for in-force covered business amounts to R7 261 million (31.12.2019: R7 004 million; 30.06.2020: R8 427 million) and is adjusted for qualifying debt of R4 513 million (31.12.2019: R4 425 million; 30.06.2020: R4 432 million).

⁵ The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders.

Embedded value information continued

	31.12.2020 Rm	31.12.2019 Rm	30.06.2020 Rm
Analysis of net value of in-force business			
Momentum Life	8 959	9 628	8 424
Gross value of in-force business	9 714	10 465	9 297
Less cost of required capital	(755)	(837)	(873)
Momentum Investments¹	1 749	1 453	1 587
Gross value of in-force business	1 982	1 788	1 805
Less cost of required capital	(233)	(335)	(218)
Metropolitan Life	4 271	4 536	4 098
Gross value of in-force business	4 649	4 710	4 474
Less cost of required capital	(378)	(174)	(376)
Momentum Corporate	3 386	4 285	3 150
Gross value of in-force business	4 466	5 116	4 225
Less cost of required capital	(1 080)	(831)	(1 075)
Momentum Metropolitan Africa	2 362	2 268	2 342
Gross value of in-force business	2 699	2 588	2 684
Less cost of required capital	(337)	(320)	(342)
Net value of in-force business	20 727	22 170	19 601

¹ Included in covered business is Wealth business not deemed to be long-term insurance business with a value of in-force of R295 million (31.12.2019: R219 million; 30.06.2020: R286 million).

Embedded value detail	Adjusted net worth ² Rm	Net value of in-force Rm	31.12.2020 Rm	31.12.2019 Rm	30.06.2020 Rm
Covered business					
Momentum Life	999	8 959	9 958	11 394	10 083
Momentum Investments ¹	933	1 749	2 682	2 733	2 613
Metropolitan Life	1 436	4 271	5 707	5 406	5 665
Momentum Corporate	3 163	3 386	6 549	6 620	6 529
Momentum Metropolitan Africa	2 585	2 362	4 947	4 745	4 891
Shareholders	2 233	–	2 233	3 982	748
Other	(2 280)	–	(2 280)	(1 203)	(3 684)
Assets backing qualifying debt	4 513	–	4 513	5 185	4 432
Total covered business	11 349	20 727	32 076	34 880	30 529

¹ Included in covered business is Wealth business not deemed to be long-term insurance business with an adjusted net worth of R531 million (31.12.2019: R491 million; 30.06.2020: R527 million) and value of in-force of R295 million (31.12.2019: R219 million; 30.06.2020: R286 million).

² Intercompany loans are carried by the units that utilise the funding, aligned with capital management practices.

Embedded value information continued

Embedded value detail continued	Adjusted net worth ² Rm	Write-up to directors' value Rm	31.12.2020 Rm	31.12.2019 Rm	30.06.2020 Rm
Non-covered business					
Momentum Life	390	(908)	(518)	(514)	(515)
Momentum Multiply	383	(908)	(525)	(529)	(525)
Other	7	–	7	15	10
Momentum Investments	914	873	1 787	2 003	1 639
Investment and savings	740	867	1 607	1 751	1 440
Other	174	6	180	252	199
Momentum Corporate	61	–	61	39	35
Other	61	–	61	39	35
Momentum Metropolitan Health	448	810	1 258	938	866
Health	448	810	1 258	938	866
Non-life Insurance	3 512	2 471	5 983	4 309	5 928
Non-life insurance	1 258	1 101	2 359	465	2 392
Cell captives	2 254	1 370	3 624	3 844	3 536
Momentum Metropolitan Africa	679	(1 105)	(426)	108	(204)
Life insurance	231	(194)	37	(15)	22
Health	374	210	584	577	549
Non-life insurance	125	(46)	79	58	66
Other	(51)	54	3	306	282
International holding company expenses ¹	–	(1 129)	(1 129)	(818)	(1 123)
New Initiatives	850	895	1 745	1 225	1 462
New initiatives India	713	709	1 422	1 055	1 154
New initiatives aYo	34	186	220	100	220
Other	103	–	103	70	88
Shareholders	297	(1 425)	(1 128)	(180)	(1 216)
Other	297	–	297	1 232	182
Holding company expenses ¹	–	(1 425)	(1 425)	(1 412)	(1 398)
Total non-covered business	7 151	1 611	8 762	7 928	7 995
Total embedded value	18 500	22 338	40 838	42 808	38 524

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

² Intercompany loans are carried by the units that utilise the funding, aligned with capital management practices.

