

AVBOB INTEGRATED ANNUAL REPORT 2024

A NEW DAY FOR AVBOB
HERE FOR YOU, EVERY DAY

FUNERALS | INSURANCE | INVESTMENTS | LOANS | REWARDS

www.AVBOB.co.za

AVBOB

OUR **2024 REPORT**

REPORTING BOUNDARY AND SCOPE

This Integrated Annual Report (IAR) covers our performance between 1 July 2023 and 30 June 2024 (the reporting period). The report also contains statements that relate to **AVBOB**'s future operations and performance. These statements do not guarantee future operating, financial or other results and involve uncertainty, as they rely on future circumstances – some of which are beyond our control.

APPROVAL

The Board accepts ultimate responsibility for the integrity and completeness of the IAR and confirms that this report represents a fair and balanced view of our integrated performance. The Board believes this report shows that we are creating and sharing achievable and sustainable value and prosperity with our stakeholders in the short, medium and long term. The Board approved the 2024 IAR on 25 September 2024.

FRAMEWORK

Our IAR is guided by the principles and requirements set out in the

- **AVBOB** Mutual Assurance Society Incorporation (Private) Act, No 7 of 1951 (**AVBOB** Act);
- Insurance Act, No 18 of 2017 (Insurance Act);
- Financial Advisory and Intermediary Services Act, No 37 of 2002 (FAIS Act);
- Companies Act, No 71 of 2008, as amended (Companies Act)*;
- King Report on Corporate Governance for South Africa, 2016 (King IV™)**; and
- International Financial Reporting Standards (IFRS®) Accounting Standards.

* **AVBOB** Mutual Assurance Society is not subject to the Companies Act, but we are guided by its principles

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THEME

A NEW DAY FOR **AVBOB** HERE FOR YOU, EVERY DAY

This year's IAR presents the perfect opportunity to report on an exciting and transformative chapter in the rich history of Africa's largest mutual society.

It started with our move to a brand-new, sustainable and state-of-the-art corporate Head Office in Irene Link, Centurion. It stands as a symbol of what's to come for **AVBOB** and our members, the **AVBOB** family. It kickstarted our enhanced financial services and offerings, which now include funerals, insurance, investments, loans and rewards.

The service expansion allows us to better meet our members' changing needs. New products and an innovative rewards programme represent the dynamic nature and longevity of our shared value business model – our competitive advantage for over a century.

We continue to play a central role in South Africa, contributing meaningfully to the well-being of our communities, especially education, food security and initiatives against gender-based violence.

Our mutuality continues to guide all our business activities, including our commitment to create an aspirational and world-class working environment for our employees and a welcoming space for our members and stakeholders.

AVBOB's future is promising with limitless opportunities, thanks to not only our dedicated team and robust business model but also our ability to innovate and adapt while staying true to our core mutual values. This IAR celebrates the dawn of a new era for **AVBOB**, characterised by growth, innovation, and unwavering commitment to being here for our members, every day.

NAVIGATING OUR REPORT

Throughout this report, we list our capitals, material matters, and the applicable United Nations (UN) Sustainable Development Goals (SDGs) we have aligned with to illustrate our integrated thinking.

CAPITALS

In integrated reporting, capitals refer to the inputs, assets and efforts that are used to create value for an organisation's stakeholders. They are the stores of value that form the foundation of our value-creation story.

- Financial capital
- Manufactured capital
- Human capital
- Social and relationship capital
- Intellectual capital
- Natural capital

MATERIAL MATTERS

Material matters are the factors we identified that could have a significant effect on our ability to create value in the short, medium and long term.

- Improved customer experience
- Enhanced policyholder and member benefits
- Commitment to our human capital, specifically through Employment Equity (EE) and our Employee Value Proposition (EVP)
- Commitment to our corporate social investment programmes
- Responding to resource shortages, specifically electricity and water
- Implementing our environmental, social and governance (ESG) framework

SUSTAINABLE DEVELOPMENT GOALS

The SDGs aim to tackle the root causes of socio-economic development challenges and to make a positive change for both people and the planet. Achieving the SDGs is a global responsibility and requires the efforts of individuals, organisations and governments.

These SDGs also fundamentally impact the well-being and quality of life of our members and their communities.

SDGs

- **SDG 4:** Quality education
- **SDG 5:** Gender equality
- **SDG 7:** Affordable and clean energy
- **SDG 9:** Industry, innovation and infrastructure
- **SDG 10:** Reduce inequalities
- **SDG 12:** Responsible consumption and production
- **SDG 8:** Decent work and economic growth
- **SDG 11:** Sustainable cities and communities



A NEW DAY FOR AVBOB

HERE FOR YOU, EVERY DAY

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OVERVIEW



01

OVERVIEW

OUR GROUP

AVBOB MUTUAL ASSURANCE SOCIETY

AVBOB is a mutual and that means we do not have shareholders; we have members who share in our profits. Our goal is to keep our brand promise: to be here for our members not only in their time of need but every day, sharing our mutual value.

OUR VISION

To use our shared value mutual model to give our customers the financial security and dignity they deserve.

OUR MISSION

- To empower our members with affordable funeral and financial services products
- To share the value we create with our members and their communities

OUR VALUES

Customer focus
To be here for our customers

Integrity
To be honest and accountable in everything we do

Teamwork
To work together to get things done

Excellence
To improve our systems, processes and products

People
To care for our people and the people we serve

AFRICA'S LARGEST MUTUAL SOCIETY

- One of a kind in South Africa
- 4 636 employees
- 2.7 million policyholders
- 9.1 million lives assured



OUR MEMBERS

OUR MEMBERS ARE
AVBOB POLICYHOLDERS

THEY SHARE IN OUR PROFITS IN THE FORM OF
INCREASED POLICY VALUE AND FREE FUNERAL AND MEMBER BENEFITS

OUR PEOPLE

4 636 EMPLOYEES

OVER 70% FEMALE



OUR HEAD OFFICE

Located on the N1 highway in Irene Link, Centurion, our new Head Office symbolises the bright future that lies ahead and represents our commitment and renewed focus to be here for our members, customers and all South Africans every day until that day.

OUR PRODUCTS

- AVBOB **CASHBACK FUNERAL COVER**
- AVBOB **REPATRIATION POLICY**
- GROUP FUNERAL INSURANCE SCHEME FOR **PENSIONERS**
- CASHBACK **LIFESTYLE LIFE INSURANCE**
- AVBOB **LEGAL ASSIST**
- AVBOB **INVESTMENT PLAN**

OUR BRANCHES

220 FUNERAL AGENCIES
THAT OFFER ONE-STOP FUNERAL CARE AND LIMITED INSURANCE SERVICES

160 INSURANCE OFFICES
THAT OFFER CLIENT AND INSURANCE SERVICES

OUR GOAL IS TO PROVIDE
A FULL-SERVICE OFFERING AT EVERY SITE

OVERVIEW

OUR SERVICE OFFERINGS

Attracting customers with innovative market-appropriate service offerings and quality customer service is key.

Growth and value creation for our members are at the core of **AVBOB**'s business strategy. We continue to pursue opportunities through service and channel diversification.

In direct response to our members' daily financial needs, we made changes to our Group structure and service offerings.

New subsidiaries

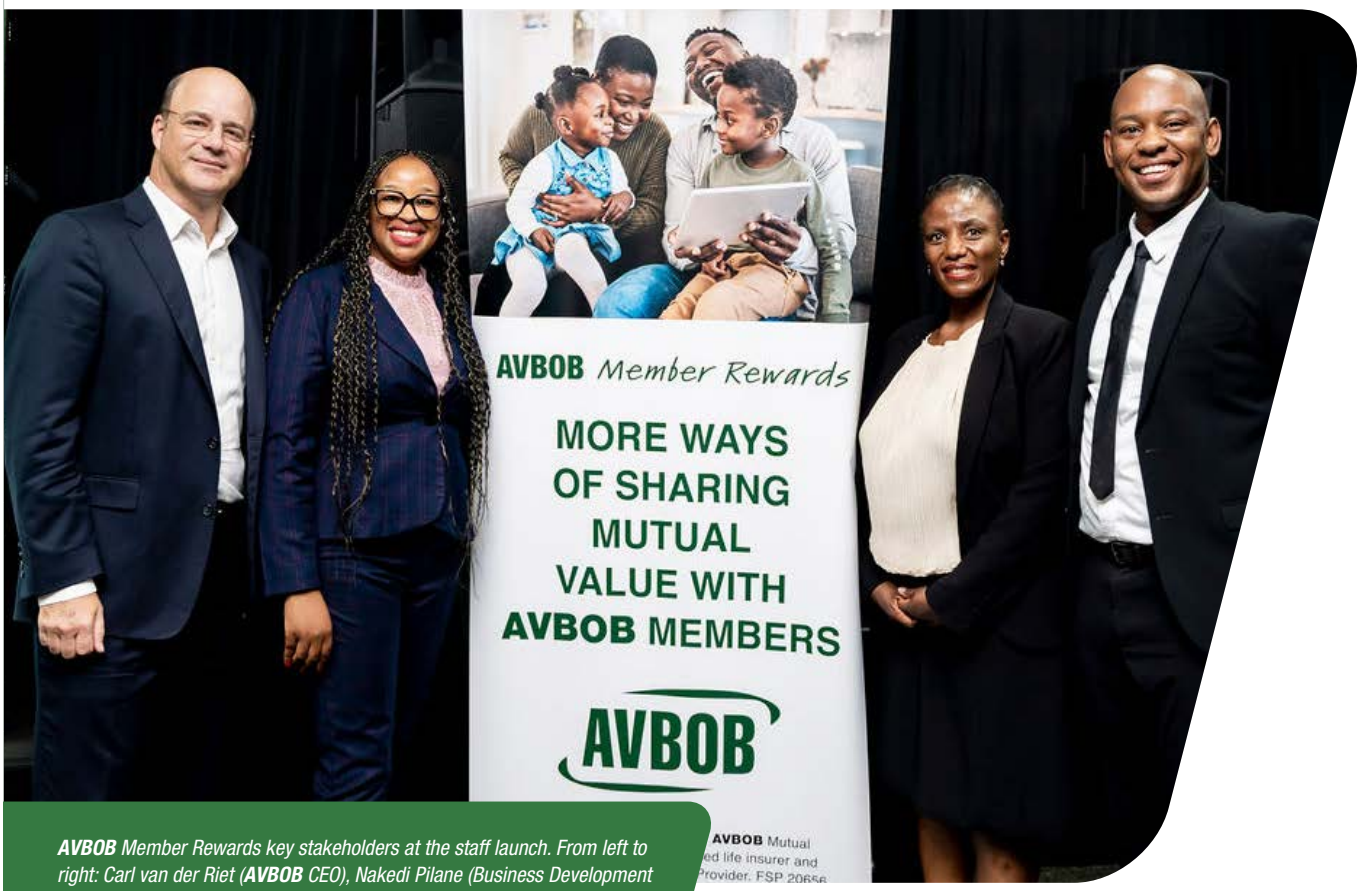
- **AVBOB** Financial Services
- **AVBOB** Member Value

Expanded services portfolio

- Funerals
- Insurance
- Investments
- Loans
- Rewards

AVBOB MEMBER REWARDS

We believe in providing relevant and meaningful benefits to our members in their daily lives. Shifting from providing benefits only at passing to providing day-to-day benefits aligns with our strategy to become a more comprehensive financial services provider for our members.



__AVBOB__ Member Rewards key stakeholders at the staff launch. From left to right: Carl van der Riet (__AVBOB__ CEO), Nakedi Pilane (Business Development Director), Kebo Mosweusweu (General Manager: Shared Value and Sustainability), Goitsemang Molatlhegi (Member Rewards Manager)



AVBOB *Member Rewards*

A STRATEGIC INITIATIVE THAT ENHANCES OUR MUTUAL VALUE PROPOSITION

The programme showcases the benefits of being part of the Society while it rewards members for their loyalty with:

Vouchers | **Coupons** | **Discounts**

Members can join via the **AVBOB** Self Service portal on our website to access a network of benefit partners and rewards for their daily needs.

AVBOB Member Rewards is **FREE** for qualifying members.

WWW.SELFSERVICE.AVBOB.CO.ZA

FUNERALS | INSURANCE | INVESTMENTS | LOANS | REWARDS

OVERVIEW

OUR LEADERSHIP

We rely on the commitment, experience and knowledge of our Board members to ensure our future remains bright and that we never fail to deliver on our brand promise.

Good governance secures our ability to continue creating and sharing sustainable value. Refer to page 49 for more.

OUR AWARDS AND RECOGNITION

We strive to obtain our objectives through the highest standard of conduct. We define success as the positive impact we make on our business, society and the environment. The achievements below highlight the recognition we received in this regard.

OBJECTIVE	ACHIEVEMENT
TOP EMPLOYER	Top Employer certification for the seventh consecutive year
EMPLOYMENT EQUITY (EE)	**Employees:** • 96% from previously disadvantaged groups • Over 70% female
CORPORATE SOCIAL INVESTMENT (CSI)	• Container Library project • Road To Literacy intitiative • Early Childhood Development (ECD) programme • Support in aid of survivors of gender-based violence • Soul Food Provider Trust • Lebone project • Disaster Relief and community support initiatives
AWARDS	• **City Press Reader's Choice Awards 2024** Winner of the Funeral Cover Category – Platinum status • **Bloemfontein Courant Readers' Choice Awards 2023/2024** Best of Bloemfontein • **Daily Sun Readers' Choice Awards 2024** Winner – Funeral Home Category • **Die Burger *Jou Keuse* Readers' Choice Awards 2023/2024** Winner – Funeral Service Category • **City Press Readers' Choice Awards 2024** Winner – Funeral Cover Category • **Best of George Readers' Choice Awards 2023** Winner – Best Funeral Service Category • **Best of George Readers' Choice Awards 2024** Winner – Best Funeral Service Category • **Best of Newcastle Readers' Choice Awards 2023** Winner – Best Funeral Service Category • **Best of Zululand Readers' Choice Awards 2023/2024** Winner – Best Funeral Service Category • **Best of Mossel Bay Readers' Choice Awards 2024** Winner – Best Funeral Service Category • **Best of Dundee, Glencoe and Dannhauser Survey 2023** Winner – Best Funeral Parlour • **Northern Natal Courier 2023** Winner – Best Funeral Parlour • **PMR.africa Western Cape Provincial Survey 2024** Business Excellence Award
BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)	Level 1 B-BBEE rating under the 2023 FSC Generic Specialised Enterprises Scorecard
MEMBER REWARDS	Successfully launched the **AVBOB** Member Rewards programme

OUR RESULTS

BENEFITS

AVBOB FUNERAL SERVICE PROVIDED
R498,9 MILLION
IN FREE FUNERAL SERVICES AND PRODUCTS TO MEMBERS

THE SOCIETY PAID OUT
R2,9 BILLION
IN CONTRACT BENEFITS AND CLAIMS

GROWTH

2.7 MILLION POLICYHOLDERS
(2.6 MILLION IN 2023)

9.1 MILLION LIVES ASSURED
(8.6 MILLION IN 2023)

R43,2 BILLION TOTAL ASSETS
(R39,2 BILLION IN 2023, 10.2% INCREASE)

R4,2 BILLION INSURANCE REVENUE
(R3,7 BILLION IN 2023, 11.9% INCREASE)

PROFITS

OUR NET INSURANCE SERVICE RESULT WAS
R354,5 MILLION FOR THE YEAR

AVBOB FUNERAL SERVICE ACHIEVED A PROFIT OF
R90,8 MILLION BEFORE TAXATION

AVBOB INDUSTRIES ACHIEVED A PROFIT OF
R17,1 MILLION BEFORE TAXATION

Refer to our Financial Statements for more information.





VALUE CREATION



02

VALUE **CREATION**

OUR OPERATING ENVIRONMENT

We regularly assess and analyse our operating environment in relation to our mission and vision. This helps us to identify risks and opportunities, which allows us to adjust our strategy and business model to create and share value with our stakeholders over the short, medium and long term.

OUR RISKS

PRIMARY RISKS

- Strategic risk
- Insurance risk
- Financial risk
- Operational risk

ELEVATED RISKS

- Information and Communication Technology (ICT) systems failure risk
- New business development risk
- Compliance and governance risk
- Electricity supply disruption risk
- Water supply interruption risk

OUR STRATEGY

We aim to grow the Society sustainably. This allows us to return value to our members and stakeholders through our mutual status, wide funeral service network, combined insurance and funeral offerings, financial services, and member rewards.

As a financial, insurance and funeral services provider, our strategic focus areas include

- diversifying insurance distribution channels;
- increasing our product range;
- simplifying client services;
- expanding our funeral service footprint in high growth-potential locations;
- maintaining our combined insurance and funeral service offering as a key differentiator; and
- leveraging our mutual status to provide exceptional products and services.

We measure our strategic progress against the following criteria:

- Growth
- Societal impact
- Service excellence
- Operational capability

OUR STAKEHOLDERS





MEMBERS

Policyholders who share in the Society's profits and receive member benefits. Qualifying members also benefit when they choose to opt in to receive AVBOB Member Rewards.

How they affect our business

- They are the basis of our mutuality
- We generate income from the products and services we offer
- They impact our brand image

How we add value for them

- They participate in the profits of our business
- Special bonuses when declared
- An expanded financial services portfolio
- Member benefits and rewards
- Nationwide funeral service footprint
- A one-stop funeral service and funeral insurance provider
- The largest mutual society in Africa and one of a kind in South Africa

EMPLOYEES

A diverse, multi-skilled team that supports our value-creation efforts across the country.

How they affect our business

- Use their expertise to support our business
- Enhance service delivery
- Help us achieve production, financial, marketing and member rewards goals

How we add value for them

- Competitive remuneration packages
- A safe, accessible, equitable and fulfilling work environment with a Wellness Centre and an enhanced EVP
- Professional development opportunities
- Hybrid work model to promote work-life balance
- Top Employer certification



FINANCIAL ASSOCIATES

A nationwide network that supports the promotion and sale of our insurance products and services.

How they affect our business

- Earn income by selling our products and services
- Support business growth through sales and relationships
- Impact our brand image

How we add value for them

- Provide quality products and services
- Market-related financial rewards
- Professional growth through ongoing training and development

FUNERAL AGENTS

Our funeral agents facilitate product and service sales, provide guidance to the bereaved with funeral arrangements, and offer ongoing support to policyholders.

How they affect our business

- Employ more than 1 000 people
- Arrange more than 45 000 funerals per year
- Engage with more than 50 000 families per year
- Generate income from the products and services they sell
- Help maintain and grow our business by supporting local communities and small business products and services to the value of R117 million per year
- Impact our brand image

How we add value for them

- Provide quality products and services
- Market-related financial rewards
- Professional growth through ongoing training and development

VALUE **CREATION**

SUPPLIERS

Provide goods and services at national, provincial and local level.

How they affect our business

- Provide key services and products
- Support value creation for our stakeholders
- Impact our brand image

How we add value for them

- Responsible procurement principles, including EE and B-BBEE
- A dedicated supplier development fund for small and medium-sized enterprises (SMEs)
- Enterprise supplier development programme

COMMUNITIES

Communities in which we operate, including the beneficiaries of CSI and Enterprise and Supplier Development (ESD) programmes.

How they affect our business

- Provide receptive, high-volume business locations
- Become partners in SME development
- Enhance our brand image

How we add value for them

- Share our value and uplift communities in need
- Create business opportunities and provide funeral services
- Develop SMEs

GOVERNMENT AND INDUSTRY

Government departments and regulatory and industry bodies.

How they affect our business

- Determine legislative rules and requirements
- Set industry standards and guidelines
- Implement punitive and corrective measures
- Issue, monitor and renew compliance certification

How we add value for them

- Practice responsible corporate citizenship
- Adhere to industry standards and regulations
- Contribute to industry standard formulations
- Comply with and maintain certifications

MEDIA

Print, broadcast and social and digital media platforms, owners and influencers.

How they affect our business

- Information sharing
- Impact public relations
- Impact our brand image

How we add value for them

- Source of industry information
- Provider of consumer education
- Sponsor media awards

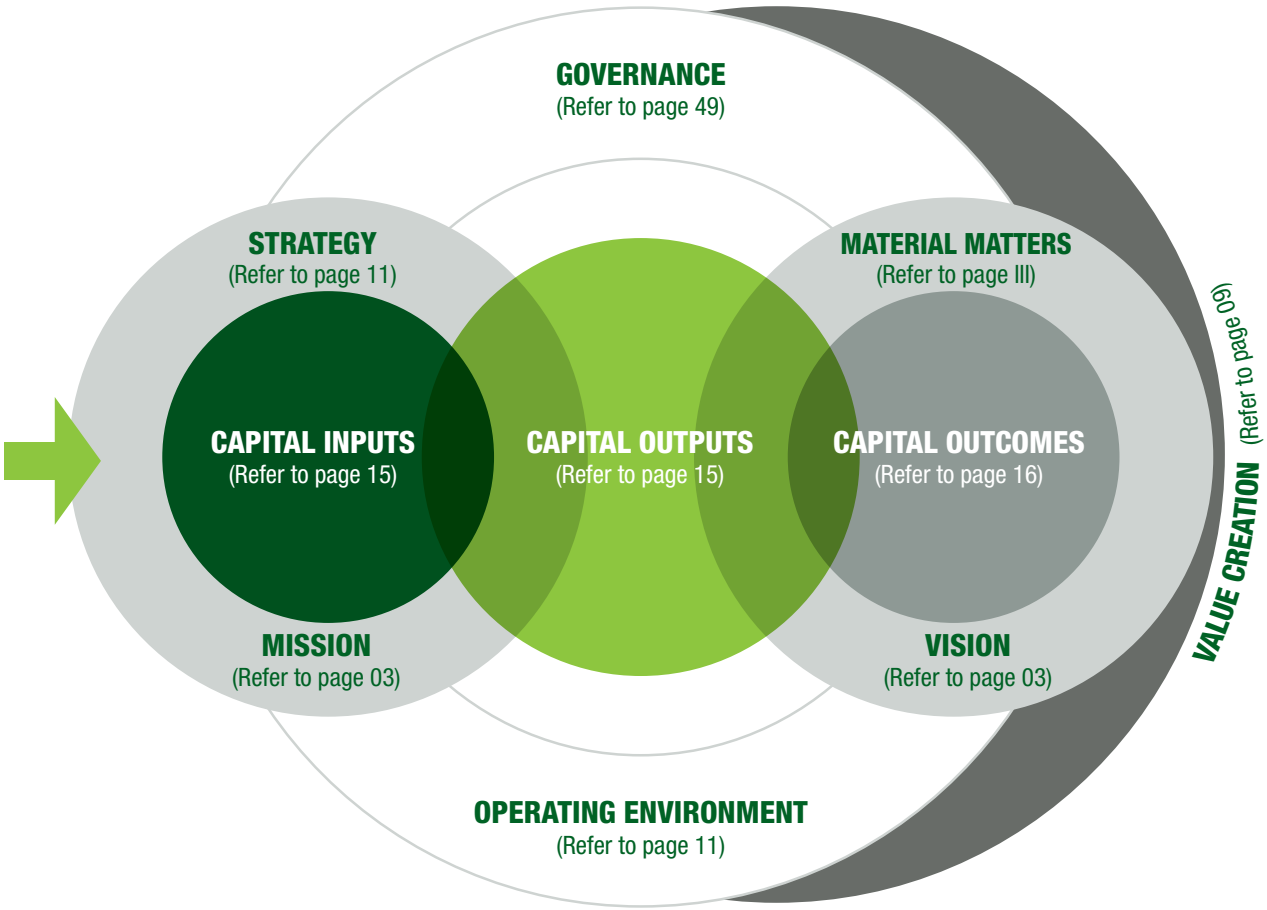
OUR SHARED VALUE BUSINESS MODEL

OUR MUTUAL STATUS

Our commitment to the common good is at the heart of our mutual society. Beyond offering funeral services and funeral insurance, we serve the broader needs of South Africans. Our mutual status shapes our values and purpose and sets us apart from competitors.

At **AVBOB**, we share the value we create. We offer innovative, market-appropriate products and quality service and continued to support key growth initiatives that honour our mutual status, including

- expanding our national footprint;
- diversifying products and services;
- launching the **AVBOB** Member Rewards programme;
- exploring new opportunities in the financial services sector; and
- refreshing the iconic **AVBOB** logo as part of our future-focused vision.



VALUE **CREATION**

CAPITAL OUTCOMES AND VALUE CREATION

CAPITAL INPUTS

Our capital inputs comprise financial, manufactured, human, social and relationship, intellectual, and natural capitals. The value we create for our members and stakeholders is the result of the increase, decrease or transformation of these capitals.

Financial capital

- Assets
- Investments
- Surplus from insurance service results
- **AVBOB** Industries
- **AVBOB** Funeral Service
- **AVBOB** Member Value
- **AVBOB** Financial Services
- Liabilities

Manufactured capital

- Insurance offices
- Funeral agencies
- Fleet
- Raw materials
- Manufactured products
- Branding materials

Human capital

- Employees
- Funeral agents
- Financial associates
- Learners/interns

Social and relationship capital

- Working with suppliers who understand and share our commitment to uncompromised integrity and excellence
- Our CSI programmes and initiatives
- Implementing the **AVBOB** ESG framework and aligning it with the relevant SDGs
- Our offer of member benefits that has become synonymous with our brand
- Rewarding member loyalty through the **AVBOB** Member Rewards programme

Intellectual capital

- Synergy between **AVBOB** Mutual Society, **AVBOB** Funeral Service, **AVBOB** Financial Services, **AVBOB** Industries and **AVBOB** Member Value
- Product and service development and enhancement
- Employees' skills and knowledge base
- Advanced technological and digital assets
- ICT infrastructure, security and governance

Natural capital

- Natural energy resources (photovoltaic solar panels)
- Augmented water supply
- Natural wood resources
- Two aquamation facilities that reduce our energy usage
- Recycling initiatives to reduce and reuse waste

CAPITAL OUTPUTS

Our outputs are made up of the products and services we produced in the reporting year as well as the by-products and waste that were generated as a result of our business activities.

