



NATION BUILDING
CONTRIBUTING CONSISTENTLY.
UPLIFTING DELIBERATELY.

AVBOB Integrated Annual Report 2025

www.AVBOB.co.za



OUR 2025 REPORT

REPORTING BOUNDARY AND SCOPE

This Integrated Annual Report (IAR) covers our performance between 1 July 2024 and 30 June 2025 (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 2025 IAR on 1 October 2025.

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

NATION-BUILDING BEGINS WITH CARE

For more than a century, **AVBOB** has stood alongside South Africans in moments that define our shared humanity. Every act of service; from a dignified farewell to the creation of new opportunities through education, enterprise and environmental stewardship; is a step toward a stronger nation.

In times of challenge and change, we continue to invest in people, progress, and the promise of a future built together. Nation-building isn't just something we speak about – it's something we do 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 wellbeing 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



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OVERVIEW



01

OVERVIEW

OUR GROUP

AVBOB MUTUAL ASSURANCE SOCIETY

As **AVBOB** is a mutual insurer, we do not have shareholders. We have members who share in our profits. Everything we do is guided by a commitment to uplift our members, support their communities, and help build a better South Africa – consistently and deliberately.

At AVBOB, our members are not just policyholders – they are the heart of a model built to uplift lives and strengthen communities. This is how we help build a better nation, with care, purpose and people at the centre.

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
- 4 550 employees
- 2.9 million policyholders
- 9.6 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
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OUR PEOPLE

4 550 EMPLOYEES	72% FEMALE
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OUR HEAD OFFICE

Located on the N1 highway in Irene Link, Centurion, our Head Office is a symbol of progress and care. It reminds us of our promise to serve with purpose, dignity and presence.

In 2025, the building was awarded a 4 Star Green Star rating by the Green Building Council of South Africa. This recognition confirms our commitment to sustainable practices, energy efficiency and environmental responsibility. It demonstrates that **AVBOB**’s promise to care extends beyond families and communities to the environment we all share.

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

224 FUNERAL AGENCIES that offer one-stop funeral care and limited insurance services
166 INSURANCE OFFICES that offer client and insurance services
Our goal is to provide A FULL-SERVICE OFFERING AT EVERY SITE

OVERVIEW

OUR GROUP

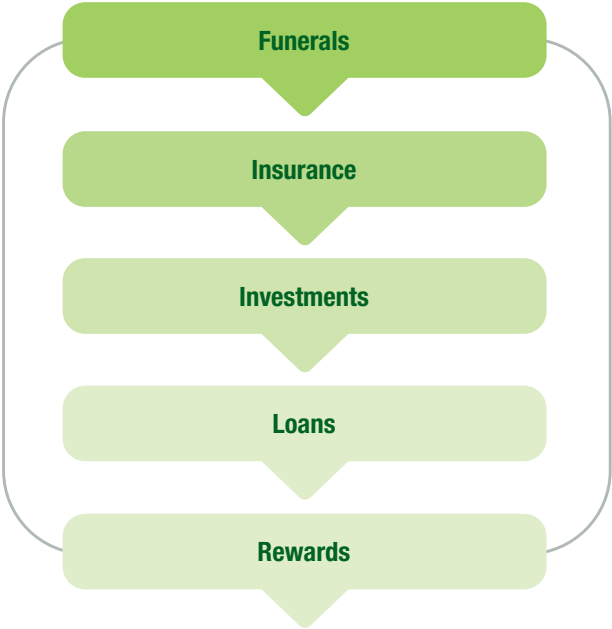
OUR SERVICE OFFERINGS

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.

Each offering is shaped by listening to the challenges our members face and the hopes they carry to provide the kind of support that truly makes a difference.

Expanded services portfolio





AVBOB MEMBER REWARDS

The **AVBOB** Member Rewards programme has continued to grow as a practical expression of our promise to return value to members.

At 30 June 2025, 556 636 members had opted in, representing approximately 30% of the total member base. Since its inception, the programme has distributed more than R171 million in tangible benefits to members, a lifeline that eases financial pressure and affirms the strength of our mutual model.

This year, we launched the Know Your **AVBOB** initiative, which engages directly with members aged 60 years and above. The initiative deepens trust and ensures that older members remain connected and supported.

In addition, **AVBOB** Member Rewards continues to create employment opportunities for graduates nationwide through the internship programme. Since its inception, the programme has created pathways into employment and strengthening skills for 158 young South Africans.

Through these initiatives, Member Rewards is more than a benefit programme. It is part of **AVBOB**'s living social contract: a commitment to dignity, opportunity and care that helps build a stronger nation, one member at a time.

AVBOB Member Rewards is **FREE** for qualifying members and members can opt in via the **AVBOB** Self-Service portal on our website.*

TO ACCESS AVBOB MEMBER REWARDS:

VISIT

SELFSERVICE.AVBOB.CO.ZA

Call the **AVBOB** Contact Centre on **0861 28 26 21**.
Visit any of **AVBOB**'s 390 branches nationwide.

www.AVBOB.co.za

*Ts and Cs apply. FSP 20656.



OVERVIEW

OUR AWARDS AND RECOGNITION

We strive to achieve our objectives through the highest standard of conduct. For us, success is measured not only by outcomes but also by the difference we make in the lives of our members, our communities, and this country we call home.

OBJECTIVE	ACHIEVEMENT
TOP EMPLOYER	Top Employer certification for the eighth consecutive year
BRAND AMBASSADOR	Recognition by the Minister of Basic Education
EMPLOYMENT EQUITY (EE)	Employees: 96% from previously disadvantaged groups - Over 72% female
CORPORATE SOCIAL INVESTMENT (CSI)	- Refurbishment of 12 container libraries - Fourth yearly campaign of the Road To Literacy initiative in partnership with Oxford University Press Southern Africa - Focus on Early Childhood Development (ECD) centres - Disaster relief interventions
AWARDS	Ask Africa Orange Index Awards 2025/2026 Winner – Best Funeral Service Category Mossel Bay Readers’ Choice Awards 2025/2026 Winner – Best Funeral Service Category George Readers’ Choice Awards 2025/2026 Winner – Best Funeral Service Category The Best of Newcastle Business survey 2025/2026 Second – Best Funeral Service Category Dundee Readers’ Choice Awards 2025/2026 Winner – Best Funeral Service Category
BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)	Level 1 B-BBEE rating under the 2024 Financial Sector Code (FSC) Generic Long-Term Assurers Scorecard
TREATING CUSTOMERS FAIRLY	Consistently rated among the insurers with the fewest complaints escalated to the National Financial Ombudsman (compared to our peers)
ENTERPRISE SUPPLIER DEVELOPMENT (ESD)	- Successfully launched the Groundbreakers Programme – a youth employment initiative - Extended support to funeral agents and independent brokers through the Management Development Programme

OUR LEADERSHIP

We rely on the commitment, experience and insight of our Board members to ensure that we continue to fulfil our brand promise to serve our members with integrity, accountability and care.

Their steady guidance strengthens our ability to meet our members’ needs with consistency and foresight and to contribute meaningfully to a more inclusive and resilient South Africa.

Good governance remains the foundation of our ability to create and share sustainable value. Refer to page 57 for more.

OUR RESULTS

BENEFITS

AVBOB Funeral Service provided
R528,6 MILLION
IN FREE FUNERAL SERVICES AND PRODUCTS TO MEMBERS

The Society paid out
R3,3 BILLION
IN CONTRACT BENEFITS AND CLAIMS

GROWTH

2.9 MILLION
POLICYHOLDERS
(2.7 million in 2024)

9.6 MILLION
LIVES ASSURED
(8.9 million in 2024)

R48,4 BILLION
TOTAL ASSETS
(R43,2 billion in 2024, 12.04% increase)

R4,7 BILLION
INSURANCE REVENUE
(R4,2 billion in 2024, 13.1% increase)

PROFITS

Our net insurance service result was
R482,8 MILLION
FOR THE YEAR

AVBOB Funeral Service achieved a profit of
R106,8 MILLION
BEFORE TAXATION

AVBOB Industries achieved a profit of
R33,7 MILLION
BEFORE TAXATION





VALUE CREATION



02

VALUE CREATION

OUR OPERATING ENVIRONMENT

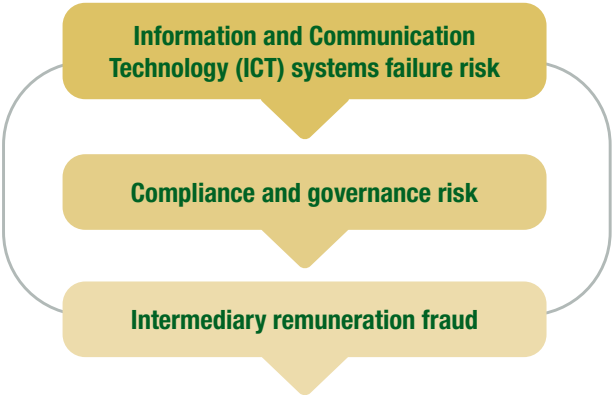
We continuously assess the world around us to stay aligned with our vision and mission and in tune with the realities our members face. This helps us to identify emerging risks and opportunities and shape our strategy to keep creating value today, tomorrow, and for the long term. As South Africans adapt to change, so do we, with quiet consistency, guided by care and a deep commitment to uplift the communities of which we are a part.

OUR RISKS

PRIMARY RISKS



ELEVATED RISKS



OUR STRATEGY

Our strategy is rooted in our purpose and refined through experience. At its core lies a commitment to sustainable growth that enables us to return meaningful value to our members and stakeholders.

We pursue this through our mutual model, national footprint, and a growing suite of financial and funeral-related services.

In support of this approach, our strategic focus areas include:

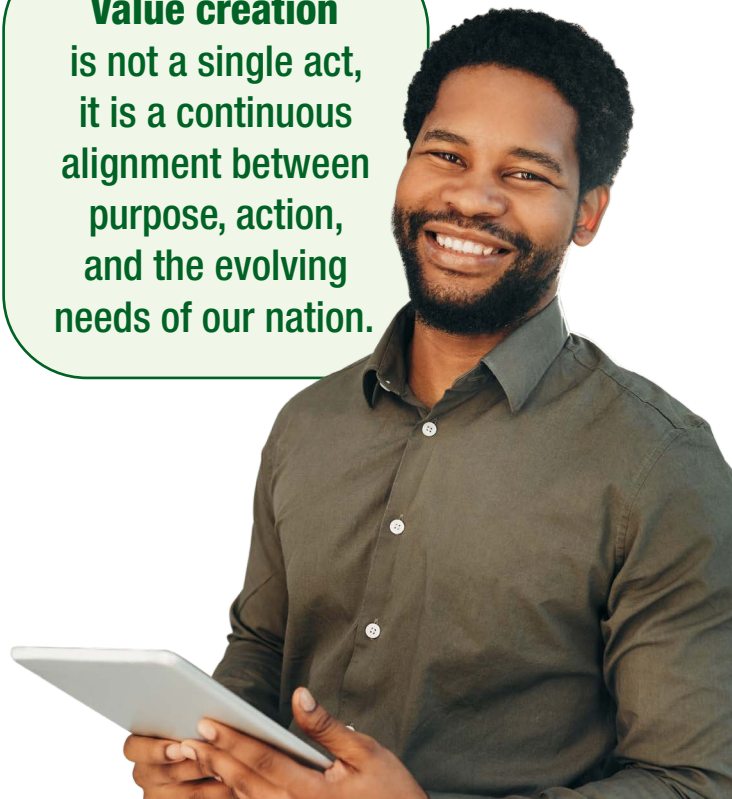
- diversifying insurance distribution channels;
- increasing our product range;
- simplifying client services;
- expanding our funeral service footprint in high growth-potential locations;
- maintaining our combined insurance and funeral service offering as a key differentiator; and
- leveraging our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

We measure our strategic progress against the following criteria:

- Growth
- Societal impact
- Service excellence
- Operational capability

Together, these focus areas shape a strategy that is both responsive and resilient. It allows us to serve our members while strengthening our country's broader social fabric.

Value creation
is not a single act,
it is a continuous
alignment between
purpose, action,
and the evolving
needs of our nation.



OUR STAKEHOLDERS

MEMBERS

These are policyholders who share in the Society's profits and receive member benefits.

How they affect our business

- They are the basis of our mutuality
- Our products and services are tailored to meet their diverse needs
- Our business is rooted in creating tangible value for our members

How we add value for them

- They participate in sharing of surplus profits
- 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

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 1 200 people
- Arrange more than 45 000 funerals per year
- Engage with more than 55 000 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 R133 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

OUR STAKEHOLDERS

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 and Supplier Development (ESD) Programme

COMMUNITIES

Communities in which we operate, including the beneficiaries of CSI and 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

Each stakeholder group plays a unique role in the **AVBOB** story, which is one of mutual care, humble contribution, and shared growth across society.

OUR SHARED VALUE BUSINESS MODEL

OUR MUTUAL STATUS

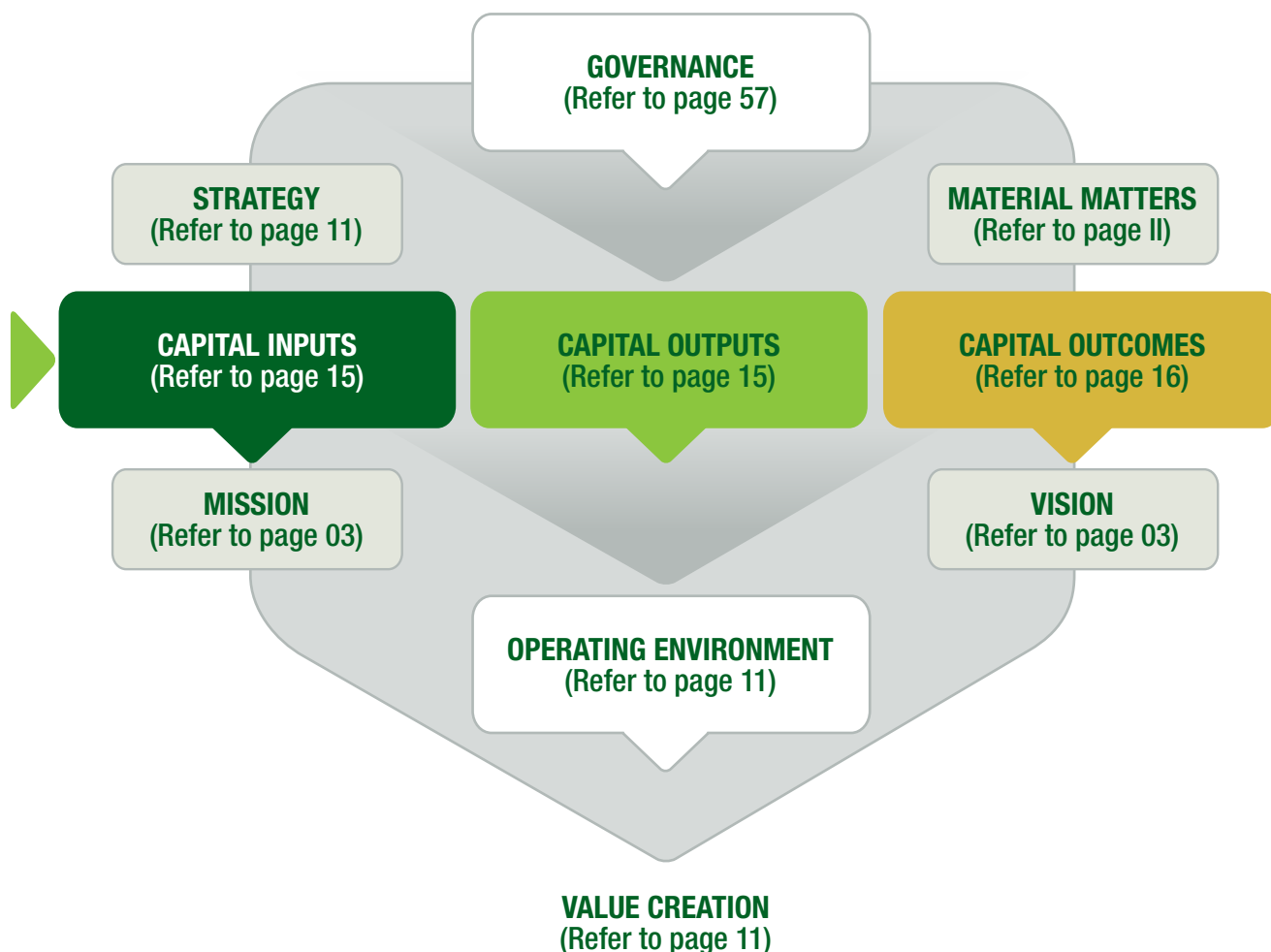
Our commitment to the common good is the foundation of who we are. As a mutual society, we exist to return value to our members and the communities in which we operate.

While we offer funeral and financial services, our work extends far beyond that. We respond to the broader needs of South Africans with humility, relevance and intent.

Our mutual status informs how we think, serve and grow. It sets us apart, anchoring our values and guiding every decision we make.

It is through this model that **AVBOB** continues to create and share value by offering innovative, accessible products and quality service. We also invest in strategic initiatives that reflect the spirit of mutuality, including:

- expanding our national footprint;
- diversifying products and services;
- growing the **AVBOB** Member Rewards programme to reach more members; and
- exploring new opportunities in the financial services sector.



True value is created when we invest not only in services but in **people, potential, and the future** we all share.

VALUE CREATION

CAPITAL OUTCOMES AND VALUE CREATION

CAPITAL INPUTS

Our value creation process begins with six forms of capital: financial, manufactured, human, social and relationship, intellectual, and natural. These inputs form the foundation of everything we do, and the value we deliver depends on how we grow, preserve or transform these capitals over time.

Financial capital

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

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 **AVBOB** Member Rewards

Manufactured capital

- Insurance offices
- Funeral agencies
- Three Aquamation facilities
- Fleet
- Raw materials
- Manufactured products
- Branding materials

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

Human capital

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

Natural capital

- Natural energy resources (solar photovoltaic panels)
- Augmented water supply
- Natural wood resources
- 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

By-products and waste

Our waste, which is a by-product of our manufacturing, mainly includes offcuts and sawdust 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 **R48,4 billion** as at 30 June 2025
- Total investments: **R45,4 billion**
- Total insurance liabilities: **R46,0 billion**
- The number of policyholders increased to **2.9 million** as at 30 June 2025
- Insurance revenue increased by **11.9%** to **R4,7 billion**
- **AVBOB** Funeral Service achieved a profit before taxation of **R106,8 million**
- **AVBOB** Industries achieved a profit before taxation of **R33,7 million**
- Total cash and cash equivalents: **R2,6 billion**

Manufactured capital

- We opened **three** additional client service centres.
- We opened **five** new funeral agencies.
- We opened **two** additional insurance offices.
- We opened **one** new Aquamation facility
- We spent **R37,9 million** upgrading our offices.
- We replaced and expanded our fleet to the value of **R112 million**.
- Raw material:
 - We used **160 829 m²** of chip wood, **60 337 m²** of MDF wood, and **1 168 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 **52 816** coffins.
 - We refurbished **12** container libraries.
 - We manufactured and donated **1 000** trolley libraries.

Human capital

- **4 550** employees
- **R58,9 million** invested in **59 339** training interventions

Social and relationship capital

- Responsible procurement
- **R2 million** invested to provide **FREE** and discounted funerals in disadvantaged communities
- **FREE** member benefits to the value of **R528,6 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 **59 339** 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
- A fuel-efficient delivery fleet



CHAIRMAN'S REPORT



03

CHAIRMAN'S REPORT

The year under review was marked by rapid developments and change. We kept our members at the centre of our business growth and development and deepened our unwavering commitment to nation-building.

The global economic environment in which we operate shifted over the past year. Changes in the political landscape in the United States, including tariff hikes and the re-alignment of aid agreements, added uncertainty. In this context, South Africa is navigating a difficult period in global trade. The impact on foreign investment in the country is still uncertain.