Embedded value information continued

Analysis of changes in Group embedded value	Notes	Covered business					
		Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of required capital Rm	6 mths to 31.12.2020 Total EV Rm	6 mths to 31.12.2019 Total EV Rm	12 mths to 30.06.2020 Total EV Rm
Profit from new business		(377)	826	(104)	345	175	328
Embedded value from new business	A	(377)	815	(104)	334	160	280
Expected return to end of period	B	–	11	–	11	15	48
Profit from existing business		1 331	(783)	155	703	1 712	1 745
Expected return – unwinding of RDR	B	–	883	(137)	746	1 089	2 166
Release from the cost of required capital	C	–	–	292	292	234	477
Expected (or actual) net of tax profit transfer to net worth	D	1 625	(1 625)	–	–	–	–
Operating experience variances	E	267	26	–	293	410	(74)
Development expenses	F	(14)	–	–	(14)	(21)	(43)
Operating assumption changes	G	(547)	(67)	–	(614)	–	(781)
Embedded value profit/(loss) from operations		954	43	51	1 048	1 887	2 073
Investment return on adjusted net worth	H	(182)	–	–	(182)	399	257
Investment variances	I	59	1 086	10	1 155	(336)	(2 520)
Economic assumption changes	J	(34)	(70)	33	(71)	117	(759)
Exchange rate movements	K	(37)	(34)	7	(64)	(4)	77
Exceptional items	L	–	–	–	–	(57)	(19)
Embedded value profit/(loss) – covered business		760	1 025	101	1 886	2 006	(891)
Transfer of business to non-covered business	M	(10)	–	–	(10)	(48)	(48)
Other capital transfers	N	48	–	–	48	68	987
Dividend (paid)/received		(377)	–	–	(377)	(680)	(3 053)
Change in embedded value – covered business		421	1 025	101	1 547	1 346	(3 005)
Non-covered business							
Change in directors' valuation and other items					604	136	(368)
Change in holding company expenses					(33)	13	(278)
Embedded value profit/(loss) – non-covered business					571	149	(646)
Transfer of business from covered business	M				10	48	48
Other capital transfers	N				(48)	(68)	(987)
Dividend received/(paid)					377	159	1 961
Increase in treasury shares held by subsidiary for shareholders					(124)	–	–
Finance costs – preference shares					(19)	(19)	(40)
Change in embedded value – non-covered business					767	269	336
Total change in Group embedded value					2 314	1 615	(2 669)
Total embedded value profit/(loss)					2 457	2 155	(1 537)
Return on embedded value (%) – internal rate of return					13.2%	10.7%	(3.7%)
Return on embedded value excluding Exceptional items (%) – internal rate of return					13.2%	11.0%	(3.7%)

Embedded value information continued

A. Value of new business (VNB)

Value of new business ^{1,2}	Momentum Life Rm	Momentum Investments ³ Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Africa Rm	Total Rm
6 mths to 31.12.2020						
Value of new business	46	144	117	19	8	334
Gross	90	148	150	29	21	438
Less cost of required capital	(44)	(4)	(33)	(10)	(13)	(104)
New business premiums	1 517	18 502	1 259	1 409	701	23 388
Recurring premiums	520	88	667	300	216	1 791
Protection	259	–	480	84	96	919
Long-term savings	261	81	185	216	120	863
Annuities and structured products	–	7	2	–	–	9
Single premiums	997	18 414	592	1 109	485	21 597
Protection	–	–	–	32	52	84
Long-term savings	997	16 396	233	1 064	137	18 827
Annuities and structured products	–	2 018	359	13	296	2 686
New business premiums (APE)	620	1 930	726	410	265	3 951
Protection	259	–	480	87	101	927
Long-term savings	361	1 721	208	322	134	2 746
Annuities and structured products	–	209	38	1	30	278
New business premiums (PVP)	3 609	18 746	2 551	3 582	1 504	29 992
Profitability of new business as a percentage of APE	7.4	7.5	16.1	4.6	3.0	8.5
Profitability of new business as a percentage of PVP	1.3	0.8	4.6	0.5	0.5	1.1

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

² The Group typically does not include any basis changes for interim reporting, ie the value of new business has been calculated on opening demographic assumptions. Investment yields at the point of sale have been used for fixed annuity and guaranteed endowment business; for other business the investment yields at 31 December 2020 have been assumed to be representative of the economic assumptions at point of sale. The Group does not allow for marginal diversification benefits to be allocated to the value of new business for purposes of deriving the cost of required capital.

³ Included in covered business is Wealth business not deemed to be long-term insurance business with value of new business of R37 million (31.12.2019: R19 million; 30.06.2020: R43 million).

Embedded value information continued

A. Value of new business (VNB) continued

Value of new business ^{1,2}	Momentum Life Rm	Momentum Investments ³ Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Africa Rm	Total Rm
6 mths to 31.12.2019						
Value of new business	55	56	69	(12)	(8)	160
Gross	100	67	93	10	1	271
Less cost of required capital	(45)	(11)	(24)	(22)	(9)	(111)
New business premiums	1 546	13 562	1 167	1 856	502	18 633
Recurring premiums	534	69	620	407	172	1 802
Protection	258	–	376	164	48	846
Long-term savings	276	67	242	243	124	952
Annuities and structured products	–	2	2	–	–	4
Single premiums	1 012	13 493	547	1 449	330	16 831
Protection	–	–	–	–	67	67
Long-term savings	1 012	12 284	228	1 428	110	15 062
Annuities and structured products	–	1 209	319	21	153	1 702
New business premiums (APE)	635	1 418	675	552	205	3 485
Protection	258	–	376	164	55	853
Long-term savings	377	1 295	265	386	135	2 458
Annuities and structured products	–	123	34	2	15	174
New business premiums (PVP)	4 058	13 766	2 526	4 811	1 073	26 234
Profitability of new business as a percentage of APE	8.7	3.9	10.2	(2.2)	(3.9)	4.6
Profitability of new business as a percentage of PVP	1.4	0.4	2.7	(0.2)	(0.7)	0.6

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

² The Group typically does not include any basis changes for interim reporting, ie the value of new business has been calculated on opening demographic assumptions. Investment yields at the point of sale have been used for fixed annuity and guaranteed endowment business; for other business the investment yields at 31 December 2020 have been assumed to be representative of the economic assumptions at point of sale. The Group does not allow for marginal diversification benefits to be allocated to the value of new business for purposes of deriving the cost of required capital.

³ Included in covered business is Wealth business not deemed to be long-term insurance business with value of new business of R37 million (31.12.2019: R19 million; 30.06.2020: R43 million).