Products

- Coffins
- Caskets
- Lowering devices
- Church trolleys
- Tents
- Container and trolley libraries
- Container ablution facilities

Services and product offerings

- Burial services (burial, flame cremation and aquamation)
- Coffins, caskets, tombstones and funeralware
- **AVBOB** Cashback Funeral Cover
- **AVBOB** Funeral Insurance Scheme for Pensioners
- **AVBOB** Legal Assist
- **AVBOB** Cashback Lifestyle Insurance
- **AVBOB** Repatriation Policy
- **AVBOB** Investment Plan
- **AVBOB** Member Rewards programme

By-products and waste

Our waste, which is a by-product of our manufacturing, mainly includes offcuts and saw dust of chip wood and medium-density fibreboard (MDF) that we dispose of responsibly at a designated landfill site.

CAPITAL OUTCOMES

How we increased (net increase), decreased (net decrease) or preserved (no net change) our capitals in the reporting year.

Financial capital

- Assets of **R43,2 billion** as at 30 June 2024
- Total investments: **R40,8 billion**
- Total insurance liabilities: **R41,1 billion**
- The number of policyholders increased to **2.7 million** as at 30 June 2024
- Insurance revenue increased by 11.9% to **R4,2 billion**
- **AVBOB** Funeral Service achieved a profit before taxation of **R90,8 million**
- **AVBOB** Industries achieved a profit before taxation of **R17,1 million**
- Total cash and cash equivalents: **R2,0 billion**

Manufactured capital

- We opened **two** additional client service centres.
- We opened **three** new funeral agencies.
- We opened **three** additional insurance offices.
- We spent **R29,7 million** upgrading our offices.
- We have replaced and expanded our fleet to the value of **R82.8 million**.
- Raw material:
  - We used **151 163 m²** of chip wood, **64 784 m²** of MDF wood, and **1 098 m²** of solid wood.
  - We used **1 077 m** of steel for our mortuary racks.
  - We used **840 m** of steel for our lowering devices.
  - We used all our offcut material to manufacture moulded trimmings for the coffins
- Products:
  - We manufactured **63 369** coffins.
  - We manufactured and donated our **70th container library** in May 2024.
  - We manufactured and donated **500** trolley libraries.

Human capital

- **4 636** employees
- **R43,1 million** invested in **41 916** training interventions

Social and relationship capital

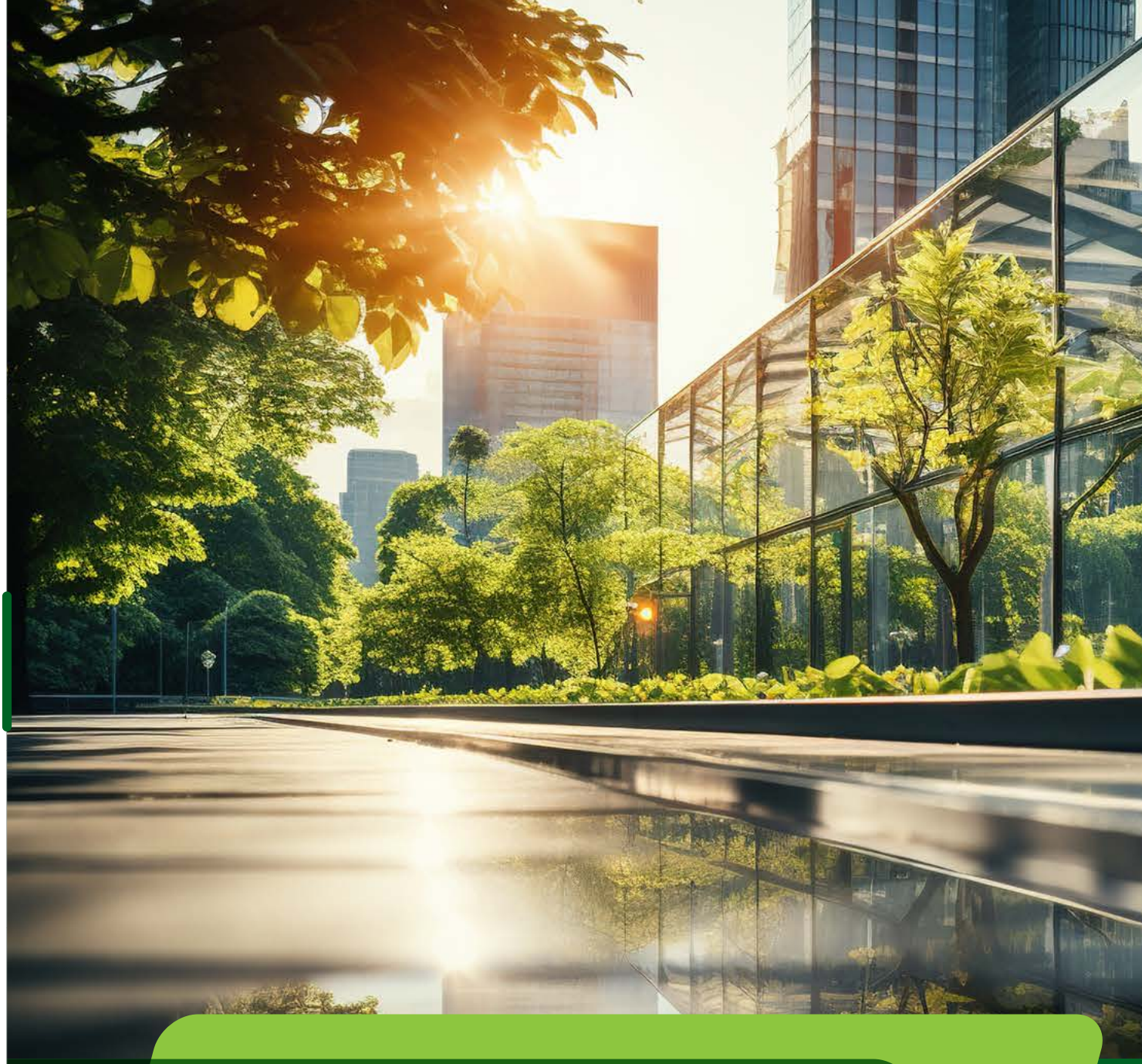
- Responsible procurement
- We donated six container libraries
- **R2 million** invested to provide **FREE** and discounted funerals in disadvantaged communities
- **FREE** member benefits to the value of **R498,9 million** provided by **AVBOB** Funeral Service

Intellectual capital

- As a Group, we are a one-stop provider of funeral services and insurance products
- Enhancing existing and developing new products and services
- Invested in our employees' professional growth with **41 916** training interventions
- Invested in digital distribution channels and platforms
- Cybersecurity protocols, measures and technologies to safeguard our digital assets and customer data

Natural capital

- Augmented water supply
- Photovoltaic solar systems supplied **491 292 kWh** during the financial year, amounting to an annual saving of **R2,8 million**
- A fuel-efficient delivery fleet
- **Two** aquamation facilities that provide a more energy-efficient alternative to flame cremation



CHAIRMAN'S REPORT



03

CHAIRMAN'S REPORT

The past year was one of significant new developments and changes in our business and the environment in which we operate. The socio-economic challenges and uncertainties persist, but we are optimistic about the promise of increasing stability in our operating environment.

The outcomes of the 2024 National Elections – which resulted in the formation of a Government of National Unity – contributed to a positive sentiment by business and consumers, which leads to a better outlook and opportunities. The shared drive to implement the country's economic policies bodes well for our members and society.

Effective transformation and good governance remain significant contributors to consistent growth. Our shared-value business model is the foundation that drives our culture of inclusivity, caring and innovation, to the benefit of our members.

MEMBER-CENTRIC STRATEGIES

We continued to develop our member-centric approach by engaging with our members on their daily needs. Their feedback led to the development of new and responsive products and services that show the everyday benefits of belonging to a mutual. The response from members has been extremely positive which augurs well for our strategy to diversify the business.

Underpinning our business achievements is an unwavering commitment to advance the interest of our members and the communities we serve. Through our mutual model which has carried us for 106 years, we have continued to create tremendous value for our members. This allows us to provide benefits over and above our commitments to members and to their wider communities.

Our commitment to our members began with our well-known **FREE** funeral benefits provided by **AVBOB** Funeral Service, which was followed by the **AVBOB** Investment Plan. The introduction of the **AVBOB** Member Rewards programme was a major step in our continued drive to provide tangible and relevant value to our members.

OUR PURSUIT OF A SUSTAINABLE FUTURE

We formally implemented the **AVBOB** ESG Framework. Through a strategic short-, medium-, and long-term phased approach, we are actively improving the Society's environmental, social and governance sustainability.

ENVIRONMENTAL SUSTAINABILITY

We are firmly aligned with the global drive to identify and mitigate the impact of business activities and operations on the environment.



"We see mutuality as an enabler for sustainable economic growth and the key to making a lasting difference in South Africa."

SOCIAL SUSTAINABILITY

Our Level 1 B-BBEE rating is testament to our commitment to transformative policies and procurement efforts. As a mutual, the collective benefit of all communities form a key part of our operations. From basic education improvement initiatives to our support of programmes to combat gender-based violence and femicide, tangible responses to South Africans in need is ingrained in everything we do.

SUSTAINABLE GOVERNANCE

Creating sustainable value requires a commitment to strong corporate governance structures and policies. **AVBOB** Board members along with executive management and the control functions are tasked to uphold and ensure we meet our collective responsibilities to the Group and its stakeholders. We attribute our sound governance track record to the leadership provided by a diverse, skilled and capable Board and senior management team.

We identify and manage primary and elevated risks based on our risk appetite and duty to secure the best outcomes for our members. Clear reporting requirements and accountability guide our risk management activities.

MANAGING OUR REPUTATION AND RELATIONSHIPS

A century of service has earned us the respected position as Africa's largest mutual society and one of a kind in South Africa. Our mutual model demands that we protect and uphold our reputation as a household name and an integral part of our country's landscape.

Successful, sustainable relationships underpin our mutual model. We create value for stakeholders and share it with members, which ensures our longevity and continued relevance. We exist because of our more than 4 600 employees who work every day to add value to our 2.7 million policyholders.

I wish to thank our Board and employees for their commitment to the sustainable value they create for our stakeholders. If we stay true to our member-centred business approach, AVBOB will continue to deliver on its promise to be here for all South Africans.





CEO'S REPORT



04

CEO'S REPORT

Despite the difficult economic environment, the Group has achieved exceptionally strong results for the reporting year. Our strategies to accelerate growth are beginning to gain traction and have significantly improved our position in the market.

It is particularly pleasing to observe that these gains have been underpinned by a deeper level of collaboration across multiple business areas. It is clear that our brand resonance with our members and employees is stronger than ever and this is evidenced by our results.

Although the country's past poor economic growth coupled with a deterioration in household income continues to put pressure on disposable income, there appears to be a renewed sense of optimism for the future. Our belief is that, with a shift in political will, the economy is positioned for improvement and that this will directly relieve the financial stress of our members.

STRATEGY

Our primary objective has always been, and remains, to generate sustainable growth and return value to our members. Our mutual status is the foundation of this objective and the cornerstone of our ethos, purpose and competitive differentiation. Our strategy is centred around this primary objective.

The Group's shared value mutual model is at the centre of our unique value proposition. We create tangible economic wealth and benefits for our members. **AVBOB** believes that part of our responsibility as a corporate citizen is to help ensure a better future for South Africa by contributing to the economic empowerment of our members and the communities in which we operate. This core purpose has been part of our corporate DNA since our inception. Our founder's words were "Put people first, and the rest will follow".

The Group strategy has again remained consistent with prior years. The strategy is proving effective and, as such, the focus is on implementation and acceleration of key initiatives.

During the year we have made adjustments to our Group structure to better align our operations with our strategy and accommodate the resultant growth. We believe the revised operating structure will provide the senior management focus and capacity required to successfully scale our business offerings.

ENHANCING OUR GROWTH

To us, success means achieving inclusive growth that allows all members to share in the achievements of the Society. As a mutual society, we accept the responsibility to ensure that our activities and operations remain beneficial to our members and the communities in which we operate. Value creation together with value distribution underscore our purpose in society and relevance as a business.

In order to build deeper relationships with and return value to customers, we have placed increased focus on improving our stakeholder engagement. We have accomplished this by expanding our digital distribution channels and the roll-out of self-service digital engagement platforms. These initiatives remain on track and show positive results. Creating a high impact customer experience relationship for the business remains at the centre of our connected approach in our products and service offerings.



"To us, success means achieving inclusive growth that allows all members to share in the achievements of the Society."

TALENT MANAGEMENT AND EMPLOYEE DEVELOPMENT

With seven consecutive Top Employer awards and an award-winning state-of-the-art Head Office building in Centurion, we have positioned ourselves as an attractive employer of choice where career and growth prospects for young professionals can flourish. We value, support and continue to invest in our employees, specifically in their capabilities. Our recently refreshed EVP will go a long way in positioning our brand as an employer of choice in the marketplace. We are proud of our Level 1 B-BBEE accreditation.

To remain an organisation that is future-focused, we also invest in our employees' professional development, including a postgraduate bursary scheme and Group-wide training. In this reporting year alone, we invested over R43 million in 41 916 training interventions.

The move to our new **AVBOB** family home in Centurion has been completed and promises to provide a better working environment for all staff. The new building is facilitating greater connection and inclusion between staff and departments, and ultimately gears the business towards attracting new skills and young professionals to the brand. We are proud of our sustainable, fit-for-purpose and Green Star rated building, which meets the requirements of a world-class working environment for our employees.

OUR MUTUAL MODEL

Our mutual model means shared prosperity. It underscores a commitment to our members to ensure they participate in the fill benefits of ownership and value creation. We do this by using our profits to enhance member and policy benefits and to fund our corporate social investment initiatives. At the core of who we are and all that we do is the way we share and uphold our mutual values.

Our contribution to our communities this past year is discussed in detail in the social sustainability section of our Corporate Sustainability Report, refer to page 33. However, it is worth mentioning the following:

- Through **AVBOB** Funeral Service, our members received R498,9 million in **FREE** Funeral Services and products.
- We paid out R58,1 million to our members in respect of their **AVBOB** Reward Accounts.
- We paid out R2,9 billion in contract benefits and claims.
- As part of our investment in literacy and education, we donated our 70th container library and 500 trolley libraries to underserved schools.

OUR FINANCIAL HIGHLIGHTS

In the financial year ended 30 June 2024, we achieved the following growth:

Our total assets grew by 12.8% to R34,6 billion (excluding unit linked policy assets).

Premium income increased by 9.0% to R6,8 billion.

Our net first year new business equivalent annual premiums increased by 30.2% to R1,3 billion.

The number of policyholders increased to 2.7 million with 9.1 million individual lives assured.

Our national footprint of funeral service, insurance and client service offices increased to 380 in total.

We successfully launched our new, free **AVBOB** Member Rewards offering, and by 30 June 2024 had achieved an enrolment of nearly 50 000 members.

SUSTAINABILITY, BUSINESS AND SOCIETY

AVBOB not only has a long-standing commitment to shared value with our members but is also fully aligned with SDG 8. We seek to promote sustainable and inclusive economic growth - a prerequisite for sustainable development - in order to contribute to improved livelihoods.

Our shared-value model is integral to our operations, and, as such, we continue to innovate around our product- and service offerings. The free **AVBOB** Member Rewards programme, which launched in April 2024 provides tangible, regular benefits to members in the form of vouchers, coupons and discounts from our participating partners.

In addition to our focus on education, we have made significant contributions to local economies by procuring services from communities where we operate and investing in infrastructure.

We have also strengthened our commitment to support anti-gender-based violence initiatives through key partnerships with various non-governmental organisations and the South African Police Services.

The Group's commitment to sustainability and community support is unwavering, and we remain committed to ensuring our members benefit from the unique full-service offering provided by **AVBOB**. This is demonstrated through our partnerships with local communities to ensure long-term benefits.

I would like to thank my fellow directors on the Board, management and staff, business partners, and intermediaries who continue to support me in leading this dynamic organisation.



OUR CORPORATE SUSTAINABILITY REPORT

ENVIRONMENTAL SUSTAINABILITY
SOCIAL SUSTAINABILITY
TRANSPARENT AND ETHICAL GOVERNANCE



05

CORPORATE **SUSTAINABILITY**

OUR SUSTAINABILITY JOURNEY

As a mutual society, we exist to create and share value with our members.

Our commitment to benefit our members, customers and communities, and to work towards the well-being of all South Africans, has never only been financial.

Our core purpose of creating and sharing value anchors our sustainability journey and sound business strategy to deliver sustainable growth. We operate with a purpose to deliver meaningful social impact, maintain responsible business practices, and ensure ethical governance. This helps us secure a sustainable environment and prosperity for generations to come.

In the 2023 Corporate Sustainability Report, we recognised the importance of a framework that is aligned to the UN SDGs to ensure a sustainable and future-fit **AVBOB**. We remain committed to integrate ESG principles in our core business operations. This is demonstrated by our delivery on the Horizon 1 commitments through our implementation of the **AVBOB** ESG Framework. This report provides a progress update on the implementation of the **AVBOB** ESG Framework and the opportunities we will continue to pursue on our ESG journey.



OUR SUSTAINABILITY HIGHLIGHTS

ENVIRONMENTAL SUSTAINABILITY

A STATE-OF-THE-ART
SUSTAINABLE HEAD OFFICE

3.15 TONNES OF CO_2e WASTE
DIVERTED FROM LANDFILL

FULL SOLAR AND BATTERY BACKUP POWER SYSTEMS
AT 36 FUNERAL AGENCIES AND 32 INSURANCE OFFICES

INTERNAL ENVIRONMENTAL SUSTAINABILITY AWARENESS
AND TRAINING PROGRAMMES

SOCIAL SUSTAINABILITY

INCREASED INVESTMENT IN
COMMUNITY-FACING INITIATIVES

EMPLOYEE WELLNESS
PROGRAMME

VOICE OF THE CUSTOMER
(VOC) PROGRAMME

TOP EMPLOYER
SEVENTH YEAR IN A ROW

SUSTAINABLE GOVERNANCE

LEVEL 1
BBBEE RATING

SIX OUT OF 12
BOARD MEMBERS
ARE FEMALE

ESTABLISHED A
MANAGEMENT ESG COMMITTEE

CORPORATE **SUSTAINABILITY**

INTRODUCING THE AVBOB ESG FRAMEWORK

A FRAMEWORK FOR A SUSTAINABLE FUTURE

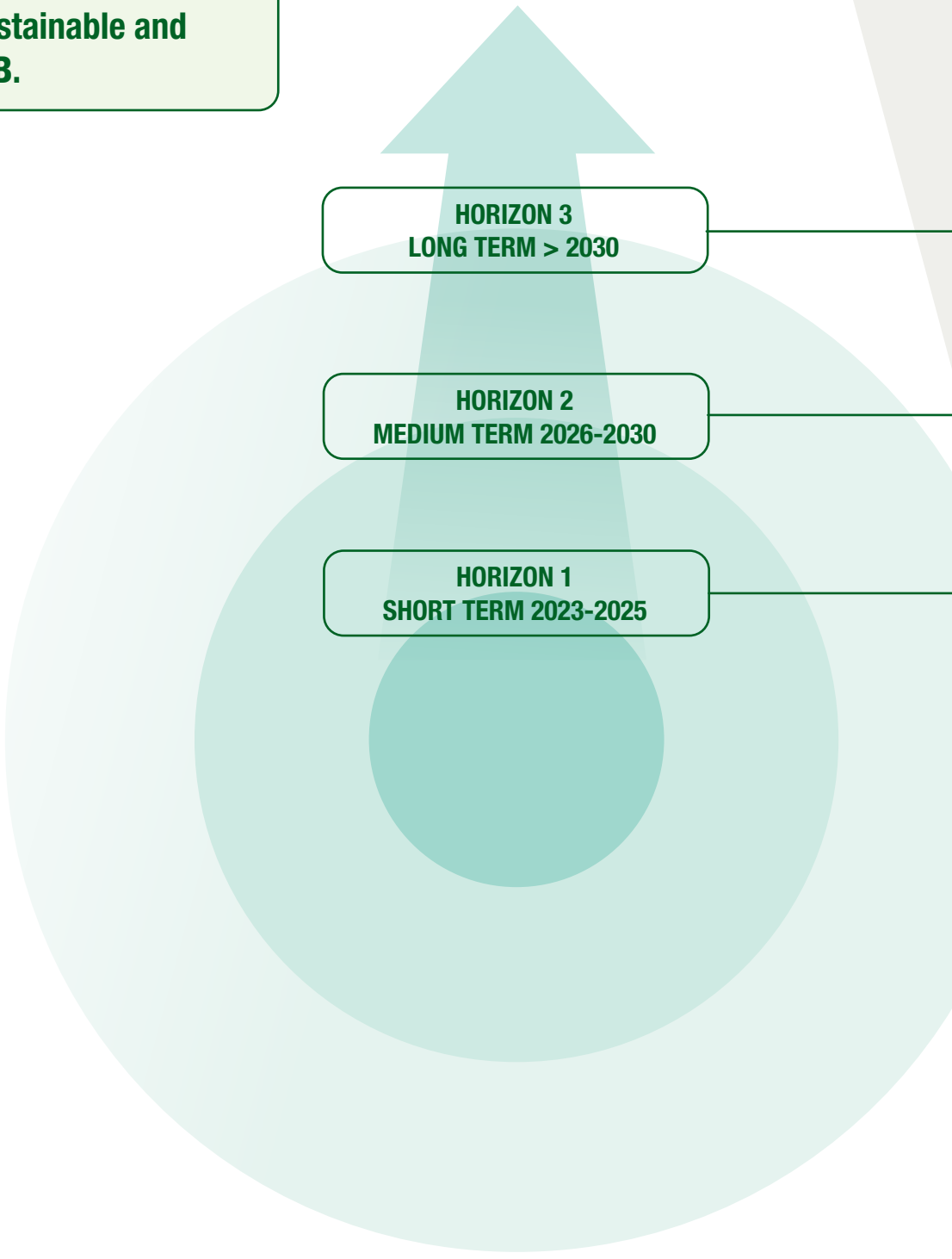
We made considerable progress implementing our strategic ESG framework.

The AVBOB ESG Framework plays a transformative role in creating a sustainable and future-fit AVBOB.

IMPROVING OUR ESG SUSTAINABILITY IN THE SHORT, MEDIUM AND LONG TERM

A phased approach

We developed ESG horizons to guide our strategy and provide a timeline for detailed planning and execution.



HORIZON 3
LONG TERM > 2030

Amplify the proven impact
- Embed ESG outcomes, replicate successes, and increase the impact
- Increase scale and strengthen the impact of our integrated approach

Be an industry thought leader
- Secure independent verification of ESG outcomes and certification
- Earn recognition as an ESG thought leader in the industry

HORIZON 2
MEDIUM TERM 2026-2030

Align external stakeholders
Present an integrated plan that
- Creates value for our stakeholders
- Aligns with our sustainability impact goals

Automate ESG tracking
- ESG monitoring and reporting system
- Strengthen ESG sustainability efforts based on insights and learnings from impact assessments

HORIZON 1
SHORT TERM 2023-2025

Lay the foundation
- Develop a strategic ESG framework
- Define our sustainability goals

Align the business
- Strengthen existing efforts to improve our fit-for-purpose ESG framework
- Define sustainability impact and improvement goals

Build capability
- Allocate ESG-specific resources
- Monitor and evaluate the methods and tools we use to measure sustainability

Governance initiatives

We are advancing the integration of ESG principles into business operations in the following ways:

The **AVBOB** ESG Framework aligns ESG objectives with our organisational goals.

We developed key performance indicators (KPIs) for ESG initiatives and continue to look for opportunities to strengthen and evolve the implementation of the **AVBOB** ESG Framework.

We established the Management ESG Committee to oversee and guide the implementation of ESG initiatives across the Group.

We developed internal capacity and appointed dedicated resources to execute ESG plans.

We developed a Group-specific ESG monitoring and evaluation (M&E) platform to help ensure robust data management and analysis.

We implement an ESG change management plan to embed ESG principles at **AVBOB**.

The steps taken in the reporting year demonstrate our commitment to integrating ESG principles into everything we do to deliver sustainable shared value to our stakeholders.

CORPORATE **SUSTAINABILITY**

ENVIRONMENTAL SUSTAINABILITY

REPORTING ON OUR ENVIRONMENTAL SUSTAINABILITY

We are committed to minimising the impact of our business operations on the environment. We aim to improve our environmental sustainability in the short, medium and long term through initiatives and programmes that enable us to reduce, reuse and recycle our waste and harmful outputs.