As a Group, we stayed true to our founding principles and our shared value model, which has guided us for 107 years and continues to shape our growth plans.

During the year, our Chief Executive Officer (CEO), Carl van der Riet, retired with **AVBOB** in a strong and healthy financial position. He served the Society for more than 18 years: almost 10 years as external statutory actuary, two as deputy CEO, and the last six as CEO. The Board, our stakeholders and employees thank Mr van der Riet for his service, marked by dedicated leadership, consistency, and a deep understanding of the business.

Under his stewardship, we navigated the turbulence of the COVID-19 pandemic with resolve. He championed a hybrid working model and high-performing culture, which strengthened our agility and readiness for the future.

“Our existence and growth are built on a people-first philosophy that is the cornerstone of any successful business and nation.”
– JJ Venter

BUILDING A SUSTAINABLE AND STRONGER NATION

More than a century of service in communities across South Africa has earned us a respected place in society and a responsibility towards the nation. Our existence and growth are built on a people-first philosophy, the cornerstone of any successful nation. The clear long-term vision for the Group aligns with current activities, prioritises resources and capital, and sets expectations with stakeholders. We also cooperate with Government to support our shared value activities.

While our achievements reflect notable progress against our strategy, the work continues. We remain relevant in a fast-changing, competitive environment by serving our members well, investing in capability, and pursuing measured growth.

TANGIBLE MEMBER BENEFIT SUPPORT

Socio-economic challenges and growing inequality demand that organisations do more to build a sustainable nation and help mitigate the challenges of poverty and unemployment.

65ALIVE CASH BENEFIT

Through our shared value business model, we declared a R13,1 billion Special Bonus to members in the year under review. The 65Alive Cash Benefit allowed members to share in profits *over and above* policy benefits. During the year, the close to R100 million paid to members made a meaningful difference to the lives and livelihoods of beneficiaries.

AVBOB MEMBER REWARDS

Our rewards programme continued to grow strongly. Higher participation and distributions enhanced everyday value for members and supported our sales and service offerings.



A LEGACY OF IMPACT AND CHANGE

Being of service to our members requires the rare ability to drive change and navigate challenges in pursuit of the best outcomes for the Group, its employees, and the broader community. Retiring, Non-executive Director and past CEO, Frik Rademan, who served **AVBOB** for about four decades, embodies that leadership.

His institutional knowledge and the value he brought to the business over the years has been immense.

His focus has always been on what is best for our family, the Society. On behalf of the Board and employees, we thank him for exceptional service to our members and the nation.

I thank all former Board members for their diligent and committed service to the Society.

AT THE CENTRE OF OUR GOVERNANCE

Underpinning the Group's commitment to shared value is a strong and consistent corporate governance requirement. Sustainable value is not possible if these fundamentals are not at the core of a business. We attribute our sound governance track record to the leadership of a diverse and capable Board. **AVBOB's** Board members uphold our collective responsibilities to the Group and its stakeholders.

We identify and manage primary and elevated risks with a clear duty to secure the best outcomes for our members. Clear reporting lines and strong accountability guide our risk management activities.

**Our commitment to
the business and our
stakeholders is steadfast.
We will continue to deliver
on our brand promise
and commitment to
build a stronger nation.**





BUSINESS REVIEW REPORT



04

BUSINESS REVIEW REPORT

EXCEPTIONAL PERFORMANCE ACROSS THE AVBOB GROUP

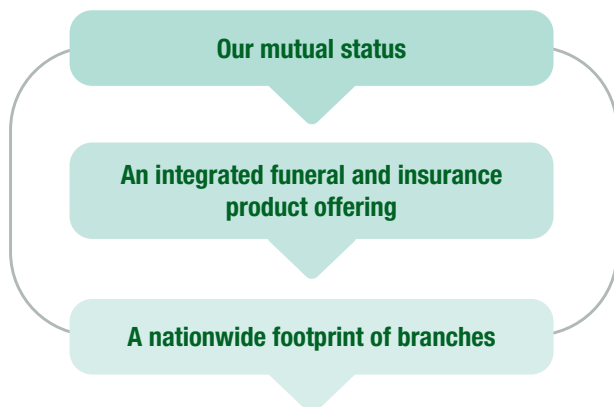
The Group delivered outstanding results for the reporting year with its total assets growing to R48,4 billion.

The business remained agile in a dynamic and challenging operating environment. **AVBOB** introduced a micro-lending product, which is being rolled out to members in a staged approach. We introduced innovative solutions to meet the evolving needs of members through a strong focus on digital enablement and client service excellence.

The Group's exceptional performance for the financial year demonstrates resilience, innovation, and a steadfast commitment to our mutual values. With a legacy spanning over a century, we continue to create and share value with members, while expanding our footprint and enhancing service delivery and client experience.

OUR STRATEGIC FOCUS

Our growth strategy is anchored in three core pillars:



The business strategic focus also aims to diversify insurance products and distribution channels, develop and launch new products and financial services offerings, and ensure the agile transition from a process-based to a hybrid product-based operating model with shared support services.

These key focus areas enable us to:

- enhance value-sharing mechanisms for members;
- leverage our combined insurance and funeral service capabilities to differentiate our offerings;
- simplify and modernise client service channels for improved convenience;
- strengthen digital capabilities to support online servicing; and
- increase manufacturing capacity and integrate more of the funeral service and manufacturing value chain.

SHARED VALUE COMMITMENT

65ALIVE CASH BENEFIT

The 65Alive Cash Benefit is our sixth Special Bonus and was declared in January 2025. Between January and June 2025, 36 039 policyholders received an average payment of R4 481. The 65Alive Cash Benefit and **AVBOB** Reward Account bonuses are paid to members after 10 years membership when the member reaches the age of 65 as part of sharing value with the member directly. A seventh Special Bonus with a R15,0 billion nominal value is planned in January 2026.

FREE FUNERAL BENEFITS

The Society's **FREE** funeral benefits provide a significant competitive advantage that is difficult for competitors to match. The Group provided **FREE** funeral benefits worth R528,6 million to the Society's members.

AVBOB MEMBER REWARDS

The **AVBOB** Member Rewards programme not only shares everyday value with our members but is also a significant differentiator for the Group. It enhances brand appeal to our target market and encourages our members to stay in touch.

In the 2025 financial year, we shared R171 million in rewards with the 556 363 members who opted in to the rewards programme. Our drive to encourage members to opt in and benefit from Member Rewards continues.

CORPORATE SOCIAL INVESTMENT

As part of sharing value with members and building our nation, the Society spent R52,1 million on CSI initiatives mostly focused on education and provided disaster relief of R3,6 million to communities in need.

INSURANCE (SOCIETY) PERFORMANCE

Despite intense competition in the insurance sector, **AVBOB** achieved outstanding results:

The Society increased its net first-year new business by 25.7% and increased its insurance revenue by 13.1% to R4,7 billion.

Premium income increased by 10.7% to R7,5 billion.

This increased the number of policies to 2.9 million that provide cover to 9.7 million lives, a 7.6% increase.

The Society paid claims and contract benefits of R3,3 billion in the year, an increase of 12.1% from the previous year. This includes the total special bonuses paid to members of R318,3 million, which increased by 79.7%. The Society opened an additional three client service centres as part of its strategy to decentralise customer service closer to its clients.

The Society's results were positively impacted by positive investment markets, resulting in an 87.3% increased investment return of R6,3 billion.

The Society remains financially sound with a solvency capital requirement (SCR) cover of 2.6 times own funds on the Solvency and Assessment Management basis.

FUNERAL PRODUCTS AND SERVICES

The division contributed R802,3 million to the Group's revenue, a 7.5% increase.

AVBOB Funeral Service achieved a profit of R106,8 million before taxation. We implemented a steady resource and capital investment programme to grow the footprint to continue to boost organic growth. Our national footprint expanded with two new fully fledged funeral agencies and three arrangement offices.

Our dedication to exceptional customer service was nationally recognised when **AVBOB** Funeral Service was awarded the Ask Afrika Orange Index accolade for excellence in the Funeral Service industry.

AVBOB Industries achieved a profit of R33,7 million before taxation. Through manufacturing integration, by successfully in-sourcing the mould and board-foiling processes at **AVBOB** Industries, the business advanced its value-creation efforts.

It supported the Group's value-sharing by manufacturing 1 000 trolley libraries and refurbishing 12 container libraries across the nine provinces. It also established a water bottling plant that was commissioned in August 2025 to service the Group's customers.

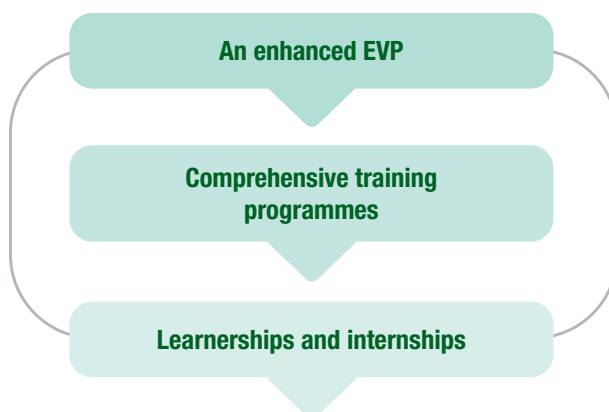
FINANCIAL SERVICES

AVBOB Financial Services completed the development of its competitively priced micro-lending product aimed at meeting member needs. It was launched to a select group of members during the year. This product is being rolled out to members in a phased approach.

AVBOB Financial Services is developing an innovative savings solution to be launched in March 2026.

OUR PEOPLE AND THEIR DEVELOPMENT

AVBOB was recognised as a Top Employer for the eighth consecutive year, which emphasises our commitment to social sustainability and human capital development. We invest in our employees through:



ACHIEVEMENTS

- Ask Africa Orange Index Awards 2025/2026 Winner – Best Funeral Service Category
- Mossel Bay Readers' Choice Awards 2025/2026 Winner – Best Funeral Service Category
- George Readers' Choice Awards 2025/2026 Winner – Best Funeral Service Category
- The Best of Newcastle Business survey 2025/2026 Second – Best Funeral Service Category
- Dundee Readers' Choice Awards 2025/2026 Winner – Best Funeral Service Category

LOOKING AHEAD

AVBOB's forward-looking strategy is built on sustainable value creation. This foundation enables the Group to pursue new business opportunities, optimise operations, and deliver exceptional customer service.

We remain guided by our commitment to uplift our members, support communities, and help create a better nation.



OUR CORPORATE SUSTAINABILITY REPORT

ENVIRONMENTAL SUSTAINABILITY
SOCIAL SUSTAINABILITY
TRANSPARENT AND ETHICAL GOVERNANCE



05

CORPORATE SUSTAINABILITY

EMBEDDING SUSTAINABILITY ACROSS OUR BUSINESS

As a mutual society, **AVBOB** exists to serve its members and contribute to the wellbeing of the communities in which they live. This enduring purpose guides how we conduct business, create value, and contribute meaningfully to South Africa's future.

Our approach to sustainability is rooted in care for our people, nation and planet. It is about doing what is right, not just for today but for generations to come. We see sustainability as central to how we do business. It is a responsibility that touches every part of our organisation.

AVBOB's commitment to shared value continues to shape our role as a responsible corporate citizen. In the period under review, we deepened our investment in education, food security, disaster relief, enterprise development and environmental stewardship.

This report reflects our integrated approach to social impact and sustainability, aligned with the SDGs alongside our ESG Framework.

OUR SUSTAINABILITY HIGHLIGHTS

ENVIRONMENTAL SUSTAINABILITY

A state-of-the-art
4 Star Green Star rated
HEAD OFFICE

**FULL SOLAR AND
BATTERY BACKUP
POWER SYSTEMS**
at 51 funeral agencies,
20 insurance offices and
22 dual offices

**INTERNAL
ENVIRONMENTAL
SUSTAINABILITY
AWARENESS**
and training programmes

SOCIAL SUSTAINABILITY

Increased investment in
**COMMUNITY-FACING
INITIATIVES**

**EMPLOYEE
WELLNESS**
Programme

**VOICE OF THE
CUSTOMER**
Programme

TOP EMPLOYER
eighth year in a row

SUSTAINABLE GOVERNANCE

LEVEL 1
B-BBEE rating

Five out of 12
Board members
ARE FEMALE

Sustainability is one of the
ways we honour our promise,
'We're here for you®'.



CORPORATE SUSTAINABILITY

THE AVBOB ESG FRAMEWORK

EMBEDDING ESG FOR A STRONGER TOMORROW

In 2023, **AVBOB** adopted an integrated ESG Framework to align our operations with clear ESG goals. The framework is rooted in our mutual values and purpose of creating and sharing value with members and communities.

During the reporting year, we focused on practical steps that build resilience, support long-term value creation, and enable us to serve members with care while contributing to creating a stronger South Africa.

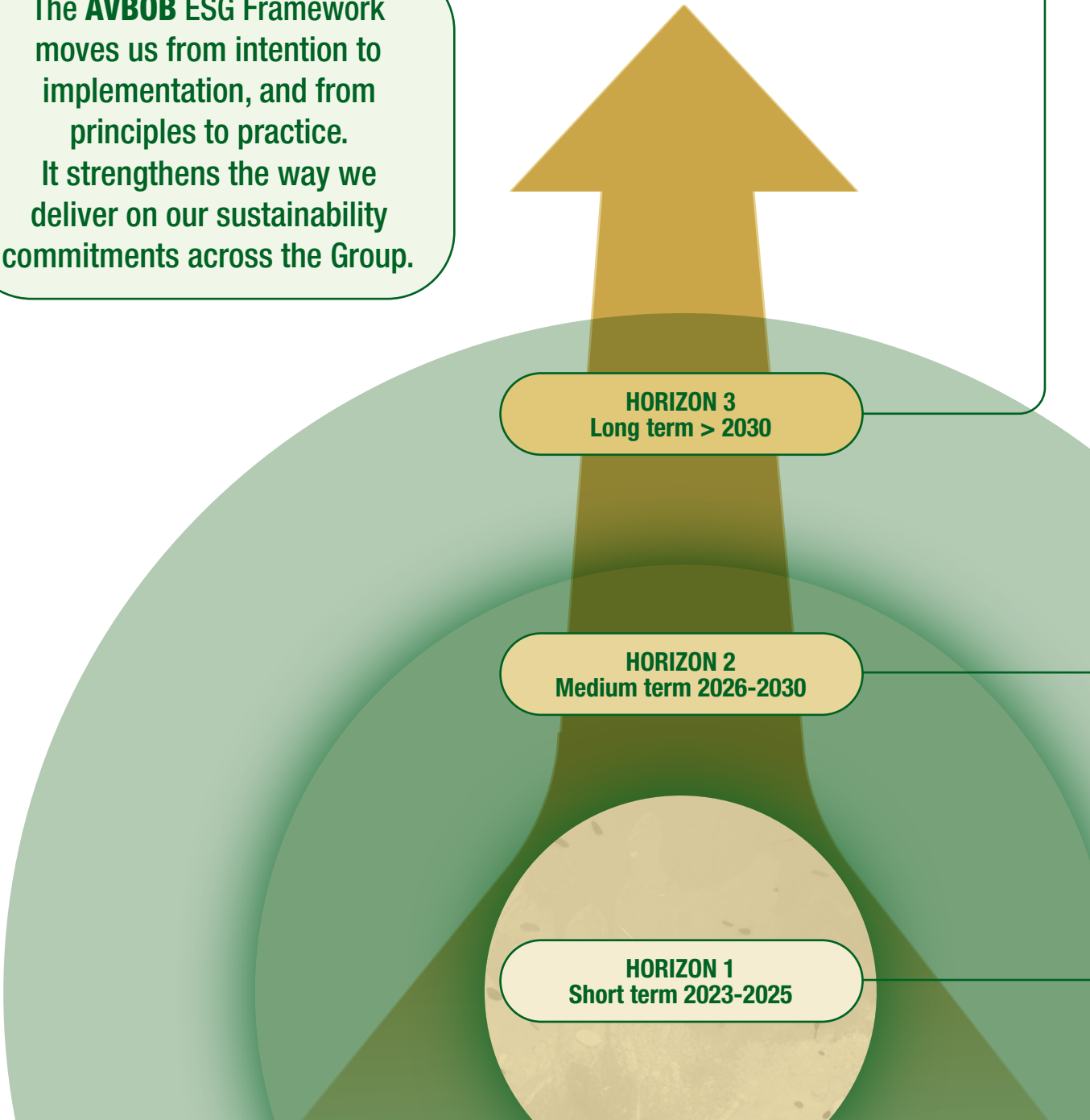
The **AVBOB** ESG Framework moves us from intention to implementation, and from principles to practice. It strengthens the way we deliver on our sustainability commitments across the Group.

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

A phased approach

We follow a phased approach to embed our ESG principles across the Group. This gives us clear priorities, accountability and steady progress.

Our roadmap sets out clear horizons for the short, medium and long term. These timelines guide our actions and help us measure progress consistently.



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

Laying a solid foundation

During the reporting year, we concluded the delivery of our Horizon 1 commitments. This phase focused on laying our ESG foundation, aligning operations with ESG principles, and building internal capability. Key milestones included:

INTEGRATED FRAMEWORK

The ESG Framework now guides the Group, strategically aligning ESG objectives with organisational goals

GOVERNANCE STRUCTURES

We established a management and ESG Committee to oversee and guide implementation across the Group. The Committee provided quarterly progress reports to the Board Social and Ethics Committee

INTERNAL CAPABILITY

We appointed dedicated ESG resources to drive plans forward and developed a monitoring and evaluation platform to track progress and measure sustainable impact

BUSINESS OPERATIONS ALIGNED WITH ESG VISION AND PRINCIPLES

Business units aligned their operations with the ESG vision, supported by interdepartmental service level agreements to reinforce collaboration

STRUCTURED ORGANISATIONAL CHANGE MANAGEMENT

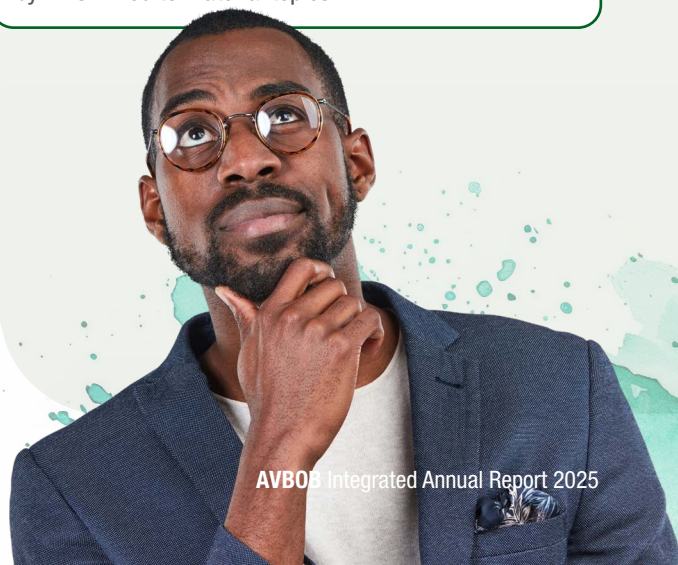
Employees participated in ESG Wednesdays and Lunch 'n Learn sessions to embed sustainability into daily behaviour and build internal capacity

BASELINE ASSESSMENT, KPIS AND TARGET SETTING

We collected and analysed baseline data to inform focus areas. Based on this, we developed clear KPIs and targets to guide programme design

OPERATIONAL INITIATIVES

We invested resources in initiatives with the greatest promise of delivering ESG outcomes. This was guided by KPIs linked to material topics



CORPORATE SUSTAINABILITY

ENVIRONMENTAL SUSTAINABILITY

Beyond Horizon 1: Looking ahead

Our sustainability journey is about more than meeting targets. It is about creating value for our members, caring for the environment, and supporting communities. We do this by making principled decisions that benefit both the present and the future. Sustainability is not the task of a single team or department; it is a shared responsibility that touches every part of **AVBOB**.