Embedded value information continued

A. Value of new business (VNB) continued

Value of new business ^{1,2}	Momentum Life Rm	Momentum Investments ³ Rm	Metropolitan Life Rm	Momentum Corporate Rm	Momentum Metropolitan Africa Rm	Total Rm
12 mths to 30.06.2020						
Value of new business	22	134	110	(4)	18	280
Gross	103	143	144	38	38	466
Less cost of required capital	(81)	(9)	(34)	(42)	(20)	(186)
New business premiums	2 992	26 466	2 256	3 775	1 117	36 606
Recurring premiums	928	121	1 156	796	416	3 417
Protection	430	–	713	347	128	1 618
Long-term savings	498	115	439	446	288	1 786
Annuities and structured products	–	6	4	3	–	13
Single premiums	2 064	26 345	1 100	2 979	701	33 189
Protection	–	–	–	108	129	237
Long-term savings	2 064	23 850	454	2 832	214	29 414
Annuities and structured products	–	2 495	646	39	358	3 538
New business premiums (APE)	1 134	2 756	1 266	1 094	486	6 736
Protection	430	–	713	358	141	1 642
Long-term savings	704	2 500	484	729	309	4 726
Annuities and structured products	–	256	69	7	36	368
New business premiums (PVP)	7 072	26 812	4 701	9 206	2 656	50 447
Profitability of new business as a percentage of APE	1.9	4.9	8.7	(0.4)	3.7	4.2
Profitability of new business as a percentage of PVP	0.3	0.5	2.3	(0.0)	0.7	0.6

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

² The Group typically does not include any basis changes for interim reporting, ie the value of new business has been calculated on opening demographic assumptions. Investment yields at the point of sale have been used for fixed annuity and guaranteed endowment business; for other business the investment yields at 31 December 2020 have been assumed to be representative of the economic assumptions at point of sale. The Group does not allow for marginal diversification benefits to be allocated to the value of new business for purposes of deriving the cost of required capital.

³ Included in covered business is Wealth business not deemed to be long-term insurance business with value of new business of R37 million (31.12.2019: R19 million; 30.06.2020: R43 million).

Embedded value information continued

A. Value of new business (VNB) continued

	6 mths to 31.12.2020 Rm	6 mths to 31.12.2019 Rm	12 mths to 30.06.2020 Rm
Reconciliation of lump sum inflows			
Total lump sum inflows	16 856	17 861	32 532
Inflows not included in value of new business	(2 195)	(6 319)	(9 640)
Wealth off-balance sheet business	6 148	4 559	8 803
Term extensions on maturing policies	168	137	276
Automatically Continued Policies	613	612	1 233
Non-controlling interests and other adjustments	7	(19)	(15)
Single premiums included in value of new business	21 597	16 831	33 189

	31.12.2020 %	31.12.2019 %	30.06.2020 %
Principal assumptions (South Africa)^{1, 2}			
Pre-tax investment return			
Equities	14.1	13.1	14.0
Properties	11.6	10.6	11.5
Government stock	10.6	9.6	10.5
Other fixed-interest stocks	11.1	10.1	11.0
Cash	9.6	8.6	9.5
Risk-free return ³	10.6	9.6	10.5
Risk discount rate (RDR) ⁴	12.9	11.8	12.9
Investment return (before tax) – balanced portfolio ³	12.7	11.8	12.7
Renewal expense inflation rate ⁵	6.2	5.7	5.7

¹ The principal assumptions relate only to the South African life insurance business. Assumptions relating to international life insurance businesses are based on local requirements and can differ from the South African assumptions.

² The assumptions quoted in the table are representative rates derived at the 10-year point of the yield curves.

³ Risk-free returns are taken from an appropriate market-related, risk-free yield curve as at the valuation date. Appropriate risk premia are added to the risk-free yields in order to derive yields on other asset classes. Expected cash flows at each duration are discounted using yields appropriate to that duration. The investment return on balanced portfolio business was calculated by applying the above returns to an expected long-term asset distribution.

⁴ The risk discount rate applied for covered business in South Africa is derived based on a weighted average cost of capital approach. The assumptions with regards the beta used to derive the cost of equity, the equity risk premium and the relative weighting between debt and equity funding are reviewed annually and has remained unchanged from that assumed at 30 June 2020.

⁵ For the retail businesses an inflation rate of 5.0% p.a. is used over the planning horizon (three years) where after the inflation rate is derived from market inputs as the difference between nominal and real yields across the term structure of these curves. An addition to the expense inflation is allowed for in some divisions to reflect the impact of closed books that are in run-off. The 6.2% above represents the 10-year point of the yield curves.

B. Expected return

The expected return is determined by applying the risk discount rate applicable at the beginning of the reporting year to the present value of in-force covered business at the beginning of the reporting year. The expected return on new business is determined by applying the current risk discount rate to the value of new business from the point of sale to the end of the year.

C. Release from the cost of required capital

The release from the cost of required capital represents the difference between the risk discount rate and the expected after tax investment return on the assets backing the required capital over the year.