Improving our environmental sustainability by reducing our carbon footprint

A state-of-the-art sustainable Head Office

Our new 11 500 m² Head Office in the Irene Link Precinct is a state-of-the-art green working space. The building's Green Star rating will be based on

- double-glazed windows for temperature regulation and noise reduction;
- the latest HVAC technology for energy-efficient temperature regulation (an ice-storage system to reduce electricity consumption);
- LED energy-efficient, motion-sensor lighting;
- solar, battery and generator backup energy plant for uninterrupted service delivery during load shedding or power failures;
- 35% of the building's electricity is solar energy;
- its innovative load-shifting technique;
- green rest areas;
- recycling of tins, plastic and paper;
- the latest water and ablution systems technology to reduce waste; and
- a 48-hour backup water supply system.

Our green burial service option

Aquamation, also known as water cremation, is our green burial service offering with a significantly lower carbon footprint than flame cremation.

We currently have two aquamation facilities, one in Cape Town and one in Pretoria. We purchased the equipment for another three aquamation facilities and will be installing them at selected sites in the coming year.

Group-wide recycling and waste management

Following the success we've had at our Head Office, we want to expand our recycling and waste management programme nationally.

Innovative and creative solutions

Our partnership with Upcycle Creative continues, and we are proud to share the following positive reporting year results:

- Vinyl banners were repurposed into 300 educator bags
- 3.15 tonnes of CO^2e waste were diverted from landfill

Off the paper trail and onto the digital highway

We implemented digital solutions in our Client Services and Insurance Sales departments to reduce paper use.

Future-proofing our infrastructure

We completed three phases of solar and battery backup installations at our funeral and insurance offices. We installed

- full solar and battery backup power systems at 36 funeral agencies and 32 insurance offices; and
- battery backup power systems at 20 funeral agencies and 19 insurance offices.

Improving our environmental sustainability through best practices

The **AVBOB** ESG Framework guides and governs our environmental sustainability efforts by

- introducing internal environmental sustainability awareness and training programmes;
- following best-practice environmental management policies and procedures; and
- referring environmental management matters to the Safety, Health, Environment, and Quality (SHEQ) Core Committee.



CORPORATE **SUSTAINABILITY**

SOCIAL SUSTAINABILITY

REPORTING ON OUR SOCIAL SUSTAINABILITY

We improve our social sustainability by not only identifying and managing our impact on stakeholders but also working to grow and develop in direct response to their socio-economic and financial needs.

As a mutual society, we recognise the value of nurturing relationships with our members and stakeholders.

Improving our social sustainability through effective communication

Effective communication is key to our social sustainability because it promotes transparency, trust and collaboration in our organisation and with our stakeholders. When we share our goals, progress and challenges, we can better engage with our stakeholders and encourage their participation. It creates an open dialogue that strengthens relationships and identifies organisational and social issues. This creates opportunities to develop and implement sustainable solutions.

External communication

We share our latest news, products and services through our social media platforms, print, broadcast, digital and out-of-home media advertising initiatives.

AVBOB is more than a brand, an organisation. AVBOB is a culture – born out of the need to be there for our people in times of loss.

AVBOB's 2023-2024 advertising campaign: Here for you, and you, and you

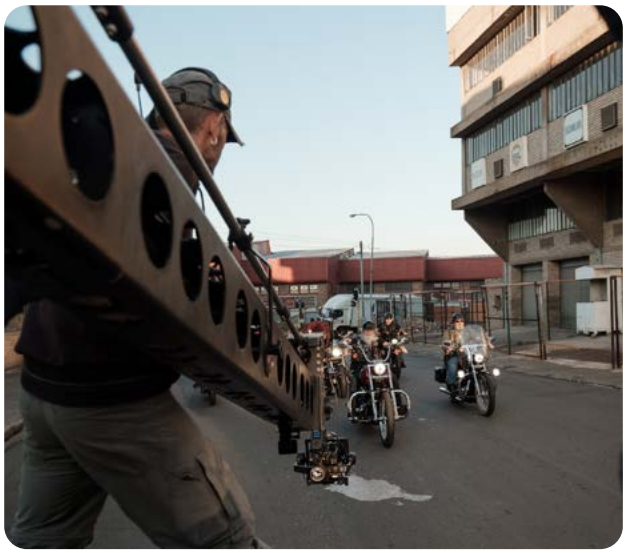
Our annual advertising campaign, under the theme *Here for you, and you, and you,* aimed to reaffirm our authenticity and connect with our policyholders and customers. It was based on the true story of our brand promise and unwavering culture and purpose to serve.

The campaign included commercials for **AVBOB** brand, **AVBOB** Funeral Service and the **AVBOB** Cashback Funeral Cover policy. The commercials evoked strong emotions with epic storytelling and cinematography and were differentiated under sub-themes linked to our main campaign theme.

Flighting platforms: TV, social media and digital platforms
Languages: English, Afrikaans and IsiZulu

AVBOB brand commercial: Based on a true story

Our brand commercial was a retelling of our origin story. We've seen trends come and go, cultures emerge and terminate, but through it all, we remain true to our culture and our purpose to serve all who need us.



AVBOB Funeral Service commercial: Our true character

Our Funeral Service commercial paid tribute to our true character: a culture of service, of taking action, of driving enabling change, day after day, year after year. It emphasised **AVBOB**'s position as the funeral brand that sees, understands and respects the individuality of all South Africans.



AVBOB Cashback commercials: Continuity through our culture of service

Relatability was key to our Cashback commercial. A conversational and engaging approach revealed important product features and highlighted our commitment to make rewarding products and benefits accessible to all South Africans, of all cultures.



Social media platforms

PLATFORM	FOLLOWERS AND SUBSCRIBERS
Facebook	222 000
Twitter/X	7 220
YouTube	3 450
Instagram	1 297
LinkedIn	19 000

Consumer education

We continued with our consumer education series to help customers better understand what a mutual society is and why funeral insurance is so important. We also explained how our **AVBOB** Cashback policy works and introduced Ava (the **AVBOB** Customer Care chatbot) and **AVBOB** Legal Assist.

Internal communication

Our internal communication channels promote information sharing and employee engagement.

These channels include:

- **AVBOB** Connect Facebook page (1 700 followers)
- ONE **AVBOB** Connect intranet
- Group communication mailbox (memorandums, invitations and announcements)
- Digidice screens (competitions, videos and campaign launches)
- Desktop displays (campaign promotions)
- *The Society* magazine (quarterly publication available at our branches and on the company website and shared as a digital link with employees)

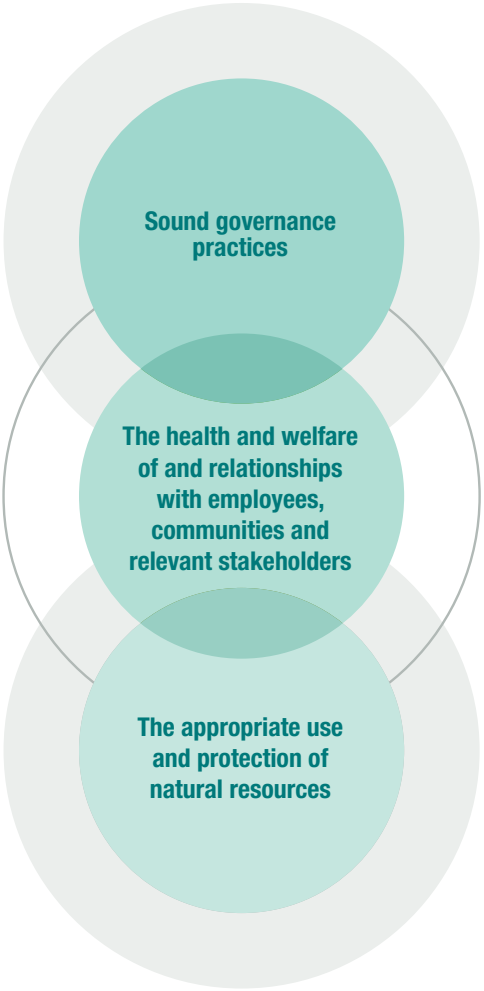
CORPORATE **SUSTAINABILITY**

SOCIAL SUSTAINABILITY

Improving our social sustainability through responsible investment

Our asset managers are required to adhere to the Code for Responsible Investing in South Africa (CRISA) and the updated CRISA 2, which builds on the original code and offers voluntary principles for stewardship and responsible investment. This approach enables ethical, targeted and socially responsible investments to achieve financial returns and ethical/social outcomes through targeted investments.

Our asset managers encourage investee companies to adopt and implement policies and procedures that advance:



AVBOB has a separate Financial Sector Code (FSC) investment portfolio. This portfolio comprises targeted investments in transformational infrastructure in underdeveloped areas, black business growth funding, and B-BBEE financing. The following investments were made as part of this portfolio:

TAXI ASSOCIATION ENTREPRENEURS
Financing to a company that provides loan financing to taxi association entrepreneurs

TELECOMMUNICATION FIBRE INFRASTRUCTURE
Financing to a company that enables local, open-access telecommunication fibre infrastructure

INFRASTRUCTURE PROJECTS
Two private equity fund investments in greenfield and brownfield infrastructure projects:

- The funds focus on renewable energy and other infrastructure projects
- One of the funds is invested in four solar photovoltaic projects and one wind farm. These projects provide power to the South African national grid. Each project is part owned by the local community and has a CSI programme that focuses on community activities

BUSINESS DEVELOPMENT EQUITY OPPORTUNITIES
A hybrid equity fund that invests in high-quality, B-BBEE transactions and other business development equity opportunities

Improving our social sustainability through responsible procurement

Supplier selection

We aim to contribute to socio-economic development through our procurement practices. We foster good business relationships with suppliers who share our values, regardless of their size. Our Tender Committee ensures that our procurement transactions are efficient, ethical, fair and transparent. B-BBEE is a factor in our tender evaluation. We strive to award tenders to suppliers with at least a Level 4 B-BBEE rating.

ESG considerations

We incorporate ESG improvement guidelines in our tender and evaluation process. Environmental impact factors inform our procurement decisions. We promote social sustainability by partnering with suppliers that uphold fair labour standards and support diversity and inclusion. We mitigate risks, build trust, and uphold ethical standards in our supply chain by selecting suppliers that share our strong governance principles.

Improving our social sustainability through enterprise and supplier development

Our supplier development fund demonstrates our commitment to B-BBEE by supporting small business owners from previously disadvantaged groups. We focus on suppliers to our funeral agencies, aiming to help them grow financially and create job opportunities in their communities.

Prowess Graduate Trainee Programme

PARTNERED WITH PROWESS INVESTMENT MANAGERS
A qualifying black asset manager

SPONSORED R290 000
Marketing graduate trainee – public relations and branding department support

ALIGNS WITH FSC REQUIREMENTS
Supports job creation, economic growth and sustainable partnerships for transformation



CORPORATE **SUSTAINABILITY**

SOCIAL SUSTAINABILITY

Improving our social sustainability through service delivery

AVBOB's shared value business model informs our service delivery approach, including product development and customer service.

Website

AVBOB's website was redeveloped to better suit our members' needs and user experience. The website went live in **November 2023**.



Customer service

AVBOB's customer service outcomes are aligned with the Treating Customers Fairly (TCF) outcomes of the Financial Sector Conduct Authority (FSCA).

Treating Customers Fairly outcomes

OUTCOME 1
The **fair treatment of customers** is central to corporate culture.

OUTCOME 2
Products and services are designed to **meet the needs of targeted customer** groups.

OUTCOME 3
Give customers **clear information** and keep them informed before, during and after the point of sale.

OUTCOME 4
Give customers **suitable advice** based on their circumstances.

OUTCOME 5
Products, performance and associated services meet the **levels of performance** customers have been led to expect.

OUTCOME 6
No unreasonable post-sale barriers to change products, switch providers, or submit claims and complaints.

Customer feedback

Our Complaints Department is key to providing quality service by reviewing customer feedback across various media platforms. We closely monitor and address complaints from the National Financial Ombudsman (Ombudsman), helping us improve and meet standards.

The Ombudsman's 2023 report highlighted that **AVBOB** had fewer unresolved complaints compared to competitors, thanks to our proactive approach.

Complaints wholly/partially resolved in favour of the complainants:

Year	Complaints with respect to AVBOB	Complaints reported by all insurers linked with the Ombudsman
2021	42	3 899
2022	21	3 510
2023	18	3 137

Enhanced complaints management system

The enhanced complaints management system is designed to improve transparency, interaction, and the overall customer experience through optimised customer complaint management processes and a quicker response and resolution turnaround time.

VOICE OF THE CUSTOMER PROGRAMME

We launched the **Voice of the Customer (VOC) Programme** in May 2023 to enhance our complaints management system. We use the programme to identify trends, address recurring issues promptly, understand our customers' needs, improve service delivery, and build brand loyalty.

On registration, customers have access to real-time complaints monitoring, which helped increase customer satisfaction.

REVIEW AND UPDATE COMPLAINT CHANNELS

We reviewed our customer complaint channels to ensure continued accessibility, efficiency and responsiveness to customer needs.

IMPROVE RESPONSE TIMES

We streamlined our internal complaints processes to expedite complaint resolution to deliver timely and satisfactory solutions.

EMPOWER CUSTOMERS WITH COMPLAINTS INFORMATION

We provide clear and comprehensive information on how we handle customer complaints and queries. We explain the steps we take to resolve issues and how our customers can escalate a complaint. This builds trust and confidence in our processes.



CORPORATE **SUSTAINABILITY**

SOCIAL SUSTAINABILITY

Improving our social sustainability through corporate social investment

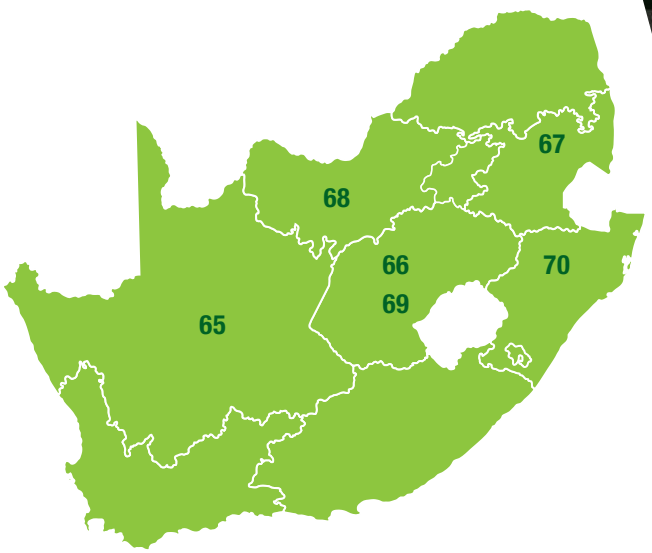
With our corporate social investment (CSI) initiatives, we work to help address the needs and challenges in society. We follow an integrated approach to align our programmes and initiatives with the UN SDGs we've identified. In this way, we turn our commitment to be here for South Africa into daily actions for change.

In our reporting year, we focused our efforts on literacy and education, initiatives against gender-based violence (GBV), food security, disaster relief, and community support.

Literacy and education

AVBOB Container Library Project

In 2024, we donated our 70th container library. Although our original target was 50 container libraries, the impact and continued need for container libraries motivate us to continue with this project.



Libraries

65	**Alpha Primary School** De Aar, Northern Cape	68	**Manoane Primary School** Gopane Village, North West
66	**Letlotlo Primary School** QwaQwa, Free State	69	**Gugulethu Primary School** Frankfort, Free State
67	**Moratiseng Primary School** Bushbuckridge, Mpumalanga	70	**Sezela Primary School** Scottburgh, KwaZulu-Natal

Beneficiaries

2023/2024	10-YEAR CUMULATIVE TOTAL
5 565 LEARNERS	**63 792** LEARNERS
302 EDUCATORS	**1 908** EDUCATORS
60 EDUCATIONAL ASSISTANTS	**550** EDUCATIONAL ASSISTANTS

AVBOB Container Library Refurbishment

Through the refurbishment project, we maintain previously donated libraries and add updated CAPS-aligned books. In our reporting year, we refurbished six libraries to the value of R1 716 397 and supplemented 10 refurbished libraries with books to the value of R568 263.



*From left to right: Kebo Mosweusweu (General Manager: Shared Value and Sustainability at **AVBOB**), Carl van der Riet (**AVBOB** CEO), Reshma Bridjarj (Principal at Sezela Primary School), LC Cele (Non-Executive Director on the **AVBOB** Board), Marena van Zijl (**AVBOB** CFO), Garth Lundall (General Manager: **AVBOB** Industries), Nakedi Pilane (Business Development Director at **AVBOB**)*



CORPORATE **SUSTAINABILITY**

SOCIAL SUSTAINABILITY

Road To Literacy initiative

The third year of Road to Literacy initiative, in partnership with Oxford University Press Southern Africa, received an overwhelming response. The campaign addresses the need for books in all 11 official written languages in underserved primary schools and education NPOs across South Africa.

NOMINATIONS
7 644

CAMPAIGN VALUE
R32,5 million

TROLLEY LIBRARIES
500 (worth R65 000 each)

BOOKS
500 books per library
250 000 books in total

TOTAL TROLLEYS (YEARS 1-3)
940 to the value of R55 million

AVBOB Industries Skills Development Programme

We implemented a skills development programme for learners to manufacture the trolley libraries.







AVBOB STEP 12

The **AVBOB** STEP 12 Examination Preparation Guides aim to support and guide educators and learners in preparing for the three matric language exam papers. The 33 guides, one for each paper in all 11 official written languages for both Home Language and First Additional Language, address the often-neglected aspect of assessment that is crucial for learner success.



ALIGNMENT AND ENDORSEMENT

Aligned with the Curriculum and Assessment Policy Statement (CAPS) and endorsed by the Department of Basic Education (DBE) and compliant with their examination guidelines

ACCESS

A **FREE**, online resource available for download

DOWNLOADS

253 756 sets between 1 July 2023 and 30 June 2024

UPDATES

Subject Advisors revised and aligned the guides with the DBE's amended list of prescribed work

AWARENESS AND ENDORSEMENTS

The DBE formally endorsed the updated guides and supported media efforts to raise awareness





CORPORATE **SUSTAINABILITY**

SOCIAL SUSTAINABILITY

Early Childhood Development

The **AVBOB Early Childhood Development** (ECD) Programme is a key component of our CSI initiatives. We identify, adopt and invest in unregistered ECD centres in underserved communities.

The goal is to support these centres provide safe and healthy learning environments to meet the registration requirements of the DBE and the Department of Social Development to receive much-needed subsidies.

ECD CENTRES (One in each of the nine provinces)	OUR REPORTING YEAR	OUR FUTURE PLANS
• **Little Angels Day Care** (Gauteng) • **Letlotlo la Thuto** (North West) • **Thabang Pre-School** (Free State) • **Hlananathi Pre-School** (Mpumalanga) • **Mvelaphanda Pre-School** (Limpopo) • **Gwegweshe ECD** (Eastern Cape) • **Young Mind EduCare** (Western Cape) • **Shalom Christian Care** (Northern Cape) • **Genesis Creche** (KwaZulu-Natal)	• A total investment of **R4 820 588** • **Nationwide support** for the ECD centres despite implementation challenges • **Ongoing refinement of the programme** implementation and partnerships	• Ensure continued **sustainable**, **positive impacts** on these vital educational institutions • **Leverage our insights and learnings** to strengthen the programme and deliver social impact



Addressing gender-based violence

Gender-Based Violence and Femicide Programme

The scourge of Gender-Based Violence and Femicide (GBVF) is a prevalent societal challenge in South Africa and demands urgent proactive response from stakeholders across various sectors to collaborate on lasting solutions for the communities we serve.

Since 2020, **AVBOB** has been supporting programmes aimed at addressing the social impact of GBVF.

Food security

Our partnership with Soul Food in Tshwane and Gqeberha continues, which resulted in exceeding our annual target in the reporting year.

More than three million meals distributed, benefiting ECDs, schools, community centres, old-age homes and hospitals

Disaster relief

Severe weather conditions, road accidents and building disasters affected multiple regions across South Africa. The aftermath of those disasters left communities in desperate need and prompted significant public-private sector partnerships for relief efforts.

R2,2 million contributed

R2 million in FREE burial and repatriation services provided

Community support

CSI Committee

Every year, our CSI Committee reviews and awards funding for applications for donations from the public. The committee is tasked to direct funding towards causes aligned with our corporate social investment interests.

24 applications approved

R728 475 donated

Klein Karoo Initiative

Previously known as the Calitzdorp Collaboration, this collective effort between **AVBOB**, Ninety One, Alexforbes and the Professional Provident Society allows us to make a meaningful impact in areas of common interest. Together, we donated:

R1 million to benefit learners in the area through:

Solar lights and solar panels

Bicycles and bicycle repair centres

Educational support

CORPORATE **SUSTAINABILITY**

SOCIAL SUSTAINABILITY

AVBOB Poetry Project

The **AVBOB** Poetry Project, with its competitions, resources, library, publications, workshops and more, celebrates the richness and diversity of our country and our combined voices.

AVBOB Poetry Competition

Seventh year

28 995 poems submitted

Vol. 7 of the anthology
I wish I'd said… was published

Winners announced at annual gala event in **September 2024**

Each language category winner (11 official written languages) received a **R10 000 cash prize** and **R2 500 voucher**

R891 900 invested in usage fees to publish 2 973 poems

AVBOB Poetry mini-competitions

- February 2024: *Across a crowded street*
- April 2024: *Three ways to look at someone*

AVBOB Poetry Library

- Contains 23 403 poems
- R300 usage fee paid per poem

Poetry workshops

- Six online workshops
- 843 participants submitted RSVPs to attend the workshops
- Participants received video recordings of each workshop and resources via email

Schreiner Karoo Writer's Festival

- 14th year held in Cradock

Improving our social sustainability through human capital investment

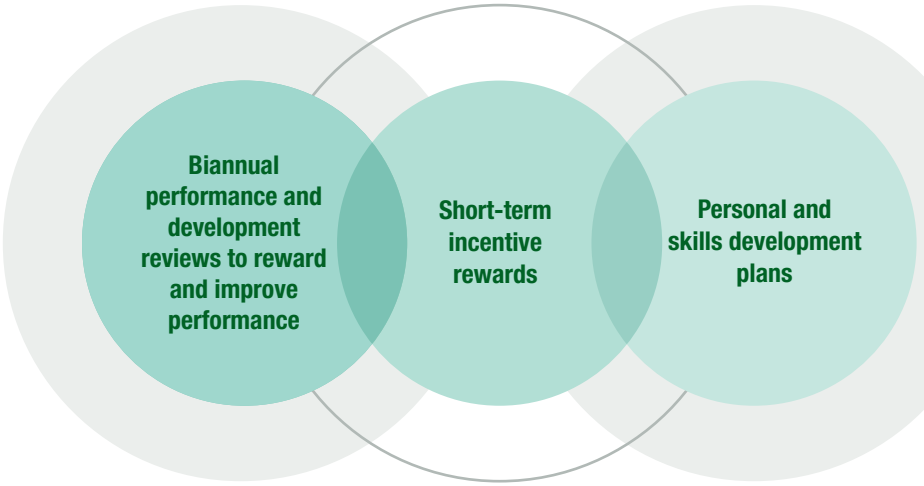
Our Group values drive our investment in our biggest asset, our employees. To improve our social sustainability and grow our human capital, we invest in:

- **A high-performance culture**
- **A high-learning culture**
- **A culture of inclusivity**
- **An Employee Value Proposition (EVP) programme**
- **An Employee Wellness Programme**

A high-performance culture

To establish and maintain a high-performing workforce, **AVBOB** encourages personal and Group-wide growth and ensures a safe and amenable work environment.

We seek to align our employees' individual objectives with our Group strategy through:



A high-learning culture

Talent management at AVBOB includes:

- Internal and external training (online and face-to-face)
- Learnerships
- Internships
- Leadership development
- Coaching and mentorship programmes

Our talent management objectives are to develop:

- Employees' productivity
- Employees' decision-making about our products, services and market
- Customer service delivery
- Succession plans and candidate pools
- A culture of continuous learning

The Group makes an effort to develop employees at all levels. This helps create synergy and signals commitment to our employees. During the reporting year, we

- implemented an adult education and training and adult basic education and training programme to improve the literacy of previously disadvantaged employees;
- provided managers the opportunity to attend an International Management Development Programme; and
- implemented a New Manager Programme and Management Advancement Programme to develop current and future managers within the Group.

SKILLS DEVELOPMENT

R43,1 million invested in the reporting year

Learnerships

428 candidates

100% pass rate

Internships

61 candidates

SKILLS MANAGEMENT

41 916 training interventions

56.2%	Product training **23 573**
25.5%	Industry and terminology **10 704**
8.7%	Soft skills **3 656**
6.7%	Induction and on-boarding **2 810**
2.3%	External courses **946**
0.5%	Funeral training **227**



CORPORATE **SUSTAINABILITY**

SOCIAL SUSTAINABILITY

A culture of inclusivity

AVBOB promotes inclusivity, equality and workplace diversity through Employment Equity (EE), gender equality, and equal participation of people living with disabilities.

Employment Equity

AVBOB focuses on underrepresented groups in recruitment and promotion in line with our EE plan and the National Economic Active Population guidelines. We uphold fair, non-discriminatory employment practices that respect the rights and dignity of each employee, irrespective of race, gender or disability.