Building on the foundation of Horizon 1, our ESG Framework continues to guide integration and ensure measurable impact. It keeps us focused on embedding environmental responsibility, social progress and ethical governance into all our operations. We approach this work with consistency, purpose, and a commitment to long-term sustainable impact.

While Horizon 1 was about establishing the foundation, Horizon 2 focuses on strengthening the integration of ESG principles across the Group. The priorities are:

- strengthening internal capacity and aligning policies;
- improving reporting systems, data governance and transparency;
- scaling implementation through cross-functional collaboration; and
- deepening stakeholder engagement and verifying ESG performance against external standards.

By linking Horizon 2 to these priorities, **AVBOB** ensures that ESG is not only firmly embedded in the organisation but also recognised externally. This positions us as a responsible and resilient industry leader.

ENVIRONMENTAL STEWARDSHIP: DOING RIGHT FOR THE LONG TERM

As a mutual society with deep roots in the lives of South Africans, we recognise that caring for people also means caring for the environment they call home. Our environmental sustainability efforts are not driven by trends but by a long-standing commitment to responsible stewardship, to practical actions that support a healthier planet and a stronger future for generations to come.

Reducing our footprint while extending our impact



Sustainability at the heart of our Head Office

Our 11 500 m² Head Office in the Irene Link Precinct was awarded a 4 Star Green Star rating by the Green Building Council of South Africa. As a best practice environmental performer, our Head Office building is climate positive in operations and incorporates a range of features that ensure excellent energy and water performance.

Our environmentally friendly burial 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 three aquamation facilities, two in Cape Town and one in Pretoria. We purchased the equipment for another three aquamation facilities and will be installing them during the 2026 financial year.

Turning waste into worth

Our partnership with Upcycle Creative enabled us to repurpose a total area of 771 m² of polyvinyl chloride (PVC) advertising banners into:

- 377 reusable waterproof foam mattresses for ECD centres; and
- 200 messenger bags and 100 laptop bags.

Consequently, 1 768 kg of CO₂e greenhouse gas emissions were diverted from landfill.

Water bottling plant

We opened a state-of-the-art water bottling facility in Bloemfontein. The facility was crafted entirely in-house and meets the Department of Health standards.

Advanced ultraviolet light and Ozonation technologies are used in the purification process, which effectively eliminates microorganisms without needing to use harmful chemicals.

Every 330 ml bottle is created from recyclable materials, reinforcing our goal to minimise environmental impact while aligning with leading global sustainability standards.

With a capacity of 7 200 bottles per day (each one with a laser-marked best before date), the facility is not only environmentally conscious but also efficient.

Digitising with purpose, one page at a time

Digital solutions in our Client Services and Insurance Sales departments reduce paper use.

Strengthening our foundations for tomorrow

We have solar and battery backup at various funeral and insurance offices:

- Total systems installed: 147
- Standalone funeral agencies with full solar systems: 51
- Standalone funeral agencies with backup only systems: 17
- Standalone insurance offices with full solar systems: 20
- Standalone insurance offices with backup only systems: 25
- Dual offices with full solar systems: 22
- Dual offices with backup only systems: 12

Improving our environmental sustainability through best practices



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

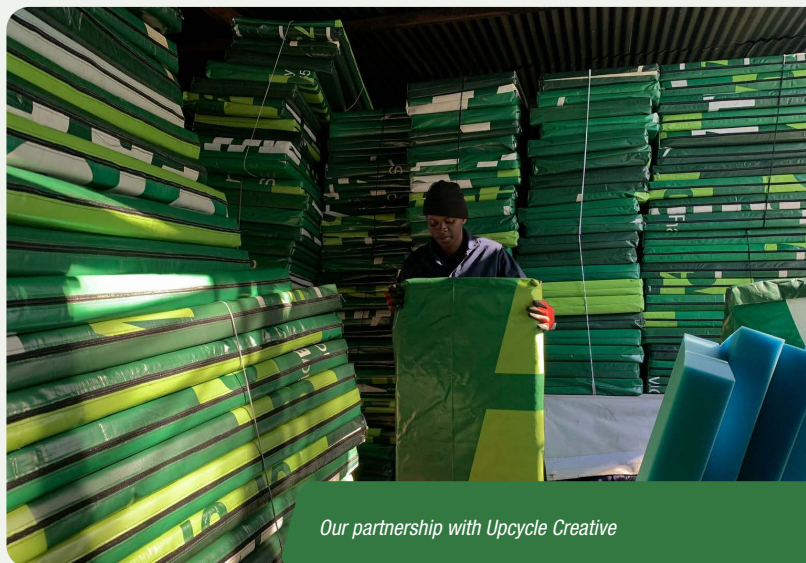
- introducing internal environmental sustainability awareness and training programmes;
- following best-practice environmental management policies and procedures; and
- referring environmental management matters to the Safety, Health, Environment and Quality Core Committee.



AVBOB's water bottling plant is a bold statement of our ESG commitments



Our 11 500 m² Head Office in Irene Link



Our partnership with Upcycle Creative

CORPORATE SUSTAINABILITY

SOCIAL SUSTAINABILITY

UPLIFTING LIVES WITH PURPOSE

We view our social sustainability as a shared responsibility. It means doing more than limiting harm. It is about meeting the real social and economic needs of our members, employees and communities. By doing so, we help build a stronger, more resilient South Africa.

Real social sustainability begins with how we show up for people.

Strengthening social sustainability through communication



Effective communication strengthens social sustainability by building trust, deepening relationships, and encouraging shared progress. By openly sharing our goals, challenges and achievements, we create space for participation, feedback and collaboration. This transparency helps us identify both organisational and social issues, so we can respond with lasting, inclusive solutions that benefit our people and society.

External communication

We share our latest news, products and services through a mix of print, broadcast, digital, social media, our infotainment (GigRig) truck, and out-of-home campaigns. These communication channels help us reach diverse audiences and keep our members and communities informed and connected.

AVBOB's 2025 advertising campaign: Here for you in more ways than you can imagine

Our annual advertising campaign, under the theme *Here for you in more ways than you can imagine*, aimed to showcase AVBOB's evolution from a traditional funeral brand to a comprehensive partner that offers mutual value across multiple touchpoints. The campaign was designed to connect with both existing members and a broader target market seeking support on life's journey.

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.

The campaign focused on distilling AVBOB's brand essence into a single-minded purpose while demonstrating how our promise 'We're here for you®' is now fulfilled through expanded ways of delivering value. From rewards that positively impact families' financial wellbeing to investment opportunities and short-term loans, the campaign highlighted how AVBOB offers more value to members in their everyday lives.

Our brand commercial served as the emotional platform for the other channels, weaving the many "ways" in which AVBOB is "here for you" into a narrative about brand purpose. The commercial employed fitting symbolism to showcase how AVBOB's walk is no longer only from the hearse to the grave, but a lifelong journey of support and partnership.

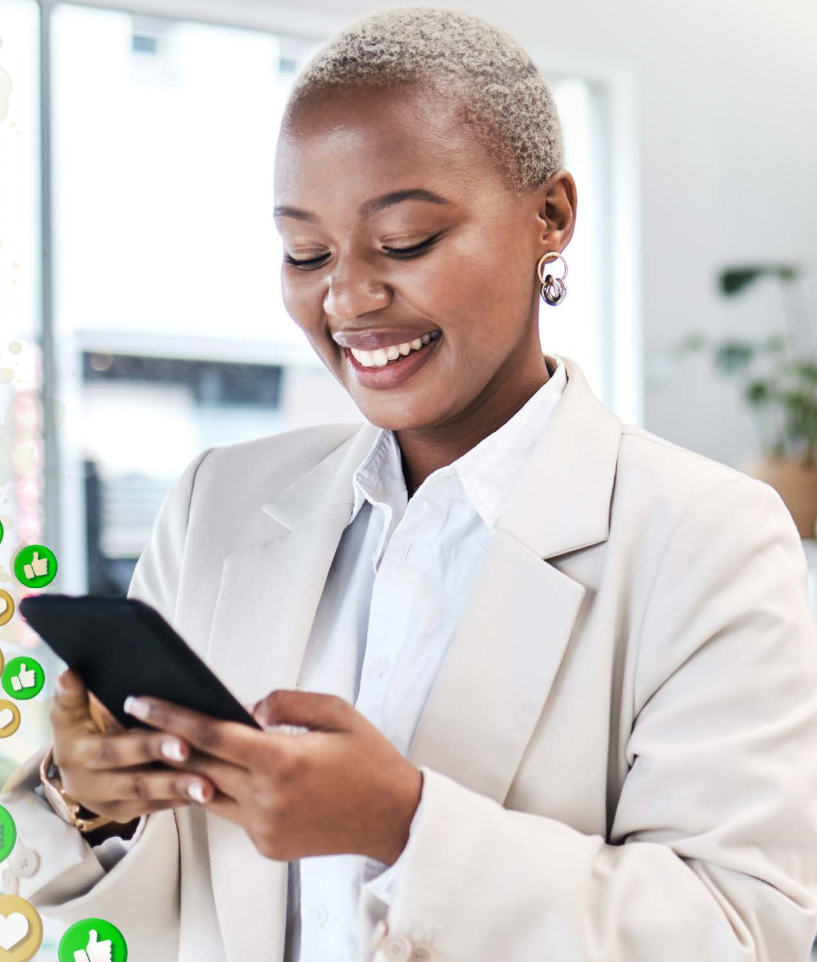
Flighting platforms: TV, social media and digital platforms
Languages: English, Afrikaans and isiZulu

Social media platforms

Platform	Followers and subscribers
	FACEBOOK 239 000
	TWITTER/X 9 029
	YOUTUBE 5 660
	INSTAGRAM 2 724
	LINKEDIN 31 000



AVBOB is more than
a brand or an organisation.
It is a culture of service built on
compassion and committed to
uplifting South Africans through
every season of life.



CORPORATE SUSTAINABILITY

SOCIAL SUSTAINABILITY

Consumer education

During the reporting period, **AVBOB** Member Rewards executed the Learn 'n Earn member education campaign on the engagement portal. A total of 125 214 members participated in this campaign.

In April 2025, we introduced the Know Your **AVBOB** activation as an on-the-ground initiative to educate **AVBOB** members (aged 60+) about **AVBOB** Member Rewards. Through this initiative, we helped members opt in to Member Rewards and shared more about other **AVBOB** products and services. We engaged a total of 233 **AVBOB** members and aim to increase the initiative's scale and reach to deliver impact where it is needed most.

We continued our consumer education series to help customers better understand what a mutual society is and why funeral insurance is important. We also shared financial awareness information with our members.

The **AVBOB** Virtual Assistant (AVA) customer care chatbot is a great success, resolving an average of 40 000 queries per month through scripted answers.

Growing connection inside out

Our internal communication platforms continue to foster a sense of belonging, collaboration and shared purpose across the Society. By keeping teams connected and aligned, we strengthen our collective ability to serve our members with care, integrity, and unity of purpose.

Digital-first, purpose-driven communication

In line with our commitment to innovation and inclusion, **AVBOB** has embraced digital channels to ensure timely, consistent and engaging internal communication across the organisation.

- Campaigns with impact: The internal roll-outs of **AVBOB** Funeral Service, Insurance, and Member Rewards programmes were delivered exclusively through digital platforms. Teaser emails, leadership video messages, digital posters, and targeted content ensured widespread awareness and real-time engagement.
- Staying connected: All announcements, staff stories, campaign highlights and product updates were shared digitally via Group Communication and Mailchimp. Our internal newsletter continues to serve as a vital platform to celebrate achievements, inspire connection, and keep staff informed and aligned.

Empowering staff through seamless access

To ensure that every **AVBOB** team member has the tools and knowledge to deliver consistent, impactful service, all internal product posters and campaign collateral are hosted on the ONE **AVBOB** Connect intranet. This central repository promotes message alignment and easy access for staff across the country.

Integrated communication ecosystem

Our sustainable internal communication model is anchored in multiple platforms that drive awareness and a shared sense of purpose:

- **AVBOB** Connect Facebook page: 1 786 followers engaging with stories that matter
- ONE **AVBOB** Connect intranet: A go-to hub for posters, campaigns and key resources
- Group Communication mailbox: Memorandums, invitations and official updates
- Mailchimp: Newsletters and digital campaigns with trackable engagement
- Digidice (public) screens: Live visuals for campaign launches and competitions
- Desktop displays: Instant, visual reminders to keep teams informed
- *The Society* magazine: Our quarterly storytelling platform, shared in digital and print formats

Together, these channels ensure our people are informed, inspired, and equipped to deliver on our promise: 'We're here for you®'.



Driving sustainability through digital connection

Our shift to digital-only staff communication reduces paper use; shrinks our environmental footprint; and promotes a culture of conscious, responsible practice. By embedding sustainability into how we communicate, we not only protect resources but also align our teams with **AVBOB**'s long-term social and environmental goals.



CORPORATE SUSTAINABILITY

SOCIAL SUSTAINABILITY

Advancing social sustainability through responsible investment



Our asset managers follow the Code for Responsible Investing in South Africa (CRISA) and the updated CRISA 2, which sets out voluntary principles for ethical stewardship and investment. This approach supports financial returns while enabling targeted investments that contribute to meaningful social and economic outcomes.

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



AVBOB has a separate 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

Enhancing social impact through responsible procurement



Supplier selection

Our procurement practices are a lever for socio-economic development. We build relationships with suppliers who reflect our values, regardless of their size, and ensure that our processes are ethical, fair and transparent. The Tender Committee oversees all transactions, and B-BBEE ratings form an essential part of our evaluations. Wherever possible, we prioritise suppliers with a Level 4 B-BBEE rating or higher.

ESG considerations

We include ESG principles in our tender and evaluation process. Diversity and inclusion remain a key consideration in the evaluation process. By choosing suppliers who reflect our governance values, we build trust, reduce risk, and contribute to a more just and resilient South Africa.

Building economic inclusion through enterprise and supplier development



Our ESD initiatives reflect our ongoing commitment to transformation. Through our supplier development fund, we support small business owners from historically disadvantaged groups, especially those serving our funeral agencies. The goal is to help these entrepreneurs grow sustainably, create jobs, and contribute meaningfully to their communities.

Asset Manager 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

Inclusive service delivery that uplifts



AVBOB's approach to service delivery is shaped by our shared value business model. It guides how we design our products and care for our customers. The goal is always to create lasting value for individuals, families, and the communities we serve.

A user-friendly website

Our website is designed with our members in mind. It offers an intuitive experience, making it easy for users to access information, explore our services, and connect with us when it matters most.

Customer service

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

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.



Listening to our customers

Customer feedback is a vital part of how we improve and deliver quality service. Our Complaints Department monitors input across multiple platforms and responds proactively to issues raised, including those referred by the National Financial Ombudsman (Ombudsman).

In the Ombudsman's 2024 report, **AVBOB** was recognised for having fewer unresolved complaints escalated to the Ombudsman than our industry peers. This speaks to **AVBOB**'s values in action, being accountable, responsive, and open to learning. When our customers raise concerns, we listen and act.

It is worth noting that approximately 45% of all complaints handled by the Ombudsman in 2024 related to funeral insurance products; many involving declined claims. In this context, **AVBOB**'s lower escalation rate highlights the strength of our internal complaints resolution process and our unwavering commitment to fair, compassionate outcomes in a sensitive and highly regulated market.

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
2024	24	3 504

Continuously enhanced complaints management system

We continuously improve our complaints management system by streamlining how we manage customer complaints. This helps ensure transparency and interaction, while faster response times and more efficient resolutions help us build trust and serve with greater care.

Improving every step of the way

VOICE OF THE CUSTOMER PROGRAMME

Since its launch in May 2023, the **Voice of the Customer Programme** has helped us to better understand our customers' needs and expectations. By identifying trends and recurring concerns, the programme strengthens our service delivery, deepens customer trust, and supports long-term brand loyalty.

Registered customers now have access to real-time complaint tracking. This is a simple yet powerful feature that contributes to greater transparency and improved satisfaction.

REVIEW AND UPDATE OF COMPLAINT CHANNELS

In the 2025 financial year, **AVBOB** strengthened its complaints management channels to improve accessibility, consistency and customer satisfaction. As a result, Voice of the Customer data reflected a 36.5% increase in client survey response rates compared to 2023, which is a clear indicator of growing trust and engagement.

Clients highlighted improvements in key areas such as ease of access to assistance, fair treatment, clear communication of next steps, and the overall resolution experience. These insights confirm that enhanced channel design and service delivery contributed meaningfully to improved client perceptions and trust across all complaint touchpoints.

ACCELERATING RESOLUTION THROUGH SMARTER SYSTEMS

To enhance turnaround times, **AVBOB** streamlined internal workflows and introduced automated case allocation within the complaints management system. This improvement ensures that complaints are routed swiftly to the right teams, reduces manual delays, and enables more proactive follow-ups. Together, these enhancements have strengthened response efficiency and contributed to faster, more satisfying resolutions for our customers.

CORPORATE SUSTAINABILITY

SOCIAL SUSTAINABILITY

Growing for good: Our social and ESG commitments

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Building shared value is more than a commitment, it is how we grow. Over the past year, **AVBOB** expanded its impact across key areas like education, food security, disaster relief, enterprise development and environmental stewardship.

This section outlines our integrated approach to social investment, aligned with the SDGs and our ESG Framework to ensure that our growth continues to uplift the communities we serve.



Literacy and education

In the 2025 financial year, the **AVBOB** Container Library project deepened its commitment to long-term impact through an expanded refurbishment phase. First introduced in 2023, this phase focuses on sustaining the libraries we already built, preserving their role as safe, inspiring places for learning.

This year, 12 container libraries were refurbished with structural upgrades, interior improvement, and refreshed Curriculum and Assessment Policy Statement (CAPS)-aligned book collections. The **R4,8 million** investment reflects a practical approach to stewardship: protecting the value already created while ensuring continued benefit to learners and educators.

The following schools benefited from this revitalisation effort:

- AKANI DIEPSLOOT FOUNDATION**

Diepsloot, Gauteng
- MOKHINE PRIMARY SCHOOL**

Lerome, Rustenburg, North West
- MADUME PRIMARY SCHOOL**

Orange Farm, Gauteng
- SEDIMOSANG PRIMARY SCHOOL**

Mohlakeng, Randfontein, Gauteng
- ALLAN MAKHUNGA PRIMARY SCHOOL**

Secunda, Mpumalanga
- MAJAKANENG PRIMARY SCHOOL**

Brits, North West
- TLHASEDI PRIMARY SCHOOL**

Hebron Villages, North West
- ITIRELE PRIMARY SCHOOL**

Jouberton, North West
- KWELERANA JUNIOR SECONDARY SCHOOL**

King Williams Town, Eastern Cape
- NOKWANDA JUNIOR PRIMARY SCHOOL**

Ndevana Location, King Williams Town, Eastern Cape
- TSOELOPELE FULL SERVICE PRIMARY SCHOOL**

Sharpeville, Vereeniging, Gauteng
- NKANGALO INTERMEDIATE PRIMARY SCHOOL**

Umkuze, KwaZulu-Natal

Beneficiaries

**12-year
cumulative total****64 592**
LEARNERS**1 930**
EDUCATORS**550**
EDUCATIONAL
ASSISTANTS

CORPORATE SUSTAINABILITY

SOCIAL SUSTAINABILITY

Road To Literacy initiative

The Road To Literacy initiative, in partnership with Oxford University Press Southern Africa, saw its fourth campaign in 2025. It reached a milestone by distributing 1 000 mobile trolley libraries to primary schools and educational non-profit organisations across the country.

Each trolley library contains 500 CAPS-aligned books that support both literacy and numeracy, with a total value of R57 000 per library. Designed to be mobile, durable and accessible, the trolleys bring books to underserved learning environments where they are needed most.

The initiative supports foundational learning by:

- promoting reading for meaning to improve academic outcomes;
- strengthening literacy and numeracy skills;
- offering culturally and linguistically relevant content; and
- aligning with South Africa's national education priorities.