D. Expected (or actual) net of tax profit transfer to net worth

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

Embedded value information continued

E. Operating experience variances

		6 mths to 31.12.2020			6 mths to 31.12.2019	12 mths to 30.06.2020
		ANW Rm	Gross VIF Rm	Cost of required capital Rm	EV Rm	EV Rm
Operating experience variances Notes						
Momentum Life		106	129	–	235	54 (208)
	Mortality and morbidity	10	10	–	20	13 (23)
	Terminations, premium cessations and policy alterations	43	116	–	159	(15) (94)
	Expense variance	54	–	–	54	31 60
	Other	(1)	3	–	2	25 (151)
Momentum Investments		147	(33)	–	114	136 178
	Mortality and morbidity	13	(1)	–	12	21 21
	Terminations, premium cessations and policy alterations	13	(27)	–	(14)	20 37
	Expense variance	66	–	–	66	25 48
	Credit risk variance	40	–	–	40	31 43
	Other	15	(5)	–	10	39 29
Metropolitan Life		22	12	–	34	40 108
	Mortality and morbidity	(23)	(10)	–	(33)	55 128
	Terminations, premium cessations and policy alterations	(4)	36	–	32	(26) (18)
	Expense variance	17	–	–	17	8 (25)
	Credit risk variance	19	–	–	19	18 32
	Other	13	(14)	–	(1)	(15) (9)
Momentum Corporate		(25)	(79)	–	(104)	232 (88)
	Mortality and morbidity	(64)	(1)	–	(65)	(58) (22)
	Terminations, premium cessations and policy alterations	(11)	(33)	–	(44)	54 (265)
	Expense variance	35	–	–	35	22 35
	Credit risk variance	7	–	–	7	7 11
	Other	8	(45)	–	(37)	207 153
Momentum Metropolitan Africa		22	(3)	–	19	24 46
	Mortality and morbidity	52	3	–	55	34 98
	Terminations, premium cessations and policy alterations	(20)	(12)	–	(32)	(5) (33)
	Expense variance	7	–	–	7	(9) (3)
	Other	(17)	6	–	(11)	4 (16)
Shareholders		(5)	–	–	(5)	(76) (110)
Total operating experience variances		267	26	–	293	410 (74)

Notes

1. Impact of mortality and morbidity experience for the 6 months was dampened due to the release of Covid-19 provisions.
2. Relates largely to the Covid-19 persistency provision releases with actual experience not reflecting the worse expected experience.
3. Good expense management.
4. The annuity book of business experienced worse than expected mortality on older lives due to the Covid-19 pandemic, which was mostly offset by better than expected mortality on younger lives.
5. Reprice of contracts, fee changes and drawdowns on living annuities.
6. The mortality and morbidity variance has been impacted by additional deaths during the Covid-19 pandemic. This was offset to some extent by a release from the Covid-19 provisions.
7. Funeral lapse experience has been addressed through management actions and lower advisor churn.
8. Mainly due to lower salary inflation than expected and clients moving to lower fee portfolios.
9. Mortality and morbidity experience for the 6 months were better compared to what was allowed for in the valuation basis. Also includes a release of Covid-19 provisions.
10. Termination losses from all countries.

Embedded value information continued

F. Development expenses

Business development expenses within segments.

G. Operating assumption changes

		6 mths to 31.12.2020				6 mths to 31.12.2019	12 mths to 30.06.2020
		ANW Rm	Gross VIF Rm	Cost of required capital Rm	EV Rm	EV Rm	EV Rm
Operating assumption changes		Notes					
Momentum Life		(70)	(1)	–	(71)	–	(406)
	Mortality and morbidity assumptions	(70)	–	–	(70)	–	(192)
	Termination assumptions	–	–	–	–	–	(320)
	Renewal expense assumptions	–	–	–	–	–	91
	Modelling, methodology and other changes	–	(1)	–	(1)	–	15
Momentum Investments		–	–	–	–	–	171
	Mortality and morbidity assumptions	–	–	–	–	–	–
	Termination assumptions	–	–	–	–	–	(1)
	Renewal expense assumptions	–	–	–	–	–	48
	Modelling, methodology and other changes	–	–	–	–	–	124
Metropolitan Life		(84)	–	–	(84)	–	(129)
	Mortality and morbidity assumptions	(84)	–	–	(84)	–	(98)
	Termination assumptions	–	–	–	–	–	(71)
	Renewal expense assumptions	–	–	–	–	–	6
	Modelling, methodology and other changes	–	–	–	–	–	34
Momentum Corporate		(453)	–	–	(453)	–	(549)
	Mortality and morbidity assumptions	(453)	–	–	(453)	–	(287)
	Termination assumptions	–	–	–	–	–	(105)
	Renewal expense assumptions	–	–	–	–	–	17
	Modelling, methodology and other changes	–	–	–	–	–	(174)
Momentum Metropolitan Africa		60	(66)	–	(6)	–	132
	Mortality and morbidity assumptions	(24)	–	–	(24)	–	42
	Termination assumptions	–	–	–	–	–	(30)
	Renewal expense assumptions	–	5	–	5	–	44
	Modelling, methodology and other changes	84	(71)	–	13	–	76
Total operating assumption changes		(547)	(67)	–	(614)	–	(781)

Notes

1. Set up of additional Covid-19 provisions.
2. Various modelling and methodology changes, including the release of reserves and the impact of implementing the yield curve.

Embedded value information continued

H. Investment return on adjusted net worth

	6 mths to 31.12.2020 Rm	6 mths to 31.12.2019 Rm	12 mths to 30.06.2020 Rm
Investment return on adjusted net worth			
Investment income	80	395	500
Capital appreciation and other ¹	(262)	21	(209)
Preference share dividends paid	–	(17)	(34)
Investment return on adjusted net worth	(182)	399	257

¹ This includes the revaluation of owner-occupied properties.

I. Investment variances

Investment variances represent the impact of higher/lower than assumed investment returns on current and expected future after tax profits from in-force business.

J. Economic assumption changes

The economic assumption changes include the effect of the change in assumed rate of investment return, expense inflation rate and risk discount rate in respect of local and offshore business.

K. Exchange rate movements

The impact of foreign currency movements on international covered businesses.

L. Exceptional items

Prior period item relates to the implementation and adoption of IFRS 16 in the previous financial year.