Gender equality

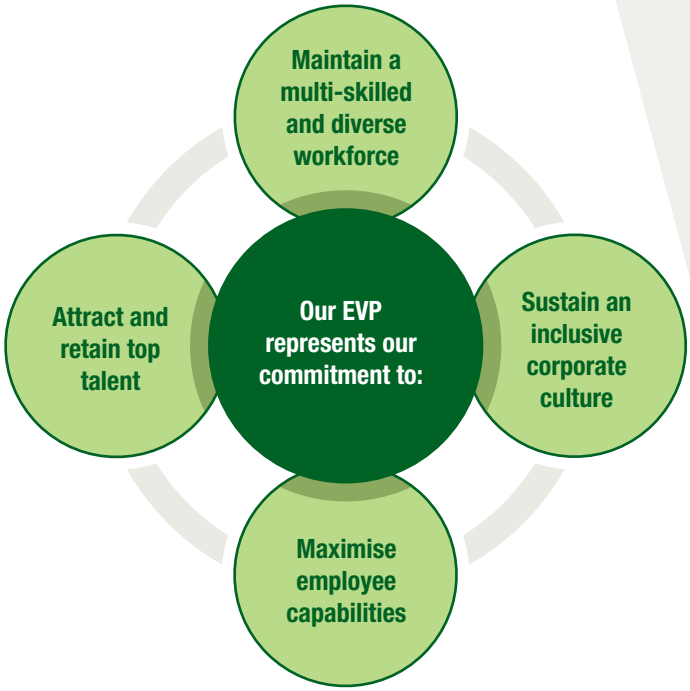
We foster gender equality and uplift and encourage female leadership in the workplace. Our workplace comprises over 70% female employees.

People living with disabilities

We maintain an inclusive culture that encourages disclosure and promotes the equal participation of people living with disabilities. We empower managers and supervisors to not only accommodate employees living with disabilities but also ensure they receive the appropriate training and support.



Employee Value Proposition



Employee Wellness Programme

We create and maintain a safe and healthy work environment for our employees through the Employee Wellness Programme. Initiatives include

- mental health support for stress management and mental resilience;
- financial health planning and support; and
- a Wellness Centre (clinic) at Head Office that provides
  - free healthcare practitioner services;
  - onsite counselling;
  - a sick bay; and
  - mommy (nursing) rooms.

#WorkAtAvbob – Empowering Our People To Thrive

Hybrid working model

The Group has adopted a hybrid model comprising in-office and off-site working environments. The benefits include

- integrating work into employees' daily lives;
- attracting and retaining top talent;
- improving employee engagement; and
- encouraging optimal performance.

Improving our social sustainability through brand building

Top Employer

Attracting, acquiring and retaining top talent in a candidate-driven market can be challenging. Our approach is to distinguish ourselves as an employer of choice through holistic remuneration, employee development, and job enrichment strategies that strengthen our human capital.

Top Employer certification

We're honoured that the Top Employer Institute® has recognised our dedication and investment in our human capital for the seventh year in a row. This accolade highlights **AVBOB**'s people-first philosophy and focus on empathy, care and employee well-being.

The Top Employer Institute® certifies excellence in human resources (HR) practices. It evaluates aspects such as people strategy, work environment, talent acquisition, learning, well-being, and diversity and inclusion.

With over 4 600 employees, **AVBOB** continues to attract top talent with exciting career opportunities and a hybrid work model.

top EMPLOYER SOUTH AFRICA 2024
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS



CORPORATE **SUSTAINABILITY**

SUSTAINABLE GOVERNANCE

INTRODUCTION

Our shared commitment to good governance is not just a legal and ethical duty – it is the cornerstone of our mutual shared value business model. The Board plays a crucial role in shaping our strategic direction, from short-term goals to long-term value creation for our stakeholders. By setting clear targets, assessing risks and opportunities, and developing contingency plans, the Board ensures our resilient approach to a new day and a bright future in which we achieve our shared goals.

BOARD OF DIRECTORS

The Board, with its unitary structure, is guided by an annually elected independent non-executive chairperson. Its members bring a balanced mix of knowledge, skills, experience, diversity and independence to the table – qualities that empower the Board to fulfil its responsibilities with objectivity and future-fit effectivity.

Diversity and transformation at Board level are key. We believe the Board should reflect our member base and the country's population. As at 30 June 2024, six of our 12 Board members are black and six are female. Retiring directors and new nominees are elected in terms of the **AVBOB** Private Act Regulations.

The Board's Rotation and Tenure Policy and Succession Plan

- ensure fresh perspectives;
- maintain accountability and independence; and
- provide leadership continuity.

These practices help us manage risks by keeping the Board dynamic and responsive to change while building stakeholder confidence in the Group's commitment to sustainable and effective leadership.

CHIEF EXECUTIVE OFFICER

The Board appoints and delegates authority to the CEO. His role is outlined in the Board Charter, and his authority is defined in the Strategic Delegation of Authority, which the Board reviews at least every two years.

GROUP SECRETARY

The Board has empowered the company secretary to carry out her duties effectively, which include providing independent guidance on corporate governance and ensuring the Board meets its legal responsibilities.

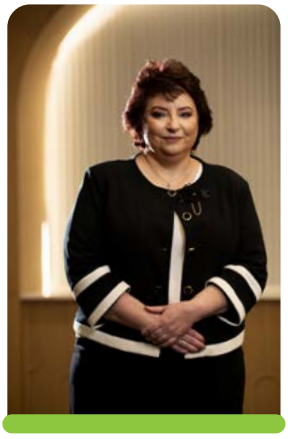
Board of Directors



JJ VENTER
Chairman



CR VAN DER RIET
Chief Executive Officer



TA COOPER
Financial Director



NG PILANE
Business Development Director



LC CELE
Deputy Chairperson



JF RADEMAN
Independent Non-Executive Director



MPP NYAMA
Independent Non-Executive Director



LB DLAMINI
Independent Non-Executive Director



HA LAMBRECHTS
Independent Non-Executive Director



BE BOUWER
Independent Non-Executive Director



WB MODISAPODI
Independent Non-Executive Director



DP SEMENYA
Independent Non-Executive Director

Executive Director Independent Non-Executive Director

CORPORATE **SUSTAINABILITY**

SUSTAINABLE GOVERNANCE

Executive Committee



CR VAN DER RIET
Chief Executive Officer



TA COOPER
Financial Director



NG PILANE
Business Development Director



C SCHMIDT
Executive: Insurance Administration and ICT



NT NXUMALO
GM: People and Transformation



M PEDRA
Group Secretary



A BESTER
GM: Corporate Affairs



TH DÖNGES
GM: Insurance Sales



LM ERASMUS
Assistant GM: Insurance Sales



KD MOSWEUSWEU
GM: Shared Value and Sustainability



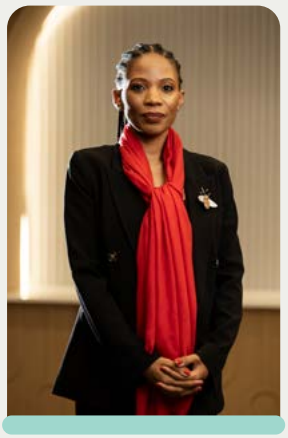
PD VAN DER WESTHUIZEN
GM: Funeral Service



GGS LUNDALL
GM: Industries



MM VAN ZIJL
Chief Financial Officer



K BACELA
GM: Business Incubation and Innovation



C VAN SON
Chief Risk Officer

Through good governance, we can adapt to our dynamic business environment.

Executive Director General Manager (GM)

CORPORATE **SUSTAINABILITY**

SUSTAINABLE GOVERNANCE

GOVERNANCE STRUCTURE AND DELEGATION

The Board has delegated responsibilities to six committees that operate within set governance structures.

The Board structures provide a framework for effective decision-making, risk management and accountability to build trust and maintain stability.

Actuarial and Risk Committee

The Actuarial and Risk Committee oversees enterprise-wide risk management and the actuarial function by

- overseeing the actuarial function's activities and approving its framework and models;
- reviewing and approving the actuarial valuations of policyholder liabilities;
- reviewing and approving the Group's capital and financial risk appetite;
- integrating risk management into our strategic objectives and decision-making to manage risk culture and behaviours;
- reviewing our risk management strategy, framework, appetite and tolerance levels and risk controls;
- monitoring material risks; and
- reviewing and approving product development and pricing proposals.

Audit Committee

The Audit Committee oversees the effectiveness of financial reporting and accounting systems, management information systems, compliance, and internal and external audit. Our external auditor for the reporting period was KPMG.

The Audit Committee's functions include

- monitoring the integrity of financial reporting and adherence to recent legislation;
- recommending the appointment, terms of engagement and fees of an independent external auditor;
- monitoring the effectiveness of internal controls;
- assessing the appropriateness of the resources, experience and expertise of the finance function;
- overseeing the legal and compliance functions;
- reviewing arrangements for employees to raise concerns (in confidence) on possible wrongdoing, including the whistle-blowing process; and
- overseeing the internal audit function.

Investment Committee

The Investment Committee oversees the investment portfolio, which is managed by external asset managers. The investment portfolio's main long-term objective is to fulfil **AVBOB**'s obligations to its policyholders and to maximise policyholder and member investment returns.

Its investment strategy aims to find a balance between

- investment income;
- growing fund values for future declaration of special bonuses;
- liquidity and cash flow; and
- funding policyholder reserves.

The Committee makes recommendations on the investment strategy, Investment Policy Statement, Derivative Usage Policy, the appointment of asset managers and approval of investment opportunities.

The investment portfolio operates within current legislation. The Committee determines investment viability by putting target risk and return considerations and investment merits above all other considerations.

The Group also has a separate investment portfolio aligned to the Financial Sector Code (FSC). It comprises both targeted investments and black business growth funding investments.

BOARD COMMITTEES

The six Board committees assist in the discharge of the Board's fiduciary and other duties. Each committee's charter sets out its purpose, membership requirements, scope of operation and reporting obligations. The Board reviews these charters at least every three years.

Each Board committee is satisfied that it has fulfilled its responsibilities according to the terms of its charter during the reporting year.

The Board committees are structured to ensure independent judgement, balanced power and effective decision-making.

Planning Committee

The Planning Committee oversees the business plan and annual budgets.

It ensures that

- funds and resources are appropriately and effectively allocated;
- performance objectives are met and appropriate forecasts made; and
- market changes and movements are incorporated into the business strategy.

Social and Ethics Committee

In terms of its charter, the Social and Ethics Committee oversees the Group's social and ethical responsibilities and compliance with relevant legislation and regulations, including B-BBEE.

The Social and Ethics Committee

- guides, reviews and monitors the Group's commitment to transformation;
- oversees and reports on organisational ethics; and
- monitors matters relating to
  - environmental issues;
  - socio-economic development;
  - good corporate citizenship;
  - consumer and stakeholder relationships;
  - adherence to the International Labour Organisation's protocol on decent work and working conditions; and
  - the educational development of employees.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee (Remcom) oversees Board composition and the Group's remuneration policies. The Remcom

- reviews and makes recommendations on the Group's remuneration framework and policy;
- aligns the Remuneration Policy with the Group's strategic objectives;
- assesses the CEO's performance;
- ensures that executives are competitively rewarded for their contributions to the Group's performance;
- reviews long-term incentive plans;
- monitors the implementation of the Group's transformation plan, especially management control;
- considers retiring non-executive directors for nomination; and
- identifies, considers and makes recommendations regarding Board vacancies.

CORPORATE **SUSTAINABILITY**



SUSTAINABLE GOVERNANCE

MEETINGS

The Board schedules meetings on a quarterly basis and arranges special meetings as and when necessary. Training sessions were held in August 2023 and February 2024 to keep directors informed of their legal duties, responsibilities and strategic roles.

The number of committee meetings held and directors' attendance are set out below. The diligent attendance of the directors is a testament to their commitment to their duties and responsibilities.

DIRECTOR	BOARD	ACTUARIAL AND RISK COMMITTEE	AUDIT COMMITTEE	INVESTMENT COMMITTEE
	Meetings: 6	Meetings: 3	Meetings: 3	Meetings: 4
EXECUTIVE DIRECTORS				
Mr CR van der Riet (CEO)	5	3	Not a member	4
Ms TA Cooper (Financial Director)	6	3	Invitee (3)	4
Ms NG Pilane (Business Development Director)	6	3	Not a member	Not a member
NON-EXECUTIVE				
Mr JJ Venter (Chairman)	6	3	Not a member	Not a member
Ms LC Cele (Deputy Chairperson)	6	Not a member	3	Not a member
Ms BE Bouwer	6	3	Not a member	4
Mr LB Dlamini	5	Not a member	3	Not a member
Prof HA Lambrechts	6	3	Not a member	4
Ms WB Modisapodi	6	3	Not a member	Not a member
Ms MPP Nyama	5	Not a member	3	Not a member
Mr JF Rademan	6	Not a member	Not a member	4
Mr DP Semenya	6	Not a member	3	4



DIRECTOR	PLANNING COMMITTEE	SOCIAL AND ETHICS COMMITTEE	REMUNERATION AND NOMINATIONS COMMITTEE
	Meetings: 4	Meetings: 3	Meetings: 5
EXECUTIVE DIRECTORS			
Mr CR van der Riet (CEO)	4	Not a member	Invitee (5)
Ms TA Cooper (Financial Director)	Invitee (4)	3	Invitee (5)
Ms NG Pilane (Business Development Director)	Invitee (3)	3	Invitee (3)*
NON-EXECUTIVE			
Mr JJ Venter (Chairman)	4	Not a member	5
Ms LC Cele (Deputy Chairperson)	4	Not a member	5
Ms BE Bouwer	Not a member	Not a member	Not a member
Mr LB Dlamini	4	3	5
Prof HA Lambrechts	Not a member	Not a member	Not a member
Ms WB Modisapodi	Not a member	3	Not a member
Ms MPP Nyama	Not a member	2	Not a member
Mr JF Rademan	4	Not a member	5
Mr DP Semenya	Not a member	Not a member	Not a member

**Ms NG Pilane attended as an invitee from 25 October 2023*

CORPORATE **SUSTAINABILITY**

SUSTAINABLE GOVERNANCE

DUTIES, RESPONSIBILITIES AND FUNCTIONAL AREAS

The Board charter defines the Board's mandate, role and responsibilities in terms of the **AVBOB** Act and common law. It applies the requirements of the Prudential Standards in terms of the Insurance Act.

The Board subscribes to King IV™ as its governance framework for an ethical culture, good performance, effective control and to maintain legitimacy.

Duties

Oversight

We maintain good corporate citizenship through the Board's active oversight of our core purpose, strategy, values and conduct.

Accountability

The directors review the Group's plans and actions to ensure proper decision-making and ethical conduct. They hold each other accountable to act in the best interests of the Group and its stakeholders.

Disclosure of interests

The Board must declare any potential or actual conflicts of interest every year. No director had a material interest in any contract or transaction with the Group that could have affected the integrity of the Board's decisions in the past year.

Responsibilities

Board performance

The Board's performance is assessed every year. The 2024 assessment confirmed the Board's continued effectiveness.

Governance structures

Our dynamic operating environment requires the Board to evaluate and adapt its structures and upskill its members accordingly.

Information and communication technology

The Board is responsible for Information and Communication Technology (ICT) governance. The following committees assist in discharging this responsibility:

- Audit Committee
- Executive Committee
- ICT Steering Committee

Regulatory compliance and ethics

Responsible and sustainable business practices rely on the Board's regulatory compliance and ethical conduct.



FUNCTIONAL GOVERNANCE AREAS

Information and communication technology

AVBOB's ICT is key to business sustainability and value creation. **AVBOB** has specific information and cybersecurity measures and governance instruments in place to secure information assets, especially our members' personal information.

Our cybersecurity protocols, measures and technologies safeguard our digital assets and customer data. The following governance instruments control this environment:

- A comprehensive governance framework
- A charter defining our ICT management approach
- An information security strategy to protect our information assets and data confidentiality
- Policies that guide and direct behaviour and operations
- A blueprint for intended ICT investment outcomes

Regulatory compliance and ethics

Compliance risk involves possible legal or regulatory sanctions; financial loss; or loss of reputation due to non-compliance with applicable laws, regulations, codes of conduct and standards of good practice.

The Compliance Department is an independent core risk management function that evaluates, implements and monitors relevant new and existing legislation. It assists the Board in ensuring that we comply with all regulatory and supervisory requirements relating to our business operations.

This is done through

- formal and structured compliance monitoring;
- establishing a culture of compliance; and
- coordinating communication relating to legislative changes.

Compliance Department functions

- Assist with regulatory engagements
- Guide legislative implementation
- Coordinate submissions on proposed future legislation, regulations and standards
- Assist with product development through assessments and standards of conduct measurements
- Conduct compliance reviews to identify control improvements
- Assist the Internal Audit and Risk Management Departments with compliance and assurance models

Compliance Department instruments

- Board-approved charter that is aligned with the Compliance Institute of South Africa's specifications
- The head of the compliance control function
  - reports at Audit Committee and senior management meetings; and
  - has been approved by the Prudential Authority as fit and proper to function as the statutory compliance officer in terms of the Insurance Act.
- Compliance Coverage Plan against which the department achieved 100% coverage
- Recommended compliance control improvements adopted by management

The compliance function confirmed that it has the full support of the Board, executive and management.



OUR REMUNERATION REPORT



06

REMUNERATION REPORT

REWARDING VALUE CREATION

The Remcom is pleased to present the Group's Remuneration Report for the year ended 30 June 2024.

With this report we aim to

- give a comprehensive overview of the Group's compensation framework and practices;
- provide a clear understanding of the level of variable remuneration approved; and
- show our commitment to transparency, accountability and fair remuneration for all.

As we navigate an evolving business landscape, we recognise the importance of aligning our remuneration policies with our strategic goals while ensuring competitiveness and the ability to attract and retain top talent.

Market-related remuneration is not only an investment in our greatest asset – our human capital – it is also an investment in our sustained business growth and ability to create value for our members.

An effective remuneration policy is the cornerstone of a motivated workforce, aligning talent with business goals to drive success.

OUR REMUNERATION PRACTICES

Our remuneration philosophy is to reward our employees for the value they create. We reward employees equitably and consistently, based on their performance and ours as an organisation.

We achieve this by

- reflecting the dynamics of the market and our operating context;
- embracing reasonable remuneration differentiation to reward high levels of individual performance, attract and retain scarce and critical skills, and promote diversity;
- aligning remuneration with our Group vision, mission and strategy;
- supporting our risk management processes and overall long-term business objectives;
- delivering affordable and appropriate remuneration in terms of the value we create for our members;
- encouraging and rewarding behaviour that is consistent with our Group values of customer focus, people, integrity, excellence and teamwork; and
- embedding the principles of Treating Customers Fairly (TCF) in all our remuneration and performance management policies, practices and procedures.

NEW INITIATIVES FOR A NEW DAWN

In the reporting year:

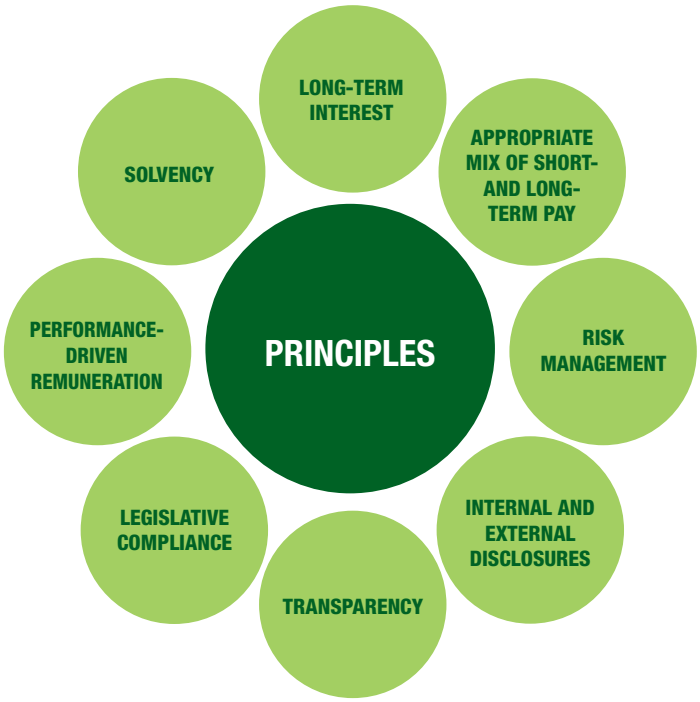
- We reviewed the short-term incentive (STI) schemes. The revised metrics measure production, profitability and non-financial targets and were aligned across all employee levels to ensure that the right behaviours are rewarded.
- We revised the metrics for the vesting of the performance units of the LTI scheme.
- We reaffirmed that general employees were, on average, paid at the median of the market.
- We gave all qualifying employees inverters to boost our hybrid working model by facilitating working from home.
- We enhanced our pension fund offering to include our general workers.
- We enhanced our Employee Group Scheme to include our employees' extended family members.
- We provide leave days under our inclusionary policies for employees who want to complete traditional healing training.
- To strengthen our high-learning and high-performance culture, we enhanced employee bursaries and introduced international management development training.
- We provided employees at our new Head Office a settling-in allowance.
- Our new state-of-the-art facilities include tech-leading AV capabilities, breakaway spaces and refreshment stations, a class-leading restaurant with subsidised meals, a wellness centre, and more.

REMUNERATION PRINCIPLES AND PRACTICES

The Remcom and internal People Practices Committee govern our remuneration practices and policies, ensuring that they are fair, equitable, consistent and reasonable.

Principles

Our Remuneration Policy is founded on the following principles that support fairness, internal equity and performance alignment; recognise employee contributions; and reflect the dynamics of the market:





We review our Remuneration Policy at least every three years and regularly review its implementation. The Salary and Related Policy and Practices Document contains detailed policies that support the Remuneration Policy. These are reviewed once a year.

Practices

Total guaranteed package

Our employees' total guaranteed packages (TGPs) are based on

- job content with related job grades;
- their position in the market-related salary band range relative to competence and performance; and
- annual performance appraisals.

Implementation

We consider the best interest of our business, our policyholders and our members through

- greater flexibility to meet different employee needs;
- strengthening our position as an employer of choice;
- enhancing our capability to attract and retain the best talent; and
- improving the overall understanding of our total EVP.

Guidelines

We remunerate

- aligned with applicable legislation and regulations;
- on average at the median of the South African market and financial services sector; and
- based on expert best practice advice, competitive positioning, and benchmarked strategic human capital requirements.

Our commitment to benchmarked remuneration ensures fair pay, competitive TGPs, and a team of motivated employees.

REMUNERATION REPORT

REMUNERATION PRINCIPLES AND PRACTICES

Equal pay

We are committed to the EE regulations that provide for equal pay for work of equal value. We assess this through an annual internal equal pay analysis to

- identify the patterns of internal equity;
- investigate any instances of remuneration inequality;
- highlight the sources of any inequality;
- address the issues and achieve equitable distribution of income; and
- ensure there is no systemic bias.

During the reporting year, our pay differentials were based on tenure, specialisations and scarcity.

Improving even salary distribution is imperative. We thus implement higher annual salary increases for non-managerial employees.

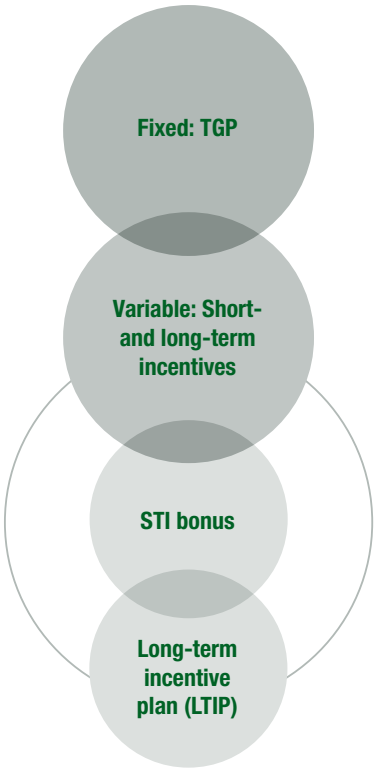
REMUNERATION FRAMEWORK

Our total rewards framework comprises financial and non-financial, direct and indirect, and intrinsic and extrinsic rewards.

We strive to not only compensate our employees fairly but also create an environment where they can enjoy the benefits of performing well.

Our remuneration structure comprises fixed and variable components.

Our remuneration structure



Fixed: Total guaranteed package

The total guaranteed package (TGP) is a core element of total reward that reflects the market value of a position and the individual's experience. An employee's TGP is their annual guaranteed cost to company including a base salary; retirement savings; and death, disability and healthcare contributions (where applicable).

Our employees can review the structure of their remuneration packages once a year. They can select their level of retirement funding contributions, are encouraged to select the recommended funding level, and informed of the risk of selecting the lower contribution levels.

The current retirement age is 63 or, under certain circumstances, 65.

We provide our employees with medical aid benefits in the form of membership of a medical aid scheme or the payment of a monthly allowance as part of their TGP.

Variable: Short- and long-term incentives

We create a high-performance culture by emphasising the variable component rather than the fixed component of our remuneration. Variable incentives are driven by the achievement of personal and Group objectives within an agreed risk appetite.

Short-term incentive bonus

Our short-term incentive (STI) bonus is based on individual and entity performance. It supports the achievement of our financial and non-financial metrics, rewards the right behaviours, and aims to improve productivity.

To assess whether an STI bonus will be awarded, we measure individual performance according to our approved Performance Management Policy and system that aligns our strategic intent and day-to-day activities. It is assessed against clear, measurable goals and objectives, and we measure entity performance on production, core earnings, and non-financial targets.

Our STI programmes are subject to high-level governance, ensuring complete trust, accountability and transparency. Annual performance assessments are based on the results of the applicable assessment year.

Long-term incentive plan

Our long-term incentive plan (LTIP) applies to executive directors, senior managers and managers.