Campaign highlights

8 661
NOMINATIONS

R57 MILLION
CAMPAIGN VALUE

1 000
TROLLEY LIBRARIES
(WORTH R57 000 EACH)

500 BOOKS PER LIBRARY
500 000 BOOKS IN ALL 11 OFFICIAL
WRITTEN LANGUAGES

R112 MILLION
INVESTMENT VALUE (YEARS 1-4)

“This initiative is a powerful example of what can be achieved through partnerships. It addresses a pressing national priority, foundational literacy and numeracy, while honouring South Africa's linguistic and cultural richness.”

– Siviwe Gwarube,
Minister of Basic Education



AVBOB Industries Skills Development Programme

Our Skills Development Programme empowers community members to craft the trolley libraries we donate to schools. This initiative does more than build trolleys. It creates opportunities for learning, restores a sense of dignity, and connects livelihood with literacy. From the hands that make them to the children who read them, every trolley carries purpose.

AVBOB STEP 12

The AVBOB STEP 12 Examination Preparation Guides support and guide learners and educators as they prepare for the matric language exam papers. There are 33 guides, one for each paper in all 11 official written languages, covering both Home Language and First Additional Language.

These guides are steady companions on the path to final exams, helping learners feel more equipped, supported and encouraged. By offering help where it matters most, we invest in a more prepared and hopeful generation.

“Your support is invaluable and will make a significant impact on the community, fostering a love for reading and learning among the students. Thank you for your dedication and improving education and for making a positive difference in the lives of many.”

– Dr S Manzini, DBE Circuit Manager

ALIGNMENT AND ENDORSEMENT

Aligned with the CAPS, endorsed by the Department of Basic Education (DBE) and compliant with their examination guidelines

ACCESS

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

DOWNLOADS

23 892 sets between 1 July 2024 and 30 June 2025

UPDATES

Subject Advisors revised the guides in line with DBE requirements and added more examples from prescribed works

AWARENESS AND ENDORSEMENTS

The DBE formally endorsed the updated guides



CORPORATE SUSTAINABILITY

SOCIAL SUSTAINABILITY

Early Childhood Development

AVBOB’s ECD Programme was launched in 2023 to help centres in vulnerable communities meet registration requirements and qualify for government funding. The goal is long-term sustainability and improved learning outcomes.

In 2025, the programme supported nine ECD centres across South Africa, reaching 409 children and 41 educators.

- Two centres achieved full registration with the DBE.
- Three received conditional registration, with the goal of full compliance before the close of the 2025 calendar year.

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 R1 612 294 • Supported sustained ECD centres despite on-the-ground implementation challenges • Programme model and partnerships continuously refined for long-term impact	• Ensure sustainable, long-term support for these vital centres of early learning • Use lessons learned to strengthen the model and deepen social impact • Increase scale to deliver impact

When we invest in a child’s earliest days, we build a future in more ways than we can imagine, with stronger communities, fuller lives, and a legacy that echoes across generations.

Planting seeds of change on Mandela Day

In honour of Mandela Day 2024 and its theme, “It’s still in our hands to combat inequality”, **AVBOB** focused its efforts on uplifting 11 ECD centres in underserved rural and peri-urban areas across South Africa.

These centres play a vital role in building a foundation for lifelong learning, and this year’s Mandela Day activities helped strengthen that foundation through:

- infrastructure improvements to ensure safer, more nurturing learning spaces;
- the donation of educational and stimulus materials to support early development; and
- the distribution of non-perishable food items to ease daily nutritional needs.

A total of R550 000 was allocated to the initiative, reinforcing **AVBOB**’s belief that nation building begins in early childhood. The following centres benefited:

PROVINCE	ECD NAME
Eastern Cape	Little Happy Angels
Free State	Hug a Bag Motheo ECD Centre
Gauteng	Ikhayalam Pre-School Kidz Planet Day Care
KwaZulu-Natal	Bundle of Joy Creche
Limpopo	Lewedi Day Care
Mpumalanga	Halfway Day Care
North West	Botsanang Day Care Centre
Northern Cape	Donuld Duck Creche
Western Cape	Daisy Educare Centre

A brighter start for the next generation

AVBOB’s annual Lebone Day brought light, laughter and lasting improvements to 10 ECD centres across South Africa. Beyond spreading festive cheer, the initiative delivered functional upgrades that help create safer, more inspiring learning spaces for young children.

By uplifting ECD centres, **AVBOB** continues to invest in the building blocks of lifelong opportunity, where every brighter space helps spark a brighter future. The following ECDs benefited from the initiative:

PROVINCE	ECD CENTRE
Eastern Cape	Nokwindla Educare Centre
Free State	Mphoentle Day Care
Gauteng	Ekukhanyeni Day Care Bongo’kuhle Day Care
KwaZulu-Natal	Siyomethemba Creche
Limpopo	Itereleng Creche
Mpumalanga	Fruit of Love Pre-School
North West	Mc Gregor Early Learning Centre
Northern Cape	Mzamomhle Day Care Cente
Western Cape	Molenrivier Primary

CORPORATE SUSTAINABILITY

SOCIAL SUSTAINABILITY

Food security

In 2025, **AVBOB** once again partnered with Soul Food to distribute more than 1 250 000 meals to vulnerable communities in Tshwane and Gqeberha. The initiative focused on feeding those most in need, with beneficiaries including:

- ECD centres;
- shelters;
- old age homes;
- hospitals; and
- community feeding schemes.

With an investment of R1 100 000, this initiative helped bring comfort, nourishment, and a renewed sense of dignity to communities in need.

Disaster relief interventions

As a mutual society rooted in shared value, **AVBOB** recognises that nation building includes standing with communities in their most vulnerable moments.

In 2025, our Disaster Relief Fund provided urgent support to 5 391 people affected by floods, fires, and other natural disasters across South Africa. A total of R3 117 736 was invested to restore dignity and stability, reinforcing our commitment to care beyond the funeral. Provincial support included:



PROVINCE	VALUE	DISASTER AND RESPONSE/INTERVENTION	NUMBER OF BENEFICIARIES
Western Cape	R1,42 million	Torrential rains (grocery and hygiene hampers, AVBOB branded blankets)	2 850
Eastern Cape	R662 362	Disaster relief funerals	34
Eastern Cape	R567 933	Storms and floods (conducting funerals, grocery hampers)	678
KwaZulu-Natal	R407 881	Floods (AVBOB Container Library refurbishment)	402
Limpopo	R370 000	Floods (funding to build a temporary bridge)	1 800
Mpumalanga	R177 814	Floods (grocery hampers and school uniforms)	130
Northern Cape	R100 798	Floods (AVBOB Container Library refurbishment)	1 111
Gauteng	R73 310	Tornado (grocery hampers)	120

These interventions form part of **AVBOB**'s broader vision to help build a more resilient and compassionate society, one act of support at a time.

Community support

CSI Committee

The CSI Committee approved R1 364 115 in funding, which supported 25 organisations and included *ad hoc* donations to assist causes across the country. These contributions strengthened the work of grassroots initiatives that make a tangible difference, helping to build stronger, more resilient communities from the ground up.

Where shared value meets local need

COMMUNITY-BASED ORGANISATION	SUPPORT PROVIDED
Bokamoso Ba Bana Ba Rona	Laptops
Lebohang Development Centre	Spelling bee
Divine Hope Skills & Development	Printer and desktop computers
Mokolo Primary School	School shoes
Raphela Primary School	School shoes
Mahlasedi Primary School	School shoes
Sibaleni Sonke Cross-Disability Counselling Group	Deskjet ink printer and laptop
Ikamva Future Leaders	School uniforms
The Lebone Centre	Trolley library
Kids Planet Day Care	Classroom floor tiling, grass mats and jungle gym, signboard, and classroom lighting
Sinempatho Pre-School	Office equipment and educational toys
Kungwini Welfare Organisation	Solar floodlights
Thuli Home	Kitchen equipment
Bokamoso Crèche and Pre-School	Classroom renovations
Badisa	Play boxes
Minini Day Care and Crèche	Roof repairs and innovations
Beach Kids Academy	Kitchen utensils
Inkanyezi Encane Educare Centre	Building materials
Kopana Primary School	School uniforms
Mahlanhle Primary School	School shoes
Youngage Foundation	School shoes
Siyabonga Pre-School	Plastic chairs and tables as well as heaters
Bongwanake Foundation	Educational and therapy equipment as well as therapy services
Nathi Siyakhula Day Care	Stove, fridge, television, laptops, first aid kit, printer, and educational materials

CORPORATE SUSTAINABILITY

SOCIAL SUSTAINABILITY

Responsive giving: Meeting needs with compassion

Beyond structured programmes, **AVBOB** remained responsive to pressing needs across the country through a range of *ad hoc* donations. These contributions supported organisations working on the front lines of care, safety and dignity, from gender-based violence (GBV) support services and hospice care to community health and protection services.

BENEFICIARY ORGANISATION	SUPPORT PROVIDED
Childline Free State	GBV support services
Friends of Calitzdorp	Veterinarian services
Hotel Hope	Infrastructure upgrades
South African Police Service	Recognition awards
Vulamehlo Hospice	Infrastructure refurbishment
Westbrook Retirement Village	Medical supplies



Building a Better Boland: A new chapter of hope

In 2025, **AVBOB** partnered with Ninety One, PPS and Alexforbes to launch the next phase of the Building a Better Boland initiative, a multi-partner collaboration focused on uplifting communities in the Western Cape.

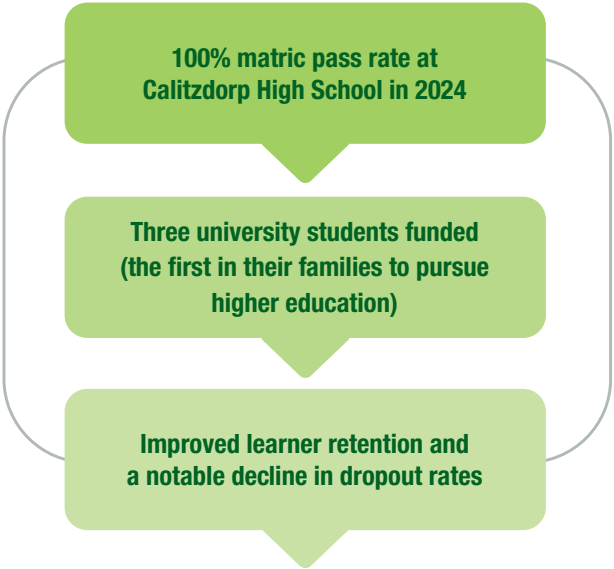
After five years of meaningful impact in the Klein Karoo, the initiative now turns its focus to the Paardeberg and Malmesbury regions. These areas, known for their farming heritage, continue to face serious challenges in educational access.

The new chapter introduces a layered support model that helps children and youth across every stage of learning (from early childhood development to tertiary education), with the goal of opening doors and creating long-term opportunity.

Lighting the way to higher learning

To honour its long-standing commitment to education in the Klein Karoo, **AVBOB** and its partners invested R450 000 in tertiary education bursaries for top-performing learners from Calitzdorp, Ladismith and Prince Albert high schools. Each bursary, valued at R150 000, supports access to university for learners who might otherwise be left behind.

Impact to date:



These bursaries are more than financial support. They represent a shared belief in potential and a collective step towards building a more inclusive South Africa.

Opening doors through literacy: Anne Pienaar Primary Library

In partnership with The Bookery, **AVBOB** helped bring a new chapter of learning to Anne Pienaar Primary School in the Paardeberg region, serving 216 learners. With an investment of R250 000, the project delivered a fully refurbished library – The Bookery's 99th library since its inception.

The transformation included a revitalised space, updated fiction and non-fiction collections, and library management technology to track usage and measure impact. To ensure sustainability, the school librarian receives ongoing training and mentorship.

Together, **AVBOB** and The Bookery are creating spaces that inspire a love for reading, laying the foundation for lifelong learning and brighter futures.

**We are committed to
empowering the youth through
projects that improve literacy
and numeracy learning.**

Planting seeds of possibility: Early learning at Onse Hoop

To support families relocated to the Onse Hoop RDP housing development, **AVBOB** and its corporate partners invested R550 000 in the construction of a dedicated preschool, in partnership with the Maranatha Trust. Designed to meet both educational and community needs, the project features:

**A two-phase build to accommodate
up to 130 children**

**A high-quality prefabricated structure,
with a multi-functional library and
community space**

**A solar power system and
secure perimeter fencing**

**Ongoing training and empowerment
of local women to serve as educators
and community leaders**



Stakeholders at Anne Pienaar Primary School

CORPORATE SUSTAINABILITY

SOCIAL SUSTAINABILITY

Enterprise development: Building leaders from within

Management Development Programme for Funeral Agents

Launched in June 2024, this 12-month development journey equips **AVBOB** funeral agents with the tools to lead with impact and deliver service with excellence. In partnership with Milpark Education, 20 participants enrolled in a Higher Certificate in Management (NQF Level 5).

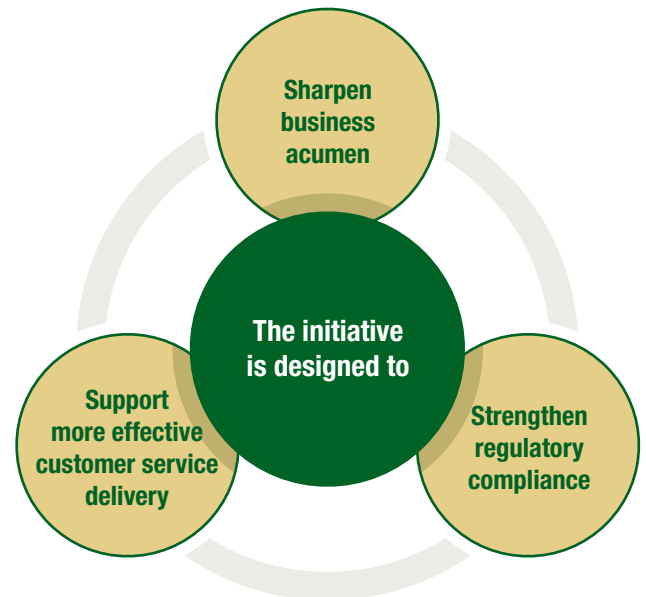
The programme builds core competencies in leadership, operations management and customer-centric service, laying the foundation for sustainable growth across **AVBOB**'s national network. Participants were drawn from five provinces, with representation across race, gender and region, reflecting **AVBOB**'s national footprint and commitment to inclusive leadership development.

This initiative supports **AVBOB**'s ESD strategy by nurturing locally embedded leadership, strengthening operational capacity, and unlocking long-term value for agents and the communities they serve.

**We are here for
tomorrow's trailblazers.
By backing potential with
opportunity, we help
entrepreneurs and young people
grow, lead and uplift others,
creating impact that goes
beyond today.**

Management Development Programme for Independent Brokers

In May 2025, **AVBOB** partnered with Regenesys Business School to offer a Management Development Programme (NQF Level 5) to 20 independent brokers.



Participants represented five provinces and a wide demographic mix. By investing in the development of our broker network, **AVBOB** continues to drive transformation and build capacity in the wider funeral services ecosystem.



Empowering youth: Strengthening communities

Launched in 2025, the Groundbreakers Programme is a youth employment initiative under **AVBOB**'s ESD umbrella. The programme addresses socio-economic challenges by empowering youth and supporting SMEs to create sustainable employment in the communities where **AVBOB** operates.

How it works

We target unemployed youth between the ages of 18 and 35.

They become *Groundbreakers* at **AVBOB Funeral Service agencies and deliver essential grave site services, including grave opening and closing, site maintenance, and related tasks.**

Each *Groundbreaker* is trained, equipped and mentored to deliver services that restore dignity and uplift their communities.

This business-led solution to youth unemployment supports SDG 8 (Decent work and economic growth) by demonstrating the role of enterprise in social change.

Three SMEs were selected as ESD beneficiaries during the 12-month pilot phase. Each receives operational support to build capacity, while hosting and mentoring the youth placed with them:

AREA	SMME
Mahikeng	Zaria1004
Temba	Conscious Smile Trading
Tzaneen	Mfuloane Molefe Group

By strengthening small businesses and creating jobs, **AVBOB** continues to invest in a more inclusive and sustainable future.

ESD Committee

The ESD Committee provides strategic governance over **AVBOB**'s supplier development initiatives. It ensures alignment with national transformation goals and **AVBOB**'s ESG strategy, meeting quarterly to review programme design, implementation and impact.

During the reporting year, the ESD Committee approved financial support of R60 000 for the Phenomenal BHM Training Centre, enabling the purchase of 15 laptops for the beneficiary. This initiative supports SDG 4 (Quality education) and SDG 8 (Decent work and economic growth) by enabling access to digital learning resources and improving skills development opportunities.



CORPORATE SUSTAINABILITY

SOCIAL SUSTAINABILITY

AVBOB Poetry Project

The **AVBOB** Poetry Project celebrates the rich diversity of South Africa through words that comfort, uplift and connect. With competitions, workshops, publications, and an ever-growing online library, the project gives voice to our shared humanity, one poem at a time.

AVBOB Poetry Competition

Eighth year

29 499 poems submitted

Vol. 8 of the anthology
I wish I'd said... was published

Winners announced at annual gala event in **September 2025**

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

R900 000 invested in usage fees to publish **3 000** poems

AVBOB Poetry mini-competitions

- March 2025: The Voices of This Land
- May 2025: That Still, Small Voice

AVBOB Poetry Library

- Contains 26 403 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

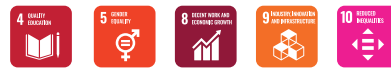
Schreiner Karoo Writer's Festival

- 15th year held in Cradock

Limpopo Book Fair

- The Group sponsored the Annual Limpopo Book Fair at Jack Botes Park in September 2024

Building social sustainability through human capital investment



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

A high-performance culture

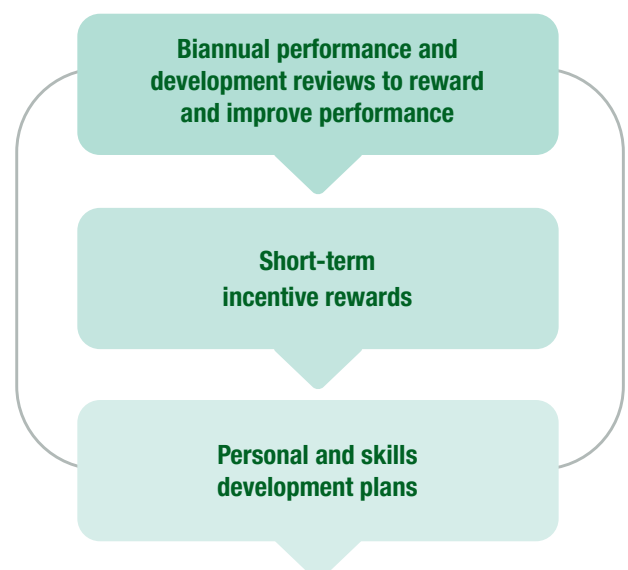
A high-learning culture

A culture of inclusivity

An Employee Wellness Programme

A high-performance culture

We believe that a strong, high-performing workforce begins with the right support. **AVBOB** fosters personal growth; promotes continuous development; and creates a safe, enabling work environment. We help employees align their goals 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; and
- coaching and mentorship programmes.

We invest in our people at every level because growth begins from within. By creating opportunities for development, we build synergy across the Group and show our commitment to every employee's journey. During the reporting year, we continued the implementation of:

- an adult education and training programme to improve the literacy of previously disadvantaged employees;
- Long-term Insurance Learnerships for employees with disabilities and those without to promote equal access to industry-recognised qualifications and workplace experience;
- internship programmes to empower graduates with practical experience and enhance their employability within the industry;
- an e-learning platform that broadens access to learning anytime, anywhere to foster a culture of continuous development;
- Work Integrated Learning programmes to bridge academic learning with real-world workplace application; and
- bursary support for employees and their dependants to put into action our belief that to uplift families and communities, learning must extend beyond the workplace.