M. Transfer of business from/to non-covered business

Transfer of business between covered and non-covered business.

N. Other capital transfers

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

Embedded value information continued

Covered business: sensitivities – 31.12.2020	Adjusted net worth Rm	In-force business			New business written		
		Net value Rm	Gross value Rm	Cost of required capital ³ Rm	Net value Rm	Gross value Rm	Cost of required capital ³ Rm
Base value	11 349	20 727	23 510	(2 783)	334	438	(104)
1% increase in risk discount rate % change		19 057 (8)	22 226 (5)	(3 169) 14	278 (17)	392 (11)	(114) 10
1% reduction in risk discount rate % change		22 585 9	24 951 6	(2 366) (15)	395 18	489 12	(94) (10)
10% decrease in future expenses % change ¹		22 459 8	25 149 7	(2 690) (3)	405 21	508 16	(103) (1)
10% decrease in lapse, paid-up and surrender rates % change		21 259 3	24 140 3	(2 881) 4	417 25	523 19	(106) 2
5% decrease in mortality and morbidity for assurance business % change		23 292 12	26 048 11	(2 756) (1)	403 21	507 16	(104) –
5% decrease in mortality for annuity business % change		20 397 (2)	23 170 (1)	(2 773) –	323 (3)	429 (2)	(106) 2
1% reduction in gross investment return, inflation rate and risk discount rate % change ²	11 349 –	21 156 2	23 879 2	(2 723) (2)	370 11	477 9	(107) 3
1% reduction in inflation rate % change		21 708 5	24 354 4	(2 646) (5)	375 12	475 8	(100) (4)
10% fall in market value of equities and properties % change ²	11 241 (1)	19 825 (4)	22 504 (4)	(2 679) (4)			
10% reduction in premium indexation take-up rate % change		20 292 (2)	23 035 (2)	(2 743) (1)	316 (5)	420 (4)	(104) –
10% decrease in non-commission- related acquisition expenses % change					394 18	498 14	(104) –
1% increase in equity/property risk premium % change		21 175 2	23 986 2	(2 811) 1	351 5	456 4	(105) 1

¹ No corresponding changes in variable policy charges are assumed, although in practice it is likely that these will be modified according to circumstances.

² Bonus rates are assumed to change commensurately.

³ The change in the value of cost of required capital is disclosed as nil where the sensitivity test results in an insignificant change in the value.

Embedded value information continued

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE	Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of required capital Rm	6 mths to 31.12.2020 Rm	Restated 6 mths to 31.12.2019 Rm	Restated 12 mths to 30.06.2020 Rm
Momentum Life						
Embedded value from new business	(103)	193	(44)	46	55	22
Expected return – unwinding of RDR	–	293	(28)	265	444	885
Release from the cost of required capital	–	–	135	135	102	205
Expected (or actual) net of tax profit transfer to net worth	562	(562)	–	–	–	–
Operating experience variances	106	129	–	235	54	(208)
Development expenses	(5)	–	–	(5)	(8)	(13)
Operating assumption changes	(70)	(1)	–	(71)	–	(406)
Embedded value profit/(loss) from operations	490	52	63	605	647	485
Investment return on adjusted net worth	54	–	–	54	116	164
Investment variances	(177)	515	56	394	(127)	(608)
Economic assumption changes	–	(157)	1	(156)	75	(520)
Embedded value profit/(loss) – covered business	367	410	120	897	711	(479)
Momentum Investments						
Embedded value from new business	(44)	192	(4)	144	56	134
Expected return – unwinding of RDR	–	52	(8)	44	66	131
Release from the cost of required capital	–	–	33	33	23	54
Expected (or actual) net of tax profit transfer to net worth	188	(188)	–	–	–	–
Operating experience variances	147	(33)	–	114	136	178
Development expenses	(3)	–	–	(3)	(4)	(9)
Operating assumption changes	–	–	–	–	–	171
Embedded value profit/(loss) from operations	288	23	21	332	277	659
Investment return on adjusted net worth	(46)	–	–	(46)	11	80
Investment variances	90	230	(37)	283	(35)	(344)
Economic assumption changes	–	(67)	–	(67)	18	1
Embedded value profit/(loss) – covered business	332	186	(16)	502	271	396
Metropolitan Life						
Embedded value from new business	(68)	218	(33)	117	69	110
Expected return – unwinding of RDR	–	141	(11)	130	218	443
Release from the cost of required capital	–	–	40	40	27	53
Expected (or actual) net of tax profit transfer to net worth	411	(411)	–	–	–	–
Operating experience variances	22	12	–	34	40	108
Development expenses	–	–	–	–	–	(5)
Operating assumption changes	(84)	–	–	(84)	–	(129)
Embedded value profit/(loss) from operations	281	(40)	(4)	237	354	580
Investment return on adjusted net worth	30	–	–	30	64	90
Investment variances	21	170	–	191	(139)	(745)
Economic assumption changes	–	45	2	47	54	(45)
Embedded value profit/(loss) – covered business	332	175	(2)	505	333	(120)