It is used to attract, retain, motivate and reward management and to align their interests with those of the Group and its members. Rewards vest over an extended period, which encourages retention. This aligns with South African and global best practice.

JOB GRADES, CAREER PATHS AND TALENT MANAGEMENT

SPECIALIST JOB GRADES

SPECIALIST JOB GRADES

We consider specialists equal in status based on job grade, but specialists are remunerated based on the salary range for their specific position, which takes the scarcity or special skill level into consideration.

DUAL CAREER PATHS

DUAL CAREER PATHS

Dual career paths give employees the opportunity to pursue a career in their specialist/professional discipline. It allows employees to further their careers without having to take on supervisory or managerial positions.

TALENT MANAGEMENT

TALENT MANAGEMENT

Our strategic talent management process includes career management and succession.

Talent management ensures that we have the right people in the right positions at the right time to achieve expected business results. It is key to creating a pool of high-potential employees who will benefit from development opportunities. In this way, we increase the number of employees who are prepared to step into higher-level positions.

With succession planning, we identify potential candidates with the right leadership skills to help us meet the Group's future demands. Through our formal succession plan, we identify and develop talented employees for future promotion and more complex responsibilities.

PATERSON JOB GRADING SYSTEM

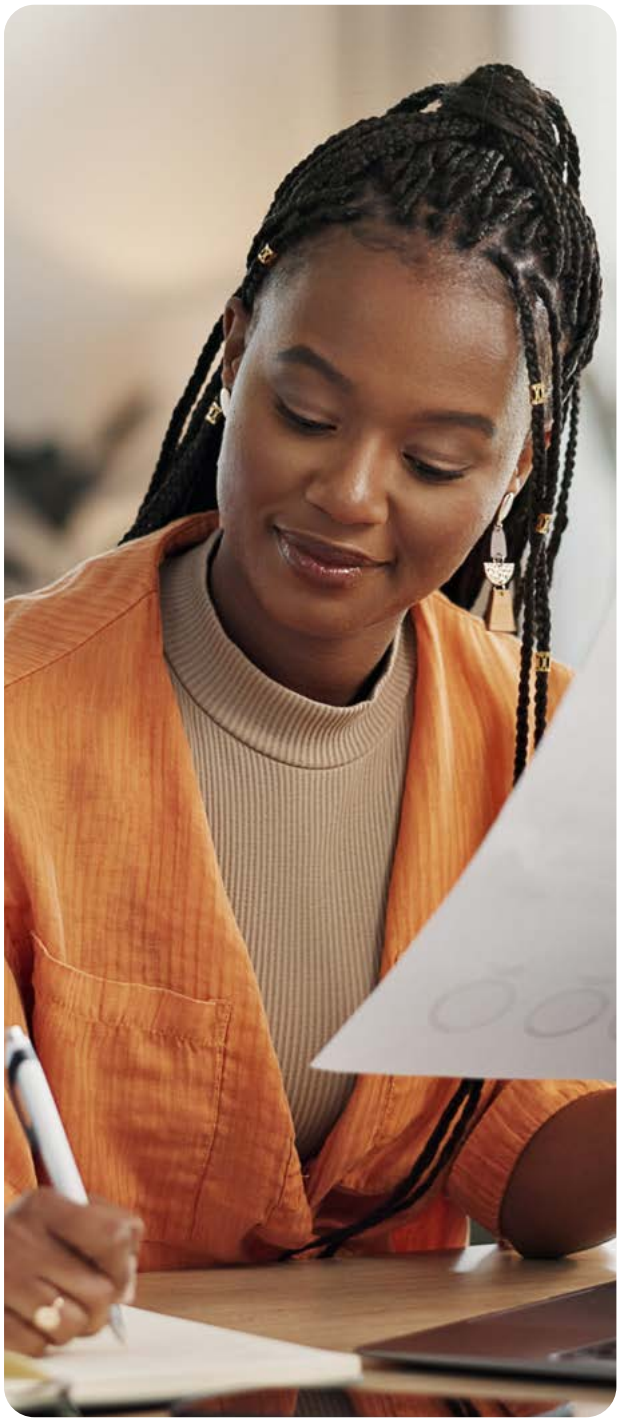
PATERSON JOB GRADING SYSTEM

We use the Paterson job grading system to

- ensure credible remuneration benchmarking, which is the basis for a fair and equitable pay system;
- align grades with salary band ranges; and
- align benefits with job grade levels.

REMUNERATION REPORT

OUR REPORTING YEAR REMUNERATION BREAKDOWN



NON-EXECUTIVE DIRECTORS

- Annual fee
- Meeting fees

Non-executive directors' fees were reviewed in November 2023. We adjusted the annual fees with the market where necessary.

- Non-executive directors are rewarded for their time, the responsibility they assume, and the service and expertise they provide.
- To support and maintain their independence, non-executive directors do not participate in any incentive schemes.
- Non-executive directors are expected to perform their duties as per the **AVBOB** Act and its regulations, the Prudential Standards, and statutory and common law.
- Non-executive directors are subject to an annual performance review to assess their effectiveness.
- The Remcom recommends non-executive director fees to the Board for consideration, and the fees are submitted to the Annual General Meeting for final approval. For more details on meeting attendance, rotation and the election of non-executive directors, refer to page 55.



EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT	MANAGEMENT	GENERAL EMPLOYEES
• TGP • STI bonus • LTIP	• TGP • STI bonus • LTIP • Commission (where applicable)	• TGP (where applicable) • STI bonus • Commission (where applicable)
The average annual salary increase for senior management (November 2023) was 5.4% (November 2022: 5.3%).	The average annual salary increase for management (November 2023) was 6.2% (November 2022: 5.5%).	The average annual salary increase for general employees (November 2023) was 6.3% (November 2022: 5.5%).
The executive management team's remuneration is largely based on performance, as they directly influence our performance and growth. The Remcom evaluates the performance of the CEO, who, in turn, evaluates the performance of the executive directors and senior management.	Management's performance is evaluated by senior management and moderated by the People Practices Committee.	General employees' performance is evaluated by line management, which is moderated by senior management and the People Practices Committee.
Incentives are based on individual and entity performance.		
The Remcom determines the annual salary increases and incentive payments in terms of the approved schemes and, where required, submits recommendations to the Board for final approval. The sustainability of our business is critical in determining remuneration. The Board is satisfied that the performance targets (individual and Group) do not encourage increased risk-taking by senior management and management.		The Remcom approves the annual salary increase principles and the incentive scheme rules.
STI bonuses for the 2023 financial year were approved in October/November 2023 and were based on actual performance for the 2023 financial year.		



RISK AND CAPITAL MANAGEMENT REPORT



07

RISK AND CAPITAL MANAGEMENT REPORT

RISK MANAGEMENT

The nature of our business and our operating environment exposes us to a wide range of risks. Therefore, our business strategy and governance system depend on effective risk and capital management.

Our goal is to



The Board is responsible for Group risk management. Our processes ensure that risks are identified and managed in line with our risk appetite at business entity and Group level. This is supported by clear reporting requirements and accountability.

Our risk appetite framework translates risk metrics and risk management into business decisions, reporting and day-to-day operations.

We employ a combined assurance model and four lines of defence to identify and manage risks. The Group has a clearly defined and embedded Risk Management Policy, which outlines the standards and requirements to identify, assess and manage significant risks. A Group-wide risk taxonomy defines our risk universe, and we employ a risk management methodology that includes specific risk-rating metrics to rank the likelihood and magnitude of certain risks. We report our consolidated risks as part of our own risk and solvency assessment (ORSA) process, which culminates in the ORSA report.

Refer to page 53 for more about our committees and functions that manage risks.

Our goal is to maximise Group growth, financial stability and asset protection through future-focused risk and capital management.

CAPITAL MANAGEMENT

Our financial assets, financial liabilities, insurance and reinsurance contracts, and insurance liabilities expose us to financial risk. Our primary capital management goal is to provide policyholder benefits as a going concern regardless of changes in the market and other inherent risks.

We manage capital in the following ways:

TARGET A SOLVENCY CAPITAL REQUIREMENT COVER OF 2.6 TIMES OF OWN FUNDS

Solvency capital requirement (SCR) is the minimum amount by which the value of own funds (excess assets) must exceed the value of policyholder liabilities as required by the Prudential Authority. Our SCR cover was 2.6 times as at 30 June 2024 and within our risk appetite.

Our risk limits and thresholds as well as earnings-at-risk metrics are monitored monthly, and our solvency is estimated every quarter. If a change in the earning-at-risk metric places strain on the solvency position, we recalculate the solvency position as soon as possible. If the recalculation indicates a material concern, we conduct an out-of-cycle ORSA.

ENSURE SUFFICIENT LIQUID ASSETS

A target allocation of 25% of total assets should be invested in local liquid assets, excluding the Assured Outcome-linked investment portfolio.

ENSURE AVAILABLE INVESTMENTS ARE OF A SUITABLE QUALITY

The management of our investment portfolio is outsourced to leading South African asset managers with agreed-upon mandates. Three global balanced portfolios and two specialised bond portfolios represent the bulk of the investment portfolio. Investments in equities and securities must be listed on a recognised exchange and meet minimum credit rating criteria. Unlisted investments require Investment Committee approval.

ASSET DISTRIBUTION

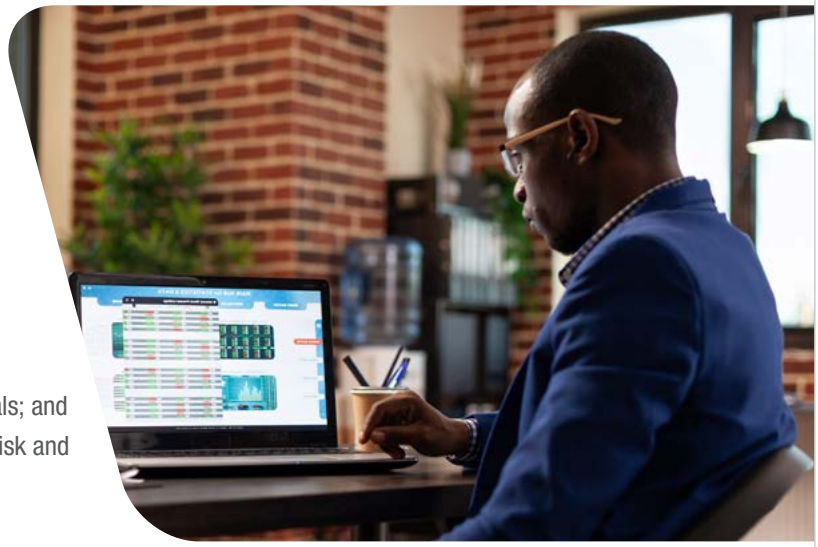
The Board and Head of the Actuarial Function are comfortable that the asset distribution, as at 30 June 2024, is in line with our risk appetite.

Refer to the notes to the Financial Statements for more information and our asset distribution guidelines table.

OUR RISKS

To identify, assess and manage risks, we consider

- the mitigating actions available to us;
- possible opportunities;
- our risk preference;
- the allocation, increase and decrease of our capitals; and
- the impact of our material matters on our overall risk and capital management.



PRIMARY RISK CATEGORIES

RISK	DEFINITION	OUR RESPONSE	OPPORTUNITIES
Strategic risk	The current and prospective impacts on earnings or capital due to the Group's inability to implement appropriate business plans, strategies and decisions as well as the improper implementation of decisions or a lack of responsiveness to industry and other changes in our operating environment.	We use our governance structures and monitoring tools to escalate and address events that impact strategy implementation.	Strategy sessions allow us to discuss, evaluate and improve our strategic direction and implementation.
Insurance risk	Claims and expenses exceed the value placed on insurance liabilities. It includes underwriting, reserving and claims risk.	• We perform regular experience investigations to set the assumptions at a best estimate level, which is reviewed by the Actuarial and Risk Committee. • We manage claims risk with waiting periods for certain insured events.	Insurance product pricing is tailored based on the actual experience of the Society to ensure the most competitive premiums.
Financial risk	Inadequate financial returns or the inability to provide adequate returns or meet operational needs. Financial risk includes market, liquidity, and credit and counterparty risk.	• We invest in quality listed and unlisted investments that meet investment return criteria and are managed by leading South African asset managers. • We set minimum credit rating criteria for listed bond investments. • We maintain a minimum level of liquid assets to ensure sufficient liquidity.	• We balance the pursuit of investment returns and the effective management of our exposure to market, liquidity, credit and counterparty risk. • We contribute to long-term growth to benefit policyholders and ensure policyholder liabilities are met.
Operational risk	Loss arising from external events or inadequate or failed internal processes, people and/or systems. This includes compliance and regulatory risk but excludes strategic risk.	The Internal Audit, Risk Management and Compliance Departments strengthen our operational risk environment by evaluating our risk assessments and control frameworks.	We rely on lessons learnt to update and improve our risk assessment and control frameworks to avoid recurring operational failures.

RISK AND CAPITAL MANAGEMENT REPORT

OUR RISKS

ELEVATED RISKS

RISK	DEFINITION	OUR RESPONSE	OPPORTUNITIES
Information and Communication Technology (ICT) systems failure risk	Losses arising from disruption of business and/or system failures, systems not being available to perform processing timeously or unauthorised changes to the ICT environment. Ineffective/inefficient access controls, vulnerability to malicious attacks and ineffective anti-virus strategy.	• We assess our ICT disaster recovery plan annually. • Primary and secondary servers are located offsite. • We have threat detection, vulnerability assessments and cyber incident response plans in place to detect, prevent and react to cyberattacks. • An ICT governance framework manages user access. • We have an employee cyber awareness and training programme.	We can • avoid cyber risk-related costs; • ensure continued high service levels; • improve our risk and security strategy; • enable innovation; and • improve external threat intelligence.
New business development risk	Developing inappropriate new products, lack of new products or discontinuing products which should be continued. The product design is not optimised to the target market segment and competitive products in the segment.	• We revised the Group operating structure to support new business initiatives. • We appointed partners to develop and implement new products and the related processes.	We develop and implement new products to meet the specific needs of our target market.
Compliance and governance risk	The fines, legal costs and resources required to address the consequences of a breach of regulatory compliance, including reputational damage.	We have a compliance and company secretariat function to oversee and monitor the Group's legal and regulatory obligations and to promote a culture of compliance.	We are able to avoid regulatory fines and sanctions as well as reputational damage.
Electricity supply disruption risk	A prolonged electricity grid failure poses an operational risk and could impact business continuity, banking services and telecommunication systems.	• We conducted a detailed grid failure assessment and updated our business continuity plans. • We installed backup generators at our Head Office and funeral agencies with mortuaries. • We are rolling out solar solutions with backup battery systems to selected sites. • We issued inverters to qualifying employees for use during loadshedding	• We can ensure continued service delivery. • We save on the cost of electricity.

ELEVATED RISKS

RISK	DEFINITION	OUR RESPONSE	OPPORTUNITIES
Water supply interruption risk	Poor sanitation leading to the transmission of diseases, unsafe working conditions, and the inability to conduct business as usual.	We installed water back-up tanks and pumps at our funeral agencies and branches in affected areas.	We can ensure that we are able to conduct funerals at all times while maintaining safe working conditions.

OUR RISK APPETITE

PRIMARY RISK CATEGORIES

RISK CATEGORY	RISK PREFERENCE	EXPECTED RETURN	CAPITAL INTENSITY
Strategic risk	Neutral	High	Low
Insurance risk	Very high	Very high	High
Financial risk			
• Market risk	High	Very high	Very high
• Liquidity risk	Very low	Low	None
• Credit and counterparty risk	Low	Neutral	Low
Operational risk	Very low	Very low	Low

Very high · High · Neutral · Very low · Low · None



FINANCIAL STATEMENTS



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FINANCIAL STATEMENTS

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2024

COMPANY INFORMATION

Registration number:	Incorporated under Private Act No 7 of 1951 (as revised March 1987)
Country of incorporation:	Republic of South Africa
Registered address:	5 Impala Avenue Doornkloof Centurion 0157
Postal address:	PO Box 1661 Pretoria 0001
Internet address:	www.avbob.co.za
Auditors:	KPMG Inc.

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The consolidated and separate financial statements and the auditor's report thereof is available for inspection at the Society's registered office.

AVBOB MUTUAL ASSURANCE SOCIETY
AND ITS SUBSIDIARIES

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS
30 JUNE 2024

The directors of the AVBOB Mutual Assurance Society (the Society) are responsible for the preparation, integrity and fair presentation of the annual financial statements of the Society and its subsidiaries (the Group). The summarised financial statements as presented on pages 81 to 127 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS®) Accounting Standards IAS 34 Interim financial statements and the requirements of the Companies Act 71 of 2008 of South Africa as applicable to summary financial statements.

The directors are responsible for and the Group Audit Committee has confirmed that effective systems of internal control and risk management are being maintained. There were no material breakdowns in the functioning of the internal financial control systems during the year. The Board is satisfied that the financial statements fairly present the financial position, the results of operations and cash flows in accordance with IFRS Accounting Standards and that they are supported by reasonable and prudent judgements that are consistently applied.

The directors are also responsible to prepare all other information included in the annual report including its accuracy and consistency with the financial statements. The maintenance of proper accounting records, written or electronic and the reliability of financial information used within the business, or for the publication thereof is the responsibility of the directors.

The going concern basis of accounting has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the Society or any company within the Group will not comply with the going concern principle in the foreseeable future. These financial statements support the viability of the Society and the Group.

The financial statements have been audited by the independent auditor, KPMG Inc., who were given unrestricted access to all financial records and related data, including minutes of all meetings of members, the Board of Directors and Committees of the Board. The directors believe that all representations made to the independent auditor during the audit are valid and appropriate.

The responsibility of the external auditor, KPMG Inc., is to express an independent opinion on the fair presentation of the financial statements based on their audit of AVBOB Mutual Assurance Society and its subsidiaries.

The audit report of KPMG Inc. is presented on pages 79 to 80.

The financial statements were approved by the Board of Directors on 18 October 2024 and are signed on its behalf by:



JJ VENTER
CHAIRPERSON
18 October 2024



CR VAN DER RIET
CHIEF EXECUTIVE OFFICER
18 October 2024

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

REPORT OF THE GROUP SOCIAL AND ETHICS COMMITTEE FOR THE YEAR ENDED 30 JUNE 2024

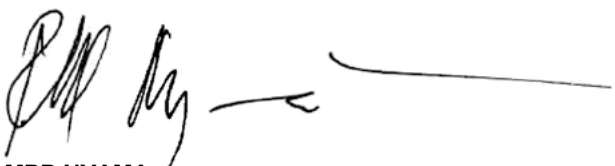
The Group Social and Ethics Committee is constituted as a committee of the Board of Directors in accordance with applicable legislation and regulations. The Committee is chaired by an independent non-executive director. The Committee was comprised of three non-executive directors and two executive directors who have the necessary skill, knowledge and expertise required to perform the statutory duties and responsibilities of the Committee in terms of section 72(4) and (5) of the Companies Act 71 of 2008.

The Committee met three times during the financial year under review, and executed its statutory duties and responsibilities in accordance with the Committee Charter, in terms of which the following areas were monitored:

- Social and economic development, including the Group's standing in terms of the goals and purposes of:
  - the ten principles set out in the United Nations Global Compact Principles;
  - the Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption;
  - the Employment Equity Act 55 of 1998; and
  - the Broad-based Black Economic Empowerment Act 53 of 2003.
- Good corporate citizenship.
- The environment, health and public safety, including the impact of the Group's activities and its products or services.
- Labour and employment.
- Consumer relationships, including the Group's policies and records relating to advertising, public relations and compliance with consumer protection laws.

Detailed information on the activities of the Committee are contained in the corporate sustainability section of the integrated annual report of the Group.

The Committee is satisfied with the Group's compliance with its social and ethical responsibilities, which further emphasises the Group's sense of responsibility as a fair, honest and transparent Group. In addition, the Committee is satisfied that it complied with its social and ethical responsibilities in terms of the Companies Act 71 of 2008 in respect of the subsidiary companies.



MPP NYAMA
CHAIRPERSON

18 October 2024

AVBOB MUTUAL ASSURANCE SOCIETY
AND ITS SUBSIDIARIES

REPORT OF THE GROUP AUDIT COMMITTEE
FOR THE YEAR ENDED 30 JUNE 2024

The Group Audit Committee has been constituted in accordance with applicable legislation and regulations. The Committee comprised of four independent non-executive directors. Three meetings were held during the financial year during which the members fulfilled their functions as prescribed by the Companies Act 71 of 2008 and the Insurance Act 18 of 2017. The Committee also executed its duties and responsibilities in accordance with the terms of reference of its mandate.

Detailed information on the activities of the Committee is contained in the corporate sustainability section of the integrated annual report.

The Committee members were formally appointed by the Board of Directors and the members. The composition of the Committee and details of their attendance of Committee meetings is set out in the Directors' report in the annual financial statements.

Based on the information and explanations given by management and the internal and external assurance providers, the Committee is of the opinion that effective systems of internal control, including financial controls and risk management, are being maintained. Nothing has come to the attention of the Committee to indicate that any breakdown in the functioning of these controls, resulting in material loss to the Group, has occurred during the year and up to the date of this report.

The Committee has satisfied itself that the external auditors are independent of the Group and are thereby able to conduct their audit functions without any influence from the Group. The Committee has also satisfied itself that the Financial Director, Ms TA Cooper, has the appropriate expertise and experience to fulfil her role. The Committee has further satisfied itself of the expertise, resources and experience of the Group's financial function.

The Committee has reviewed the financial statements and recommended these to the Board of Directors for approval.



DP SEMENYA
CHAIRPERSON

18 October 2024

KPMG Inc
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Independent auditor's report on the summary consolidated and separate financial statements

To the members of AVBOB Mutual Assurance Society

1 November 2024

Opinion

The summarised consolidated and separate financial statements of AVBOB Mutual Assurance Society (the Society) and its subsidiaries (together the Group), set out on pages 81 to 127, which comprise the summarised statements of financial position as at 30 June 2024, the summarised statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated and separate financial statements of AVBOB Mutual Assurance Society and its subsidiaries for the year ended 30 June 2024.

In our opinion, the accompanying summarised consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements, in accordance with the requirements of the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), IAS 34 Interim financial statements and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summary consolidated and separate financial statements

The summarised consolidated and separate financial statements do not contain all the disclosures required by IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) as applicable to annual financial statements. Reading the summarised consolidated and separate financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated and separate financial statements and the auditor's report thereon. The summarised consolidated and separate financial statements and the audited consolidated and separate financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated and separate financial statements.

KPMG Incorporated, a South African company with registration number 1999/021543/21 and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

KPMG Incorporated is a Registered Auditor, in public practice, in terms of the Auditing Profession Act 26 of 2005.
Document classification: KPMG Confidential

Chairman: Prof W Nkuhlu
Chief Executive: I Sehoole
Directors: Full list on website

The company's principal place of business is at KPMG Crescent,
85 Empire Road, Parktown.

KPMG Inc.

The audited consolidated and separate financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated and separate financial statements in our report dated 22 October 2024.

Directors' responsibility for the summary consolidated and separate financial statements

The Directors are responsible for the preparation of the summarised consolidated and separate financial statements in accordance with the requirements of the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), IAS 34 Interim financial statements and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated and separate financial statements are consistent, in all material respects, with the audited consolidated and separate financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements".

KPMG Inc.

KPMG Inc.

Per KD Naran
Chartered Accountant (SA)
Registered Auditor
Director

AVBOB MUTUAL ASSURANCE SOCIETY
AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE

	NOTES	SOCIETY 2024 R 000	SOCIETY 2023 restated R 000	GROUP 2024 R 000	GROUP 2023 restated R 000
Insurance revenue*	7	4 157 415	3 716 780	4 157 415	3 716 780
Insurance service expenses*	9	(3 802 088)	(3 383 404)	(3 802 276)	(3 383 922)
Net expense from reinsurance contracts*		(806)	(778)	(806)	(778)
Insurance service result*		354 521	332 598	354 333	332 080
Net financial result	8	593 006	597 841	531 460	594 726
Investment return		3 367 771	3 837 992	3 230 508	3 834 468
Interest revenue calculated using the effective interest method		580 019	549 764	591 682	570 104
Other investment return		2 726 371	3 264 985	2 577 445	3 241 121
Net foreign exchange profit		61 381	23 243	61 381	23 243
Net finance expense from insurance contracts*		(2 774 143)	(3 238 378)	(2 698 426)	(3 237 969)
Net finance expense from reinsurance contracts*		(622)	(1 773)	(622)	(1 773)
Revenue from contracts with customers		-	-	746 432	701 414
Services		-	-	405 898	323 893
Goods		-	-	340 534	377 521
Cost of goods and services*	9	-	-	(528 415)	(435 686)
Gross profit*		947 527	930 439	1 107 087	1 192 534
Other income		7 195	2 585	6 557	5 358
Other operating expenses	9	(172 800)	(86 263)	(293 623)	(219 871)
Expenses for asset management services		(109 748)	(142 906)	(109 748)	(142 906)
Other finance costs		(471 994)	(460 343)	(475 271)	(463 883)
Profit before tax*		200 180	243 512	235 002	371 232
Income tax expense	10	(200 479)	(244 143)	(232 787)	(270 914)
(Loss)/profit for the year*		(299)	(631)	2 215	100 318
Other comprehensive income, net of tax		299	631	487	1 149
Items that will not be reclassified to profit or loss		299	631	487	1 149
Remeasurement of defined employee benefit liability		299	631	487	1 149
Related tax		-	-	-	-
Total comprehensive income for the year attributable to Members of the Society*		-	-	2 702	101 467

* Refer to note 4 of the notes to the summarised financial statements where significant changes in accounting policies have been noted due to the adoption of IFRS 17.