SKILLS DEVELOPMENT

R58,9 million invested in the reporting year

LEARNERSHIPS

387 | candidates

100% | pass rate

INTERNSHIPS

114 | candidates

SKILLS MANAGEMENT

59 339 training interventions

49% | Product training **29 150**

31.8% | Industry and terminology **18 867**

7.0% | Induction and onboarding **4 129**

6.5% | Soft skills **3 856**

4.9% | External courses **2 890**

0.8% | Funeral Service training **447**

CORPORATE SUSTAINABILITY

SOCIAL SUSTAINABILITY

A culture of inclusivity

AVBOB promotes workplace diversity, equality and inclusivity through our EE strategy, gender equality measures, and initiatives that support equal participation of people living with disabilities.

Employment Equity

In line with our EE plan and the National Economic Active Population guidelines, we focus on recruiting initiatives and advancing underrepresented groups. We uphold fair, non-discriminatory employment practices that honour the dignity and rights of all employees, regardless of race, gender or disability.

Gender equality

We are committed to gender equality and actively support women's empowerment and leadership in the workplace.

People living with disabilities

We foster an inclusive culture that encourages disclosure and ensures equal participation for people living with disabilities. Managers and supervisors are empowered to provide the support and training needed to help these employees thrive.

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.

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;
- encouraging optimal performance; and
- reducing the carbon footprint.



Advancing social sustainability through brand trust



At **AVBOB**, our people are the heart of everything we do. By investing in their growth, wellbeing, and sense of belonging, we build a workplace where purpose thrives and service follows naturally.

A top employer committed to people

Attracting and keeping the right talent in today's competitive market takes more than good intentions. **AVBOB** sets itself apart as an employer of choice by offering fair pay, growth opportunities and meaningful work. This helps strengthen our human capital and supports long-term success for individuals and the Group.

Recognised for putting people first

AVBOB has been certified as a Top Employer by the Top Employer Institute® for the eighth consecutive year. This recognition affirms our people-first approach and ongoing commitment to a workplace culture grounded in empathy, care and wellbeing.

The certification recognises excellence in human resource practices, such as talent development, inclusion and employee support.



CORPORATE SUSTAINABILITY

TRANSPARENT AND ETHICAL GOVERNANCE

INTRODUCTION

At **AVBOB**, good governance is more than a legal and ethical responsibility. It is how we uphold our mutual promise and protect value for all our stakeholders. The Board guides the organisation by setting direction, defining goals, and overseeing the risks that could erode this value and the opportunities that can grow it. This helps us plan ahead and respond to change. It allows us to serve our members with care and stand alongside the communities we support: contributing consistently uplifting deliberately, and building a future we all share.

Board of Directors



JJ VENTER
Chairman

BOARD OF DIRECTORS AS AT 30 JUNE 2025

AVBOB's unitary Board is led by an independent non-executive chairperson, elected annually. Its members bring a mix of knowledge, skills, experience, diversity and independence to the table.

Diversity and transformation at Board level remain a priority. We believe the Board should be representative of the people we serve. As at 30 June 2025, six of our 12 Board members are black and five are female. Retiring directors and new nominees are elected in terms of the **AVBOB** Act and Regulations.

The Board's Rotation and Tenure Policy and Succession Plan:

- support continuity of skills and experience on the Board;
- ensure accountability and independence; and
- support stable leadership.

This helps the Board stay agile and responsive to change. It also strengthens trust in **AVBOB's** long-term leadership: a leadership committed to creating value, serving our members, and contributing to the future of South Africa.



CR VAN DER RIET
Chief Executive Officer

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 Ms Pedra (Executive: Governance and Secretarial) to carry out her duties effectively. This includes providing independent guidance on corporate governance and ensuring the Board meets its legal responsibilities.



TA COOPER
Executive Director:
Finance



NG PILANE
Executive Director:
Business Development
and Financial Services



LB DLAMINI
Deputy
Chairman



JF RADEMAN
Independent
Non-Executive
Director



MPP NYAMA
Independent
Non-Executive
Director



TJ BROWN
Independent
Non-Executive
Director



P BURRA
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

TRANSPARENT AND ETHICAL GOVERNANCE

Group Operations Committee



CR VAN DER RIET
Chief Executive Officer



TA COOPER
Executive Director:
Finance



NG PILANE
Executive Director:
Business Development
and Financial Services



C SCHMIDT
Executive:
Insurance



NT NXUMALO
Executive:
People and
Culture



M PEDRA
Executive:
Governance
and Secretarial



A BESTER
Executive:
Funeral Products
and Services



K ROLFE
Executive: Digital
Transformation
and Technology



VA KHATHI
GM: Tied 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



LM ERASMUS
GM: Alternative
Distribution



H DE WAAL
GM: Insurance
Administration

Executive Director

Executive

General Manager

CORPORATE SUSTAINABILITY

TRANSPARENT AND ETHICAL GOVERNANCE

GOVERNANCE STRUCTURE AND DELEGATION

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

These structures support effective decision-making, strong risk management, and clear accountability. This helps to build trust, ensure stability, and safeguard long-term value for our members and stakeholders.

BOARD COMMITTEES

The Board is supported by six committees, each tasked with specific responsibilities, to help fulfil its fiduciary and oversight duties. Each committee operates under a formal charter that defines its purpose, membership, scope and reporting lines. We review these charters at least every three years.

Each committee confirmed that it met its responsibilities as set out in its charter during the reporting year.

The structure of these committees supports independent judgement, balanced decision-making, shared accountability, and informed decision-making across the Group.

Actuarial and Risk Committee	Audit Committee	Investment 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.	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 the 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.	The Investment Committee oversees the investment portfolio. 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 management; and - funding policyholder reserves. The Committee makes recommendations on the investment strategy, Investment Policy Statement, Derivative Usage Policy, 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’s investment portfolio is aligned to the FSC. It comprises both targeted investments and black business growth funding investments.



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 are 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

TRANSPARENT AND ETHICAL GOVERNANCE

MEETINGS

The Board meets quarterly and holds special meetings when needed. Director training sessions were held in August 2024 and February 2025 to reinforce the directors' knowledge of their legal duties, responsibilities and strategic roles.

The table below shows the number of committee meetings held and directors' attendance. Their consistent participation reflects a strong commitment to their roles and the Society's long-term responsibilities.

DIRECTOR	BOARD	ACTUARIAL AND RISK COMMITTEE*	AUDIT COMMITTEE	INVESTMENT COMMITTEE**
	Meetings: 6	Meetings: 4	Meetings: 4	Meetings: 4
EXECUTIVE DIRECTORS				
Mr CR van der Riet	5	4	Invitee (1)	3
Ms TA Cooper	6	4	Invitee (4)	3
Ms NG Pilane	6	4	Not a member	Not a member
NON-EXECUTIVE DIRECTORS				
Mr JJ Venter	6	3	Not a member	Not a member
Mr LB Dlamini	5	Not a member	Not a member	2
Ms BE Bouwer	6	4	Not a member	4
Mr TJ Brown	1	1	1	Not a member
Mr P Burra	3	2	2	Not a member
Ms WB Modisapodi	6	1	Not a member	2
Ms MPP Nyama	6	Not a member	4	Not a member
Mr JF Rademan	6	Not a member	Not a member	4
Mr DP Semenya	6	Not a member	4	2

*Messrs P Burra and TJ Brown became members of the Actuarial and Risk Committee, replacing Ms WB Modisapodi. Mr TJ Brown became a member in May 2025 and Mr P Burra in February 2025.

**Ms WB Modisapodi and Mr LB Dlamini became members of the Investment Committee from January 2025, replacing Mr DP Semenya.

Governance is how we turn care into action, risks into resilience, and opportunity into shared progress for our members, our communities, and the nation we serve.

DIRECTOR	PLANNING COMMITTEE	SOCIAL AND ETHICS COMMITTEE***	REMUNERATION AND NOMINATIONS COMMITTEE
	Meetings: 2	Meetings: 3	Meetings: 9****
EXECUTIVE DIRECTORS			
Mr CR van der Riet	2	Not a member	Invitee (9)
Ms TA Cooper	Invitee (2)	3	Invitee (9)
Ms NG Pilane	Invitee (2)	3	Invitee (9)
NON-EXECUTIVE DIRECTORS			
Mr JJ Venter	2	Not a member	9
Mr LB Dlamini	2	Not a member	9
Ms BE Bouwer	Not a member	Not a member	Not a member
Mr TJ Brown	Not a member	Not a member	Not a member
Mr P Burra	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	3	Not a member
Mr JF Rademan	2	Not a member	9
Mr DP Semenya	Not a member	2	Not a member

***Mr DP Semenya became a member of the Social and Ethics Committee from January 2025.

****Ad hoc meetings were held to review the LTI plan, refer to page 74.

CORPORATE SUSTAINABILITY

TRANSPARENT AND ETHICAL 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.

Governance structures

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

Information and communication technology

The Board is responsible for ICT governance. The following committees assist in discharging this responsibility:

- Audit Committee
- Group Operations Committee
- ICT Steering Committee

ICT governance is discussed in more detail under functional governance areas.

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 environment helps us serve members not only more securely and reliably but also in more places. It supports the long-term sustainability of our business while reinforcing public trust, digital security and responsible stewardship.

To protect our members' personal information and ensure operational continuity, we maintain strong cybersecurity protocols. These are more than technical safeguards: they are commitments to safeguard dignity and uphold trust in a connected world.

Our ICT governance framework includes a clearly defined charter and a business-aligned strategy. This ensures that every ICT decision supports innovation, operational efficiency, and our nation-building purpose. Guiding policies and a strategic investment plan support the ICT governance framework and drive innovation and digital resilience.

Together with compliance, our ICT function forms a critical part of **AVBOB's** operational backbone.

Regulatory compliance and ethics

Compliance at **AVBOB** is more than a regulatory obligation, it is a reflection of our value and our commitment to doing what is right. Our compliance function promotes ethical conduct, accountability, and adherence to application legislation, including the **AVBOB** Act, the Companies Act, Insurance Act, and relevant sector-specific laws.

It also provides oversight of key policies and processes to ensure we act with integrity and uphold the trust our members, stakeholders and society place in us.

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

Compliance executives confirmed that the department has the full support of the Board, executive and management.

Good governance is not just how we lead; it is how we protect, uplift, and create value for generations to come.





OUR REMUNERATION REPORT

06

REMUNERATION REPORT

ALIGNING REWARD WITH PERFORMANCE AND PURPOSE

The Remcom is pleased to present the Group's Remuneration Report for the year ended 30 June 2025.

With this report we aim to:

Give an overview of the Group's reward framework and practices

Share insight into the approved level of variable remuneration

Reaffirm our commitment to fair, responsible and transparent pay practices

As **AVBOB** continues to evolve, it is essential that our remuneration approach support the Group's long-term strategy while remaining competitive and relevant. Our ability to attract, retain and motivate skilled people directly shapes how we grow, serve our members, and support the country we are part of.

Paying market-related salaries and performance-based rewards is more than a business necessity. It is an investment in people, who are the heart of our ability to create lasting value. It supports and rewards performance, drives transformation, and enables us to honour the promise we make as a mutual.

A strong remuneration strategy is the foundation of a motivated and engaged workforce. It helps us align skills with purpose and performance with impact, so we can continue building a stronger AVBOB for the benefit of all.

OUR REMUNERATION PRACTICES

Our remuneration philosophy is built on fairness, consistency and value creation. We reward our employees for the value they add, both individually and as part of our collective performance.

We do this by:

- considering the realities of the market and our operating context;
- embracing reasonable differentiation to reward excellence, attract and retain scarce and critical skills, and promote diversity;
- aligning remuneration with our Group vision, mission and strategy;
- supporting sound risk management and sustainable business growth;
- ensuring remuneration remains affordable and appropriate in relation to the value created for our members;
- encouraging behaviour aligned with our Group values: customer focus, people, integrity, excellence and teamwork; and
- embedding the principles of Treating Customers Fairly across all remuneration and performance policies, practices and procedures.

This approach helps us build a motivated, purpose-driven workforce. One that is equipped to serve our members with care and to help shape a stronger future for employees and the communities we support.



INTERVENTIONS IN THE REPORTING YEAR

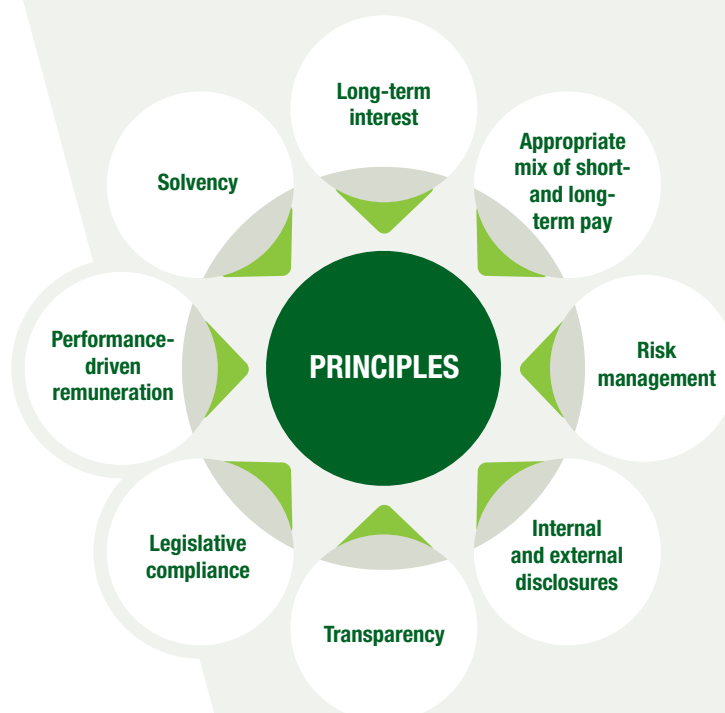
- We helped retirement fund members understand the changes introduced by the two-pot retirement system through training and support sessions.
- We introduced a more flexible maternity leave benefit, giving employees greater choice and support during this period.
- We launched a benevolent fund to assist employees in times of crisis.
- We honoured 390 employees for long service, ranging from 10 to 35 years of service, including 12 employees who reached 25 years and one who reached 35 years.
- We reviewed specific allowances for certain roles and situations to ensure they are applied fairly and consistently across the Group.
- We reaffirmed our strategy to offer fair and competitive pay through our annual benchmark process to confirm our salary structures against national market benchmarks.
- We conducted an external review of senior management's total reward to help shape a balanced and competitive remuneration mix.
- We made minor refinements to the short-term incentive plan (STIP) to improve fairness and relevance.
- We reviewed the actual reward from the existing long-term incentives, resulting in a decision to close the plan. We are in the final stages of implementing a new scheme that incorporates short-term and long-term rewards.
- We continue to enhance and enjoy our state-of-the-art facilities to support employee wellbeing and productivity. These include breakaway spaces, a wellness centre, refreshment stations, and a staff restaurant with subsidised meals.

REMUNERATION PRINCIPLES AND PRACTICES

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

PRINCIPLES: WHAT INFORMS OUR REWARD STRATEGY?

Our Remuneration Policy is built on principles that promote fairness, internal equity and performance alignment. It recognises employee contributions and reflects both our operating context and broader market conditions.



We review our Remuneration Policy at least every three years and regularly assess its relevance and how it is applied.

REMUNERATION REPORT

REMUNERATION PRINCIPLES AND PRACTICES

PRACTICES

Our Salary and Related Policy and Practices Document outlines our remuneration approach and is reviewed annually.

We act in the best interest of our business, its employees, our policyholders and our members by:

- regularly reviewing our total reward offering;
- offering greater flexibility to meet different employee needs;
- strengthening our position as an employer of choice with a holistic reward offering;
- improving our ability to attract and retain the best talent;
- operating within various governance structures and authority levels; and
- helping employees better understand the value of our total EVP.

GUIDELINES

We remunerate:

- in line with applicable legislation and regulations;
- within salary scales that are market-related;
- on average, at the median of the South African market and financial services sector;
- with a focus on recognition for performance as a differentiator through variable pay; and
- based on expert best practice advice, competitive positioning, and benchmarked strategic human capital needs.

OUR COMMITMENT TO EQUAL PAY

We are committed to the EE regulations that provide for equal pay for work of equal value. Every year, we conduct an internal equal pay analysis to:

- identify signs of internal equity;
- investigate instances of pay inequity;
- understand the root causes of disparities;
- correct issues and promote fair pay; and
- ensure that no systemic bias exists in our pay structures.

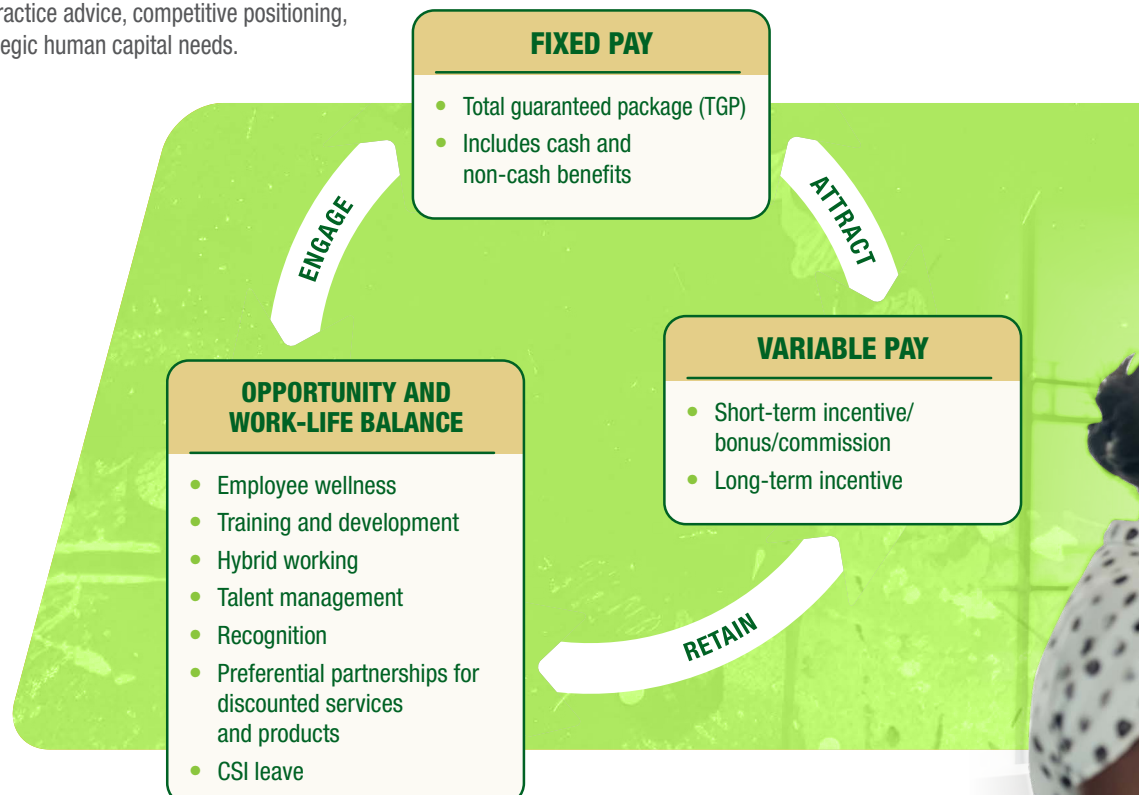
During the reporting year, differences in pay were based on tenure, specialisations, and the scarcity of certain skills.

TOTAL REWARD FRAMEWORK

Our total reward framework combines financial and non-financial rewards. These include direct and indirect as well as intrinsic and extrinsic benefits.

We aim to offer more than fair pay. We create an environment where employees are recognised, supported, and able to enjoy the rewards of strong performance.

Our remuneration structure consists of fixed and variable components, which both play a role in driving performance and long-term value.



Fixed pay: Total guaranteed package

The TGP is the foundation of our total reward offering. It reflects the market value of a position and the individual's contribution. Each employee's TGP comprises their annual guaranteed cost to company, including a base salary; retirement savings; and contributions to death, disability and healthcare benefits (where applicable).