Embedded value information continued

ANALYSIS OF CHANGES IN GROUP EMBEDDED VALUE continued	Adjusted net worth (ANW) Rm	Gross value of in-force (VIF) Rm	Cost of required capital Rm	6 mths to 31.12.2020 Rm	Restated 6 mths to 31.12.2019 Rm	Restated 12 mths to 30.06.2020 Rm
Momentum Corporate						
Embedded value from new business	(65)	94	(10)	19	(12)	(4)
Expected return – unwinding of RDR	–	273	(69)	204	241	487
Release from the cost of required capital	–	–	84	84	82	165
Expected (or actual) net of tax profit transfer to net worth	268	(268)	–	–	–	–
Operating experience variances	(25)	(79)	–	(104)	232	(88)
Development expenses	(6)	–	–	(6)	(9)	(16)
Operating assumption changes	(453)	–	–	(453)	–	(549)
Embedded value profit/(loss) from operations	(281)	20	5	(256)	534	(5)
Investment return on adjusted net worth	24	–	–	24	51	72
Investment variances	51	151	(9)	193	(6)	(604)
Economic assumption changes	–	68	–	68	(45)	(181)
Embedded value profit/(loss) – covered business	(206)	239	(4)	29	534	(718)
Momentum Metropolitan Africa						
Embedded value from new business	(97)	118	(13)	8	(8)	18
Expected return – unwinding of RDR	–	135	(21)	114	135	268
Expected (or actual) net of tax profit transfer to net worth	196	(196)	–	–	–	–
Operating experience variances	22	(3)	–	19	24	46
Operating assumption changes	60	(66)	–	(6)	–	132
Embedded value profit/(loss) from operations	181	(12)	(34)	135	151	464
Investment return on adjusted net worth	53	–	–	53	62	121
Investment variances	74	20	–	94	(29)	(219)
Economic assumption changes	(34)	41	30	37	15	(14)
Exchange rate movements	(37)	(34)	7	(64)	(4)	77
Embedded value profit/(loss) – covered business	237	15	3	255	193	429
Shareholders						
Operating experience variances	(5)	–	–	(5)	(76)	(110)
Embedded value profit/(loss) from operations	(5)	–	–	(5)	(76)	(110)
Investment return on adjusted net worth	(297)	–	–	(297)	95	(270)
Exceptional items	–	–	–	–	(55)	(19)
Embedded value (loss)/profit – covered business	(302)	–	–	(302)	(36)	(399)

Additional information

Analysis of assets managed and/or administered¹	31.12.2020 Rm	31.12.2019 Rm	30.06.2020 Rm
Managed and/or administered by Investments			
Financial assets	453 914	435 988	418 560
Momentum Manager of Managers	85 741	72 922	69 999
Momentum Investment Consultants	9 101	7 173	7 971
Momentum Collective Investments	89 049	88 755	83 767
Momentum Asset Management	157 175	166 298	154 980
Momentum Global Investments	73 584	57 886	62 143
Momentum Alternative Investments	7 237	7 316	7 027
Momentum Securities	32 027	35 638	32 673
Properties – Eris Property Group	17 555	23 457	17 723
On-balance sheet	7 883	8 237	7 883
Off-balance sheet	9 672	15 220	9 840
Momentum Wealth linked product assets under administration	177 460	169 411	169 551
On-balance sheet	114 809	109 434	110 132
Off-balance sheet	62 651	59 977	59 419
Managed internally or by other managers within the Group (on-balance sheet)	94 375	86 568	94 348
Managed by external managers (on-balance sheet)	15 158	16 141	14 459
Properties managed internally or by other managers within the Group or externally	4 712	5 351	4 604
Momentum Corporate – cell captives on-balance sheet	24 851	21 428	23 078
Total assets managed and/or administered	788 025	758 344	742 323
Managed and/or administered by Investments			
On-balance sheet	219 141	223 447	208 095
Off-balance sheet	234 773	212 541	210 465
	453 914	435 988	418 560
Admin and brokerage assets	124 457	112 219	100 402
Other assets	329 457	323 769	318 158
	453 914	435 988	418 560

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

Additional information continued

	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	Net inflow/ (outflow) Rm
Net funds received from clients¹					
6 mths to 31.12.2020					
Momentum Life	232	4 341	4 573	(4 979)	(406)
Momentum Investments	13 686	368	14 054	(13 405)	649
Metropolitan Life	566	3 201	3 767	(3 264)	503
Momentum Corporate	1 156	5 838	6 994	(8 804)	(1 810)
Momentum Metropolitan Health	1	453	454	(305)	149
Non-life Insurance	726	5 059	5 785	(3 417)	2 368
Momentum Metropolitan Africa	489	1 950	2 439	(1 299)	1 140
Long-term insurance business fund flows	16 856	21 210	38 066	(35 473)	2 593
Off-balance sheet fund flows					
Managed and/or administered by Investments			53 962	(40 548)	13 414
Properties – Eris Property Group			648	(816)	(168)
Momentum Wealth linked product assets under administration			6 797	(4 669)	2 128
Total net funds received from clients			99 473	(81 506)	17 967
Restated					
6 mths to 31.12.2019²					
Momentum Life	283	4 431	4 714	(5 009)	(295)
Momentum Investments	12 291	334	12 625	(12 310)	315
Metropolitan Life	527	3 144	3 671	(2 866)	805
Momentum Corporate	1 573	6 190	7 763	(7 440)	323
Momentum Metropolitan Health	2	426	428	(300)	128
Non-life Insurance	2 805	4 042	6 847	(2 143)	4 704
Momentum Metropolitan Africa	380	1 970	2 350	(1 372)	978
Long-term insurance business fund flows	17 861	20 537	38 398	(31 440)	6 958
Off-balance sheet fund flows					
Managed and/or administered by Investments			45 528	(38 612)	6 916
Properties – Eris Property Group			438	(6)	432
Momentum Wealth linked product assets under administration			4 426	(4 988)	(562)
Total net funds received from clients			88 790	(75 046)	13 744

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

² Following a revision to its internal operating structure, Momentum Metropolitan has split the health business, previously included in the Momentum Corporate segment, into its own segment. December 2019 has been restated accordingly.