SUMMARISED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE

	NOTES	SOCIETY 2024 R 000	2023 30 June restated R 000	2022 1 July restated R 000
ASSETS				
Property, plant and equipment				
- Owner-occupied property at fair value	11	380 800	55 500	89 205
- Other	11	319 211	146 826	153 030
Right-of-use assets	12	76 249	83 865	69 808
Investment property	11	548 273	522 480	490 261
Intangible assets	11	13 306	10 377	5 994
Investments in subsidiaries	13	692 500	486 000	515 000
Deferred tax assets		221 624	159 810	-
Financial instruments				
- Measured at fair value**	15	29 806 381	26 834 035	21 882 038
- Measured at amortised cost	16	8 639 991	8 565 600	8 527 828
Reinsurance contract assets*	17	-	-	513
Inventories		1 328	1 562	2 165
Trade and other receivables*/**		223 953	252 877	227 059
Cash and cash equivalents		1 846 828	1 665 482	2 257 067
TOTAL ASSETS		42 770 444	38 784 414	34 219 968
LIABILITIES				
Insurance contract liabilities*	17	32 329 461	28 577 398	24 287 949
Reinsurance contract liabilities*	17	1 726	1 214	-
Investment contract liabilities	18	8 775 611	8 774 026	8 806 884
Lease liabilities: Right-of-use assets	12	87 770	94 031	78 299
Deferred tax liabilities		221 624	292 049	89 682
Employee benefit obligations	19	403 695	262 757	258 154
Premiums received outside contract boundary*		219 077	207 524	192 818
Trade and other payables		570 715	566 711	498 846
Current income tax liabilities		160 765	8 704	7 336
TOTAL LIABILITIES AND EQUITY		42 770 444	38 784 414	34 219 968

* Refer to note 4 of the notes to the summarised financial statements where significant changes in accounting policies have been noted due to the adoption of IFRS 17.

** Refer to note 23 of the notes to the summarised financial statements regarding the restatement of the 2023 comparatives.

AVBOB MUTUAL ASSURANCE SOCIETY
AND ITS SUBSIDIARIES

SUMMARISED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE

	NOTES	GROUP 2024 R 000	2023 30 June restated R 000	2022 1 July restated R 000
ASSETS				
Property, plant and equipment				
- Owner-occupied property at fair value	11	965 773	596 413	591 381
- Other	11	800 542	569 943	565 922
Right-of-use assets	12	107 290	118 837	104 016
Intangible assets	11	13 423	10 630	6 164
Deferred tax assets		241 451	179 056	-
Financial instruments				
- Measured at fair value**	15	30 102 723	27 041 224	22 024 986
- Measured at amortised cost	16	8 639 991	8 565 600	8 527 828
Reinsurance contract assets*	17	-	-	513
Inventories		89 883	57 556	69 536
Trade and other receivables*/**		253 469	307 521	247 836
Current income tax assets		11	1 251	2 769
Cash and cash equivalents		2 013 206	1 776 255	2 378 191
TOTAL ASSETS		43 227 762	39 224 286	34 519 142
EQUITY				
Retained earnings attributable to owners of the Society		199 811	197 109	95 642
LIABILITIES		43 027 951	39 027 177	34 423 500
Insurance contract liabilities*	17	32 329 461	28 577 398	24 287 949
Reinsurance contract liabilities*	17	1 726	1 214	-
Investment contract liabilities	18	8 775 611	8 774 026	8 806 884
Lease liabilities: Right-of-use assets	12	123 434	133 873	116 791
Deferred tax liabilities		285 022	347 291	118 180
Employee benefit obligations	19	464 105	307 297	300 895
Premiums received outside contract boundary*		219 077	207 524	192 818
Trade and other payables		667 394	669 842	592 647
Current tax liabilities		162 121	8 712	7 336
TOTAL LIABILITIES AND EQUITY		43 227 762	39 224 286	34 519 142

* Refer to note 4 of the notes to the summarised financial statements where significant changes in accounting policies have been noted due to the adoption of IFRS 17.

** Refer to note 23 of the notes to the summarised financial statements regarding the restatement of the 2023 comparatives.

SUMMARISED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE

	RETAINED EARNINGS R 000	TOTAL EQUITY R 000
SOCIETY		
Balance at 1 July 2022, as previously reported	6 231 944	6 231 944
Adjustment on initial application of IFRS 17, net of tax	(6 231 944)	(6 231 944)
Restated balance at 1 July 2022	-	-
Total comprehensive income for the 2023 year (restated)	-	-
Loss for the 2023 year	(631)	(631)
Other comprehensive income, net of tax	631	631
Restated balance at 30 June 2023	-	-
Restated balance as 1 July 2023	-	-
Total comprehensive income for the year	-	-
Loss for the 2024 year	(299)	(299)
Other comprehensive income, net of tax	299	299
Balance at 30 June 2024	-	-
GROUP		
Balance at 1 July 2022, as previously reported	6 327 586	6 327 586
Adjustment on initial application of IFRS 17, net of tax	(6 231 944)	(6 231 944)
Restated balance at 1 July 2022	95 642	95 642
Total comprehensive income for the year (restated)	101 467	101 467
Profit for the year	100 318	100 318
Other comprehensive income, net of tax	1 149	1 149
Restated balance at 30 June 2023	197 109	197 109
Restated balance as 1 July 2023	197 109	197 109
Total comprehensive income for the year	2 702	2 702
Profit for the year	2 215	2 215
Other comprehensive income, net of tax	487	487
Balance at 30 June 2024	199 811	199 811

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

SUMMARISED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE

	NOTES	SOCIETY 2024 R 000	SOCIETY 2023 R 000	GROUP 2024 R 000	GROUP 2023 R 000
Net cash inflows/(outflows) from operating activities		**1 142 606**	**(488 305)**	**1 239 351**	**(421 132)**
Cash generated by operating activities	20	1 431 285	1 270 313	1 605 679	1 401 584
Interest received		963 401	735 495	993 940	755 835
Interest paid		(7 847)	(7 685)	(11 124)	(11 225)
Dividends received		551 780	553 934	551 780	553 934
Movement in financial liabilities					
At amortised cost					
Withdrawals	18	(470 409)	(493 201)	(470 409)	(493 201)
Movement in financial assets					
At fair value through profit or loss					
Additions	15	(8 714 671)	(18 749 743)	(8 796 547)	(18 811 552)
Disposals	15	7 099 315	15 909 599	7 099 315	15 908 308
At amortised cost					
Realisation	15	470 409	493 201	470 409	493 201
Tax paid		(180 657)	(200 218)	(203 692)	(218 016)
Net cash outflows from investing activities		**(912 054)**	**(72 907)**	**(936 939)**	**(137 276)**
Acquisition of property, plant and equipment	11	(809 955)	(32 166)	(979 467)	(170 576)
Acquisition of investment property	11	(28 935)	(33 933)	-	-
Acquisition of intangible assets	11	(9 767)	(10 252)	(9 767)	(10 416)
Acquisition of subsidiaries		(105 000)	-	-	-
Proceeds on disposal of property, plant and equipment and intangible assets		41 603	3 444	52 295	43 716
Net cash outflows from financing activities		**(49 206)**	**(30 373)**	**(65 461)**	**(43 528)**
Principal elements of lease payments: Right-of-use assets		(49 206)	(30 373)	(65 461)	(43 528)
Net increase/(decrease) in cash and cash equivalents		**181 346**	**(591 585)**	**236 951**	**(601 936)**
Cash and cash equivalents at the beginning of the year		1 665 482	2 257 067	1 776 255	2 378 191
Cash and cash equivalents at the end of the year		**1 846 828**	**1 665 482**	**2 013 206**	**1 776 255**
NET DEBT RECONCILIATION					
This section sets out an analysis of net debt for each of the periods:					
Cash and cash equivalents		1 846 828	1 665 482	2 013 206	1 776 255
Lease liabilities		(87 770)	(94 031)	(123 434)	(133 873)
Net cash		1 759 058	1 571 451	1 889 772	1 642 382

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1. Reporting entity

AVBOB Mutual Assurance Society (the Society) is domiciled in the Republic of South Africa. The Society's registered office is at 5 Impala Avenue, Centurion, Gauteng. The consolidated financial statements comprise the Society and its subsidiaries (together referred to as the Group). The Society is a funeral assurance provider and its subsidiaries manufacture, distribute and sell funeralware, conduct funerals, provide rewards and provide financial services. The Group has a manufacturing plant in Bloemfontein and conducts business in South Africa.

2. Basis of preparation

The Group has applied the provisions of the Companies Act, no 71 of 2008, which allows for summarised financial results as disclosed in this report.

The summarised financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2024, which have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS®), IAS 34 Interim financial statements and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

3. Accounting policies

The summarised financial statements do not include the complete accounting policies required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 June 2024.

Except for the changes below, the Society and Group has consistently applied the accounting policies to all periods presented in these financial statements.

4. Changes in material accounting policies

The Society and Group have applied IFRS 17, which was issued by the IASB in May 2017 and supersedes IFRS 4 Insurance Contracts (IFRS 4), including any consequential amendments to other standards, from 1 July 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Society and the Group have restated certain comparative amounts and presented a third statement of financial position as at 1 July 2022.

There are a number of amendments, interpretations and improvements to standards that are not yet effective in 2024. The Group has not early adopted any of these standards or interpretations. The application of the standards and interpretations are not expected to have a significant impact on the Group's financial results, financial position and cash flows.

The nature and effects of the key changes in the Society's and the Group's accounting policies resulting from its adoption of IFRS 17 is summarised below.

4.1 IFRS 17 Insurance contracts

4.1.1 Recognition, measurement and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the Society's estimates of the present value of future cash flows that are expected to arise as the Society fulfils the contracts, an explicit risk adjustment for non-financial risk and a contractual service margin (CSM) for the unearned profit over the life of the policy. On all mutual contracts no CSM is recognised as all unearned profit or losses are off-set at initial recognition against the residual interest that is included in the liability for remaining coverage.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

4. Changes in material accounting policies (continued)

4.1 IFRS 17 Insurance contracts (continued)

4.1.1 Recognition, measurement and presentation of insurance contracts (continued)

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Society expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows.

The Society applies the Premium Allocation Approach (PAA) to simplify the measurement of short boundary contracts, except for groups of acquired contracts that do not qualify for the PAA. When measuring the liability for remaining coverage, the PAA is similar to the Society's previous accounting treatment. However, when measuring liabilities for incurred claims, the Society now discounts the future cash flows and includes an explicit risk adjustment for non-financial risk.

Previously, all acquisition costs were recognised and included in profit or loss in the financial period it was incurred. Under IFRS 17 insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and presented as separate assets from the related insurance contracts (deferred acquisition costs), and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts once the contract is recognised and are derecognised once the related contracts have been recognised.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

4.1.2 Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to all contracts measured under the Premium Allocation Approach (PAA) and to all contracts measured under the General Measurement Model (GMM) as the member policy contracts have a zero CSM. Under the full retrospective approach, at 1 July 2022 the Society:

- identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always been applied in the context of a mutual.
- identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had always been applied, except that the recoverability assessment was not applied before 1 July 2022;
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included some insurance receivables and payables. Under IFRS 17 they are included in the measurement of the insurance contracts;
- recognised any resulting net difference in fulfilment cash flows included in insurance contract liabilities;
- as the Society's members bear all the residual interest of the Society and in turn also bear the pooled risk collectively, the retained earnings of the Society has been included as fulfilment cash flows as part of the insurance contract liability.
- On transition a deemed disposal of the assets backing to retained earnings of the Society resulted in a capital gains tax being recognised.

The Society has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item. The effects of adopting IFRS 17 on the consolidated financial statements at 1 July 2022 are presented in the statement of changes in reserves.

5. Critical accounting estimates and judgements

5.1 AVBOB as a mutual entity and insurer

The Society, as a mutual, does not have shareholders and instead all ownership rights vest with eligible policyholders (members), who are policyholders of qualifying policies. As such, the members will be entitled to receive the residual interest of the Society and in turn also bear the pooled risk collectively. All surpluses are included as fulfilment cash flows as part of the insurance contract liability, as the surplus (residual interest) will eventually be paid as benefits to current or future members of the Society. Thus no net profits/losses will emerge over time and losses will be off set at initial recognition against the residual interest in insurance contract liabilities. This means that member policy contracts have a zero contractual service margin (CSM).

5.2 Insurance, reinsurance and investment contracts

5.2.1 Classification

Contracts under which the Society accepts significant insurance risk are classified as insurance contracts. Contracts held by the Society under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Society to financial risk.

The Society does not have any direct participation insurance contracts. However, the Society does issue investment contracts with discretionary participation features within the scope of IFRS 17. Investment contracts with direct participation features fall within the scope of IFRS 9.

All insurance contracts issued and all reinsurance contracts held are classified as contracts without direct participation features.

5.2.2 Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, with each portfolio then divided into annual cohorts (by financial year of issue) and each annual cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

Given that all policy contracts that share in the residual interest of the Society as a mutual share in the same pool of underlying items, contracts whose premiums can not support their initial benefits and expenses at inception are funded by the contracts that can, and thus there are no onerous groups of contracts for those policies.

An insurance contract issued by the Society is recognised from the earliest of:

- the beginning of its coverage period (the periods during which the Society provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due and is received or, if there is no contractual due date when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

5. Critical accounting estimates and judgements (continued)

5.2 Insurance, reinsurance and investment contracts (continued)

5.2.2 Aggregation and recognition of insurance and reinsurance contracts (continued)

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

The reportable groups are:

Insurance contracts	Characteristics of contracts	Major products
Life Risk contracts measured under GMM	Life insurance contracts without direct participation features that provide insurable benefits in the event of death, critical illness or disability that have a coverage period of more than one year.	Funeral and life contracts on individual lives assured
Life Risk contracts measured under PAA	Life insurance contracts that provide insurable benefits in the event of death, critical illness or disability that have a coverage period of one year or less.	Funeral cover provided to groups of individuals
Life Saving contracts measured under GMM	Long-term investment contracts with discretionary participation features.	Investment contracts with discretionary participation features

5.2.3 Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to portfolios of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a portfolio of contracts (non-refundable commissions paid on issuance of a contract), then they are allocated to that portfolio.

Insurance acquisition cash flows include cash flows that are not directly attributable to individual contracts or groups of insurance contracts within the portfolio. If insurance acquisition cash flows are directly attributable to a group, but not to a portfolio of contracts, then they are allocated to the portfolios in the group using a systematic and rational method.

Insurance contracts – Initial measurement
On initial recognition, the Society measures a group of insurance contracts as the total of (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks; (b) a risk adjustment for non-financial risk; and (c) the CSM. The fulfilment cash flows of a portfolio of insurance contracts do not reflect the Society's non-performance risk.

5. Critical accounting estimates and judgements (continued)

5.2 Insurance, reinsurance and investment contracts (continued)

5.2.4 Measurement – Contracts not measured under the PAA

Insurance contracts – Initial measurement (continued)

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The main sources of non financial risk are the estimates related to decrement rates for mortality and persistency rates, and expenses. Adjustments for financial risks are included either in the estimates of future cash flows or in the discount rates and are therefore excluded from the risk adjustment. Operational risk is excluded from the risk adjustment as it is mainly related to general operational risk that cannot be directly attributed to the fulfilment of the insurance contracts.

The risk adjustment for non financial risk is included in the fulfilment cash flows and is measured explicitly, as changes in the risk adjustment impact on accounting estimates (including the CSM) and are disclosed separately in the liability reconciliations.

Member policy contracts have a zero CSM. At initial recognition the unearned profit or loss will be transferred to the residual interest, which is included in the fulfilment cashflows of the policyholder liabilities. This is because the surplus or residual interest will eventually be paid as benefits to members/policyholders of policies. All creation or loss of residual interest affects the fulfilment cash flows of policy contracts and so there are no IFRS 17 profits/losses that emerge. Therefore, a single profitability grouping exists for mutual policies as they have no CSM.

Insurance contracts – Subsequent measurement

The carrying amount of a portfolio of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods, and the residual interest and (b) any remaining CSM for non-member policies at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of portfolios of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows:

Changes relating to future services	For member policy contracts these are adjusted against the residual interest that is included in the liability for remaining coverage. For other policies these are adjusted against the CSM or recognised in the insurance service result in profit or loss if the portfolio is onerous.
Changes relating to current or past services	Recognised in the insurance service result in profit or loss.
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses.

**NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)**

5. Critical accounting estimates and judgements (continued)

5.2 Insurance, reinsurance and investment contracts (continued)

5.2.5 Presentation

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

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

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

The Society does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

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

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

- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year.
- Other amounts, including experience adjustments for premium receipts for current or past services for the life risk segment.
- A release of the CSM for non-member policies, measured based on coverage units provided.

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

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Society allocates the expected premium receipts to each period on the passage of time.

5. Critical accounting estimates and judgements (continued)

5.2 Insurance, reinsurance and investment contracts (continued)

5.2.5 Presentation (continued)

Insurance service expenses

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

- Incurred claims and other insurance service expenses. For some life risk contracts, incurred claims also include premiums waived on retrenchment.
- Amortisation of insurance acquisition cash flows. For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Society has chosen to expense insurance acquisition cash flows as incurred.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Insurance finance income and expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance and reinsurance contracts arising from:

- The effect of the time value of money and changes in the time value of money
- The effect of financial risk and changes in financial risk

These changes include the change in carrying value of the group of contracts caused by changes in the estimation of future cash flows that result from changes in policyholders' participation in the financial performance of the Society.

For life risk and life savings contracts, the Society has chosen to include insurance finance income or expenses in profit or loss.

5.3 Other assumptions and estimates

The Group makes estimates and assumptions in respect of assets and liabilities. Estimates and assumptions are re-evaluated on an annual basis, based on historic experience and other factors, including expectations with regard to future events that are deemed reasonable under the circumstances.

Assumptions and estimates included in the annual financial statements for the year ended 30 June 2024 addresses the following items:

- Valuation of investment property
- Valuation of subsidiaries
- Employee benefit obligations
- Assets at fair value through profit or loss with unobservable inputs
- Valuation of owner occupied property
- Investment contract liabilities
- Deferred tax asset
- Impairment losses on financial assets
- Leases
- Insurance, reinsurance and investment contracts

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

6. Management of insurance and financial risk

6.1 Key risks arising from Insurance contracts

The Society issues insurance contracts in which it accepts risks. Insurance risk is the risk that actual claims and expenses amounts paid exceed premiums and the value estimated and included as insurance contract liabilities. The Group's activities expose it to a variety of financial risks: market risk (including equity risk, currency risk and interest rate risk), credit and counterparty risk, liquidity risk and contractual risk. The nature and extent of the underwriting and financial risks arising from these contracts are determined by the contract design.

The summarised financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 30 June 2024.

6.2 Capital management

The Group's objectives when managing capital is to safeguard the Society's ability to continue as a going concern to provide policyholder and member benefits. The assets of a life insurer should not only cover its liabilities based on best estimates and risk adjustment, but the insurer should also have adequate capital available to absorb even larger deviations.

The Group manages capital by targeting a Solvency Capital Requirement (SCR) cover of 2.6 times by own funds and by ensuring that sufficient liquid assets are available if required and that the available investments are of a suitable quality. The Society's (unaudited) SCR was covered 2.6 times by own funds as at 30 June 2024 and 30 June 2023 and was within the risk appetite. The Society did not experience an event which negatively impacted its SCR cover ratio.

The SCR is the minimum amount by which the value of own funds (excess assets) must exceed the value of the policyholder liabilities as required by the Prudential Authority (PA). As a mutual society, the Society does not have access to capital markets and consequently aims to keep excess assets at a multiple of the SCR required by the PA. If the ratio decreases (for instance following a market value shock or other catastrophe), the Board of Directors has approved planned management actions that allow the Society to return to the targeted coverage ratio within risk appetite.

The Society and the Group are exposed to financial risk through their financial assets, financial liabilities, reinsurance contracts and insurance liabilities. In essence, the financial risk is the possibility that adverse changes in the market will result in the Group not being able to meet its obligations. The most important elements of financial risk include market risk (equity risk, interest rate risk and currency risk), credit and counterparty risk and liquidity risk.

The Society manages financial assets using an asset distribution analysis approach that was developed to maximise long-term investment yield, while taking into consideration the nature of its liabilities. The Society outsources the management of its investments to leading asset managers. These asset managers are expected to manage their portfolio in accordance with agreed-upon mandates. In addition, the total asset distribution of the Society is managed in accordance with the guidelines set by the PA. The Society has adequate capital cover on the SCR on the basis of the Insurance Act as at 30 June 2024.

Asset-liability modelling investigations are performed periodically by the Head of Actuarial Control (HAF). The outcome is used to determine whether the asset distribution guidelines unduly expose the Society to insolvency risk based on the nature of the liabilities (guaranteed and discretionary liabilities). An asset-liability modelling investigation was performed during the 2022 financial year and did not lead to any material changes to the asset distribution guidelines.

**NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)**

6. Management of insurance and financial risk (continued)

6.2 Capital management (continued)

Core aspects of the mandate given to the asset managers:

- The total asset distribution of the Society must be managed in accordance with the guidelines set by the
- A target allocation of 25% of the total applicable assets are to be invested in local liquid assets with approximately 75% of the total applicable assets to be invested in equity risk assets.
- Investments may only be made in listed securities and shares.
- Investments in the Financial Sector Code (FSC) portfolio are restricted to those that should be recognised in terms of the Financial Sector Code. All unlisted investments require written approval.
- In the other portfolios, investments in equities and securities must be listed on a recognised exchange and listed securities must meet minimum credit rating criteria.
- Derivative instruments are only allowed for efficient portfolio management and hedging purposes. The effective exposure for all derivative positions is limited to 10% of the fair value of the investment portfolio. Effective exposure to any over-the-counter counterparty is limited to 7.5% of the investment portfolio.
- No scrip lending is allowed.

The following table compares the assets of the Society with the asset distribution guidelines:

	Board guideline %	2024 %	2024 R 000	2023 restated %	2023 restated R 000
	70	69	23 380 445	65	19 683 623
Property for own use and investment property		3	929 073	2	577 980
Equity risk assets					
Financial investments					
Listed shares		35	11 875 341	34	10 366 752
Unlisted shares		2	799 002	3	1 015 191
Foreign investments		24	8 228 858	22	6 789 572
Other assets **		5	1 548 171	4	934 128
Liquid assets	30	31	10 750 008	35	10 535 191
Cash and cash equivalents		5	1 846 828	7	1 665 482
Securities and bonds**		25	8 764 399	27	8 536 447
Unlisted securities		1	138 781	1	333 262
Total applicable assets	100	100	34 130 453	100	30 218 814
Linked financial investments at amortised cost			8 639 991		8 565 600
Total assets			42 770 444		38 784 414

The Board and the HAF are comfortable that the asset distribution as at 30 June 2024 is in line with our risk appetite.

** Refer to note 23 of the notes to the summarised financial statements regarding the restatement of the 2023 comparatives.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

6. Management of insurance and financial risk (continued)

6.3 Fair value hierarchy

The following table presents the Society's assets and liabilities that are measured at fair value:

	Level 1 R 000	Level 2 R 000	Level 3 R 000	Total R 000
At 30 June 2024				
Assets				
At fair value through profit or loss				
Listed fixed-income securities	8 764 399	-	-	8 764 399
Listed shares	11 875 341	-	-	11 875 341
Non-listed foreign investments	-	8 228 858	-	8 228 858
Unlisted investments	-	331 226	606 557	937 783
Property for own use and investment property	-	-	929 073	929 073
Investments in subsidiaries	-	-	692 500	692 500
Total assets	20 639 740	8 560 084	2 228 130	31 427 954
At 30 June 2023 restated				
Assets				
At fair value through profit or loss				
Listed fixed-income securities**	8 536 447	-	-	8 536 447
Listed shares	10 366 752	-	-	10 366 752
Non-listed foreign investments	-	6 789 572	-	6 789 572
Unlisted investments	-	511 432	629 832	1 141 264
Property for own use and investment property	-	-	577 980	577 980
Investments in subsidiaries	-	-	486 000	486 000
Total assets	18 903 199	7 301 004	1 693 812	27 898 015

The difference between assets measured at fair value for the Society and Group is property and investment property to the value of R585,0 million (2023: R540,9 million) and Level 2 unlisted investments to the value of R296,3 million (2023: R207,2 million).

There were no transfers between the hierarchy levels during the financial year.

At the financial year end, investments classified as Level 1 comprise approximately 66% (2023: 68%) of financial assets measured at fair value on a recurring basis. Fair value measurements classified as Level 1 include exchange-traded prices of fixed-maturity and equity securities.

** Refer to note 23 of the notes to the summarised financial statements regarding the restatement of the 2023 comparatives.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

6. Management of insurance and financial risk (continued)

6.3 Fair value hierarchy (continued)

At the financial year end, investments classified as Level 2 comprise approximately 27% (2023: 26%) of financial assets measured at fair value on a recurring basis. They primarily include government and agency securities, and certain listed and unlisted corporate debt securities and investments in collective investments. Investments in collective investments are valued at closing prices determined by the respective fund managers. As market quotes generally are not readily available or accessible for the securities, their fair value measures are determined utilising relevant information generated by market transactions involving comparable securities. They are often based on model pricing techniques that effectively discount prospective cash flows to present value using appropriate sector-adjusted credit spreads commensurate with the security's duration, also taking into consideration issuer-specific credit quality and liquidity. These valuation methodologies have been studied and evaluated by the Society and the resulting prices determined to be representative of exit values.