Our employees can review the structure of their remuneration package once a year. They:

- can select their level of retirement funding contributions;
- are encouraged to choose the recommended funding level; and
- are informed of the risks associated with selecting a lower contribution rate.

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

We support employee health through medical aid benefits by providing scheme membership or a monthly allowance as part of their TGP.

Our employees' TGPs are based on:

- their role and associated job grade;
- their position in the market-related salary band range, relative to competence and performance; and
- their annual performance appraisals.

Variable pay: Short- and long-term incentives

We foster a high-performance culture by emphasising the variable component of our remuneration. Short- and long-term incentives are linked to the achievement of personal and Group objectives, measured within our agreed risk appetite. These incentives drive strategic imperatives, recognise performance, reward contribution, and support sustainable value creation.

Short-term incentive bonus

Our short-term incentive (STI) bonus rewards individual and organisational performance. It is designed to drive the achievement of financial and non-financial metrics, support strategic goals, and reinforce behaviours that align with our values.

We measure individual performance through our Performance Management Policy and system, using clear, measurable objectives that link day-to-day responsibilities to broader strategic outcomes. We assess the performance of our business against production, core earnings and non-financial targets.

STI programmes are governed with rigour. We review annual performance assessments carefully to ensure fairness, accountability and transparency.

Long-term incentive

Our long-term incentive (LTI) rewards apply to executive directors, senior managers and managers.

It helps us to attract, retain and reward key leadership while aligning their interests with the long-term success of the Group and the value we create for members. LTI rewards vest over time, encouraging continuity and supporting sustainable performance.

This approach is aligned with local and international best practice, where each element of pay is designed to reward a different outcome and focus, ensuring that short- and long-term outcomes both remain a priority.



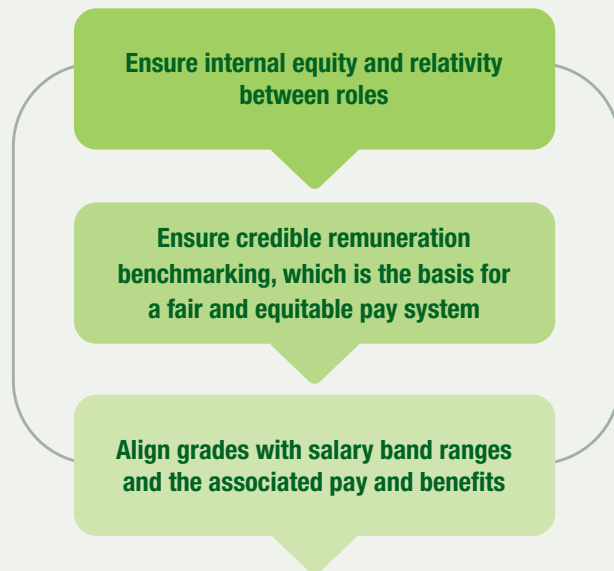
REMUNERATION PRINCIPLES AND PRACTICES

JOB GRADES, CAREER PATHS AND TALENT MANAGEMENT

Our strategic talent management process includes career management and succession planning.

It ensures we have the right people in the right roles at the right time to deliver results. By identifying high-potential employees and investing in their growth, we build a strong pipeline of future leaders.

Our remuneration structure supports talent management and operates within the framework of a grading system. We use the Paterson job grading system to:



AVBOB supports dual career paths that give employees the opportunity to grow within their area of expertise. This allows career progression without the need to move into a supervisory or managerial role.

When we pay fairly and competitively, we do not just retain talent; we strengthen our ability to serve, uplift and grow together.

NON-EXECUTIVE DIRECTORS

- Annual fee
- Meeting fees

Non-executive directors' fees were reviewed in November 2024. We adjusted the annual fees and meeting fees with market-related rates 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 63.

OUR REPORTING YEAR REMUNERATION BREAKDOWN

EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT

- TGP
- STI bonus
- LTI plan

The average annual salary increase for senior management (November 2024) was 6.2% (November 2023: 5.4%)

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

- TGP
- STI bonus
- LTI plan
- Commission (where applicable)

The average annual salary increase for management (November 2024) was 6.5% (November 2023: 6.2%)

Management's performance is evaluated by senior management and moderated by the People Practices Committee.

GENERAL EMPLOYEES

- TGP (where applicable)
- STI bonus
- Commission (where applicable)

The average annual salary increase for general employees (November 2024) was 6.4% (November 2023: 6.3%)

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 short-term incentive payments in terms of the approved schemes. The LTI was determined as a transition to a new scheme. Where required, the Remcom 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 2024 financial year were approved in October/November 2024 and were based on actual performance for the 2024 financial year.

The existing LTI plan was reviewed during the period as the scheme could have led to excessive rewards as a result of the unintended consequences of its design and changes in the business. After much deliberation, consultation with experts, and consideration of the retention of key skills in the Group, the decision was made to close the existing scheme at an agreed settlement value. It was also agreed with participants that units will be settled as they vest and to settle all vested units in April 2025.

The Remcom is aware of the importance of retaining critical skills, including senior management, and is in the final stages of implementing a new scheme that incorporates both short-term and long-term rewards. The new scheme is market related and takes total reward into consideration. This scheme will achieve its objective of incentivising sustained performance over the long term and retaining key skills. As part of the transition to this new scheme, participants were allocated transitional long-term incentives for the 2024 year and will receive another transitional allocation for the 2025 year in November 2025.



RISK AND CAPITAL MANAGEMENT REPORT



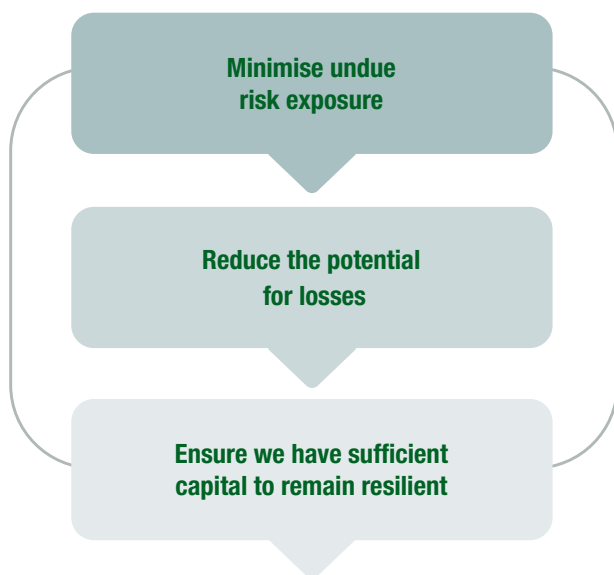
07

RISK AND CAPITAL MANAGEMENT REPORT

RISK MANAGEMENT

AVBOB operates in a complex and evolving environment, where various risks can impact our performance, reputation and long-term sustainability. This is why effective risk and capital management is essential to our strategy and governance approach.

Our goal is to:



The Board holds overall responsibility for risk management across the Group. We identify, assess and manage risks within our approved risk appetite at both business unit and Group level. This is supported by clear reporting lines and strong accountability.

Our risk appetite framework guides how we apply risk metrics and integrate risk management into business decisions, reporting and day-to-day operations.

We follow a combined assurance model and apply the four lines of defence to identify and manage risks effectively. Our embedded Risk Management Policy sets out the standards and processes to identify, assess and manage significant risks. A Group-wide risk taxonomy defines our risk universe. We apply a risk-rating methodology that ranks risks according to likelihood and potential impact. Risks are consolidated and reported throughout our Own Risk and Solvency Assessment (ORSA) process, which culminates in the annual ORSA report.

Refer to page 61 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

AVBOB is exposed to financial risks through its financial assets, financial liabilities, insurance and reinsurance contracts, and insurance liabilities. Our core capital management objective is to ensure that we can continue to meet policyholder obligations in changing market conditions and despite inherent risks.

We manage capital in the following ways:

TARGET A SOLVENCY CAPITAL REQUIREMENT COVER 2.6 TIMES OF OWN FUNDS

The solvency capital requirement (SCR) is the minimum amount by which own funds (excess assets) must exceed policyholder liabilities as prescribed by the Prudential Authority. As at 30 June 2025, **AVBOB** maintained an SCR cover of 2.6 times, well within our risk appetite.

We monitor risk limits, thresholds and earnings-at-risk metrics monthly and estimate our solvency every quarter. If changes in the earning-at-risk metrics place strain on the solvency position, we promptly recalculate our solvency position. Should this trigger any material concerns, we initiate an out-of-cycle ORSA.

ENSURE SUFFICIENT LIQUID ASSETS

We maintain a target allocation of 25% of total assets in local liquid assets, excluding the Assured Outcome-linked investment portfolio. This ensures we have sufficient liquidity to meet our operational and policyholder obligations.

ENSURE AVAILABLE INVESTMENTS ARE OF A SUITABLE QUALITY

Our investment portfolio is managed by leading South African asset managers in line with clearly defined mandates. The majority of the portfolio comprises three global balanced portfolios and two specialised bond portfolios.

We invest in equities and securities listed on recognised exchanges, subject to minimum credit rating criteria. The Investment Committee must approve unlisted investments.

ASSET DISTRIBUTION

As at 30 June 2025, the Board and Head of the Actuarial Function are satisfied that the asset distribution remains in line with the Group's defined risk appetite.

For more detail, including our asset distribution guidelines, refer to the notes to the Financial Statements.

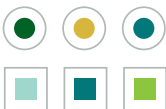
OUR RISKS

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.

**Risk and capital management
is our commitment to stability,
enabling our business to thrive,
our people to grow,
and our nation to prosper.**

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
ICT systems failure risk  	Losses arising from business disruption, system downtime, unauthorised changes to the ICT environment, or inefficient access controls. This includes vulnerability to cyberattacks, ineffective anti-virus strategies, and the potential exposure of sensitive data to unintended recipients.	• 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 is the foundation for managing overall ICT risk. • We have an employee cyber awareness and training programme. • Restricted use of generative artificial intelligence (AI) tools and/or software within the Group's ICT environment.	We can: • avoid cyber risk-related costs; • ensure continued high service levels; • improve our risk and security strategy; • enable innovation; • improve external threat intelligence; and • deploy user training to create awareness on the dangers of using AI tools.
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.
Intermediary remuneration fraud risk  	Losses due to fraudulent activity by intermediaries or their sub-agents intended to obtain or retain commission payments.	• We investigate all reported incidents through our Forensics Department. • We strengthened our intermediary onboarding process through a due diligence process. • Our systems now enable broker principals to review and approve business submitted by their sub-agents. • We are implementing a biometric verification solution to authenticate all new business.	

OUR RISK APPETITE

PRIMARY RISK CATEGORIES

RISK CATEGORY	RISK PREFERENCE	EXPECTED RETURN	CAPITAL INTENSITY
Strategic risk	⬆	⬆	⬆
Insurance risk	⬆	⬆	⬆
Financial risk			
• Market risk	⬆	⬆	⬆
• Liquidity risk	⬆	⬆	□
• Credit and counterparty risk	⬆	■	⬆
Operational risk	⬆	⬆	⬆



Very high



High



Neutral



Low



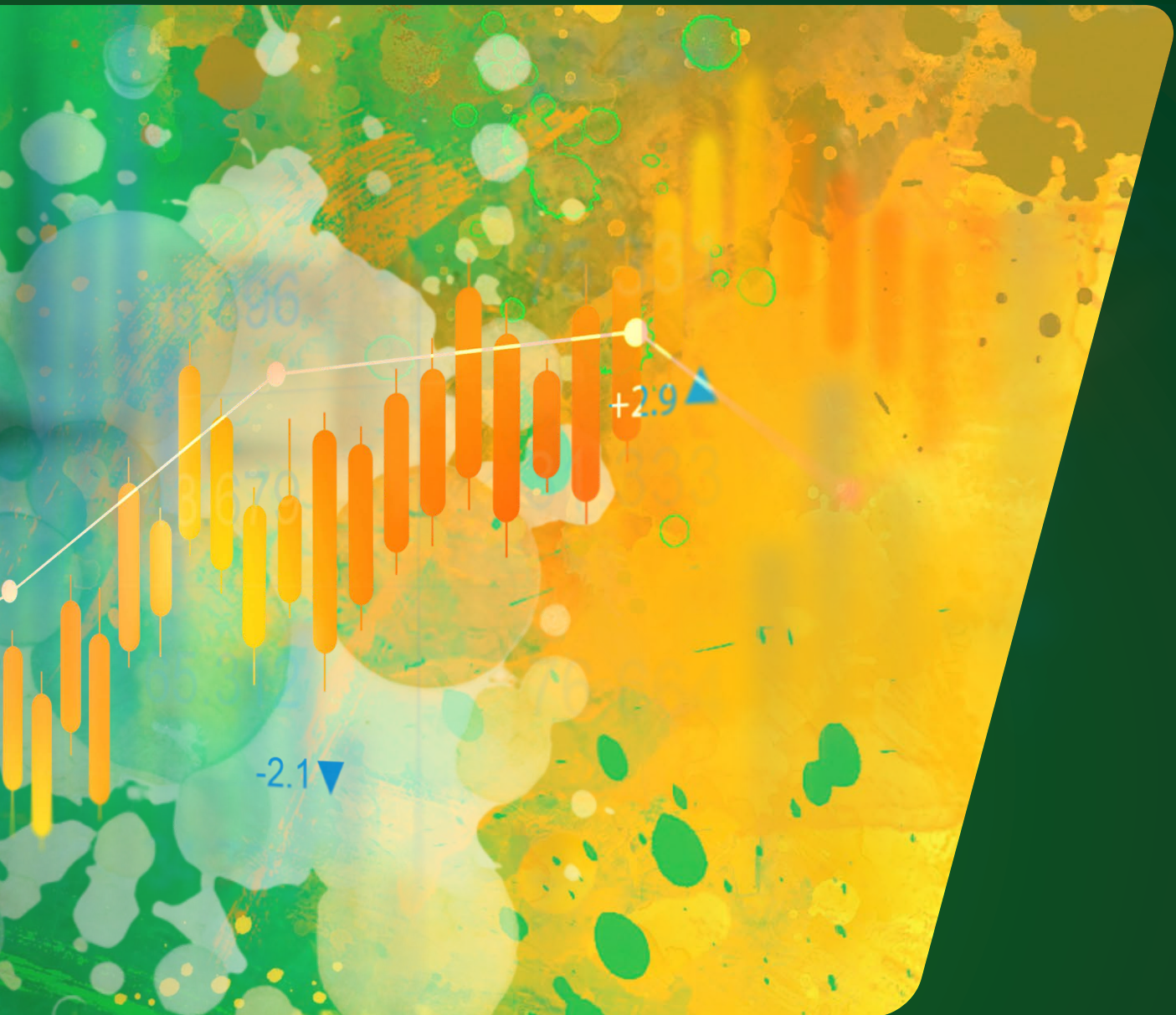
Very low



None



FINANCIAL STATEMENTS



08

FINANCIAL STATEMENTS

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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
Registered 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 2025

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 89 to 131 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 ensuring 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 for preparing all other information included in the annual report including assessing 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.

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 of the Society and Group based on their audit of AVBOB Mutual Assurance Society and certain

The audit report of KPMG Inc. is presented on pages 87 to 88.

The financial statements were approved by the Board of Directors on 1 October 2025 and are signed on its behalf by:



JJ VENTER
CHAIRPERSON
1 October 2025



TA COOPER
DIRECTOR
1 October 2025

FINANCIAL STATEMENTS

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

REPORT OF THE GROUP SOCIAL AND ETHICS COMMITTEE FOR THE YEAR ENDED 30 JUNE 2025

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 independent 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

1 October 2025

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

REPORT OF THE GROUP AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2025

The Group Audit Committee has been constituted in accordance with applicable legislation and regulations. The Committee comprised of four independent non-executive directors. Four 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. By complying with the Insurance Act's requirements relating to audit committees, the Society therefore complies with its own Act and Regulations.

Detailed information on the activities of the Committee are 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 of the Society. The composition of the Committee and details of their attendance of Committee meetings is set out in the Directors' report.

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.



MPP NYAMA
CHAIRPERSON

1 October 2025

FINANCIAL STATEMENTS



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The Directors
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Independent auditor's report on the summary consolidated and separate financial statements

To the members of AVBOB Mutual Assurance Society

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 89 to 131, which comprise the summarised statements of financial position as at 30 June 2025, 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 2025.

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 Inc.

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

Chairperson: A Ramalho
Chief Executive: I Sehoole
Directors: Full list on website

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



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 2 October 2025. That report also includes reporting in terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), which includes the communication of:

- Final materiality;
- Group audit scope;
- Key audit matters; and
- Fee-related matters.

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 Kashmira Naran
Chartered Accountant (SA)
Registered Auditor
Director
10 November 2025

FINANCIAL STATEMENTS

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE

	NOTE	SOCIETY		GROUP	
		2025 R 000	2024 R 000	2025 R 000	2024 R 000
Insurance revenue	6	4 703 446	4 157 415	4 703 446	4 157 415
Insurance service expenses	8	(4 219 913)	(3 802 088)	(4 219 511)	(3 802 276)
Net expense from reinsurance contracts		(740)	(806)	(740)	(806)
Insurance service result		482 793	354 521	483 195	354 333
Net financial result	7	475 441	593 006	411 064	531 460
Investment return		6 310 519	3 367 771	6 246 142	3 230 508
Interest revenue calculated using the effective interest method		517 865	580 019	563 869	591 682
Other investment return		5 789 865	2 726 371	5 679 484	2 577 445
Net foreign exchange profit		2 789	61 381	2 789	61 381
Net finance expense from insurance contracts		(5 832 435)	(2 774 143)	(5 832 435)	(2 698 426)
Net finance expense from reinsurance contracts		(2 643)	(622)	(2 643)	(622)
Revenue from contracts with customers		-	-	802 258	746 432
Services		-	-	336 646	405 898
Goods		-	-	465 612	340 534
Cost of goods and services	8	-	-	(530 890)	(525 138)
Gross profit		958 234	947 527	1 165 627	1 107 087
Other income		11 933	7 195	11 111	6 557
Other operating expenses	8	(386 698)	(172 800)	(491 506)	(293 623)
Expenses for asset management services		(69 722)	(109 748)	(69 722)	(109 748)
Other finance costs		(425 505)	(471 994)	(428 948)	(7 847)
Profit before tax		88 242	200 180	186 562	235 002
Income tax expense	9	(82 110)	(200 479)	(120 582)	(232 787)
Profit/(loss) for the year		6 132	(299)	65 980	2 215
Other comprehensive income, net of tax		(6 132)	299	(6 535)	487
Items that will not be reclassified to profit or loss		(6 132)	299	(6 535)	487
Remeasurement of defined employee benefit liability		(6 132)	299	(6 535)	487
Related tax		-	-	-	-
Total comprehensive income for the year attributable to Members of the Society		-	-	59 445	2 702