Additional information continued

	Gross single inflows Rm	Gross recurring inflows Rm	Gross inflow Rm	Gross outflow Rm	Net inflow/ (outflow) Rm
Net funds received from clients¹ continued					
Restated					
12 mths to 30.06.2020²					
Momentum Life	570	8 896	9 466	(9 093)	373
Momentum Investments	23 333	734	24 067	(22 658)	1 409
Metropolitan Life	1 060	6 025	7 085	(5 435)	1 650
Momentum Corporate	3 013	12 327	15 340	(15 278)	62
Momentum Metropolitan Health	2	855	857	(407)	450
Non-life Insurance	3 782	9 745	13 527	(4 984)	8 543
Momentum Metropolitan Africa	772	3 926	4 698	(2 518)	2 180
Long-term insurance business fund flows	32 532	42 508	75 040	(60 373)	14 667
Off-balance sheet fund flows					
Managed and/or administered by Investments			94 430	(91 642)	2 788
Properties – Eris Property Group			432	(5 380)	(4 948)
Momentum Wealth linked product assets under administration			7 871	(9 131)	(1 260)
Total net funds received from clients			177 773	(166 526)	11 247

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

² Following a revision to its internal operating structure, Momentum Metropolitan has split the health business, previously included in the Momentum Corporate segment, into its own segment. June 2020 has been restated accordingly.

Additional information continued

Analysis of assets backing shareholder excess	31.12.2020		Restated 31.12.2019 ¹		Restated 30.06.2020 ¹	
	Rm	%	Rm	%	Rm	%
Equity securities	436	1.9	524	2.2	462	2.0
Preference shares	882	3.8	1 092	4.6	825	3.7
Collective investment schemes	1 007	4.4	937	3.9	1 036	4.6
Debt securities	5 158	22.5	7 361	30.7	6 366	28.2
Properties	2 953	12.9	4 115	17.2	3 843	17.0
Owner-occupied properties	2 213	9.6	3 084	12.9	1 766	7.8
Investment properties	740	3.2	1 031	4.3	2 077	9.2
Cash and cash equivalents and funds on deposit	9 122	39.7	8 351	34.8	7 457	33.0
Intangible assets	5 918	25.8	5 596	23.4	6 055	26.8
Other net assets	2 565	11.2	1 861	7.8	1 631	7.2
	28 041	122.1	29 837	124.5	27 675	122.5
Redeemable preference shares	(254)	(1.1)	(254)	(1.1)	(254)	(1.1)
Subordinated redeemable debt	(4 513)	(19.7)	(5 184)	(21.6)	(4 431)	(19.6)
Treasury shares held on behalf of contract holders	(313)	(1.4)	(435)	(1.8)	(397)	(1.8)
Shareholder excess per reporting basis	22 961	100.0	23 964	100.0	22 593	100.0

¹ Refer to note 11 for more information on the restatements.

Number of employees	31.12.2020	31.12.2019	30.06.2020
Indoor staff	9 745	9 584	9 915
SA	8 657	8 329	8 829
International	1 088	1 255	1 086
Field staff	6 633	6 287	6 352
Momentum Life and Investments	1 112	1 102	1 127
Metropolitan Life	4 116	3 864	3 865
International	1 405	1 321	1 360
Total	16 378	15 871	16 267

Additional information continued

VALUATION TECHNIQUES

Group's valuation processes

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

Critical accounting estimates and judgements

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

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

Instrument	Valuation basis	Main assumptions
Equities and similar securities		
– Listed, local and foreign	Discounted cash flow (DCF), earnings multiple, quoted prices	Cost of capital, earnings multiple, consumer price index, budgets, cash flow forecasts
Stock and loans to other public bodies		
– Listed, local	Published yield of benchmark bond	Nominal bond curve, real bond curve
– Listed, foreign	DCF, benchmarked against similar instrument with the same issuer	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread
– Unlisted	DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread
Other debt securities		
– Listed, local	Published price quotations, DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread
– Listed, foreign	Published price quotations, DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread
– Unlisted	DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread
Funds on deposit and other money market instruments		
– Listed	DCF, issue price (amortised cost)	Money market curve
– Unlisted	DCF	Money market curve, credit spread
Unit-linked investments	External valuations	NAV (assets and liabilities are carried at fair value)
Derivative assets and liabilities	Black-Scholes model (European options), binomial tree (American/Bermudan options), DCF	Nominal bond curve, swap curve, real bond curve, consumer price index, credit spread, volatility, forward equity, currency rates
Subordinated call notes (Liability)	Published yield quotations	Nominal bond curve, real bond curve
Carry positions (Liability)	DCF	Nominal bond curve, repo rates

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

Additional information continued

INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

Financial assets	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Securities at fair value through profit and loss				
<i>Equity securities</i>				
– Listed	Market pricing from publicly available data	Adjustments for low liquidity or inactivity	Liquidity discount: 0% to 30%	Adjustments would result in lower fair value
– Unlisted	DCF	Risk adjusted discount rate	Equity risk premium: 4% to 8% Liquidity discount rate: 5% to 30% Nominal risk free: 6% to 10%	Higher discount rates would reduce fair value
	P/E ratio approach	P/E ratio or multiple	2.0 to 14.4 times	Higher multiple would result in higher fair value
	Sum of the parts	P/E ratios and discount rates	Equity risk premium: 4% to 8% Liquidity discount rate: 5% to 30% Nominal risk free: 6% to 10%	Higher multiple would result in higher fair value, higher discount rates would reduce fair value
<i>Debt securities</i>				
<i>Stock and loans to government and other public bodies</i>				
– Unlisted	DCF	Discount rate	8.00% to 11.00% (31.12.2019: 8.00% to 11.00%; 30.06.2020: 8.00% to 11.00%)	The higher the discount rate, the lower the fair value of the assets
<i>Other debt instruments</i>				
– Unlisted	DCF	Discount rate	8.01% to 9.05% (31.12.2019: 8.48% to 10.81%; 30.06.2020: 8.28% to 9.85%); 4.99% to 11.14% (31.12.2019: 8.29% to 11.31%; 30.06.2020: 5.41% to 11.41%)	The higher the discount rate, the lower the fair value of the assets
	Mark to model	Adjustments to market-related inputs as a result of inactivity	Could vary significantly due to the different risks associated with the investee	The greater the adjustments, the lower the fair value
	NAV	Fair value of the respective assets and liabilities	Could vary significantly based on the assets and liabilities held by the investee	The higher the NAV, the greater the fair value