Observable inputs generally used to measure the fair value of securities classified as Level 2 include benchmark yields, reported secondary trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data. Additional observable inputs are used when available and as may be appropriate for certain security types, such as prepayment, default and collateral information for the purpose of measuring the fair value of mortgage- and asset-backed securities.

At the financial year end, investments classified as Level 3 comprise approximately 7% (2023: 6%) of financial assets measured at fair value on a recurring basis. They primarily include unlisted preference shares, investments in subsidiaries and unlisted investments in renewable energy infrastructure. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement.

The movement in unlisted investments included under Level 3, that are measured using a discounted cash flow model, are as follows:

	Property* R 000	Unlisted investments R 000	Subsidiary investments R 000	Total R 000
At 30 June 2024				
Opening value at beginning of the year	577 980	629 832	486 000	1 693 812
Additions	605 539	92 862	105 000	803 401
Sales	(30 162)	(74 160)	-	(104 322)
Depreciation	(7 164)	-	-	(7 164)
Fair value (losses)/gains through profit or loss	(217 120)	(41 977)	101 500	(157 597)
Closing value at the end of the year	929 073	606 557	692 500	2 228 130

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

6. Management of insurance and financial risk (continued)

6.3 Fair value hierarchy (continued)

	Property* R 000	Unlisted investments R 000	Subsidiary investments R 000	Total R 000
At 30 June 2023 restated				
Opening value at beginning of the year	579 466	571 744	515 000	1 666 210
Additions	33 933	-	-	33 933
Sales	(52)	(1 140)	-	(1 192)
Depreciation	(2 837)	-	-	(2 837)
Fair value (losses)/gains through profit or loss	(32 530)	59 228	(29 000)	(2 302)
Closing value at the end of the year	577 980	629 832	486 000	1 693 812

* Property consists of owner-occupied property and investment property.

The Society invested in unlisted investments in respect of renewable energy, infrastructure and hybrid equity investments. The fair value of these investments is determined using a discounted cash flow valuation methodology using appropriate risk adjusted cost of capital, taking the various projects' stages of construction completion and the achievement of commercial operations into consideration.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

	SOCIETY AND GROUP		
	Life risk R 000	Life savings R 000	Total R 000
7. INSURANCE REVENUE			
2024			
Contracts not measured under the PAA			
Amounts related to changes in liabilities for remaining coverage			
- Actual versus expected premium income received for past service provided	(89 690)	2 019	(87 671)
- Expected incurred claims and other insurance service expenses	3 470 810	9 765	3 480 575
- Release of risk adjustment over the period excluding loss component	235 810	4 639	240 449
Recovery of insurance acquisition cash flows	459 369	309	459 678
	4 076 299	16 732	4 093 031
Contracts measured under the PAA	64 384	-	64 384
Total insurance revenue	4 140 683	16 732	4 157 415
2023			
Contracts not measured under the PAA			
Amounts related to changes in liabilities for remaining coverage			
- Actual versus expected premium income received for past service provided	(119 809)	11 706	(108 103)
- Expected incurred claims and other insurance service expenses	3 142 231	8 185	3 150 416
- Release of risk adjustment over the period excluding loss component	256 242	4 840	261 082
Recovery of insurance acquisition cash flows	362 047	1 381	363 428
	3 640 711	26 112	3 666 823
Contracts measured under the PAA	49 957	-	49 957
Total insurance revenue	3 690 668	26 112	3 716 780

AVBOB MUTUAL ASSURANCE SOCIETY
AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

8. NET FINANCIAL RESULT

The following table analyses the net financial results in profit or loss.

	2024				2023			
SOCIETY	Life risk R 000	Life savings R 000	Other R 000	Total R 000	Life risk R 000	Life savings R 000	Other R 000	Total R 000
Investment return								
Interest revenue calculated using the effective interest method	-	-	580 019	580 019	-	-	549 764	549 764
Other investment returns	-	-	2 726 371	2 726 371	-	-	3 264 985	3 264 985
Net foreign exchange profit	-	-	61 381	61 381	-	-	23 243	23 243
Total investment return	-	-	3 367 771	3 367 771	-	-	3 837 992	3 837 992
Net finance expense from insurance contracts								
Effect of changes in interest rates and other financial assumptions	1 280 800	(2 599)	-	1 278 201	1 025 436	4 167	-	1 029 603
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(4 052 344)	-	-	(4 052 344)	(4 267 981)	-	-	(4 267 981)
*** Total net finance expense from insurance contracts**	(2 771 544)	(2 599)	-	(2 774 143)	(3 242 545)	4 167	-	(3 238 378)
Net finance expense from reinsurance contracts								
Interest accreted	(1 458)	-	-	(1 458)	(1 408)	-	-	(1 408)
Other	836	-	-	836	(365)	-	-	(365)
*** Total net finance expense from reinsurance contracts**	(622)	-	-	(622)	(1 773)	-	-	(1 773)
Net financial result	(2 772 166)	(2 599)	3 367 771	593 006	(3 244 318)	4 167	3 837 992	597 841

* Total net finance expense from insurance and reinsurance contracts are recognised in profit or loss.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

8. NET FINANCIAL RESULT (continued)

The following table analyses the net financial results in profit or loss.

	2024				2023			
GROUP	**Life risk R 000**	**Life savings R 000**	**Other R 000**	**Total R 000**	**Life risk R 000**	**Life savings R 000**	**Other**	**Total R 000**
Investment returns								
Interest revenue calculated using the effective interest method	-	-	591 682	591 682	-	-	570 104	570 104
Other investment returns	-	-	2 577 445	2 577 445	-	-	3 241 121	3 241 121
Net foreign exchange profit	-	-	61 381	61 381	-	-	23 243	23 243
Total investment return	-	-	3 230 508	3 230 508	-	-	3 834 468	3 834 468
Net finance expense from insurance contracts								
Effect of changes in interest rates and other financial assumptions	1 280 800	(2 599)	-	1 278 201	1 025 436	4 167	-	1 029 603
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(3 976 627)	-	-	(3 976 627)	(4 267 572)	-	-	(4 267 572)
*** Total net finance expense from insurance contracts**	(2 695 827)	(2 599)	-	(2 698 426)	(3 242 136)	4 167	-	(3 237 969)
Net finance expense from reinsurance contracts								
Interest accreted	(1 458)	-	-	(1 458)	(1 408)	-	-	(1 408)
Other	836	-	-	836	(365)	-	-	(365)
*** Total net finance expense from reinsurance contracts**	(622)	-	-	(622)	(1 773)	-	-	(1 773)
Net financial result	(2 696 449)	(2 599)	3 230 508	531 460	(3 243 909)	4 167	3 834 468	594 726

* Total net finance expense from insurance and reinsurance contracts are recognised in profit or loss.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

9. EXPENSES BY FUNCTION

		SOCIETY		GROUP	
		2024 R 000	2023 restated R 000	2024 R 000	2023 restated R 000
Comprising:					
Insurance service expenses		3 802 088	3 383 404	3 802 276	3 383 922
Contract benefits and claims	9.1	2 600 300	2 406 606	2 600 300	2 406 606
Other insurance service expenses		1 201 788	976 798	1 201 976	977 316
Other operating expenses		172 800	86 263	293 623	219 871
Employee benefit expenses		18 591	8 499	91 986	86 560
Other expenses		154 209	77 764	201 637	133 311
Cost of goods and services*		-	-	525 138	435 686
Employee benefit expenses		-	-	36 435	35 300
Other expenses		-	-	488 703	400 386
Remeasurement of defined employee benefit liability		(299)	(631)	(487)	(1 149)
		3 974 589	3 469 036	4 620 550	4 038 330

9.1 Contract benefits and claims

	SOCIETY		GROUP	
	2024 R 000	2023 R 000	2024 R 000	2023 R 000
Contracts not measured under PAA	2 403 425	2 225 389	2 403 425	2 225 389
Death and disability claims	2 400 351	2 222 957	2 400 351	2 222 957
Maturities	15	908	15	908
Surrenders/lapses	3 059	1 524	3 059	1 524
Contracts measured under PAA	196 875	181 217	196 875	181 217
Death and disability claims	144 376	139 098	144 376	139 098
Group schemes death claims	52 499	42 119	52 499	42 119
	2 600 300	2 406 606	2 600 300	2 406 606

10. INCOME TAX EXPENSE

	SOCIETY		GROUP	
	2024 R 000	2023 R 000	2024 R 000	2023 R 000
South African tax				
Current income tax	206 302	35 588	231 925	54 912
Capital gains tax	55 969	87 577	55 969	87 577
Deferred income tax	-	-	-	7 447
Deferred capital gains tax	(132 239)	42 557	(125 554)	42 557
Dividend withholding tax	70 447	78 421	70 447	78 421
Income tax expense as per statement of comprehensive income	200 479	244 143	232 787	270 914

A deferred tax asset was not raised in respect of the assessed loss of R5 318,8 million (2023: R4 733,7 million) in the Individual Policyholder Fund as the expected recoverability in future periods is deemed unlikely.

A deferred tax asset was not raised in respect of the available transfer credit of R11 499,0 million (2023: R2 659,8 million) in the Corporate Fund as the expected recoverability in future periods is deemed unlikely.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
(continued)

	Property, plant and equipment R 000	Investment property R 000	Intangible assets R 000
11. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS			
SOCIETY			
Year ended 2024			
Carrying value at the beginning of the year	202 326	522 480	10 377
Additions (acquired)	809 955	28 935	9 767
Disposals	(44 984)	(1 249)	-
Fair value losses	(215 227)	(1 893)	-
Amortisation/depreciation charge	(52 059)	-	(6 838)
Carrying value at the end of the year	700 011	548 273	13 306
Year ended 2023			
Carrying value at the beginning of the year	242 235	490 261	5 994
Additions (acquired)	32 166	33 933	10 252
Disposals	(3 435)	-	-
Fair value losses	(30 816)	(1 714)	-
Amortisation/depreciation charge	(37 824)	-	(5 869)
Carrying value at the end of the year	202 326	522 480	10 377
GROUP			
Year ended 2024			
Carrying value at the beginning of the year	1 166 356	-	10 630
Additions (acquired)	979 467	-	9 767
Disposals	(62 118)	-	-
Fair value net losses	(200 390)	-	-
Amortisation/depreciation charge	(117 000)	-	(6 974)
Carrying value at the end of the year	1 766 315	-	13 423
Year ended 2023			
Carrying value at the beginning of the year	1 157 303	-	6 164
Additions (acquired)	170 576	-	10 416
Disposals	(41 351)	-	-
Fair value net losses	(26 249)	-	-
Amortisation/depreciation charge	(93 923)	-	(5 950)
Carrying value at the end of the year	1 166 356	-	10 630

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

11. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS (continued)

The Irene Link Head Office property was purpose built for the Society. The transfer took place during the year. The property was valued at R440,0 million by an external independent valuator. This has been adjusted to R380,6 million. The previous Head Office buildings in the Pretoria Central Business District (CBD) were sold during the 2024 financial year. At 30 June 2023 these buildings in the Pretoria CBD were not classified as held for sale as the buildings were not immediately available for sale.

Five additional high value properties in the Group were valued by an independent external valuator during the year ended 30 June 2024. All other fixed properties for own use were formally valued by the directors at 30 June 2024. The carrying values of the properties were adjusted to the revalued amounts and the fair value adjustment was charged to the profit or loss. The market value is reviewed and adjusted annually by the directors.

12. LEASES

	SOCIETY		GROUP	
	2024 R 000	2023 R 000	2024 R 000	2023 R 000
Right-of-use assets and lease liabilities: Property				
Amounts recognised in the statements of financial position:				
RIGHT-OF-USE ASSETS				
Carrying value at the beginning of the year	83 865	69 808	118 837	104 016
Cost	198 187	152 082	288 959	227 331
Accumulated depreciation	(114 322)	(82 274)	(170 122)	(123 315)
Additions	27 251	46 105	39 328	61 628
Depreciation	(34 867)	(32 048)	(50 875)	(46 807)
Carrying value at the end of the year	76 249	83 865	107 290	118 837
Cost	156 476	198 187	221 090	288 959
Accumulated depreciation	(80 227)	(114 322)	(113 800)	(170 122)
LEASE LIABILITIES: RIGHT-OF-USE ASSETS	87 770	94 031	123 434	133 873
Non-current liability	51 469	65 604	105 541	94 519
Current liability	36 301	28 427	17 893	39 354
Amounts recognised in the statements of comprehensive income:				
Depreciation charge on right-of-use assets: lease properties	34 867	32 048	50 875	46 807
Interest expense	7 847	7 685	11 124	11 225
The total cash outflow for leases	57 053	38 058	76 585	54 753

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

	SOCIETY	
	2024 R 000	2023 R 000
13. INVESTMENTS IN SUBSIDIARIES		
Unlisted		
Shares at cost	200 058	95 058
Fair value adjustment	492 442	390 942
Directors' valuation (Non-current assets)	692 500	486 000
Directors' valuation of subsidiaries:		
AVBOB Funeral Service Limited	433 000	355 000
AVBOB Industries Limited	134 000	131 000
AVBOB Member Value Proprietary Limited	29 500	-
AVBOB Financial Services Proprietary Limited	96 000	-
	692 500	486 000

The fair value of AVBOB Funeral Service Limited and AVBOB Industries Limited is determined based on an income approach calculation. These calculations use cash flow projections based on approved financial budgets. Cash flows beyond the period are extrapolated using estimated growth rates.

The fair values of investments in these subsidiaries are based on the weighted average cost of capital (WACC) of each subsidiary, which are calculated based on a gross risk-free interest rate, an assumed equity risk premium, a market assessed risk factor (beta) and an allowance for a marketability discount. The market assessed risk factor (beta) captures the market's view of the effect of all types of risk on the subsidiary's operations, including operational and other non-economic risk.

The fair value of AVBOB Financial Services Proprietary Ltd and AVBOB Member Value Proprietary Ltd is determined on a net asset value basis. As these subsidiaries are newly established and no long-term cash flow projections are available, the net asset value represents the fair value of these subsidiaries.

	Financial instruments measured at amortised cost R 000	Instruments at fair value through profit or loss R 000	Total R 000
14. FINANCIAL INSTRUMENTS			
14.1 By category			
SOCIETY			
At 30 June 2024			
Carry value of assets as per statements of financial position			
At fair value through profit or loss	-	29 806 381	29 806 381
Investment contracts at amortised cost	8 639 991	-	8 639 991
Trade and other receivables	112 080	-	112 080
Cash and cash equivalents	1 846 828	-	1 846 828
	10 598 899	29 806 381	40 405 280

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

	Financial instruments measured at amortised cost R 000	Instruments at fair value through profit or loss R 000	Total R 000
14. FINANCIAL INSTRUMENTS (continued)			
14.1 By category (continued)			
GROUP			
At 30 June 2024			
Carry value of assets as per statements of financial position			
At fair value through profit or loss	-	30 102 723	30 102 723
Investment contracts at amortised cost	8 639 991	-	8 639 991
Trade and other receivables	130 841	-	130 841
Cash and cash equivalents	2 013 206	-	2 013 206
	10 784 038	30 102 723	40 886 761

At 30 June the carrying amounts of cash and cash equivalents, trade and other receivables approximated their fair values due to the short-term maturities of these assets.

The market value of investment contracts at amortised cost was R8 452,5 million (2023: R7 949,5 million).

SOCIETY			
At 30 June 2023 restated			
Carry value of assets as per statements of financial position			
At fair value through profit or loss**	-	26 834 035	26 834 035
Investment contracts at amortised cost	8 565 600	-	8 565 600
Trade and other receivables**	77 027	-	77 027
Cash and cash equivalents	1 665 482	-	1 665 482
	10 308 109	26 834 035	37 142 144
GROUP			
At 30 June 2023 restated			
Carry value of assets as per statements of financial position			
At fair value through profit or loss**	-	27 041 224	27 041 224
Investment contracts at amortised cost	8 565 600	-	8 565 600
Trade and other receivables**	102 588	-	102 588
Cash and cash equivalents	1 776 255	-	1 776 255
	10 444 443	27 041 224	37 485 667

** Refer to note 23 of the notes to the summarised financial statements regarding the restatement of the 2023 comparatives.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

	SOCIETY		GROUP	
	2024 R 000	2023 R 000	2024 R 000	2023 R 000
15. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Balance at the beginning of the year**	26 834 035	21 882 038	27 041 224	22 024 986
Movement for the year				
Additions/reinvestment	8 714 671	18 749 743	8 796 547	18 811 552
Movement in accrued interest**	10 983	80 166	10 983	80 166
Disposals	(7 099 315)	(15 909 599)	(7 099 315)	(15 908 308)
Fair value adjustments	1 346 007	2 031 687	1 353 284	2 032 828
Balance at the end of the year**	29 806 381	26 834 035	30 102 723	27 041 224
Financial assets comprises the following:				
Listed fixed-income securities**	8 764 399	8 536 447	8 764 399	8 536 447
Listed shares	11 875 341	10 366 752	11 875 341	10 366 752
Non-listed foreign investments	8 228 858	6 789 572	8 228 858	6 789 572
Unlisted investments	937 783	1 141 264	1 234 125	1 348 453
Total**	29 806 381	26 834 035	30 102 723	27 041 224
Current assets**	881 346	1 009 265	881 346	1 009 265
Non-current assets	28 925 035	25 824 770	29 221 377	26 031 959

Financial assets at fair value through profit or loss are classified as non-current assets, unless their maturity is within a year, as the assets are kept for long-term yield to the benefit of policyholders and members. All proceeds from disposals during the year were utilised for reinvestment.

Financial assets at fair value through profit or loss are managed by Allan Gray South Africa, MandG Investment Managers, Ninety One SA, Old Mutual Alternative Investments, Stanlib Asset Management and Vunani Fund Managers.

** Refer to note 23 of the notes to the summarised financial statements regarding the restatement of the 2023 comparatives.

	2024 R 000	2023 R 000	2024 R 000	2023 R 000
16. FINANCIAL ASSETS AT AMORTISED COST				
Balance at the beginning of the year	8 565 600	8 527 828	8 565 600	8 527 828
Movement for the year				
Interest income	544 800	530 973	544 800	530 973
Realisation	(470 409)	(493 201)	(470 409)	(493 201)
Balance at the end of the year	8 639 991	8 565 600	8 639 991	8 565 600
Current asset	8 169 582	8 072 399	8 169 582	8 072 399
Non-current asset	470 409	493 201	470 409	493 201

Financial assets at amortised cost comprises of single premium investment products. Investment contract assets are classified as level 2 assets. The fair value is determined by ABSA Investment Management Services using a yield curve technique. This valuation technique uses the yield curves observable at commonly quoted intervals to determine the fair value of the investment. This methodology was consistently applied in both financial years. Refer to note 18 of the notes to the financial statements for the associated liability.

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

17. INSURANCE AND REINSURANCE CONTRACTS

SOCIETY AND GROUP	Life risk R 000	Life savings R 000	Total R 000
30 June 2024			
Insurance contracts			
Insurance contract liabilities	31 941 926	387 535	32 329 461
Insurance contract balances	32 181 854	397 037	32 578 891
Assets for insurance acquisition cash flows	(239 928)	(9 502)	(249 430)
Reinsurance contracts			
Reinsurance contract liabilities	1 726	-	1 726
30 June 2023 (restated)			
Insurance contracts			
Insurance contract liabilities	28 132 800	444 598	28 577 398
Insurance contract balances	28 263 130	448 697	28 711 827
Assets for insurance acquisition cash flows	(130 330)	(4 099)	(134 429)
Reinsurance contracts			
Reinsurance contract liabilities	1 214	-	1 214

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

17. INSURANCE AND REINSURANCE CONTRACTS (continued)

17.1 Movement in insurance and reinsurance contract balances

The net carrying amounts of insurance and reinsurance contracts in each segment changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss as follows:

17.1.1 Life risk
Insurance contracts

	Liabilities for remaining coverage	Liabilities for incurred claims			Total
	Excluding loss component	Contracts not measured under the PAA	PAA - Estimate of present value of future cash flows	PAA - Risk adjustment for non-financial risk	
2024	R 000	R 000	R 000	R 000	R 000
Opening liabilities	28 153 378	108 073	1 499	180	28 263 130
Total changes in the statement of comprehensive income	(958 534)	3 341 678	59 483	-	2 442 627
Insurance service result	(3 765 414)	3 338 055	59 483	-	(367 876)
Insurance revenue of contracts under full retrospective transition approach	(4 140 683)	-	-	-	(4 140 683)
Insurance service expenses	459 369	3 253 955	59 483	-	3 772 807
Incurred claims and other insurance service	-	3 253 955	59 483	-	3 313 438
Amortisation of insurance acquisition cash	459 369	-	-	-	459 369
Premium refunds	(84 100)	84 100	-	-	-
Net finance expenses from insurance contracts	2 806 880	3 623	-	-	2 810 503
Total cash flows	4 885 591	(3 338 370)	(59 176)	-	1 488 045
Premiums received	6 453 003	-	-	-	6 453 003
Claims and other insurance service expenses	-	(3 338 370)	(59 176)	-	(3 397 546)
Insurance acquisition cash flows	(1 631 672)	-	-	-	(1 631 672)
Net cash flows related to policy balances	64 260	-	-	-	64 260
Transfer to other in the statement of financial position	(11 948)	-	-	-	(11 948)
Closing liabilities	32 068 487	111 381	1 806	180	32 181 854

17. INSURANCE AND REINSURANCE CONTRACTS (continued)

17.1 Movement in insurance and reinsurance contract balances (continued)

17.1.1 Life risk (continued)
Insurance contracts (continued)

	Liabilities for remaining coverage	Liabilities for incurred claims			Total
	Excluding loss component	Contracts not measured under the PAA	PAA - Estimate of present value of future cash flows	PAA - Risk adjustment for non-financial risk	
2023 restated	**R 000**	**R 000**	**R 000**	**R 000**	**R 000**
Opening liabilities	23 828 871	112 728	1 230	148	23 942 977
Total changes in the statement of comprehensive income	(190 905)	3 038 964	48 300	32	2 896 391
Insurance service result	(3 419 718)	3 036 353	48 300	32	(335 033)
Insurance revenue of contracts under full retrospective transition approach	(3 690 668)	-	-	-	(3 690 668)
Contracts under the full retrospective	(3 690 668)	-	-	-	(3 690 668)
Other contracts		-	-	-	-
Insurance service expenses	362 048	2 945 255	48 300	32	3 355 635
Incurred claims and other insurance service	-	2 945 255	48 300	32	2 993 587
Amortisation of insurance acquisition cash	362 048	-	-	-	362 048
Premium refunds	(91 098)	91 098	-	-	-
Net finance expenses from insurance contracts	3 228 813	2 611	-	-	3 231 424
Total cash flows	4 525 664	(3 043 619)	(48 031)	-	1 434 014
Premiums received	5 933 569	-	-	-	5 933 569
Claims and other insurance service expenses paid, including investment components	-	(3 043 619)	(48 031)	-	(3 091 650)
Insurance acquisition cash flows	(1 467 204)	-	-	-	(1 467 204)
Net cash flows related to policy balances	59 299	-	-	-	59 299
Transfer to other in the statement of financial position	(10 252)	-	-	-	(10 252)
Closing liabilities	28 153 378	108 073	1 499	180	28 263 130

**NOTES TO THE FINANCIAL STATEMENTS
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(continued)**

17. INSURANCE AND REINSURANCE CONTRACTS (continued)

17.1 Movement in insurance and reinsurance contract balances (continued)

17.1.1 Life risk (continued)

Insurance contracts (continued)

Analysis by measurement component - Contracts not measured under PAA

2024	Estimate of present value of future cash flows R 000	Risk adjustment for non-financial risk R 000	Total R 000
Opening liabilities	26 476 780	1 784 671	28 261 451
Total changes in the statement of comprehensive income	2 234 612	212 917	2 447 529
Insurance service result	(575 048)	212 074	(362 974)
Changes that relate to current services	(126 542)	(235 810)	(362 352)
Change in risk adjustment for non-financial risk for risk expired	-	(235 810)	(235 810)
Experience adjustments	(126 542)	-	(126 542)
Changes that relate to future services	(449 338)	449 338	-
Contracts initially recognised in the year	(326 169)	326 169	-
Changes in estimates that adjust future cashflows	(154 292)	154 292	-
Experience adjustment	31 123	(31 123)	-
Changes that relate to past services			
Adjustment to liabilities for incurred claims	832	(1 454)	(622)
Net finance expenses from insurance contracts	2 809 660	843	2 810 503
Cash flows	1 482 836	-	1 482 836
Transfer to other items in the statement of financial position	(11 948)	-	(11 948)
Closing liabilities	30 182 280	1 997 588	32 179 868

NOTES TO THE FINANCIAL STATEMENTS
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(continued)

17. INSURANCE AND REINSURANCE CONTRACTS (continued)

17.1 Movement in insurance and reinsurance contract balances (continued)

17.1.1 Life risk (continued)

Insurance contracts (continued)