**AVBOB MUTUAL ASSURANCE SOCIETY
AND ITS SUBSIDIARIES**

**SUMMARISED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE**

		SOCIETY		GROUP	
		2025	2024	2025	2024
NOTE		R 000	R 000	R 000	R 000
ASSETS					
Property, plant and equipment					
- Owner-occupied property at fair value	10	380 800	380 800	995 137	965 773
- Other	10	309 326	319 211	843 248	800 542
Right-of-use assets	11	80 502	76 249	107 112	107 290
Investment property	10	576 987	548 273	-	-
Intangible assets	10	17 182	13 306	17 741	13 423
Investment in subsidiaries	12	744 300	692 500	-	-
Deferred tax assets		625 159	221 624	639 424	241 451
Financial instruments					
- Measured at fair value	14	35 537 124	29 806 381	35 876 031	30 102 723
- Measured at amortised cost	15	6 917 708	8 639 991	6 917 708	8 639 991
Inventories		1 086	1 328	56 024	89 883
Trade and other receivables		202 399	223 953	296 393	253 469
Current income tax assets		-	-	267	11
Cash and cash equivalents		2 481 989	1 846 828	2 634 848	2 013 206
TOTAL ASSETS		47 874 562	42 770 444	48 383 933	43 227 762
EQUITY					
Retained earnings attributable to owners of the Society		-	-	259 256	199 811
LIABILITIES		47 874 562	42 770 444	48 124 677	43 027 951
Insurance contract liabilities	16	39 056 836	32 329 461	39 056 836	32 329 461
Reinsurance contract liabilities	16	4 186	1 726	4 186	1 726
Investment contract liabilities	17	6 980 731	8 775 611	6 980 731	8 775 611
Deferred tax liabilities		625 159	221 624	691 696	285 022
Lease liabilities: Right-of-use assets	11	91 751	87 770	122 691	123 434
Employee benefit obligations	18	294 617	403 695	336 819	464 105
Premiums received outside contract boundary		234 819	219 077	234 819	219 077
Trade and other payables		579 062	570 715	685 896	667 394
Current income tax liabilities		7 401	160 765	11 003	162 121
TOTAL LIABILITIES AND EQUITY		47 874 562	42 770 444	48 383 933	43 227 762

FINANCIAL STATEMENTS

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

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 2023	-	-
Total comprehensive income for the year	-	-
Loss for the year	(299)	(299)
Other comprehensive income, net of tax	299	299
Balance at 30 June 2024	-	-
Balance as 1 July 2024	-	-
Total comprehensive income for the year	-	-
Profit for the year	6 132	6 132
Other comprehensive income, net of tax	(6 132)	(6 132)
Balance at 30 June 2025	-	-
GROUP		
Balance at 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
Balance as 1 July 2024	199 811	199 811
Total comprehensive income for the year	59 445	59 445
Profit for the year	65 980	65 980
Other comprehensive income, net of tax	(6 535)	(6 535)
Balance at 30 June 2025	259 256	259 256

**AVBOB MUTUAL ASSURANCE SOCIETY
AND ITS SUBSIDIARIES**

**SUMMARISED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE**

	NOTE	SOCIETY		GROUP	
		2025 R 000	2024 R 000	2025 R 000	2024 R 000
Net cash inflows from operating activities		765 425	1 142 606	891 824	1 239 351
Cash generated by operating activities	19	914 201	1 431 285	1 122 759	1 605 679
Interest received		966 663	963 401	1 012 584	993 940
Interest paid		(8 995)	(7 847)	(12 438)	(11 124)
Dividends received		553 623	551 780	553 623	551 780
Movement in financial liabilities					
At amortised cost					
Withdrawals	17	(392 023)	(470 409)	(392 023)	(470 409)
Maturities	17	(1 828 362)	-	(1 828 362)	-
Movement in financial assets					
At fair value through profit or loss					
Additions	14	(13 344 107)	(8 714 671)	(13 344 107)	(8 796 547)
Disposals	14	11 813 853	7 099 315	11 813 853	7 099 315
At amortised cost					
Maturities	15	1 828 362	-	1 828 362	-
Realisation	15	400 643	470 409	400 643	470 409
Tax paid		(138 433)	(180 657)	(263 070)	(203 692)
Net cash outflows from investing activities		(84 122)	(912 054)	(204 138)	(936 939)
Acquisition of property, plant and equipment	10	(54 259)	(809 955)	(221 215)	(979 467)
Acquisition of investment property	10	(23 608)	(28 935)	-	-
Acquisition of intangible assets	10	(11 970)	(9 767)	(12 475)	(9 767)
Acquisition of subsidiaries		(1 000)	(105 000)	-	-
Proceeds on disposal of property, plant and equipment and intangible assets		6 715	41 603	29 552	52 295
Net cash outflows from financing activities		(46 142)	(49 206)	(66 044)	(65 461)
Principal elements of Right-of-use assets		(37 147)	(41 359)	(53 606)	(54 337)
Interest paid on Right-of-use assets		(8 995)	(7 847)	(12 438)	(11 124)
Net increase in cash and cash equivalents		635 161	181 346	621 642	236 951
Cash and cash equivalents at the beginning of the year		1 846 828	1 665 482	2 013 206	1 776 255
Cash and cash equivalents at the end of the year		2 481 989	1 846 828	2 634 848	2 013 206
NET DEBT RECONCILIATION					
This section sets out an analysis of net debt for each of the periods:					
Cash and cash equivalents		2 481 989	1 846 828	2 634 848	2 013 206
Lease liabilities		(91 751)	(87 770)	(122 691)	(123 434)
Net cash		2 390 238	1 759 058	2 512 157	1 889 772

FINANCIAL STATEMENTS

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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 2025, which have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS[®] Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), 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 2025.

The accounting policies adopted are consistent with those of the previous financial year.

There are a number of amendments, interpretations and improvements to standards that are not yet effective in 2025. 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 reported results, financial position and cash flows.

4. Significant accounting estimates and judgements

4.1 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).

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

4. Significant accounting estimates and judgements (continued)

4.2 Insurance, reinsurance and investment contracts

4.2.1 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.

4.2.2 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.

FINANCIAL STATEMENTS

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

4. Significant accounting estimates and judgements (continued)

4.2 Insurance, reinsurance and investment contracts (continued)

4.2.2 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 modified GMM	Long-term investment contracts with discretionary participation features.	Investment contracts with discretionary participation features

4.2.3 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.

4.2.4 Measurement – Contracts not measured under the PAA

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.

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

4. Significant accounting estimates and judgements (continued)

4.2 Insurance, reinsurance and investment contracts (continued)

4.2.4 Measurement – Contracts not measured under the PAA (continued)

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.

FINANCIAL STATEMENTS

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

4. Significant accounting estimates and judgements (continued)

4.2 Insurance, reinsurance and investment contracts (continued)

4.2.5 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.

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

(continued)

4. Significant accounting estimates and judgements (continued)

4.2 Insurance, reinsurance and investment contracts (continued)

4.2.5 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.

4.3 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 2025 addresses the following items:

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

FINANCIAL STATEMENTS

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

5. Management of insurance and financial risk

5.1 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 2025.

5.2 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 own funds on the Solvency and Assessment Management basis 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 own funds as at 30 June 2025 and 30 June 2024 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 2025.

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 has commenced, but no material changes are expected to the asset distribution guidelines.

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

5. Management of insurance and financial risk (continued)

5.2 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 PA.
- 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 %	2025		2024	
		%	R 000	%	R 000
	75	69	28 418 183	69	23 380 445
Property for own use and investment property		2	957 787	3	929 073
Equity risk assets					
Financial investments					
Listed shares		32	13 207 982	35	11 875 341
Unlisted shares		2	871 108	2	799 002
Foreign investments		28	11 401 352	24	8 228 858
Other assets		5	1 979 954	5	1 548 171
Liquid assets	25	31	12 538 671	31	10 750 008
Cash and cash equivalents		6	2 481 989	5	1 846 828
Securities and bonds		23	9 360 290	25	8 764 399
Unlisted securities		2	696 392	1	138 781
Total applicable assets	100	100	40 956 854	100	34 130 453
Linked financial investments at amortised cost			6 917 708		8 639 991
Total assets			47 874 562		42 770 444

The Board and the HAF are comfortable that the asset distribution as at 30 June 2025 is in line with our risk appetite.

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AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

5. Management of insurance and financial risk (continued) 5.3 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 2025				
Assets				
At fair value through profit or loss				
Listed fixed-income securities	9 360 290	-	-	9 360 290
Listed shares	13 207 982	-	-	13 207 982
Non-listed foreign investments	-	11 401 352	-	11 401 352
Unlisted investments	-	897 087	670 413	1 567 500
Property for own use and investment property	-	-	957 787	957 787
Investments in subsidiaries	-	-	744 300	744 300
Total assets	22 568 272	12 298 439	2 372 500	37 239 211
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

The difference between assets measured at fair value for the Society and Group is property and investment property to the value of R614,3 million (2024: R585,0 million) and Level 2 unlisted investments to the value of R338,9 million (2024: R296,3 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 61% (2024: 66%) 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.

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

5. Management of insurance and financial risk (continued)

5.3 Fair value hierarchy (continued)

At the financial year end, investments classified as Level 2 comprise approximately 33% (2024: 27%) 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 6% (2024: 7%) 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 2025				
Opening value at beginning of the year	929 073	606 557	692 500	2 228 130
Additions	29 014	47 062	1 000	77 076
Sales	-	(17 821)	-	(17 821)
Depreciation	(7 771)	-	-	(7 771)
Fair value (losses)/gains through profit or loss	7 471	34 615	50 800	92 886
Closing value at the end of the year	<u>957 787</u>	<u>670 413</u>	<u>744 300</u>	<u>2 372 500</u>

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

FINANCIAL STATEMENTS

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

5. Management of insurance and financial risk (continued) 5.3 Fair value hierarchy (continued)

	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	<u>929 073</u>	<u>606 557</u>	<u>692 500</u>	<u>2 228 130</u>

* 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.

**AVBOB MUTUAL ASSURANCE SOCIETY
AND ITS SUBSIDIARIES**

**NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025**

6. INSURANCE REVENUE

2025

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	(51 842)	3 095	(48 747)
- Expected incurred claims and other insurance service expenses	3 757 359	22 734	3 780 093
- Release of risk adjustment over the period excluding loss component	287 925	3 807	291 732
Recovery of insurance acquisition cash flows	612 188	2 132	614 320

Contracts measured under the PAA

Total insurance revenue

SOCIETY AND GROUP		
Life risk R 000	Life savings R 000	Total R 000
4 605 630	31 768	4 637 398
66 048	-	66 048
4 671 678	31 768	4 703 446

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

Contracts measured under the PAA

Total insurance revenue

4 076 299	16 732	4 093 031
64 384	-	64 384
4 140 683	16 732	4 157 415

FINANCIAL STATEMENTS

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

7. NET FINANCIAL RESULT

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

SOCIETY	2025			2024		
	Life risk R 000	Life savings R 000	Other R 000	Life risk R 000	Life savings R 000	Other R 000
Investment return						
Interest revenue calculated using the effective interest method	-	-	517 865	-	-	580 019
Other investment returns	-	-	5 789 865	-	-	2 726 371
Net foreign exchange profit	-	-	2 789	-	-	61 381
Total investment return	-	-	6 310 519	-	-	3 367 771
Net finance expense from insurance contracts						
Effect of changes in interest rates and other financial assumptions	2 077 079	(49 340)	-	1 280 800	(2 599)	-
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(7 785 641)	(74 533)	-	(4 052 344)	-	-
* Total net finance expense from insurance contracts	(5 708 562)	(123 873)	-	(2 771 544)	(2 599)	-
Net finance expense from reinsurance contracts						
Interest accreted	(1 675)	-	-	(1 458)	-	-
Other	(968)	-	-	836	-	-
* Total net finance expense from reinsurance contracts	(2 643)	-	-	(622)	-	-
Net financial result	(5 711 205)	(123 873)	6 310 519	(2 772 166)	(2 599)	3 367 771
			475 441			593 006

* 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 2025

(continued)

7. NET FINANCIAL RESULT (continued)

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

GROUP	2025				2024			
	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 returns								
Interest revenue calculated using the effective interest method	-	-	563 869	563 869	-	-	591 682	591 682
Other investment returns	-	-	5 679 484	5 679 484	-	-	2 577 445	2 577 445
Net foreign exchange profit	-	-	2 789	2 789	-	-	61 381	61 381
Total investment return	-	-	6 246 142	6 246 142	-	-	3 230 508	3 230 508
Net finance expense from insurance contracts								
Effect of changes in interest rates and other financial assumptions	2 077 079	(49 340)	-	2 027 739	1 280 800	(2 599)	-	1 278 201
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(7 785 641)	(74 533)	-	(7 860 174)	(3 976 627)	-	-	(3 976 627)
* Total net finance expense from insurance contracts	(5 708 562)	(123 873)	-	(5 832 435)	(2 695 827)	(2 599)	-	(2 698 426)
Net finance expense from reinsurance contracts								
Interest accreted	(1 675)	-	-	(1 675)	(1 458)	-	-	(1 458)
Other	(968)	-	-	(968)	836	-	-	836
* Total net finance expense from reinsurance contracts	(2 643)	-	-	(2 643)	(622)	-	-	(622)
Net financial result	(5 711 205)	(123 873)	6 246 142	411 064	(2 696 449)	(2 599)	3 230 508	531 460

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

FINANCIAL STATEMENTS

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

(continued)

	SOCIETY		GROUP	
	2025 R 000	2024 R 000	2025 R 000	2024 R 000
8. EXPENSES BY FUNCTION				
Comprising:				
Insurance service expenses	4 219 913	3 802 088	4 219 511	3 802 276
Contract benefits and claims (note 8.1)	2 914 908	2 600 300	2 914 908	2 600 300
Other insurance service expenses	1 305 005	1 201 788	1 304 603	1 201 976
Other operating expenses	386 698	172 800	491 506	293 623
Employee benefit expenses	25 485	18 591	120 872	91 986
Other expenses	361 213	154 209	370 634	201 637
Cost of goods and services	-	-	530 890	525 138
Employee benefit expenses	-	-	35 701	36 435
Other expenses	-	-	495 189	488 703
Remeasurement of defined employee benefit liability	-	(299)	-	(487)
	4 606 611	3 974 589	5 241 907	4 620 550
8.1 Contract benefits and claims				
Contracts not measured under the PAA	2 862 266	2 547 801	2 862 266	2 547 801
Death and disability claims*	2 859 198	2 544 727	2 859 198	2 544 727
Maturities	-	15	-	15
Surrenders/lapses	3 068	3 059	3 068	3 059
Contracts measured under the PAA	52 642	52 499	52 642	52 499
Group schemes death claims	52 642	52 499	52 642	52 499
	2 914 908	2 600 300	2 914 908	2 600 300
* The 2024 death and disability claims include an amount of R144,4 million that was previously disclosed under contracts measured under the PAA.				
9. INCOME TAX EXPENSE				
South African tax				
Current income tax	7 521	206 302	37 107	231 925
Capital gains tax	(22 452)	55 969	(22 452)	55 969
Over provision previous year	-	-	(74)	-
Deferred capital gains tax	-	(132 239)	8 960	(125 554)
Dividend withholding tax	97 041	70 447	97 041	70 447
Income tax expense as per statement of comprehensive income	82 110	200 479	120 582	232 787

A deferred tax asset was not raised in respect of the assessed loss of R5 074,0 million (2024: R5 318,8 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 in the Corporate Fund of R4 545,4 million (2024: R11 499,0 million) as the expected recoverability in future periods is deemed unlikely.

**AVBOB MUTUAL ASSURANCE SOCIETY
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**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
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**10. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT
PROPERTY AND INTANGIBLE ASSETS
SOCIETY**

Year ended 2025

Carrying value at the beginning of the year	700 011	548 273	13 306
Additions (acquired)	54 259	23 608	11 970
Disposals	(5 807)	-	(1 339)
Fair value gains	2 365	5 106	-
Amortisation/depreciation charge	(60 702)	-	(6 755)
Carrying value at the end of the year	<u>690 126</u>	<u>576 987</u>	<u>17 182</u>

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	<u>700 011</u>	<u>548 273</u>	<u>13 306</u>

GROUP

Year ended 2025

Carrying value at the beginning of the year	1 766 315	-	13 423
Additions (acquired)	221 215	-	12 475
Disposals	(31 535)	-	(1 339)
Fair value net gains	12 311	-	-
Amortisation/depreciation charge	(129 921)	-	(6 818)
Carrying value at the end of the year	<u>1 838 385</u>	<u>-</u>	<u>17 741</u>

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	<u>1 766 315</u>	<u>-</u>	<u>13 423</u>

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AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

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

Two high value properties in the Group were valued by an independent external valuator during the year ended 30 June 2025 and the Society's Head Office and five additional high value properties in the Group were valued in 2024. All other fixed properties for own use were formally valued by an internal valuation expert at 30 June 2025, based on market values. The carrying values of the properties were adjusted to the revalued amounts and the fair value adjustment was charged to profit or loss. The market value is reviewed and adjusted annually by the directors.

SOCIETY		GROUP	
2025	2024	2025	2024
R 000	R 000	R 000	R 000

11. LEASES

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	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)
Additions	41 127	27 251	52 863	39 328
Depreciation	(36 874)	(34 867)	(53 041)	(50 875)
Carrying value at the end of the year	80 502	76 249	107 112	107 290
Cost	169 474	156 476	231 450	221 090
Accumulated depreciation	(88 972)	(80 227)	(124 338)	(113 800)
LEASE LIABILITIES: RIGHT-OF-USE ASSETS	91 751	87 770	122 691	123 434
Non-current liability	51 101	51 469	67 514	105 541
Current liability	40 650	36 301	55 177	17 893

The maturity analysis of the gross liability lease payments is as follows:

Up to one year	42 433	17 880	57 600	34 655
Between one and two years	29 877	31 392	40 890	43 020
Between two and five years	35 503	32 441	45 073	44 935
	107 813	81 713	143 563	122 610

Amounts recognised in the statements of comprehensive income:

Depreciation charge on right-of-use assets:

lease properties	36 874	34 867	53 041	50 875
Interest expense	8 995	7 847	12 438	11 124

The total cash outflow for leases

	46 142	57 053	66 044	76 585
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**AVBOB MUTUAL ASSURANCE SOCIETY
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**NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025
(continued)**

SOCIETY	
2025	2024
R 000	R 000

12. INVESTMENTS IN SUBSIDIARIES

Unlisted

Shares at cost	201 058	200 058
Fair value adjustment	543 242	492 442
Directors' valuation (Non-current assets)	744 300	692 500
Directors' valuation of subsidiaries:		
AVBOB Funeral Service Limited	433 000	433 000
AVBOB Industries Limited	170 000	134 000
AVBOB Member Value Proprietary Limited	84 800	29 500
AVBOB Financial Services Proprietary Limited	56 500	96 000
Dream Team Connect Proprietary Limited	-	-
	744 300	692 500

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 Limited, AVBOB Member Value Proprietary Limited and Dream Team Connect Proprietary Limited 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.

13. FINANCIAL INSTRUMENTS

13.1 By category

SOCIETY

At 30 June 2025

Carry value of assets as per statements of financial position

At fair value through profit or loss	-	35 537 124	35 537 124
Investment contracts at amortised cost	6 917 708	-	6 917 708
Trade and other receivables (unrated)	120 160	-	120 160
Cash and cash equivalents	2 481 989	-	2 481 989
	9 519 857	35 537 124	45 056 981

Financial instruments measured at amortised cost R 000	Financial instruments at fair value through profit or loss R 000	Total R 000
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FINANCIAL STATEMENTS

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

13. FINANCIAL INSTRUMENTS (continued)

13.1 By category (continued)

GROUP

At 30 June 2025

Carry value of assets as per statements of financial position

	Financial instruments measured at amortised cost R 000	Financial instruments at fair value through profit or loss R 000	Total R 000
At fair value through profit or loss	-	35 876 031	35 876 031
Investment contracts at amortised cost	6 917 708	-	6 917 708
Trade and other receivables (unrated)	129 083	-	129 083
Cash and cash equivalents	2 634 848	-	2 634 848
	<u>9 681 639</u>	<u>35 876 031</u>	<u>45 557 670</u>

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 R7 150,8 million (2024: R8 452,5 million).