Additional information continued

INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) continued

Financial assets continued	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Securities at fair value through profit and loss continued				
<i>Funds on deposit and other money market instruments</i>	Deposit rates or DCF (market-related yields)	Market input (based on quotes received from market participants and valuation agents)	Could vary significantly due to the different risks associated with the investee	The greater the adjustments, the higher the fair value
<i>Unit-linked investments</i>				
<i>Collective investment schemes</i>				
– Foreign unlisted or listed quoted	Quoted unit price multiplied by number of units held	Based on underlying assets/liabilities credit spread, liquidity spread, discount rate, currency rate, consumer price index	Could vary significantly based on the assets and liabilities held by the investee	The higher the NAV, the greater the fair value
– Foreign unlisted unquoted	Unit price of underlying assets/liabilities multiplied by number of units held	Based on underlying assets/liabilities credit spread, liquidity spread, discount rate, currency rate, consumer price index	Could vary significantly based on the assets and liabilities held by the investee	The higher the NAV, the greater the fair value
<i>Other unit-linked investments</i>				
– Local unlisted unquoted	Adjusted NAV method	Price per unit	Could vary significantly due to range of holdings	The higher the price per unit, the higher the fair value
	Adjusted NAV method	Distributions or net cash flows since last valuation. Management applies judgement if an adjustment is required due to an inactive market	Could vary significantly due to range of holdings	The fair value varies on distributions/net cash flows and period since last valuation
– Foreign unlisted or listed quoted	Adjusted NAV method	Price per unit	Could vary significantly due to range of holdings	The higher the price per unit, the higher the fair value
– Foreign unlisted unquoted	Adjusted NAV method	Price per unit	Could vary significantly due to range of holdings	The higher the price per unit, the higher the fair value

Additional information continued

INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) continued

Financial liabilities	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability weighted average)	Relationship of unobservable inputs to fair value
Investment contracts designated at fair value through profit and loss	Asset and liability matching method	Asset value	Unit price	The asset value increase will increase the fair value of the liability
Financial liabilities at fair value through profit and loss				
<i>Collective investment scheme liabilities</i>	Adjusted NAV method	Price per unit	Could vary significantly due to range of holdings	The higher the price per unit, the higher the fair value
<i>Other borrowings</i>	DCF	Adjustments to discount rate	Dependent on credit risk and other risk factors	The lower the rate, the higher the fair value

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

Stock exchange performance

	31.12.2020	30.06.2020	31.12.2019	30.06.2019
6 month period				
Value of listed shares traded (rand million)	13 248	6 085	7 357	5 490
Volume of listed shares traded (million)	857	341	381	313
Shares traded (% of average listed shares in issue) ¹	119	47	53	43
Trade prices				
Highest (cents per share)	1 873	2 260	2 278	1 987
Lowest (cents per share)	1 282	1 326	1 524	1 500
Last sale of period (cents per share)	1 576	1 761	2 184	1 897
Annualised percentage (%) change during period	(20)	(35)	33	23
Annualised percentage (%) change – life insurance sector (J857)	17	(48)	(8)	(6)
Annualised percentage (%) change – top 40 index (J200)	14	(48)	(5)	25
31 December/30 June				
Price/normalised headline earnings (segmental) ratio	11.7	17.3	9.3	9.3
Dividend yield % (dividend on listed shares) ¹	1.6	2.3	1.8	3.7
Dividend yield % – top 40 index (J200) ¹	2.9	3.5	3.4	3.1
Total shares issued (million)				
Ordinary shares listed on JSE	1 498	1 498	1 498	1 498
Treasury shares held by subsidiary for shareholders	(35)	(27)	(27)	(27)
Treasury shares held on behalf of contract holders	(20)	(23)	(20)	(14)
Basic number of shares in issue	1 443	1 448	1 451	1 457
Convertible redeemable preference shares ²	–	–	28	28
Diluted number of shares in issue	1 443	1 448	1 479	1 485
Convertible redeemable preference shares ²	28	28	–	–
Treasury shares held on behalf of contract holders	20	23	20	14
Diluted number of shares in issue for normalised headline earnings purposes³	1 491	1 499	1 499	1 499
Market capitalisation at end (Rbn) ⁴	23	26	33	28

¹ Percentages have been annualised.

² On a diluted basis, the KTH preference shares are anti-dilutive in the current and June 2020 periods. For diluted earnings and headline earnings, these preference shares have therefore been ignored in accordance with IAS 33. Normalised headline earnings treats the preference shares as if they were ordinary equity. This treatment is consistent with how the preference shares were treated in prior periods.

³ The diluted number of shares in issue takes into account all issued shares, assuming conversion of the convertible redeemable preference shares, and includes the treasury shares held on behalf of contract holders.

⁴ The market capitalisation is calculated on the fully diluted number of shares in issue.