Analysis by measurement component - Contracts not measured under PAA

	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023 restated	**R 000**	**R 000**	**R 000**
Opening liabilities	22 151 238	1 790 361	23 941 599
Total changes in the statement of comprehensive income	2 853 749	(5 690)	2 848 059
Insurance service result	(353 339)	(30 026)	(383 365)
Changes that relate to current services	(119 555)	(256 242)	(375 797)
Change in risk adjustment for non-financial risk for risk expired	-	(256 242)	(256 242)
Experience adjustments	(119 555)	-	(119 555)
Changes that relate to future services	(226 715)	226 715	-
Contracts initially recognised in the year	(321 914)	321 914	-
Changes in estimates that adjust future cashflows	23 928	(23 928)	-
Experience adjustment	71 271	(71 271)	-
Changes that relate to past services			
Adjustment to liabilities for incurred claims	(7 069)	(499)	(7 568)
Net finance expenses from insurance contracts	3 207 088	24 336	3 231 424
Cash flows	1 482 045	-	1 482 045
Transfer to other items in the statement of financial position	(10 252)	-	(10 252)
Closing liabilities	26 476 780	1 784 671	28 261 451

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)**

17. INSURANCE AND REINSURANCE CONTRACTS (continued)

17.1 Movement in insurance and reinsurance contract balances (continued)

17.1.2 Life savings

Insurance contracts

Analysis by remaining coverage and incurred claims

2024	Liabilities for remaining coverage Excluding loss component R 000	Liabilities for incurred claims Contracts not measured R 000	Total R 000
Opening liabilities	448 695	2	448 697
Total changes in the statement of comprehensive income	(146 213)	122 103	(24 110)
Insurance service result	(109 853)	122 103	12 250
Insurance revenue of contracts under full retrospective transition approach	(16 732)	-	(16 732)
Insurance service expenses	308	28 674	28 982
Incurred claims and other insurance service expenses	-	28 674	28 674
Amortisation of insurance acquisition cash flows	308	-	308
Premium refunds	(93 429)	93 429	-
Net finance expenses from insurance contracts	(36 360)	-	(36 360)
Total cash flows	94 553	(122 103)	(27 550)
Premiums received	126 477	-	126 477
Incurred claims and other insurance service expenses	-	(122 103)	(122 103)
Insurance acquisition cash flows	(31 924)	-	(31 924)
Closing liabilities	397 035	2	397 037

**NOTES TO THE FINANCIAL STATEMENTS
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(continued)**

17. INSURANCE AND REINSURANCE CONTRACTS (continued)

17.1 Movement in insurance and reinsurance contract balances (continued)

17.1.2 Life savings (continued)

Insurance contracts (continued)

Analysis by remaining coverage and incurred claims

	Liabilities for remaining coverage	Liabilities for incurred claims	Total
	Excluding loss component	Contracts not measured	
2023 restated	**R 000**	**R 000**	**R 000**
Opening liabilities	461 321	2	461 323
Total changes in the statement of comprehensive income	(99 687)	107 667	7 980
Insurance service result	(106 641)	107 667	1 026
Insurance revenue of contracts under full retrospective transition approach	(26 112)	-	(26 112)
Insurance service expenses	1 380	25 758	27 138
Incurred claims and other insurance service expenses	-	25 758	25 758
Amortisation of insurance acquisition cash flows	1 380	-	1 380
Premium refunds	(81 909)	81 909	-
Net finance expenses from insurance contracts	6 954	-	6 954
Total cash flows	87 061	(107 667)	(20 606)
Premiums received	113 741	-	113 741
Claims and other insurance service expenses paid	-	(107 667)	(107 667)
Insurance acquisition cash flows	(26 680)	-	(26 680)
Closing liabilities	448 695	2	448 697

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)

17. INSURANCE AND REINSURANCE CONTRACTS (continued)

17.1 Movement in insurance and reinsurance contract balances (continued)

17.1.2 Life savings (continued)

Insurance contracts (continued)

Analysis by measurement component - Contracts not measured under PAA

2024	Estimate of present value of future cash flows R 000	Risk adjustment for non-financial risk R 000	Total R 000
Opening liabilities	420 582	28 115	448 697
Total changes in the statement of comprehensive income	(30 509)	6 399	(24 110)
Insurance service result	591	11 659	12 250
Changes that relate to current services	16 889	(4 639)	12 250
Change in risk adjustment for non-financial risk for risk expired	-	(4 639)	(4 639)
Experience adjustments	16 889	-	16 889
Changes that relate to future services	(16 298)	16 298	-
Contracts initially recognised in the year	(11 342)	11 342	-
Changes in estimates that adjust future cashflows	(5 114)	5 114	-
Experience adjustment	158	(158)	-
Net finance expenses from insurance contracts	(31 100)	(5 260)	(36 360)
Cash flows	(27 550)	-	(27 550)
Closing liabilities	362 523	34 514	397 037

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024
(continued)**

17. INSURANCE AND REINSURANCE CONTRACTS (continued)

17.1 Movement in insurance and reinsurance contract balances (continued)

17.1.2 Life savings (continued)
Insurance contracts (continued)
Analysis by measurement component - Contracts not measured under PAA

	Estimate of present value of future cash flows	Risk adjustment for non-financial risk	Total
2023 restated	**R 000**	**R 000**	**R 000**
Opening liabilities	435 609	25 714	461 323
Total changes in the statement of comprehensive	5 579	2 401	7 980
Insurance service result	(4 533)	5 559	1 026
Changes that relate to current services	5 866	(4 840)	1 026
Change in risk adjustment for non-financial risk for risk expired	-	(4 840)	(4 840)
Experience adjustments	5 866	-	5 866
Changes that relate to future services	(10 399)	10 399	-
Contracts initially recognised in the year	(9 197)	9 197	-
Changes in estimates that adjust future cashflows	556	(556)	-
Experience adjustment	(1 758)	1 758	-
Net finance expenses from insurance contracts	10 112	(3 158)	6 954
Cash flows	(20 606)	-	(20 606)
Closing liability	420 582	28 115	448 697

17. INSURANCE AND REINSURANCE CONTRACTS (continued)

17.2 Assets for insurance acquisition cash flows

Assets for insurance acquisition cash flows are included in the carrying amount of the related portfolio of insurance contract liabilities.

	Life Risk R 000	Life Savings R 000	Total R 000
2024			
Balance at 1 July 2023	130 330	4 099	134 429
Amounts incurred during the year	239 928	9 502	249 430
Amounts derecognised and included in the measurement of insurance contracts	(130 330)	(4 099)	(134 429)
Balance at 30 June 2024	239 928	9 502	249 430
2023 restated			
Balance at 1 July 2022	113 183	3 168	116 351
Amounts incurred during the year	130 330	4 099	134 429
Amounts derecognised and included in the measurement of insurance contracts	(113 183)	(3 168)	(116 351)
Balance at 30 June 2023	130 330	4 099	134 429

17.3 Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA in the year are as follows:

Insurance contracts

	Life risk Profitable contracts issued R 000	Life savings Profitable contracts issued R 000	Total R 000
2024			
Claims and other insurance service expenses payable	1 479 015	117 045	1 596 060
Insurance acquisition cash flows	2 119 481	25 656	2 145 137
Estimates of present value of cash flows	3 598 496	142 701	3 741 197
Estimates of present value of cash inflows	(3 924 665)	(154 043)	(4 078 708)
Risk adjustment for non-financial risk	326 169	11 342	337 511
Losses recognised on initial recognition	-	-	-
2023 restated			
Claims and other insurance service expenses payable	1 482 411	76 645	1 559 056
Insurance acquisition cash flows	1 890 579	18 779	1 909 358
Estimates of present value of cash outflows	3 372 990	95 424	3 468 414
Estimates of present value of cash inflows	(3 694 901)	(104 621)	(3 799 522)
Risk adjustment for non-financial risk	321 911	9 197	331 108
Losses recognised on initial recognition	-	-	-

17. INSURANCE AND REINSURANCE CONTRACTS (continued)

17.4 Significant judgements and estimates

17.4.1 Fulfilment cash flows

Fulfilment cash flows comprise:
- estimates of future cash flows;
- an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and
- a risk adjustment for non-financial risk.

Estimates of future cash flows

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

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Society has discretion over the amount or timing. These include payments to (or on behalf of) policyholders (as policyholder or member), insurance acquisition cash flows and other expenses that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs.

Other expenses that are incurred in fulfilling the contracts include:
- Claims handling, maintenance and administration expenses.
- Recurring commissions payable on instalment premiums receivable within the contract boundary; and
- Income tax and other expenses specifically chargeable to the policyholders under the terms of the contracts.

Insurance acquisition cash flows and other expenses that are incurred in fulfilling contracts comprise both direct expenses and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all expenses that have similar characteristics. The Society generally allocates insurance acquisition cash flows to groups of contracts based on the total number of policies issued for each group, and maintenance and administration costs based on the number of in-force contracts within each group. Other costs are recognised in profit or loss as they are incurred.

Contract boundaries

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

17. INSURANCE AND REINSURANCE CONTRACTS (continued)

17.4 Significant judgements and estimates (continued)

17.4.1 Fulfilment cash flows (continued)

Estimates of future cash flows (continued)

Contract boundaries (continued)

Insurance contracts

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

Reinsurance contracts

The Society's quota share reinsurance contract has an annual term, covers underlying contracts issued within the term on a risk-attaching basis and provides unilateral rights to both the Society and the reinsurer to terminate the cession of new business at any time by giving three months' notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Society has issued and ceded under the reinsurance contract as the contract is aligned to the year end.

Life risk and life savings contracts

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

Mortality and morbidity assumptions are generally developed using a blend of national mortality data, industry trends and the entity's recent experience with effect from the 2024 financial year the Society uses its own internally developed mortality rates. Experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts.

Policyholder behaviour is a key assumption in the measurement of life savings insurance contract. Each type of policyholder behaviour is estimated by product type, based on trends in recent experience is monitored through regular studies, the results of which are reflected both in the pricing of new products and in the measurement of existing contracts.

Discount rates

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

The Society uses a bottom-up approach based on the risk-free SAM nominal yield curve published by the Prudential Authority to determine the time value of money component of the IFRS 17 insurance contract liabilities not measured under the PAA.

The yield curves used to discount the cash flows of insurance contracts are as follows:

	1 year	5 years	10 years	15 years	20 years
2024					
Life risk and life savings contracts	5.2%	10.1%	12.2%	13.7%	13.8%
2023 restated					
Life risk and life savings contracts	9.2%	10.2%	12.4%	13.9%	14.3%

17. INSURANCE AND REINSURANCE CONTRACTS (continued)

17.4 Significant judgements and estimates (continued)

17.4.1 Fulfilment cash flows (continued)

Estimates of future cash flows (continued)

Life risk and life savings contracts (continued)

Risk adjustment for non-financial risk

The risk adjustment is the compensation that an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non financial risk. The main sources of non financial risk are the estimates related to decrement rates for mortality and morbidity, persistency rates and expenses. Adjustments for financial risks are included either in the estimates of future cash flows or in the discount rates and are therefore excluded from the risk adjustment. Operational risk is excluded from the risk adjustment as it is mainly related to general operational risk that cannot be directly attributed to the fulfilment of the insurance contracts.

The risk adjustment for non financial risk is included in the fulfilment cash flows and is measured explicitly, as changes in the risk adjustment impact on accounting estimates (including the CSM) and need to be disclosed separately in the liability reconciliations. The Society has elected to use the confidence level technique to estimate risk adjustment.

Applying a confidence level technique, the Society estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 95th percentile (the target confidence level) over the expected present value of the future cash flows.

17.4.2 Life savings

The Society identifies the investment component of a contract by determining the amount that it would be required to repay to the policyholder in all scenarios with commercial substance. These include circumstances in which an insured event occurs or the contract matures or is terminated without an insured event occurring. The Society issues Investment Plan policies, that are sold on a stand-alone basis or a rider benefit, which are treated as investment components. Investment components are excluded from insurance revenue and insurance service expenses.

All of the Life Savings and some of the Life Risk contracts have explicit surrender values. The investment component excluded from insurance revenue and insurance service expenses is determined as the surrender value specified in the contractual terms less any accrued fees and surrender charges.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
(continued)

	SOCIETY		GROUP	
	2024 R 000	2023 R 000	2024 R 000	2023 R 000
18. INVESTMENT CONTRACT LIABILITIES				
Balance at the beginning of year	8 774 026	8 806 884	8 774 026	8 806 884
Movement for the year				
Interest expense	471 994	460 343	471 994	460 343
Withdrawals	(470 409)	(493 201)	(470 409)	(493 201)
Balance at the end of the year	8 775 611	8 774 026	8 775 611	8 774 026

Investment contract liabilities at amortised cost comprise of single premium investment product liabilities. Refer to note 16 of the notes to the financial statements for the associated asset.

Investment contract liability are classified as level 2 liabilities. The fair value is determined by ABSA Investment Management Services using a yield curve technique. This valuation technique uses the yield curves observable at commonly quoted intervals to determine the fair value of the investment. This methodology was consistently applied in both financial years.

The market value of the financial liability at amortised cost is R8 452,5 million (2023: R7 949,5 million).

19. EMPLOYEE BENEFIT OBLIGATIONS

The Group has liabilities in respect of gratuities and medical benefits payable to qualifying employees with- and post-retirement. The gratuities payable with-retirement is a percentage of total guaranteed package, with certain employees being limited to a R50 000 benefit. The medical benefits payable post-retirement are equivalent to 50% of the total medical contribution on the chosen benchmark plan at retirement. The medical contribution subsidy increases annually with CPI up to a maximum of 10%. The current benchmark plan is the Discovery Health Classic Priority plan with 25% savings. The annual amount and payment of the pensioner benefit is at the discretion of the Society. The estimated cost of these benefits is provided over the projected service periods of employees. The valuation of these liabilities is performed by management based on the projected unit credit method. Any surplus or shortfall between the actuarial valuation and the accumulated liability is apportioned to and from the statement of comprehensive income as other comprehensive income. Employees appointed after 1 November 1998 (post-retirement benefit), 1 November 2000 (with-retirement benefit) and managers who retired after 1 November 1998 and employees who retired after 31 October 2019 (pensioners' benefit) do not qualify for these benefits.

The number of participating members in respect of gratuity payments of the Society totals 58 (2023: 62), the medical benefit totals 7 (2023: 8) and the pensioners' benefit totals 146 (2023: 147). The number of participating members in respect of gratuity payments of the Group totals 92 (2023: 97), the medical benefit totals 18 (2023: 20) and the pensioners' benefit 278 (2023: 281).

The Group operates a Long-term incentive plan (LTIP) in the Society in which the subsidiaries participate. The increase in the fair value of the phantom share scheme units is recognised as an expense in the same period in which the employees' services are rendered.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED (continued)

19. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Five year summary of employee benefit obligations:

At 30 June	2024 R 000	2023 R 000	2022 R 000	2 021 R 000	2020 R 000
SOCIETY					
Present value of obligations	403 695	262 757	258 154	314 732	206 150
Experience adjustments on plan liabilities	299	(631)	82	(173)	497
GROUP					
Present value of obligations	464 105	307 297	300 895	366 670	231 870
Experience adjustments on plan liabilities	(487)	(1 149)	(205)	(410)	728

Long-term incentive plan

The issued units at the end of the year are as follows:

SOCIETY

Units issued in thousands	Appreciation units	Performance units*	Retention units	Total units	Unit value 2024
For the 2017 financial year (issued at R14.59)	288	-	-	288	68.58
For the 2018 financial year (issued at R14.60)	670	-	-	670	62.83
For the 2019 financial year (issued at R14.60)	845	-	-	845	58.60
For the 2020 financial year (issued at R14.62)	703	-	-	703	55.45
For the 2021 financial year (issued at R14.71)	798	412	243	1 453	46.76
For the 2022 financial year (issued at R14.71)	943	481	302	1 726	39.42
For the 2023 financial year (issued at R14.72)	1 070	540	343	1 953	26.77
	5 317	1 433	888	7 638	

* Performance units issued can increase or decrease based on certain performance criteria and are adjusted accordingly.

	2024 R 000	2023 R 000
LTIP payments to the directors of the Society:	14 639	12 822
LTIP payments to general manager/prescribed officers remunerated by the Society:	6 484	2 030

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
(continued)**

19. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Long-term incentive plan (continued)

GROUP

Units issued in thousands	Appreciation units	Performance units*	Retention units	Total units	Unit value 2024
For the 2017 financial year (issued at R14.59)	366	-	-	366	68.58
For the 2018 financial year (issued at R14.60)	790	-	-	790	62.83
For the 2019 financial year (issued at R14.60)	973	-	-	973	58.6
For the 2020 financial year (issued at R14.62)	780	-	-	780	55.45
For the 2021 financial year (issued at R14.71)	877	479	299	1 655	46.76
For the 2022 financial year (issued at R14.71)	1 025	552	362	1 939	39.42
For the 2023 financial year (issued at R14.72)	1 153	617	408	2 178	26.77
	5 964	1 648	1 069	8 681	

* Performance units issued can increase or decrease based on certain performance criteria and are adjusted accordingly.

The 2024 financial year units, based on the 30 June 2024 performance, will only be declared by the Board in November 2024. A provision was raised for the expected liability.

	AVBOB Funeral Service Limited		AVBOB Industries Limited	
	2024 R 000	2023 R 000	2024 R 000	2023 R 000
The payment of the LTIP to the directors of other Group Companies remunerated by the Society:	-	4 996	-	594

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
(continued)

	SOCIETY		GROUP	
	2024 R 000	2023 restated R 000	2024 R 000	2023 restated R 000
20. CASH GENERATED BY OPERATING ACTIVITIES				
Profit before income tax	200 180	243 512	235 002	371 232
Adjusted for:				
Amortisation of intangible assets	6 838	5 869	6 974	5 950
Depreciation of property, plant and equipment	52 059	37 824	117 000	93 923
Depreciation of right-of-use asset: lease properties	34 867	32 048	50 875	46 807
Fair value adjustment of financial assets at fair value through profit or loss	(1 346 007)	(2 031 688)	(1 353 284)	(2 033 098)
Fair value movement of other assets	110 749	30 714	220 407	25 551
Interest income	(1 508 201)	(1 266 468)	(1 538 740)	(1 286 808)
Movement in accrued interest **	(10 983)	(80 166)	(10 983)	(80 166)
Interest expense	479 841	468 028	483 118	471 568
Dividends received	(551 780)	(553 934)	(551 780)	(553 934)
Transfer from policyholder liabilities	3 773 141	4 305 036	3 749 292	4 272 895
Change in impairment of trade receivables	27 765	26 145	28 269	26 180
Change in provision for employee benefits	141 237	5 234	157 295	7 551
Loss/(profit) on disposal of property, plant and equipment	4 629	(9)	9 823	(2 365)
Change in provision for obsolete stock	-	-	(150)	205
Change in working capital	16 950	48 167	2 561	36 093
Decrease/(increase) in inventories	234	603	(32 327)	11 775
Decrease/(increase) in trade and other receivables**	1 159	(51 963)	25 783	(84 539)
Increase in trade and other payables	15 557	99 527	9 105	108 857
	1 431 285	1 270 313	1 605 679	1 401 584

** Refer to note 23 of the notes to the summarised financial statements regarding the restatement of the 2023 comparatives.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
(continued)

21. RELATED PARTY TRANSACTIONS

The following entities are deemed to be related parties:

AVBOB Funeral Service Limited, AVBOB Industries Limited, AVBOB Financial Services Proprietary Ltd and AVBOB Member Value Proprietary Ltd are wholly-owned subsidiaries of AVBOB Mutual Assurance Society. Together these entities are referred to as the Group.

Purchase of goods and services

Numerous transactions occurred between fellow subsidiaries and the holding entity, AVBOB Mutual Assurance Society, during the year. These transactions were conducted on the same terms as would apply to third parties. All transactions between fellow subsidiaries and the holding entity were eliminated for consolidation purposes.

	SOCIETY	
	2024 R 000	2023 R 000
Inter-company sales		
To AVBOB Funeral Service Limited (printing and stationeries)	946	752
From AVBOB Funeral Service Limited (funeral services to policyholders)	476 073	417 943
From AVBOB Industries Limited	14 434	12 446
Property rentals		
To AVBOB Funeral Service Limited	45 507	40 060
Inter-company administration cost		
AVBOB Funeral Service Limited	51 221	40 877

AVBOB Mutual Assurance Society invoices AVBOB Funeral Service Limited on a monthly basis for administration expenses incurred in respect of the Group's Head Office and provincial structure.

Commission paid for premium collection and insurance sales

Commission paid for premium collection	5 900	5 563
AVBOB Mutual Assurance Society pays AVBOB Funeral Service Limited a 2.8% commission for the collection of insurance premiums on a monthly basis.		
Commission paid for insurance sales	129	180
AVBOB Funeral Service Limited	6 029	5 743

	SOCIETY	
	2024 R 000	2023 R 000
21. RELATED PARTY TRANSACTIONS (continued)		
Inter-company salaries		
AVBOB Funeral Service Limited	76 365	59 817
AVBOB Mutual Assurance Society charges AVBOB Funeral Service Limited for salaries and salary related expenses rendered to AVBOB Funeral Service Limited on a monthly basis.		
Unilateral transfer for AVBOB Rewards		
AVBOB Member Value Proprietary Limited	50 000	-
An unilateral cash transfer was made to AVBOB Member Value Proprietary Limited to operate a loyalty program for the benefit of its members.		
Receivable from related parties:		
AVBOB Funeral Service Limited - trade receivable	12 846	7 353
AVBOB Financial Services Proprietary Limited - trade receivable	2 298	-
	15 144	7 353
Rpayable to related parties:		
AVBOB Industries Limited - trade payable	1 428	5 510
AVBOB Member Value Proprietary Limited - trade payable	912	-
	2 340	5 510

Directors and key management personnel/prescribed officers remuneration

The executive directors and general managers in the Group who report to the Chief Executive Officer constitute key management personnel/prescribed officers.

	Guaranteed R 000	Variable R 000	Total R 000
Year ended 30 June 2024			
Executive directors	13 228	3 287	16 515
Non-executive directors			7 178
Directors of other Group Companies remunerated by the Society			
AVBOB Funeral Service Limited	13 228	3 287	16 515
AVBOB Industries Limited	13 228	3 287	16 515
AVBOB Member Value Proprietary Limited	13 228	3 287	16 515
AVBOB Financial Services Proprietary Limited	13 228	3 287	16 515
General manager/prescribed officers remunerated by the Society	9 447	8 775	18 222

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
(continued)

21. RELATED PARTY TRANSACTIONS (continued)

Directors and key management personnel/prescribed officers remuneration (continued)

	Guaranteed R 000	Variable R 000	Total R 000
Year ended 30 June 2023			
Executive directors	16 062	24 992	41 054
Non-executive directors			6 668
Directors of other Group Companies remunerated by the Society			
AVBOB Funeral Service Limited	20 397	26 611	47 008
AVBOB Industries Limited	20 163	26 938	47 101
General manager/prescribed officer remunerated by the Society	6 473	2 320	8 793

Guaranteed pay comprises of salaries and company pension contributions.
Variable pay comprises of short-term incentives, leave pay and settlement payments.

22. EVENTS SUBSEQUENT TO YEAR END

No matter, which is material to the financial affairs of the Group as disclosed in these financial statements, has occurred between the financial year end and the date of approval of the financial statements.

23. RESTATEMENT - CLASSIFICATION BETWEEN TRADE AND OTHER RECEIVABLES AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Accrued interest on listed fixed-income securities has been moved from trade and other receivables and included as part of the carrying amount of the underlying financial instruments at FVPL. The reclassification adjustment had an impact on financial instruments at FVPL and trade and other receivables in the statements of financial position and the notes to the statements of cash flows. The reclassification adjustment had no impact on the statements of comprehensive income and statements of changes in equity.

	2023 Previous R'000	Adjustment R'000	2023 Restated R'000
SOCIETY			
Statement of financial position			
Financial assets at FVPL	26 620 287	213 748	26 834 035
Listed fixed-income securities	8 322 699	213 748	8 536 447
Trade and other receivables	466 625	(213 748)	252 877

The following summarises the impact at 1 July 2022	1 July 2022 Previous	Adjustment	1 July 2022 Restated
Statement of financial position			
Financial assets at FVPL	21 748 456	133 582	21 882 038
Listed fixed-income securities	5 290 595	133 582	5 424 177
Trade and other receivables	360 641	(133 582)	227 059

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED (continued)

23. RESTATEMENT - CLASSIFICATION BETWEEN TRADE AND OTHER RECEIVABLES AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (continued)

	2023 Previous R'000	Adjustment R'000	2023 Restated R'000
GROUP			
Statement of financial position			
Financial assets at FVPL	26 827 476	213 748	27 041 224
Listed fixed-income securities	8 322 699	213 748	8 536 447
Trade and other receivables	521 269	(213 748)	307 521

The following summarises the impact at 1 July 2022	1 July 2022 Previous	Adjustment	1 July 2022 Restated
Statement of financial position			
Financial assets at FVPL	21 891 404	133 582	22 024 986
Listed fixed-income securities	5 290 595	133 582	5 424 177
Trade and other receivables	381 418	(133 582)	247 836

NOTES

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GENERAL INFORMATION

GROUP SECRETARY

M Pedra

ATTORNEYS

Adams & Adams
Webber Wentzel

AUDITORS

KPMG Inc

INVESTMENT MANAGERS

Absa Investment Management Services (Pty) Ltd
Allan Gray South Africa (Pty) Ltd
MandG Investment Managers (Pty) Ltd (M&G)
Ninety One SA (Pty) Ltd
Old Mutual Alternative Investments (Pty) Ltd
Prowess Investment Managers (Pty) Ltd
Stanlib Asset Management (Pty) Ltd
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"AVBOB Mutual Society – embracing a new chapter, welcoming a bright future."





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