SOCIETY

At 30 June 2024

Carry value of assets as per statements of financial position

	Financial instruments measured at amortised cost R 000	Financial instruments at fair value through profit or loss R 000	Total R 000
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 (unrated)	112 080	-	112 080
Cash and cash equivalents	1 846 828	-	1 846 828
	<u>10 598 899</u>	<u>29 806 381</u>	<u>40 405 280</u>

GROUP

At 30 June 2024

Carry value of assets as per statements of financial position

	Financial instruments measured at amortised cost R 000	Financial instruments at fair value through profit or loss R 000	Total R 000
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 (unrated)	130 841	-	130 841
Cash and cash equivalents	2 013 206	-	2 013 206
	<u>10 784 038</u>	<u>30 102 723</u>	<u>40 886 761</u>

**AVBOB MUTUAL ASSURANCE SOCIETY
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**NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
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(continued)**

**14. FINANCIAL INSTRUMENTS AT FAIR VALUE
THROUGH PROFIT OR LOSS**

	SOCIETY		GROUP	
	2025 R 000	2024 R 000	2025 R 000	2024 R 000
Balance at the beginning of the year	29 806 381	26 834 035	30 102 723	27 041 224
Movement for the year				
Additions/reinvestment	13 344 107	8 714 671	13 344 107	8 796 547
Movement in accrued interest	19 965	10 983	19 965	10 983
Disposals	(11 813 853)	(7 099 315)	(11 813 853)	(7 099 315)
Fair value adjustments	4 180 524	1 346 007	4 223 089	1 353 284
Balance at the end of the year	35 537 124	29 806 381	35 876 031	30 102 723
Financial assets comprises the following:				
Listed fixed-income securities	9 360 290	8 764 399	9 360 290	8 764 399
Listed shares	13 207 982	11 875 341	13 207 982	11 875 341
Non-listed foreign investments	11 401 352	8 228 858	11 401 352	8 228 858
Unlisted investments	1 567 500	937 783	1 906 407	1 234 125
Total	35 537 124	29 806 381	35 876 031	30 102 723
Current assets	66 747	881 346	66 747	881 346
Non-current assets	35 470 377	28 925 035	35 809 284	29 221 377

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.

15. FINANCIAL ASSETS AT AMORTISED COST

	SOCIETY		GROUP	
	2025 R 000	2024 R 000	2025 R 000	2024 R 000
Balance at the beginning of the year	8 639 991	8 565 600	8 639 991	8 565 600
Movement for the year				
Maturities	(1 828 362)	-	(1 828 362)	-
Interest income	506 722	544 800	506 722	544 800
Realisation	(400 643)	(470 409)	(400 643)	(470 409)
Balance at the end of the year	6 917 708	8 639 991	6 917 708	8 639 991
Current asset	3 051 652	8 169 582	3 051 652	8 169 582
Non-current asset	3 866 056	470 409	3 866 056	470 409

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. The policyholder bears the risk of this investment and therefore the Group does not provide for an estimated credit loss with regard to the financial asset disclosed. Refer to note 17 of the notes to the financial statements for the associated liability.

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AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

16. INSURANCE AND REINSURANCE CONTRACTS

SOCIETY AND GROUP

30 June 2025

Insurance contracts

	Life risk R 000	Life savings R 000	Total R 000
Insurance contract liabilities	38 564 864	491 972	39 056 836
Insurance contract balances	38 834 342	502 663	39 337 005
Assets for insurance acquisition cash flows	(269 478)	(10 691)	(280 169)

Reinsurance contracts

Reinsurance contract liabilities	4 186	-	4 186
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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
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The following table sets out the carrying amounts (net cash flow) of insurance and reinsurance contracts expected to be (recovered)/settled.

	2025 R 000	2024 R 000
Insurance contract liabilities	39 337 005	32 578 891
Not longer than a year	(785 716)	(2 228 370)
Between two and five years	(1 954 016)	(2 953 314)
Between six and ten years	1 894 930	3 681 187
Longer than ten years	40 181 807	34 079 388
Reinsurance contract liabilities (not longer than a year)	4 186	1 726
	39 341 191	32 580 617
Amounts payable on immediate surrender:		
Life risk measured under GMM	3 500 301	3 425 547
Life savings measured under GMM	470 747	372 995
	3 971 048	3 798 542

**AVBOB MUTUAL ASSURANCE SOCIETY
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**NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025
(continued)**

16. INSURANCE AND REINSURANCE CONTRACTS (continued)

16.1 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 is as follows:

16.1.1 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	
	R 000	R 000	R 000	R 000	R 000
2025					
Opening liabilities	32 068 487	111 381	1 806	180	32 181 854
Total changes in the statement of comprehensive income	1 572 628	3 592 785	60 041	18	5 225 472
Insurance service result	(4 132 468)	3 589 319	60 041	18	(483 090)
Insurance revenue of contracts under full retrospective transition approach	(4 671 678)	-	-	-	(4 671 678)
Insurance service expenses	612 188	3 516 341	60 041	18	4 188 588
Incurred claims and other insurance service expenses	-	3 516 341	60 041	18	3 576 400
Amortisation of insurance acquisition cash flows	612 188	-	-	-	612 188
Premium refunds	(72 978)	72 978	-	-	-
Net finance expenses from insurance contracts	5 705 096	3 466	-	-	5 708 562
Total cash flows	5 100 819	(3 603 170)	(59 853)	-	1 437 796
Premiums received	7 114 732	-	-	-	7 114 732
Claims and other insurance service expenses	-	(3 603 170)	(59 853)	-	(3 663 023)
Insurance acquisition cash flows	(1 922 452)	-	-	-	(1 922 452)
Net cash flows related to policy balances	(91 461)	-	-	-	(91 461)
Transfer to other items in the statement of financial position	(10 780)	-	-	-	(10 780)
Closing liabilities	38 731 154	100 996	1 994	198	38 834 342

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AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

16. INSURANCE AND REINSURANCE CONTRACTS (continued)

16.1 Movement in insurance and reinsurance contract balances (continued)

16.1.1 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	
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 expenses	-	3 253 955	59 483	-	3 313 438
Amortisation of insurance acquisition cash flows	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 items in the statement of financial position	(11 948)	-	-	-	(11 948)
Closing liabilities	32 068 487	111 381	1 806	180	32 181 854

**AVBOB MUTUAL ASSURANCE SOCIETY
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**NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
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(continued)**

16. INSURANCE AND REINSURANCE CONTRACTS (continued)

16.1 Movement in insurance and reinsurance contract balances (continued)

16.1.1 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
	R 000	R 000	R 000
2025			
Opening liabilities	30 182 280	1 997 588	32 179 868
Total changes in the statement of comprehensive income	5 118 756	112 705	5 231 461
Insurance service result	(626 475)	149 374	(477 101)
Changes that relate to current services	(174 521)	(287 925)	(462 446)
Change in risk adjustment for non-financial risk for risk expired	-	(287 925)	(287 925)
Experience adjustments	(174 521)	-	(174 521)
Changes that relate to future services	(438 243)	438 243	-
Contracts initially recognised in the year	(375 966)	375 966	-
Changes in estimates that adjust future cash flows	(111 478)	111 478	-
Experience adjustment	49 201	(49 201)	-
Changes that relate to past services			
Adjustment to liabilities for incurred claims	(13 711)	(944)	(14 655)
Net finance expenses from insurance contracts	5 745 231	(36 669)	5 708 562
Cash flows	1 431 601	-	1 431 601
Transfer to other items in the statement of financial position	(10 780)	-	(10 780)
Closing liabilities	36 721 857	2 110 293	38 832 150

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AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

16. INSURANCE AND REINSURANCE CONTRACTS (continued)

16.1 Movement in insurance and reinsurance contract balances (continued)

16.1.1 Life risk (continued)

Insurance contracts (continued)

Analysis by measurement component - Contracts not measured under PAA (continued)

	Estimate of present value of future cash flows	Risk adjustment for non- financial risk	Total
2024	R 000	R 000	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 cash flows	(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

**AVBOB MUTUAL ASSURANCE SOCIETY
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**NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
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(continued)**

16. INSURANCE AND REINSURANCE CONTRACTS (continued)

16.1 Movement in insurance and reinsurance contract balances (continued)

16.1.2 Life savings

Insurance contracts

Analysis by remaining coverage and incurred claims

	Liabilities for remaining coverage Excluding loss component	Liabilities for incurred claims Contracts not measured under the PAA	Total
	R 000	R 000	R 000
2025			
Opening liabilities	397 035	2	397 037
Total changes in the statement of comprehensive income	(13 509)	136 939	123 430
Insurance service result	(137 382)	136 939	(443)
Insurance revenue of contracts under full retrospective transition approach	(31 768)	-	(31 768)
Insurance service expenses	2 132	29 193	31 325
Incurring claims and other insurance service expenses	-	29 193	29 193
Amortisation of insurance acquisition cash flows	2 132	-	2 132
Premium refunds	(107 746)	107 746	-
Net finance expenses from insurance contracts	123 873	-	123 873
Total cash flows	119 135	(136 939)	(17 804)
Premiums received	161 595	-	161 595
Claims and other insurance service expenses paid	-	(136 939)	(136 939)
Insurance acquisition cash flows	(42 460)	-	(42 460)
Closing liabilities	502 661	2	502 663

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AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

16. INSURANCE AND REINSURANCE CONTRACTS (continued)

16.1 Movement in insurance and reinsurance contract balances (continued)

16.1.2 Life savings (continued)

Insurance contracts (continued)

Analysis by remaining coverage and incurred claims (continued)

	Liabilities for remaining coverage Excluding loss component	Liabilities for incurred claims Contracts not measured under the PAA	Total
	R 000	R 000	R 000
2024			
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
Claims and other insurance service expenses paid	-	(122 103)	(122 103)
Insurance acquisition cash flows	(31 924)	-	(31 924)
Closing liabilities	397 035	2	397 037

**AVBOB MUTUAL ASSURANCE SOCIETY
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**NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025
(continued)**

16. INSURANCE AND REINSURANCE CONTRACTS (continued)

16.1 Movement in insurance and reinsurance contract balances (continued)

16.1.2 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
	R 000	R 000	R 000
2025			
Opening liabilities	362 523	34 514	397 037
Total changes in the statement of comprehensive income	128 924	(5 494)	123 430
Insurance service result	(5 427)	4 984	(443)
Changes that relate to current services	3 364	(3 807)	(443)
Change in risk adjustment for non-financial risk for risk expired	-	(3 807)	(3 807)
Experience adjustments	3 364	-	3 364
Changes that relate to future services	(8 791)	8 791	-
Contracts initially recognised in the year	(12 510)	12 510	-
Changes in estimates that adjust future cash flows	8 611	(8 611)	-
Experience adjustment	(4 892)	4 892	-
Net finance expenses from insurance contracts	134 351	(10 478)	123 873
Cash flows	(17 804)	-	(17 804)
Closing liabilities	473 643	29 020	502 663

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AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

16. INSURANCE AND REINSURANCE CONTRACTS (continued)

16.1 Movement in insurance and reinsurance contract balances (continued)

16.1.2 Life savings (continued)

Insurance contracts (continued)

Analysis by measurement component - Contracts not measured under PAA (continued)

	Estimate of present value of future cash flows	Risk adjustment for non- financial risk	Total
	R 000	R 000	R 000
2024			
Opening liabilities	420 582	28 115	448 697
Total changes in the statement of comprehensive	(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 cash flows	(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 liability	362 523	34 514	397 037

**AVBOB MUTUAL ASSURANCE SOCIETY
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**NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
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(continued)**

16. INSURANCE AND REINSURANCE CONTRACTS (continued)

16.2 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
2025			
Balance at 1 July 2024	239 928	9 502	249 430
Amounts incurred during the year	269 478	10 691	280 169
Amounts derecognised and included in the measurement of insurance contracts	(239 928)	(9 502)	(249 430)
Balance at 30 June 2025	269 478	10 691	280 169
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

The Society and the Group expects to derecognise all assets for insurance acquisition cash flows within 12 months after the reporting date.

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AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

16. INSURANCE AND REINSURANCE CONTRACTS (continued)

16.3 Significant judgements and estimates

16.3.1 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.

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

16. INSURANCE AND REINSURANCE CONTRACTS (continued)

16.3 Significant judgements and estimates (continued)

16.3.1 Fulfilment 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 contracts. Each type of policyholder behaviour is estimated by product type, based on trends in recent experience.

To determine how to identify changes in discretionary cash flows for these contracts, the Society generally regards its commitment to be the return implicit in the estimates of the fulfilment cash flows on initial recognition, updated to reflect current financial risk assumptions.

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).

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AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

16. INSURANCE AND REINSURANCE CONTRACTS (continued)

16.3 Significant judgements and estimates (continued)

16.3.1 Fulfilment cash flows (continued)

Life risk and life savings contracts (continued)

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:

2025	1 year	5 years	10 years	15 years	20 years
Life risk and life savings contracts	7.0%	8.9%	10.8%	12.5%	13.0%
2024					
Life risk and life savings contracts	5.2%	10.1%	12.2%	13.7%	13.8%

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 the 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.

16.3.2 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.

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AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

18. EMPLOYEE BENEFIT OBLIGATIONS (continued)

The Group replaced the LTIP with a Deferred Unit Plan (DUP), that will form part of a Single Incentive Plan that is being developed. The value of the award is determined based on the employee's service in the year and increases at a growth rate over a three-year period. This long-term incentive takes the form of a deferred unit settled in cash after three years subject to the fulfilment of an employment condition and a performance condition. The award is allocated in R1.00 units that increases at a growth rate over a three-year period. The projected unit credit method is used to estimate the ultimate cost of the benefits and attribute this to periods of service.

The award of DUP units for the 2025 financial year, based on the 30 June 2025 performance, will only be approved by the Board in November 2025. A provision was raised for the expected liability.

Five year summary of employee benefit obligations:

At 30 June	2025 R 000	2024 R 000	2023 R 000	2022 R 000	2021 R 000
SOCIETY					
Present value of obligations	294 617	403 695	262 757	258 154	314 732
Experience adjustments on plan liabilities	(6 132)	299	(631)	82	(173)
GROUP					
Present value of obligations	336 819	464 105	307 297	300 895	366 670
Experience adjustments on plan liabilities	(6 534)	(487)	(1 149)	(205)	(410)

Long-term incentive plan

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

SOCIETY				
Units issued in thousands	Appreciation units	Performance units	Retention units	Total units
For the 2020 financial year (issued at R14.62)	234	-	-	234
For the 2021 financial year (issued at R14.71)	502	-	-	502
For the 2022 financial year (issued at R14.71)	875	452	274	1 601
For the 2023 financial year (issued at R14.72)	995	511	322	1 828
	2 606	963	596	4 165
GROUP				
Units issued in thousands	Appreciation units	Performance units	Retention units	Total units
For the 2020 financial year (issued at R14.62)	259	-	-	259
For the 2021 financial year (issued at R14.71)	554	-	-	554
For the 2022 financial year (issued at R14.71)	957	511	322	1 790
For the 2023 financial year (issued at R14.72)	1 078	577	376	2 031
	2 848	1 088	698	4 634

**AVBOB MUTUAL ASSURANCE SOCIETY
AND ITS SUBSIDIARIES**

**NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025
(continued)**

		2025 R 000	2024 R 000
18.	EMPLOYEE BENEFIT OBLIGATIONS (continued)		
	Long-term incentive plan (continued)		
	The following LTIP payments were made to the Society's directors for LTIP		
	- vested in the current year	20 226	9 633
	- vested in previous years	27 892	5 006
	The following LTIP payments were made to the Society's executives/prescribed officers for LTIP		
	- vested in the current year	8 207	3 478
	- vested in previous years	15 744	3 006
		SOCIETY	GROUP
		2025 R 000	2024 R 000
		2025 R 000	2024 R 000
19.	CASH GENERATED BY OPERATING ACTIVITIES		
	Profit before income tax	88 242	200 180
	Adjusted for:		
	Amortisation of intangible assets	6 755	6 838
	Depreciation of property, plant and equipment	60 702	52 059
	Depreciation of right-of-use asset: lease properties	36 874	34 867
	Fair value adjustment of financial assets at fair value through profit or loss	(4 180 524)	(1 346 007)
	Fair value movement of other assets	(58 271)	110 749
	Interest income	(1 473 385)	(1 508 201)
	Movement in accrued interest	(19 965)	(10 983)
	Interest expense	434 500	479 841
	Dividends received	(553 623)	(551 780)
	Transfer from policyholder liabilities	6 641 790	3 773 141
	Change in impairment of trade receivables	42 490	27 765
	Change in provision for employee benefits	(115 210)	141 237
	Loss on disposal of property, plant and equipment	431	4 629
	Impairment loss from property, plant and equipment	-	-
	Change in provision for obsolete stock	-	-
	Change in working capital	3 395	16 950
	Decrease/(increase) in inventories	242	234
	(Increase)/decrease in trade and other receivables	(20 936)	1 159
	Increase in trade and other payables	24 089	15 557
		914 201	1 431 285
		1 122 759	1 605 679

FINANCIAL STATEMENTS

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

20. RELATED PARTY TRANSACTIONS

The following entities are deemed to be related parties:

AVBOB Funeral Service Limited, AVBOB Industries Limited, AVBOB Financial Services Proprietary Limited, AVBOB Member Value Proprietary Limited and Dream Team Connect Proprietary Limited 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 the subsidiaries and the holding entity, AVBOB Mutual Assurance Society, during the year. All transactions between fellow subsidiaries and the holding entity were eliminated for consolidation purposes.

	SOCIETY	
	2025 R 000	2024 R 000
Inter-company sales		
To AVBOB Funeral Service Limited (printing and stationeries)	743	946
From AVBOB Funeral Service Limited (funeral services to policyholders)	524 277	476 073
From AVBOB Industries Limited	19 589	14 434
Property rentals		
To AVBOB Funeral Service Limited	58 333	45 507
Inter-company administration cost		
AVBOB Funeral Service Limited	56 037	51 221

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	6 424	5 900
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	120	129
AVBOB Funeral Service Limited	6 544	6 029

Inter-company salaries

AVBOB Funeral Service Limited	67 932	76 365
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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.

**AVBOB MUTUAL ASSURANCE SOCIETY
AND ITS SUBSIDIARIES**

**NOTES TO THE SUMMARISED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025
(continued)**

SOCIETY	
2025 R 000	2024 R 000

20. RELATED PARTY TRANSACTIONS (continued)

Unilateral transfer for AVBOB Rewards

AVBOB Member Value Proprietary Limited	264 345	50 000
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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	22 038	12 846
AVBOB Financial Services Proprietary Limited - trade receivable	1 445	2 298
AVBOB Member Value Proprietary Limited - trade receivable	3 052	-
Dream Team Connect Proprietary Limited - other receivables	1 937	-
	<u>28 472</u>	<u>15 144</u>

Payable to related parties:

AVBOB Industries Limited - trade payable	808	1 428
AVBOB Member Value Proprietary Limited - trade payable	-	912
	<u>808</u>	<u>2 340</u>

Directors and key management personnel/prescribed officers remuneration

The executive directors and executives in the Group who report to the Chief Executive Officer constitute key management personnel/prescribed officers. Remuneration of key management personnel is as follows:

	Guaranteed R 000	Variable R 000	Total R 000
Year ended 30 June 2025			
Executive directors	13 989	14 982	28 971
Non-executive directors			7 785
Directors of other Group Companies remunerated by the Society			
AVBOB Funeral Service Limited	13 989	14 982	28 971
AVBOB Industries Limited	13 989	14 982	28 971
AVBOB Member Value Proprietary Limited	13 989	14 982	28 971
AVBOB Financial Services Proprietary Limited	13 989	14 982	28 971
Dream Team Connect Proprietary Limited	11 043	10 643	21 686
Executives/prescribed officers remunerated by the Society	11 926	8 817	20 743

FINANCIAL STATEMENTS

AVBOB MUTUAL ASSURANCE SOCIETY AND ITS SUBSIDIARIES

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025 (continued)

20. 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 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 managers/prescribed officers remunerated by the Society	9 447	8 775	18 222

Guaranteed pay comprises of salaries and company pension contributions.

Variable pay comprises of short-term incentives, leave pay and settlement payments. LTIP payments are disclosed in note 18.

21. 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.

22. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

23. MANAGEMENT CHANGES

The executive directors will lead the Group whilst the Board fills the CEO vacancy. It is expected that the new CEO will take office in the first quarter of the 2026 calendar year.

NOTES

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GENERAL INFORMATION

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M Pedra

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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
Vunani Fund Managers (Pty) Ltd

**A nation is built not in
headlines but in the quiet,
consistent work of care.**



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